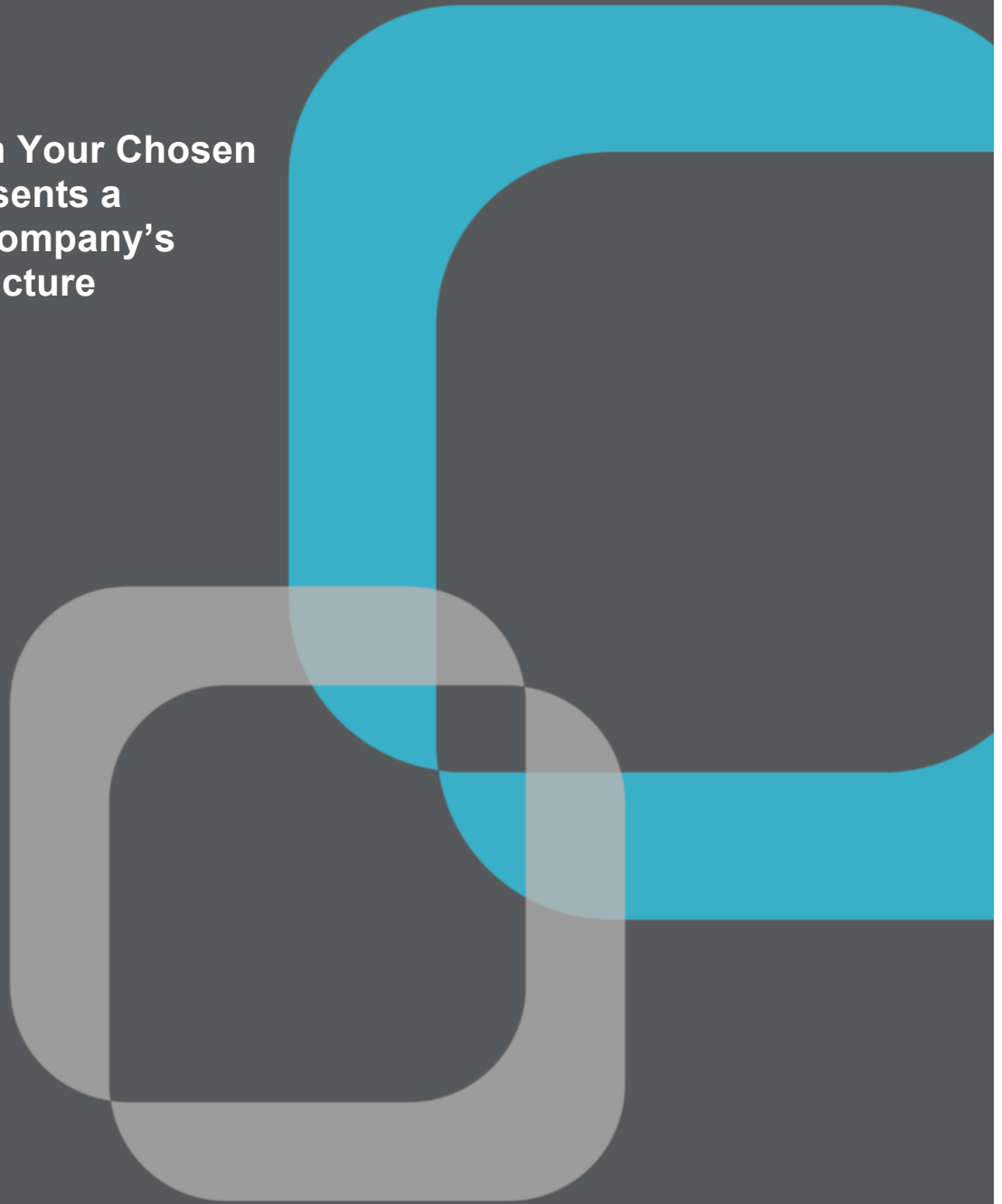


# Divergent: When Your Chosen Technology Presents a Mismatch to a Company's Culture and Structure

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In every boardroom and executive office, the C-suite is asking leadership teams to be strategic, be proactive, and look for opportunities for growth. For their part, leaders in HR are embracing new, cloud-based technologies that provide self-service, data analytics, and process automation. Their goals are to increase the speed and consistency of daily business activities and provide a user-friendly access point to employees and customers. There are many system transformation success stories and just as many failures. System transformations fail because organizations run into unexpected, legacy infrastructure and practices that are difficult to navigate or alter.

