

The Ins and Outs of Payroll

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SPEAKERS

Mark Miller, Halie Morris

- H** Halie Morris 00:00
in the Business of Cleaning, the podcast that brings cleaning industry expertise straight to your ears. We're kicking the year off strong with Mark Miller from Payroll Select, I'm gonna let him introduce himself. But I will say that we're going to have a great episode on payroll, and what you need to know about payroll to make it an effective tool for your business. So Mark, why don't you introduce yourself? Great. Thanks, Halie.
- M** Mark Miller 00:27
Payroll Select, started the business over 15 years ago been in the industry in the space for about 25, both with national company in a few regional local companies. So yeah, it's been good, good run.
- H** Halie Morris 00:42
Great. So can you tell us more about payroll select and what you do.
- M** Mark Miller 00:45
So we're a payroll outsourcing company. So we, we work in the payroll payroll tax to filing employee payment realm is kind of the core, then we also get into some HR related products and services, as it relates to employee onboarding, applicant tracking, benefit, enrollment, performance management, career development, those sorts of things.
- H** Halie Morris 01:09
Alright, so it's good to say that you're a little bit familiar with the subject. Hopefully, after this year,

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Mark Miller 01:17

hopefully, we'll find out here.

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Halie Morris 01:18

So what what drew you into this particular field?

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Mark Miller 01:24

That? That's an interesting question. So my background has been the sales and marketing realm. And selling real estate, which is 100%, commission driven thing looking to get married. And I just stumbled across the one of the national companies and, you know, it started off is more the business model that got me into it. As I've been in the space, it's really more to help people because the payroll on HR is something that everybody who has an employee has to deal with. But the reality is, particularly in your smaller companies, they don't have the departments and the resources, you know, they got into a business for, you know, because they can produce something or they could provide a service. But they need people to do that. And they didn't really know what they were doing. So it's our ability to go in and help a company, an organization that otherwise knows they need to do it knows there's some compliance and some teeth behind it, but don't really know what that means.

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Halie Morris 02:22

Okay, so when would you say is the best time for the business to reach out to you within that lifecycle? Like right at the beginning, before they start as they're starting? As they've been rolling for a while?

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Mark Miller 02:35

Yeah. So obviously, if you're starting a new business is a great time because you have a whole lot of other things going on. And the ability to go to somebody and say, Hey, we need to hire somebody, what exactly am I doing and get a process in place, particularly looking to see where they want to go and what they want to accomplish can drive a lot of what we do in the beginning, having said that, believe it or not the space or the industry of outsourcing payroll, relatively speaking, isn't that old? Why say that, you know, the cancer has been around for 67 years, but really isn't getting traction until the last 30 to 40, where there's been a real real market penetration. So for that reason, we still see there's a number of clients that are trying to do it themselves. And so there's really anytime is a good time, we find particularly when there's changes in a business, business is growing a business that contracting sometimes due to economic factors, sometimes just due to the business life cycle itself, is oftentimes a trigger point where people are looking.

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Halie Morris 03:41

Okay, I'm curious than what what is the bigger differences that you notice when somebody does it themselves or business? Does it themselves versus contracting out in that process? Obviously, having people to do it for one, but is there any big differences that you see on maybe the tax filing side, the process side, that you would recommend looking to outsource that over internalizing it?

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Mark Miller 04:10

Yeah, so these records, I think, answer your question. Oftentimes, when we find people doing it themselves, what we end up with is a software year towards accounting, okay. And we have these software's that are great in accounting and the accounting function. Payroll is kind of a cousin to that. So a lot of times they'll stick on payroll modules to get that done. They get the job done, they just don't get done as efficiently as it can be done. So this system is kind of an add on to an otherwise good product. We're pulling that off can help to increase your your flow your process and streamline it. And then also the compliance side the tax depositing and filing. So the person that's doing that, and there's kind of a joke in the payroll industry, once you end up in payroll, you don't get out And for that reason, we find that in organizations, there's one person that typically knows what's going on. And you know, you often wonder about that proverbial proverbial bus coming along, right? And what happens when that taxpayer can't be made, maybe a business owner, somebody who otherwise is totally unfamiliar, you know, there's no backup in place. And so those are a lot of the you know, that the compliance is falling on one person. And then also just the overall access to technology to make things run smoother.

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Halie Morris 05:32

Okay, cool. Now, I was wondering about that I know, we've see you see a lot of that, especially with people who start their own business. Yeah, they want to run it all, they kind of want to know everything that's going on all the ins and outs, and there's that ownership part where they want to do it. So to make sure it gets done, right.

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Mark Miller 05:50

Yeah. And you know, the reality is in a business, that's majority of the time, your big business, biggest expense is your employees and your payroll. So people want their hands in that they want to manage that, which is great. You know, one of the things that I would challenge people to do is to make sure they're not so ingrained in the details that they missed the details. Meaning, you know, if I'm in there actually doing the technical piece of payroll, can I really manage it as effectively if I pull myself out and take more than a tree tap view of what's going on. And that's what we try to provide to people by outsourcing the payroll is give them the data they need to drive decision, but get them out of the weeds where we miss things.

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Halie Morris 06:31

So they have time to think about those decisions and get things done. Yeah, you know, it's

so they have time to think about those decisions and get things done. Yeah, you know, it's,

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Mark Miller 06:34

I use the example oftentimes, you know, if you've ever been working on an Excel project, right, and you're just beating your head against the wall, on your Excel project, and all sudden, somebody comes up behind you and says, Hey, you just have your formula up here, make one change, and you're good to go. Do you think Geez, why didn't I catch that? I know what, just as well as anybody else, it's because you're so ingrained in the detail, you know, somebody coming up over your shoulder, is taking the higher look out of the detail, and they can see things that you don't know, I see.

