Payroll Implementation Series: Part 1 – Preparation and Planning.

Welcome back to 2005; what an exciting year it's going to be. Firstly let me thank TAPS for esteeming me with the coveted *Payroll Consultant of the Year* title. Now with such a big title on my head everyone will have elevated expectations of me: I hope that I can exceed your expectations!

Speaking of consultants: a man lands his hot air balloon in the middle of the desert, not knowing his whereabouts he looks around. Along walks another guy so the balloon man asks "Excuse me, can you tell me where I am?" "Sure," says the other one "longitude 23'45", latitude 34'12". "Oh," says the balloon man, "you must be engineer" "As a matter of fact, I am, how did you know?" "Well, you just gave me a very precise piece of worthless information." "I see" says the engineer "and you must be a consultant." "You are right, how did you know?" "As long as you're up in the air, you seem to know where you're going, but as soon as you get down to earth, you're lost."

The implementation phase is the "getting down to earth" part; where the organisation discovers just how valid the selection process really was. The previous series of articles [1] covered this process and in this series of articles I want to take it up a level; raise the bar; push the envelop; increase my discretionary effort; and tackle the business end of the purchasing a new Payroll/HR system: the implementation. Well…if you are going to be a consultant you have to talk like one (but only sometimes).

So you don't end up on the boulevard of broken payroll dreams here is a list of pre-requisites to a successful implementation:

1. Selection of an appropriate product
2. Accurate expectations of the product's functionality
3. Accurate understanding of the vendor's implementation process
4. Adequate resources through the various project stages
5. Sound project planning and risk management
6. Having fall-back options

7. Commitment from all key stakeholders

1. Selection of an appropriate product:

The review process should be detailed enough so that you understand how the software works across the key functional requirements. By the time you are finished reviewing, you should have a reasonable understanding of; the configuration options; their resulting degree of fit for each key requirement; and any ensuing functionality trade-offs (and there will always be some).

2. Accurate expectations of the product's functionality:

The second and arguably the single biggest reason for implementations going pear-shaped that I have seen: having inaccurate expectations of the product. If the review was too shallow, assumptions will have been made about the capabilities of the product, which will most surely be exposed during implementation, creating an awkward situation for all parties. Is it the vendor's fault for not explicating functionality or is the onus on the review process to expose the strengths and the weakness of the product/solution? In either case the answer is immaterial now, because the contract has been signed. No product will meet your needs exactly so go into the implementation with accurate expectations.

3. Accurate understanding of the vendor's implementation process

It's now time to study the project plan you should have received during the review process. Software vendors have vastly different approaches to the implementation due to two variables;

1. the level of configurability of the software solution
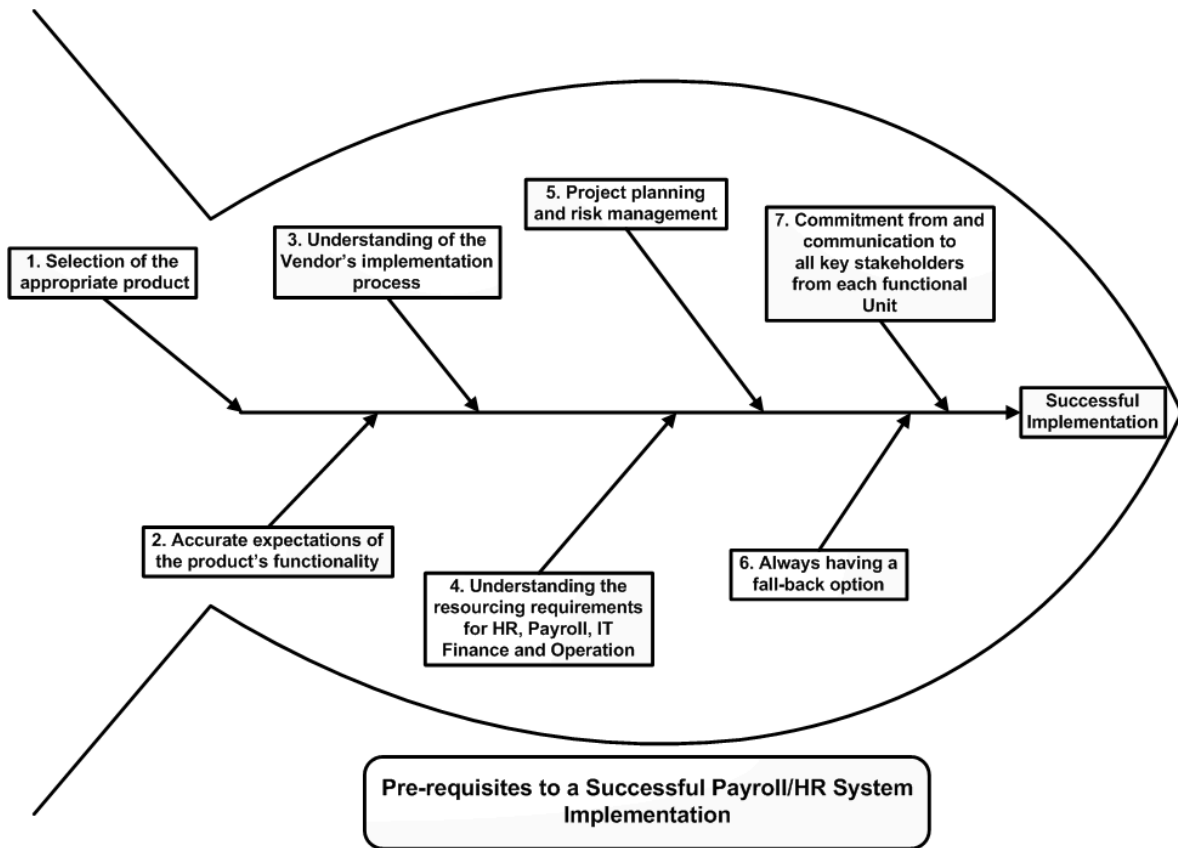2. the number of pre-loaded codes and leave rules provided