So, what happens when the opportunity and requirements for change do not fit the company's culture and existing structures? In this article, we examine key challenges organizations face when implementing cloud-based Human Resources Management Systems (HRMS).

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## HUMAN RESOURCES MANAGEMENT SYSTEMS (HRMS)

Cloud-based or Software-as-a-Service (SaaS) applications, like Workday, UltiPro, and SuccessFactors, are experiencing widespread growth. Because these solutions are faster and less expensive to implement than on-premise solutions, they are gaining traction within companies of all sizes. In addition, many of these SaaS systems offer newer, leading practice functionality. As an example, Workday has a clean user interface for employee and manager self-service, a robust catalog of business processes and workflow, and sophisticated reporting capabilities, all of which are key requirements for HR in the future.

The business case for shifting to an application like Workday often seems strong; however, challenges exist. Specifically, there are four areas where we see companies struggle the most.

### 1. Employee and Manager Self-Service

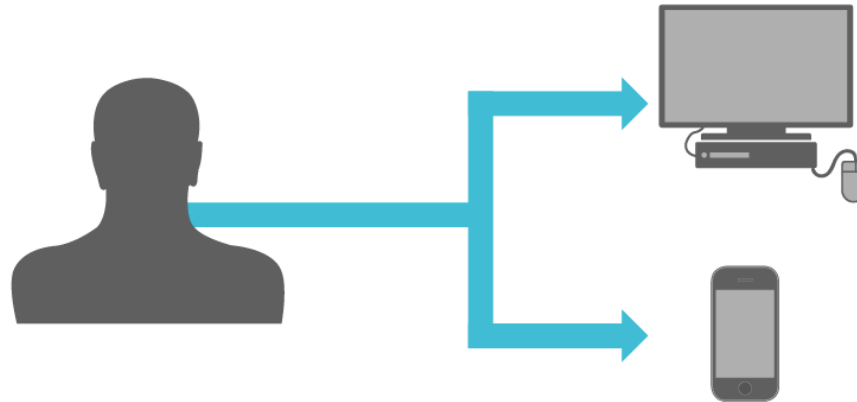
Today's HR systems offer a catalog of processes that can be leveraged for employee and manager self-service. They can be easily configured, enabled, and disabled based on the choice of features that leadership desires. During the initial sales and design phases, these features look snazzy and streamlined; however, these features present critical decisions that can be tough for companies to make.

**How much do we want our employees and managers to see?** Data transparency is one of the hardest decisions in configuring a new HRMS. In some companies, the idea of showing an organizational hierarchy to employees is commonplace, while in others, an organization chart is considered sensitive information. Similarly, manager self-service access to employee compensation can be fraught with questions and concerns.

**Am I just doing HR's work?** This is a common question from managers when deploying manager self-service. In all manager self-service design scenarios, it is important to focus scope on high-volume transactions that are an efficient use of a manager's time. Understanding process steps, cycle times, and approval flows during the design phase is key to identify priority manager self-service transactions.

All of these decisions are difficult and should be planned for in the design phase timeline. It is possible to leverage the majority of available features of SaaS HRMS applications; however, this requires upfront planning and leadership support to ensure success.

