PROCESS DESCRIPTION: THE PAYROLL ADMINISTRATION TAKE-OVER OF A FOREIGN COMPANY IN FINLAND

Maaria Kaipainen

Bachelor's thesis
May 2015
Degree Programme in International Business
Accounting

TAMPEREEN AMMATTIKORKEAKOULU
Tampere University of Applied Sciences

ABSTRACT

Tampereen ammattikorkeakoulu
Tampere University of Applied Sciences
Degree programme in International Business
Accounting

MAARIA KAIPAINEN:
Process Description:
The Payroll Administration Take-over of a Foreign Company in Finland

Bachelor's thesis 31 pages, appendices 10 pages
May 2015

The purpose of this thesis is to clarify and harmonize the process that takes place, when a foreign company is expanding its business to Finland and is in need of a Finnish accounting firm to take over the payroll administration.

The thesis explores the theory of business process management and business process modelling, human interaction management and project communications in order to create a functional payroll administration take-over. Based on these theories, a process description for the take-over process has been drafted. There is also a foreign company start-up –form and the payroll service description to be used alongside of the process description.

The research method is qualitative research; it was decided that it was most efficient to execute the research by interviewing those working for Tilitoimisto K. J. Westerberg & Co., who have already taken part in payroll administration take-over before. Thus, the process is approached through previous experience and defects. Earlier take-overs also offered a lot of material, which was comparable to the rules and regulations of the Tax Administration, the Finnish Legislation and the Finnish Trade Register. Qualitative research also made it possible to use the data, that the interviewees had created themselves. Lastly, my observations in my own work were also valid in this qualitative research.

This thesis contains information that is confidential. The appendix 1, the Process Description, appendix 2, Start-up –Form for a Foreign Company and appendix 3, Service Description for Foreign Customers are only delivered to the commissioner of the thesis and are not published.

Key words: payroll, process management, human interaction management, internal communication, project communications, outsourcing

CONTENTS

ABBREVIATIONS AND TERMS

Tilitoimisto	Tilitoimisto K.J. Westerberg & Co. and TW-Laskentapalvelut Oy (the commissioner)
BPM	Business process management
IC	Internal communication
HIM	Human interaction management
BPI	Business process improvement
PML	Process management lifecycle
Take-over	The Payroll Administration Take-over

1 INTRODUCTION

1.1 Objective

The idea for this research arise from the need that the commissioner Tilitoimisto K. J. Westerberg & Co. and their subsidiary TW-Laskentapalvelut have recognized; the need for a thorough report of a payroll administration take-over situation, which is not every-day procedure. It still occurs every now and then in the accounting business, especially in the more and more global world, when businesses relocate or spread their actions.

It was noted, that particularly the payroll administration take-over process of a foreign company consist of very separate and loose sections. This generally leads to the situation, where tasks are carried through in the wrong order, with the wrong people or instances. In the worst case scenario, the people, who are taking part in the take-over on behalf of Tilitoimisto, execute overlapping tasks. These kind of errors and communication deficits cause a lot of extra work and consume huge amounts of time and other resources.

The objective of this research is to develop the payroll administration take-over process, so that the activities are in line with organization's goals, to improve the activities, which ought to lead to more efficient and superior working patterns. This improvement will save time and release resources to be used to complete other assignments. The process description will help to classify and create sensible sets of work for those, who are involved in the take-over.

1.2 Methodology

Because this thesis concentrates on an existing phenomenon in an organization and developing it, the research is mainly based on qualitative methods. The research topic was also such, that a quantitative research could not be in question. The theoretical framework and guidelines for process management and communication are studied from several sources, including relevant literature and publications and also the Finnish Law. The other contributor for the completion of the thesis and process description are the people who have taken part in a take-over before on behalf of Tilitoimisto.

The qualitative research interview proved to be the most efficient method to gather data for the thesis. The chosen interviewees were Tax Specialist, Jaakko Maijala, Business Director Laila Ojala and Payroll Manager Annika Salo. Because the target group of interviewees was thin, the answers needed interpretation and were not quantifiable. The interviews emphasised each participant's personal tasks, responsibilities and experiences in previous take-overs.

1.3 The scope of the thesis

The scope for this thesis is narrowed to the take-over process itself, because if we get too deep, e.g. in labour laws, taxation or statutory insurances, the thesis becomes too vast and will blow up. The scope is also narrowed by practical examples; because most international or at least non-Finnish customers are little companies, that wish to set a small office for a traveling Finnish salesman in Finland, it is more logical to concentrate on the core stages of the process than to examine the legislative issues of labour law or such.

The thesis will not cover the legislative matters of how the legal standing and the tax status is determined in order to keep the scope narrow enough. It was also decided to base the payroll administration take-over process description on the assumption that the new customer has or will have a fixed place of business in Finland and the business is considered to be permanent or they wish to set up a subsidiary in Finland. Therefore Finnish tax laws are applicable and the company is liable to pay income taxes and VAT. If and when the company has an employee or employees in Finland, the company will have to register as an employer and is obligated to pay employer's contributions and take care of statutory insurances. (Verohallinto 2013.)

