



The RIMS Strategic and Enterprise Risk Center presents:

Lori Flaherty and Bill Coller
Enterprise Risk Management
Paychex, Inc.

Risk Optimized Decision-Making at Paychex

By Russ Banham

By aligning strategy with risk identification and analysis, the large human capital solutions provider identifies potential strategic and operational inefficiencies to ensure optimal performance.



Lori Flaherty



Bill Coller

At Paychex, an industry-leading human capital management (HCM) company with 19,000 employees and \$5.6 billion in annual revenue, long-term risk forecasting informs long-term strategy, and vice versa. By integrating risk considerations into strategic decision-making, potential obstacles are identified to increase positive client and business outcomes. At the center of this risk-based culture is the company's ERM program, internally described as the "conscience" of the company.

Leading the ERM program at Paychex is Lori Flaherty. Recruited in 2018 to accelerate the program's aims and growth, Flaherty leads a team of nine people who oversee risk mitigation, data governance, internal controls, operational auditing and compliance. Enterprise risk and internal controls manager Bill Coller leads the ERM team with Flaherty. Coller joined Paychex in 1997 as a tax specialist and later took on several operational risk roles prior to his current role. Their leadership in the department and the practice of ERM has paid off, as Paychex was one of three organizations presented with the RIMS 2024 ERM Global Award of Distinction.

In June 2025, Flaherty and Coller sat down with RIMS to discuss the company's alignment of strategy and risk forecasting to optimize enterprise decision-making. The Q&A that follows has been edited for clarity and concision. ■

RIMS: The success of the company's ERM program is attributed in part to its alignment with long-term strategy. Can you provide an example of where a proactive approach to identifying and managing risk has positively affected performance?

Flaherty: One that comes to mind surfaced during the pandemic, when the government created a refundable tax credit for businesses to keep employees on their payroll. The employee retention tax credit (ERTC) was important to the many businesses we serve in the payroll solutions space, giving them a tax credit to keep people employed when they may not have had the money to do so at the time.

Coller: We recognized a once-in-a-lifetime event, COVID, that affected client solvency. If many clients shuttered their business, the impact on Paychex would be profound. We decided to help many of them file for the ERTC tax credits to get those funds from the IRS and keep their businesses running. The filing of a claim with the IRS needed to occur by Jan. 21, 2024. Billions of dollars flowed to clients that may not have survived without our services. There's the bad side of risk and the opportunity side; this was the opportunity side.

RIMS: How does the ERM program connect to strategy in providing a service like the one you both described? Obviously, the team is aware of long-term strategic goals, but what is the process for assessing the risks?

Coller: We have several well-established ERM programs that increase our risk awareness and help us shape and sustain a robust risk culture across the enterprise. An example is what we call "P4"—Paychex Peer Process Program. It is a risk assessment exercise where we analyze a specific product, process or procedure to identify risks and provide risk mitigation recommendations.

RIMS: Can you elaborate on how the team performs the analyses?

Coller: One thing we do that is somewhat unique is gather guest reviewers from outside our organization to do a risk review in conjunction with the team. We bring together people from many areas of the company to provide their insights. We have been doing that for over 20 years.

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RIMS: What is one example of where the P4 process made a difference insofar as the assessment and mitigation of a particular risk?

Coller: Two-and-a-half years ago, we did a P4 risk assessment of our vendor management risks. That review came from another P4 assessment involving our professional employer organization (PEO) services and solutions. We had made several acquisitions in the PEO space, ending up with many vendors, a lot of them new. We decided to look at the overall structure of the vendor management program, validating every vendor and reviewing each contract. We put together our risk mitigation recommendations, which was sent to the CEO for review. Ultimately, we helped tighten up the vendor management program to minimize risk.

RIMS: You have mentioned the “robust risk culture” at Paychex. Can you provide some examples of how employees become conscious of risk in their work?

Flaherty: One thing we do that is rather unique is what we call “risk rotation.” We bring a group of 15 to 20 employees from different parts of the organization to spend a full week with the Risk team. Each risk discipline shares aspects of risk, like credit risk and compliance risk, etc. That’s just one tool in the toolbox. We use a variety of methods in measuring the organization’s risk profile, such as risk review and assessment programs, workshops, interviews and surveys. For instance, we conduct an annual risk culture survey with strategic leaders across the organization and then meet up with them to discuss the findings.

RIMS: Much has been written about artificial intelligence (AI) replacing jobs. Since Paychex revenue is driven in part by the number of a client’s employees, has the team done any research into this potential impact?

Flaherty: The labor market continues to be fluid, and we’re constantly looking at all angles and potential impacts. We don’t anticipate a rapid drop in employment [among our customers], as we believe new, more technical and higher-paying jobs will emerge. We recently did a deep dive analysis on generative AI and impacts, publishing a risk brief for our strategic leaders on the subject.

RIMS: In April 2025, Paychex completed its \$4.1 billion acquisition of Paycor, an impactful deal since both companies are leaders in HR solutions and services. Was the ERM team engaged in the due diligence?

Flaherty: We played a very active role in the acquisition, not only in the due diligence but also in the ongoing integration. Our goal in the acquisition was for “one plus one to equal three.” In other words, we weren’t looking to consume Paycor into our business to boost customers and revenue; that wasn’t our strategic goal per se. Paycor had some unique [automated technology] solutions where we had manual ones. Together, we are a much stronger company. ■

Russ Banham is a Pulitzer-nominated business journalist and best-selling author.



Paychex risk leaders accepted the ERM Global Award of Distinction at the RIMS ERM Conference 2024 in Boston. From left: Lori Flaherty (ERM and Governance Manager), Frank Fiorille (Vice President, Risk & Compliance), Bill Coller (Enterprise Risk and Internal Controls Manager, EA, RIMS-CRMP)