Payroll

Payroll Planning Guide

Why integrated payroll is a strategic business decision for Architecture & Engineering Firms

bqe

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Introduction: The Power of Integrated Payroll

It's the second week of December. A firm's controller is closing out the fiscal year, chasing down W-2 corrections from three states, and — somewhere in between — trying to stand up a new payroll system before January 1. None of those three jobs is getting the attention it deserves. This is how most problems when adopting a new payroll platform are born: not from bad technology, but from a good decision made two months too late. Success starts with careful planning and giving the process the time it needs to be implemented smoothly.

Payroll is much more than an administrative function at an architecture or engineering firm. It's the record of the firm's most expensive resource, and treating it as a back-office task is what keeps principals looking at project profitability a month after it would have mattered. The true power of integrated payroll is having it feed into your overall firm management and financial system in real time.

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Every hour a staff architect or engineer logs is a payroll transaction before it's anything else — before it's a line on a project budget, before it's a number in a profitability report, before it's the data a principal uses to decide whether to staff up or scope down. When payroll runs disconnected from project accounting, the cost of your people's time is already out of date by the time it hits your reports.

Meanwhile, at firms where payroll, time tracking, and project accounting operate as one system, that same hour shows up the moment it's logged, attached to a project, a phase, a fully burdened rate, while there's still time to do something about it.

This is what we hope you take away from this guide. Understanding why labor is an A/E firm's largest controllable expense, what integrated payroll delivers beyond "paying people on time," and why firms planning a January go-live need to start the conversation this fall — not the week before Christmas.

Labor Is Your Largest Controllable Expense

Every principal knows people are the pillars that hold up the business. What gets less attention is that payroll isn't just where the firm pays people. It's the system of record for the firm's largest cost, and whether that system is connected to the rest of the firm's financial picture determines whether leadership can actually manage that cost or is just paying it and hoping.

The benchmarks make the point concrete. Across BQE's 2026 industry benchmarking data, labor expense typically falls between 30–45% of a firm's total operating expenses. By far the largest line item. Two multipliers built from that labor cost show whether the rest of the firm is priced to cover it: the average overhead multiplier across BQE benchmarking firms is 1.53 — for every dollar of direct labor, the firm carries about $1.53 in overhead — and the average break-even multiplier is 2.53, meaning a firm needs to bill roughly two and a half times direct labor cost just to cover total operating expenses before profit begins. Both multipliers are only as accurate as the labor data feeding them, and in a firm running payroll disconnected from project accounting, that data is reconstructed after the fact rather than known in real time.

Utilization is one of the clearest levers on that overhead multiplier, because non-billable staff time is itself an overhead salary expense, and payroll is where that hour turns into a dollar. But it isn't one number, it's three: firms across the industry average 63% blended utilization, while junior staff should be running 75–85%, project managers 60–75%, and principals 30–50%. A firm measuring only the blended figure is asking one number to do a job that requires three, and a firm relying on disconnected systems often can't even get that number without spending significant time manually pulling and calculating data points, let alone the role-based breakdown that actually points to where the problem is.

Labor isn't a cost firms simply absorb. It's a cost firms actively manage. But only if payroll is built to inform that management rather than sit apart from it. A payroll system that runs in isolation from time tracking, project accounting, and the general ledger hides the exact data leadership needs to control its largest expense. This is exactly the case for treating an integrated payroll transition as a priority now, rather than a system upgrade to get to eventually.

From Administrative Task to Strategic Lever

Integrated payroll actually means having your payroll, time tracking, project accounting, and general ledger accounting operating as one connected system, rather than a set of disconnected tools stitched together with spreadsheets and data re-entry. When a principal or project manager approves time against a project, that labor cost — wages, taxes, benefits, and overhead allocation, fully burdened — flows straight into job costing, financial reporting, and payroll processing. For a firm running project-based, multi-rate labor across architects, engineers, and support staff, that connection is the difference between knowing what a project cost last month and knowing what it's costing right now, while there's still time to act.