1.4 The structure of the thesis

The thesis is structured to be easily followed and it begins with the introduction of the commissioner, followed by business process management theory, human interaction theory and internal communication theory. The actual payroll administration annexation process description is a separate appendix, due to the fact that it contains confidential information and is not available for public. However, there are references and interfaces to the process description in the thesis to keep the thesis and theory easily approachable and understandable from the practical point of view.

2 THE COMMISSIONER: TILITOIMISTO K.J. WESTERBERG & CO. AND TW-LASKENTAPALVELUT OY

2.1 Company introduction

The commissioner, Tilitoimisto K. J. Westerberg & Co. is a Finnish family business, and the parent company in a corporation, which has specialized in offering outsourced financial administration and IT-system services. The Tampere based Tilitoimisto has been founded in 1959 by Mikko Westerberg. His son Kaj Westerberg later took over the business as the CEO. The corporation has also two subsidiaries, payroll specialized TW-Laskentapalvelut Oy and Doc Finland Oy, which provides financial administration services exclusively for doctors.

The corporation employs approximately 110 people and the customer base of over 450 companies varies from sole traders and small enterprises to international stock listed companies. (Tilitoimisto K.J. Westerberg & Co. 2015.)

2.2 Present state of affairs

At the moment, the unofficial established policy is, that there are three people involved in the payroll administration take-over, when it occurs. These three people are the business director, the tax specialist and the payroll manager. The take-over related tasks are divided between them according to their own fields or specialization.

2.3 Detected problems with foreign customers or the payroll administration take-over process

The take-over team at Tilitoimisto consist three people; the business manager, the tax specialist and the payroll manager. As stated in the introduction, the research was conducted by a personal interview. Each of the take-over team got to list and describe all the defects that they had personally experienced that had somehow delayed or otherwise made the take-over process difficult. All the team members gave similar answers, and these problems are the key points which are improved with the process description.

2.3.1 Internal problems

All participants agreed on the internal problems, the biggest being the lack of process structure. The previous take-overs had been executed as individual tasks, where almost nothing had been learned. The same tasks were performed by two people because of the lack of knowledge and communication and some things were done in the wrong order (Maijala 15.4.2015). This kind of behaviour lead to wasting time and other resources that could have been allocated to different tasks.

Also it takes a lot of time to study, detect and remember all the aspects that must be taken into consideration when executing a take-over (Salo 4.2.2015). Because the take-over process is not an everyday procedure, it might not always be clear what should be done or how. This is why a new take-over of a customer had to be started by reminiscing previous take-overs and get acquainted with the process once again.

One minor problem was that all the files and information regarding the take-over was not saved in one place where every team member would have access, but instead the data was always stored in someone's email or personal files (Maijala 15.4.2015). This phenomenon caused frustration and misunderstanding, because the other team members did not necessarily know what had been already done and what should be done next. It also made it more difficult to find the files when needed.

The process description clarifies the process, its tasks and how the responsibilities are divided between participants, so overlapping task performances should not develop. The process description also includes all the mandatory tasks that must be executed, so instead of searching the information online or elsewhere, it is already on hand.

The internal communication is a point to be developed, therefore a chapter has been dedicated to the topic later on in the thesis.

2.3.2 External problems

External, customer related, problems are a bit trickier to handle, because they are dependent on external factors. E.g. Tilitoimisto cannot speed up Tax Administration's or Trade Register's processes.

Other problems that the take-over process team listed were that a completely wrong person on the customer's behalf tries to contact and solve things with Tilitoimisto. Usually this means that the person is some sort of a salesman and does not have the authorization to be juridically competent to act as the representative of the customer and lacks the procuration (Ojala 15.4.2015).

Usually this also means that the contact person does not have the capacity or even will to understand anything about international taxation and regulations that might apply their businesses in Finland. Often that leads to resistance when explaining the Finnish procedures and legislation, which sometimes results situations, where the customer refuses to do as advised. Therefore it is highly hoped for that the contact person would be someone with financial administration background (Maijala 15.4.2015).

Also one of the problems was getting the documents signed by the right person, which would be someone with the procuration rights (CEO), to validate the contract and all the authorizations. Some instances also require the original document, so they must be sent from wherever the customer is located (Ojala 15.4.2015).

3 BUSINESS PROCESS MANAGEMENT

This chapter focuses mainly on the theory of process management, what is business process management and why processes should be described or modelled in general.

Random House's 'The Webster's College dictionary' defines process as following: process (pros`es) n. 1. a systematic series of actions directed to some end. 2. To handle (persons, papers, etc.) according to a routine procedure. Then again, the definition of management would be 1. to bring about or succeed in accomplishing, or 2. to take charge of; supervise: to manage a business.

Succinctly, the idea of BPM is to optimize a certain chain of actions to make it more profitable.

3.1 What is business process management

The core belief in process thinking is that there is a certain chain of activities to produce most value for the customer. This value needs to be managed and the process produces the operative result. (Laamanen, Tinnilä 2009, 52.) Therefore, the basis of BPM is the explicit representation of business processes with their activities and the execution constraints between them. Once the business process is defined, it can be subject to analysis, improvement and enactment (Weske 2007, 5).

