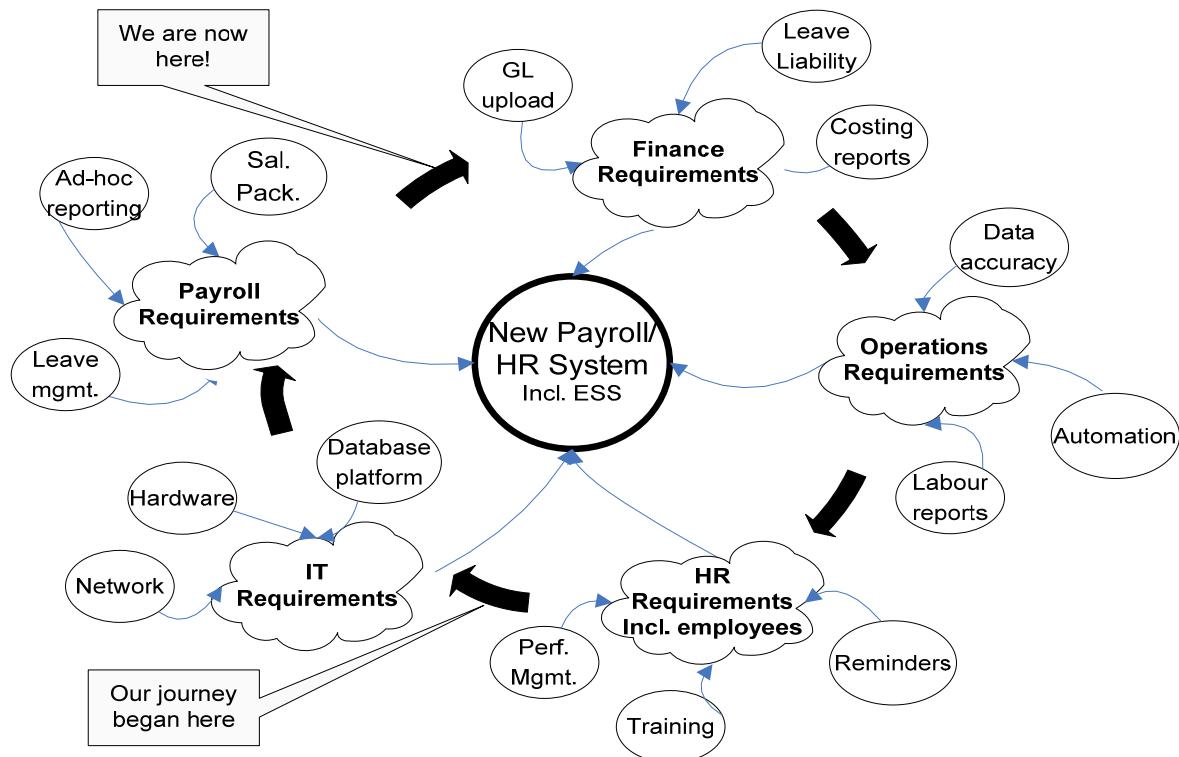


Future-proof and Time-efficient ways to choose a New Payroll/HR System: Part Two.

It's been a couple of months now since we began our journey towards a new payroll/HR system. While I am sure that your attention has been temporarily diverted to end-of-year processes, I hope that your enthusiasm hasn't waned.

Having collected the initial IT requirements, covered current and future requirements for payroll (Part One¹), let's now focus on applying the same techniques for the requirements of Finance, Operations and HR.



Finance are typically interested in the outputs of a proposed system: its reporting capabilities and file exports to upload into the general ledger system (GL). Specific requirements may include; ability to change costing details retrospectively (and mid period), ability to store and report year-to-date figures (both fiscal and calendar years) by cost centre, ability to post leave liability movements (at package value) to the GL, ability to post monthly FBT accruals to the GL. A more comprehensive list can be found on the web². Take the time to review this list closely as it surreptitiously provides requirements which will highlight significant differences between the systems.

Operations: there are time and attendance and rostering vendors who have broached this subject in the past³ and will continue to do so in the future, so for the purposes of this article let me point out some recent developments. Some payroll vendors are integrating T&A products into their systems to provide one solution; some T&A vendors are incorporating payroll capabilities to also provide an integrated solution. While the rhetoric of an integrated system may sound seductive and make you feel more comfortable, I caution trading off functionally for integration as most T&A vendors can build a two way interface to most payroll systems.

