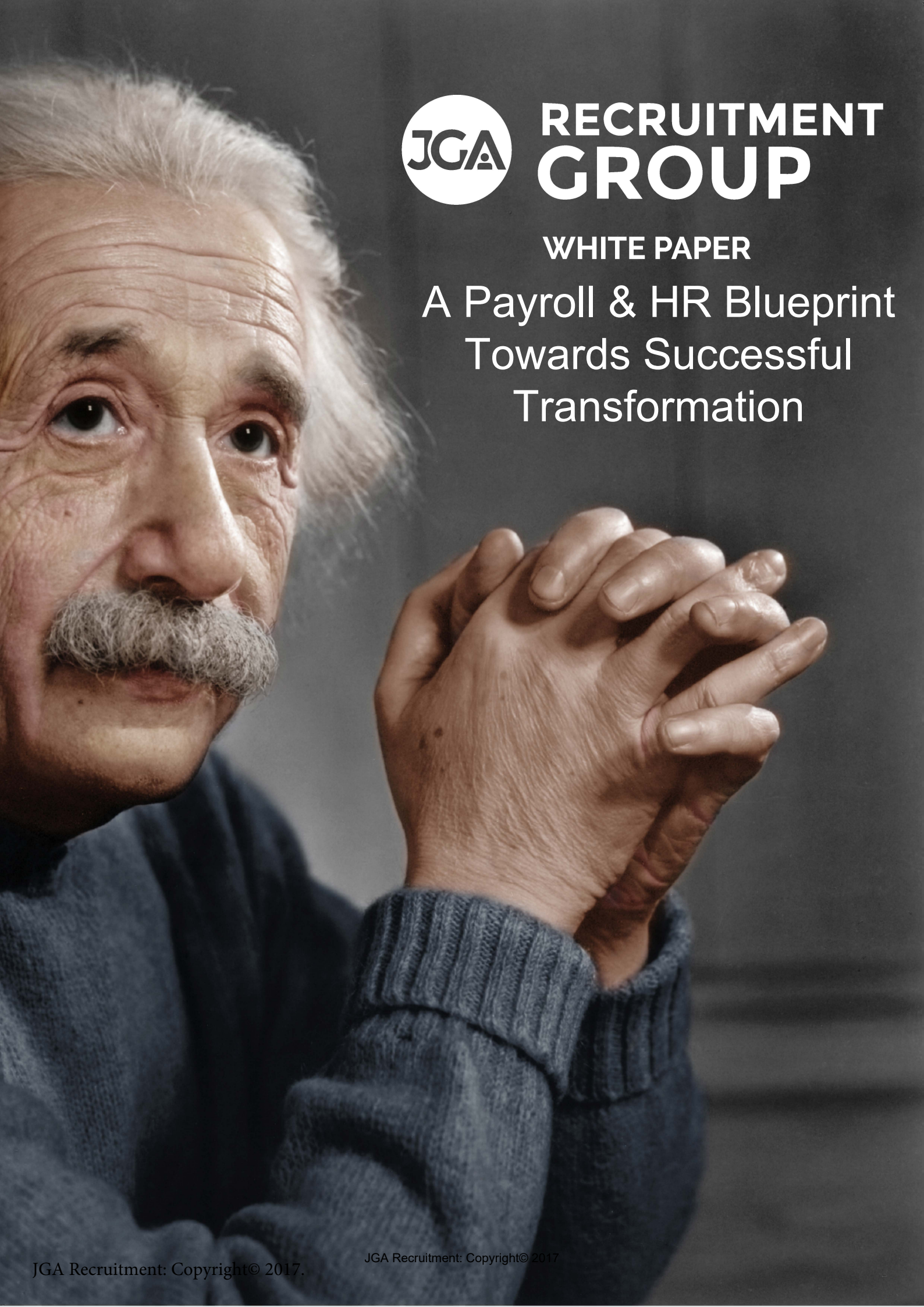




RECRUITMENT GROUP

WHITE PAPER

A Payroll & HR Blueprint Towards Successful Transformation





PAYROLL RECRUITMENT

**A PAYROLL BLUEPRINT TOWARDS
SUCCESSFUL TRANSFORMATION**

INTRODUCTION

Much time is spent on ensuring people involved in significant projects, such as system implementations or transformations of structures, have at least basic project management skills. These skills are essential for a project to be a success, but they are not a guarantee in isolation. Many projects fail either completely or in part, even when strict governance is in place to ensure that the objectives are met. So why are projects failing despite careful management? There could be a few reasons: data standards and management; not releasing enough resource to focus on the project; removing too much resource from business as usual; not enough testing to name a few, but if we take a step further back, there is a larger issue that is often overlooked, which is that many businesses decide on project direction and carry out solutioning without having investigated what is best for the business, or what is available in the market. No alignment of objectives or strategy takes place. Often the final option selected for a business case is chosen without the others being investigated.