The most common process management goals are increasing speed and quality and reducing process cycle time and costs, thus making the process more efficient and effective. Operational agility is also one of the key assets of well-designed process; when the process optimization is complete, the organization is more capable of change than one with the hierarchical management approach. (IT Knowledge Portal 2015.)

Developing processes develops the reputation and brand of the organisation. A successful and well-functioning process is a valuable tool for the organization to meet the customer's expectations and needs by offering quality products or services. (Moisio & Ritola 2002.)

3.1.1 Key phenomena and concepts

Customer: The customer can be external or internal, known or unknown, but it always sets expectations, needs and requirements towards the process (Blomqvist & Martinsuo 2010, 5). In the payroll administration take-over process there are two customers; the external customer, who is in need of the payroll administration service, and the internal customer, the employee organization, which requires a functional process from its employees, the process team.

Added value: A process receives input(s) whose value is increased by the process that results outputs. Added value is associated with the customer expectations, needs and requirements, and the output can be in the form of a product, a solution, a service experience and so on. (Blomqvist & Martinsuo 2010, 5.) For the external customer, the added value in a payroll administration take-over is the service experience. For the internal customer, on the other hand, the added value is about reducing process cycle time and increasing speed and quality. Thus the resources used in the take-over process before can be allocated elsewhere.

Chain of activities: In a process, value-adding operations consist of several interrelated activities. It can be simple or complex, predetermined or undetermined. (Blomqvist & Martinsuo 2010, 5.) The payroll administration take-over process consists on several human-driven activities, which are all introduced in the Payroll Administration Take-over Process Description (attached). The process has four different participants or contributors: the external customer, the process manager (tax specialist), the business manager and the payroll manager, who all have their own tasks. All of the task are still somehow linked to each other, and require other's input in order to complete the process, creating the chain of activities. There are also external factors such as the Tax Administration and the Trade Register. The human-driven process alone makes this particular process complex, since human cannot be programmed to execute certain tasks and communicate flawlessly. The external factors mentioned above increase the level of complexity.

Resources: A process needs and consumes resources. These resources can be raw material, workforce, capacity, capital, tools, knowledge… The list goes on. They can be sourced from within the organization or acquired from an outside supplier. There are two things that are in common with all the resources; they cost money and their supply is always limited. (Blomqvist & Martinsuo 2010, 6.) BPM and process optimization strive to decrease the need of resources by making the process more efficient. In a payroll administration take-over the essential resource is workforce, the project team that is responsible of most of the work. In order to execute the take-over, the project team also need knowledge and time. The process optimization aims for speeding up the process, thus saving time and cutting the need of workforce by making the process more efficient.

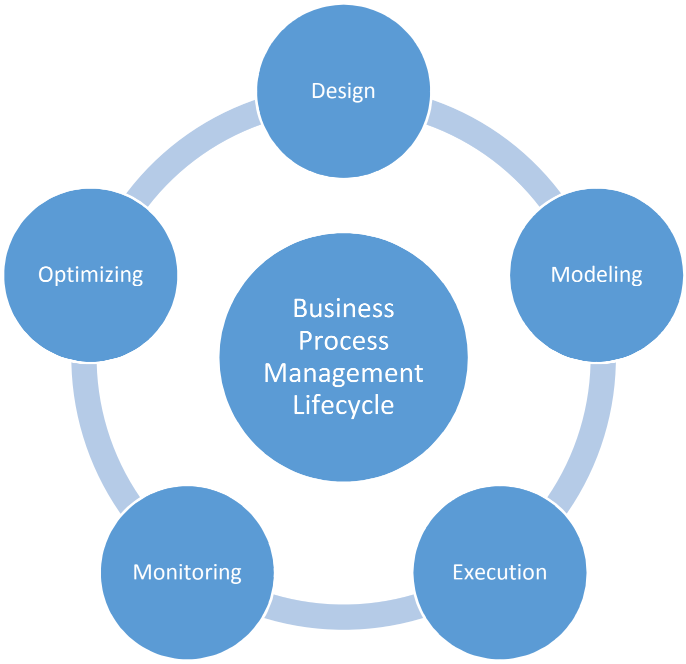
3.1.2 Why should business processes be modelled

Process modelling is necessary to be able to direct the resources to those activities or functions that produce value. On the other hand, process modelling helps to eliminate non-value-adding activities. In a nutshell, process modelling strives to illustrate either the current process or the target process and reveal its faults and areas which require improvement. The development based on process thinking is meant to lead to re-engineering the operations or minor, but continuous, improvements in order to improve operations. (Blomqvist & Martinsuo 2010, 1.)

An important part of process description and development is the identification of the responsibilities and resources. A proper process description also displays how the resources are allocated to the tasks (Blomqvist & Martinsuo 2010, 1). Process modelling is meant to be an instrument for coping with the complexity of process planning and control (Becker, Rosemann & von Uthmann 2000, 31). The process descriptions are done to help to understand how to develop the business, therefore the description must be as simple as possible but not sumptuary or restrictive (Eriksson & Penker 2000).

