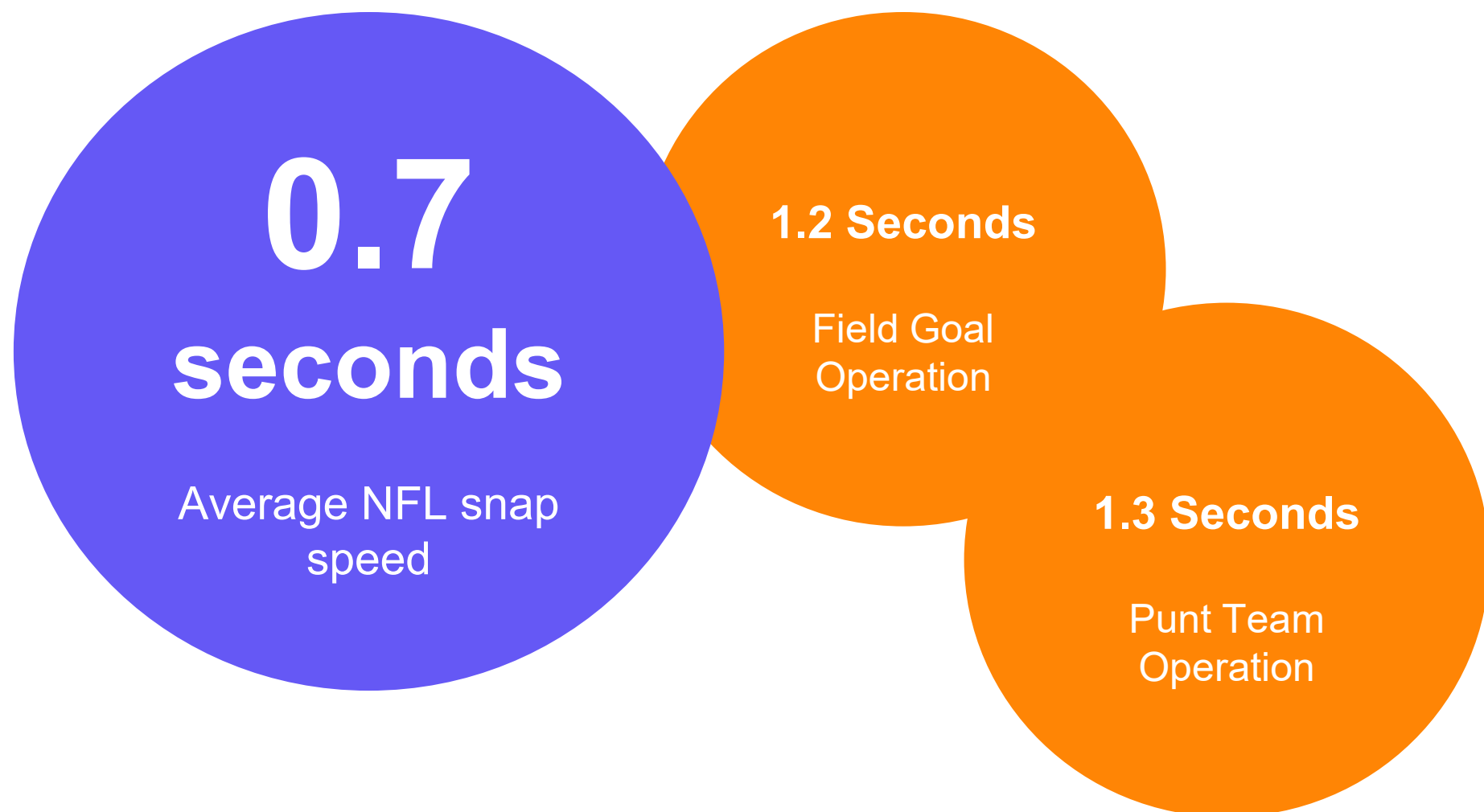# Efficiency Unleashed: The Impact of Back-Office Operations on Organizational Success

Colin LaBeau
President
FoxHire

Long Snapping is like Payroll?

0.7 seconds

Average NFL snap speed

1.2 Seconds

Field Goal Operation

1.3 Seconds

Punt Team Operation

It should just work…

Trey Junkin - New York Giants LS 2002 NFC Wildcard Playoffs

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Are Back-Office Operations Strategic?

Leaders often consider back office operations tactical, providing limited strategic value. Are we over simplifying processes that make big impacts?

20%

Trends Driving Pressure on The Back-Office

Remote Work

51% of all temporary assignments last year operated fully or partially remote (SIA).

