

# PAYCARD Advisor

The only newsletter dedicated to helping payroll professionals make the most out of paycards

ISSUE 9. PUBLISHED QUARTERLY

BY GLOBAL CASH CARD

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VISIT **BOOTH #809**  
TO SEE WHATS IN  
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SHARED SERVICES, TIME WARNER CABLE

You've set your strategic vision and have established a business case for implementing a World Class Paycard Program. Now, the road from transitioning from concept to go-live begins. Our Paycard Implementation Roadmap begins with

1. An examination of your current pay distribution environment, makes a pit stop to
2. Determining if your organization is ready for change, continues to
3. Obtaining leadership support, heads into the home stretch of
4. Creating and executing a paycard project plan, and ends at our final destination of
5. Implementation and measuring for success

## TRANSITIONING YOUR PAYCARD PROGRAM FROM STRATEGIC VISION TO GO-LIVE IMPLEMENTATION

### Examine Your Current Pay Distribution Environment

What does your current pay distribution environment look like? What percentage of your employee population is paid electronically?

What does it cost you to do business internally and with your external cross-functional partners? This information is critical to your decision-making and strategic planning.

Without knowing this, it would be difficult to compare unknown internal costs with third party vendors for payroll processing, pay statement printing, delivery expenditures, managed cloud services, etc.

To examine your current pay distribution environment, start by measuring the following metrics:

- Cost per Paycheck
- Cost per Off-Cycle Check

- Cost per Unclaimed Paycheck
- Cost of Overnight Delivery Expense
- Cost of Stop Payments
- Paperless Pay Distribution Rate
- Electronic Payroll Participation Rate

After verifying these costs, measure them against top performing companies so that you may determine where you stand in comparison. Do you find yourself as a top performer, on pace with your peers, or below average?

If your results are less than a top performer, it's time to do things differently – No Change, No Gain!

### Determine if Your Organization is Ready for Change

Make no mistake about it; implementing a paycard program is an organizational change effort for not only your company, but for unbanked employees as well.

Our challenge with change is this: empirical research suggests that nearly 70% of organizational change initiatives fail. Given that organizational change initiatives fail two-thirds of the time (Higgs & Rowland, 2005), the impact of change efforts can be a costly endeavor for change minded businesses.

Organizational change readiness is “collectively” defined as the awareness, acceptance, and capability of organizational members to be involved in the implementation of change initiatives in their organizations (Huy, 1999).

In the last three decades, researchers have included employees as an important factor in the organizational change process. Bernerth (2004) explained, “Researchers and practitioners have both found employee readiness to be the critical factor in successful change efforts” (p. 36).

Palmer, Dunford, and Akin (2006) studied resistance to change from the viewpoint of why people resist change and offered 14 different reasons for resisting change (see below).

Knowledge is indeed powerful. Now that you know the reasons why people resist change and that 70% of all

change initiatives fail, including change efforts that you may be working on as you read this section, wouldn't you want to know the readiness factors that employees should have to successfully adopt your paycard program?

The six readiness factors that affect successful organizational change include change-specific efficacy, personal valence, appropriateness of the change, principal support, need for change, and understanding of the change (see below).

How do these readiness factors apply to employees using a paycard? The

questions that unbanked employees have are “what's in it for me and why should I care?” For successful employee adoption, employees should know that:

- The paycard is more reliable and easier to use than a paper paycheck
- Leadership is behind the change initiative
- When unforeseen acts occur, the change was needed to virtually guarantee their pay
- The card is much more functional than a traditional debit card
- There are at least 5 ways of accessing their money without paying a dime

