

Does Your Payroll Need a New Home? Year End Is a Great Time to Tell

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As the year winds down to a close, payroll processing takes centerstage. There's so much work to be done that it's easy to miss the golden opportunity lying within. This hectic period known as "year-end" is the perfect time to evaluate your payroll space.

Your payroll lives in one of the following environments:

- In-house—you manage your entire payroll internally
- Fully outsourced—a payroll provider handles all of your payroll duties
- Hybrid—you do some payroll in-house and outsource the rest

Regardless of where your payroll dwells, accuracy and timeliness are a must. So, as year-end descends, it's important to reflect on your payroll experience throughout the year. This analysis can help you determine whether your payroll needs a new home.

Let's begin.

CURRENT RESIDENCE: IN-HOUSE

Having your payroll onsite gives you with a sense of comfort and security. You appreciate having full control over your payroll plus direct access to your payroll staff. But, as you look back, you notice that:

--Your company has grown over the year, thereby increasing your headcount and human capital obligations. Your payroll team has struggled to keep up with the added responsibilities, indicating a need for more payroll staff.

OR

--Your headcount has basically stayed the same, but you've incurred financial waste due to administering payroll in-house. Whether it's due to human errors or technology constraints, you've paid a steep price.

Future Residence: If you prefer to keep your payroll in-house, you'll need to improve your internal resources—such as by hiring more payroll employees, providing additional training, or upgrading to a more advanced payroll system. But, if the stress and cost of doing payroll in-house outweigh the benefits, it's time to seriously consider outsourcing your payroll to a service provider.

CURRENT RESIDENCE: FULLY OUTSOURCED

At some point in the past, you decided against the in-house option. Instead, you partnered with a payroll provider who assumed all of your payroll responsibilities, such as payroll processing, payroll tax administration, and maybe even some HR functions such as benefits administration. But as you reflect on the current year, you're seeing some fatal flaws, such as:

--Too many payroll errors. [Studies show that nearly 49 percent of employees](#) will look for a new job after only two payroll mistakes. Therefore, you should not settle for a payroll provider that's prone to making mistakes.

--Unresponsiveness. For instance, it takes forever to get anyone on the phone, your messages go unanswered, and you feel like just another number.

--Your human capital management needs have changed, but your payroll provider lacks flexibility and customizable solutions.

Future Residence: Depending on the nature and severity of the problem, you might be able to resolve it with your existing provider. If not, it's time to switch to a more compatible partner.

CURRENT RESIDENCE: HYBRID

You have the best of both worlds—in-house and fully-outsourced—but it's not without drawbacks. As you look back, you see that:

-- Even though you've outsourced some of your payroll responsibilities, your in-house duties are still overwhelming and costly.

OR

--Your outsourced provider isn't living up to your expectations, and you feel as though you'd be better off doing everything in-house.

Future Residence: In the first scenario, it's probably best to have your payroll provider handle *all* of your payroll needs. In the latter scenario, you could move your entire payroll in-house. But, as stated earlier, you'll need to have sufficient internal resources on hand. It may be more feasible to [switch to a provider who will meet your expectations](#).