

Transforming Solutions, Inc.

Helping Organizations Improve the Effectiveness of Their People, Processes and Technology

Chicago • Denver

TSI Quarterly

Volume 1, Fall

October, 1999

Welcome!

Autumn. With changes in scenery and weather come so many images that translate directly to our business experience. As the trees lose their leaves and hunker down in advance of approaching winter, so are most organizations finalizing their preparation for Y2K (will we ever lose this word from our vocabulary?). As a certain stillness begins to overlay the fields and forests – and yards – we, too, are calmly preparing for the challenges and opportunities of the next millennium.

Welcome to the new, re-designed newsletter of Transforming Solutions, Inc. Our goal is to provide you, our clients and friends, with information and updates regarding TSI and our services that will help you make better business decisions. Each quarter we will share news and ideas from our team that we hope you will find intriguing and thought-provoking. We also welcome your feedback, and promise to incorporate your needs and knowledge as we improve our services and this newsletter.

This has been a busy season for us. Like the fabled ant vs. the grasshopper, we have spent the summer preparing for the future; in effect, transforming Transforming Solutions. Two new partners, David Moore and Chris Walsh, have joined TSI. Both bring years of project management, process improvement, organizational development and systems implementation experience to the company. We have relocated to new office space in Chicago's River West neighborhood, increasing our conferencing and administrative capacity. We are re-working our Web site to provide you with updated information in a more user-friendly format; look for the improvements on November 15th, at www.transforming.com.

Finally, in this issue of the newsletter we bring you an in-depth article from Dan Feely, presenting a methodology for creating real breakthroughs in HR systems implementations. If you have additional questions regarding this article, e-mail us at info@transforming.com.

- The Editors

Achieving REAL, TANGIBLE and SIGNIFICANT Breakthroughs with Human Resources Process and Technology Strategy

— by Daniel P. Feely, Transforming Solutions, Inc.

Today's HR Executives and Professionals are faced with juggling numerous initiatives in an attempt to improve business performance and results. These initiatives often include:

- Training programs
- Process re-engineering
- Organizational restructuring
- Performance measurement and management

- Strategy/mission/culture development
- HRMS (Human Resource Management System) selection and implementation.

Making progress on even **one** of these initiatives requires successfully identifying and managing real and persistent obstacles against implementing the requisite change. Multiply these issues by the number of initiatives, and even a limited set of improvement goals can seem daunting. **Why can't HR seem to break out of**

Achieving Breakthroughs

(Continued from page 1)

the cycle of failing to accomplish the business performance gains we thought we would achieve?

In the context of the current and anticipated climate of HR, this article defines a path to achieve breakthroughs in HR performance and avoid the pitfalls that the obstacles to change can cause.

What's going on in the world of HR?

With varying degrees of success, HR has attempted to revitalize its capabilities for years. Kesler (1995) has written about the lack of breakthrough in HR fundamentals (transactional processes), causing HR Professionals to remain buried in the administrivia associated with Personnel, Payroll and Benefits transactions. The cost to an organization of failing to evolve the HR organization from one that struggles to complete voluminous HR tasks, into one that enables the business as a whole to compete and grow more profitably, is significant.

As a result, HR organizations find themselves in a precarious situation. They often need to focus on competing, if not conflicting objectives. Some HR organizations, within high growth industries or companies, need to focus on hiring, training and retention aspects in a profitable manner. Other HR organizations within businesses or industries that are stagnant or consolidating focus on increasing the amount of value they can provide per dollar of HR "cost". Some need to do both. Unfortunately, achieving and measuring performance improvements in these areas is significantly more difficult than it seems.

Key Obstacles

It is clear why organizations struggle to improve while other organizations reinvent themselves every several years with minimal disruption even in times of significant growth. Although most HR organizations have excellent and sincere intentions, many struggle when it comes to execution. The exhibit on the right, details the **Top 10 Most Common Obstacles to Implementing HR Process Change** the authors have experienced while assisting a variety of organizations define and implement organizational and business change. Of these obstacles, the mismanagement of new HRMS implementations is one of the most pervasive and can be one of the most frustrating obstacles to address. The approach provided later in this article focuses on addressing all of the obstacles while paying particular attention to HRMS implementations in particular.