Regulation

Increased regulation on payroll, onboarding, licensing and more is making back-office operations more complex for the industry.
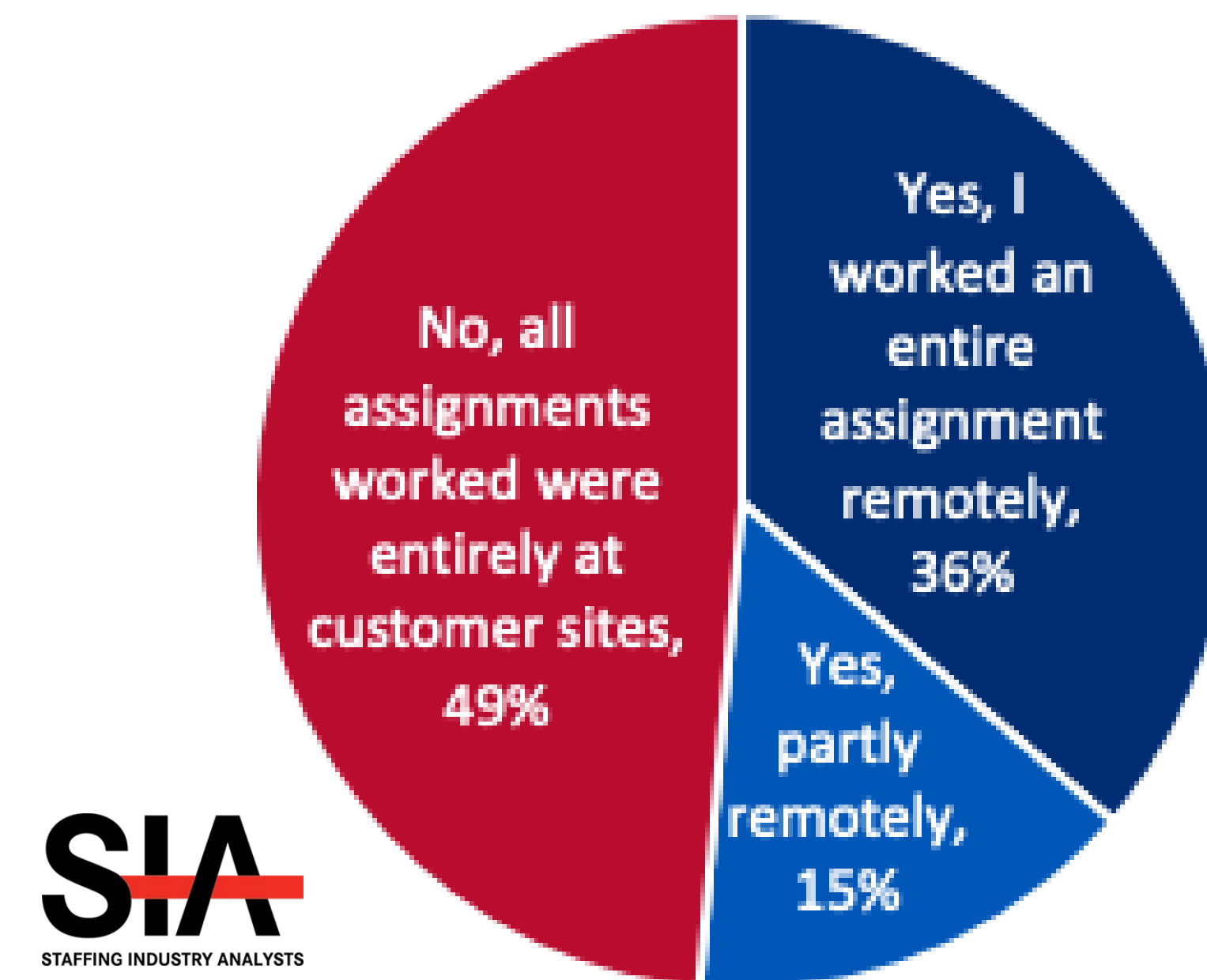
Demand for Quick Pay

Workers are demanding quick and accurate pay which can increase costs and increase the risk of compliance errors.

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The continued impact of remote work in staffing

"More than half of temporary workers - 51% - reported working an assignment remotely at least some of the time."

Did you work any temp staffing assignments remotely/at home in 2023? [N=2,539]

No, all assignments worked were entirely at customer sites, 49%

Yes, I worked an entire assignment remotely, 36%

Yes, partly remotely, 15%

SIA
STAFFING INDUSTRY ANALYSTS

North America Temporary Worker Survey 2024: Prevalence of remote work among temporary workers | February 17, 2024