Four ways integrated payroll strengthens the firm:

- **Faster, more accurate billing and accounting close**. Disconnected systems mean hours every pay period spent reconciling payroll registers against the general ledger and rebuilding labor distributions by hand. This delays reporting and accurate billing takes longer. Integration removes that reconciliation work entirely and cuts the error rate that comes with manual re-entry. It means time data is more accurate. It's part of why BQE's benchmarking shows CORE customers averaging collection periods of 49.4 days (architecture) and 56.8 days (engineering) — well ahead of the industry average, which is closer to 70+ days.
- **Real workforce visibility**. Utilization, overtime trends, multi-state labor allocation, and staffing capacity are only useful as management tools if leadership can see them without waiting for a report to get built. Integrated systems give principals and resource managers a live view of where labor is going, which is what makes staffing decisions proactive instead of reactive.
- **Reduced compliance risk**. A/E firms routinely operate across state lines, and firms with public-sector or prevailing-wage work carry certified payroll and reporting obligations on top of that. Manually tracking multi-state withholding and compliance reporting across disconnected systems is where the costly errors originate. Integration doesn't remove the complexity — it removes the manual hand-offs where that complexity turns into a mistake.
- **Sharper job costing and project profitability**. Labor costs land against the correct project, phase, and task automatically, in real time — not reconstructed weeks later from timesheets and journal entries. Project managers see true profitability while a project is still active, not after it closes, when it's too late to adjust staffing, scope, or billing.

Taken together, this is the actual difference between running a firm on numbers that are a month old and running it on numbers that are current. That's what “payroll as a strategic lever” means in practice.

Why January Is the Highest-Stakes Go-Live Date

For most firms moving to a new payroll system, January 1 is the logical start date. It lines up with the calendar tax year, simplifies W-2 and year-end reporting, and avoids splitting a single employee's annual wage and tax history across two systems mid-year.

That logic is sound. It's also exactly why January is the most in-demand, least forgiving implementation date on the calendar. Nearly every firm across every industry is trying to go live in the same narrow window, at the same time of year.

Call it the January Trap: the gap between "January 1 is the right go-live date" and "we have time to get there," which is where most firms underestimate what the transition actually takes. A rushed January go-live is where first-payroll problems are born — incomplete employee data, missing state tax registrations, benefits deductions that don't map correctly, or a parallel run that gets skipped because there wasn't time to do it properly.

It's worth being precise about what actually takes the time here, because it isn't CORE Payroll's implementation itself. That moves quickly, typically only a few weeks. What takes the extended time is the firm's own side of the process: deciding to make the change, gathering and cleaning employee data, mapping job costing and benefits rules, and running a full parallel cycle to validate everything before go-live. None of that is BQE working slowly. It's the internal groundwork every careful transition requires, done at whatever pace the firm's own calendar allows.

Worked backward from January 1, that groundwork lands squarely in the fall. Firms that start the conversation in September or October are working from a position of choice — plenty of time to gather data, make decisions, and test properly without anyone's calendar being the bottleneck. Firms that start in December are working from a position of urgency, and urgency is exactly where corners get cut on the steps that matter most: data cleanup, parallel testing, employee communication. The delay isn't in what BQE has to do — it's in how much runway the firm gives itself to do its own part well.

None of this is specific to January 1. If your firm runs on a different fiscal year or needs an off-cycle go-live, the same logic applies — just work backward from your own target date the same way.

The Fall-to-January Runway

The firms that go live confidently in January aren't the ones who moved fastest. They're the ones who started earliest and worked with intention. That doesn't mean the process is slow, since CORE Payroll implementations move efficiently once they're underway. It means starting early gives each step the room it needs, instead of compressing all of them into the same few weeks. Below is a realistic phase-by-phase timeline for a firm planning its first payroll run in January.

September

Assess & Decide

- Document current payroll pain points and what's driving the change.
- Define requirements: number of states, unions or prevailing wage obligations, benefits complexity, integration needs with project accounting.
- Evaluate and select a system. (We're big fans of CORE Payroll)
- Assign an internal project owner with dedicated time.
- Set a target go-live date and work backward to confirm the timeline is realistic.