3.2 Business process management lifecycle

The BPM lifecycle shows the process related activities or phases within a project and after the project in the operations phase (Naveh 2014). The phases are organized in a cyclical structure, showing their logical dependencies, but the dependencies do not necessarily have to be executed in this order (Weske 2007, 11). E.g. design and development may take place during some or even each phase. The BPM lifecycle (picture 1) illustrates how process modelling ought to be created, in order to be done right.



Picture 1 BPM lifecycle

3.2.1 Design

Process design consists of the identification of the existing process, which in this particular case, is the payroll administration take-over process. The process existed in a way; it had been executed, but it had not been identified or defined. Basically it was just a set of activities performed in an incoherent order that had to be clarified. At this point, data was gathered from the process team that had performed take-overs before by using personal interviews.

The next step is to design a “to-be” process, meaning that the desired new process is sketched, the emphasis on representation of the process flow, the participants, escalations, Standard Operating Procedures, alerts and notifications, Service Level Agreements and task hand-over mechanisms (IT Knowledge Portal 2015).

In take-over, the most important aspects are the process flow; what is the order of the tasks in order to make the process flow fluent. The participants and their responsibilities are also defined. Standard Operating Procedures in the case of take-over would refer to rules and regulations of Tax Administration and such authorities that must be met.

It is important to succeed in design, because a good design helps to reduce the number of problems over the lifetime of the process.

3.2.2 Modelling

When the theoretical design is completed, it is modelled by introducing different variables that may change. These variables may have an effect on the tasks in the process and it must be tested how the process might change (IT Knowledge Portal 2015). The take-over process does not have many variables, but determination of the tax status is a good example of a variable that changes the process.

3.2.3 Execution

After modelling the process, it is tested either in a simulated or actual work environment (Blomqvist & Martinsuo 2010, 9). At this point the fault in the process can be detected before the actual implementation.

In the execution phase process automation can be considered, meaning that an executive application could be either developed or purchased. Usually it is not possible that one application would execute all the steps in the process accurately or completely, which is why human intervention is also needed. (IT Knowledge Portal 2015.) The take-over process is human-driven, therefore automation is less relevant at this point.

3.2.4 Monitoring

The monitor phase is where the process performance is measured. Monitoring encompasses the tracking of individual processes, so that information on their state can be easily seen, and statistics on the performance of one or more processes can be provided. This information may also be used to improve the joint processes with the customer. (IT Knowledge Portal 2015.)

Because the take-over process is human-driven, basically the only measurable data it provides is the time in which the process is carried through and how many people it takes to execute the process. When monitoring the speed of the process, different participants and their respective tasks must be handled separately. It is highly likely that there are bottlenecks that can be developed, e.g. the time that the tax specialist responds to the customer's first contact, or the time that the customer takes to fill in the start-up –form and provide the requested information. Some phases in the process are such that Tilitoimisto cannot speed up the process, e.g. the time that Tax Administration or the Trade Register processes the establishment notices or the electrical authorization.

Another aspect that might be interesting to measure is the customer satisfaction. A satisfied customer is likely to stay as a customer, but with the payroll take-over process it is very difficult to measure customer satisfaction during the process. The biggest issues that might be harmful from customer satisfaction aspect are that the customer themselves are inclined to obey e.g. the strict labour law there is in Finland and that would lead to arguments. This on the other hand is a matter of human interaction, and it will be handled separately.

3.2.5 Optimization

The optimization phase concentrates on combining the information from modelling and monitoring phases: modelling helps to identify the possible variables and threats that might change the process flow and monitoring shows the tasks and activities that require most resources (IT Knowledge Portal 2015). Those defects or hindrances are removed or at least solved. The optimization strives for a more fluent and better process flow.

After optimization the BP modelling can be started over again from design until the process is optimized to the uttermost end.

3.3 Process management in practice

In the payroll administration take-over process the information processing is essential, meaning that the inputs transform into the final output, a fully functioning payroll, bookkeeping and authorization for the Tilitoimisto to file the mandatory transmissions to the tax officials. When this process has been modelled understandably, it is possible to develop more efficient ways to execute the process in the future.

In this specific take-over case it is noted that it is somewhat consultation or legal assistance, which means, that the process might not always follow a certain pattern. This is why only the core stages of the process are defined.

The payroll administration take-over process is human-driven; it requires much more human capital and interaction than technical applications. The process includes multiple persons and concurrent tasks. Therefore it is very knowledge and collaboration intensive, dynamic and adaptive (Ravesteyn 2011).

