

An Organization that Is Serious about Processes Is Serious about HR

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Uncover how SAP implementations require serious business process reengineering efforts. Even if your HR system has already gone live, you can benefit from this fresh perspective on how to coexist successfully with other departments.

SAP HR professionals must be aware of how SAP implementations affect HR departments. Most SAP rollouts require serious business process reengineering (BPR) so that members of all departments understand their connections to the rest of the company. However, many projects overlook this need. HR departments should play a significant role in BPR as an agent of continuity. We'll explain how you can optimize this role.

You may not have been thinking about the link between a business process, the roles that perform actions within that process, and their relevance in the real-life organization. Most of the time, this exercise stops at the definition of authorization profiles and a big-bang training approach of all end users. After that, most implementation teams see no need for maintaining the link between individual, position, functional role, and business process.

We are convinced that such an approach is a wasted opportunity. Most of the readers by now have figured out that all of the above largely influences the design of the organizational structure. That is exactly why an SAP implementation should be embedded in the Organizational Management (OM) part of HR if the organization is serious about its processes and wants to reflect its business reengineering effort in the organizational structure.

First, we'll explain the fundamental changes necessary when companies implement SAP. Then, we'll share tips for how you can map process flows to SAP HR modules to ensure effective communication with other departments.

SAP Implementations Focus on Business Processes (Not Software)

Michael Hammer, the founder of BPR, warns against process fragmentation in a functional organization, wherein each business function is a castle on its own. As you can see in **Figure 1** (on the next page), departments in the functional organization are separated from each other.

The information that each department captures in its own system determines that department's knowledge about the end-to-end business process and the customer's needs. In the organization in Figure 1, any sales representative would be glad to take a customer order, but when it comes to informing the customer about the production schedule, the sales representative is unable to answer. The production-management system captures the production data. The walls between the castles also make the production manager unable to say when the order will ship. In a functional organization, that's not his job. Nor will the sales representative be able to tell the customer

>> Key Concept

Business process reengineering is a management approach aiming at improvements by means of elevating efficiency and effectiveness of the processes that exist within and across organizations. In 1990, the founder of BPR Michael Hammer claimed that most of the work being done does not add any value for customers, and this work should be removed, not accelerated through automation. Instead, companies should reconsider their processes to maximize customer value, while minimizing the consumption of resources required for delivering their product or service.

when his last returned order would be refunded. That information is safely shielded within the accounting system.

Consequences

SAP connects fragmented pieces of a process from end to end (account-to-report, procure-to-pay, order-to-cash, or hire-to-retire) with shared data and seamless interfaces. The reengineering process becomes visible because transaction flows are the core elements on which the design of an SAP system is based. SAP also aligns the data flow to the transaction flow. This completely changes the way people work, how information is distributed, and who can access it. You will run into the following challenges that require you to rethink the current way of getting things done.

- Job content is impacted.** Jobs are no longer narrowed by the information system of a specific department. Not only will you have access to the other castles' data, you also have to make sure that your input is adequate for further use. This means that you will have to better understand the job of the person who is next in the process flow.
- Department performance (and lack thereof) becomes uncovered.** Organizational boundaries fade away as the seamless interfaces make it possible to peek right through the organizational functions. In reality, this produces a culture shock as different departments are suddenly exposed to each other's knowledge and nonsense. Certain vertical communication and information flows are eliminated and replaced by horizontal ones based on function.
- A higher need for responsibility and accountability in the lower ranks of an organization.** The authority moves to the people on the floor, as they get access to

a universe of data. Information is power, so this shift may concern managers who lose some of their authority. However, there is no sense in granting power to frontline workers without requiring their accountability. Timely input of good quality data is critical. Therefore, the biggest change is probably one in attitude: from controlled data processors to autonomous responsible people with a broader awareness of the process. SAP only works when people take ownership of the information that they enter in the system.

- Processes become more important than departments.** Processes become standardized, and the system forces you in a certain workflow. Invoices are not paid without corresponding purchase orders, stock levels are not updated without the proper production order confirmations, and products are not shipped without delivery notes and goods issue documents. Therefore, flexible heroic acts ("Let's fix it; we'll do the paperwork

later") become impossible. This is quite a problem if your day-to-day work consists of ad hoc interventions. Standard processes also dramatically change the maintenance and support requirements. As all departments work on the same system with the same data, system availability and response times are more critical than ever before.

