Driving for global consistency

Jason Davenport, UK services director at NorthgateArinso, offers a practical view on implementing a blended multi-country payroll solution

The complexity of multi-national organisations dictates that a variety of solutions are often required in order to deliver a successful multi-country payroll project.

It is important for managers to understand the right type of service each individual country needs, with flexibility being important when weighing up service delivery options. Payroll managers must try and secure early adopters of the new structure with the emphasis on relying on tight reporting requirements at an international level. Any new or existing payroll infrastructure should always complement the overall business objectives, meaning payroll managers should always have one eye on the future strategy of the business.

Know the challenge

The irony is that, for a global business, gaining the desired international consistency provided by a multi-country payroll requires embracing the differences in pay and payroll practices that exist country-to-country.

For most international businesses, the challenge is to standardise processes across countries as far as possible, to enable efficiencies and bring down costs. Existing technologies can be used to complement payroll software, for example time and attendance, financial management and compliance reporting capabilities. Payroll managers need to be able to report on deliverables and ensure a human resource management system holds data that can be accurately discussed and reviewed by the Board for key strategic business decision-making.

Which leads on to another major challenge for most organisations: the human side. Getting buy-in from senior staff, both at Board and divisional level, is absolutely vital to the success of a payroll project on a global scale. And whether your payroll team is aligned more closely to HR or to finance, they must be aware of the needs of the other. HR will be concerned about how it fits in with strategic objectives and what will be achieved at the end, whereas finance are more likely to be concerned with how quickly it can be up-and-running, its accuracy during the transition and, of course, the cost – both of the solution itself and the people-hours for implementation. Both must be totally on-board to ensure the success of the project, and are potential sources of substantial support to the payroll team.

Getting started

Firstly, you need to build the vision, identifying within one document why you want to consolidate the employment information and delivery of services in one area. What business benefits will it provide, and which strategic HR activities or other business strategies will it support? A multi-country payroll will often underpin a change to a more dynamic HR strategy, where learning and development, talent management, reward and benefits and recruitment services can be brought together and made available world-wide. It can help bring operations under one central team, and can also to underpin compliance and security across your main markets.

Knowing the long-term aim will make it easier to get approval and will mean that the right decisions are made about which supplier and system are chosen, as it will need to be a payroll process that will easily integrate into the talent management and BI systems the organisation wishes to use. This way, the choice of payroll type and provider becomes a strategic decision for HR and finance about what type of reporting will be required going forward, so that the right information can be presented to the Board and external stakeholders.

The next challenge is to take the right first steps on the project itself. Obviously, data is key. The project manager will require a thorough understanding of the size and shape of the current operation and its underlying costs. For each market, employment types and any collective wage agreements must be fully recorded, as well as data on diversity, who does what and the many and various contractual arrangements. In addition, an understanding of the agreements with any sub-contractors – as well as how many there are, rates of pay, hours etc.

At this point, it is also vital to identify any gaps in the information available: the finished payroll system will only be as strong as its weakest link, so if wage bandings for a particular country are out-of-date or contract agreements for a particular team are not available, update them right now, before progressing to the implementation stage, when the missing data will start to cause major problems, and could lead to people being paid incorrectly.

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Communicating the vision

Payroll is one of the few areas of operations that affects every single person in the organisation. So, with an understanding of the overall objectives, buy-in to the project from across the organisation and a project management plan and team in place, it is time to develop a communications plan. Who needs to know what, and how often do they need to be updated? The senior team, HR and finance leads, country heads and team leaders will all need regular updates, and their line reports, who may be tasked with providing information vital to the payroll, need to be working collaboratively. Alongside the project timeline, make a plan to keep everyone informed at the right level, and ensure you have a methodology in place for ensuring everyone, wherever in the world they sit, works well together. Consider how you will keep the whole company informed – will company meetings be best, or is there a newsletter or intranet already in place that you can use?

People will need to understand that globalisation brings change, and will need the right level of understanding for their role of what the differences will be. To get their support for this, they will need to know the benefits of a standardised approach, and there should be rewards for 'corporate citizenship' – those who secure the support of their teams for the project.

Avoiding the common mistakes in execution

Most mistakes come from mis-communication. While the overall project manager might fully understand the goals and how to get there, there is plenty of room for error as this is shared with the analyst who designs the system, the programmer who writes it, the consultant who advises on it, the team who install it and the payroll manager who uses it. The project manager needs to take responsibility for ensuring there is two-way communication and accountability for reporting back at every stage and at every level of responsibility, on a global scale.

Project governance is also key. The project manager should bring in a process for continuous improvement so that there are regular reviews throughout the lifecycle that ensure best practice is carried out.

The third most common mistake is not keeping a close eye on finances. Identification of current costs needs to be built into a business case to identify the different resources currently used in each country, and acknowledge at a high level current contracted costs or items being amortised, such as hardware. It will then be easier to see the savings being made, and to ensure that project costs don't run over the original budget allocation. A phased approach rather than a 'big bang' change is usually the preferred route, to de-risk communities and to ensure project resources can be cost-controlled for effective deployment and not spread too far or too thin.

Critical success factors

So in summary, implementing a multi-country payroll is a large and complex task, but it doesn't need to be a daunting one. The ten critical success factors are:

1. Ownership at Board level, and business sponsorship of the project
2. A vision that states clearly the functional expectations rather than aspirational blue-sky thinking, agreeing what success looks like right at the start. This should include a drive to standardisation and utilising best practice rather than current practice where applicable
3. Agreement with and support for each country as to what they will receive and how it will operate
4. Build a project governance steering group that is made up of independent thinkers within your organisation that will review progress and risks to the project in an objective manner
5. A communication plan that is agreed, owned, worked to and challenged
6. An agreed culture/value system for the project team and its ownership within the business
7. A repository for storing key management information and history as the project rolls out
8. Maintain key personnel in both the supplier and your own organisations who will be fundamental to the success of the project, and do not change these at the first sign of conflict
9. When working with multi-country stakeholders and potentially a varied team of suppliers, build project induction material so that all parties can continually challenge how they are operating and if it is in the best interest of your organisation
10. Maintain tight financial control with results determining when milestone payments should be made.

Following these should lead to happy countries, employees and shareholders, and a payroll that underpins future business strategy as the organisation expands globally.