



Company vitals

Case Study: Signify

In its spinoff from Royal Philips, Signify had a chance to reinvent how it does payroll as a 130-year-old start-up.

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Introduction

The Dutch company Royal Philips was founded by a father and son in 1891 with cost-effective and reliable incandescent light bulbs its first product. As more and more households went electric at the start of the last century, the era of commercial lighting was switched on.

More than 100 years later, Philips decided to spin off its lighting division in 2016, during another period of great innovation and change. Incandescent lightbulbs were rapidly being replaced with energy-efficient LEDs, and connected lighting was an early real-world application of the Internet of Things (IoT). Philips Lighting then became Signify in 2018, a move that let the company reinvent itself.

"The lighting business is going through an immense transformation," says Mark van Bijsterveld, Signify's chief HR officer. "But Signify is like a start-up with 130 years of experience in the lighting industry."

That history gives deep expertise and made Signify a market leader from the get-go, but the inherited HR and payroll systems weren't as lean or modern as the new company. Modern lighting is able to cut energy use by 60 to 80% — why couldn't they make their payroll run just as efficiently?



Name:	Signify
Industry:	Lighting
Established:	2016
Owner:	Signify is listed on Amsterdam's Euronext Stock Exchange and included in the benchmark AMX index.
2020 Sales:	€6.5 billion
Employees:	38,000
Locations:	Operates in 74 countries
Headquarters:	Eindhoven, the Netherlands
Website:	signify.com



The challenge

Van Bijsterveld had been part of Philips' HR team since 2006 and split off with the lighting division in 2016. At the time, Philips had 120,000 employees worldwide, with about a quarter of those employees in lighting.

"When we were planning the move of Signify out of Philips, I knew how important the back-office systems would be for continuity and a smooth process," van Bijsterveld says. The company has a presence in 74 countries, in big markets such as the Netherlands, China and the United States, but also in many smaller markets with just a few dozen employees each. Getting payroll right for 38,000 employees globally was no small task.

"The new company gave us the chance to look at everything again — how we handle global roll-out and how to increase standardisation and consistency," says Van Bijsterveld. It was an opportunity to entirely redesign their payroll system, and Signify partnered with ADP to make it happen.

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The solution

Standardising and simplifying Signify's payroll was the goal. Focusing on France and Poland to start, teams from Signify and ADP got together to map out the payroll process from end to end. They put up brown paper on the walls and sketched out the processes in continuous improvement sessions, wrapping up the meetings with concrete action lists and KPIs.

In all, it took about 10 months to redesign Signify's payroll process, but 95% of the efficiencies came out of a four-month sprint. Determining not only what would be changed, but the correct order of making those changes, required experts from both Signify and ADP to weigh in. The team still uses lessons learned from the process-mapping exercises in its monthly KPI meetings.

"There are so many fiscal regulations for payroll in different countries. Running global payroll is a never-ending process. You don't just set it up and push the button every month," van Bijsterveld says. "At the end of every month, you expect your pay to be there, and you don't realise all the hard work happening in the back office."



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Mark van Bijsterveld

Chief HR Officer



The results

"The day after we ran the first payroll in Signify, I came into the office at the same time as the CEO, and we ended up in the same lift," van Bijsterveld remembers. "As we went up, I said to him, 'So, yesterday was a big day, wasn't it?' And he thought for a second then said, 'What happened yesterday?' I told him that we'd run the payroll without a hitch. The fact it went so smoothly he didn't notice anything was a sign of success."

Integrating Workday and ADP as a unified payroll system allowed Signify to better adapt to pandemic-induced changes in 2020. "We learned in the process how to work together, which we did a lot of last year," van Bijsterveld says.

Covid-19 is likely to continue to have an effect on Signify's business along with the larger lighting landscape and the entire construction industry over the next few years, but the efficiencies van Bijsterveld's team was able to create with ADP has set the company up for success.

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