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Example Regulations

- Illinois Day and Temporary Labor Services Act
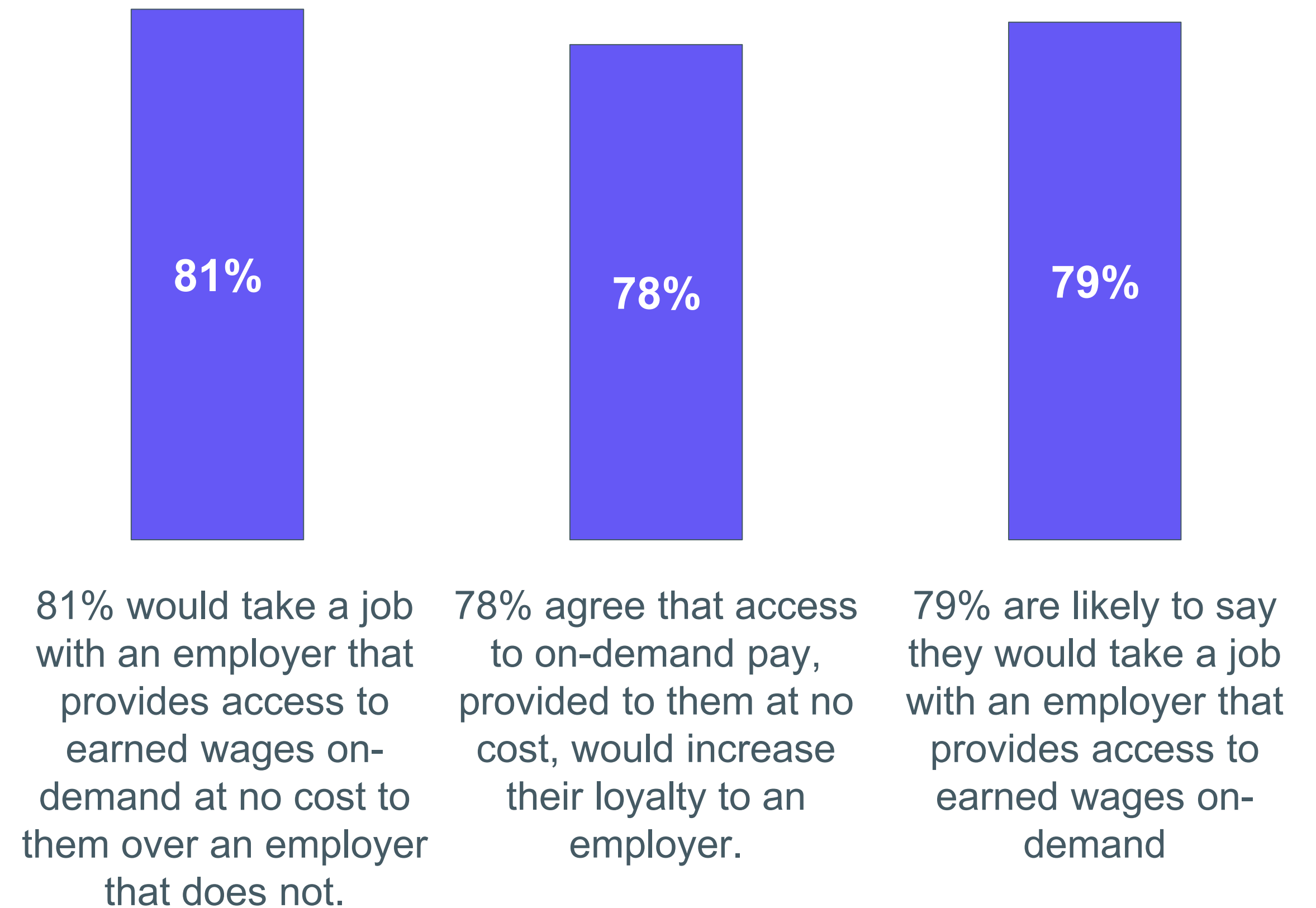
- California final paycheck regulations

- CA Missed Meal Premium Requirements

- Mandatory Sick Time Requirements

- Health care staffing license requirements

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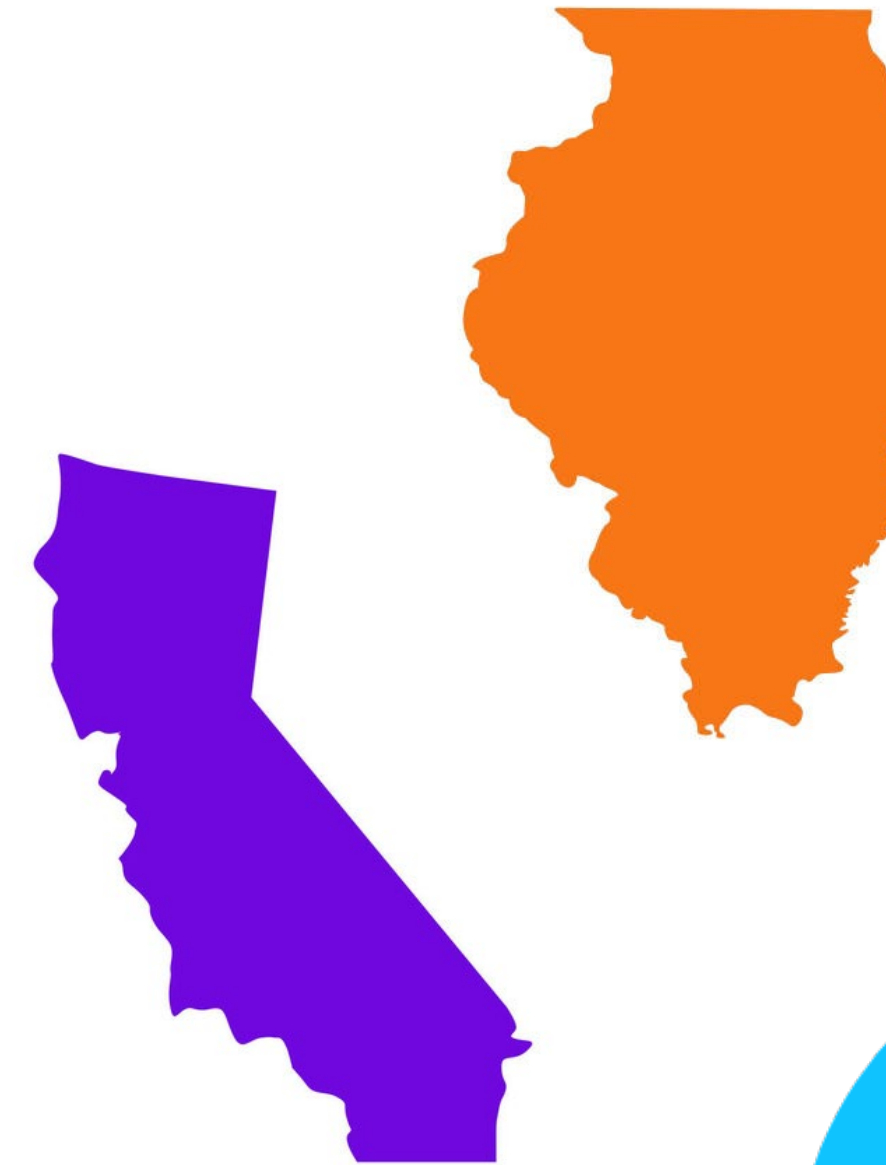
Workers want on-demand pay

"81% would take a job with an employer that provides access to earned wages on-demand at no cost to them over an employer that does not."

