International Payroll Administration

Stakeholder Management for Implementing a Global Payroll Solution

This article is the third of a four-part ScottMadden series about the world of international payroll administration, covering the solution landscape, transition planning, stakeholder management, and international implementation management.

INTRODUCTION

The first two articles in this series, "Solutions for Improving Global Service Delivery" and "Transition Planning for a Global Payroll Solution," provide an understanding of the worldwide payroll solution landscape and how to prepare for your transition to a global payroll model.

The next area of focus in our series is effective stakeholder management. For a successful implementation, companies need to identify and organize stakeholders, outline a communication plan tailored to each stakeholder group, and effectively manage issue escalation.

IDENTIFY AND ORGANIZE YOUR STAKEHOLDERS

From your company headquarters to its international offices, stakeholders impact change. They can accept or resist it and will influence others to do the same. Identifying key influencers and engaging them in the transformation is essential to a successful implementation.

There are many potential stakeholders within an organization, yet the best stakeholders are those with a vested interest in implementation *and* those having the greatest influence. Four groups to focus on include:

- Incoming Solution/Vendor Team – Integrating this team into the existing organization facilitates successful solution implementation and eases the transition

- Senior Leadership – Collectively, this group is in a position to leverage its influence to set the tone of the implementation and need to change for all employees

- Business Unit Management – These leaders have significant influence over the locally impacted organization and the way it is willing to operate

- Local Payroll Leads – With responsibility for day-to-day payroll tasks at the local level, this group is highly impactful from the ground up

Let's now examine each stakeholder group in detail and discuss how to optimize your interaction.

Incoming Solution/Vendor Team. Whether your company is working with an external vendor or an internal solutions team, their integration among the overall project team is critical. For either approach, clear roles and responsibilities, as well as frequent and meaningful communication, form the basis for this integration and foster trust among parties. Roles and responsibilities need to be outlined in detail and discussed with each party throughout the implementation. Frequent communication is best accomplished through

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regularly scheduled team meetings and/or calls. When an external vendor is used, it should be actively managed and held accountable for its contracted capabilities. Too frequently, the project team shifts from management to covering the vendor's work when it is not fulfilling contracted roles and responsibilities. This will erode confidence among local payroll, business leaders, and other participants. The better solution is to force the vendor to meet its obligations.

Senior Leadership. Engaging senior leaders in the development of high-level payroll design requirements, as well as elements of implementation planning, builds their buy-in to the new payroll solution. This engagement also creates the opportunity for senior leaders to contribute experience and insightful suggestions on how to manage aspects of the change across the organization. A steering committee is one proven way to bring together senior leadership stakeholders across corporate functions and lines of business to gain valuable input. It allows you to centralize and collectively manage the need to address issues, request input, and receive feedback. This group can also serve as ambassadors for the change.

Make a determination as to whether your effort is best served by having both an executive steering committee and an operational steering committee. ScottMadden recommends having both to increase the number of leaders actively involved in supporting the initiative's success, while keeping roles and responsibilities clear between different levels of leadership. The executive steering committee is comprised of senior leaders with the authority and capability to navigate the global functional, technology, legal, procurement, and information security challenges that will arise. The executive steering committee owns pursuit of the project vision and is ultimately accountable for its success. Therefore, it oversees the project team structure, scope, decision-making process, and budget. The operational steering committee includes cross-functional leaders who act globally but are closer to the day-to-day management of operations. The operational steering committee helps anticipate obstacles, solution policy and process workarounds, and support change management efforts. Influence and relationships at the country and local levels allow the operational steering committee members to be effective. Communicate consistently and schedule regular updates between the committees and project management to keep parties aligned and executive and operational leaders engaged and supportive.

Business Unit Management. Regional business unit and country-based management can help the implementation team by sharing the current business objectives, temperament, and competing initiatives within the region. They can also assist the project team with details on how to customize the implementation approach in each country. Since the regional business unit and country-based management will interact with the senior leadership on the steering committee, the local payroll leads, and the project team, it is important to thoroughly engage with them early in the project, explain the impact of the project, succinctly and regularly update them, and respond in a timely manner to the concerns they raise.

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> **Who are the people in your neighborhood?**
>
> *Promptly identify and engage stakeholders to gain traction and plan for potential obstacles ahead.*

Local Payroll Leads. The people in your company overseeing local payroll will be the most impacted by the change. Once you understand the current local payroll organizational structure and staff, including local leads, payroll managers, and/or country or regionally focused staff, you can establish strong lines of communication with each key contributor and gather implementation-critical input. The local payroll organization can provide the team with cultural and operational specifics tied to each country, such as unique testing habits; for instance, the desire of one country to balance to the penny while another country allows larger variances.