The obstacles can be grouped into the following three categories and are detailed below.

Cultural

- **Lack of focus and/or a shared and clear understanding of the Change Mission and Destination**

How clearly does everyone in the organization, or at least those involved with the change project, know what the desired end result is? Are the specific activities and expected outcomes defined? Are they communicated? How well are they understood and known by the necessary individuals? We assessed one large Canadian bank that evaluated their HR professional and found that they spent less than 5% of their time on

(Continued on page 3)

Top 10 Most Common Obstacles to Implementing HR Process Change

Cultural

1. Lack of focus and/or a shared and clear understanding of the Change Mission and Destination.
2. Inadequate alignment of the Project's improvement objectives with Enterprise-level Goals.
3. Lack of a predisposition to improve.
4. Lack of a process and results focus.

Management and Prioritization

5. Faltering Executive Leadership and Support .
6. Lack of consistent commitment from Project Team.
7. No, or limited, human capacity to change.
8. Insufficient funding to implement change.

Technical

9. Complexity of systems challenges (that becomes an excuse for lack of action).
10. **Mismanagement of HRMS implementations.**

Achieving Breakthroughs

(Continued from page 2)

the top six activities the bank deemed important.

- **Inadequate alignment of the Project's improvement objectives with Enterprise-level goals**

How well does the intended result of the project align and enable higher level goals? Are these in concert or in conflict? Proper alignment of the project with higher-level goals perpetuates a direct linkage and continual sense of urgency at multiple levels. One of the common denominators of our successful projects is direct linkage between the outcomes of the project with important higher-level goals in the enterprise. For example, one client was facing significantly declining sales and market share resulting from changes in marketplace buying patterns, as well as evolving customer service, quality and performance expectations. To address this, they launched a project team chartered with understanding its business context (i.e., high level state of the industry, organization and departments and define where it wants to go). Then the team defined and analyzed current business processes and invented and implemented improved processes. Finally, the employees led the organizational re-structuring and roles and responsibilities redesign, and signed up for their preferred role. The majority of the recommendations were implemented within 90 days. Following the implementation, this organization realized its highest sales months in its over 100 year history, while using minimal overtime to meet this surge in business. For this project, there was a direct and important linkage between the project outcomes and the business objectives.

- **Lack of a predisposition to improve**

As the saying goes, "history repeats itself". How well does your organization rate in terms of:

1. Starting, but not finishing projects?
2. Defining recommendations, but not fully implementing them?
3. Evaluating new technology, but not fixing leaks in current systems first?
4. Redefining positions, but remaining in familiar roles?

Breaking this chain is one, if not the most, difficult of tasks. If you were to perform a root cause analysis, one would also find that this obstacle is dependent upon, or related to, many of the other obstacles listed here. Consequently, if we follow the path to address the other nine obstacles described in this article, in most cases, this obstacle will also resolve itself.

- **Lack of a process and results focus**

This obstacle has strong ties to the management of HRMS implementations, but can be an obstacle on its own as well. At the risk of providing a recommendation in absolute terms, every HR change initiative must consider its related processes, preferably from a lifecycle perspective. What does this mean? Let's assume an organization wants to implement an improved HRMS because it would like to insource benefits administration in addition to performing its myriad of other HR, Payroll and Benefit functions. To achieve this we need to define what specific end results our internal/external customers should experience (e.g., ability to change 401k amounts either by phone, internet or kiosk). Based on these results, we then need to define how the processes **should** perform from beginning to end, through all stages of maturity to achieve those results. Failing to define both the expected results and the necessary process to achieve those results can ultimately cause confusion, competing priorities, and impede project success.

Management/Priorities

- **Faltering Executive Leadership and Support**

(Continued on page 4)

Achieving Breakthroughs

(Continued from page 3)

Several years ago a large international publishing company we were working with was attempting to evaluate, select and implement a HRMS. The CFO and General Counsel were the two executive sponsors since in this organization Payroll reported to the CFO and HR reported up to the General Counsel. As one might imagine their needs and desires were 180 degrees apart. Payroll wanted a system that would print a check and interface with the accounting system; HR wanted a significantly more robust system that would enable the proper management of human resources and foster a closer partnership with the business units. The SVP of HR was frequently caught in the middle in trying to manage a project to please completely different expectations. As a result, minimal and very slow progress was made to improve the processes and select and implement the improved HRMS across the enterprise.

