

First State Financial Banks on ADP® for Cost-Effective Employment Administration Solutions

Company Background

With roots in commercial banking that go back over 100 years, First State Financial provides individuals and businesses in eastern Kentucky – from Middleboro to Lexington – with a spectrum of services. It was formed in July 2004, following the merger of The Lexington Bank and Town and Country Bank with First State Bank. Headquartered in Middleboro, First State Financial employs a staff of 130 at its main office and 11 branches.

The Challenge – Reduce Labor Expenses

Automation Helps the Bottom Line

Focusing on the bottom line is an important feature of First State Financial's growth strategy. That meant replacing costly and inefficient manual procedures and processes for applications like time collection, overtime, and pre-employment screening was high on the company's "to do" list. "We knew we needed to standardize and automate our employment administration to maximize profitability," explains David Moore, Vice President – Human Resources for First State Financial.

The Challenge – Improve Employee Retention

Attracting and Selecting Quality Employees Enables Sustained Growth

While turnover in senior-level positions at First State Financial is low, that's not the case for entry-level workers. "Once some entry-level employees receive training, they tend to move on for a little more money. You see this throughout the industry. Finding a way to reduce that turnover is a worthwhile goal, because it would save us the time and expense of training new employees," says Moore.

The Challenge – Minimize Employer- Related Compliance Risks

Effective Compliance Solutions Can Avoid a Negative Impact on Profits

Compliance with hiring, wage, and payroll tax filing regulations helps businesses to avoid errors that can trigger profit-draining, monetary penalties. "Compliance is a big word in the banking industry and you want to be as compliant as you can be," notes Moore. "So we were open to new solutions that could effectively reduce our risk in those areas."

Solution – ADP's Suite of Solutions for Employers

First State Financial chose to implement a suite of highly efficient solutions from ADP that comprehensively addressed each of its business challenges. "With some of our banking locations 200 miles from the corporate office, ADP's Web-based time and labor management and payroll solutions are ideal for us," Moore explains. "ADP brought us to a single standard. Everybody clocks in on the computer. Doing payroll takes 15 minutes instead of a half day. Pay data is accurate and goes seamlessly into payroll. Our employees also access their pay information online, eliminating the time and cost of mailing out pay stubs," he adds.

With the assistance of ADP solutions, First State Financial is realizing increased accuracy, efficiency, and convenience that benefit both the company and its employees:

Automate background checking/screening/ qualifying/job-fit assessments:

ADP's Screening and Selection Services help clients to more effectively screen and compare applicants, as well as perform more efficient background checks. Clients use this capability to



"To us, the cost of using ADP is the equivalent of hiring a full-time person at minimum wage...The key thing to understand is you are simply not going to find a minimum wage person with all the expertise necessary to successfully manage the screening of new employees, handle time and attendance issues, process the payroll, and do timely filings of federal, state, and city payroll taxes. That is the value you get from using ADP."

David Moore

Vice President – Human Resources

First State Financial

Middleboro, Kentucky



About ADP

ADP has more than 50 years of experience providing employers with business solutions such as Payroll, HR and Benefits Administration. ADP solutions focus on making businesses more productive by reducing costs, increasing productivity and, most importantly, standing ready to grow with your business. With the widest range of powerful, cost-effective solutions, only ADP can offer your business the flexibility it demands to grow and prosper – whether you have one employee or hundreds of thousands. And you can count on ADP for unparalleled compliance support and the most qualified and accessible customer service in our industry.

ADP's Major Accounts Division was created to address the unique business needs of mid-sized companies. We offer accurate, convenient and reliable solutions that can help you to:

- **Control Benefits Costs**
- **Improve Employee Retention**
- **Reduce Labor Costs**
- **Improve Tax and Regulatory Compliance**

ADP. The business behind business.

quickly weed out unqualified applications, help avoid potential hiring dangers, and focus limited hiring resources only on candidates with credible work histories and credentials.

Streamline and automate workflow processes: ADP offers industry-leading payroll management administration solutions that can help you gain greater control over this cost center.

Provide remote employees with immediate access to payment information: ADP enables you to give employees instant access to current and historical pay statements and W-2s. Web self-service allows them to reprint statements when needed. Also, employees who don't want to store their paper stubs and typically just shred their pay statements have one less thing to do every pay period.

Reduce administrative hours associated with time and labor management: ADP's time and labor management solutions allow you to apply policies and create work rules so that you only need to spend time on employee time collection when there is an exception to your work rule that requires attention or editing.

Reduce avoidable overtime: An ADP Web-based time and attendance system gives you greater control over your labor costs. With real-time access to up-to-the-minute labor reports, you can identify employees who are approaching their maximum hours, and adjust scheduling and staff coverage to avoid overtime. Some companies have reduced their overtime costs by as much as 60% with ADP's help.*

Help guarantee accuracy and timeliness of tax payments to federal, state, and local agencies:

For more than 55 years, ADP has been helping companies mitigate their compliance risks. More than 500,000 employers currently use ADP tax and compliance services to assure that their operations are in compliance with regulatory and tax codes, while decreasing the administration burden on their staffs.

Real Success

A Service Provider that Understands the Complexities of Compliance

"ADP's solutions enable you to effectively manage your liability," says Moore. "Their pre-employment screening service takes the questions out of making a good hire. Payroll taxes are filed accurately and on time – for us that means with the federal government, Kentucky, and four cities. ADP understands the complexities of compliance and how to help you reduce the risks that employees face."

Return on Investment

"I estimate that we are saving several thousand dollars a year by using ADP's services," says Moore. "To us, the cost of using ADP is the equivalent of hiring a full-time person at minimum wage. Handling payroll tax filing alone could take a full-time employee at a cost that is much higher than a minimum wage hire. The key thing to understand is you are simply not going to find a minimum wage person with all the expertise necessary to successfully manage the screening of new employees, handle time and attendance issues, process the payroll, and do timely filings of federal, state, and city payroll taxes. *That* is the value you get from using ADP."

*ADP Price Waterhouse Study, 2004



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