To illustrate: some systems are highly configurable and come completely blank. At the other end of the continuum, some systems have limited configurability and come with lots of pre-loaded codes and leave rules. The resources requirements for the former are substantially higher than the latter. To set up these codes will require; firstly an understanding of the software; secondly discussion on how they are to be configured (this will also require stakeholders from other functional areas); and thirdly data entry and setting the necessary system flags.

4. Adequate resources through the various project stages

One of the areas which can end up requiring a lot of resources is data-loading and data conversion. Vendors exhibit different approaches to data loading:

- some take no responsibility for loading your data;
- others will assist however require the data in a very tightly defined format;
- while others are more relaxed about the specific format and are prepared to do the necessary formatting. These different approaches will ensue in different resourcing requirements from your IT department.

Ask the vendor about what assistance they can provide and, if appropriate, for the data loading templates they need populated, even before the first project meeting: this will give you a good head start.

Fishbone diagram: Pre-requisites to a Successful Payroll/HR System Implementation, leading to Successful Implementation. Factors: 1. Selection of the appropriate product; 2. Accurate expectations of the product's functionality; 3. Understanding of the Vendor's implementation process; 4. Understanding the resourcing requirements for HR, Payroll, IT Finance and Operation; 5. Project planning and risk management; 6. Always having a fall-back option; 7. Commitment from and communication to all key stakeholders from each functional Unit.

5. Sound project planning and risk management

Planning payroll resources includes being mindful of eminent bonus runs, salary reviews, EBA and award increases and so on (I am sure you know this all too well). Planning also includes being mindful of other projects of the business including potential IT infrastructure upgrades, roll-outs of other business applications, office relocations and finance projects. The resourcing requirements for each functional area (HR, Payroll, IT, Finance and Operations) should be detailed in the vendor's project plan. Use this plan to approach these functions and negotiate their commitment to provide resources. By negotiate I mean tell them that they either assist or they don't get paid next month!

Sometimes you may not be aware of other projects in advance. When you're suddenly landed with a conflict, asses the impact, weigh up the options and make any necessary changes to the plan. Just quietly (said looking around) between you and me it is probably IT that tend to throw the curved balls; other systems they suddenly want to the new payroll system to integrate to; network traffic concerns; security concerns; and alike.

Always take a conservative view and over-estimate because 9 times out of 10 you will need more resources than the project plan will indicate (trust me I'm a doctor!).

6. Always have fall-back options:

If you are intending to run a fairly tight implementation timeframe (most organisations do) my recommendation is to always, always, always have fall-back options at each stage. Keep your old system up-to-date even for the pay period for which you intend to go-live so you have it as a fall-back option. Have additional resources on stand-by for masterfile and parallel run checking if needed. Without wanting to sound too negative, assume that there will be delays at each step of the process so think about how to circumvent these by testing in advance and develop a fall-back plan in case the issues can't be resolved in time.

7. Commitment from all key stakeholders

During the project make sure that you are in constant communication with each functional unit; include them in the regular project meetings so that they understand their expected contribution. Ask the vendor at each stage for information that they can provide to facilitate the communication process. You might ask the vendor for a book of standard reports to pass to finance to use to specify their reporting needs. Make sure that you set a date for their response and be sure to follow up as this is how milestones start to slip.

All these point boil down to managing the implementation risk by being clear on what you have purchased, and what resources are required, from who and when, to have the software setup and working correctly.

The next installment in this series will provide some ideas and advice which will hopefully; precipitate some value; assist you to more forward; facilitate improvement, help align your processes, increase your personal knowledge capital (both tacit and implicit); and support your overall strategy within your program management framework…loosely translated: I will go into more detail on "traps for young players" and things to check during the implementation.

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The three part series is available from w.snpconsulting.com.au