There are always many options to select as potential solutions, the best one should be decided upon by considering many different factors. In this white paper, we are concentrating on this aspect of transformation, rather than project management or governance.

Instead of rushing headlong into a change, take a step back and take stock. Following the planning process outlined below can be a major factor in setting your transformation up for success, so that when you do begin your implementation, you know exactly what the objectives are and they completely aligned to your business strategy. Any solution you put in place will be the best fit for your business.



UNDERSTAND THE AS IS

To begin the journey, you need to understand where you are starting from. Many organisations don't have current up to date notes on processes, let alone documented process flows and RASCI charts showing each step and where responsibility and accountability lie.

When a company has been operating a certain way for several years, they may not even know the art of the possible, being out of touch with progression in structures and technologies. Given these challenges, how can an organisation design a future solution at all, let alone one that is designed to fit the overall strategy of the business.

Understanding the As Is, is a crucial part of planning for the future. It is the line in the sand. This can be done at varying levels of detail. If there is an acknowledgement that the To Be will be far removed from the current state, then there is little point in spending months documenting the process flows in intricate detail, as it is likely that they will be completely re-engineered.

As a minimum following the basic steps below should allow a good understanding of the business needs and challenges, which are fundamental when deciding on the final solution.

STAKEHOLDER MAP

STAKEHOLDER LEVEL	GROUP	NAME	TITLE	INFLUENCE ON THE PROJECT	IMPACT OF THE PROJECT ON THEM	COMMITMENT
Primary	Steering Group	Joe Bloggs	HR Director	High	High	Medium
Primary	Project Working Group	Jane Doe	Payroll Manager	High	High	High
Primary	Operations	Sharon Bloggs	CEO	Medium	Medium	Low
Primary	Steering Group	Dave Doe	CTO	High	Low	Low/Med
Primary	HR	Jess Jones	HR Business Partner	Low	High	Medium
External	Pensions	Holly Brown	Pensions Scheme Manager	Low	Medium	Low
Secondary	Payroll	Clive Peeps	Payroll Administrator	Low	High	Medium

To begin engaging with the right people in the business you first need to establish who they are. When building a stakeholder map, you need to consider all areas of the business and external parties who would be impacted by any changes. Your list could be long, so it is a good idea to put some sort of structure in place to categorise roles, as well as their potential impact on the project.

It is better to gather a list of your stakeholders before you start to categorise them as it is always easier to build a picture from existing information than from nothing. For example, a good start may be to work out what your categories will be. It is incredibly frustrating to get part way through a list, only to have to re-categorise because it's just not working.

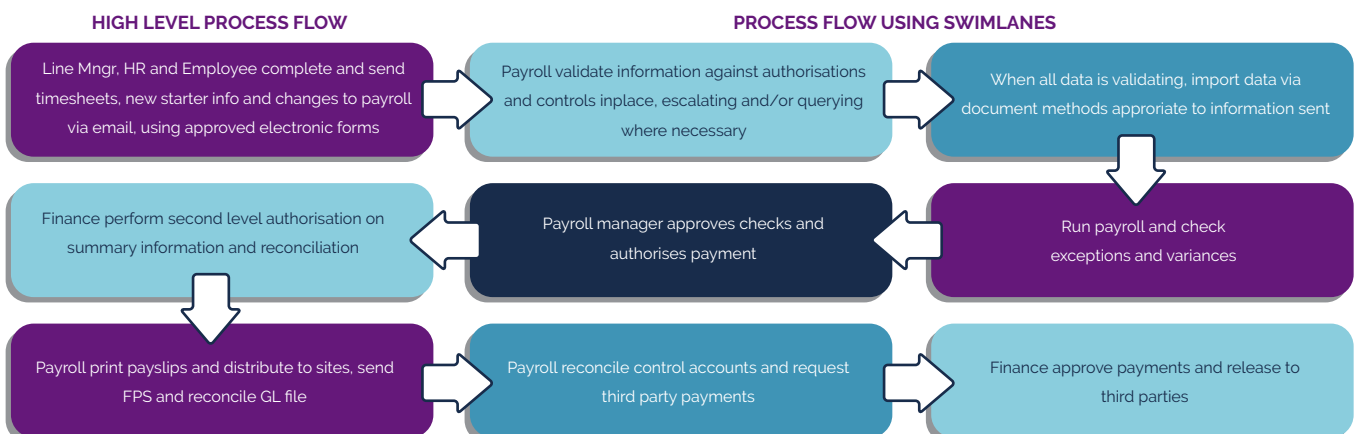
You may firstly want to group by level. In the example used in the image above there are three levels (I would encourage you to keep this category simple and minimal), which are Primary, Secondary and External.

- Primary would be stakeholders who will need to be communicated with by the core project team/manager and have a high impact and influence on the design and success of any change.
- Secondary stakeholders are people who may need to be interviewed to gather information and engaged with during the implementation, but generally may be communicated with by a primary stakeholder (who may be their line manager or not) as and when necessary, as dictated by the communications plan.
- External stakeholders are third party providers, such as pension scheme management companies, HMRC, benefit providers.