Why Are Business Processes So Special?

Let's have a detailed look at some simple truths that all of a sudden apply as a result of an SAP implementation:

- SAP transactions are only done if they are steps in a business process
- Business processes work because there are functional roles who perform and own the steps in the process (otherwise the process stops)
- Process excellence consists of three aspects. People need to understand the

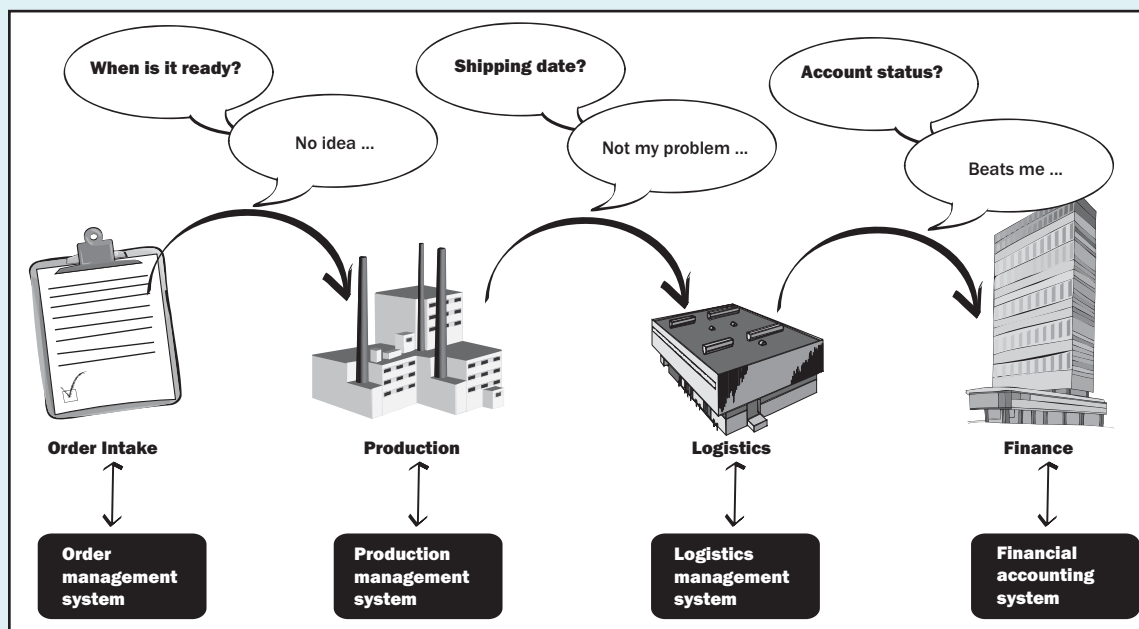


Figure 1 Process fragmentation

why of a process (its added value).

People also need to understand the what of a process (how it works and what it delivers). Finally, people need to understand the how of a process (which actions they need to perform and which instructions they need to follow).

- New processes only last if performance measures are based on them and no longer on castle-protecting rewards. For example: reduced sales order lead time replaces maximum volume and minimal downtime for production regardless of the sales order pipeline.
- New processes only last if people are rewarded for their new habits and no longer rewarded for their old habits

Enough evidence to suspect that SAP implementations affect processes and that processes have a serious people impact. It's not the difficulty of changing processes, but the fact of tying people to these new processes.

The Need for a Special Agent

BPR projects often focus on the most spectacular aspect: taking apart inefficient castle processes and the creating cross-departmental value chains. This is often referred to as the unfreezing and the changing part (two of the three phases of change: unfreezing, changing, and refreezing). Budgets and manpower are readily available for these first two phases.

However, while process owners, project managers, and team leads may be excellent change agents, there is also a need for stabilizers or agents of continuity. In our experience, we often find teams that successfully take processes apart, launch them into value chains, and then adjourn. These teams incorrectly assume that they've accomplished their goal. Sadly, a few months later they find out that old habits have taken over and users are trying to prove that the new system is not working.