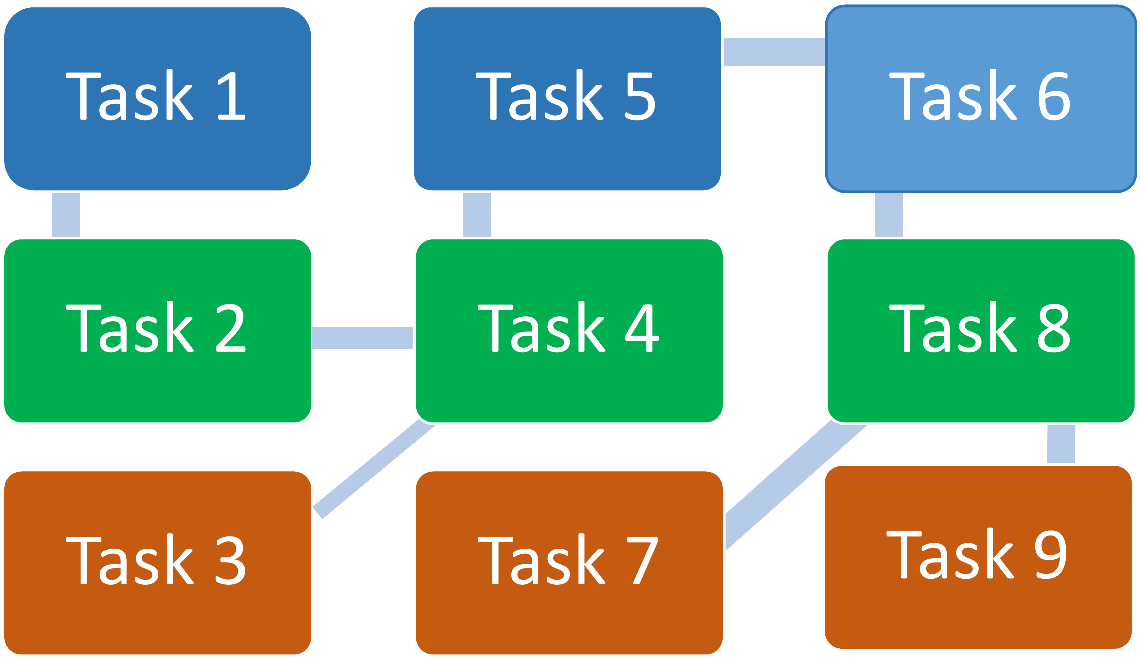
3.4 The modeling and process description of the payroll administration take-over

The payroll administration take-over can be defined as a service process: the process aims for developing a functional service and delivering it to the external customer. Thus this particular process description depicts the service process.

The chosen process chart for the payroll administration take-over process is the cross-functional process map, also known as the “swim lane”, by Geary Rummler and Alan Brache (1990).

Because the process spans across several contributors, the swim lane flowchart demonstrates the relations between these contributors or participants best. According to MindTools (2015), the swim lane illustrates clearly the sequence of the tasks, who is responsible of a certain task or when the responsibility changes and, of course, the linkages between process participants.

The flowchart below (picture 2) exemplifies a simple three-participant process and the linkages between tasks and each participant.



Picture 2 Example of a Swim Lane Flowchart

The different participants are presented with different colours and all have their own lane. The first horizontal lane shows the tasks that the blue participant is in charge of. The lines between the tasks illustrate the change of responsibility and the direction of the process.

In the payroll administration take-over process the identified start of the process is the initial contact from the customer who is in need of an outsourced payroll administration in Finland. The end (output) of the process is the fully functioning payroll. These two points are linked to each other with the interfaces, activities and resources.

The modelling and process description of payroll administration take-over are separately enclosed to this document.

4 HUMAN INTERACTION MANAGEMENT

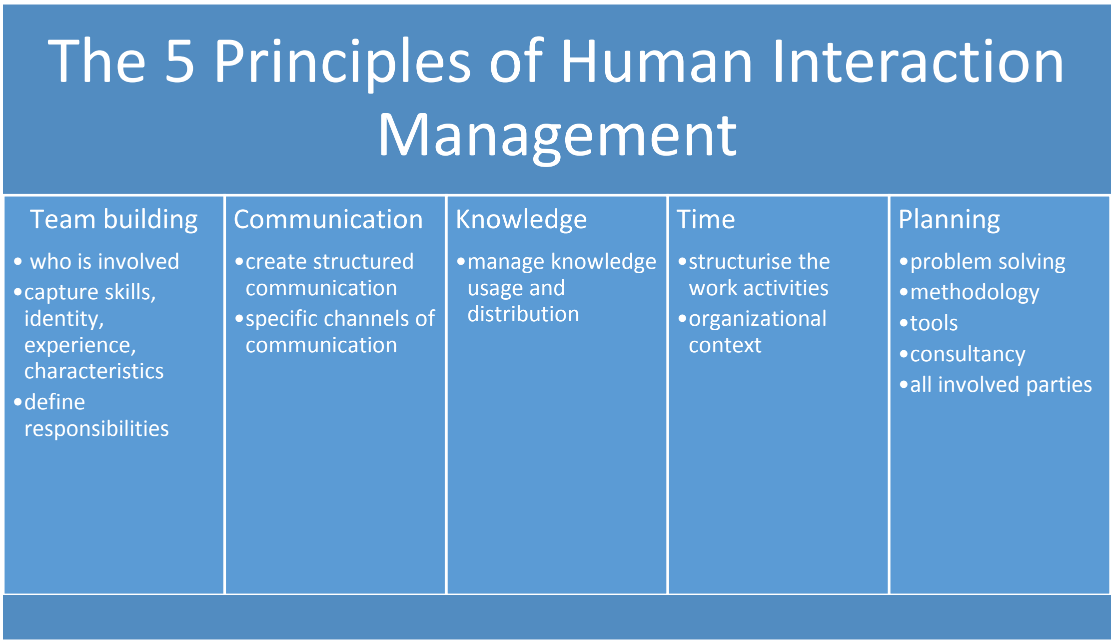
Because the payroll administration take-over process is human-driven, meaning that there are at least three people from Tilitoimisto, one or more from the customer and possibly other consultants involved there, the human interaction management must be taken into consideration. Primarily, the HIM concentrates on the payroll administration take-over process team and their group dynamics, but the other contributors, such as the customer, should not be forgotten.