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Halie Morris 07:04

I have heard that about developers to recently. I sure. At least people who can speak that language, because that is most definitely not me. I cannot say that language. But funny enough, I think we're all familiar with with that scenario, in particular. Yep. So coming back around to payroll itself, there's a couple of things that we can get into, that you in particular can offer as expertise, for our listeners within the cleaning space. One of those things, and we can start right off at the top with the things that we said we talked about today, when it comes to payroll. The big thing is, when am I getting paid? Right? That's your employees. They're wondering when they're getting paid and how much. So payroll frequency is a big thing. I know I'm familiar in particular with weekly and bi weekly models, which I think are some of the more well known, especially like, a lot of us know that every two weeks schedule. Yeah, very familiar. Yeah. But can you talk a little bit more about what those different frequency types are? what options there are today in the benefits?

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Mark Miller 08:11

Yeah, so really the, you know, you can pay, you really pay anybody in any frequency you want, as long as it's consistent right. Now, to that extent, the most common would be, and I'll go into in the least common order, the particularly in the janitorial space, but the least common would be monthly. Okay, but we do see some people that pay monthly, it's a little bit more difficult on the employee, obviously a little bit less work on the employer. But I'm not going to talk about that much, because it's just, it's not a practical solution, particularly in the in the janitorial space, we get into semi monthly, which semi monthly is great from the business owners perspective. And it really helps stabilize cost month over month, because when you go to a weekly or bi weekly that we'll talk about, you can have months where you have three or five payrolls respectively, in a semi monthly, you don't have that you always have to spread that cost out. Right. So, you know, from the business perspective, the accounting perspective, people like the semi monthly. The reality is, it's very hard to administer when it comes to weekly employees, or I'm sorry, hourly employees. Because, you know, we're required to pay overtime based on a 40 hour week. And so now you can get into the scenario where your pay periods are cutting off on a Wednesday, but you're having to track those hours through Friday, Saturday, for the purpose of your overtime calculation. So when you start talking about hourly employees, we're really boiling down to a weekly and a bi weekly perspective makes the most sense. In the world today. You know, bi weekly is by far the most widely accepted and the most widely used. There's a number of reasons for that. One, if you outsource your payroll it does

reduce cost, okay. So it's, it's more expensive, it can help improve cash flow by going to a bi weekly basis. And it also provides, you know, a week in between. So if somebody that's ingrained in the payroll and wants to take a vacation, they can actually do that for a full week, right? Otherwise, you're trapping a candidate. Having said that, weekly, we still see, you know, out there, it's, it's probably the second most widely pay frequency. Well, bi weekly certainly dominates, it's still there. As we get into particularly the current times of recruitment, a lot of employers are looking to weekly as perhaps an advantage in hiring somebody. Personally speaking, looking across the industry, I don't hear enough result on the benefit side, to go to weekly versus bi weekly, but I think a lot of employers feel that if they do, they will attract more people. So you know, in that scenario, and then certainly, if you get into a collective bargaining a union environment, oftentimes those are dictating your schedules, and you don't have a choice. Now, though, it came out the four that pandemic, the pandemic, certainly put light on, as we as we continue to fight for in and try to get employees. The notion of a same day pay, which basically, in a nutshell, works somewhat like, like an advance along the way. And that's reconciled out at payday. You know, it became much more widely adapted to go that route as a means to attract employees. Realistically, in your small, even medium sized businesses, we don't see it a lot, mostly because of the administration of it. You know, it's a very cumbersome thing to administer, unless if you have an outsourced solution that will handle all that detail for you, in which case, it becomes much more manageable.

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Halie Morris 12:14

I could see from the employee side, with the recruitment side, I've worked, we'll see people who come in, they do their onboarding, they do their training, they dip out that same day pay might encourage that rate of people who, who are onboarding hoppers.

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Mark Miller 12:32

Yeah, you know, I don't know that I can say I seen a trend in that. But it certainly would lend itself that that would make sense, you know, I come in to get what I need, then I get out, you know, whether it's whatever the immediate need might be, you know, I often when when clients bring this up to me, you know, the same day pay is oftentimes attractive for people who are living paycheck to paycheck and really don't have a savings don't ever plan in life. And, you know, one of the theories I came up with from a retention standpoint, a couple years ago, and this really hit the scene, is that perhaps instead of helping fuel somebody's weakness, right, in that I spend everything I get, that maybe from a real retention standpoint, we'd be better off bringing some sort of personal finance person that can help teach that person to manage their finances, get a little bit of savings in life, eventually invest a little bit for retirement, and really move forward and put them in a better spot in 1015 years, than he continuously you know, kind of feed, maybe something that is, is otherwise going to hurt them in the long run. So it's another approach, it's definitely a much more difficult one, you know, to attract somebody on and we're going to teach you how to do financing who really wants that coming in, however, particularly your employees that have been there for a little bit, you know, maybe to engage them and help them move forward would make some sense to, you know, if we really look at the real reason behind the same day pay, you know, instead of just continuously feeding that fire, let's take that. And let's leverage that to help build a better person, you'll have a person for life, if you can do that. Yeah, they'll never leave you.

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Halie Morris 14:15

Well, financial security is a big thing. And yeah, your pay pays into that. Yeah. But I think from the employee side, or even from the employer side, sometimes they're thinking of that as a higher or a bigger factor than it is. Because of course, yes, your pay contributes to your financial security, but how you spend, yeah, and how you budget and plan as an even bigger factor. 100% how you understand what transparency you have with your own bank account? Yep. Yep. And I've been on both sides. I feel like of that. So

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Mark Miller 14:50

you know, it's a tough thing. You know, it's when you get into the hole, it's extremely difficult to get out, you know, and maybe you developed some bad habits or maybe you haven't maybe like just it, you're wrong. But still, you know, the ability to say, hey, I have a plan, and I'm going to work work at it, you know, can be some benefit,

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Halie Morris 15:10

right. And employees, when they get into the hole, people in general will tend to choose to operate on a paycheck to paycheck and just tackle every immediate thing in front of them versus trying to break it down to everything that's happening. Yep. And plan, because it feels too overwhelming to take that next step.