81%

81% would take a job with an employer that provides access to earned wages on-demand at no cost to them over an employer that does not.

78%

78% agree that access to on-demand pay, provided to them at no cost, would increase their loyalty to an employer.

79%

79% are likely to say they would take a job with an employer that provides access to earned wages on-demand

*Ceridian Study: Vast Majority of Working Americans Want to be Paid On-Demand

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These pressures create potential for errors...

BACK-OFFICE ERRORS
Caused by market conditions and pressures

1. PAYROLL ERRORS
2. INVOICING ERRORS
3. TAXATION ERRORS
4. TIME & ATTENDANCE ERRORS
5. COMMUNICATION ERRORS

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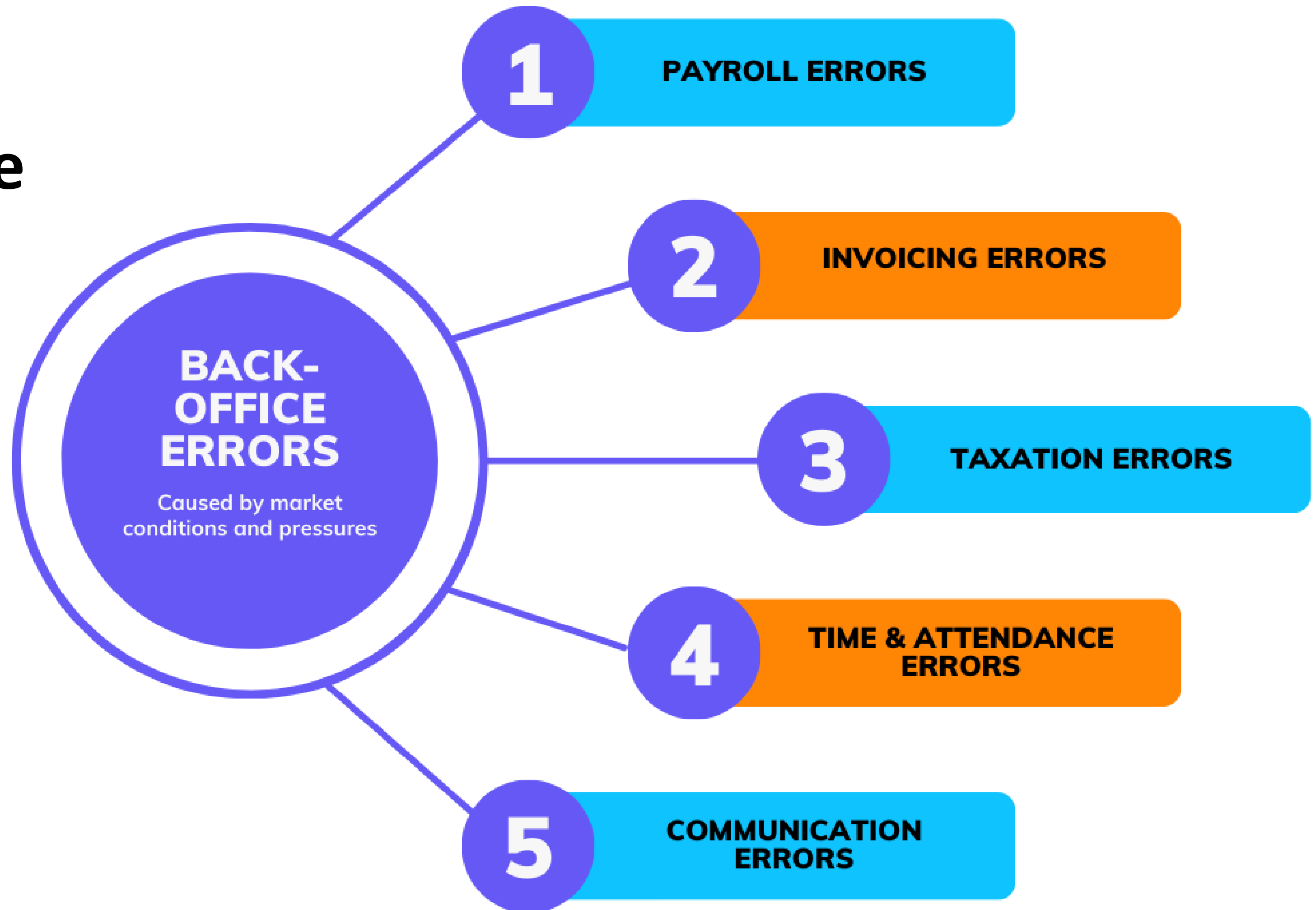
Payroll Error Costs

According to EY* - missed/incorrect time punches are the most costly payroll error, and the most common.