It has been researched that knowledge workers waste time due to poor control over interactions and information. This is why human work processes need a formalized approach. This approach helps the employees to achieve goals, provides a structure to the creation, maintenance and re-use of knowledge, and most importantly, ensures the ongoing alignment of human activity with changing organizational strategy. (Harrison-Broninski 2008, 4.)

It was also noted by the process team that their own internal communication should be better in order to succeed in the take-over (Salo 21.4.2015). Poor human interaction leads to poor communication and poor communication leads to wasting time, frustration and uncertainty. It can even have an effect on customer satisfaction and the reputation of the service provider, if the interaction with the customer is deficient.

4.1 What is human interaction management

HIM provides a framework, which shows how to describe processes and helps to organize and manage teams, communication, knowledge, time and plans (Harrison-Broninski 2008). These before mentioned five principles (picture 3) characterize collaborative human work and are used to examine that.



Picture 3 The Principles of Human Interaction Management by Keith Harrison-Broninski (2009)

1. Team building

   To create effective teams, it must be clear who is involved in a particular process and what are their strengths and assets in the process. Analysing the skills, experience, identity and personal characteristics of each person is vital in defining the responsibilities and tasks. (Harrison-Broninski 2008, 5.)

   Because the organization is small, there are not many people to choose from in Tilitoimisto. The take-over process team has been built mainly based on each team members experience and specialization in their own field. The Business Director is responsible of the contracts and authorizations, the Tax Specialist handles the registrations and legal matters and the Payroll Manager is in charge of the payroll related tasks, such as employment contracts, banking agreements and preparing the payroll service.

2. Communication

Communication must be well structured and goal-directed in order to successful. There must be specific, pre-defined, channels of communication for different purposes within a process (Harrison-Broninski 2008, 6). The process team must agree on the means of communication to be used in the process. Communication includes how to keep the team posted on each phase, how to communicate internally and even how to communicate with the customer. The communication channels are better introduced in chapter 5, Internal communications.

3. Knowledge

Organizations must learn to manage the time and mental effort their staff members invest in researching, comparing, considering, deciding and generally turning information into knowledge and ideas (Harrison-Broninski 2008, 6).

Harvesting knowledge should not take too much of the employees time. The most efficient way to avoid this from happening is to distribute and assign the responsibilities to different people. For example, the Tax Specialist is responsible of all the tax-related issues and helps those in need. The Payroll Administration Take-over Process Description (attached) aims for minimizing the need for researching what needs to be done in a take-over process.

4. Empowered time management

Since humans are not as logical as machines or software, they do not sequence their activities. However, in a process the work should be structured understandably and institutionalized so that it can be managed and improved. This means that people must be able to perform their own work activities so that it is in line with organization's strategy and aims to deliver maximum value. It is required that employees understand the organizational context and the business rules that guide their work. (Harrison-Broninski 2008, 6.)

The process description creates a structure for the payroll administration take-over. It is explained what should be done, when it should be done and by whom, in order to help the process team to schedule their work and understand how all the activities are dependent on others.

5. Collaborative, real-time planning

Planning concentrates on how the detected problem will be solved or how to make something happen. Basically, before doing anything it must be solved, how it should be done. This includes figuring which methodology to use, which tools are required, which people should be consulted, and so on. (Harrison-Broninski 2008, 6.)

The process needs to be planned by all the involved parties, and it takes place before the process, but also requires constant dialogue throughout the process, when situations may change and new aspect must be considered, in order to succeed. Although there is an existing structure for the process, before starting another one, a team meeting ought to take place.

In case of the payroll administration take-over, the process planning begins from the first contact from the customer, but the collaborative planning may take place during the negotiation phase or after the signing of the contract. The take-over team needs to decide the how the responsibilities are distributed, how things should be done and how to communicate with each other during the process.

5 INTERNAL COMMUNICATION

As communication, or the lack of it, was considered to be a major contributor in the take-over process (Maijala 15.4.2015), this chapter is dedicated to internal communication theory and applying it to practice.

Internal communication, or employee communication, is facilitating strategic connections and conversations within an organization. It is a day to day activity between leaders, managers and employees. IC can be used for promotion, announcements and distribution of knowledge, depending on the level and way of communication. (Melcrum 2015.)

