

3 Keys To Managing Small Business Payroll

Small business owners know that payroll involves more than just cutting checks. It requires thoughtful decision making upfront about how to implement a payroll process and maintain a system that best suits your business and your employees. While getting started can feel intimidating, understanding some of the key primary steps can help you choose a process that makes the most of your company resources. Here are three tips on managing small business payroll:

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Decide on a pay schedule and salary status

How often and how much you'll pay employees are two important decisions you'll need to make upfront. When deciding on a pay schedule, identify the dates you plan to distribute or directly deposit employee paychecks. Those dates and salary amounts should align with the cash flow of your business, including when you pay bills, to ensure you always have enough money in the bank to issue the checks.

When choosing between weekly, biweekly, semimonthly, or monthly payroll schedules, be sure to research your state's payday requirements before making a decision. Many states have laws that require businesses to pay employees within a specific timeline. For example, non-exempt workers in Texas must be paid at least twice each month.

Select your payroll system

You can choose to process payroll in-house with a payroll software or do it by hand. However, a payroll software typically makes processing more efficient and can ensure employees are paid on-time.

Some people choose to outsource payroll responsibilities to a payroll service company to save time and money. If outsourcing makes the most sense for your small business, you will still be expected to consistently review your provider's work.

Keep track of your cashflow

Not only does diligently monitoring your cashflow reduce the chance of errors, such as missing expenses or undocumented income for your business, it helps ensure that your employees are taken care of at each pay period. Making sure the income your business is generating can cover your bills, taxes, and payroll expenses is critical to keeping your business healthy.

If you have questions about managing small business payroll or tracking the finances for your business, PlainsCapital Bank can help. Our experienced banking professionals are equipped with the knowledge, tools, and expertise to help you make the right choices for your small business. Call us today at 866-762-8392 to learn more.