- **Lack of consistent commitment from Project Team**

In addition to freeing up capacity to change, we also need to address the “What’s in it for me?” question on behalf of the project team members. When we’ve examined our most successful projects, the following elements were in place relative to this obstacle:

1. Completing the project successfully (Note: success was specifically defined) was part of the project member’s performance goals;
2. A significant incentive was attached to achieving this goal;
3. The organization viewed employees who were part of successful projects as the “rising stars” in the organization, as opposed to creating project “parking lots” for mediocre performers.

When these elements have not been in place, project team members often missed critical meetings (since there were no repercussions), and did not participate with the necessary level of engagement.

- **No, or limited human, capacity to change**

Change takes time. Lots of it. It takes time to implement change and it takes time away from the HR Professional’s other commitments to lead and participate in the change process. Frequently it seems that we want to add the desired change project to a schedule that is already at overcapacity. If we fail to dedicate key resources (either a day per week or more) and if we fail to provide these resources with additional help or a reduced non-project workload while working on the project, the following will occur:

1. Burn out of our star performers;
2. Deadlines and quality standards will be missed.

- **Insufficient funding to implement change**

If you agree that “Change Takes Time”, you should also agree that “Time is Money”. Too often organizations fail to consider all of the internal and external costs involved in improving processes and implementing an HRMS package. These costs can include:

1. Software package plus ongoing maintenance;
2. Internal and external resource costs to define requirements; evaluate, select and implement the package; and define improved processes;
3. Incentives for resources on the project;
4. Software development costs to modify related interfaces;
5. Resources to modify procedures, position descriptions and related performance management systems;
6. Travel costs to benchmark other organizations and evaluate vendors;

(Continued on page 5)

Achieving Breakthroughs

(Continued from page 4)

7. Temporary staffing costs when operating dual systems and converting data;
8. Employee and manager training on new processes and systems;
9. Communicating the benefits and purposes of the project to the organization.

Technical

- **Complexity of current systems (that becomes an excuse for lack of action)**

HR organizations often remain at status quo, since it is easier to do nothing than to change their patchwork of legacy systems. Only when faced with significant concerns (such as Y2K issues, repeated system failures, or changes in external requirements) is action taken toward improvement. With the systems growing static, outdated and inflexible, the processes follow suit, resulting in growing customer dissatisfaction.

Compare a legacy system to a house that has been patched, repaired and partially renovated over a long period of time. Now assume that you need this house to provide capabilities that were never considered when the house was built. For example, assume you need Internet access and running water in every room of the house. Can you get there with the current structure? Or does it make better long-term sense to raze the house and start fresh?

- **Mismanagement of new HRMS implementations**

Today there is a tight relationship between how the business performs and the enabling technology. In fact they are virtually inseparable. In spite of this, some organizations attempt to select and implement an HRMS in relative isolation from either the business or IT community. Or the approach they follow has an imbalance between the business goals and technical requirements, resulting in the selection of a system that satisfies only one or the other, but not both.

One of the big misconceptions about PeopleSoft, SAP and other functional HRMS packages is what they contain (or don't contain) "out of the box". PeopleSoft, SAP and other systems are quite flexible, because they are essentially skeletal databases that support loosely linked panels for data entry and viewing. Each system requires a tremendous amount of customization and tailoring. Failing to specify both **process** and **information** requirements for **your** organization is one of the most critical mistakes a project team can make, since these must be defined to effectively set up and operate the system.

In a variety of ways, we have all experienced many of these obstacles. The challenge remains in how do we get started to get focused, address these obstacles and create a breakthrough. The approach provided below describes how to create a sense of urgency, focus and blitz the issues at hand.

How To Address These Obstacles Rapidly And Directly

It is no secret that the hardest part of any project is getting started. What problems are the biggest and most important? Which customer group needs help the most? Who needs help most immediately? Will we get the biggest return on our HR investment by replacing our systems vs. outsourcing a function? These and other questions can easily paralyze our progress.