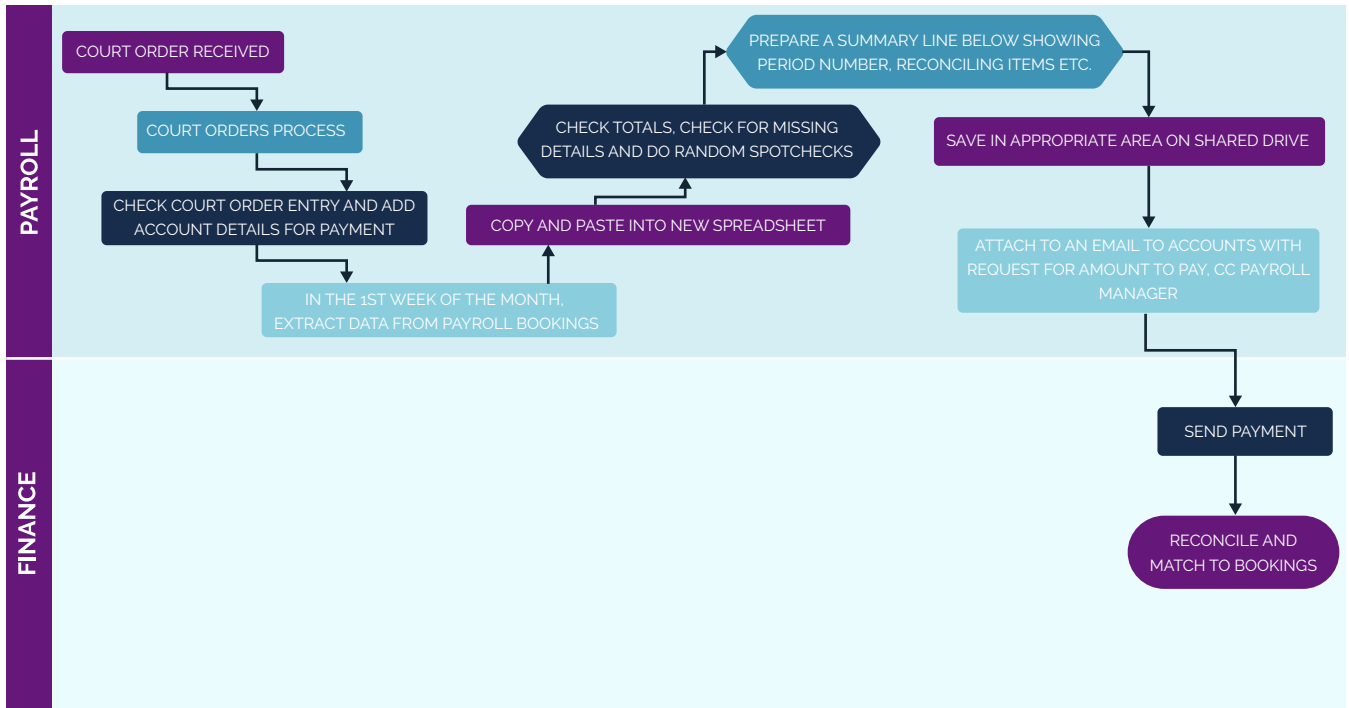
The Group should be either the status on the project, or the department.

The influence and commitment may not be immediately known, however, it is worth spending time with someone who may understand this area well. Organisational politics are always important when dealing with change. If not managed carefully stakeholders can become a blocker to a suggestion, or if they are not committed to the project there may be an issue with engagement and resistance to change, as well as freeing up resource for the project. Adding a heatmap to these last 3 columns make it easier to plan communications effectively, at the right level.

HIGH LEVEL OVERVIEW OF CURRENT PROCESSES:



COURT ORDER REPORT



As a minimum, you need to document your current processes at a high level. It would be best practice to have all processes fully documented regardless of whether a change is planned, but if this is not readily available, then getting the high-level steps of the process into a document that has been distributed, validated and agreed is essential when building your requirements analysis and designing new processes and systems. The process would be detailed more than the above example, but not necessarily as detailed as a traditional swim lane process map, local work instructions or RASCI chart, unless it is done as part of a governance process already in place for audit purposes.

Interviewing stakeholders (as defined in your stakeholder map) can be an excellent way of gathering much of the data you need. As well as gaining swift access to the processes, often (given the right interviewer – sometimes external people are used), people will share their frustrations with the current processes, as well as information about practices that don't necessarily match with what should happen. Stakeholders should also be given the opportunity to share their views on the future which will help with engagement as they will have been part of the design process.

HIGH LEVEL OVERVIEW OF CURRENT OPERATING MODEL

It is useful to do this to get a true picture of who is involved in the process of paying people, as it will not just be a payroll function. It's essential to establish costs for the current service, as well as working to establish impact and potential transfers when new roles are designed and agreed on.

