Payroll & HCM
change management

A step-by-step guide

SAFEGUARD GLOBAL

Introduction

Payroll data and processes reach far and wide into an organization, so the decision to change payroll and HCM systems is not a small one.

Organizations spend a lot of time and money to just evaluate such a change, and when faced with risk, they often choose status quo — why change if the current process works most of the time and the organization has found workarounds for when it doesn't?

The problem is that the status quo doesn't account for operational erosion. Your business isn't static, so operational processing has to adapt to support changes, and this often leads to inefficiencies.

But before operational erosion gets to the point of breaking, you can fortify your processes and infrastructure through payroll and HCM change.
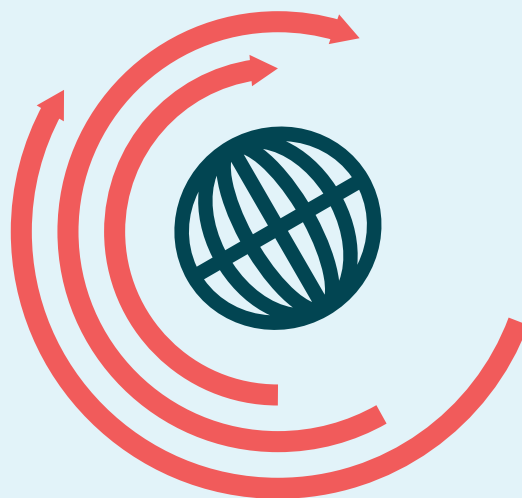
Payroll change

You can build it

Payroll and HCM System Change can be complicated, but if you keep the following steps in mind, they'll help you streamline the process.

What you'll need

○ A solid understanding of your current system, infrastructure and processes

○ Open channels of communication with all stakeholders

○ Definitive answers to questions from supporters and dissenters alike

Consideration

Current staff

Data readiness

In-country provider status

Before beginning any payroll and HCM system change, first make sure your organization has fully taken stock of all the possible impacts. Here are examples of some of the checks to assess across your organization:

Data readiness

○ Does your current payroll provider match your HCM system?

○ What payroll data exists in your HCM today?

○ Do you have bank details?

○ Are organizational structures loaded?

In-country provider status

○ When do your current in-country provider contracts expire?

○ How tight are the terms of the current contracts?

○ Are there exits?

○ What special conditions are in the agreements?

Current staff

○ What specialized, per-country knowledge does current staff have for which you may have to account?

○ What unique workflows have evolved that may not be part of the existing documented process?

○ What is the impact on processes and workflows for HR, payroll and finance teams?

Pre-launch

Once you've prepared your data and infrastructure, you can turn your full attention to your people.

A key part of this step is communication. The more you proactively communicate and actively solicit and incorporate feedback from stakeholders across the organization, the more they will avail themselves to make the project succeed.

Project function

Sell the why

Relevant benefits

Confront objections

Understand your stakeholder dependency

The payroll process at your organization may include stakeholders from finance, treasury, IT, HR and other divisions. Work to build a dependency map for every part of the process. Once you understand each dependency, it's important to also map the implications down the reporting line.

Use your dependency map to tailor your messaging to stakeholders:

- ## Explain the project function

  Describe precisely what is changing and all parts affected. It's not enough to reference a "payroll system" or "HCM system" change. Be explicit about what is changing and speak the language of your audience. Different departments refer to the same systems and processes differently.

- ## Sell why it is good for the business

  Outline why the company is making the decision and why it makes good sense for the organization.

- ## Describe the benefits relevant to your audience

  Some stakeholders just care why a change is good for them. Understand the different needs and perspectives and sell the value to each individual. This step is one of the most overlooked elements of change management communication plans. Explaining how a change helps stakeholders directly goes a long way in securing buy-in.

- ## Confront objections head-on

  Don't hide from the uncomfortable conversations about the changes, especially the changes that are disrupting the status quo. Address them early and often. Listen to the feedback, explain the reasons and plan, and explain again.

