How to Get Payroll Out On Time

ARDEM
incorporated
Success Delivered

Background

Managing payroll is one of the most critical tasks that any entity has to perform. It would help if you had those cheques ready in a timely and efficient manner for your business to grow and evolve successfully.

Corporations these days tend to focus more on attracting new businesses and clients, delve into the profitability metrics, and work on strengthening their EPS figures in their efforts to make the firm look glossy from the outside.

While working on these, giving attention to an efficient and timely payment system often takes a backseat. Improper management of remittances may lead to severe troubles such as loss of trust in the company, vendor grievances, disproportionate inventory count and even loss of clients.

57%
Payments Are Late

50%
Of Receivables Are Overdue

30-50%
Cost Reduction

20%
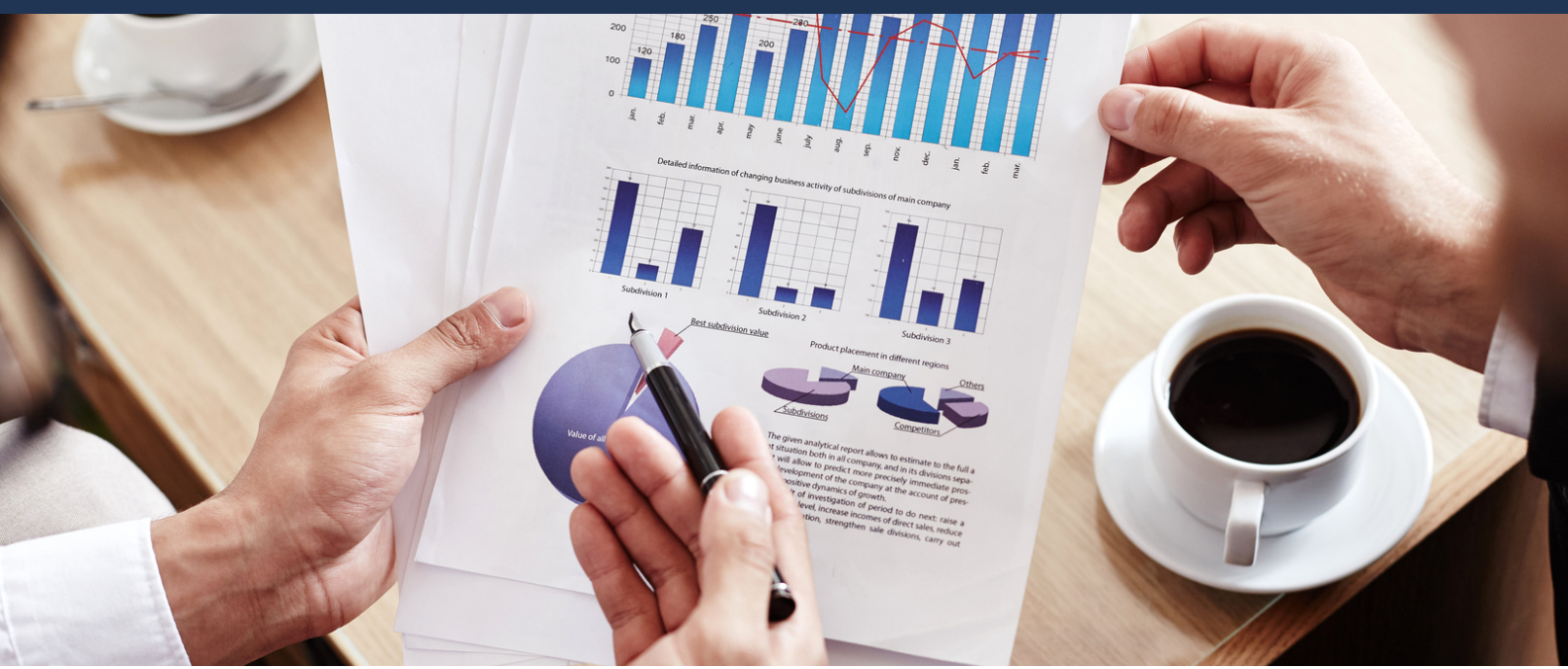**Of Companies Loose Revenues Due to Delays**

Background

Business Process Outsourcing companies such as ARDEM provide a stepping stone toward efficient management of such activities, thus pivoting a stable Human Resources structure for its clients. According to Tally Street, in 2020, 57% of B2B companies reported that their payments invariably came in late.

According to an Atradius study conducted in 2018 on a vast majority of U.S. businesses, 90% of the respondents recorded that their company had been affected by late payments for customer invoices, adding that approximately 50% of their receivables were usually overdue.

The Altradius study also showed the following results:

1. 22% of the B2B businesses that were impacted by delayed payments had to do something to fix the cash flow.
2. 20% of the businesses had to delay payments to suppliers and vendors.
3. Approximately 20% of the businesses ended up losing revenue.

Challenges Faced By The Client

A large product-based retailer was facing issues relating to payroll and HR management systems. The company would record the transactions manually into their systems.

This invoked a lot of pressure on the employees, who would work long hours and still be behind timelines. As a result, numerous disruptions would occur, including delayed payments, lost receipts and inaccurate data entries.

The company was facing huge pressure from its logistics and supply chain because of the inefficiencies that stemmed from this erroneous task. There would be tons of claims against the company, which again were not recorded systematically, creating further disruptions.

The business managers would focus more on profitability than ensuring the smooth functioning of the back-end process. This led to negligence from their side, and the process went for a toss. The back-end data kept getting erroneous, and the entire process ran into a frenzy.