OBTAIN COSTS OF CURRENT SERVICE

This can be painful for several reasons. It may be quite hard to establish true costs of the current structure. It may be that 15% of someone at a depot does some administration relating to payroll, but 85% of them works in another capacity. The business will need to decide whether it is likely that they will amalgamate some roles to see a benefit (if there enough 15% people). For example, there may be administrators at depots that are spending 20% of their time on payroll. It may be decided that some of the other work may be reshuffled to span across more than one site, so that there is a tangible saving. If five sites have 20% of potential saving and resource can be shared, then this may be counted as a cost to be saved.

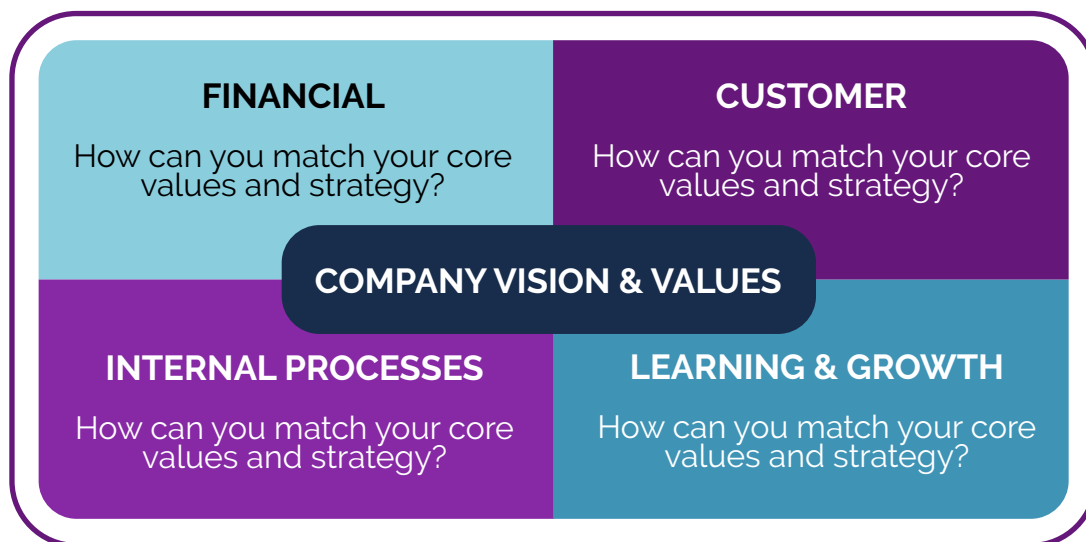
The project sponsor may want you to include or exclude these costs depending of their view. If there is a genuine requirement to reduce costs and headcount, you will no doubt be asked to include all costs:

- PAYROLL STAFF
- ACCOMMODATION
- POSTAGE
- OTHER HUMAN RESOURCE
- PRINTING
- TRAINING
- SYSTEMS AND HARDWARE
- PAYSLIPS
- SUNDRY ITEMS

It is a good idea to split your costs as much as possible but present the information in the same groups as your finance department would for the business, as it will be easier to match against reports of current costs and it will be quicker for your stakeholders to understand the data, which is always important and appreciated.

Ensure that you take the time to report the current state (processes, costs, systems and structures) back to senior stakeholders and give them the opportunity to question your findings and most importantly be ready and prepared to give answers. This is the point in time where the line in the sand is firmly drawn.

STRATEGY MAP TO ALIGN TO BUSINESS STRATEGY & OBJECTIVES



Payroll is one of the areas where this isn't seen as important, yet to get a business case approved you should be able to demonstrate more than just the costs of the project, you should also be able to demonstrate other areas of benefit.

Using a traditional strategy map can make this a simpler task by focusing on four core sections as per the above image. Workshops are a really good way of working these out and once done, they will form the main objectives of the project and potentially of a new service or system you design. You can demonstrate in the business case that the design is not based on anything other than a solution that matches the needs of the organisation.

DATA STANDARDS

When discussing completed projects with organisations they always (with not a single exception yet) say that underestimating the data part of the project was one of the top two key learnings for them.

Data standards is not simply about transferring the data from one system to another. When working on a transformation you need to decide whether the data you are storing is important and relevant in the first place, especially with GDPR (General Data Protection Regulations) just around the corner.

Working on data standards can be a lengthy process, starting with a review of your current data and a wish list of the data the business would like. Be prepared for heated views on priorities and what should be included or not. If the solution/model will belong to HR or Finance they will no doubt view the data that is relevant to them as priority, however, to give the business a benefit to the programme it is important to ensure the benefit is for your customers, not just your function. Do not underestimate the amount of time this critical workstream will take.

In the early phases of the project it's also important to discuss where the data currently resides, how easy it is to access and how accurate it is. These will all be factors when plotting the method and time for data capture and cleansing during implementation.

