

Payroll Manager's Letter

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How to Save Time and Money Verifying Employees' Wages

As every payroll manager knows, "primary" events such as paydays and annual W-2 runs present challenges. But it's the unscheduled, time-consuming ancillary tasks that can wreak havoc with your department's ability to meet critical daily and weekly deadlines with efficiency and accuracy.

One company's solution. It's been nearly 10 years since Walgreens Co., America's largest and fastest growing retail pharmacy, has manually processed an employment and income verification request for most of its employees seeking a loan. In fact, Walgreens' 154,000 employees are all empowered to authorize verification requests independently through an automated employment and income verification service provided by TALX Corporation.

Before installing The Work Number, Walgreens was barraged with telephone calls from lenders requesting verifications to process loans. The time spent handling these disruptive calls detracted from the critical responsibilities of the payroll and HR staff. The challenge was finding a way of intercepting the calls and lightening the staff's burden without sacrificing responsiveness to employee requests.

"When we first installed the automated system, our company was growing at such a rapid rate that we would have had to increase our staff in order to handle the requests," says Kris Dimitriou, manager of personnel services. "However, since we installed the service, the number of inquiries from lenders has decreased to a trickle. This has provided a considerable annual savings and virtually eliminated complaints relating to operator availability. Another important benefit is that employees can get the information they need when they need it."

Spread the Word

Communication is one of the most important aspects of successfully changing a routine process such as employment verifications to self-service automation. Obviously, conveying the benefits of the new system to the workforce is essential, but the method and timing depend on what's right for the particular organization. Companies have announced their automated employment verification system in their in-house newsletters, on paycheck stuffers, on the company's Intranet, or through a combination of these and other methods.

By comparison, Walgreens' introduction was simple and low-key. The service was tested in Houston and Chicago, and announced to the entire workforce by e-mail a few months later. Lenders and other verifiers were sent informational letters before the system "went live." (After implementation, new lenders and verifiers were notified of the new system through voice mail messages.)

Over the years, new employees have been introduced to the service when they join the company. Also, lenders are very familiar with the service since The Work Number is used by over 1,000 employers nationwide. As a result, Walgreens currently needs to redirect very few telephone inquiries.

Automation in Action

The Work Number is a highly secure database that contains more than 80 million employee payroll records from more than 1,000 companies throughout the country. Data integrity is maintained

because it is updated every payroll period directly from each employer/client's payroll records.

To access the system, a verifier must have the applicant's Social Security number, his or her employer's company code, and a single-use salary key to secure both employment and income verifications. Verifiers can receive their requested information by fax, e-mail, or electronic data interchange, or print it directly from the Internet.

The turnaround time for processing a verification request—which was days or weeks when Walgreens handled them manually—has been reduced to minutes. The system is available 24/7, and currently processes more than 30,000 verifications annually.

Additional assistance. A few years ago, Walgreens was one of the first sites to use The Work Number's social-service verification processing service (for verifications for workers seeking TANF, food stamps, housing and Title IV-D services). At first, the automated social-service verifications met some resistance as a few states insisted on sending forms to the company by mail. However, because the service proved to be a more efficient method for the states too, they were won over quickly. The automated service now processes 13,000 public assistance verifications for Walgreens annually.

The Bottom Line

Walgreens credits its success managing rapid growth without sacrificing its reputation to early planning and outsourcing routine services such as verifications. And Dimitriou considers outsourcing a driving force behind her ability to balance her department's roles and responsibilities as the company continues to grow.

"The advantage of outsourcing is pretty clear," she says. "If we had to handle every lender verification in-house again, we'd need to increase our staff by two full-time employees. And if we handled every social-service verification in-house we'd need at least another additional person."

Dimitriou offers this advice to payroll managers who are considering automated systems:

- ✓ The best tasks to outsource are the ones that require generic skills.
- ✓ Insist on a confidentiality clause in your contract.
- ✓ Make sure the vendor represents your organization in a professional and ethical manner.
- ✓ Request regular reports from your vendor

so you're aware of what's happening on your behalf.

The most important thing to consider before making the leap to automation, Dimitriou concludes, is the overall return on investment. But don't just focus on how much you might save in salaries compared to the cost of the service, she advises. If you reduce the workload of a staff member who's been overwhelmed with ancillary tasks, focus on what that person can now do more effectively or more efficiently and how that will improve your department's overall performance.

TALX Corporation (www.talx.com) is a business process outsourcer of payroll-related and human resources services based in St. Louis, MO. ■

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