IC strategy strives for more effective communications within the organization. There are many aspects from which IC could be examined, but this thesis concentrates on project communications, it being the most vital for the payroll administration take-over.

5.1 Project communications

Project communications is a subgenre of internal communications. In general, project communications aim for planned communication; to get the right information to the right people at the right time in the right format and even with the right emphasis (Biafore 2011). This chapter of project communications concentrates on the payroll administration take-over process.

The project communication planning begins from identifying the target group or groups: **Who needs to know and what?**

1. The process team
   The process team is the most important. They need to know what is going on and why. They also create and distribute the information to each other in order to keep the project running (Biafore 2011). The process team has to communicate with each other effortlessly, because their tasks are all related to each other

2. Should these groups know something? It depends on the scale and the depth of the project

- management stakeholders

There are not management stakeholders for the take-over process.

- project sponsor

The take-over process is a part of the core functions of Tilitoimisto, not a separate unique project, so it does not have a sponsor.

- supporting group

The supporting group could consist of the payroll accountant and bookkeeper who will be in charge of the monthly payroll, bookkeeping and reporting once the take-over is completed.

- external audiences

The customer could be seen as an external audience, as well as Tax Administration and the Trade Register, which will be informed about the process or some phases of it when registering the customer.

When the participants have been identified, the project planning takes place. At this point the purpose of the project and the role of each participant are emphasized. The schedule for the project is set and the communication plan introduced (Biafore 2011). Referring to the human interaction management and its five characteristics: at this point the team building has been executed and now it is time to think about the means of communication, knowledge and time management and planning the take-over process.

Means of communication

The team needs effective ways to communicate with each other during the process, and the means of communication should be agreed beforehand. There are several communication methods to choose from when deciding which one to use. The most important thing is to determine what would the best way of distributing certain information to a certain audience, e.g. for project status report the best way of getting the information to the project team (Charvat 2002). Considerable methods for different purposes would be:

- E-mail: Text, audio and video files, best for team member’s communication with each other. Fast and not necessarily formal, but a decent way to transfer data.

- Meetings: Regular status update meeting should be held, especially in long-term projects and processes to keep the team posted. Meetings are also good for open discussion, brainstorming and decision making.

- Conference calls: When people on the team are located in different geographic regions, conference calls are useful to get everybody involved in the discussion during a meeting or such. Tilitoimisto's process team operates under one roof most of the time, so conference calls are not necessary between the team, but can be useful when negotiating with the customer.

- Instant messaging and phone calls: Instant messaging and phone calls allows team members to communicate in real-time. These are best for solving acute minor issues and consulting.

- Sending documents to people: Depending on the size of the team, the status report is an example of a document that should be distributed to all the team members. Sending documents is also found to be a good way to get the recipient to take action.

- Storing documents: All project related documents can be stored in one place; it can be a shared folder, a web page or a shared workspace. This way all the people who need the information can retrieve it whenever.
(Charvat 2002; Biafore 2011.)

Process execution and control

After the process planning is completed, the execution begins. To perform well the team members need:
- Assignments that help the team members focus on their tasks. Assignments create a feeling that something has to be accomplished and it has a meaning. Assignments also help to aim the focus to the right things and create structure to the process.

- The knowledge of the status of the project
The process team has to be aware of each other's work and tasks, because the tasks must be performed in a certain order; one cannot be done before the other.

- Issues that might affect the project somehow

The process team should be informed about the issues that might affect the take-over process in order to be prepared to these variations and know how to react if they occur.

- The knowledge or information on previous lessons learned. The experiences help to create shortcuts and tips to improve performance and avoid wrong practices. (Harrison-Broninski 2008.) The process team should learn from their mistakes made in previous payroll administration take-overs. This way the same mistakes would not be repeated.

5.2 Internal communication and human interaction management in payroll administration take-over process

The payroll administration take-over process is a project every time it occurs, even though the process itself remains the same. The process team is built by the member's specialization and each member is responsible of their own field. The process team agrees on the schedule and responsibilities, as well as the means of communications they are going to use in the start-up meeting.

Since the team members work close to each other, e-mail and phone calls are agreed to be the main way of communication. The communication between team members remains informal. In some cases face-to-face meeting can be useful. E-mails are also used to communicate with the external audiences, such as the customer, Tax administration and Trade registration. If required, conference calls may also be used to communicate with the customer.

It was considered to be problematic, when the process-related documents were scattered around, mainly in team member's e-mails and some of them were never send forward. Therefore storing documents was agreed to be a new way of communication. A new customer will always have a shared folder, so the information is available for all the team members. This includes contracts, start-up –forms, authorizations and preferably even the e-mail conversations of what has been agreed.

6 CONCLUSIONS

The payroll administration take-over process description creates a solid base to take off and keep improving the take-over process in the future. The description simplifies and explains all the main phases of the take-over process, explaining why the phases are executed in that particular order and who is responsible for executing them. The take-over process modelling helps to understand the process flow and interconnected phases.

