

Handling the Challenges of Change Management In SAP® HCM Implementations

By Satish Badgi, SAP HR Consultant

Editor's Notes: Psychologists identify change as one of the most emotionally difficult challenges with which humans are faced. Change management, therefore, becomes a critical success factor for system implementations, SAP or otherwise. That's why HR Editor, Satish Badgi, chose to present a discussion of change management for HCM (Human Capital Management) implementations in his first article of 2006. Satish identifies areas of concern and suggests a three-phased change management approach that will minimize the problems encountered in the HCM implementation. He suggests forward-thinking strategies that range from the high-level planning view to the lower-level detailed view, identifying action items and issues along the way. If you think that change management is simply a trendy term with no real value, Satish's article may well change you thinking...and change can be good, right?

1.0 Introduction

SAP HCM (Human Capital Management) customers tend to ignore the reality of managing the challenges of transition from their legacy environment. The challenges that are posed require an effective change management strategy, which will be structured around the functionality and sub-modules that you choose for the implementation. All too often, SAP implementations adopt a strategy that is solely based on end-user/power-user training, and fails to address the other factors in the transition process, including a range of cultural, technical, and organization change management issues. If

change management is not addressed in a comprehensive manner, problems emerge. I've seen many SAP HCM implementations go awry when a broader approach to change management is not applied. Since HCM implementations touch the lives of each employee, a smooth transition through a good change management strategy is very important for the SAP HCM projects.

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In the June 2004 issue of SAPtips, we covered the change management issues specifically related to Employee Self Service (ESS) implementations. (You can read this article Managing the Fear Factor – Keys to Change Management on Employee Self Service (ESS) Implementations in the HR section of the SAPtips.com Document Library).

Our current article focuses on standard SAP HCM/Payroll implementations. Unlike the earlier article, which was targeted for ESS users, this article focuses on the concerns of HR users such as HR associates, HR representatives, and HR generalists.

This article follows a three-phased approach that can form the backbone of any SAP HCM implementation, irrespective of the industry and irrespective of the project methodology that you may have. The article uses case studies to illustrate the challenges of change management, and subsequently discusses the approaches and tools to address these challenges. The content is generic when it refers to any SAP HCM functionality, and hence it can be treated as version-independent.

2.0 Change Management Phases

The central philosophy that I follow is that the change management process is based on a series of challenges. The success of change management (and hence the success of your implementation) depends upon managing these challenges. Typically in SAP HCM implementations, we run the change management initiatives through normal ValueSAP project phases such as: planning, blueprinting, realization, testing, and go-live. While you continue to do that, and to work with rest of the project teams, you also need to have a separate three-phase agenda for the change management team. Figure 1 presents these three phases, which we will discuss in depth later in this article. They are:

- Identifying the challenges for your organization and for your implementation
- Analyzing the challenges
- Using the right tools and approaches to resolve the challenges

Factors that affect these three phases run parallel, as shown in the lower portion of Figure 1.

Typical change management methodologies, such as user surveys, workshops, and brown bag lunches will continue to help you identify the challenges in your implementation. However, as you start addressing the challenges in a more systematic way, according to a three-phase plan you present to your users, your user community will begin to have confidence in your commitment to address their issues. That confidence will be reflected in improved productivity and morale.

3.0 Factors Affecting the Challenges

Unlike other SAP functional areas such as Finance or Purchasing, HCM's change management impact and challenges vary, based upon the HCM sub-modules you implement. Example: If you do not implement Time Management and Benefit sub-modules, your change management efforts should be far less complicated.

3.1 Functionality and Impact

Figure 2 shows a matrix of the change management impact related to different SAP HCM sub-modules. Note that the user population is assumed to be HR generalists, HR representatives, and similar HR staff. We will keep ESS/MSS out of scope for the purpose of this article as discussed in the introduction section earlier.