DESIGN FUTURE OPTIONS

Once you have gathered the As Is information you can begin going through the steps that will allow you to come up with options that have rigor, stand up to scrutiny and are aligned to the strategic objectives of your organisation.

BUSINESS READINESS WORKSHOP

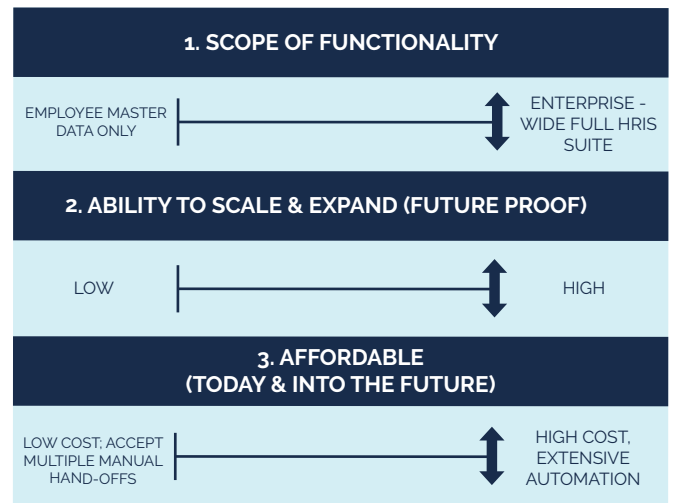
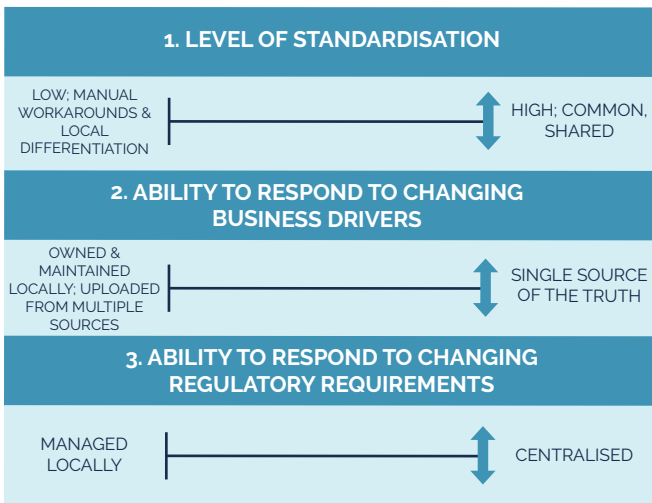
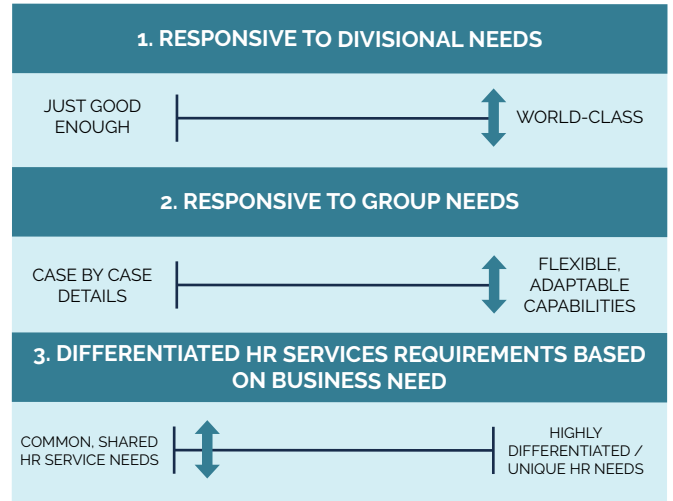
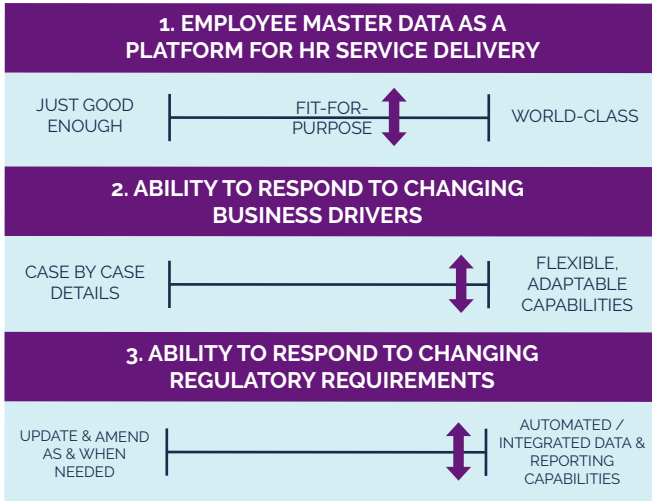
It is essential that you establish how far you can take your business. If you work in an organisation that is heavily reliant on manual processes and has a strong dislike for outsourcing and web services, as well as a proven track record in refusal to accept, or strong resistance to change, then it is unlikely you would get a web based outsourced provision that produces cost savings based on automation via the latest robotics technology through.

