Payroll cycle problem statement

A payroll cycle involves collecting all the data required to process payroll and issue paychecks for a given time period (such as a biweek or month). Each payroll cycle requires participation by many actors, including individual employees, their supervisors, campus/division financial offices, a central payroll office, and central IT. Employees and departments report information such as hours worked (for hourly employees), reimbursements requested, lump sum payments, and leave taken (leave accrual is calculated as part of the payroll cycle). Other actors provide approvals along the way.

Suppose that currently all this reporting is primarily paper-based, up to the point at which central payroll keys in hours, reimbursements, leave, etc., into an ERP. For example, in the case of hourly employees, departmental timesheets are centrally printed, distributed to departments (and from there to sub-departments), completed, approved, locally archived (copies made), transmitted back to the central payroll office, and finally keyed in. Once payroll data is complete, there is additional participation by central IT to "run" payroll and print checks (for employees not receiving direct deposit).

Business Driver:

Automation might make this process less expensive by reducing costs such as: printing, delivery, repeated data entry, time delays, and/or errors. These gains would need to be compared to the cost of automation.

Why is this a Workflow Problem:

Not every aspect of this scenario is a workflow problem. For example:

1. Reducing the amount of paper (and paper-handling) involved would start with an investment in self service functionality that delegates data entry to individual employees and integrates with the ERP that processes payroll.
2. Delegation to individual employees could not succeed without detailed knowledge of employees and supervisory relationships such as would be found in an ERP containing human resources data.
3. Automating the process cost effectively would require broad agreement on a single business process with minimal variations.

Nevertheless there are distinct workflow issues:

1. Information passes through one or more approval steps in sequence before becoming final for a given payroll cycle.
2. There is potential benefit in defining and managing the process steps; i.e., the business goal is not just to improve the quality of the resulting data, but also to route, monitor, notify, etc., along the way.

What we would gain:

1. Automating much of this process might save staff time and other costs such as printing (obviously the potential savings would need to be evaluated and compared with the proposed solution).
2. Nearly all parts of the process are time critical. Missing deadlines results in additional labor-intensive processes. Participants may be more likely to do their part on time if they receive automated reminders and/or can see their tasks in one place. An automated workflow may also be able to re-route approvals when a primary approver is not participating.
3. Many participants (such as managers of multiple employees) would like to be able to monitor the completion of steps in the process. They may then be able to help improve the success rate of the process.
4. If repeated data entry (hand recording, transcribing, and then keying) can be reduced, accuracy may be improved, reducing the cost of fixing errors.
5. A more automated process could automatically enforce some policies, allow fewer department-specific exceptions, and therefore might increase the fairness of the process for employees (compared with other employees).