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Mark Miller 15:29

Yep. 100% 100% agree. Alright, so

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Halie Morris 15:32

we're paying employees, it looks like the best options might be what is trending right now the biweekly or the weekly models, in particular, with cost and efficiency, but also just in that, that when you when you get to hit employees with that paycheck in general. So what are the payment methods that you see right now as dominating the industry?

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Mark Miller 15:57

Yeah. So by far direct deposit, is dominating the industry. And, you know, with that comes the advent of the pay card. Yeah, who knows, as we go down the road, I'm sure we're gonna get away from direct deposit, we're probably going to go over some Venmo. You know, currently, the Fed is working on an instant payment system. So, you know, those days I do believe are coming. But direct deposit is by far the most widely used. And the reason for that is twofold. Actually, there's a myriad of reasons from it just a functional, you know, people don't have to come in and get their checks, you know, this is the old The old way to look at direct paths, if you will, people aren't coming in to get their checks, and then going down to the bank and cashing them, you know, on company time, that sort of thing. And that was that's kind of the

way we used to look at direct deposit. And the advantages of it. Today, we're getting into in, though it's been around for quite a while but into check fraud. And check fraud is certainly one of the broadest in particularly payroll, check fraud, is, is rapid is rapid can be. So you certainly eliminate that aspect of fraud from a check perspective. When when you go to a direct deposit. Now, we can talk about later, we can talk about now, there's a whole another thing going on with fraud behind direct deposit in total, that it's very real. But back to the payment methods. So you have your direct deposit. The other thing it does is there's a thing called unclaimed funds, right? So if somebody doesn't cash your check for I believe it's a year, you need to either contact them and reissue payment, or turn it over the state to unclaimed funds. So now you turn into a reconciliation problem of these checks that are uncashed wanting to chase them and then ultimately have to do something with them. So you eliminate all that, what are the disadvantages, or challenges to direct deposit is not everybody has an account to deposit money into, okay, so for whatever reason, it is, banks do communicate, they know who's written bad checks, who's had to close your checking account, and it will prevent them from getting bank accounts at other banks. So they're called unbanked employees, right. And in one of the ways around those into continue offer direct deposit is through a pay card, pay cards, you can get them through payroll providers, you can get them through your banks. You know, I recommend going through a bank or your payroll provider versus going through, you know, another means for that, because the industry has gone through a lot of consolidation, and you no one's bought, and then you're you're changing numbers, and it's a pain. But back to the benefits of that, you know, when you get an unbanked employee, one now you're issuing a check. Those are oftentimes being cashed at check cashing facilities, right? Though you really don't have any liability behind it. You can get claims that hey, this person, this is a bad check you owe me it's like, no, we don't that's between you and the employee, nothing to do with us. But the other thing you get is from the employee side, that employee if they're unbanked they need to go cash that check somewhere where they don't have a relationship. And they're spending 20 to \$30 or more, I think I'm pretty low to be quite honest with you at \$23. To cash their Check Into Cash checking, or, or even the bank that it was issued on oftentimes, we'll charge them a fee. So you're somewhat doing them a favor by doing pay card, because now they're not spending those fees to get their money. You're also helping yourself out because you're standardized and direct deposit. And then with the direct deposit, you can go into, you know, the online pay stubs where you have no paper and you're in a paperless environment where you can do it either on your phone or through the computer,

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Halie Morris 19:55

right? I have seen that I've seen it where as employees come in, they can either or set up direct deposit or opt to receive one of the pay cards. And so then they just fill out a form. And then we would submit it on our side. So it goes straight through to payroll and everything is good. All they had to do is in their onboarding process, fill

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Mark Miller 20:15

it out. Yep, exactly. So, yep.

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Halie Morris 20:18

Now, you mentioned that there were fraud with the paychecks. And we didn't I haven't worked

with the paycheck method. Like the old fashioned paper pay stubs. But where does that fraud come in? That you typically see the problem? Yeah, so

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Mark Miller 20:35

first of all, watch the movie, Catch Me If You Can. Alright, that's the I mean, Frank Abigail went through and pretty much everything you did was right PNM, check payroll checks. And, you know, it did that. And that's still around today. So we see through coming through our account, because we'll actually draw checks in our account for our clients. Because we have all the fraud protection, everything, not only through the check security, but also through the banking system. But But where it comes is, you know, the origination of it, I don't know, but people will get a hold of our check. And they'll, they'll modify it. And go to it, I'm going to pick on Walmart, I don't really mean to, but it's the one that, quite honestly has happened the most. And they go to Walmart for 300 400 bucks and cashier's check, and they do them all day long. Ultimately, Walmart is responsible, you know, and out the money, if you will. But if you don't catch it, on your end, I believe you have 30 days to contest that. So if you're behind in your bank reconciliation that's coming through, and you're out that money, and there's nothing you can do about it, right, and that employees long gone. And oftentimes, you don't even know what employee it is. So we'll get we'll get checks that come through that have companies you've never heard of them, but it's still our routing number and account number. And it's not even an employee name or anything, they've just modified the check to do it. So it is I would tell you that we probably get two to three of those a week that tried to clear that we're rejecting. Because they're fraudulent, they typically tend to be smaller in nature. So I don't know the threshold off the top of my head. But there, there is a threshold that basically nobody's gonna go after it, meaning law enforcement. So people know that they'll sit out in front of Walmart, they'll give you 100 bucks to go and cash the \$300. Check. They take their two, you take your one, and you're done. And it's hard to believe but it's still there.

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Halie Morris 22:38

All right, well, and you imagine it with anytime you experience or see fraud, or like phishing attempts, even online and stuff, your people this is their career, this is you figured out how to make money off of it. Yep. And so when you they run into a company like yours that can detect and handle it, you know, right? I mean that they already got their money and gone.