That is the risk you run if you haven't tied together the simple truths outlined in the "Consequences" section with a continuity agent during a refreezing phase. Note that you will rarely find budgets for this quintessential phase. Fortunately, as a part of the HR department, you are the most eligible continuity agent. However, the HR department is rarely aware of its role in BPR projects.

HR Is an Agent of Continuity

Some parts of the HR community feel that HR should be an agent of change. However, we feel that HR is a continuity agent rather than a change agent. By their very nature, the fundamental HR processes are aimed at safeguarding stability. The basic processes of HR and their accompanying goals are as follows:

- Recruiting and selection > Goal: employment continuity
- Training and development > Goal: knowledge and skills continuity
- Performance management and appraisal > Goal: performance continuity
- Compensation and benefits > Goal: keep the personnel costs under control
- Work organization and communication systems > Goal: social stability

As a support function, a reengineering effort will impact the HR department indirectly. HR teams will most likely resist at first. Does that disqualify them from having any stake in the organizational change? To the contrary!

As mentioned earlier, change always happens in three phases: unfreezing, changing, and refreezing. As the key strength of HR is to stabilize the human side of an organization during and after a transition, it is its role to lead the refreezing stage. For the change to stick onto the organization, you are going to use the HR department's tools and methods.

Therefore, HR teams are one of the first targets to work with as continuity agents. Just don't expect everyone to be on the same page from day one, as they — like everybody else — will resist the change in the beginning.

The Unique Art of Tying People to Processes

Most often, neither HR nor the implementation team is aware of the impact of the system's redesign on the organization. As a one-off exercise, people are tied to authorization profiles and at best they are grouped according to these authorization profiles to follow training on the instructions to operate the system. This approach produces certain results, but not the ones you would hope for:

- People are trained on the actions they need to perform and which system instructions they need to follow (the how), but not on the added value of it (the why) or the process overview and what it delivers (the what). As a result, the BPR project is reduced to a plain system implementation.
- Current position descriptions are not changed. Thus, people disconnect their functional role from the authorization profile and the transaction.
- None of the people – role – process links are recorded anywhere or maintained to reflect the changes after go-live.

Under these circumstances, we cannot blame the people for not owning the processes and for trying to prove that the new system does not make their current life easier.

The role of HR in this case is one of sustaining the change and integrating it into its standards and procedures. In other words: safeguarding stability and continuity of the new organization. So if HR is not an agent of change but an agent of

continuity, then how should HR approach an SAP implementation and what is the specific challenge to be met by HR?

As we mentioned, a business process only works if people inhabit or own the functional roles that operate it. In practice, this implies the following:

- You keep an inventory of functional roles that appear in all of the business processes
- You assign each functional role to a unique name across all the business processes where it is involved
- You describe the functional role to summarize all of the steps owned by that role across all the business processes where it is involved

- You pick and mix these functional role descriptions into local position descriptions (in a decentralized structure)
- You tie people to these new positions and sort these positions in a new organizational structure

If your organization is serious about implementing an SAP BPR project, then the end result is reflected into new position descriptions and new organization charts. As each HR professional knows, this is a mission of diplomacy including multiple iterations. What's more, in this case it is one-to-one tied to the originating business processes. **Figure 2** outlines how it is all tied together.

