

Payment Options for Today's Talent Profiles



The Workforce of the Future Is Here—Is Your Pay Model Ready?





rganizations are working on more flexible payment options, including same-day pay, as an incentive to attract and retain top talent within a tight and “gig” economy-focused labor market.

Technology, connectivity, and a competitive talent market have enabled modern professionals to demand more flexibility in how they work—and how they are compensated. Traditional weekly, biweekly, and monthly pay cycles don’t meet the expectations of this evolving workforce.

ScottMadden partners with leading organizations to help optimize their payroll operations. We recently completed the development and implementation of a flexible pay program within the healthcare sector.

Talent Profile Considerations

Workforce profiles common to healthcare, including shift-based work, illustrate the opportunity to adapt pay cycles to match an organization’s talent profiles:



Skilled contingent workforce:

RNs who pick up shifts to supplement work elsewhere or provide supplemental staffing at times of high census



Younger employees:

New graduates early in their careers, who want immediacy of pay linked to completion of shifts



Lower pay-level positions:

Dietary, EVS, valet, etc., who often live paycheck to paycheck

Understanding Your Options...

By reviewing your organization’s operations and workforce structure, you can begin to understand what type of payment solutions to consider and how to implement them. Whether your employees are full time, contract, freelance, or a combination, there are **three fundamental steps ScottMadden recommends taking:**

STEP 1:

Determine if a flexible payment solution is right for you



Each organization is different. You’ll want to know if a flexible payment solution would truly be effective with respect to your workforce and operational challenges. Look closely at the problems you are trying to address:

- Does it require a change in pay structure or are there other more critical factors?
- Is your staffing structure fully able to leverage a flexible payment solution?
- Can your systems for time, attendance, and deductions calculations support a flexible process?
- Does meeting workforce “immediate pay gratification” align with your culture?

Being clear about these and other potential challenges will allow you to make the most effective choices in the most efficient ways possible.

STEP 2:

Identify the best solution for your situation



Having reviewed the unique components and characteristics of your payroll operation, you can now best evaluate the various pay options available to you:

- Internal payment processing on a more frequent basis
- Outsourcing the flexible disbursement process to a payroll vendor
- Partnering with a third-party financial technology (“fintech”) vendor

You will also want to consider the fee structure, regulatory considerations, and accounting implications for each option relative to the scale of your organization.

Your final decision should encompass how your organization assesses factors such as fees and risks, as well as potential obstacles long term. For instance, internal processing may not be a viable option due to existing system capabilities or resource limitations.

Flexible Pay

Payment options should address organization objectives and talent profiles.



By reviewing your company's operations and workforce structure, you can begin to understand what types of payment solutions to consider and how to implement them.

...and Getting the Right Guidance

STEP 3: Prepare and implement solutions



With key decisions made, next comes the most exciting—and the most intricate—part of the process. To make your organization's new flexible pay solution function smoothly, you'll need to:

- Identify the applicable workforce audience for participation
- Support the project team with multifunctional resources (e.g., HR, Payroll, IT, Accounting, Legal, etc.)
- Consider the short- and long-term launch strategies
- Identify and manage stakeholders inside and outside of the primary target group
- Carefully monitor the sign-up process and maintain consistent two-way communication
- Operationalize the program to ensure smooth transition organization-wide, including:
 - Staffing and supporting the required ongoing team
 - Establishing policies, processes, and procedures for all participants
 - Developing employee-manager communications and tutorials

ScottMadden Can Help

With more than 25 years of experience in HR operations and shared services consulting, ScottMadden can help you identify optimal pay solutions within an increasingly competitive talent market. Our team of experienced specialists can help you implement a successful new approach that helps attract and retain employees, all while avoiding potential pitfalls along the way.

To learn more about ScottMadden, visit us at www.scottmadden.com.

About ScottMadden

ScottMadden has been a recognized leader in corporate and shared services since the practice began decades ago. Our Corporate & Shared Services practice has completed more than 1,700 projects since the early 90s, including hundreds of large, multi-year implementations. Our clients span a variety of industries from energy to healthcare to higher education to retail. Examples of our projects include service delivery strategy and business case development, corporate service assessment and improvement, shared services design, shared services implementation, and shared services improvement.

About the Authors

Jerred Crosby is a partner and **Kristin Rhebergen** is a manager.

Smart. Focused. Done Right.®