Figure 4. Top five errors by direct cost per 1,000 employees in the past fiscal year
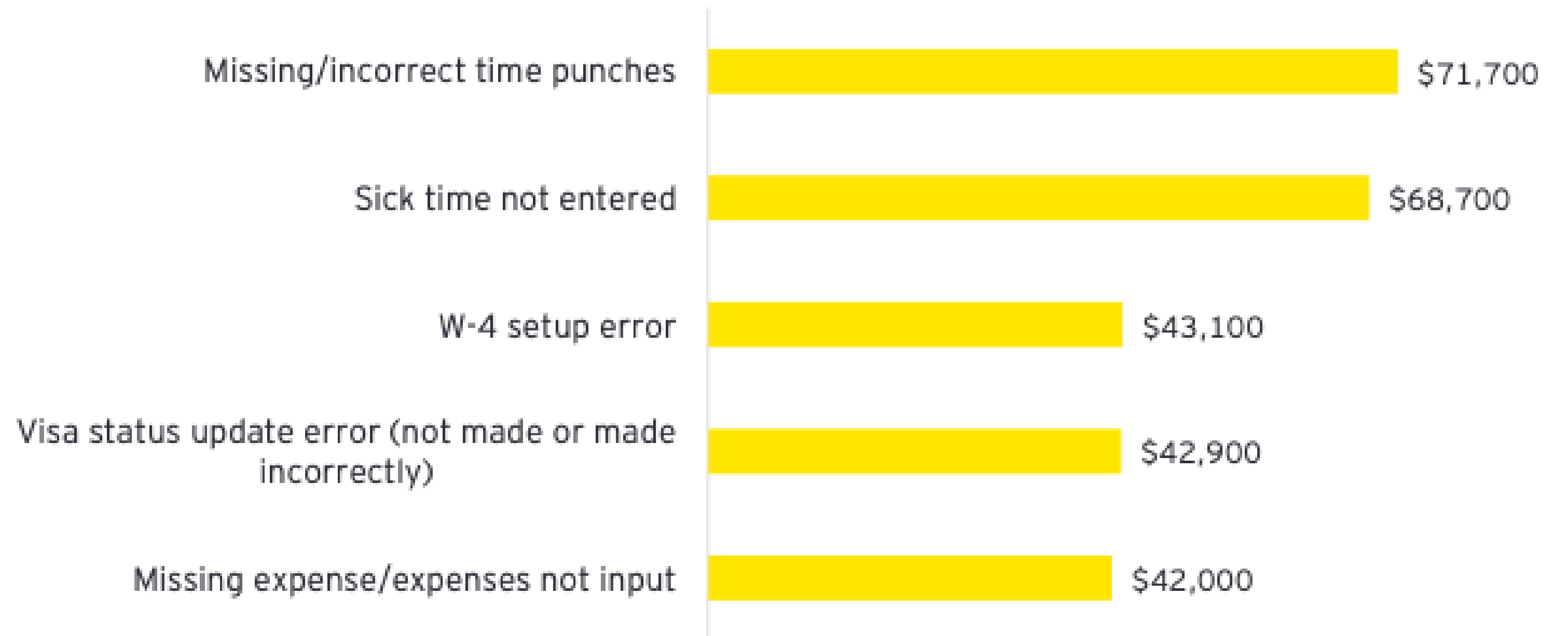
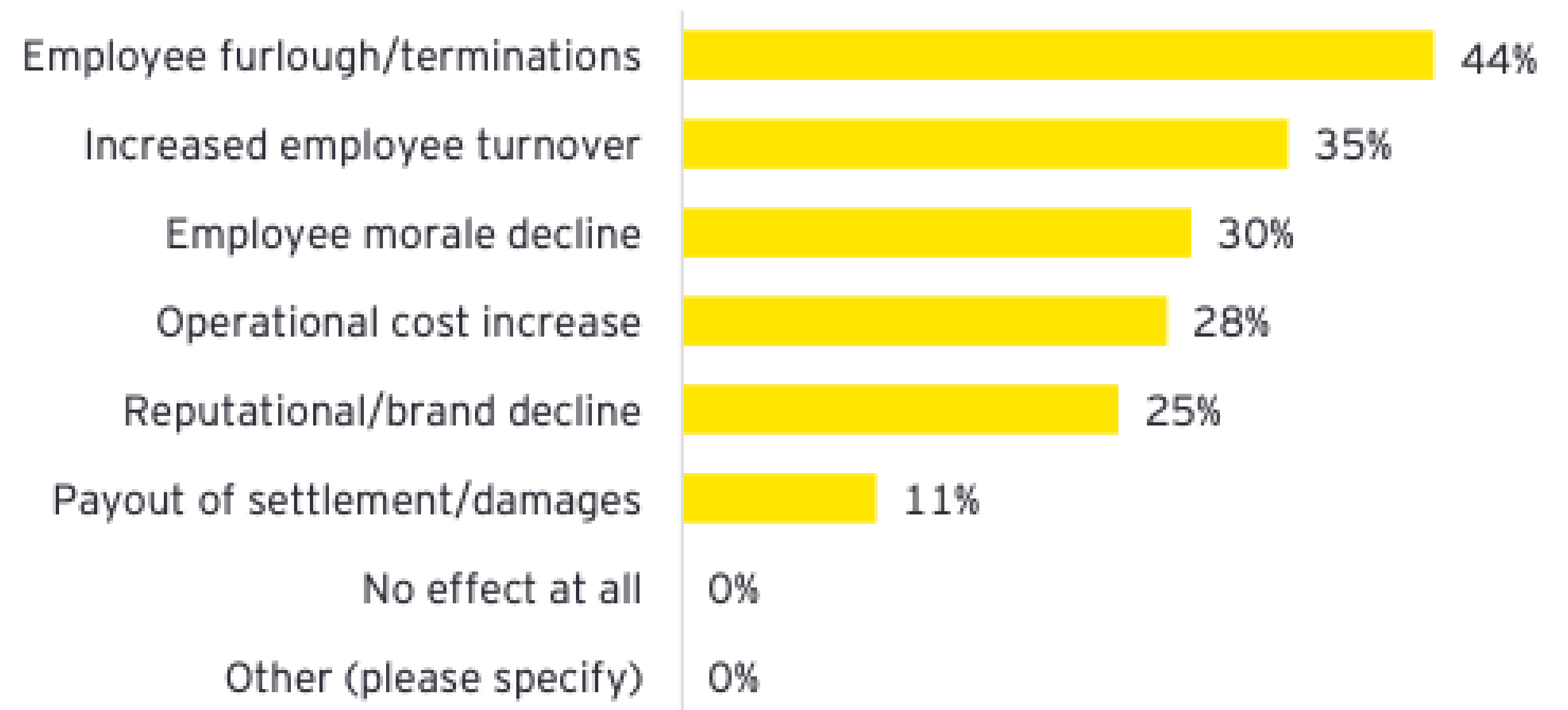| Error	Cost
Missing/incorrect time punches	$71,700
Sick time not entered	$68,700
W-4 setup error	$43,100
Visa status update error (not made or made incorrectly)	$42,900
Missing expense/expenses not input	$42,000