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Mark Miller 23:02

Yeah, the people doing it, they don't get caught, they just go on to the next. All right, and unfortunately, we try, you know, for the benefit of our clients, to see if we can somehow track it back to the client that it came from. And then if we can track it back to the employee through examining the checks, and that sort of thing, just they know, a there's something originating from this employee in your organization, you might want to evaluate it. But sometimes there's so good you can't do.

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Halie Morris 23:29

Go from the employee side, if you're working with a company like yours. And you get word of

So from the employer side, if you're working with a company like yours. And you get word of that, what is the best steps to take,

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Mark Miller 23:39

you know that it's going to depend on the organization, but I would sit down, and I would never make the assumption that somebody did something guilty, right? Or that they are guilty. But maybe they sit down and say, Hey, we found this, it appears you know, whatever trail leads us to that person, and just want to have a conversation about it. Because I believe and I give people the benefit of the doubt, I believe in most cases, that employee probably has no idea that that it originated from them. It's probably they left it on a dresser, maybe a roommate, or roommates friend took a picture that check to photocopy the check something and then went out and did something with it would be my suspicion. So they the employee doesn't even know what's happening. But I think to engage the conversation in a very nice accusatory way, just to try to flush out and see, you know, kind of what's there was anything

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Halie Morris 24:29

wrong? And hopefully if something like that happened, then it would make them more aware of their space when they're they are handling their check.

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Mark Miller 24:36

Yeah. Yeah, I would agree with that. And it also gives credibility that we're kind of watching what's going on in the organization. Are you sure we have been to people?

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Halie Morris 24:44

Yeah. deters any future behavior? Yep. Yep. Exactly. Alright, and then, because we're talking about fraud, and you mentioned it also occurs with direct deposit. Yeah. So what are ways that the they manage fraud on that side that we should look for?

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Mark Miller 24:59

Yeah. So talk about getting good. I mean, these guys are really good. So you'll read about in the paper, you know, I know here in Toledo, if you if you file stories, the city of Toledo just had a wire thing I say just probably about a year ago, somebody sends an email, it's always an email that we need 750,000 wired because of this project, the payroll person goes, or the accounting person goes and wires, the money, just learn out that the account, nothing is real, right. So in payroll space, right now, it used to be that people would hack into the system as a whole, change every bank account number in the system. And then when you went and ran payroll, you had no idea that was account numbers were changed. And on pay day, somebody calls and says, I didn't get paid, nobody got paid. What happened was somebody hacked our system changed all about bank account information, and we never knew it. So now you just whatever your payroll is, and your net pay into your direct deposit, it's gone. Most systems

today, have stops for that, that can help prevent that our login credentials have become more difficult. I know in our software, in particular, you have to sign off in any change that has happened to a bank account. So you know, if something's changed, to prevent that. So then we kind of went from seeing where they're changing the entire company, to now they're just going after targeted individuals. So the scenario plays out that payroll person gets an email, says, Hey, I need to update my direct deposit. Here's my new routing and account number. And, you know, it's a spoofed email or an email has been hijacked, you know, whatever the case may be, payroll person goes and changes it. Scenario plays out the same pay day comes, employee calls and says, I didn't get my direct deposit. Well, yeah, you just sent over a change, I never sent over change. And all of a sudden, we know we have a problem, right? Now, that scenario, we typically see in management, upper level employees. The reason for that is one their pay is more. But the other is we advertise them on our websites. Okay. So what, what these fraudsters, if I will call them, what they're doing is they're going out your website, they're finding out who your your top employees are, because they know a couple of things, they know what you're going to make the most. Right, they know, too, that you're going to be giving direction to somebody that reports to you, or that, you know, is otherwise going to do what you say, right without much question, because we don't question that. And so they know that the odds of getting a change are much higher. And they can get more information. So they're usually coming through those means. And the really, really good ones are actually going to the extent of going out to social media right now. Okay, so they'll go out to social media, they'll look at your Facebook page, or whatever you're on. And they'll realize that you just bought a house, right? Because when we buy a house, we want to go out, we want to tell everybody, we take pictures and the whole thing. So now when they send you that email, they say, Hey, I'm a part of buying my house, because they know that you put out on social media, you're probably told everybody at the office too, right? So as part of buying my new house and conditioning my loan, as I need to change my bank account information, can you please update my next direct deposit to this scatter, be you right? Because you just told me part about your personal past, or your personal history, that all lines up. So it has to be you, you go change

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Halie Morris 28:28

it, and boom, we're done. You don't even think about it, they just go change it,

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Mark Miller 28:31

they go change it, because it's gotta be real. Right? Halie told me she's buying house makes complete sense that the condition of my loan is to change my direct deposit. Yeah, it's got to be from her, right.

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Halie Morris 28:41

Put that on my social. So like, Oh, I'm buying a house and the financial guys like No, she's not.

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Mark Miller 28:48

Right. So you know, really, at the end of the day, you know, the best prevention is when first of all anytime you get anything through email be on your toes right? I mean that should be one

an, anytime you get anything through email, be on your toes, right? I mean, that should be one on one for everybody today, but particularly when it comes to direct deposit, call and verify talk to the person did you in fact, send this over? It's the only way to prevent it that we know at this point, or go to an employee cell service, where the employee can update online themselves, but they need to have their own login credentials to do it. Those are the only two methods that you can really fight this thing because I mean, I had it where we had a client sent over a direct deposit change. I called him just said, Hey, just want to make sure that it is in fact, real. Yeah, it's real. So did you physically talk to the person? Yeah, I talked to him, you know, about two hours ago. Okay, so you're 100% Complete? Yeah, we're 100% comfortable. Payday came and she never she talked to him. But talk to him about this today how his day was going never talked to him about the direct deposit. You know, And it's like, yeah. Don't don't respond to the email for confirmation. Yeah, don't use the number that the phone number that's in the email that the one you have on record. All right, yeah, that kind of stuff. And it's real. I will tell you once a month, we have something that is fraudulent come through that we're catching most of the time, but you know, when you call somebody ask them if you verify and ask them three different ways, and they say, Yes, you know, some do slip by, but

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Halie Morris 30:32

Right. Well, and one of the things we did a data security episode a little bit ago. So one of the things we talked about, a little bit was looking for phishing attempts and things like that through email. And so sometimes you can be able to check like the domain know, Outlook will make it somewhat easy. Yeah. But there are some I'm sure that can find ways around that that'll cat, you'll be able to catch things on the surface where it looks like an employee's email. Yep. And you open up the domain, and it's something random.

