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RUSSELL STOVER CANDIES

ADP's Enterprise HR, payroll and time and labor management solutions reduce labor costs by \$4 million annually for Russell Stover Candies

Remember the famously comical "I Love Lucy" scene where Lucille Ball hopelessly tries to keep up with a candy factory conveyor belt? She resorts to stuffing candy anywhere she can—just to keep up with her manager's drive for higher productivity. Luckily, the employees on the production lines for Russell Stover Candies need not resort to such antics to keep America's largest boxed-chocolate manufacturer meeting demand for its hand-dipped candies.

But make no mistake: Russell Stover is very passionate about productivity. Thanks to its partnership with ADP, this employer of 7,000 now has the reporting tools to streamline and direct the assignment of labor where needed, without ever switching the conveyers into overdrive. By automatically monitoring the labor invested into every production run and distribution unit, Russell Stover is saving millions of dollars.

"Made by hand" – great for candy, not payroll

Prior to 2000, Russell Stover had an essentially manual approach to payroll and human resources—only computer spreadsheets were used, and no other functions could communicate with payroll. Time cards were manual, one plant's payroll team didn't necessarily link to another, and the tie-in between labor costs and actual job production costs was vague at best. This 'ad hoc' scenario had been driven by 80 years' of growth, starting as a single-store, two-employee (Russell and his wife, Clara) business. More recently, payroll and HR tasks were complicated by the other-wise very successful acquisition of Whitman's Candies and Pangburn's Chocolates. Brian Woods, Russell Stover's HR technical resolutions administrator, explains that scores of payroll and HR people, located in headquarters and throughout the plants, managed to keep the longstanding payroll and human resources processes in place—although staying ahead of problems, mistakes, and changes was a constant challenge for this hardworking group.

Minimal training and IT nets immediate savings and error reductions

"That's why we decided a payroll and HR outsourcing solution was the way to go. After researching the players, ADP quickly became our partner of choice. Their professionalism and team-support approach were attractive to us, even fitting in with our motto: 'Only the Finest,' " Woods says. The short-term results of this outsourcing decision are easy to summarize. Less than four months after the ADP'S CSS HRizon solution (predecessor to ADP's Enterprise HR solution) was set up, the candy manufacturer went

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— Dave Copas,
Vice President,
Information Technology,
Russell Stover

CHALLENGES:

- Needed to replace labor-intensive, error-prone, manual payroll process
- Had difficulty complying with multiple state & local payroll tax structures
- Needed effective labor costing and reporting
- Needed integration with process manufacturing system
- Had no communication or economies of scale with various plant locations
- Needed a solution to accommodate complex vacation offerings

RESULTS:

- \$4 million annual savings in scheduled overtime (projected for 2003)
- Tax Compliance has been error-free
- Labor reporting (integrated with mfg. system) is available daily... eagerly used by all levels of management, including company owners
- Payroll staff spends 60% of time on other issues now
- Error rates for complex vacation offerings & payroll deductions are virtually eliminated

ADP SOLUTIONS:

- ADP's Enterprise HR Solution
- ADP's eTIME Solution
- ADP's Tax Filing Services
- ADP's Hosting Services
- ADP's Wage Garnishment Processing
- ADP's New Hire Reporting

Solutions for:

- Payroll
- Human Resources
- Benefit Services
- Time & Labor Management
- Tax and Financial Services
- Screening & Selection Services
- Managed Services
- Global Solutions



live with payroll for all of its 7,000 employees. "Training the remote locations to use the system was basically effortless (consisting of e-mail-delivered instructions and one or two teleconference calls with supervisors) and the results in increased accuracy were instant," Woods mentions. "In fact, errors have reduced so much that only 14 Russell Stover people now drive our payroll and HR needs, and several of these people only dedicate about 10% of their week to this function. They have been able to take on many additional responsibilities they simply could not have handled under our previous setup."

Dave Copas, vice president of IT for Russell Stover is quick to point out that his IT team is also happy with ADP's time and labor management solution, as well as other ADP products. "Since implementing the system, my IT staff has not even spent one hour a month supporting Russell Stover's payroll and HR functions. Instead, we can now focus on core business issues." ADP takes responsibility for maintaining all the payroll tax schedules and government reporting issues that were both a nuisance and liability for Woods' fellow team members. Issues related to payroll deductions are now handled by ADP without a hitch.

Support is deep and personalized

Of course all this wouldn't be possible if the core ADP system were not running smoothly and supported reliably. When talking about ADP's support, Woods has many things to say, "ADP handled it... ADP made it go away... ADP corrected it at no extra charge..." [It refers to the payroll problems his former system delivered.] Woods explains that ADP's support is more than one level deep, and he and his team really enjoy using normal payroll and HR lingo to explain what they need. "Every ADP support person really understands the key drivers and concerns for payroll and HR departments. Many are CPPs (Certified Payroll Professionals) and PHRs (Professionals in Human Resources) and that's very important to us," he states.

\$4 million savings in labor costs and counting

So, all of those things save time and money for sure—but you might call it pocket change savings in comparison to Russell Stover's aggregate savings of \$4 million since the adoption of ADP's time and labor management solution (TLM). It turns out that Woods took it upon himself to get comfortable with the extensive reporting capabilities provided by ADP's time and labor management solution. The result has produced one happy supervisor after another—throughout Russell Stover's seven U.S. plants.

ADP tracks employee labor by time and job. Woods 'married' this data with the job information accumulated by the company's Baan process manufacturing software to track labor costs against actual candy production. This has allowed the plant floor managers to more accurately assign labor where needed and dramatically reduce non-elective overtime. Because of these time and labor reports (which even the owner of Russell Stover's routinely studies), overtime costs reduced 10 percent in the first month supervisors and plant floor managers had access to them. "That translates into a direct impact on the bottom line," Woods says. Woods also shares his delight in having observed supervisors turn from 'doubting Thomases' certain it would take too much time to capture the labor input, to 'eager beavers' wanting to capitalize on the data the system could provide.

When asked about the benefits that payroll and HR are now contributing to the candy manufacturer, Woods isn't intimidated. "So far," he says, "every and any request that management has wanted from ADP's time and labor management solution has been delivered."



Outsourcing for HR, Benefits and Payroll

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