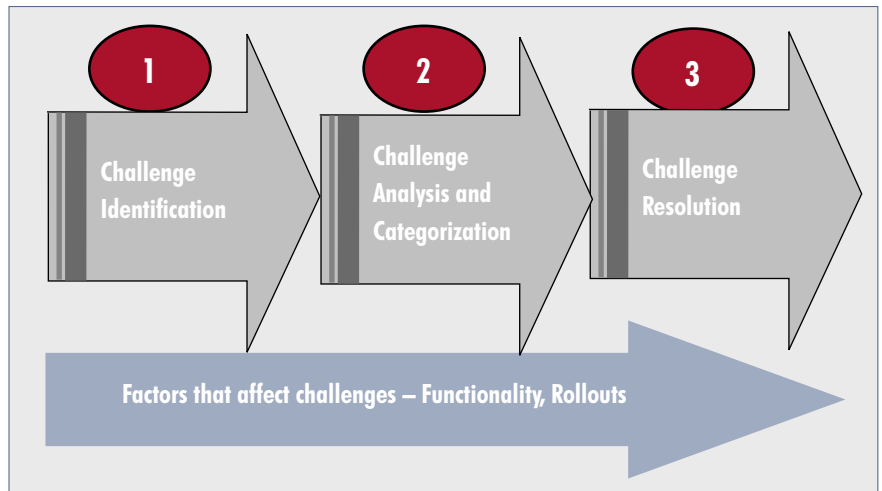


Figure 1: Agenda for the Change Management Team – 3 Phases

SAP HCM Module	Impact on Change Management	Details/Remark	User Population
Employee Master Data	High	Higher impact due to the higher traffic of user transactions around employee master data as well as employee life events	Higher user population
Organization Management	Medium	If your implementation re-engineers the organization structures, then the impact can be higher	Medium
Personnel Development	High	Will impact the employees due to functionality around skills, performance evaluation	Very high
Training and Events	Medium	Training and events impact will go hand in hand with skills and personnel development	Medium
Travel Expenses	High	The change will affect full employee population	Very High
Benefits	High	Impact on full employee population	Very High
Time Management	Medium	If you decide to implement self service based time entry functionality, then the impact could be higher	Medium to High
Payroll	Low	The process will have low impact as long as the payroll results are correct	Low
Recruitment	Medium	If you decide to use Applicant Self Service functionality, recruitment can have higher impact on change management	Medium

Figure 2: Impact of SAP HCM Sub-Modules

	GR	IR
Inventory Account	250 (DB)	
GR/IR Account	300 (CR)	300 (DB)
Vendor Account		200 (CR)
Expense from Price Differences Acct.	50 (DB)	
Revenue from Price Differences Acct.		100 (CR)

Figure 3: Rollout Strategy Impact

3.2 Rollout Strategy

The rollout strategy plays a major role in any SAP HCM implementation. Figure 3 shows different options that an HCM rollout might have. Option 1 will have more impact on change management, compared to Option 2 (on the right side of the table).

4.0 Analyzing the Challenges

Figure 4 presents a simple graph, showing how the degree of challenge goes up as the change management issues move from technology to people-based issues, via the business process related issues. This figure shows the degree of difficulty of the change management challenges facing HCM implementations. Later in this article, we will review and analyze the challenges by using case scenarios.

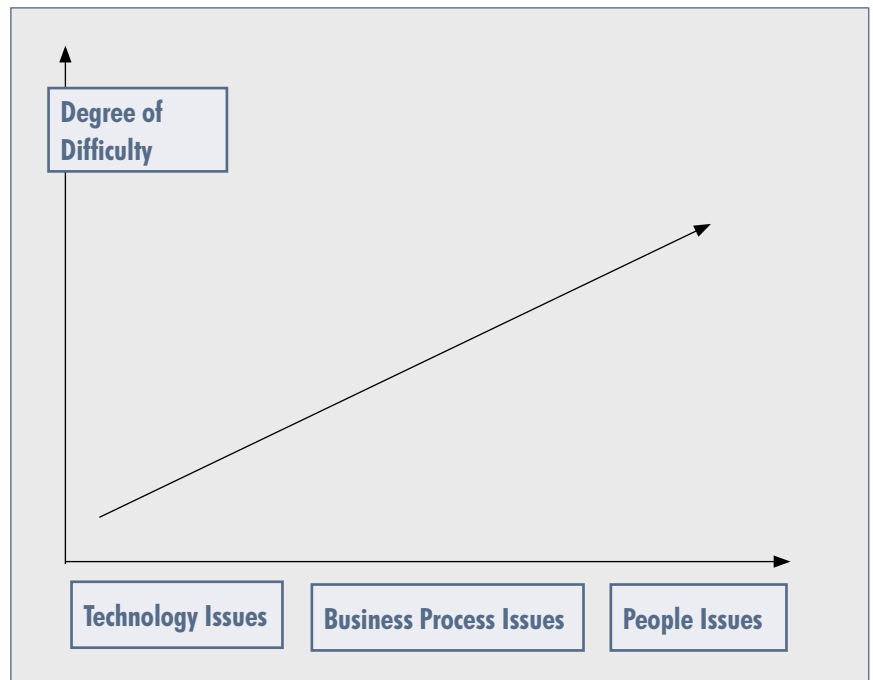


Figure 4: Degree of Challenges

Based on this graph and the challenges identified in the earlier section, you can relate a category to each challenge. The Figure 5 table has sample challenges that are categorized in technology, process, or people. In a few cases, you will notice that the challenges are a combination of multiple categories. Such “hybrid” challenges will require extra attention and efforts during the change management process.