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Mark Miller 31:01

We've had it where email accounts have been hacked. And there's been a conversation back and forth between the two. Wow. Yeah. So yeah, they're certainly the spoofing. They're certainly the, you know, the overlays the emails and that sort of thing. But when somebody's legitimately hacked the account, it's hard to get around. Yeah, you know, when all of a sudden your 234 \$1,000 That's real money. You know, that's this is gone.

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Halie Morris 31:27

And it's it's two sides is the employer that's out that money, and it's the employee that's out that money. So you find out really quickly that it's not there. But yeah, there are certainly like layers that you can do and things that you can do to go through that. But yeah, like you said, having that self login, having them go in and change it not sharing account details over email, or things like that. reconfirming if you do get information with that person directly, to help just decrease and you're probably still going to run into situations. Hopefully, that makes us better at catching.

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Mark Miller 32:06

I mean, we, it's nobody's immune. We've had a police officer that had happened to wow, so you

know, he went to go after it, and you don't find these people?

H Halie Morris 32:17

Yeah, there it. I mean, it is incredibly frustrating. But

M Mark Miller 32:22

yeah, and I would tell you, dotcom banks should be your first flag. That's where most fraud goes through. I mean, nothing against the banks. It's just where, where the people that are committing the fraud tend to set up their things with. Okay.

H Halie Morris 32:38

Yeah. Good to watch for. We talked about electronic methods. So obviously, with the electronic deposits and things like that, but there's also electronic W TOS which tis the season.

M Mark Miller 32:52

Yes, it is. Yeah, so the IRS is continuously making it easier for us to do it. They've approved it this year, there is a host of compliance issues the employer has to go through this year, it's becoming easier. But it's still not easy to do, just just from the compliance, so you need consent from each employee, you need to have an opt out method, you need to be able to prove that they can get in and actually view their stub or view their their W two. In There's a host of notifications, I see that to continuously become easier and easier to administer. But at this point, I wouldn't say it's super easy. And probably the amount of time and convenience you're going to gain from not issuing a paper w two is going to be chewed up in the compliance. So that that that's kind of from the compliance side. The other side is you need to know your workforce. Right? And, you know, just because they make it available online, can everybody go out and get it online? Right? And if the answer is no, even though I legally can do it, they're just going to be coming to you asking for it anyway. So I think that there's some some consideration that needs to be looked at not only from the compliance, but just from the culture and the the individuals we have working for us. You know, when you talk about retention and productivity, you don't want to try to streamline your operation and in the process, you know, create more headache,

H Halie Morris 34:31

right? cut people out of the process

M Mark Miller 34:33

and in, in work the opposite direction of what you're doing because you think everybody should be able to get on line and get them and nobody can. Now conversely, if you have a workforce, everybody has a smartphone. And and then then it's a fantastic thing. And unfortunately in the

everybody has a smartphone. And and then then it's a fantastic thing. And unfortunately in the janitorial space turnover. You know we have quite a bit of right very, very high turnover So now you have all these people that maybe otherwise aren't connected the company more that are trying to get onto your portal, you need to make sure that that is still active and still able for them to get into.

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Halie Morris 35:12

Yeah, well, and then one of the things I can imagine it's alerting just because then you don't have to hunt down people's addresses, right, which is always its own game, right, especially with age diverse and economic ly diverse workforce, you're going to get into a lot of technological differences. But also, you're going to be more likely to run into situations where people move frequently, they're not willing to share their address, or maybe their address they shares and actually accessible. So you run into that. So it might be tempting to be like, Well, I don't have to track them down. But the flip side is, they might not be able to track down a computer or have a phone where they know how to operate it to the point of accessing that wq

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Mark Miller 35:56

you certainly have that. But then you also have, you know, the potential that the emails change and those people you know, so from the electronic standpoint, you have that as well. So, yeah, I mean, that's certainly in in a high turnover environment, something that is, is a struggle, but I think you certainly change emails a heck of a lot less, believe it or not than you do change your address.

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Halie Morris 36:21

Yeah, I think personal experience, but it does make sense. Yeah. Once easier, but done.

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Mark Miller 36:28

Yes. Yeah. Yeah. So this year, yeah. To the electronic side, definitely see where that is, that's going to 100% be in the near future. Because like I said, every year the IRS is making it more and more obtainable to do in the past, it's just been extremely, you know, you had to verify everybody's email, that you did get a response so many days before the WT deadline, and so on, so forth. And a lot of that starting to subside. Right. And I

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Halie Morris 36:55

imagine when when it was first starting before, because of it being newer, it just made it harder, because there's not the established processes.

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Mark Miller 37:05

Yes. 100%. Correct. So, all right

rep. 100%. Correct. So, all right.

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Halie Morris 37:07

Well, then we have also we talked about W fours and withholding questions, knowing taxes. So high tax season.