October

Data & Design

- Connect with your implementation team, meet your Migration Concierge.
- Audit and clean employee data: addresses, tax withholding elections, direct deposit information, pay rates, job classifications.
- Confirm state and local tax registrations for every state in which employees work.
- Map current chart of accounts and job costing structure to the new system.
- Document benefits plans, deduction codes, and eligibility rules. Identify any certified payroll or prevailing wage reporting tied to public-sector project work.
- Confirm what historical data carries over: prior wage and tax history, PTO/leave balances, active benefits elections, and any garnishments in progress.

November

Build & Test

- Complete system configuration: pay schedules, earnings and deduction codes, job costing rules, approval workflows.
- Test integrations with time tracking, project accounting, and the general ledger.
- Train managers and employees on any new time entry or approval processes. Resolve discrepancies before moving forward.
- Fully audit the new system compared to the past one to identify any areas of concern.

December

Final Prep & Communications

- Communicate the change to all employees: what's changing, what action (if any) they need to take, when their pay stub or self-service portal will look different, how to access it, and who to contact with questions.
- Confirm year-end reporting requirements are accounted for (W-2s, year-end tax filings, benefits reconciliation).
- Finalize any open enrollment or benefits changes taking effect January 1.
- Confirm the first live pay period dates and processing deadlines.
- Document a rollback or contingency plan in case an issue surfaces at go-live.

January

Go Live & Stabilize

- Process the first live payroll run.
- Monitor closely for the first two to three pay cycles: verify job costing allocations, tax withholdings, and benefits deductions. Keep the internal project owner and support resources available for employee questions.
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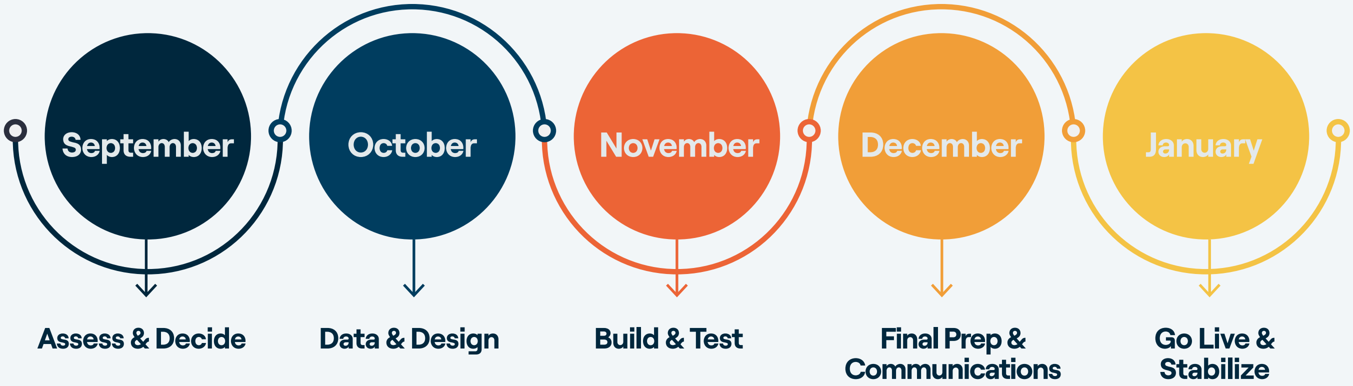
- Document lessons learned for future payroll or system changes



The Cost of Waiting Until December

Firms that begin this process in December, intending to go live January 1, are compressing a process that takes three to four months when done thoughtfully into a matter of weeks, causing stress and sometimes panic. This is the January Trap in practice, and it produces a set of consequences:

- Data errors may surface only after the first paycheck is issued
- Skipped or rushed testing
- Incomplete state tax registrations that trigger penalties
- An internal team stretched too thin during year-end close to also manage a system transition successfully

None of these are failures of the technology or of the implementation of your new system. They're the predictable result of a rushed timeline. The firms that avoid them are the ones who started the conversation in the fall.

Budgeting for the Transition

A payroll transition has real costs beyond the new system's subscription price, and it's worth planning for them rather than discovering them in November.