5.0 Resolving the Challenges – Approaches and Tools

After you have identified and analyzed the challenges, you have already covered half the ground, and

Type of Challenge	Category (Technology, Process, People)
Legacy System vs SAP System	Technology
Organization Structures	Process
Roles and Authorizations – System Access	Technology+Process+People
Data Analysis	Technology
Cultural Issues	People (and organization)
Product Localization	Technology+Process+People

Figure 5: Categorization of Challenges

the remaining half will be to address these challenges and resolve them. There is no single right or wrong way to address them; perhaps a combination of tools and approaches will help resolve these. Needless to say, orga-

nization culture plays a major role in resolving the challenges.

5.1 Training

Good (vs. average) training will make a lot of difference for the users.

Many organizations, therefore, rightfully invest in tools and technologies around training. Examples are:

- E-learning Solutions
- Infopak / I-tutor
- Web-based Audio-video Content

Make sure that your users have the choice of classroom / instructor led training (in case they are more comfortable with it) in addition to any Web-based training. Also, it may be difficult to replicate in Web-based training the positive experiences that the good instructor brings. Therefore, classroom training might be preferable in certain organizations. As much as the approach for training, the timing for training also matters.

5.2 Web Based Resources

Good Web-based training discussion boards and knowledge exchange forums always help users in a smooth transition to the new environment. The typical resources that the implementation should utilize in a Web-based format should be:

- Access to the power users or champions from your organization
- Documentation
- Training Sessions
- FAQ's
- Glossary
- Interpreting errors and error message in the system
- Help

5.3 Mentoring and Coaching

Create champions in your organization who can act as guides and mentors to the user community. They

will be able to reduce the frustrations that new users may generate, as a result of lack of knowledge, lack of confidence, or any such reasons.

It is my experience that some really simple everyday transactions and tools can make life easy for the user community.

5.4 Using Additional SAP tools

The SAP product and associated tools are so rich in functionality that often many implementations forget about them or are overwhelmed, due to the abundance of information. It is my experience that some really simple everyday transactions and tools can make life easy for the user community, and, hence, may help them overcome the issues and challenges. Some of these are:

- Ad-hoc queries in SAP HCM – Teach them to write ad-hoc queries and you will notice that the user community will be happy with the control they have for HR reporting

- Transaction SE16 – Typically, in many implementations, the Basis teams are not comfortable in allowing the SE16 transaction to users. If the users have their own desktop applications in MS-Access or MS-Excel, they might be looking for data to be downloaded from SAP to their own MS-Access or Excel applications. In scenarios like these, you need to think of tools and processes for the data downloads.

- ALV Reports and Download to Excel
- BW Jump Queries
- Graphical Toolbox in Organization Management
- Wage Type Reporter in Payroll
- Flexible Reporting in Personnel Administration

5.5 Redefining Jobs and Roles

Post SAP HCM implementations, jobs often change for the users. The changes could be due to:

- Less paperwork and more on-screen transaction processing
- Automatic workflow to approvers
- Change of role as a result of business process change
- More exposure to technology

A formal job description or a prior analysis of impact on the employee job change helps for a smooth transition in the new role.

5.6 Product Customization

This should be a last resort in any SAP HCM project. Needless to say, no project teams or implementations willingly go for customization

or product modifications. However, it is not uncommon or unnatural that a modification is completely necessary to manage a change during implementation. Examples include:

- A union contract condition that the software system must support.
- Late during the implementation, a situation arises such that a business process change is impossible to handle.
- Functionality that is critical for the operation of the business is not provided for in the product.

5.7 Resolving the Challenges: HCM Case Studies

The best way to understand the HCM change management challenges is by looking at real-life examples. In his section, I'll bring the points in this article to life by looking at a couple of actual examples of HCM users. We'll examine which challenges they faced, how they analyzed them, and how they addressed them to find resolutions.

Scenario 1 – The client uses a legacy HRIS system. This system has been in existence for the last decade, and now there's an organization-wide initiative to adopt SAP HCM for all the HR functions. The legacy system addressed mainly the personnel administration and master data-related functionality and did not

cater to strategic HR functionality. Neither is it integrated with finance and accounts payable.

Let us apply this case scenario to our three-phased approach as described in Figure 1 and see how change management and implementation teams worked together to identify, analyze, and resolve the issues. Figure 6 presents the management challenge through three phases for this scenario.