You may have to have a longer-term strategy and introduce your business to different elements a stage at a time. For example, in the first instance, introduce a new system that has full automation capability, but don't switch it all on in the first iteration. As the business gets used to the system start implementing 'improvements' gently to build trust and take the organisation on the journey... but how do you know how ready the business is?

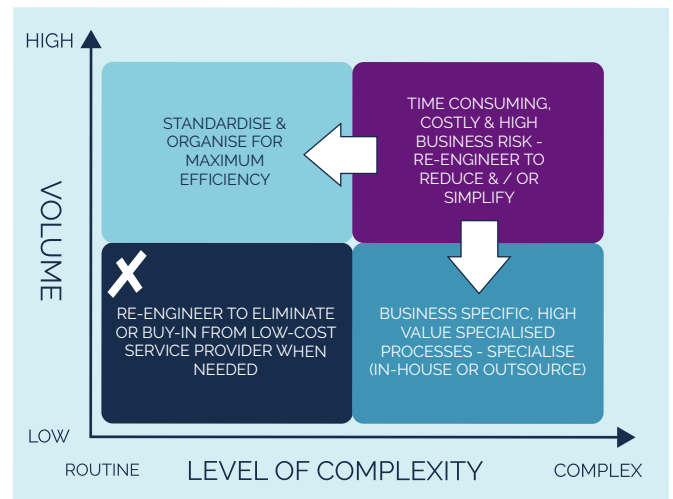
Often there are broad-brush assumptions made by senior leaders in the business that aren't true. For example, a common one is that self-service is a no-go. The staff don't have computers. When stakeholder interviews are conducted, a high percentage of staff ask for it, including online payslips.

Holding a workshop with your primary stakeholders allows you to take them on a journey. Remember that it is important that they are aware of their own readiness and make the decision about where the business really is. It is best to make this an interactive session where you act as a facilitator, guiding and advising, but not answering on the stakeholder's behalf. This can be quite tricky when you are a primary stakeholder and a facilitator, as you have to juggle both roles, which takes much skill and diplomacy, especially as you may disagree with some of the things you hear, or become frustrated with views that are expressed. During the workshop the stakeholders should make decisions that will enable you to have a clear idea of where the priorities are.

There are a few examples from a suite of business readiness discussions and decisions that will need to be made during a workshop for design principles for a multi-division/site organisation shown below:



	SELF-SERVICE	HR SERVICES	BUSINESS PARTNER	CENTRE OF EXPERTISE
LEADERS	✓	✓	✓	✓
LINE MANAGERS	✓	✓	IN LIMITED CASES	IN LIMITED CASES
EMPLOYEES	✓	✓	✗	✗



INITIAL OPERATING MODEL OPTIONS

Come up with early designs to discuss amongst the project working group and when ready, the steering group. You will understand quickly which ideas are worth pursuing and which are not. The project working group should be your first filter. You will also be building a picture of the different options that are available. This stage is where you really start to bring to life the possible solutions and it becomes exciting.

Remember how your organisation works and ensure the options you use are viable. Think about how processes would work with each option and draft some high-level processes for the most common or significant processes to help people understand how it could work, using traditional swim lanes, as these could be an excellent way of demonstrating where responsibilities for tasks may shift.

EARLY ENGAGEMENT WITH VENDORS

Before commencing the Request for Pricing (RFP) process, invite vendors in for early engagement discussions and demonstrations. Most vendors will be happy to demonstrate the full capability of their systems and talk to you about the different services they sell, as many offer a user-chooser approach to their services/software. Unless there are any options that your business has said not to consider you should discuss purchase, Software as a Service (SaaS), full outsourcing or fully managed services (and everything in-between). It's also a good idea at this stage to talk about the vendors strategy for the future, how they develop their systems and people (you may go to an outsource or fully managed service) so that you can ensure your selection is futureproof and culturally compatible with the providers you look at.

Having these demonstrations and discussions with vendors before the RFP process allows you to have a good knowledge of the art of the possible. When you build your technical requirements, you'll have a much better idea of what you want the system to do, rather than just replicating the current outdated model.

INITIAL TECHNICAL SOLUTION OPTIONS

Have a workshop with the project working group and other stakeholders that may be nominated by the business to start the process of building different options for your solution. The software you use, whether purchased outright, as SaaS or as part of an outsourced provision should be seen as a tool, or enabler to your chosen structure, not the solution. Ideally you should be building at least one option to match each of the operating model options, although you may need to build more than one; you may have purchase or SaaS options if you decide to introduce shared services, for example.

DESIGN SELECTION METHODOLOGY (MoSCoW SCORING ETC.)

Before you commence the selection process decide how you will score both your options and the systems you look at. Ideally you want both quantitative and qualitative data to score. Remain objective – it's always a good idea to have at least two people doing the scoring, to prevent any bias and remain transparent. Review your scoring with the project working group to ensure opinion is correct and with the steering group, who should accompany you on any visits to vendors and demonstrations.

