# Future-proof and Time-efficient ways to choose a New Payroll/HR System: *Part Three.*

Hello again: it's great to have your company for this the third and final installment of this unforgettable journey towards a new payroll/HR system. The first two articles covered gathering current and future requirements from IT, HR, Operations and Finance; this article seeks to make sense of this information and provide a treasure map (hopefully not a mud map) to help you though the remainder of the journey.

Invite the evaluation team to a meeting, clean the whiteboard, find a pen that works and put up all the requirements gathered from each functional unit. You might find it useful to develop a mind-map (there is example in the TAPS Journal No. 84 and on the web[1]). As you add to this map be sure not to discard any requirement/request, no matter how seemingly small, irrelevant or immaterial; in the words of Edward De Bono[2] (the legend of lateral thinking) "…this is a brain storming exercise, there shall be no evaluation." Sometimes it is the accumulation of smaller requirements which ends up making one system more favourable than another.

Use the mind-map to relate and group the requirements and then number these groups from one to six in order of importance. These six will form the key requirements and will dictate the content of the demonstration scripts. The others requirements will be explored using a combination of other vendor selection options. Depending on the type of requirement and its criticality we can allocate a selection option(see below).

Mind Map of Requirements Groups with Suggested Vendor Selection Steps/ Options
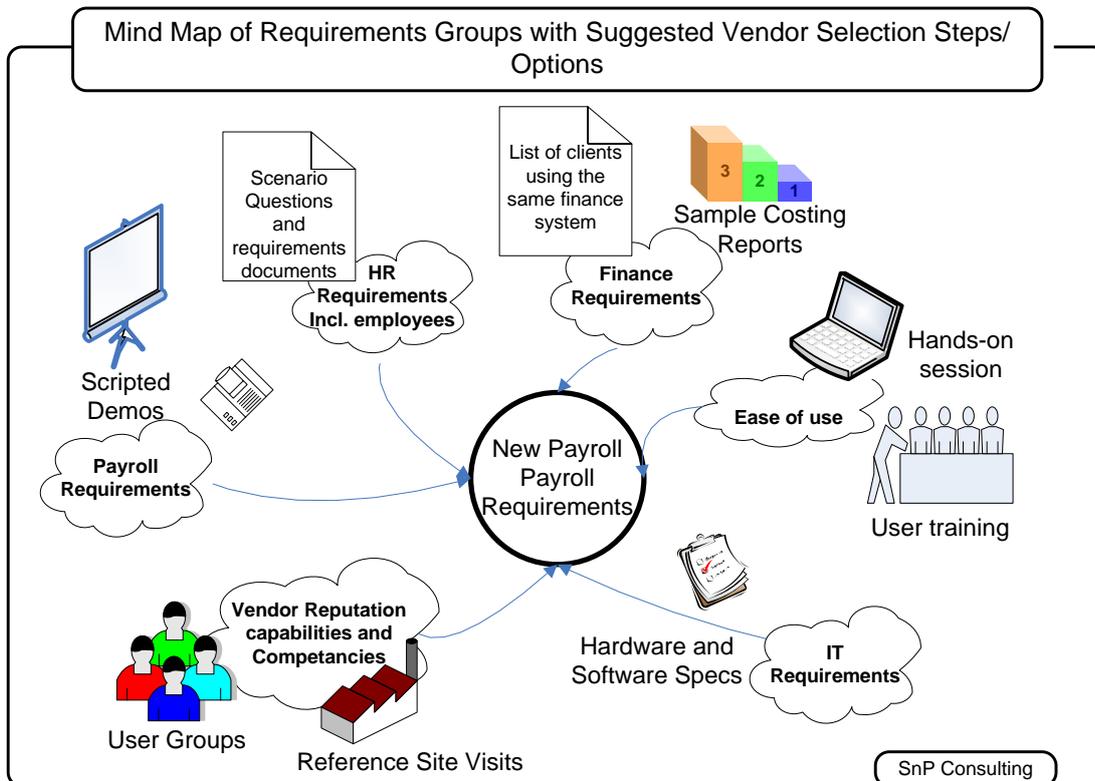
To finalise the vendor selection process you need to add timeframes against each step. It's a good idea to add an extra column with internal resource allocations and use this document internally to plan the resourcing of the review process. Refer to the Extract of a Vendor

Selection Process later in this article. You will quickly realise how much time this process takes and the criticality of making it time-efficient.