It's now 3.30pm in the afternoon, your eye lids are becoming heavy, your mind is staring to drift into that beach scene on your screen saver, don't fight your body-clock by getting a coffee: use this time to close your eyes and look into the future of HR – a future where HR are vocal at board level, where senior managers consult HR first before embarking on an organisational re-structure, and where the Christmas party is organised by marketing. 3...2...1...open your eyes and grab that coffee. I need you awake for the next section.

To consider future HR requirements, let's apply the same thought process, which I introduced you to in the Part One. Here are some more predictions taken from "60 HR predictions for 2008"⁴ with transposed requirements documents questions.

Converting HR Predictions to Requirements Documents Questions

HR prediction	Ensuing Requirements for a Payroll/HR System	Suggested Requirements Documents Questions
Positions will be organised into teams focused on a task, not organised around a hierarchy.	To manage constant changes in organisational structures without excess administration overhead. Structures may include hierarchical, matrix and project-based.	How does the system manage multiple reporting lines? How does the system manage security for non-costing based structures? How does the system cater for different ESS (employee self-service) tasks to follow different workflows?
A key HR role will be managing increasingly scarce human and intellectual capital.	To store and record information on employee competencies, performance and career goals.	What tools does the system provide to record and report employee and position competencies? How does the system support career planning?
Successful HR departments will focus on organisational performance.	Extensive reporting capabilities to measure and communicate performance across HR metrics including; turnover, staffing ratios, service delivery absence, and training and development.	How are reports scheduled and distributed to different management levels? How does the system calculate turnover? How would the system report single sick days adjoining a week-end?

A new payroll/HR system (including ESS) is a tool which will provide HR with an immediate visible impact on the business and enable them to add greater value to the business. Will an integrated system provide more value than using separate HR and payroll systems? Sandy Eastman⁵ suggests "The tools used [to liberate HR and empower employees] should include an integrated HR/payroll solution..." while Sonja Bernhardt⁶ espouses the virtues of separate systems, "HR practitioners need to turn away from integrated payroll/HR systems and find a specialised HR system." The issue of integration between payroll and HR systems is a vexed one. In either case the ideas presented in this article will remain equally valid.

HR requirements tend to be nebulous compared to payroll requirements. Why is that? Often times HR have been working with spreadsheets and Access databases and need to be educated as to what functionality is available before they can adequately circumscribe their requirements. Just as I mentioned in the last article regarding payroll: it's a dynamic process of investigation, evaluation and re-prioritising requirements. The next table proposes some requirements, summarises the range of functionality available, and suggests requirements questions to assist you to be more discerning.

Re-wording Wish-list Questions into requirements Documents Questions

Wish-list Question	Functionality Considerations	Suggested Questions for a Requirements Document
The system should record and report training information.	Recording training information can be a rigorous data entry exercise.	What data is required to record training completed by an employee? Is cloning available to minimise data entry? Can an employee enter their training directly via ESS?
The system should have performance Management capabilities.	Some systems simply store basic KPI descriptions and ratings. Others can facilitate a 360 degree evaluation using ESS and include career planning and development recommendations.	Please explain the methodology and information flow of the system's performance management functionality? Is this process available on ESS?
The system should notify the user of probation period end dates, 1 st aid certificate renewals and other critical dates.	Some systems will provide scheduled reports with this information. Others will trigger emails to all relevant parties with reminder emails if no action has been taken.	Explain how users, managers and employees are notified and reminded of relevant dates (i.e. by reports, screen pop-up emails or otherwise).

There are so many areas of HR which I would cover if I had time; however the HR functionality of most of the systems currently on the market, tends to be designed to work to a pre-defined process. It is therefore more time-effective to have the vendor explain these processes and let you decide if they are appropriate, rather than you asking lots of questions and you trying to guess how they might work. Self-service forms are one exception: these can be customised by the user. These forms can replace paper-based HR processes with electronic forms with workflows using ESS.

The next article will help you make sense of all the information which you have collected and provide some ideas on vendor evaluation options. Again, I hope that you have gained some insight – I have certainly enjoyed sharing my knowledge with you.

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1 Part One can be downloaded from snpconsulting.com.au

2 <http://www.snpconsulting.com.au>

3 Fuller, G. (2003) „Automated Time & Attendance – Business Benefits and Business Imperatives“, *TAPS journal*.

4 Anonymous. (1998). "60 Hr Predictions for 2008" *Workforce*: January, p. 50.

5 Eastman, S. (1999) "web-based innovations can liberate HR and empower employees" *HR Monthly*: March, p. 32.

6 Bernhardt, S. (2000) "Integrated Systems Fail" *HR Monthly*: March, pp. 40-42.