Examples may be:

- **Case studies from similar programs**
- **References from providers**
- **Requirements analysis**
 - Weighted by importance of item
 - Scored using MoSCoW or similar, which should be tied into your weighting
 - Ideally designed for the option you wish to move to, although it is fine to not have all the answers at this stage, the more you include the easier it will be to ensure you have scored based on the capability of the system
 - Each question or statement should be logical and specific
 - Include your organisations minimum security standards
 - Include the fields you have defined in the data standards workstream
- **Supplier visits**
- **Cultural and aspirational match**
- **Future proofing**
- **Recommendation/unofficial references**

START FINANCIAL MODELLING

Discuss the model with your finance department. In order to have the best chance of success in getting a business case approved, build the finances in a way that your organisation is used to and ensure you compare the As Is and To Be in a transparent and familiar way. Ideally gaining assistance from someone in finance (or within a team that is responsible for major business initiatives) will result in gaining the experience and knowledge of someone who has achieved positive results specifically within your organisation. Modelling your current costs will be critical to showing you understand the current state and costs, any doubt on your ability in this area will throw further doubt on any cost benefits you suggest and could completely unravel your whole argument.

CREATE HIGH LEVEL TIMELINE FOR OPERATING MODEL, PROCESS & TECHNOLOGICAL SOLUTION IMPLEMENTATION

It is impossible at this stage to complete a full, detailed timeline for the implementation, however, you should be able to demonstrate that you know what is involved and give your business an indication to manage their expectations. It also allows the main stakeholders a chance to review against current roadmaps to flag any resource or project conflicts. This should be broken down into significant phases, or stage gates and should include:

- **Planning and preparation (essentially the current phase)**
 - Programme, governance and team set up
 - Full business case
 - Requirements definition
 - Provider procurement
 - Creation of detailed project plan
- **Design (running parallel with the above phase)**
 - Operating model and technical solution design
 - Impact analysis
 - Communications and change management strategy agreed and commenced
 - Training strategy agreed
 - Design sign off
- **Pilot**
 - Scope and identification
 - Process review and change management assessment
 - Build and review
 - Training
 - Launch and assess
 - Lessons learned/early go live support
- **Full implementation**
 - Pilot stages repeated
- **Review and assess full implementation**
 - Overall lessons learned
 - Did it meet the objectives set?
 - Was the RoI achieved?
 - Next steps/opportunities

SELECTION

Having gone through much work in terms of assessing the current state and looking at options for the future state, there should be a firm idea of two to three viable options that could work for your organisation. The final stage of the planning and preparation of your programme is all about the selection. This is the stage where a fundamental mistake can be made if the homework in the previous two stages hasn't been done. As they can take between 4 and 8 months to complete it is easy to understand why they are avoided, but really are essential.

Your business case must demonstrate that you have looked at all options from a cost, business readiness and operational perspective.

OBTAIN ESTIMATED COSTS OF POTENTIAL SOLUTIONS

Before you go through a formal RFP process it is always useful to gather some estimated costs from providers you have in mind. This will help you to establish whether you should go ahead with a business case and if so, what tier of provider you should be looking at. You may want all the benefits of a tier one provider, but don't really need them and should only be looking at tier two. If you send your RFP to tier one providers because you haven't ascertained the likelihood of your budget, they could spend days completing a response, when in reality they have no chance of securing the business. When you review what you liked during your visits and demonstrations, it is useful to have estimated costs alongside. Ideally you want up to six vendors in the RFP process.

If you use consultants for your journey they can interact with the vendors on your behalf and keep your organisation details confidential, to prevent them contacting you, or someone else in your organisation directly. Due to the nature of transformation, confidentiality is paramount as there may be changes or loss of jobs.

You may be able to obtain additional information at this stage, such as case studies and RoI information, which can become very useful for your business case. Vendors have a wealth of information and some have RoI models that you may be able to use, saving a lot of time.

INITIATE REQUEST FOR PRICING

Let your vendors know when you intend to issue the RFP as they will ensure they have resource available to respond within their business. Give them adequate time to respond with queries and detailed answers. Ideally, send the documents which pertain to financial information in a formatted model that they need to complete, as well as your requirements analysis. If you receive the answers in many different ways it is very hard to compare or match to your original model. Ensure you give them a space to comment on their scores.

CREATE REQUIREMENTS ANALYSIS & SEND WITH RFP

When you send out your RFP, ensure you send your requirements analysis spreadsheet with it, for completion. It is a good idea to protect it so the vendors can't alter the scoring formulas or tailor their answers to score high in the areas that are most heavily weighted. If they can't see it they don't know what is important and will have to answer everything in the same way.

DECISION ON WAY COSTS WILL BE DISTRIBUTED (I.E. IMPLEMENTATION COSTS AS ONE OFF SPREAD, BTAIN FIXED COSTS FROM SUPPLIERS?)