The process theory provides many valuable tools for managing and improving the process. It is also to be noted that improvements do not necessarily require drastic re-engineering of the process or changes in the organizations. In case of payroll administration take-over development was possible to achieve by small continuous improvements.

Aside from business process management, human interaction management and internal communications are also aspects that must be taken into consideration in the human-driven process that is payroll administration take-over. They might feel like irrelevant or unnecessary to people, who work with other people in their everyday work. Still, paying a bit of attention to both, HIM and IC, the whole take-over process can be improved and executed more efficiently.

Because the organization is fairly small, the responsibility of management and the development of the take-over process is on the take-over team. The process itself and its supervision are not conducted by the upper management of the organization.

The payroll administration take-over process description clarifies and makes the future take-overs easier to perform. The payroll service description and the start-up –form (attached) that have been compiled in order to speed up the process and familiarize the customer with the Tilitoimisto’s services and way of running things. Hopefully this thesis and the process description boosts the process in the future and helps to analyse the process structure better for optimization, thus leading to better customer satisfaction and increased working efficiency of the take-over team.

REFERENCES

Becker, J., Rosemann, M., von Uthmann, C. 2000. Guidelines of Business Process Modeling. Westfälische Wilhelms-Universität Münster/Queensland University of Technology read 3.5.2015. udoo.uni-muenster.de/downloads/publications/1717.pdf

Biafore, B. 2011. The Project Communication Plan. Read 4.5.2015 www.mpug.com/articles/the-project-communication-plan/

Blomqvist, M., Martinsuo, M. 2010. Prosessien mallintaminen osana toiminnan kehittämistä/Process modeling for improved performance. Tampereen teknillinen yliopisto. Teknis-taloudellinen tiedekunta. Opetusmoniste 2.

Charvat, J. 2002. Project communications: A plan for getting your message across. Read 16.5.2015. www.techrepublic.com/article/project-communications-a-plan-for-getting-your-message-across/

Eriksson, H. Penker, M. 2000. UML. Gummerus Kirjapaino Oy. Jyväskylä.

Harrison-Broninski, K. 2005. Human Interactions: The Heart and Soul of Business Process Management. Meghan Kiffer Pr. 2005

Harrison-Broninski, K. 2008. Human Interaction Management. Read 4.5.2015. www.bptrends.com/publicationfiles/ONE%2012-08-COL-HumanProcesses-Harrison-Broninski-20081104-proofed-corrected.pdf

Harrison-Broninski, K. 2009. Human Interaction Management – Quick Reference Card. Read 4.5.2015. human-interaction-management.info

IT Knowledge Portal. Business Process Management, read 3.5.2015. www.itinfo.am/eng/business-process-management/

Laamanen, K., Tinnilä, M. 2009. Prosessijohtamisen käsitteet. Teknologiainfo Teknova Oy.

Maijala, J. Tax Specialist. Interview 15.4.2015. Interviewer Kaipainen, M. Transcribed. Tampere. Tilitoimisto K.J. Westerberg & Co.

Melcrum. What is smarter Internal Communication? Read 4.5.2015. www.melcrum.com/what-is-internal-communication

Mindtools.com. Swim Lane Diagrams. Read 8.5.2015. www.mindtools.com/pages/article/newTMC_89.htm

Moisio, J. Ritola, O. Liiketoimintaprosessien tunnistus, mallintaminen ja uudistaminen. 2002. Qualitas Fennica Oy.

Naveh, M. 2014. Process Management Lifecycle. Read 15.4.2015. wiki.scn.sap.com/wiki/display/PML/Process+Management+Lifecycle

Ojala, L. Business Director. Interview 15.4.2015. Interviewer Kaipainen, M. Transcribed. Tampere. Tilitoimisto K.J. Westerberg & Co.

Random House, Inc. 2005. Random House Webster's College Dictionary. New York: Random House, Inc.

Ravesteyn, P. 2011. Human interaction management and new world of working. University of Utrecht.

Rummler, G. Brahe, A. 1990. Improving performance: Managing the White Space on the Organization Chart.

Salo, A. Head of Payroll Customer Service. Interview 4.2.2015 and 21.4.2015. Interviewer Kaipainen,M. Transcribed. Tampere. Tilitoimisto K.J. Westerberg & Co.

Tilitoimisto K. J. Westerberg & Co. 2015. Konsernimme. Read 9.4.2015. http://www.tilitoimistowesterberg.net/yritys.html

Verohallinto. 2013. Ulkomaisen yrityksen työnantajavelvollisuudet. Read 13.4.2015. vero.fi/fi-FI/Syventavat_veroohjeet/Kansaivaliset_tilanteet/Ulkomaisen_yrityksen_tyonantajavelvollisuudet

Weske, M. 2007. Business Process Management. Springer-Verlag Berlin Heidelberg 2007, 2012.

APPENDICES

Appendix 1. Payroll Administration Take-over Process Description - CONFIDENTIAL

Appendix 2. Service Description for Foreign Customers - CONFIDENTIAL

Appendix 3. Start-up –form for Foreign Customer - CONFIDENTIAL