



Lessons From A CEO

I am the CEO of a large company who have 500+ employees and I would like to share my nightmare story with you.

At the end of a particular month, my CFO asked to see me urgently with something important that could not wait. When they entered the room, I knew by their face that we had a major issue.

They explained that we had a payroll disaster due to a team member being absent at short notice and that the payroll did not run. As it was a Friday there was panic moment.

Little did I realise the impact of the message they had imparted to me. I will try to explain the nightmare scenario as easy as possible. First my thoughts went to an expletive and then to the fact that no one, including myself would have their money in their bank account when it was needed.



“They explained that we had a payroll disaster due to a team member being absent at short notice and that the payroll did not run.”

The explosion of problems relating to this were not fully understood until we had to walk through the damage limitation process. Firstly, we had to communicate to the staff the situation. It was already having an impact and the conversations and blow back was increasing. We had to offer compensation to people who had financial commitments to pay direct debits for all sorts but the one that caused most concern were mortgage payments and the potential impact on staff credit ratings.



“We had spent a lot of money on staff training, wellness and other support features, but we did not even consider the key one which was what would happen in the event of a payroll disaster.”

The amount of time consumed by the executive team in communicating with the board, and staff on the reputational damage was excruciating to say the least. The staff motivational issues caused considerable productivity problems that were quite difficult to quantify other than they were significant.

We realised as an executive team we had overlooked the risk assessment of the impact of a payroll disaster. We have become complacent over time that it always worked, and no one questioned our backup or contingency plans. We had spent a lot of money on staff training, wellness and other support features, but we did not even consider the key one which was what would happen in the event of a payroll disaster. All the good work we had completed for the staff was reduced to zero when the one thing they needed most failed. They didn't get paid for the work done.

We had failed to ensure a continuity process or payroll contingency plan insurance service.

We had all the risks and insurance for people and buildings and plant, but we missed the one that caused us the most damage, in terms of staff morale and external reputational damage.

Take a leaf out of my story and check your payroll contingency planning now.....



For more information on the Emergency Payroll Services we offer and the support we could provide to your payroll team check out www.crpaysolutions.com