In the current financial climate businesses don't always have funds available for investment and the implementation costs of a transformation can make or break a business case.

Many vendors will offer flexible approaches to the implementation costs, such as spreading the implementation cost over the running contract costs. It may be that your estimated savings are such that slightly raised running costs are easily digestible, whereas a significant up-front investment cost is not. The result should be that the overall cost is the same. It is also worth negotiating a fixed implementation cost if your budget is tight and you want to prevent overrun. This can be achieved by the vendor coming into the business to carry out a discovery session, usually of 4 to 5 working days, to enable them to give an accurate cost for consultancy and software. You may even be able to negotiate this as a free service, but may have to award a vendor preferred supplier status to do so. So make sure you do this once you are reasonably sure you are negotiating with the provider you prefer.

The vendors should be more than happy to discuss different ways of making the service attractive, however, if you will be using external consultants in addition to the vendor, you will need to factor these into your costs.

CREATE BUSINESS CASE & OBTAIN SIGN OFF

You have everything you need to be able to create a strong, informative business case. There are many templates available on the internet, but you may find that your organisation already has a standard template that you will need to complete. As you're working through it make sure you are engaging with the steering group and your contact from finance, previously mentioned.

It may not be the person who created the business case who presents it for sign off. It may be one of the project sponsors. If this is the case, make sure you spend plenty of time with them so they fully understand the details and can respond to questions or challenges in a confident and informed way.

CONTRACT NEGOTIATIONS & SIGN OFF

Negotiating the terms of a contract can take anything from a few weeks to months. The length of time depends on how pragmatic both sides can be. How this goes should be an indication of how the relationship will be, going forward. It is important to remember that any agreement should be a partnership, not a way of one side gaining an advantage. It is always beneficial to introduce penalties into contracts if services drop below an agreed level, or get out clauses, but the focus must be on regular meetings and management of minor problems before they become significant.

If you have no real experience of negotiating contracts and your legal team do not have expertise in this industry, it may well be beneficial to hire a consultant to review the contract and give you feedback.

Generally there will be a cool off period after the contracts are signed for both sides to ready their teams for an implementation, which is usually around four weeks, but this can vary depending on which vendor you select.

RECOMMENDATIONS

Much of this critical phase of any transformation is skipped so solutions delivered, although effective in their own right, are not the best fit for an organisation. Although this is a very high level overview of the process, it should give some indication of what is involved in preparing in a way that enables it to be successful and best fit for the organisation concerned.

If budget is available and the skills are not available in-house due to lack of knowledge or availability it is always worthwhile looking at hiring experienced consultants. They should carry out a high level version of the first two phases of this with you. You should learn from this how viable a transformation would be, or whether you should focus on some process/system re-engineering to better enable the service provision you already have in place, without further significant investment and changes.

Many organisations run their payroll functions in an extremely Lean way and there is little in terms of resource availability for projects. If this is the case the best thing to do would be to bring someone in who can be involved, potentially for the life of the transformation. The role of this/these consultants would be to support the business in developing their own solution, by giving expert advice and guidance, as well as taking care of tasks involved. It is extremely important that the business makes the decisions when selecting the final option. The point of carrying out this exercise is that the business is informed and empowered.

Some recruitment agencies work with consultants when fulfilling requirements for project work. They should be able to advise and guide you about what level of consultants you need, letting you know expected rates for these in order to help you manage budgets and expectations. The fact that they will have established relationships with successful consultants means they will have a pool of people from which to match your requirements, whether you are looking for a high level oversight role, such as a programme director or strategist, a subject matter expert, a good all-rounder or a business analyst who will take direction and go off and gather information. The recruiters can also work with you on the likelihood of sourcing your requirements, for example if you want a consultant to work 1 day every two weeks in an advisory capacity to support an internal resource, or engage a full team to come and work with you to bring the project to fruition.

Some organisations insist on a business case for each stage of the project (feasibility, planning, implementation), which can cause delays, but can also be an opportunity to take stock at the end of each phase, review or change the teams involved and get ready for the next phase. There are benefits and disadvantages to this, not least being the risk that internal experts may move on, or external consultants may not be able to drop in and out of the project when you require them if there are significant delays between phases.

Many subject matter experts (such as Payroll Managers) have an excellent level of knowledge and are true subject matter experts in their area, however, they may not have confidence or may need guidance and mentoring during the process if they carry out the work themselves. It is essential that they feel adequately supported throughout the process and risks aren't encountered due to the lack of knowledge and the many factors that need to be considered. Often businesses choose not to hire an external consultant as the vendor will provide a Project Manager, but it is often better to have someone who can work with the client and vendor in partnership, in an objective way.

We hope you have enjoyed this whitepaper!

This whitepaper was produced by JGA Recruitment in conjunction with Jeanette Hibbert of Neonblaze Consulting.

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