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How to change pay cycles without losing your mind

A change to the pay cycle affects every employee, even those whose pay won't be affected, because employees talk. Planning for a pay cycle change is key, and planning and execution can take as long as two years, according to Lisa Poole, CPP, vice president and business systems analyst at SunTrust Bank.

Poole provided some tips and tricks to make the change process as painless as possible during a workshop held at this year's American Payroll Association's annual Congress.

Change is about efficiency. Efficiency means more affordable, easier, what makes the most sense, Poole said. A pay cycle change can be precipitated by new software or a merger or acquisition.

Sometimes, the C suite defines efficiency as workload reduction, but that might not always be the case. For example, Poole noted that switching from a semimonthly to a biweekly pay cycle might make sense from the corner office's perspective, but the likely result for you is more work, since you're going from 24 pay periods to 26 pay periods per year.

Communicating change. Begin communicating the change to employees early—and communicate often, Poole advised. Remember that communication doesn't just go one way; you should be open to feedback, too, she added.

Best strategy: Develop an interdepartmental team that includes employees, managers, Payroll, IT, the mailroom and third-party providers (e.g., 401(k) and garnishment administrators). These are the people who will reach out to the rest of your workforce, Poole noted.

Once the team is set, you need to look at how you're going to communicate with the rest of the staff. If employees aren't computer savvy, outreach may need to be face-to-face.

Toughest task for your communications team: allaying employees' fears of change. Employees' deductions may be changing because of the change in pay cycles; and they will need to be convinced that, despite the disruption, the change benefits them.

What information will the team be communicating? Poole gave these suggestions:

- New paydays and pay times
- Cutoff dates and times for processing checks
- The number of days in the pay period
- The number of days between the end of the pay period and payday.

Helping employees plan for the change—such as teaching them about financial literacy and the need to budget—is part of the communication process, too, Poole said.

Building the plan. This phase requires you to form an entirely different team. Who to include: In addition to

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Payroll, include HR, Finance, Legal, IT, employee representatives, Treasury and Communications. Don't underestimate the importance of including an ombudsman, Poole said. This is the person who cuts through all the noise by challenging everything. A good ombudsman helps teams avoid groupthink, a common tendency.

Create before-and-after calendars, showing pay dates, processing cut off times, direct deposit dates and other information. *Key:* The team must agree on checkpoints and milestone dates, according to Poole.

Testing and parallel runs are important, Poole said. The problem, she said, is that you often don't have the proper resources to test. So advocating for the necessary bandwidth is essential. You should compare the result to your desired result and then find and fix errors, she added.

ASSESSING THE PLAN: Poole suggested conducting a post-mortem review after the change is complete.

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