#### 14 REASONS FOR RESISTING CHANGE

Reason	Explanation
Dislike of change.	People simply do not want to change.
Discomfort with uncertainty.	Dislike of ambiguity, fear of the unknown.
Perceived negative effect on interests.	Impact on status, rewards, security.
Attachment to the culture.	Change conflicts with organizational identity; values or beliefs and norms of organization.
Perceived breach of psychological contract.	Related to trust and loyalty. The organization is not honoring “its side of the bargain.”
Lack of conviction that change is needed.	Different levels have different perceptions of whether a change initiative is a necessary change initiative. “It ain't broke. Why are we trying to fix it?”
Lack of clarity as to what is expected.	Different levels have different perceptions of the intent of a change initiative, or what exactly is expected of organizational members to support the change initiative.
Belief that the specific change being proposed is inappropriate.	Different levels have different perceptions of whether a change initiative is the right or necessary change initiative.
Belief that the timing is wrong.	Conditions are not right for change now. The organization is still trying to cope with a previous change, morale is low, it could impact customers, etc.
Excessive change.	Too much simultaneous equals change fatigue, low morale, even the convergence of different change initiatives could create bigger problems than they are designed to fix due to negative interactions.
Cumulative effects of other changes in one's life.	Related to both organizational and personal changes in an organizational member's life.
Perceived clash with ethics.	Members resist because the change initiative is perceived to clash with their own ethical principles, or they perceive the change clashes with the ethical principles of the organization.
Reaction to the experience of previous changes	Negative past experiences result in cynicism and a this too shall pass attitude.
Disagreement with the way the change is being handled	The change initiative is not necessarily disputed, rather, how it is being implemented. To an extent, this gets at the credibility of the change leader.

#### READINESS FACTORS THAT AFFECT SUCCESSFUL ORGANIZATIONAL CHANGE

Readiness Drivers	Definition	Question it looks to answer
Self-efficacy	Confidence in individual and group's ability to make change succeed	Can we do this? Will this work?
Principal Support	Key organizational leaders support this particular change	Is management consistent? Do organizational leaders believe in this change?
Need for change	A gap between the current state and ideal state	Why a change?
Appropriate of the change	The correct reaction to fix the identified gap	Why this change?
Personal valence	Clarifies the intrinsic and extrinsic benefits of the change	What's in it for me?
Understanding of the change	Informs the individual of the specific change requirement.	What is the change?

Definition of the six readiness drivers. Figure modified from Bernerth, 2004, p.41).

## Obtain Leadership Support

*the following is an excerpt from: Haringa, David. (2009). Can Organizational Change Be Sustained?*

The importance of leadership to the change management process is underscored by the fact that change requires creating new systems and then institutionalizing new approaches (Kotter, 1995). Embedding change requires creating better performance through a combination of production and customer oriented behavior, better leadership, and effective management (Kotter, 1996a).

Leaders need to own the organizational change and lead as sponsors; creating champions to lead sub-elements of the change process accordingly (Beatty, 2007). Leaders should recognize that when employees are intrinsically motivated they genuinely care about the work, look for better ways to do it, and they will be energized and fulfilled by doing the work well (Thomas, 2000).

To engage your paycard program with meaningful leadership support, it is a best practice to involve individuals who can influence and promote an enterprise-wide change initiative to the greatest number of employees.

This type of support may derive within your company from departments such as human resources, payroll, employee communications, legal, employee relations, benefits, or perhaps compensation.

Strong leadership support will ensure that your paycard planning and implementation will receive the sense of urgency, time, money, and



resources that is necessary for a successful program.

## Create a Project Plan for Paycard Implementation

Implementing a change initiative such as a paycard program warrants a written project plan so that a project sponsor, activities, timelines, status, and any details are properly documented.

Plans will differ based on the scope of the project; let's review the following project plan components that most paycard implementations are likely to incorporate:

- **Project Scope**
  - Who is Affected, Project Budget, Resource Assignments, Project Timelines
- **Statement of Work**
  - Deliverables, Pricing, Project Resources, Communication, Training
- **Deployment Strategy**
  - Phased or Enterprise Approach? New Market Implementation Every XX Days?
- **Developing Internal Processes**
  - New Enrollments, File Transfers, Payroll System Entries, Net Pay Loads, Adjustments, Ordering Onsite Paycard Inventory, Business Continuity, Logistics
- **Pilot Testing**
  - Identifying Appropriate Sample Size, Number of Pilot Locations, Activities for Acceptability, and Unbanked Employee Ambassadors, etc.