**Figure 1: Tier 0 Full Service**



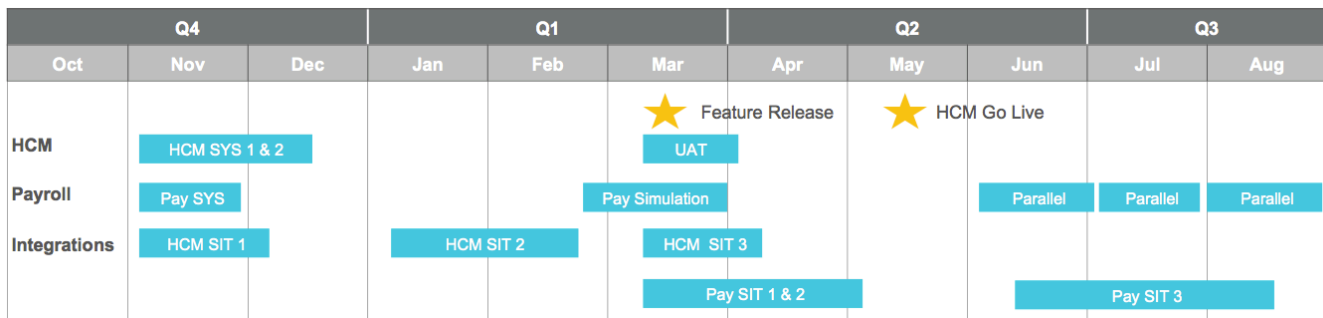
## 2. Testing

The foundation for a smooth and successful system implementation is a thorough testing program, where processes are repeatedly tested and situations are pursued to “break” the application. Typical test phases include system configuration, integration, and user acceptance. The complexity of each testing phase, which can vary significantly, is usually driven by the company’s culture. The testing approach for a SaaS implementer is different. A SaaS implementer’s approach is “try, fix, and try again” versus many clients’ desire for a formal test cycle approach with documentation of functional and technical requirements, test cases, results, and sign-offs. This new approach is known as Agile software development.

***How long will our testing phase be?*** Duration of the testing phase will impact the overall implementation timeline. The number of business processes, number and complexity of integrations, and number of people involved with upstream, middleware, and downstream systems influences the time required to execute a full cycle of testing. However, the biggest driver of testing duration and complexity is the organization’s historical application testing approach. As mentioned above, executives are often not comfortable with an Agile methodology. Determining testing scope and whether and how to modify a traditional implementation approach for a SaaS application is an important discussion. This discussion should be initiated during initial vendor negotiations and involve key business functions. If expectations are outlined at the beginning of negotiations, there will be fewer surprises at the new system launch.

The timeline for testing HR and payroll business processes can range from 4 to 12 months, depending upon the need for system, integration, and parallel testing and the number of cycles desired.

**Figure 2: Illustrative Testing Timeline**



### 3. Reporting

Reporting and analytics have been a prominent topic in the HR space for several years, and SaaS-based HRMS solution providers have focused on improving this functionality. The inherent analytics features of SaaS-based HRMS systems, like Workday, are enabling HR and business leaders to better leverage their organizational data for strategic decisions. Companies that adopt the reporting functionality of these SaaS systems can truly increase their organizational agility. If organized and implemented effectively, reporting can meet the broad needs of the organization in a simplified way.

**What should we include in our standard reports or queries?** SaaS-based reporting tools are so robust that it is difficult to determine what needs to be built. On a recent project, we were able to reduce more than 2,000 HRMS-based reports to less than 200 SaaS-based self-serve reports. SaaS-based reporting functionality is fantastic, but it can be overwhelming in the design and configuration of the system. As one of our clients stated when summarizing the best and worst elements of Workday, “reporting, for both...” Reporting functionality within SaaS-based systems, like Workday, provides the sophisticated analytics and interpretive data that HR desires; however, the way data are stored is complex. In addition, data are linked through a web of connected and calculated fields. It is very different than the traditional HRMS table structure. Focus intently on how your organization will use data with the new SaaS-based system to simplify and guide the reporting design discussion.

### 4. Implementation Time

SaaS systems are designed to be implemented faster than legacy or on premise applications. Despite this capability of SaaS-based systems, implementation time remains dependent on internal requirements and capabilities. To ensure a successful implementation, organizational change and reskilling of employees will be required before go-live. In addition, factors like business process complexity, the number of system integrations, the number of testing cycles, and the desired level of data cleanliness can impact the plan. Each of these attributes can add weeks to an implementation. We recommend thinking through these elements while creating the business case and project plan for the new system. For example, if your organization has complex processes or a demanding IT organization, build this complexity into the project plan.

Leaders who want to foster change will find that a new SaaS-based HR or payroll system is worth the time and investment. Employees can be quick to adopt new features, and operations are usually less disrupted than stakeholders fear, especially if system implementation is supported with robust communications and change management activities. A new technology can provide the foundation for broader transformation activities and move the company forward in its HR roadmap.

ScottMadden has extensive experience helping clients transition between legacy systems and new technology implementations successfully. Contact us to learn more.

*"It is not the strongest or the most intelligent who will survive but those who can best manage change."*

- Charles Darwin