*Cost and risks due to payroll errors: Results of the 2022 HR Processing Risk and Cost Survey

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Payroll Error Impacts

According to EY* - payroll errors drove significant impacts on businesses, creating adverse effects and outcomes.

Figure 8. Effects of litigation issues related to payroll errors for companies having experienced these issues

Effect	Percentage
Employee furlough/terminations	44%
Increased employee turnover	35%
Employee morale decline	30%
Operational cost increase	28%
Reputational/brand decline	25%
Payout of settlement/damages	11%
No effect at all	0%
Other (please specify)	0%

Cost and risks due to payroll errors: Results of the 2022 HR Processing Risk and Cost Survey

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Payroll delivery is not the only KPI the back-office impacts

KPIs you are already tracking

Fill Rate

How quickly your firm can fill an open job.

Time To Hire

How long it takes to hire a new employee.

Avg. Assignment Length

How long your temporary assignments typically last.

Redeployment Rate

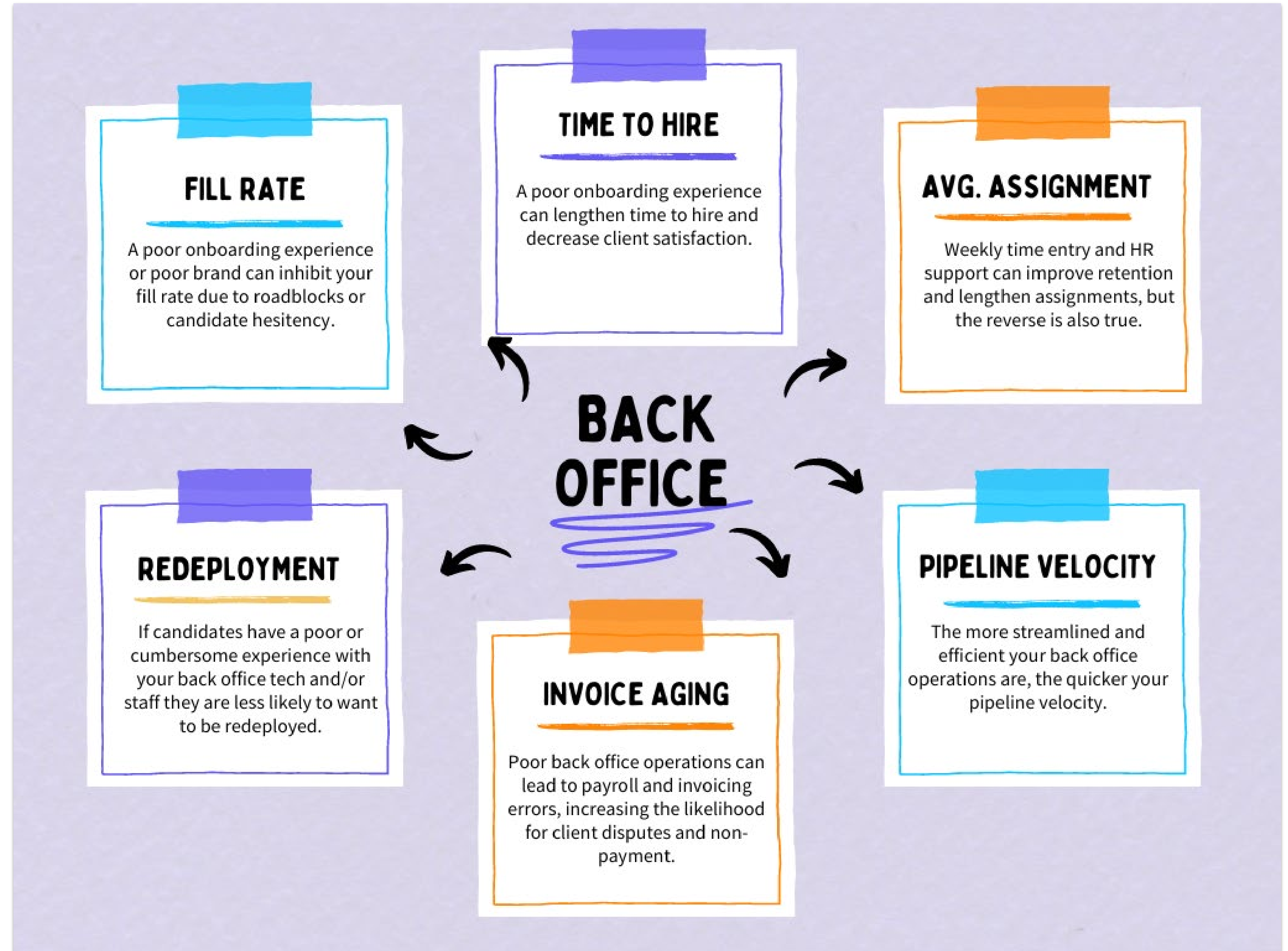How often you redeploy an employee to a new assignment.