Stakeholders you'll encounter

Supporters

These folks have bought in and are ready to help. Use them to your advantage as evangelists who sell the change to their peers. These folks are essential to your cause.

Fence-sitters

These folks are skeptical. They have seen change attempts before. They buy into the reasoning, but they're just not sure you can pull it off. You need to embrace them as well, but you will have to proactively pull them in. As a fence-sitter, they won't initiate engagement, but if you work with them, they will become supporters.

Active dissenters

These are the naysayers, and they make themselves known. They're not happy about the changes so they attempt to poke holes and are pessimistic because they've seen changes fail before. The good news is, they are convertible. For the most part, you can convert an active dissenter into a supporter by investing in them: Answer their questions patiently, multiple times. Take them to lunch and hear them out. Win them over and they will become your most effective supporters.

Passive dissenters

This is your most dangerous group. They are hard to convert because they are hard to find. They never show themselves as active dissenters. They will present themselves as fence-sitters or possibly fake supporters. Seldom are they great employees, and usually they need to be strong-armed into compliance.

A note about the resistance: Having support from the senior levels of every functional team involved is critical. If a stakeholder digs in and resists at every turn, there is only one sure-fire way to get them in line: their senior management.

Provide a feedback loop

Finance

Treasury

In-country providers

HR tech team

Communication has to be a two-way street. Identify gaps in your plan and solicit input from stakeholders to solve potential issues.

Be sure to respond to every piece of feedback, because passive dissenters may use a lack of response as fuel and evidence of future project failure.

When responding to feedback, explain to stakeholders why something will or won't be included and work with them to understand the logic of the decision. This helps to create buy-in.

Be inclusive, craft the right message for the right audience:

○   Finance

○   Treasury

○   In-Country providers

○   HR tech team, including integration development resources and data management

Cutover

Short-term workaround

Reinforce training

Certification test

As you get ready for implementation, it's critical that all of your stakeholders are ready to support the transition.

Stakeholder preparation

○ Train stakeholders on short-term workarounds from the expected implementation as well as pre-existing processes.

○ Reinforce your training through an internal communications campaign.

○ Print out procedure cards and distribute them to stakeholders to remind them of the essentials.

○ Administer certification tests.

○ Put up posters to remind folks of the cutover date.

By now any resistance to change should have been converted or neutralized. If you still have active and passive dissenters, your organization may not be ready and your cutover is at significant risk. Stop and convert as many as you can before moving forward. Otherwise, it's likely you will have to add even more time and resources to the project.

Post-launch

Escalate

Communicate

Protect

Now is the time for ongoing care and maintenance to ensure the newly implemented processes run smoothly.

Keep feedback loop open

The feedback loop is just as significant post-launch as it was in development. You probably didn't get everything right out of the gate, and that's OK. By putting in escalation procedures to respond to feedback on the new processes, solutions can be found more quickly and efficiently.

Protect against rogue parallel processing and workarounds

When stakeholders stray from the defined operational process, remember that most just want to do a good job and don't intend to undermine the project. However, the reasons don't matter as much as your response. Be ready to manage the problem and steer stakeholders back:

- Keep an eye out for people reverting to the "old way."
- Catch issues with the new process, as they may seek to discredit the "new way" and exploit them.
- Conduct a post-implementation audit to gain a clear picture of the change's impact.

Continue communication

Keep stakeholders updated on the bigger picture of the implementation as they work on their individual parts. The project was ultimately hugely successful and they should share in the victory for the organization.

Quick-start guide

Step one: Consideration

Survey your current system to determine why change is necessary and how it will help the organization.

Step two: Pre-launch

Create lines of communication with all stakeholders. Be ready to identify obstacles and develop ways to overcome them.

Step three: Cutover

Take stock. Have you made your case? Do all stakeholders have what they need when the change happens?

Step four: Post-launch

Continue to keep communication open to address any ongoing questions or concerns.

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