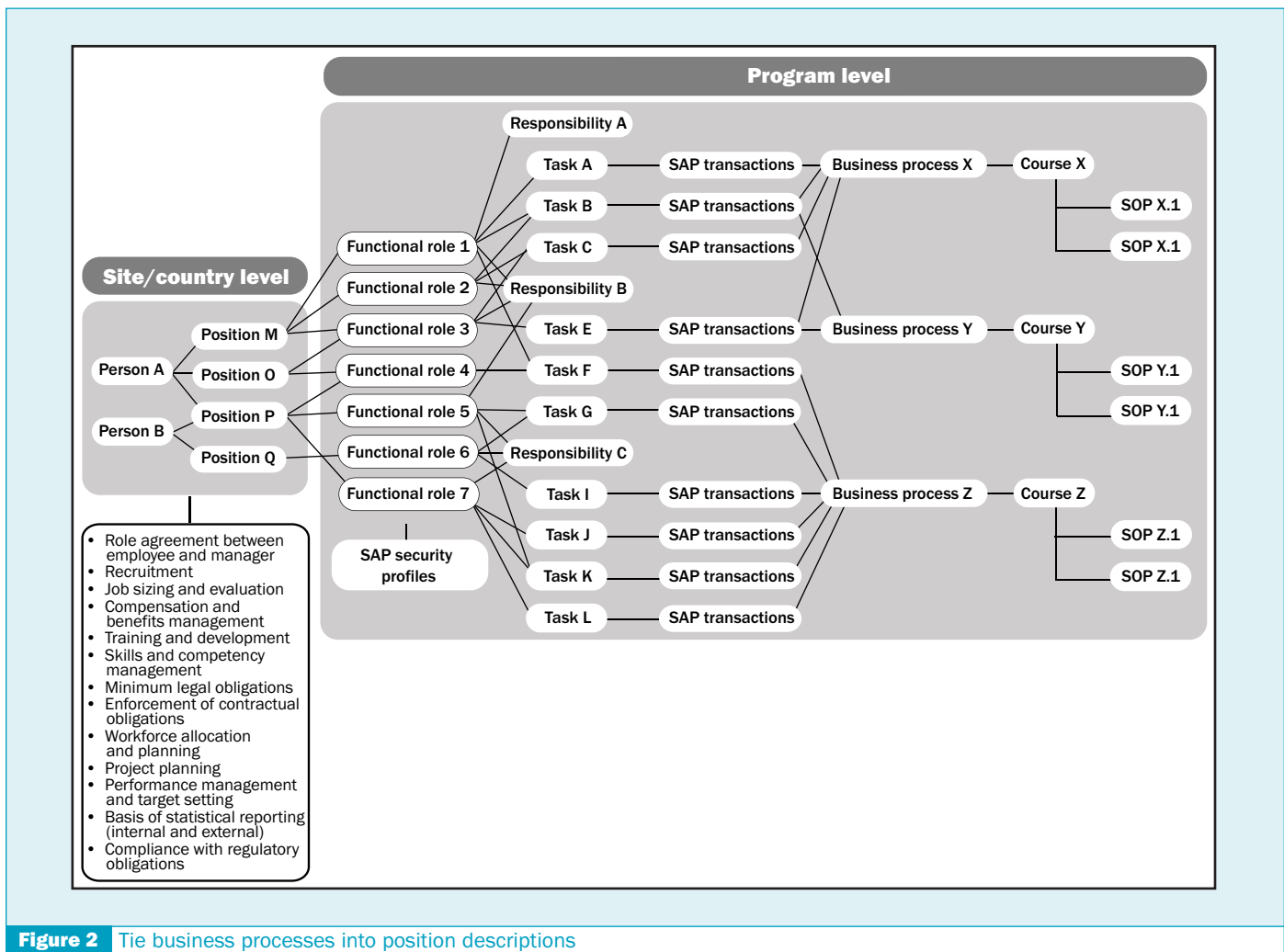
Every SAP implementation — no matter how small — has an impact on the functional roles and position descriptions. This

is because the system affects how work is done. The point is that you either need to look at the impact on all of these elements in advance or accept that at the end of the implementation the status of all of these elements will not reflect reality.

Life as an HR Agent in Large-Scale SAP Implementations

In its role as continuity agent, the HR team is responsible for reflecting the new functional roles and position descriptions into its SAP setup. The extent to which you choose to do that depends entirely on which parts of SAP HR you are using.

Table 1 compares the determination and belief in the theory of tying people to



processes of two real companies that we encountered in our career. Both are based in the same industry, have a comparable size, and have worldwide operations. Company A employs 15,000 people and produces high-end chemical products. Company B employs 9,000 people and produces raw chemicals. This comparison clearly shows what a difference the real involvement of HR as a continuity agent can make. Both companies started with the same intentions. However, it is the intention to involve HR

and the conviction of tying people to the processes that makes the difference.

Next to the actions stated in Table 1, you may want to address how new roles in the OM module fit into these actions. You'll need to know this because the approval process flow in OM affects so many business processes (travel and expense approvals, purchase requisition approval workflows, holiday requests, time sheet approvals in Cross-Application Time Sheet [CATS]).

