

# Overview of Payroll Process improvements



COVENANT TRANSPORTATION GROUP

*Ready To Run For You.™*



# Where We Started



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- In 2007 Covenant, SRT & Star each had separate payroll departments operating largely independent of one another, using multiple software platforms.
- Each trip required an audit by a payroll coordinator, and manual entry of any expense reimbursements associated with the trip. This required a staff of over 20 just to process driver pay each week.
- Cross company and even interdepartmental cooperation was not an active part of our corporate culture.

# Covenant Transportation

- Due to the addition of new pay packages while grandfathering older packages, Covenant had over 20 different pay packages for drivers, each with differing rules for mileage pay and incentives. Processing payroll was largely a manual process for each driver. Even if no additional expenses or corrections were needed, each trip still was still audited by a payroll coordinator. This required a larger payroll department to cover peak processing days each week, and a smaller work volumes for the remainder of the week, resulting in lost man hours.

# Covenant Transformation

The arrival of DB&A and the creation of our Continuous Improvement Department. A Management Operating System was installed across all levels of the Company, and tools were developed to log and quantify the daily workflow of each employee.

# MOS Driven Improvements

- Quantifying daily tasks provided insight into where our payroll coordinators were spending their time each day. Tasks were then prioritized to focus on areas deemed to contribute to driver satisfaction and profitability.
- The methods coordinators used on each task was compared, and best practices were identified and adopted.
- Measurable data on the volume and types of transactions provided insight into areas where automation could be used and a basis to calculate the ROI.
- Kaizen events were used to build teams to drive process improvements across departments, so Payroll, CIP and IT were all working together for a common goal.

# Conversion to TMW

Conversion to the TMW software platform started with Star Transportation in 2010, followed by Covenant and SRT. While this was a steep learning curve, for the first time we were able to apply best practices, identify redundancies, and apply the same process automation across all three companies.

# Where Are We Now

- Mileage pay is released to drivers if the trip was completed by the close of the pay period, even if our drivers haven't had the opportunity to scan the bills.
- Redesigned the workflow for trips being paid each week. Process automation automatically releases trips without expenses. Payroll coordinators review only trips with expenses attached, reducing coordinator processed trips from 3200-3600 to 1400-1600 manually audited each week. Star was reduced from 1500-1700 to an average of 58 per week.

# Where Are We Now

- The Payroll departments from all three companies have been merged into one department. Payroll coordinators are cross trained to handle the processes of each company, so that any driver can be assisted.
- The reduction of manual entries and cross training has reduced the staffing needs to 17 payroll coordinators covering all CTG needs.

# What is Next

- Continue to Optimize SRT processes to the level of Covenant and Star.
- Take advantage of new technology to update trip scanning. Using optical scanners and automation to approve certain expenses further reducing the number of trips audited by coordinators each week.
- New phone technologies that will provide drivers the answers to easy, often asked questions to reduce coordinator phone call volume.