The Benefits of Outsourcing of Payroll and HR-related activities

Outsourcing plays a crucial role in directing a firm on the path to greater achievements. It simplifies a part of the daily business activities in an efficient manner. Here are some of the significant advantages that outline the need for outsourcing:

(i) Cost Savings
Companies end up spending a huge amount of their earnings on hiring and training HR executives. They can now directly outsource the work to trained and experienced individuals who possess the desired skill set and can take on the allotted task. Not only do they save on hiring new personnel, the training cost also gets eliminated.

(ii) Adherence to industry standards and policies
The outsourced HR team can conduct a comprehensive review of the company-wide policies and practices. They can give their insights if the company is not up to date with the current industry standards or, let's say when there has been a change in policy that the company is unaware of.

This helps small and evolving businesses in a much larger way as it brings them on the same platform with the industry when it comes to HR practices.

(iii) Ensures Continuity

Getting payroll out on time is one of the most important pillars of business management. Suppose the company's payroll staff cannot get to their duties someday or a critical situation arises wherein the staff cannot get to the office to process the payroll. In that case, it may result in a delay. Outsourcing helps in ensuring the payouts are rolled out in a timely manner.

(iv) Enhanced Security

The employee and payroll data has to be kept confidential, but there is always a chance for leaks. Outsourcing the process enables an extra layer of protection for the data.

(v) Time management

Employees have to spend a vast amount of time working on payroll and HR-related activities. If these are outsourced, the employees can focus on other important issues to generate growth in the organization.

(vi) Brand Value

By outsourcing payroll and HR management, a firm can ensure its trustworthiness and creditworthiness are maintained in the industry.

(vii) Customer Retention

Keeping the clients, vendors and employees satisfied helps in customer retention while also attracting new businesses and opportunities. Efficiently conducting payroll and HR-related practices helps a company manage its client and customer base competently.

(viii) Measure of progress

Keeping track of payroll management helps the business managers keep track of how the business is moving forward, while also giving an insight into the status of their actual cash, receivables and inventory turnover.

It gives an estimate of the actual cash flow in the company. A real-time organized payroll management process ensures that a company's progress related to its cash reserves can be measured tangibly and instantly. An outsourcing firm would make sure the company gets this data available readily and free from errors.

(ix) Efficiency

Outsourcing the payroll and HR practices helps an organization reach efficiency related to these practices. Business managers can directly rely on the available data to take decisions related to the firm's strategies or work on stabilizing the cash flows.

(x) Opportunity cost

Efficiently managing the HR and payroll practices helps a firm utilize their opportunity costs, which might get missed or left out in case of delayed payments.

How ARDEM Helped The Client

ARDEM designed a well-lit strategy and execution plan to identify and correct all the problems that were faced by the client and developed a customized payroll management software to ensure smooth functioning.

ARDEM's Success Formula

Transitioning From The Manual Mode

ARDEM took over the client's data and invoices and structured them into a more deployable format. ARDEM provides large volume data entry services for established clients (click here to know more). It was, therefore, able to sort the client's existing data, categorize and organize the invoices and details and arrange them in an organized manner.

Data Management

With its skilled workforce, ARDEM ensured that the data was managed in a timely and efficient manner while maintaining quality. ARDEM provides exquisite data management platforms ranging from Order Processing,

Invoice Processing and Data Enrichment, The client could view accounts, ledgers, invoices and other details in an organized form. These entries were managed by ADREM on a real-time basis, giving the client an accurate representation of the payroll management structure at any given time.

Customizable Business Cycle Plan

ARDEM devised a business cycle plan for its client such that the business managers would gain an insight into the gross revenue, inventory turnover, logistics and supply chain managers. The idea was to ensure the managers had proper knowledge of the business cycle to rectify any issues causing a lag in the process.

Software Automation

Through its state-of-the-art technology, ARDEM was able to automate the revenue cycle generation process for the client that gave an idea of cash left for disbursement (click here to know more). This gave the managers an insight into their turnovers so that they could restore any lags and work on a better turnover.

Encryption Management

While working on payroll and HR management systems, a lot of sensitive data is vulnerable to corruption. ARDEM added a layer of encryption, so that the client could remain sealed and free of any tampering.

Skilled and Dedicated Workforce

ARDEM entails a class of dedicated professionals to cater to all of its client's needs. ARDEM appointed a team of dedicated employees to look into the client's supply chain system, including vendors and customers, to ensure that any grievances are handled in a structured and efficient manner.

The Takeaways

Managing payroll and HR-related activities is crucial in designing a firm's success. Business managers need to pay close attention to the aspect of payroll deployment as, amongst other things, it can cause indemnifiable damage to the firm and its reputation.

Outsourcing the payroll and HR-related activities can help simplify these tasks, ensuring timeliness and efficiency as well. ARDEM provides its clients with the best in the industry, experienced and skilful staff that understands the client's needs and thrives on supporting their journey to drive revenue growth and profit. ARDEM's software and automation tools are designed robustly, which can be customized based on the client's requirements to provide a simplified and effortless interface that suits the client's requirements.

Business outsourcing goes a long way in trimming costs for any firm. ARDEM ensures its clients get the cost advantage as it supports them in their journey of achieving low cost, high quality, end-to-end solutions to their payroll and HR management needs.

ARDEM Incorporated

ARDEM Incorporated delivers success for companies looking to efficiently streamline their processes and improve ROI. We implement the world's most sophisticated Technology platform combining human interaction with advance technologies to automate business processes and lower operational costs.

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