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Mark Miller 37:14

Yeah, so that was the time we're getting those right and the next over the course of the next three months. So yeah, with those, the the, again, the IRS hasn't necessarily made this an easy thing for us the past two, three years, in the changing of the W four in 2020. And it's created a bunch of confusion. And the best thing that I can, I can say to that and to employers is you really want to stay out of the realm of of advice in helping people when it comes to that usually doesn't end up well, because there's so many other factors that can go into what's owed than just their W two income. So you're best off to refer that on to whoever helps them with their taxes, or the IRS website does have some good tools that you can forward on to them to help them calculate what they're going to owe for the year, that sort of thing. But I find a lot of times people want to help their employees, it's a natural thing to want to do to help them. In particular, when it comes to filling out W four isn't that because let's be honest, most employees don't know what the heck they're doing. Right? Right. But it's a very, it's a game you want to stay out of, at the end of the day, that is their form. And they should they should do what they can to fill that out. You know,

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Halie Morris 38:35

and yeah, and I remember we had employees that would come especially like younger ones, they're new to the workforce, or even older ones that would normally have somebody help them. And a lot of time, I would just help them write down their questions, and then talk to them about who they shouldn't be asking specifically, like, Maybe mom or dad is not always the best. But

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Mark Miller 39:00

yeah, in that certainly with a new employee filling out the paperwork, and then you know, over the course of the next three months, employers are gonna be plagued with the question of Al owed, I owe them my taxes, why didn't you withhold too much? Right? Well, why didn't you withhold more than it's kind of you know, fill out a new W four, and we can do what you will because at the end of the day, the W four is your protection as an employer against the potential penalty situation. So you really don't want to advise on that and change it without an updated W four because if ever called out if you will, that's that's the point of record is what is your w four look like? Have you withheld in the in accordance with the schedule associated with that? And if you have then you're fine. And if you haven't, then you are subject to some penalties. All right,



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H Halie Morris 39:53

and then you know you do everything you can and you're supposed to, and and play still has questions are still upset. about something and then you refer them to on to someone who can, yeah, directly address those.

M Mark Miller 40:05

Yep, exactly. And I'm the new W four, there's a provision for a second job, you know, it's a pretty blanketed thing. But there's a lot of factors in life that that go into what you owe, on taxes more than just what's withheld on your W two. So those all would need to be taken into consideration, which is well beyond the scope of an employer.

H Halie Morris 40:26

Right? This is one thing that you can confidently say that it's better if they go to their financial advisor, or someone who's Yeah,

M Mark Miller 40:34

I'd love to help you. But unfortunately, I'm just not the one. Right. And I think you have the right approach, you know, you never want to tell somebody No, without giving them a direction to go. Right. So no, I can't help you. But you know, who does your taxes for you? Well, I do them myself. Well, when you have questions really that Who do you go to, you know, dig a little bit and help them search for that person.

H Halie Morris 40:56

Exactly. And a lot of people are just overwhelmed. So giving them a next step. And giving them a next step that will help them do a next step. Yep. Well, we'll make them feel more comfortable. And then they come back and they're good.

M Mark Miller 41:08

Yep. I mean, let's be honest with you, when it comes to paying taxes. Nobody likes to do it. And everybody's afraid of it.

H Halie Morris 41:12

Right? Yeah. I've had team members, they would come back and they'd say, Hey, I wouldn't talk to so and so. And it's a lot clearer now. Thank you. And I'm like, I didn't do anything. But you're welcome. Yeah, glad I could help. Yeah. And it was just, I just, you know, asked a couple questions and got them to the next person they need to actually talk to, and that was, for sure. You know, when you're faced with a 16 year old or an 18 year old, who's this is their first job. They're very like, Oh, my God.

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Mark Miller 41:42

Right. Right. So no, 100%?

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Halie Morris 41:46

All right. Well, we're taught we've talked about a lot. And we obviously we've talked about data, and we talked about things as far as keeping your management and your team members a little more high level, allowing them to do their job. And we talked about the benefits of outsourcing that to make it more efficient, and sometimes cover your butt a little bit, somebody who can be the expert on it. This involves a lot of information and a lot of data, especially as the company scales. So when you're looking at data when you're looking at a system that can do that. What are some things to consider?

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Mark Miller 42:24

Yeah, so that's a great question. The number one thing I think that people have to consider as a culture, their organization, okay. And what I mean by that is, in fact, I just talked to a company yesterday, that was sold in this was their words, not mine, we were sold a system that was well beyond the means of us to administer and supporting our employees to use, okay, salespeople are good. That's why they do what they do. But make sure you really understand how that's going to apply and work in your organization. So what I see a lot of times is people come out and want this, you know, in let's just say a 75 employee company, want to put in a system that is designed to make things flow easier for their employees. So we want to do electronic onboarding, right? We want to do Electronic Benefit Enrollment. And we want to do our performance reviews online, and we want to encompass that online, right? Is, from the sales perspective, I can paint that picture extremely well for you, right? No problem. Right now you're chasing the paper forms, all you have to do is go online, they fill out the story electronically, you no longer have to do anything, right. Benefit Enrollment, just go ahead and they'll do it on the system. It'll flow through update your carrier update payroll, you don't touch a thing in this net. Well, that's true. It's also very untrue, right? Because we know, we just talked about the W four form, right? People have questions. Well, now when I'm sitting there doing it on my phone, and I have questions I stop. And do I go back and do it? Or do I get caught up in something else? Right? So now we're still having to chase that down. So it has 100% application organizations, we just need to understand within our organization, what we're going to have to do to go push that through to make it happen, right? Because just just because I'm told it's easy, they get an email, they click on it, they go through and fill out stuff. That's great, right? In theory, that's great. And it's like the bell curve, right? So 20% of that people are going to do that. No problem. It's going to work exactly as you said. 20 other people, yeah, we're going to be chasing them still. But the notion that kind of is out there is that you won't have to chase them because they make it so easy for him. So the technology is great. The applications are great. We just need to understand when it comes to our organization, how exactly is that going to fit in right If you guys being in the software business, right, right, it's gonna be much, much better event than it is for somebody who's down along the border that is dealing with the language barrier, and dealing with maybe, you know, those those young people coming into the workforce that have no idea what a W four is, right? So where are you in that process? And