Another scenario you may face is a regional payroll structure that lacks local or country payroll expertise assigned to the implementation. Typically, this regional payroll project team has a broader geographic focus and may lack awareness of tax laws and government regulations across a country or region. In the case of a regional payroll organizational structure, ScottMadden recommends the project team prepare its own country or local research to support decisions made with regional representatives.

TAILOR YOUR COMMUNICATIONS

Due to the different audiences with which the project team works, the creation of a well-defined communication plan is essential prior to any stakeholder engagement. The plan helps to proactively set expectations among all employees by sharing "why" the payroll process changes make sense. Once an overall explanation of the business case has been made, subsequent communications can be tailored to the smaller, line-of-business-specific groups among stakeholders.

When communicating "why," customize your delivery for the audience. Changing payroll processes to achieve cost savings does not necessarily motivate everyone, especially those who have to learn to work with a new process. Whatever the "why," ensure the message delivered to justify change is best suited to the individual stakeholder audience with whom you are engaging. Also keep in mind appropriate communication tactics. In general, distributing a status report to your organization is a good way to regularly communicate to all your stakeholders. Alternatively, reports that address progress and challenges related to functionality, integration, testing, and country-specific requirements can be posted to a shared folder for stakeholders to review. For example, monthly or quarterly reports highlighting countries that have gone live and the associated headcount of employees receiving paychecks from the new vendor are valuable and should be distributed. Remember to include the incoming solution/vendor team in the communication loop so all parties are aligned.

Communications tailored to the steering committee should focus on overall project progress, major issue tracking and resolution, and the financial impacts of the implementation. For regional and country payroll managers, modify communications to include tactical, day-to-day procedural details. As processes are settled during a pilot phase, relay those decisions to the upcoming regions and request feedback on how specific decisions may impact local operations. Proactively connect with managers, use them as project ambassadors, and encourage and provide the means for them to share internal best practices.

Invite feedback early and often, and reach out regularly to the extended team and stakeholders to ensure the implementation remains on track. Your stakeholders should act as extensions of the project team and offer support and further communication to their respective teams. After communicating and listening to

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stakeholders, be willing to ask for their help. The sooner their input is received, the better you are able to deliver a successful and mutually beneficial implementation.

MANAGE ISSUE ESCALATION

Always remember that the bottom line is to ensure that employees are paid accurately and on time. When issues arise, determine what impact they may have on employees. Is it truly urgent or something that can wait?

As is often the case with implementations and payroll process change, roles and responsibilities may shift, resulting in the transfer of ownership from one person to another. This shift of ownership can cause conflict. Planning in advance allows the project team to determine what changes are best for senior management to communicate. Perceived or actual loss of control or reduction in responsibilities are not easy for staff. These require a clear message from the correct stakeholder with explanations of the new process and the importance of adapting to the change. Remember to tap your stakeholder resources as needed, though make sure you do not exhaust their willingness to help.

What's the word?

Invite feedback from stakeholders early and often. Be consistent in your requests for feedback and be prepared to act on it.

During the implementation you may uncover major, previously undisclosed issues, such as learning that the prior way of calculating payroll was not correct. While this is a sensitive discovery, perhaps it occurred due to a change in tax law or because the government recently added regulations not yet adopted. In any case, you'll need to quickly communicate findings to the regional leadership and appropriate steering committee.

When working with a vendor or in-country provider, keep an eye out for tasks that may be beyond the focus of the current contract or project. These activities need to be documented and communicated to stakeholders, but the implementation should proceed according to the initial scope in order to complete the transition.

IN SUMMARY

By taking the time to plan and accommodate the interests of global stakeholders, your payroll implementation will be more likely to succeed. Gaining that essential buy-in from stakeholders from senior management to local payroll managers will enhance communication across ranks and borders, enabling company employees to experience a seamless transition to a new payroll process.

ABOUT SCOTTMADDEN'S CORPORATE & SHARED SERVICES PRACTICE

ScottMadden has been a pioneer in corporate and shared services since the practice began decades ago. Our Corporate & Shared Services practice has completed more than 1,300 projects since the early 90s, including hundreds of large, multi-year implementations. Our clients span a variety of industries from entertainment to energy to high tech. Examples of our projects include business case development, shared services design, and shared services build support and implementation.

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