- **Training & Communications**
  - Marketing, Promotional Materials, FAQs, Internal Paycard Website, Promotional Emails, Postcards, Table Tents, Posters, Cardholder Education Guide, etc.
- **Issues, Risks, and Mitigation**
  - Paycard Vendor 24 x 7 Customer Service Support, Onsite Enrollment Packages and Paycard Program Checks
- **Establishing Expectations**
  - Possible Increases to Traditional Direct Deposit, Resistance to Change, Incorrect Use of Paycards, Preparedness in Meeting the Paycard Demand
- **Post Implementation Review**
  - What Worked Well & What Didn't, Employee Feedback, Training Opportunities, Taking a Before and After Assessment of Performance Metrics

## Implement & Measure for Success

You've received sign-off on your pilot testing and executed your training and communication plans, but there's one more thing left – Implement!

It is a best practice to implement your paycard program in phases versus all at once. Why? Implementing in phases gives you the opportunity to make small changes where necessary to deliver the perfect paycard program.

The perfect paycard could be defined as one that transitions the highest number of unbanked employees to receiving their pay and related pay statement electronically.

How do you measure success? Re-examine your current pay distribution environment; start by measuring the following metrics 30, 60, or 90 days after implementation:

- Cost per Paycheck
- Cost per Off-Cycle Check
- Cost per Unclaimed Paycheck
- Cost of Overnight Delivery Expense
- Cost of Stop Payments
- Paperless Pay Distribution Rate
- Electronic Payroll Participation Rate

Are your costs lower? Have your paperless pay and electronic payroll participation rate increased? How is the program perceived by employees? What can be changed to make the employee adoption experience simpler and easier?

Don't wait another minute to start executing your Paycard Implementation Roadmap as your procrastination is nothing more than a thief of time! Consider this: there is only one of two things that you can do with time – Spend it or Invest it. Your investment in time towards implementing a successful paycard program will pay priceless dividends in less time than you think.

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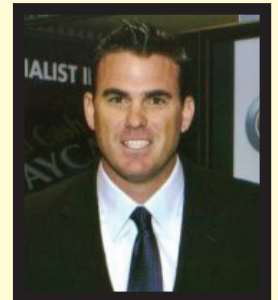


## MICHAEL PURCELL NOMINATED AS ENTREPRENEUR OF THE YEAR

Global Cash Card's Michael Purcell, Co-founder, Executive Vice President and Chief Marketing Officer, was nominated as the 2013 Ernst & Young Entrepreneur of the Year. This prestigious nomination recognizes Michael's commitment to excellence and his passion for innovation. We are proud of this recognition of Michael's professionalism. ■

## EMPLOYEE SPOTLIGHT

### Meet Matt Midgett, Regional Sales Manager



Matt started working with Global Cash Card in 2006 as a Regional Sales Manager, calling on key accounts throughout the United States.

Matt has been instrumental in building strong relationships with payroll professionals to expand awareness about the benefits of moving to paperless pay. He communicates the benefits of paycards to clients and prospective clients and ensures a smooth transition into the Global Cash Card program. Matt continues to support clients after implementation, and services over 300 accounts. In addition, Matt attends many tradeshow throughout the year, where he often participates in speaking opportunities to communicate the advantages of paperless pay.

Matt graduated from the University of Richmond with a degree in Marketing. He resides in south Florida with his wife Jennifer and daughters Makayla (4) and Mackenzie (2).

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## WORLD CLASS SECURITY

By: De Guan, Manager Information Security

At Global Cash Card, security is our top priority.

Our state-of-the-art technology represents one of the most sophisticated and flexible payment systems available today; with cutting-edge security technologies and industry best practices, we safeguard the processing, transmission, and storage of sensitive information data.

Global Cash Card exceeds the security standards for hardware, software, network, and processes set by VISA and MasterCard. Additionally, our security team is constantly looking for new ways to safeguard your data and transactions.

Exceptional compliance standards span our information

security strategy and we raise the bar by employing multiple layers of defense, monitoring, encryption, analysis and hardening. We are a Level 1 PCI-DSS compliance Certified Provider. Global Cash Card also maintains the Statement on Standards for Attestation Engagements - SSAE 16 accreditation of our internal business practices, systems and controls.

As a customer of Global Cash Card, you have the security of our multi-tiered approach with automatic protection systems, our vigilant security team, expert data analysis, and auditing processes that protect your data around the clock.

Rest easy, your funds and data are secure. ■

### Disclaimer

The information provided in this newsletter should not be relied upon as legal advice or as a definitive statement of the law in any jurisdiction. For such advice, the reader should consult legal counsel.

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