Invoice Aging

How quickly and completely your clients pay their invoices.

Pipeline Velocity

How quickly your talent moves through the pipeline and starts working.

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Influence

Back office operations influence ALL of these KPIs.

FILL RATE

A poor onboarding experience or poor brand can inhibit your fill rate due to roadblocks or candidate hesitency.

TIME TO HIRE

A poor onboarding experience can lengthen time to hire and decrease client satisfaction.

AVG. ASSIGNMENT

Weekly time entry and HR support can improve retention and lengthen assignments, but the reverse is also true.

REDEPLOYMENT

If candidates have a poor or cumbersome experience with your back office tech and/or staff they are less likely to want to be redeployed.

BACK OFFICE

INVOICE AGING

Poor back office operations can lead to payroll and invoicing errors, increasing the likelihood for client disputes and non-payment.

PIPELINE VELOCITY

The more streamlined and efficient your back office operations are, the quicker your pipeline velocity.
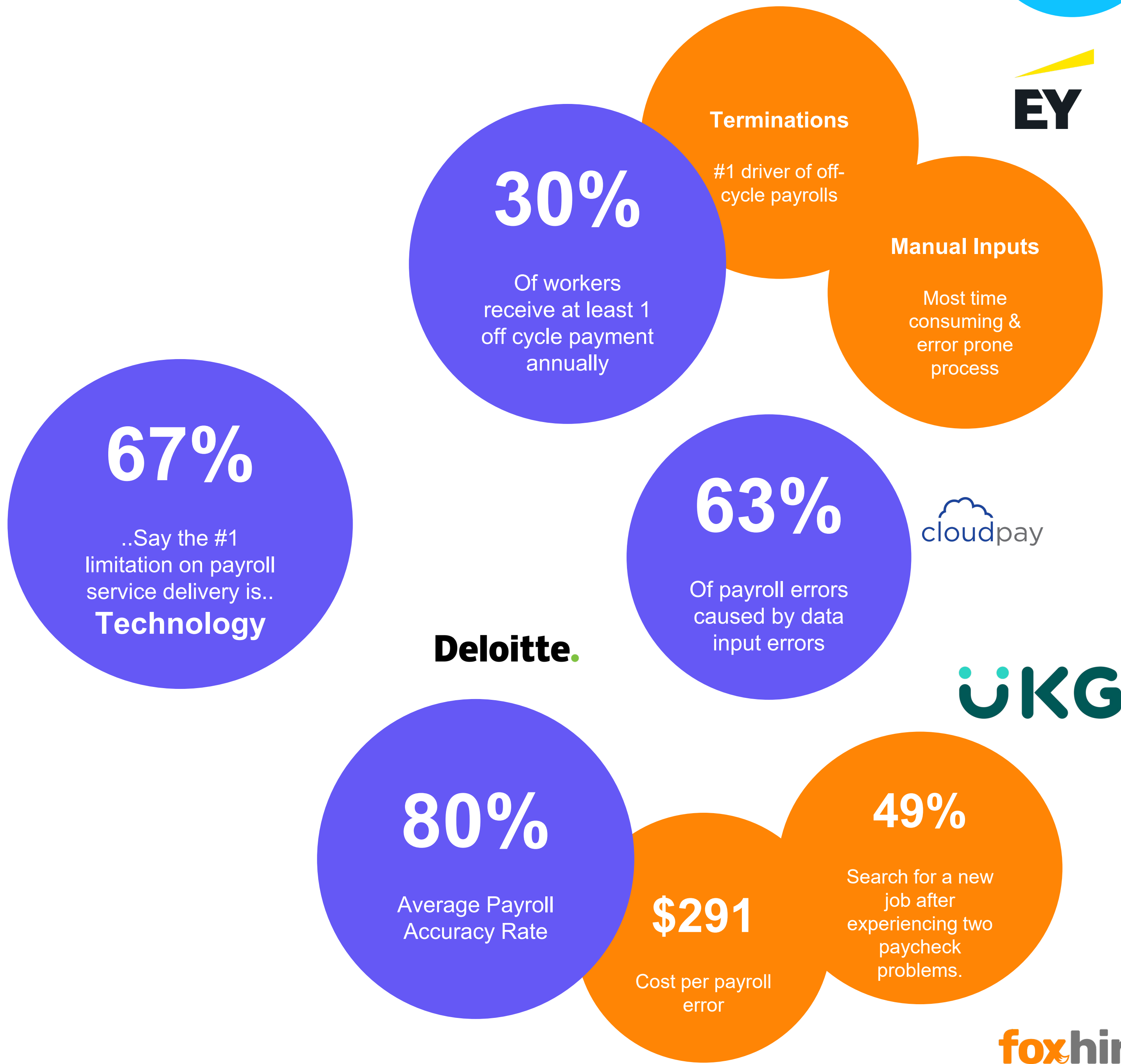
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These influences are impacting the market