The most common one is overlap. It is common to keep two systems side-by-side for a cycle or two, which can mean paying for both briefly. For firms moving to CORE Payroll, BQE if offering to cover that overlap cost, so the transition period when a firm is validating the new system isn't an added expense on top of the old one.

The other cost is staff time. Someone is going to spend a significant amount of hours on data cleanup, configuration review, and testing. These are hours that need to be budgeted for, not squeezed out of an already-full week.

Set against that short-term cost is a longer-term cost benefit that is worth highlighting: firms running payroll as a separate subscription from project accounting and time tracking are paying for, and managing, more systems than they need to. Every additional subscription is another renewal to track, another login, another vendor relationship, and another point where data has to be reconciled by hand instead of flowing automatically. Bringing payroll into the same system as time tracking and project accounting doesn't just remove a reconciliation step. Over time, it's fewer subscriptions to manage and a lower total cost of running the firm's financial operations. This savings will quickly outweigh any short term cost of making the switch.

Extending the System You Already Trust

If your firm runs on BQE CORE, this isn't a vendor decision, it's a scope decision. You already trust CORE with project management, accounting, job costing, time and expense tracking, and billing. CORE Payroll, built on Gusto's embedded payroll infrastructure, extends that same connected system to payroll itself, so labor cost stops being a number you reconcile after the fact and starts being a number that's accurate the moment time is approved.

For firms making that move, BQE's implementation support is built around the same fall-to-January runway this guide lays out:

- **Migration Concierge:** a dedicated point of contact assigned to your firm's transition, so "assign an internal project owner" doesn't mean one person figuring it out alone.
- **Payroll Guarantee:** Our implementation team works with you before the first payroll is issued, to validate the system setup and data accuracy. This step catches discrepancies before they reach a live paycheck.
- **White Glove January:** dedicated monitoring through the first two to three live pay cycles, the exact window where most first-payroll issues would otherwise surface unnoticed.

A payroll transition is ultimately a decision about who your firm trusts to get labor, your largest controllable expense, right. Firms that get setup right from day one — clean data, a realistic timeline, and a real parallel test — rarely feel the need to revisit that decision again.

If your firm is planning a January payroll go-live, **now, not December**, is when that conversation should start.

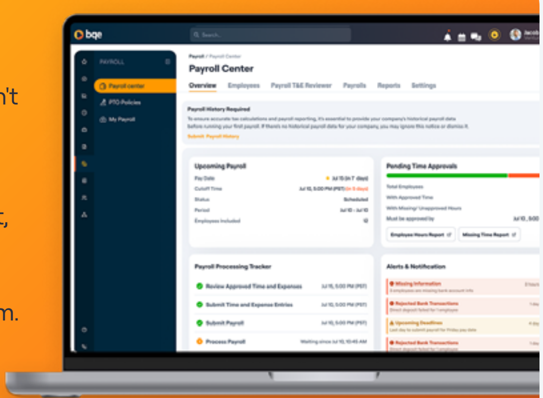
Getting Started

If everything in this guide points to "yes, this fall," the next step doesn't need to be complicated. There are two ways to begin:

Talk to your account team. If your firm already works with a BQE account representative or customer success manager, they're the fastest path to a scoped timeline for your specific states, headcount, and benefits setup. Call them today.

Book a demo. If you don't have CORE, and want to see how an integrated firm management and payroll system will benefit your firm.

SCHEDULE A DEMO →



Quick-Reference Timeline

To seamlessly transition to a new payroll system for the new year, it's important to play the process well in advance.

Month 1: Assess & Decide

Define requirements, evaluate options, select a system, assign an owner, set the target date.

Month 2: Data & Design

Clean employee data, confirm tax registrations, map job costing structure, document benefits rules, and confirm what historical data carries over (wage/tax history, PTO balances, benefits elections, garnishments).

Month 3: Build & Test

Configure the system, run a full parallel payroll cycle, test integrations, train staff, set the target date.

Month 4: Final Prep & Communication

Tell employees what's changing, what action they need to take, and when their pay stub or portal will look different. Confirm year-end reporting, finalize open enrollment, prepare a contingency plan.