what can we do to utilize that technology, but what additional is going to be needed from us, that's different than what we're doing with the paper or the other thing. So I would say to looking at technology and organization that the number one thing is to look at your organization, what's going to fit? Now, the second biggest thing is, a lot of times I find that people go to technology to cure a problem, that that is, is not curable through technology alone. So you know, my onboarding process is terrible, right? So we'll go out we'll do an electronic onboarding. Well, great, right. But you gotta tell us what you need on the onboarding process. So we're not going to write the process, we're going to give you the tool to implement your process, right. And so people, you know, I see this a lot in organizations, particularly ones that are having issues anyways, they come in and want to put in this great HR system to fix their HR problems. It's like, Well, guys, you gotta go back to square one, you got to get HR policies that makes sense. Let us know what those are, that will go in and help get the system to help administer that. Right. So

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Halie Morris 46:36

and the the policies, the processes, the foundations of what you do. Technology is a channel. It's not a not a, we, you know, we talked about our systems as a solution in a way they are, but they are not the solution to the people problems, or the process problems or the policy problems.

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Mark Miller 46:57

And let's be honest, if you're having a problem in your HR world, it probably goes back to people, right? And in technology isn't going to fix people, right? But if you got if you got the people and you got things rolling, it certainly advances that significantly. But it doesn't, you know, don't throw the Hail Mary and go out and buy a suite HR package, when defects issues you just don't want to address,

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Halie Morris 47:25

right. And usually, you'll see that where you're ready for it is that efficiency is your next big thing you address.

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Mark Miller 47:32

Yep. Hey, we got this thing. We got this thing, click and pretty good, right. But I just feel like it's taking us longer to complete the tasks that are working well. Right. You need technology. Right? That's when you know,

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Halie Morris 47:45

yep. Exactly. All right, well, and we're talking about technology, and payroll, and HR in general. And there's been a lot of evolutions and what that looks like, I think, from when some of us entered the workforce, I mean, even when I came in, it was probably different than what it was

five years before that, to what it is now in the systems that have evolved. And things like turning things electronic to the UI and how people interact with things. And I've sat on calls to walk people through electronic onboarding. People who are retired, who never used systems like this, and who just want to pick up part time work. And now to get there, they need to fill out everything digitally through a system. And they've never done it. And I my favorite lady, was very familiar with where her technology level was and called me up and said, I would like to do this ahead of time. Because I know I'm going to be slower at it. Well, you helped me, we weren't going to set up a screenshare. Right in a situation. So it was a phone call, she was logged in, I had to walk through and make sure that I knew what screen she was on by verbal descriptions. I did tell her, Hey, we have a period in our onboarding days to go over this in person, if you would like we can wait. And she preferred to do ahead of time just because she didn't want to be the one to help people up. And it was describing things like Arrow keys and what to click exactly went to click and making sure that she had all of the information she needed in advance. But I've done that. And that's one thing when you're looking at systems like this, do you take into account that there is going to be times like that, where you have to walk somebody through step by step. It doesn't make them a bad employee, right? Their job may require very little technology, especially in the commercial cleaning space, if they can use the scrubbers. If they know what to do to do their job and they do it well. And they do it how you want it. Who cares if they're good at walking through the system once or twice a year like they need to do right but they probably still need a little help, which means you have hours of work to dedicate from your own staff. Do you have the staff for that? Do you have staff that's trained on helping with that? So yeah,

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Mark Miller 50:00

Yeah, you know, it's a very good point. I mean, certainly everybody comes from a different technological background, right? The reality to today is technology is more and more accepted and adopted. I mean, for example, take somebody who's in their retirement years, you know, with Social Security, your options are get online and manage and figure it out yourself, or go sit for half a day to a day in the Social Security office to probably get a 5050 answer. Right. Right. So oftentimes, we see government that drives a lot of this, you know, even back to direct deposit, that's all driven by social security, right, and then that line to produce checks. You know, and we see that with it with the technology of registering for Social Security. And so certainly, you know, that that plays down into industry, and plays down into, you know, larger companies and filters are smaller and smaller and smaller. And so yeah, I do see that. And the need, though, still, to help people is, is really the key. And, you know, we look at technology or onboarding, I'd say, onboarding, technology, but as a means to streamline our internal efficiencies, right. But one thing we can't do, particularly you talk about employee retention in something like the janitorial space, where you have an extremely high turnover, is you take that human factor out of it, right. And so now somewhere, I'm sitting with you, and going through and saying, I need you fella, who here's the I nine, let me verify these two pieces, we're having interaction, right, you lose that interaction. So if you want to retain somebody, you want to have the relationship, right, because at the end of the day, that's really what matters. And so, going, electronic onboarding is, is awesome from the efficiency from the people. But we got to remember, if we're not going to do that, we need to take our time to connect with these people on a human level, right. And so take the time you're saving through the onboarding. And if I have to help them that's in some ways can be a win, because now I have the interaction, right? I have your back and not giving you a link and saying, you figure it out, I'll see you out of the first job right? Now I'm I'm establishing that I'm here for you and to help you along your lines, right. But even if you go through these, and and you set up the

onboarding, which is fantastic, because it holds everything electronically, it's just a better organization system than paper that's trying to get from your hiring manager back to your payroll person who enters it in and then on to HR for storage, or whatever the case may be. It does all that itself. So it's fantastic. But don't forget to connect with your people, you know, in the real important piece of retention. And sometimes I see that loss is we want to automate things, you know, take that 1520 minutes that I go through that onboarding packet with you, and sit down and talk to me about me. You know, let's talk about it. Let's connect, and use that time more efficiently than shuffling paper,

