

## Case Study

# Payroll & Compliance

### Client Profile

A Fortune 10 global oil and gas company with operations in over 140 countries.

### Challenge

The client uses a large number of contingent workers that it sources directly using internal resources (i.e. not through a staffing supplier). However, it has a complex corporate structure involving multiple business units and work sites, each with its own processes.

The client realized that this decentralization of the hiring process left it open to risk of being non-compliant with contingent labor laws, and led to costly process inefficiencies. Its challenge was to select a partner to implement a best practice program for contractor payroll and compliance.

### Aim

- Select a best of breed payroll and compliance specialist via a rigorous RFP process
- Engage a dedicated vendor to ensure the most cost-effective method of payrolling contactors
- Mitigate the risk of contingent labor use by engaging a third party company to qualifying prospective Independent Contractors
- Find a partner to educate and align managers and stakeholders regarding the risk of engaging misclassified workers
- Achieve cost savings through improvement in contingent labor processes

### Solution

Implementation of an enterprise-wide payroll and Independent Contractor compliance program that included the following features:

- Standardized process for classifying and engaging contingent labor
- Utilization of ClearIC as a web-based tool for evaluating the appropriate worker classification
- Ability to convert ineligible 1099s to W-2 status via our Employer of Record program
- Onboarding, payroll and management of all third party employees, 1099s and corp-to-corps
- Creation of Case Defense Files for IRS or State audits
- Integration with the existing VMS platform
- Detailed KPIs and quarterly business reviews

A detailed and comprehensive change management plan was integral to the success of the program, as there was a general lack of understanding by managers as to the risks involved to the company in engaging misclassified workers. This plan included the following steps:

- Comprehensive educational program including seminars, webinars, training sessions and supporting materials
- Engagement of key users as a means to ensure a collaborative relationship and executive level sponsorship
- Partnership between ClearPath and the client's HR, Tax, Legal and Procurement departments
- Establishment of transparent escalation channels
- Regular communication including initial weekly and then monthly conference calls to ensure business alignment

### Benefits

- Cost saving goals from the payroll program exceeded
- Mitigated the risk of contractor misclassification and co-employment
- Tangible cost and time savings achieved
- Minimized administrative burden by consolidating processes under a single vendor
- Change management program facilitated quicker than expected program roll-out
- With ClearPath as a partner, the client sponsor is confident of incorporating other business units into the program