One of our recent client engagements illustrates how to get started, generate and sustain momentum, and gain the support of key constituents while getting real work completed quickly. This client is a multinational investment-banking arm of an international bank (for the sake of this article, we will refer to this bank as HR Bank). HR Bank had gone through a variety of mergers and acquisitions and now needed to develop more seamless HR processes while

(Continued on page 6)

Achieving Breakthroughs

(Continued from page 5)

elevating the role of its involvement with its business customers. Our role was to assist HR Bank with defining their business strategy, their HR strategy and defining their HR processes in the context of implementing PeopleSoft.

Based on our experiences, the following seven steps are key to getting started and addressing the above-described obstacles:

1. Find an executive, who is empowered in HR and can get excited about the possibilities for change. At HR Bank, we secured the sponsorship of an executive with vision and an ability of talk about this vision in “real terms” that line employees could identify with and rally around.
2. Seek to obtain additional support from executives and senior managers in related groups. For example, when looking at implementing a new HRMS, ensure both the business and Finance constituents are kept well informed, involved and aligned.
3. Create a “Road Map” for going forward. The Road Map should clearly identify:
 - The desired destination and end results;
 - The benefits associated with arriving at that destination;
 - Potential costs and risks to make the journey.

Since it can be difficult to complete this portion of the process, here is how one might utilize a facilitated work session to analyze the inherent issues and obtain consensus and commitment regarding the Road Map (Note: This work session should have an objective facilitator to manage the agenda, meeting progress and issue resolution):

7 Steps to Overcoming HR Process Change Obstacles

1. Seek dynamic, empowered change leadership.
2. Broaden support base across senior management.
3. Create a Road Map in a facilitated work session.
4. Document, communicate and use Road Map as a benchmark.
5. Define, analyze and improve processes defined in Road Map.
6. Map standard and customized processes to HRMS tools.
7. Communicate requirements to IT organization in an open feedback loop.

AGENDA

Purpose:

- ◆ Understand how to begin making process improvements and organizational change by **understanding the current HR transactions**; include **root cause analysis & strategic business impact** of the transactions **factually**.
- ◆ Build the **necessary intelligence and momentum** to create an action plan to improve the HR transactions.
- ◆ Begin **productive dialogue and action** within HR and between HR and its business partners so HR **enables strategic business success**.

Products:

- ◆ Statement of HR's key transactions (both successful and difficult transactions).
- ◆ Root cause analysis & strategic business impact by HR transaction.
- ◆ Priorities for leveraging successful, and remedying difficult, HR transactions.
- ◆ Issues to be addressed by HR and business leaders
- ◆ Actions to be taken within HR and with its business partners

Participants:

- ◆ Business unit stakeholders.
- ◆ Business unit HR representatives for the business unit.
- ◆ Corporate HR representatives.
- ◆ HR's Information Systems or Information Technology representative.

(Continued on page 7)

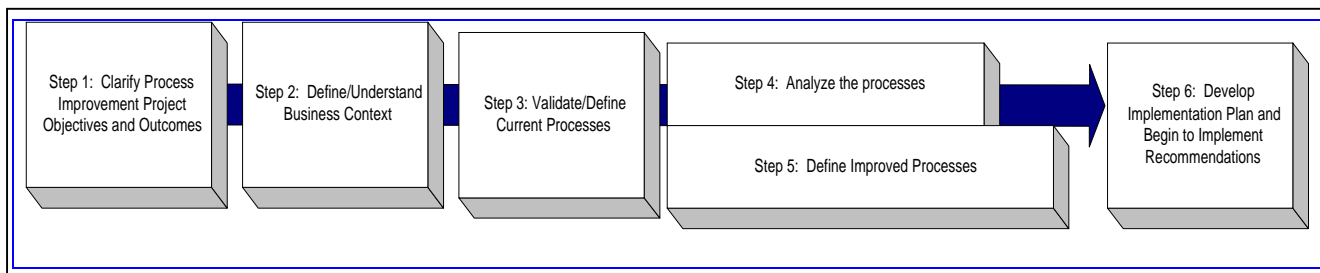
Achieving Breakthroughs

(Continued from page 6)

