



# GUIDE TO MAKING PAYROLL PROFITABLE

Find out the secret to making payroll truly profitable for your accountancy firm.



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## The case for payroll

*In accounting circles, payroll is not generally considered a profitable service. In fact, it's often referred to as unattractive and resource intensive.*

*If you've spent any time working on large, complex and frequent payroll, you'd probably know what we are talking about.*

Payroll is a 'nuisance', requires staff with full knowledge of PAYE and specialist software, and is time consuming. We even know some clients who have turned away business because there was a large payroll requirement.

And yet payroll is one of the easiest things to outsource and instantly remove all of those headaches, while increasing profits and adding value to clients.

With the right outsourcing partner and the right processes you can turn payroll into a highly profitable service.

In this guide we will explain how outsourcing can turn this unprofitable, knowledge and resource intensive service into a valued, profitable service. And the starting point in this transition comes from moving to an outsourced payroll model.

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## Turning a payroll client into a profitable customer

There is a perception that payroll services are not a great investment for your practice, due in part to the specialist resources you need and the time it takes to process the payroll. Plus different pay periods and deadlines can be confusing which in turn increases the chances of making mistakes.

In short, offering payroll can look like a bad option for your practice. But that's to take the short-term, simplistic view. With the right outsourcing partner and the right processes you can turn payroll into a highly profitable service.

# Benefits of offering clients payroll

- By adding payroll to the mix, you are selling a total package, meaning you can retain clients and improve year-long cash flow
- You will be more engaged with your clients – means stronger relationships
- You will attract new clients who want an all-in-one package

## So how do you make payroll profitable?

Let's look at the initial challenges your practice faces with low-fee, time-intensive clients and how outsourcing can remove these challenges.

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## The initial challenge of offering payroll services

*A payroll client with a large, complex payroll doesn't look like an attractive profitable proposition for your practice - at first at least. And this perception comes from a number of factors:*

- Far too much data entry is required, including the time it takes for employees to input the data
- The data entry takes up staff resources – and doesn't pay much
- Spending lots of time on payroll when the margins are low isn't good business sense
- It's confusing because tax forms have to be completed and payments submitted – all at different times for different clients
- There are hundreds of tax codes and payroll regulations to understand – requires hiring of specialist payroll staff
- Processing payroll requires the purchase of computer systems, software and extensive staff training to run it.
- Hiring payroll specialist staff is expensive – in addition to a salary, you have to pay overheads, desk space, benefits and other employment costs.





## How to overcome these challenges

*So, can you overcome these challenges posed by an 'unprofitable' payroll service? The answer is a resounding "Yes, you can'.*

There is a straightforward way to turn this low-margin payroll service into something that turns a profit, while also removing the time you spend on it and the investment you need in terms of software and hiring specialist payroll staff.

**And outsourcing could be the key to this transition.**

Processing payroll in your practice requires the purchase of computer systems, software and extensive staff training to run it.

## Having the right outsourcing partner

*One of the most powerful allies of a modern accounting practice is an outsourcing partner. Increasingly, accountants are exploiting services available through outsourcing companies to diversify their business with minimum investment.*

Outsourcing, with the flexible workforce to look after the maze of legislation, can significantly streamline the payroll process and help accountants gain a competitive advantage. These are some of the benefits of outsourcing payroll:

It's is not uncommon to reduce in-house processing costs by up to 50%.

- **Cost savings** - You will save a lot of money, which means you will make a lot of money. Think long-term. It is not uncommon to reduce in-house processing costs by up to 50%.
- **Save on hiring** - You don't need to hire payroll experts in-house. Hiring is expensive, so you can cut the associated overheads (like training) that come with it by outsourcing. With outsourcing you may not even need any expertise in-house. Plus, outsourcing removes the worry about back-ups to cover holidays, sickness, and maternity, together with the time and cost it involves.
- **Faster turnaround time.** Dedicated outsourcing companies can turn around the jobs faster as processing compliance jobs is what they do - often faster than you can. Again, that due to the economies of scale leading to greater productivity.
- **You can scale your practice as fast as you like.** You don't need to increase headcount or move into bigger premises to offer a payroll service. In fact, depending on work volumes, it is possible to scale
- **Reduce risk** - If you are running a complex payroll in-house, you will spend hours processing it and increase the risk of making mistakes. By outsourcing you will reduce your risk and also avoid fines.
- **Frees up your time** - you can focus billable time on delivering higher fee earning work, building and maintaining client relationships and growing the practice. Plus, it frees up your own managers from time-intensive recruitment, training and compliance duties, leaving time for truly strategic initiatives.
- **Peace of mind.** When you outsource, you can put your mind at rest knowing a professional company that specialises in supporting accountants is handling the bulk of the work and taking care of legislation.

# How can QXAS help?

*QXAS has specialised in payroll for 12 years and this experience means we fully understand all aspects of payroll to offer a first-class service. We offer a fully managed RTI-compliant service, including:*

You don't need to increase headcount, move into bigger premises, buy software or hire resources to offer a profit generating payroll service.

1. **Payroll processing and production of BACS files for processing**
2. **Auto-enrolment**
3. **Payments**
4. **Year-end service (PAYE tax and NI payments, P60, P35s, P14)**
5. **Filing expenses and benefits**
6. **P11d production**
7. **Liaising with HMRC, pensions providers and local authorities**

**It's a good idea to start small, perhaps with a single client's payroll.**

Run a trial and collect all the data you can use. Review the data to analyse and make business decisions, then ask yourself these questions:

- **Does it make sense to outsource more?**
- **Did it improve my margins?**
- **How will it help me improve my position amongst my competitors?**











# How does QXAS process payroll for you?

The advantages of using outsourcing become clear if you look at our process. Here's how it works, in 3 steps.

We operate two simple payroll processing models:

QXAS server	POPULAR Client server
<p> You send us your payroll processing request via email</p>	<p> You send us your payroll processing request via email</p>
<p> We process it on our software</p>	<p> We process it on your server using your software</p>
<p> We provide you with reports in your required format through our secure FTP server</p>	<p> We save the reports there</p>

Our turnaround time is a guaranteed 24-hours. This is crucial because payroll is timely and we have designed the process to ensure we can process it in 24-hours.



Our payroll outsourcing service is tailored to the needs of the practice, giving you the solution you need to make payroll a truly profitable service.

If you'd like to find out more,  
drop us an email on [qxas@qxglobalgroup.com](mailto:qxas@qxglobalgroup.com),  
call **0870 803 1033**  
or fill in our **enquiry form**.



Visit [www.qxas.co.uk/making-payroll-profitable](http://www.qxas.co.uk/making-payroll-profitable)  
to learn more about payroll outsourcing services.

