

Case Study

A Global Manufacturer of Healthcare Products

Service(s) offered: **Payroll, Administration & Compliance**

Sector/Industry: **Healthcare**



Payroll, leaves calculation, and labor law compliances for 600+ employees

Our client is an Indian subsidiary of a US-headquartered healthcare company that manufactures ostomy care, continence care, and wound care products.

Challenge

The payroll cycle of the client is from the 21st to 20th of every month, due to which the Provident Fund (PF), Employee State Insurance Corporation (ESIC), and Labor Welfare Fund (LWF) compliances of employees joining and leaving after the 20th of the month was cumbersome to handle. This led to challenges in computing the accurate amount of statutory liability.

The payroll input process was vast and lengthy which consumed time of the client's HR team with activities such as collating leave balance data and other monthly inputs required for payroll processing.

People who exited the company during the financial year were paid their statutory bonus in the month of October/November after the end of the financial year. The client also faced practical difficulties in contacting ex-employees, who left the organization over 11 years ago, in order to make statutory bonus payments.

The client had multiple employee benefits linked to leave balance, retention, and attendance of factory workers. The client was doing this calculation manually, which led to errors and delays.

Case Highlights

- We have continuously been the client's payroll service provider for over 15 years as they increased their headcount from 4 to 700 associates
- Salary revision of selected factory workers completed every month efficiently based on performance and tenure
- Created a customized process of leave balance calculation configuring all leave types basis their leave policy
- Ensured compliance with Provident Fund (PF), Employee State Insurance Corporation (ESIC), and Labor Welfare Fund (LWF) regulations
- Successfully implemented National Pension Scheme (NPS) within a month
- Worked as an extended arm of the client and supported them with employee data reports for statutory audits, insurance renewals, and actuarial valuations

The client aimed to pay salaries on the final two days of the month. However, in practice, they only managed to pay out the amounts on the 1st working day of the following month.

Solution

We had multiple rounds of discussion with the management, HR, and Finance teams to understand the current processes and exact challenges faced by them.

After understanding all requirements in detail, the payroll workflow was revamped with the following activities:

- Defined communication protocols with the client
- Designed a monthly inputs template file for collecting leave data, attendance, and other payroll inputs from client in a single file
- Introduced monthly reconciliation of PF, ESIC, and LWF
- Revised the payroll processing activity of people leaving the organization where statutory bonus was paid to them along with their full and final settlements
- Maintenance and calculation of closing leave balances, Loss of Pays (LOPs), leave encashment, and other attendance-related benefits were carried out through the formula that was built into the spreadsheet
- Configuration of calculating various payments such as retention bonus, attendance award, and night-shift allowance were set within the payroll system itself
- Automated the customized bank file preparation through our payroll software
- Monthly governance calls were introduced with the Finance and HR Heads to discuss the progress and feedback



We are working with Nexdigm for payroll process from 2008 onwards. Our India business has grown drastically in these years and as a result headcount increased from 4 to 700 within these 15 years. Nexdigm had managed this transition professionally and always ensured that each employee is paid the correct amount on or before it is due to them. We always worked as a team, have incorporate quite a few of process improvement at both side and always got positive response from Nexdigm while incorporating those changes.



Financial Controller

Impact

We introduced a new process flow for inputs to be received from client, defined communication protocols, designed checklists specifically for the client, and customized various reports to meet their needs.

The client appreciated the overall improvements done in payroll processing along with solution designing which resulted in:

- Regular payroll reports delivered to enable the client to pay salaries by month-end instead of the 1st day of the following month
- An Employee Self Service (ESS) portal was introduced for factory workers to view their pay slip and tax slip
- Ensured 100% adherence to payroll compliances and labor law compliances
- Successfully completed the transition of monthly and yearly leave balance calculation

The client appreciated our solution and decided to engage Nexdigm as their payroll partner. We have now been working with the client for their payroll requirements for over a decade.

For more information on this case study, please write to us at:

ThinkNext@nexdigm.com

You can also visit our website to know how our services resulted in tangible business benefits:

www.nexdigm.com