Go Live & Stabilize

Go live and monitor closely for two to three cycles. Document lessons learned and make needed tweaks to the system.

Flipping the switch takes weeks, but is smoother with months of planning. Don't put this off to the last minute. Instead, build out a payroll implementation plan that gives you and your team the time to get this right.

Assemble Your Transition Team

A payroll transition is never a one-person job, even when one person owns it. Success relies on getting the right people in the room:

A dedicated project owner

Someone at your firm with time carved out to dedicate to the process, not an add-on to an existing role.

HR or office management

Owns employee data accuracy, benefits elections, and the communication plan.

Accounting or Controller

Owns the chart of accounts mapping, job costing structure, and general ledger integration.

IT/Technical point of contact

Needed if the new system integrates with time tracking, project accounting, or other existing tools.

A benefits broker

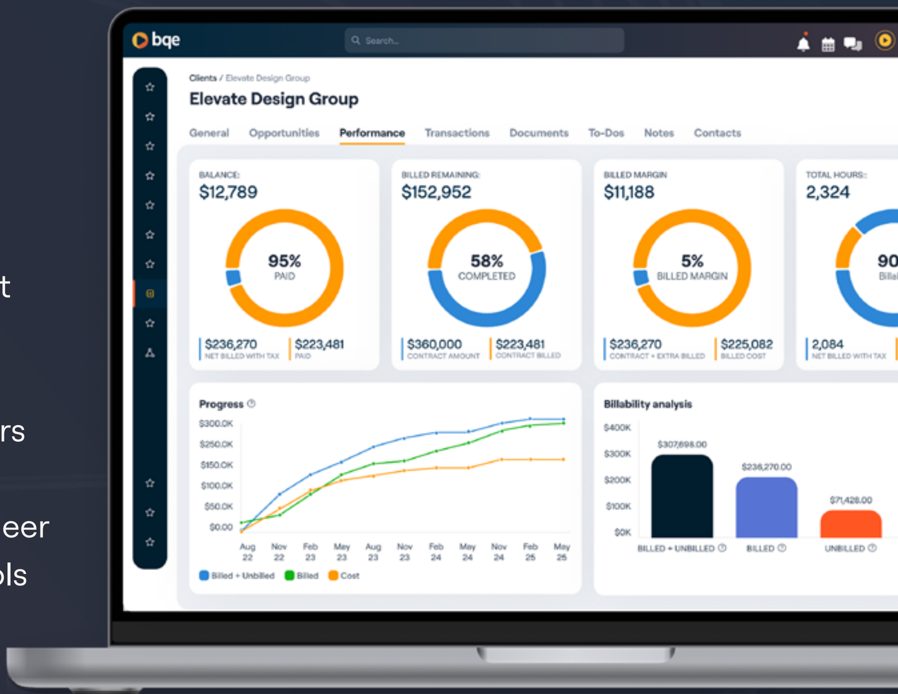
Confirms how current plans and eligibility rules translate into the new system.

Outside tax counsel

Worth a call if the firm has multi-state exposure or unresolved prevailing wage questions.

Naming these seats in September, even briefly, prevents the scenario where a benefits question stalls the project in November because nobody on the internal team can answer it.

BQE CORE



If you're serious about improving efficiency and profitability, you need access to technology that makes the process of tracking Key Performance Indicators (KPIs) straightforward. BQE CORE is an all-in-one firm management platform with integrated accounting and project management tools that's backed by a company with over 30 years of experience and countless end users worldwide. It was designed by an engineer and architect to give their firms the tools they needed to thrive. Thus all of the built-in features are designed to address the pain points A/E firms typically face.

BQE CORE can streamline your business processes, while simultaneously providing groundbreaking insights that will help grow your firm, all from the convenience of a desktop computer, laptop, or mobile device. BQE CORE makes it easier than ever to collaborate with both your team and clients.

Running your business should be exciting, not chaotic. That's why we're here, and most importantly, why we developed CORE.

TO LEARN MORE, BOOK A DEMO →

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