Key Industry Metrics

Compare the influence of the back office to key industry metrics and a concerning story begins to unfold.

30%
Of workers receive at least 1 off cycle payment annually

Terminations
#1 driver of off-cycle payrolls

Manual Inputs
Most time consuming & error prone process

EY

67%
..Say the #1 limitation on payroll service delivery is..
Technology

63%
Of payroll errors caused by data input errors

cloudpay

Deloitte.

UKG

80%
Average Payroll Accuracy Rate

$291
Cost per payroll error

49%
Search for a new job after experiencing two paycheck problems.

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What does "good" look like?

Key metrics and benchmarks to compare your back office operations to industry standards.

20%

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Benchmarks

95%
IOFM

Invoicing

The top performers achieve 99% while the top quartile achieve 95% accuracy

97%
SIA STAFFING INDUSTRY ANALYSTS

Onboarding

3% of professional workers never show up for accepted roles. 97% of workers should show up for their assignment.

99%
GPMI Global Payroll Management Institute

Payroll

The payroll accuracy benchmark is 99% or errors in 10/1000 payslips.

90.6%
EY

Time & Attendance

Avg. T&A error per 1K EEs is 1.13/yr., or a 90.6% accuracy rate per month.

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Best Practices

- Begin measuring benchmarks.
- One online portal for employees is the goal.
- Never onboard via email - EVER.
- Remote ready onboarding software and processes.
- Staffing specific time and attendance software.
- Payroll and invoice audit report.

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Payroll and Invoice Audit report

An audit report allows finance to review expected pay and invoice amounts vs. true and historical pay/invoice amounts. This helps identify any potential issues before funds are sent/invoiced for, reducing errors and rework.

PAYROLL AND INVOICE AUDIT

WORKER	PAY RATE	PROJECTED PAY	LAST WEEK	THIS WEEK
Worker 1	$40/hr.	$1,600	$1,525	$25,250 ❗
Worker 2	$75/hr.	$3,000	$3,000	$2,860 ✅
Worker 3	$30/hr.	$1,200	$1,200	$1,200 ✅
Worker 4	$100/hr.	$4,000	$2,000 ❗	$4,000 ✅
Worker 5	$65/hr.	$2,600	$2,600	$2,600 ✅
Worker 6	$20/hr.	$800	$800	$8,000 ❗

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One online portal
Current vs. Future

Why?:
- Secure
- Standardized
- Increased Candidate Satisfaction
- Reduced costs
- Higher Retention rates
- Stronger Brand Reputation

DISCONNECTED SYSTEMS

- ✗ ONBOARD VIA EMAIL - INSECURE
- ✗ MANUAL I-9 - PRINT & SCAN
- ✗ MULTIPLE 3RD PARTY EXTERNAL LINKS
- ✗ SHARE PII AND PHI VIA IMAGES
- ✗ NO VISIBILITY INTO PROGRESS

ONE PORTAL

- ✓ ONBOARD IN SECURE SAAS PORTAL
- ✓ DIGITAL - REMOTE FIRST - I-9
- ✓ CENTRALIZED ACTION ITEMS
- ✓ COLLECT PHI AND PII SECURELY
- ✓ 24/7 ONBOARDING PROGRESS REPORTS

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Predictions for the Future

What will staffing back-office operations look like in 5 years?

2x

Regulation in staffing will increase back-office complexity by 2x

Licensing

Will increase across progressive states

80%

Of staffing firms will be able to deliver services via a platform.

Down Market

The lower to mid-market will follow suit with the largest firms.

AI

AI will replace back-office QA processes almost completely

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AI's Impact on Back Office Ops.

- **AI can replace:**
  - Invoice and Payroll Auditing.
  - Data reconciliation and importing.
- **AI can improve:**
  - Payroll data transfer from third party systems.
  - Onboarding via chat features.
  - Compliance with new regulations.
  - Contract review and negotiation.

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Actions to make it "just work"

01

Track against benchmarks

Track your firm against industry benchmarks for back office performance.

02

Secure your onboarding

Ensure you are not onboarding via email, and move towards a "1 portal" model.

03

Identify how AI can help

Investigate how AI can be applied to your current back office to decrease complexity.

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THANK YOU

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