

# CHOOSING THE RIGHT PAYROLL PROVIDER FOR RESTAURANTS



Are you spending more and more time confronting the challenges of outdated payroll systems and mounting administrative tasks?

Are you ready to get away from endless spreadsheets?

Managing payroll in the restaurant or hospitality industry comes with unique challenges, including complex tip reporting and high rates of employee turnover. Whether you're an experienced payroll manager looking to upgrade your system, or starting to explore the options available, this guide will highlight the benefits of payroll automation, review various solutions, and address specific considerations unique to the restaurant industry.

## How does Automated Payroll Software work?

Automated payroll software streamlines and enhances your restaurant's payroll process by automating routine tasks such as calculating wages, managing tips, and issuing payments to employees. It is primarily used by HR, Payroll, and Finance departments within the hospitality sector to reduce manual administration, minimize errors, and ease the burden of compliance with industry-specific regulations.

On-premises vs. cloud-based solutions:

Payroll software can broadly be divided into two categories.

1. **On-premises solutions:**

This software is installed on your company's local servers and computers, keeping all data within your physical premises. If you're familiar with this software, you're already aware of its capabilities.

2. **Cloud-based solutions:**

Hosted on remote servers, this software can be accessed from any computer with an internet connection, enabling remote payroll management.

Although on-premises software is often considered slightly more secure due to its localized nature, it generally demands more frequent maintenance and updates to stay compliant with regulations and ensure accurate calculations.

Cloud-based options provide the flexibility of remote access but may involve different security considerations. Both options require some level of manual oversight but differ significantly in scalability and ease of use.

## **What are the benefits of using modern payroll systems?**

Benefits of utilizing modern payroll software in the restaurant and hospitality industry to address common pain points:

### **1. Reduced Manual Administration:**

Automating tasks drastically cuts down on the time spent on payroll processes, allowing your team to focus more on guest satisfaction and operational efficiency in your restaurant or hospitality establishment.

### **2. Improved Accuracy and Error Reduction:**

Automated software helps maintain compliance with IRS regulations specific to the restaurant industry, such as tip reporting and shared tips, updating automatically to comply with the latest legislation. This ensures timely and accurate report submissions while minimizing errors that can lead to financial discrepancies.

### **3. Automatic IRS and Employee Payments:**

Streamlining IRS and employee payments through automated systems not only ensures punctuality but also reduces the risk of penalties that can arise from non-compliance with regulations related to tip reporting and shared tips in the restaurant and hospitality sectors.

### **4. Scalable Payroll Processes:**

As your restaurant or hospitality business grows and the complexities of payroll increase, a flexible payroll system like Tesseon can adapt to manage varying levels of complexity, including accommodating unique tip-sharing structures and reporting requirements.

### **5. Streamlined Year-End Reporting:**

Automated payroll software simplifies year-end reporting tasks specific to the restaurant and hospitality industry, such as tracking and managing tips, consolidated tip reporting, and submitting annual returns accurately and efficiently.

### **6. Tips and Tip Reporting Management:**

Modern payroll solutions like Tesseon offer features to effectively manage tips, including shared tips among employees. This ensures accurate reporting, compliance with industry regulations, and seamless integration with payroll processes for a comprehensive financial overview.

## 7. Seamless Integration with Existing Systems:

Advanced payroll software seamlessly integrates with existing restaurant and hospitality management systems like POS systems and scheduling software, streamlining operations, and minimizing the risk of errors. This integration enhances efficiency and optimizes workflow, leading to improved overall business performance.

### **Before deciding, consider the following:**

#### Complex Calculations Made Simple:

- Assess the varied calculations required, from tax deductions to benefits enrollment, holiday pay, overtime, shift differentials, and other pay types crucial in a bustling hospitality setting.
- Tailor solutions to handle these intricate calculations effortlessly, providing accurate and timely payments for your diverse workforce.

#### Diverse Worker Types and Working Patterns:

- Look for a system that accommodates different pay structures and payment frequencies to suit the varied working patterns prevalent in the restaurant and hospitality industry.
- Ensure seamless integration with tip reporting mechanisms, shared tips allocations, and other unique payment processes specific to your sector for enhanced efficiency.

#### High Employee Turnover, No Problem:

- Evaluate the time saved on tasks related to onboarding and offboarding employees with a robust payroll solution designed to streamline these processes efficiently.
- Personalized support from your dedicated representative ensures quick resolutions to turnover-related challenges, keeping your payroll running smoothly.

#### Software Integration Tailored to You:

- Streamline operations by selecting a payroll solution that seamlessly integrates with existing HR or accounting software, reducing manual work, and enhancing overall efficiency.
- Receive expert guidance on integrating tip reporting systems seamlessly, ensuring compliance with industry regulations and empowering your staff.

#### Advanced Employee Benefits Management:

- Simplify the intricate calculations and compliance requirements associated with managing comprehensive benefit packages for your employees.
- Benefit from dedicated support in setting up and managing employee benefits, ensuring your team is well taken care of and motivated.

## **Types of services available:**

### Modern, Cloud-Based Payroll Software

This software streamlines payroll management with its fast, automated processes that significantly reduce the manual workload. Despite these advantages, it's crucial to select a system that offers robust support and proves cost-effective over time. In the bustling world of hospitality, being able to access payroll remotely and securely ensures compliance and efficiency regardless of your location.

### All-in-One HRIS Systems

Designed to simplify payroll processes, especially for lesser-sized teams, these systems integrate various HR functions into one platform. While they offer convenience, some may provide less flexibility and limited customized support. For the hospitality sector, where dynamic scheduling and varying employee hours are common, the ability to tailor services according to specific operational needs is indispensable.

### Employers of Record (EORs)

An EOR can be an ideal solution for restaurants and hotels operating on a global scale, managing payroll responsibilities across different countries, and navigating through multifaceted legal landscapes. However, utilizing an EOR might limit your direct control over payroll activities and necessitates a thorough understanding of international regulations.

### Legacy Enterprise Resource Planning (ERPs)

These systems provide stability and are typically well-integrated into larger establishments. Nevertheless, they often lack the scalability and flexibility required to keep pace with the rapid shifts in the hospitality industry. Adapting quickly to changing market demands is critical for maintaining service excellence and operational efficiency.

## **Specialized Restaurant Payroll Features:**

Recognizing the unique aspects of restaurant payroll, it's essential to opt for solutions that handle tip calculations, tip reporting, and pooled tip distributions efficiently. The complexity of managing tipped employees is made simpler with software that automatically adjusts payroll according to daily or shift-specific tipping patterns, ensuring fairness and adherence to federal and state compliance.

### Choosing the Ideal Payroll System:

Selecting the right payroll software for your restaurant or hospitality business requires a detailed examination of your specific operational needs and growth plans. As you evaluate different services, prioritize those that offer scalability, flexibility, and particularly those that provide specialized features for handling tips. This strategic approach will ensure that the system you choose not only meets your current requirements but is also primed for future industry demands and changes.