You will notice from the analysis and resolution of the challenges, that, the change management team needed to be in "alignment" with functional teams as well as technology teams.

Scenario 2 – The client has a multi-location HR organization and wants to use the proposed SAP implementation to create a centralized shared service center for HR functions. The challenges are of multi-dimensional nature, i.e., while the employees are

Challenge Identification	Challenge Analysis	Challenge Resolution
Users felt that the data entry required to complete employee data maintenance was far more than in the legacy system.	It turned out to be a technology issue since the personnel actions that were configured had rather too many Infotypes in each of the actions.	<ul style="list-style-type: none"> • The team reviewed the personnel actions and associated Infotypes. They created additional and new actions by breaking one action into multiples so that each action had a manageable number of Infotypes. The users were able to quickly complete the actions compared to the earlier ones.
Users were lost because SAP's organization structures were new and re-engineered.	People + Technology challenge.	<ul style="list-style-type: none"> • A simple printout of cross-walk was given to users who had a legacy structure to SAP structure cross reference. Many of the users pinned these printouts on their desks and referred to them while entering transactions in SAP • Additional training sessions were conducted for users to help them understand SAP structures and rationale behind re-engineering
Users were frustrated that they do not have same level of access to information that they used to have in legacy system	Technology + Process	<ul style="list-style-type: none"> • SAP's role-based authorization was a new concept for users and they needed additional documentation and training help to understand it. • In some cases, additional transactions were added in roles where there was genuine need for the user to access the information.

Figure 6: Challenge Management – Scenario 1

coping with the new, shared service center, the shared service center itself is going through the formation stage issues of its own.

Figure 7 presents the analysis and resolution for challenges faced in this scenario. Note that the resolution / solutions can be a combination of technology, as well as people-oriented solutions.

Scenario 3 – This particular client has many users who used the legacy HRIS system to download data in PC-based MS Access and similar systems. These users then use the PC-based systems to do some intelligent data analysis. Although the users do not have any major complaints with SAP’s functionality or “look and feel”, they feel hampered by their data analysis needs.

Figure 8 has three phases – identification, analysis, and resolution for the challenges related to expectations around data access and download.

This scenario proved that there were some failures in the end-user training as well as in the gap analysis conducted earlier in the implementation. The resolutions came out with a “radical” solution: to implement SAP BW, but this was in accordance with the client’s long-term plans and budgets.

Challenge Identification	Challenge Analysis	Challenge Resolution
<p>Users felt that the data entry Employees felt that their individual location-based HR Representatives were accessible to solve the issues</p>	<p>People + Technology</p>	<ul style="list-style-type: none"> • Employees needed to better understand the new automated workflows in SAP. Additional documentation was released to address it. • Shared service center’s help desk and phone support needed improvement. Since the help desk was new, it was unable to keep up with the calls and extend good service. • When the jobs were re-defined, some of the regional HR representatives were moved to the central shared service center. It created an immediate comfort zone for many employees.
<p>Employees felt that the central shared service center was unable to understand their “regional” or location specific HR issues</p>	<p>People + Process</p>	<ul style="list-style-type: none"> • Shared service center truly lacked the knowledge of some local tax authority related processing that the employees had questions about. The shared service center was given additional documentation and Web resources.

Figure 7: Challenge Management – Scenario 2


Challenge Identification	Challenge Analysis	Challenge Resolution
<p>Employees are using desktop systems to do their own reporting and data mining, and they are feeling frustrated that SAP is not feeding them the data</p>	<p>People + Technology</p> <ul style="list-style-type: none"> • Why are employees using the desktop systems? What are their needs? • Why are SAP reports not useful for their data mining? • Is this requirement a result of gaps in the legacy system? 	<ul style="list-style-type: none"> • It was found that some of the data mining requirements were specific to the industry segment and a pilot SAP BW implementation was proposed to address it. • Upon closer review, it was determined that users were not aware of the SAP reports that would satisfy their requirements, due to a flaw in the training rollout.

Figure 8: Challenge Management – Scenario 3

6.0 Conclusion

The three-phased approach of managing the challenges in SAP HCM implementations will help the users in identifying, analyzing, and resolving the challenges. Early in the implementation, if you identify the change management challenges, it will give you more time and flexibility to analyze them and find solutions. Unfortunately, many managers think that change management is just a fashionable word rather than a viable aspect of the project that needs to be addressed; hopefully this article will help readers to appreciate that change management is for real. The three phased approach: Identification, Analysis and Resolution that is explained in this article by means of case scenarios, will come in handy for your HCM change management challenges.

There is nothing like a good approach to change management, and whichever approach you adopt, make sure that you follow through sincerely during the entire life cycle of the implementation.

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