Des Moines Area Community College – Payroll Process Improvement

Background:
Des Moines Area Community College (DMACC), the largest community college in Iowa, has six campuses, an enrollment of 29,500 credit and 34,300 non-credit students and 2,440 employees.

Challenge:
Innovations in DMACC's business office were failing to keep up with the growing institution, causing significant inefficiencies. At the time the Payroll Department approached DBR workplacelean, employee pay sheets and leave requests were still being submitted entirely on paper. Even after passing through 7 onerous approval steps, the Payroll Department continued to receive incorrect information. During one two year period, time-consuming paper processing and error correction caused overtime for Payroll staff to jump from 96 hours to 463 hours costing DMACC a lot of money.

Solution:
DBR's workplacelean consultants worked with DMACC to assemble a cross-functional team for a lean training session. Training participants were taught key components of the lean process improvement strategy, including how to "map" the payroll process. The team created a "current state" map of the payroll process and identified issues and possible solutions. DBR workplacelean consultants guided the team to envision and create a list of characteristics for their "ideal state", i.e. how they really wanted payroll to work. Finally, the team mapped their "future state" and created an implementation plan. Within 12 months the new payroll process was fully implemented. A few of the changes to the payroll system included:

- Implementation of 100% Web Time Entry for all fulltime and part-time employees.
- Implementation of 100% direct deposit for employees as well as web access for pay stubs & W-2's (a $26,600/year savings).

Results:
The results of DMACC's Payroll System process improvements were dramatic:

- Payroll processing time was reduced by 66% (3 days to 1)
- Payroll errors were reduced by 52%
- Payroll Department's overtime was reduced by 53%
- Processing steps were reduced by 37%, and manual steps were reduced by 50%

"The Lean project helped us to streamline the process from the hiring paperwork to the employee's first pay. By using a web based time sheet, the Payroll staff no longer need to manually calculate or enter the employee's time worked into the system. My staff are able to concentrate on quality of work, which ultimately saves the College money, especially given the reduced overtime spent to produce each payroll."

- Kay Ruggiero, Payroll Supervisor

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