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This month's cover story



Go paper free?

Companies are becoming more environmentally conscious and considering green business options, among which is a paper-free payroll. Hilaire Gomer finds out how to achieve a greener office.

It seems as if everyone is going green in an attempt to save the planet from global warming. M&S has a goal to eliminate landfill by 2012; BP's chief executive elect, Carl-Henric Svanberg, wants to keep green issues at the heart of the mighty oil company; and there are seven new FTSE indices to reflect the growth in environmental technology.

Funnily enough, the planet can be grateful to payroll because countless companies have chosen to go electronic, thereby saving billions of reams of paper. US findings estimate that an average-size company can save more than \$150,000 a year by going for paperless payroll. But persuading a company to opt for paperless payroll is harder than you might think. There has been green progress in a passive outsourcing manner, but it seems the biggest problem is still a company's mindset.

Bo Harald, e-invoicing specialist at Equens, the largest European payment processor, sums it up on the paperless office when he says: 'Companies, authorities and consumers need to realise that paper invoices simply have no future because they are so dreadfully expensive. The average cost for handling a paper invoice is 30 euros. A normal e-invoice costs 10 euros. Customers understand that administration costs money, but they will only change their behaviour if the costs are made visible.'

He suggests: 'A way to bring about a change in mindset is for more invoice receivers to set a deadline for submitting paper or otherwise unstructured invoices, and for invoice senders to charge for the cost of paper invoices transparently.'

Payroll World contacted several outsource payroll firms that had clearly not thought of promoting anything eco, while others are

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keen to promote their awareness, notably Ceridian and MidlandHR. However, paperlessness among the former's clients is not high at around 5-10%, and the latter claims that 90% of clients have only 'an improved paperless environment' as a result of HR/payroll solutions.

Electronic systems

Richard Thomas, director of marketing and payroll software at MidlandHR, says it does all it can to promote e-payslips, electronic company expenses, electronic timesheets, absence monitoring, online holiday requests, online CV database and psychometric tests. He adds: 'The i-Trent car pooling system was introduced and tested internally at MidlandHR.'

Ceridian, too, is a very model of a modern eco-payroll supplier, producing customer newsletters online, sending e-cards, and switching employees to e-payslips. Ceridian offers non-print options within its payroll and is introducing a new billing system that will allow customer e-invoices.

Ceridian director Simon Parsons explains: 'We offer all data available securely via web hosting, where the information is readily available to the customer. However, there is a long legacy of paper use within payroll and it is a hard transition persuading some to forego it.

'We have introduced three years of online reporting data on tax, history and financial summaries as a bit of a carrot to enable users to reduce their paper consumption. For a rising star service there are currently about 200-plus clients, with an aim of 100% take-up over the next 18 months,' he says.

Karen Paterson, chief executive of HR and payroll software firm Patersons, says of the greening office: 'It's a hot topic at the moment and I think there has been a distinct change in approach in the past 12 months or so.'

Tim Richards, managing director of payroll service Bond UK, emphasises the importance of the link between pay and payslip and how it can be hard to break. 'Much has been made of the green benefits that online payslips bring, but not much is gained if employees print out the payslip themselves,' he explains.

Online payslips don't save much money – it's the savings on stamps and the printed statements that add up a bit, says Mr Richards. But a major plus of online payslips is that they can really enhance an employees' ability to find out easily and quickly a mass of details about their pay and also follow links to do with their specific work.

David Carr, head of card services at the Mastercard prepaid card and digital payments firm White Eagle, says: 'By using a fully online payroll provider such as our prepaid payroll card, employers will reduce cheque writing and delivery. Ours provides fully online banking so that employees can view all their transactional history. Some employers are even delivering payslips online as well, therefore reducing further the impact on the environment.'

Of course, greenness can be pursued outside the office. Jon Mulligan, founder of OfficeMetrics, which improves productivity for companies by promoting home working, says that greenness is only one aspect of what his firm does, but homeworking has obvious green advantages as there is no longer a twice-daily commute for the worker, reducing their carbon imprint and improving time-saving straightaway.

Countless studies show, says Mr Mulligan, that home workers can

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be more productive, partly because they are happier with their work/life balance. It is also a useful thing, he adds with emphasis, given natural disasters such as flu epidemics. Mr Mulligan explains: 'We are working on a project where a London company wants to down-size its numbers by 1,000 seats, with the vast majority working from home. It will save millions, starting with a much smaller office in London.'

Less paperchase

There will always be a need for the use of some paper – after all, not everyone has secure web access, or even broadband in the UK, but companies have got a long way to go before they reach as much as 70-80% paperlessness.

Going green always comes second to making money, and in a world that has little time to reverse global warming, the recession needs to be shortlived. Investment in renewable energy worldwide dropped by £8bn in the first quarter of 2009, down by a half compared with the same period in 2008, admittedly after five years of excellent growth.

But as Arnold Schwarzenegger, governor of California, said recently: 'You have got to make it cool to be green.'

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