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Halie Morris 53:01

right? Well, in our onboarding classes, one thing we did is they have to sign up for direct deposit or ADP. ADP, you're gonna sign up right in front of me. Yep. So I see it. Good. And that's a paper that was paper and pencil when we did it. And then the other thing that we did with the direct deposit was digital. So we tell them what they had to bring in a head of time, probably five or six times, you'd still have somebody who would forget. Yeah. Some people it was just, okay, can you log into your bank app right now? And it's typically on this menu, I'm not going to look at your phone, and I'm going to get close to looking at your phone. But it's probably within this part. Do you see it? Okay, good. You're gonna type that in right here, then close your phone, make sure it's locked. You're good to go. Some people, you especially here younger employees who their parents set up their banking account, they forgot to bring it. Yeah, every time, right? So then, I would follow up with those people in person, I can go track down our payroll people and check the system. I'm going to follow up with them. And then I'm probably going to ask them to verify software checklists, right. And then I'll double check with my people. But when I can do that, and I get that confirmation, they felt like they're heard, they felt their follow up with but there is also this open window of if they have a problem they can come ask. Yeah, yeah. And I

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Mark Miller 54:21

think that's the thing is, you know, back to the beginning of this in your culture, is to make sure you stay true to yourself and that you're, you're doing what you need to do use the technology, but don't hide behind it, you know, get out in front and talk to those people.

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Halie Morris 54:38

The fact is that a company is people and it's run by people.

M

Mark Miller 54:41

It is you know, we had you know, this still on topic at Apple, we had a client who you know, actually in the in the janitorial space and, you know, one arm of the business was out, cleaning and in and getting the jobs done, if you will And they're fighting for people. So they would get people and it's, you know, kind of let's go. And the paperwork, we kind of get lost in so many offices having to chase the paperwork, right? And now it comes time to payroll, and what do we do because we don't have the paperwork, it just was, it was a mess. And they called and wind

to implement onboarding, because they wanted to solve this problem. As Hey, we can help solve some, but you're still going to be chasing? Because you know, you can't have somebody go the first day, you're better off having that supervisor, have a tablet with them. And here, you know, we're driving the truck, let me have you do your onboarding, while we're driving to the job, or whatever the case may be. So it's thinking outside of the box, you know, you're not going to get around chasing somebody. But, you know, I can tell if you've done onboarding by just looking in the system, I don't have to go chase, you know, two or three different people that figure that out.

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Halie Morris 55:57

Right? So bring your sign in information and have a backup plan when they did. Yeah. And where their Gmail requires double verification, and they don't have that either.

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Mark Miller 56:06

Can't fix everything.

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Halie Morris 56:08

You get pretty close. Yes, sir. To find workarounds with people having a human Yeah. At the forefront of that. Yeah. Is that possible? Yeah. In

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Mark Miller 56:15

and we're talking about the onboarding experience, particularly onboarding experience to build a positive environment and a positive thing? You know, we, how many times do we hire somebody? And you know, this is more in the office side. But we don't have your desk or computer yet. But you're going to hang out in the conference room? Because your computer's gonna be in three days. What was that say to somebody coming in or, you know, a cleaner coming in that, hey, you know, what, we'll actually get to the the onboarding paperwork in the handbook and all that in a little bit. But let's go out to the job and what what are you telling me? You know, the job is more important than me.

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Halie Morris 56:50

Right? So being prepared, being ready, having clean process where they feel like they know what's going on communicating what's going on, all that stuff that you have to have in place, and understand what you want to do. And then technology comes along and supports and makes

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Mark Miller 57:05

it the other day, I want to work for a place that has their organization together. Right? Yeah, I

don't want to be in a fire store. Right. But small, medium sized businesses just starting out going through rapid growth. We're in fire drill. We at least have to get the persona that we're not right.

H

Halie Morris 57:21

Right. Yeah. Right. And so some of these things will definitely help get you there. And it's not a book that's not been written, right, the payroll book, there's processes out there. And sometimes it's like replicating somebody's to start. Yep, we'll get you where you need to be in this moment.

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Mark Miller 57:36

Yep. Yeah, into your point of outsourcing, you know, outsourcing, well, we're not necessarily gonna write policy, we can certainly give you a direction and say, hey, you know, in vast majority of cases, this is what we see what what happens with this, that people have diverted off of that is because of this reason. So within your organization, let's talk about your organization. And let's, let's see what might work the best for you, you're gonna have to do this, you're gonna have to follow this, but we can help guide you in, in what is typical in your industry, and in industry and organization, your size,

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Halie Morris 58:09

right? It's just, it's advice and expertise you don't otherwise have correct and it can go a long way to making you more confident in the decisions you make,

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Mark Miller 58:16

right? We try to look at and say, Hey, if you want to go and do this grandiose HR electronic system, you know, we're going to have a conversation first to say, let's talk about your organization, and how it's really going to be used, because the last thing we want to do is going to put a bunch of work and you do a bunch of work for something that you're not going to follow through on anyways. Because your problem is, you know, your one bad apple in your organization is gonna squash the whole thing, right? We're gonna tell you, why don't we take care of that? And then we'll take care of putting the system in where it's going to be most effective, you're not going to fail.

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Halie Morris 58:51

Exactly. All right. Well, thank you, Mark. I think that is all of the questions and things that I want to touch base on in particular, did you have anything else that you wanted to leave our listeners with?

M

Mark Miller 59:01

No, I would just tell you, you know, I don't mean to beat a dead horse. But man, check your direct deposits. I will tell you that check your direct deposits. And if you're going to implement anything in your organization, make sure it's going to fit your culture.

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Halie Morris 59:19

All right. Thank you. Yep. And then thank you everybody, for tuning in to this month's episode, keep in the loop via our social media, or by following us on our website where we'll post updates. In the meantime, feel free to look back through our archive of episodes in particular the episode on data security that we did with Oliver Gravy, or one of our episodes on employee retention. Thank you and have a great rest of your month.