Secondly, the HR master data must accurately reflect the new functional roles and positions. This is because they tie to the roles that people perform in the business processes that use HR master data (such as maintenance engineers in Plant Maintenance [PM], technicians in Customer Relationship Management [CRM], and linking sales opportunities and quotations to sales people).

Finally, the challenge for HR is to refreeze the interconnection between a person and

Program phase	Company A Headcount: 15,000 employees Industry: High-end chemical products	Company B Headcount: 9,000 employees Industry: Raw chemicals
Program initiation	The program is declared as a business process reengineering program and complex plans are laid out by the sponsors of the program.	The program is declared as a business process reengineering program and a set of simple rules are supported by the sponsors. For example: every single process should be visually mapped by means of swimlane diagrams.
Design	Teams jump right into the design of the system. As a result, they produce powerful prototypes that have a broad functionality. However, is that functionality required by the process? On a separate track, an organizational design initiative is set up based on existing structures.	Heavy discussions take place on the charting of the processes, and even more on the roles that are involved in each process. Technical people are bored, as nobody touched a system in this phase – it's all about processes and roles. Even trade unions sometimes mingled in the discussion of roles and responsibilities of certain processes.
Build	The system is built and the authorization profiles are derived from the build of the system and in no way linked back to functional roles.	The build of the system is prioritized based on must have for the process, should have for the process, nice to have for the process. In the meantime, functional role descriptions are edited and discussed with all involved parties. There are many frustrating iterations that sometimes even require the team to adapt processes.
Test	The system is tested according to the system specifications. All departments involved in the organizational design exercise sign off on a new organizational structure. The result is that current positions are switched around. Some people wonder how this new system is in any way related to the organizational design exercise.	Not only system testing takes place, but to the extent that it is possible the new processes are physically tested on shop floor level as well. A major communication effort is launched to map from scratch who will perform which role in the future setup of processes. No need to mention the discussions and iterations that it takes.
Deploy	All involved users are listed based on what they currently do in the system. All users receive system training by means of good manuals and clear instructions.	Every single user, non-user, and sponsor is informed by means of the process diagrams, down to the level of shop floor workers and truck drivers. All users receive system training by means of good manuals and clear instructions. Not a single training hour goes by without a question and answer round on "where are we in the process?"
Post implementation	Gradual go-live with some hiccups.No support on site and still the same hiccups. Black holes in several business processes call for heroic acts and firefighting.	Gradual go-live with some hiccups. Gradual stabilization as people take up their responsibilities; they know what is expected of them and they understand how it is all integrated. Thorough long-term after care on-site making sure that old habits do not take over. The person-role-process philosophy is carved in stone and is continuously updated as the organization evolves.
Long term	No real added value of this implementation. A lot of support and maintenance costs.	The company is ready to take the next steps on process improvements Clear measures and cost control that can even be traced back on the level of a business process. The business process drawings are part of the quality assurance system.

Table 1 Two companies' approach to implementing SAP

the new position, functional role, and tasks he or she needs to perform in the system, and start building on this new reality. This may affect the following functions of HR:

- Role agreement between employee and manager
- Recruitment
- Job sizing and evaluation
- Compensation and benefits management
- Training and development
- Skills and competency management
- Minimum legal obligations

- Enforcement of contractual obligations
- Workforce allocation and planning
- Project planning
- Performance management and target setting
- Basis of statistical reporting (internal and external)
- Compliance with regulatory obligations

Both executives and end users must check basic data. This means you are playing the game on two levels: involving the target users (which contributes to their motivation), and sending the signal that data accuracy is going to be of vital importance in the future.

In this context, Employee Self-Service (ESS) empowers people to get a look at the organization and the position in which they are residing. The roles and possibilities in ESS are diverted from your position in the organization. The people are also trusted and motivated in actively taking part in their position and role by using their role and position to alter limited HR data. You empower people to take part in the refreezing process. In this way, HR can help to tie the pieces of an organization to its processes and to get people to take ownership over their role.

As you know, ESS allows you to share basic employee data and as such to create a sort of online directory. This is mostly one of the more popular pages of an intranet and it certainly dissolves parts of some castle walls. ■



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