

How to switch payroll service providers effectively – *Part one*

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Nearly all payroll managers will have to change payroll providers at some point in their careers. It can be a stressful time, particularly if you have been happy with the service you are receiving from your current supplier.



But for global payroll managers, the task of switching can be even more complex and stressful. Changing payroll providers overseas involves more risk and uncertainty than a domestic switchover, usually because your current supplier will have knowledge of your business in their country that no one else possesses.

How this article will help

The aim is to help global payroll practitioners change providers effectively by offering some handy tips and best practice guidelines.

In part one of this two part article, the focus will be on getting your supplier transition off to a good start by:

- Understanding the importance of communicating with your current provider
- Providing handy tips on how to break the news to your current supplier.

The importance of communication

Many payroll managers dread the time they will have to call their current provider and



tell them that they are moving their business. But there is usually no need to feel this way. Clients switch suppliers for many different reasons such as a move to a global player, acquisitions, re-tenders and the like. Switching does not necessarily imply a problem with your provider's performance.

So when the time comes to communicate your intentions, see it as simply the start of a successful transition. Ensure your current supplier is clear on the reasons behind the move, how you want them to help during the transition and when it

will happen. All of these actions will help your provider to help you. They will also increase the chance of you retaining their goodwill, which is extremely important if the transition is to be successful.

How to break the news

Everyone has a communication style that works for them, but here are some tips that have worked well for others too:

Pre-announcement considerations

1. Announce the move personally

Take the time to inform suppliers of your decision in person or via a phone call rather than by letter or email. They will appreciate hearing the news directly from you rather than through gossip or other informal channels. A direct call is much more personal and is also a good opportunity to ask for any help you may need during the transition.

2. Be inclusive

Include both the lead partner and manager of your payroll account on the call. If you fail to do so, you are effectively asking a junior member of staff to tell their boss that the company has lost your business. But by including the whole team, you ensure that everyone gets the same message directly from you. This approach is especially important should you wish to protect staff who have been working with you from criticism.

3. Timing

Contact your current provider as soon as there is commitment and a firm date for the switchover. Build in enough time for the handover to happen smoothly, but try not to communicate until you are sure that the move will go through. ►

“Sometimes your current provider will wait for you to pay the full balance on their account before they will perform any final tasks for you.”

Otherwise you could have an awkward situation if the switch to your new supplier is delayed, for example.

4. Be prepared

Ensure that you have all the contractual documentation for your existing provider to hand. Doing so will help you answer any questions relating to services and notice periods.

During the call:

1. Get to the point quickly

If you have let the lead partner and the manager of your account know that you would like to speak to them at the same time, it will be obvious that your call is an unusual event. Your supplier may already suspect that the purpose of the call is to announce your departure. So get to the point that you wish to move to a new provider quickly and directly, and follow it up immediately with the reasons behind the change.

2. Show appreciation for their service

You will often be ending a relationship with suppliers that have given years of service to your company, perhaps even decades. So it is a good opportunity to express your thanks to them for their helpfulness and service over the years.

Many payroll providers build a very close bond with their clients and will appreciate recognition of their efforts.

3. Clarify the timetable

State the timetable clearly so that your current supplier knows exactly when they will process your payroll for the last time. This will help them to plan their resourcing and costs. If you cannot be certain of the timetable, explain why and give them a range of possible dates.

4. Outline any outstanding tasks

Make it clear what you expect your current provider to do before the contract ends, and when. If, for example, you wish them to continue with year-end tasks after the last payroll run has finished, agree it upfront to avoid any confusion.

5. Ask their opinion

Check with your current supplier whether they are aware of any possible transition issues. As they have local knowledge, they may be able to give you insights into things that you had not previously considered.

6. Payment

Sometimes your current provider will wait for you to pay the full balance on their account before they will perform any final

tasks for you. Be proactive and assure them that payment will be made in line with their contract in order to avoid any payment-related delays later on.

After the deed is done

1. Deliver formal notice

As soon as the call is over, send formal notice that you are ending the contract as specified in the original agreement. Do not assume that your meeting counts as formal notice because you will often need to send a follow-up letter or email. If you omit this step, you may be legally obliged to pay the supplier for longer than you expected.

2. Follow up on action points

After the call, quickly resolve any outstanding items or action points. If there is any uncertainty over the notice period, for example, it may affect your project transition plans.

Summary

This article has presented a range of communication methods that can help smooth your transition to a new payroll provider. In part two next month, the focus will be on the key risks that can arise as a result of a switchover. Advice will be provided on how to identify and mitigate them. ■



John Galvin is CEO of award-winning ***Galvin International***, which provides independent, cost-effective and compliant advice for clients setting up global payroll. John was awarded Global Consultant of the Year at the inaugural Global Payroll Awards. He and his team provide straightforward, fast advice and set-up support for a fixed price in over 70 countries. If you have any queries about the information in this article, or would like to know more, please contact John at john.galvin@galvininternational.com.



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