1. Workshop Design:

Product	Activities (completed on wall charts and transcribed electronically)
Key HR Transactions	Generate list of key HR transactions, both those that are successful and difficult. Prioritize list for additional analysis (i.e., separate the “whales from the minnows”).
Root Cause Analysis & Strategic Business Impact	Analyze each priority HR transaction from a “downstream” perspective (root cause analysis) and an “upstream” perspective (strategic business impact). Recognize that linking strategic business impact (contribution to or impediment of executing business unit plans) to each transaction is essential in determining the leveraging or remedying opportunities that exist, and for building momentum for change.
Priorities for Leveraging & Remedying	Based on above assessment, prioritize HR transactions into top candidates for leveraging successes and remedying difficulties.
Issues for HR & Business Leaders	Identify key issue areas to be addressed by HR and business leaders. HR and Business Leaders should assume ownership for the key issue areas that fall within their respective “sphere of influence”.
Actions	Develop key action steps and assignments for priority HR transactions. Set agenda for continuing dialogue and action.

- The output from the above work session should be a Road Map that clearly defines the actions to take to pave the way from the organization’s current state, or their “Point A”, to their desired state or their “Point B”. This should be well documented and communicated and referenced on at least a monthly basis.
- In almost all companies, improving the processes and replacing their systems are essential elements for success. Describing how to succeed in this area is an article, if not a book, unto itself. The basic approach described below can be used to define, analyze and improve the HR processes. While there are numerous ways to define and improve processes, following the six steps below provides a solid starting point to achieve performance breakthroughs and overcome many of the obstacles discussed earlier.



At HR Bank, we accelerated our Process Definition by rapidly defining how our processes currently work in home-work assignments and preanalysis, prior to a subsequent worksession that was structured to define the improved processes. For this worksession, we conducted a four-day offsite meeting, including members from all geographic regions and the necessary functions within HR, to define how our Recruiting, Workforce Administration and Global Assignment processes should work. During the session, we also defined the tactical next steps (and assigned responsibilities to complete each) to ensure we would continue to make progress at a reasonable pace. These steps addressed completing the process definition and solicited additional input to communicate our progress to our business partners to maintain project support throughout the organization.

- After the improved processes were defined, the next challenge is to determine how to customize and tailor their newly selected HRMS (PeopleSoft) quickly and cost effectively. To do this, we structured worksessions called a

(Continued on page 8)

Achieving Breakthroughs

(Continued from page 7)

Conference Room Pilot (CRP). The CRP integrates the improved processes with the HRMS to determine the following:

- How should the HRMS be set-up and tailored to the environment?
- How should the business processes drive how the HRMS works?
- What, if any, concessions should the business processes take, given limitations in capacity to change and tailor the HRMS?
- What, if any, concessions should the business processes take, to leverage strengths of the HRMS?
- What procedures need to be defined to describe how the process should be performed?
- What roles will change given the changed processes? What job descriptions need to be changed?
- What views, reports and security needs to be set up in the HRMS?

To answer questions in the CRP, the following elements are required:

- HRMS must be installed (not customized, just installed);
- Clearly-defined capacity (i.e., resources) available to tailor/customize the application;
- Priorities and ground rules for deciding which modification to make
- Champions/representatives with in depth process knowledge, HRMS application knowledge and decision making authority from HR, Benefits, Payroll and IT
- A scribe, to document how the process will be enabled by the application - including reports, views, panel changes, policy changes, role changes, reports and issues.
- A facilitator, to manage the work sessions.

During these CRP sessions, several processes are selected at a time for analysis. The newly selected HRMS needs to be up, running and displayed so all participants can see it. The facilitator moderates the meeting with the knowledgeable resources defined above. The improved process defined in the previous step drives how the process should work. The individual who is most knowledgeable about the application should demonstrate HOW the application will achieve WHAT is defined in the processes. The facilitator should manage the conversation to identify a conclusion about the process and highlight any and all relevant issues.

7. After each CRP sessions, the results of the approved system modifications should be fed to the IT resources modifying the application. The process detail should be communicated to individuals defining procedures, refining job descriptions, and potentially modifying performance management systems.

Following these seven steps will address the majority of the 10 Obstacles, especially the technical obstacles. However, one of the keys to success is **HOW** these steps are completed. While some of the points below may seem elementary and fundamental, these basics will help ensure the effort progresses according to plan.

