

CASE STUDY

Sally Beauty Supply does MICR Makeover in Payroll with ACOM's Computer Check Disbursement Solution

THE COMPANY

A few years ago, Texas-based Sally Beauty Supply adopted an expansion plan that called for opening a new store every three days. Now the market leader in the beauty supply distribution business, with nearly \$800 million in annual sales, the company has more than 1,800 company-owned stores, operating in 46 of the 50 states, Puerto Rico, the United Kingdom, continental Europe and in Japan.

In the superheated growth environment, the payroll department's task of getting nearly 8,000 hourly and 3,000 salaried employees compensated correctly and on time assumed problematic proportions, according to payroll department manager Greg Podjan. On the salaried side, the problem was less serious for two reasons: first, salaried staff experienced little turnover; and second, many salaried employees opted for direct deposit, eliminating the need for a check.

THE PROBLEM

The hourly employees in the far-flung network of stores were a different story. Turnover in specialty stores like Sally Beauty is historically high, effectively precluding a well-organized direct deposit program. Additionally, the number of hours employees work often varies, resulting in different data for each pay period.

Hourly workers' time cards arrive electronically from the stores every other Monday, and data is to be processed over the following two days, using Lawson payroll software running on an IBM AS/400 computer. Formerly, paychecks were produced on Wednesdays on a high-speed dot matrix printer. As the checks were printed, the payroll department staff took them off in stacks, moving successively through the bursting, decollating and signing processes and finally, placing them in shipping envelopes -- one for each of the 1800 stores.

As the new payroll manager, Podjan was assigned to the task of improving the check distribution process and, if possible, speeding it up and lowering its cost, while maintaining optimum security against check fraud. Considering several solutions, he settled on ACOM because the company offered both the lowest initial price and the most economical downstream operating expense.

THE SOLUTION

The solution Sally Beauty Supply purchased consists of:

- ACOM's EZPrint/400 payment disbursement software (now called, EZPayManager) which works with all financial software systems
- ACOM's software module for W-2 tax forms
- Two MICR laser printers
- ACOM's QuickForm software, a companion system, which is a front-end design tool for creating check forms for use with EZPayManager.

EZPayManager not only helps prevent check fraud, but it also reduces check disbursement costs substantially. Significant economies are achieved through the following system benefits:

- Uses less expensive security paper, instead of preprinted check stock.
- Eliminates the need for bursters, decollators and signature stamps.
- Reduces personnel time spent on check production, correcting duplicates and locating missing check numbers.
- Eliminates the need to align and test checks prior to each run as well as the need to void check numbers in case of printer malfunction, since checks are numbered as they are generated.

Among its advanced security features are positive pay, signature control, front panel override, security reporting, and printer access control.

A single pass of blank stock through the printer generates the complete form and report, with signature included automatically. The total investment was less than the \$20,000 monthly postage bill, Podjan says, adding that the solution fulfilled all of the company's payroll objectives. It produces 2,880 checks per hour, permitting the full run to be completed in less than two and one-half hours. And where eight people previously worked frantically to complete the payroll, there are now just three people in the printer room including Podjan, whose role, he says, "is to push a button."