When building the vendor selection process, assume you will need more rather than fewer steps to reach a decision: it is easier to ask stakeholders to cancel some meetings than to ask for more time if you have been unable to reach a decision.

Try to keep the project to within three months of starting the presentations otherwise stakeholders forget what they have seen; can't make sense of their notes; become fatigued by the additional workload; and can become even more confused.

Now it's off to the TAPS National Payroll Week Vendor Exhibition (preferably before lunch/alcohol) to chat to the vendors.

If you want to cast your vendor net wide initially, I suggest drafting a three page document circumscribing the demographics of your organisation, the project background, an outline of the selection process and a request for initial pricing. Ask each vendor to call on receipt of your document and provide them with a phone briefing on the project.

Evaluating pricing can be tricky as there are a number of pricing model doing the rounds now. Very quickly: decide on the minimum time you will have the system (typically 4-5 years) and use this figure for all your calculations. Only include software licensing costs in your analysis as the implementation costs will be too arbitrary at this point. Price can only be used very loosely as a gauge of breadth of functionality so to reduce the risk of excluding a higher-priced but potentially higher-value offering, give one of the more expensive vendors a wildcard entry. It is always more preferable to have a range of different priced solutions to help evaluate the cost vs functional fit.

Extract of a Vendor Selection Process

Stage	Description	Completed by	Internal Resource Allocation	Comments/Deliverables
1.	Short-listing 4 Vendors	Wednesday 3.8.04	2 hours	Select 4 vendors to present
2.	Initial vendor briefing	Friday 6.8.04	1 day	Vendors will be briefed on the project, and will have the opportunity to ask questions.
3.	1st Round Presentations	Friday 20.08.04	4 x 3 hours per day	Vendors to present according to the 2 ½ hour presentation script.

Now armed with your requirements, a selection process and a shortlist of likely candidates (vendors), let's review some selection options we can use to evaluate the proposed solutions.

Scripted demonstrations: although they require more lead time and more preparation they are more time-efficient and will yield infinitely more insight into the suitability of potential products than a vendor driven presentation (see my website for a list of the advantages and disadvantage of different selection steps[1]). The vendors will be champing at the bit to take you to the sexy areas of the product; allow them some licence provided they don't excuse themselves from showing you every item on the script (don't be scared to take the hard-line with this).

User training: ask the vendor when the next new user course is coming up and could you send a delegate from your evaluation team along. This can be a very useful exercise in

determining the quality of the training and the ease of use of the product. This step can also be used as a change management step and a forum for some interaction with representatives from other organisations who have recently purchased the product (informal references).

Hand-on sessions: another great change management tool. List three processes which you would like the vendor to walk you through, say: setting up a new employee; running a pay; and writing an ad hoc report. Allow two hours and attendees should be limited to two per PC (but ideally one).

Reference site visits: these can be used as either a selection step or as a post-selection, implementation information gathering session. A vendor's ability to provide references of organisations in the same industry will evidence their track record however; be cautious about trading a track record, in your industry, for a more lenient functional evaluation. The differentiation between solutions is often in how the system performs a task, rather than if the system performs a task.

In addition to these vendor selection steps/options, you can also ask to attend the vendor's next user group meeting. Requirements not addressed in these steps can be explored using a combination of screen dumps, IT Hardware and Software specification documents [1], standard report samples, training documentation, configuration documents, scenario type questions and other documents.

After each evaluation step be sure to re-group, dust off the functional requirements mind-map and add any additional functional requirements which have surfaced during the previous evaluation stage. Also check the functional priorities for movements.

The end is nigh so in summary: there are many time-efficient evaluation alternatives to the traditional vendor presentation; the step should match the type and importance of the functional requirement; and revisit your requirements and priorities after each evaluation step.

Once again I hope that I have provided you with some useful information – I have certainly enjoying sharing my knowledge with you.

Paul McCarthy B.A., M.B.A. is an independent consultant who specialises in helping organisations review and implement new T&A, Payroll and HR systems. t. 02 9400 7300 e. snpconsulting@optusnet.com.au w.members.optusnet.com.au/paulamccarthy

1Samples can be found at www.members.optusnet.com.au/paulamccarthy

2 De Bono, E (1990). "The Use of Lateral Thinking", Penguin Books, London, UK.