- Develop step-by-step tactical plans with the activities listed in weekly increments. Assign responsibilities, clear outcomes and deliverables for each activity on the project plan.
- Keep the executive sponsors informed of the progress and anticipated benefits of the project by conducting brief, but periodic (bi-weekly or monthly) checkpoints with them.
- Publish the "Roadmap" that was created early in the process. Illustrate how the Project Team is advancing to the desired state. Display this in a public area for all to see.
- Apply succession and contingency planning concepts to determine the proactive steps you can take if the following scenarios occur:

(Continued on page 9)

Achieving Breakthroughs

(Continued from page 8)

- Project Team Leader or key team members leave
 - Executive Sponsors depart unexpectedly
 - Key customers (i.e., users) of the system leave.
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- Include key milestones throughout the project plan and celebrate achieving those milestones. This must be done in a sincere way that is meaningful to the team. Avoid celebrations that are focused exclusively on pleasing the executive sponsors.
 - Monitor the Project Team members' work pace. Ensure their day-to-day activities have not crept back into their responsibility set; or, if they are working extreme hours, re-visit resource allocations and timeframes to ensure an appropriate pace that will promote success, not just endurance.
 - Manage the vendors. These efforts usually require consultants to assist with the strategy development or alignment with the processes, process definition, project management, software design and implementation, procedure definition and job description updates. It is essential that the consultants and client staff work in harmony without duplicity and redundant efforts. Further, it is critical that the work performed by any external staff should be associated with a client staff member who will own learning as much about these outsourced practices as possible.

Summary

Making true breakthroughs in HR is not just challenging – it is extraordinarily difficult to make sustainable change and achieve breakthroughs in an environment of multiple initiatives and customer requirements. To triumph in the implementation of results-oriented change in today's HR world requires tenacity, discipline and prudent judgement, while following a proven approach that has evolved with many repetitions of use. In this article we have highlighted the cultural, management and technical obstacles that HR Project Teams are most likely to experience. We have also detailed the steps one should follow to avoid these obstacles and achieve a successful change implementation. And remember, the key for success lies not only in **following** the seven steps provided above, but also in **how** they are executed.

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Questions? Comments? Want to know more?

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*Look for our re-designed Web
site on November 15th!
At www.transforming.com*

Mailing Address:



Big Rocks... *(with apologies to an unknown Web author)*

One day an expert in time management was speaking to a group of business students and, to drive home a point, used an illustration those students will never forget.

As he stood in front of the group of high powered over-achievers he said, "Okay, time for a quiz." Then he pulled out a one gallon, wide mouthed Mason jar and set it on the table in front of him. Then he produced about a dozen fist sized Rocks and carefully placed them, one at a time, into the jar. When the jar was filled to the top and no more rocks would fit inside, he asked, "Is this jar full?" Everyone in the class said, "Yes." Then he said, "Really?"

He reached under the table and pulled out a bucket of gravel. Then he dumped some gravel in and shook the jar causing pieces of gravel to work themselves down into the space between the big rocks. Then he asked the group once more, "Is the jar full?" By this time the class was on to him. "Probably not," one of them answered. "Good!" he replied.

He reached under the table and brought out a bucket of sand. He started dumping the sand in the jar and it went into all of the spaces left between the rocks and the gravel. Once more he asked the question, "Is this jar full?" "No!" the class shouted. Once again he said, "Good."

Then he grabbed a pitcher of water and began to pour it in until the jar was filled to the brim. Then he looked at the class and asked, "What is the point of this illustration?" One eager beaver raised his hand and said, "The point is, no matter how full your schedule is, if you try really hard you can always fit some more things in it!" "No," the speaker replied, "that's not the point."

"The truth this illustration teaches us is: If you don't put the big rocks in first, you'll never get them in at all." What are the 'big rocks' in your life? Your children; your loved ones; your education; your dreams; A worthy cause; Teaching or mentoring others; Doing things that you love; Time for yourself; your health; your significant other. Remember to put these BIG ROCKS in first or you'll never get them in at all. If you sweat the little stuff (the gravel, the sand) then you'll fill your life with little things you worry about that don't really matter, and you'll never have the real quality time you need to spend on the big, important stuff (the big rocks).

So, tonight, or in the morning, when you are reflecting on this short story, ask yourself this question: What are the 'big rocks' in my life?

Then, put those in your jar first.