Case Study #2 Organization-focused Work

The Challenge

In the mid-2000's, the financial systems at The Thomson Corporation, the largest, global professional information provider now called Thomson Reuters, were at a crossroads. Years of integrating acquisitions, missing software upgrades, building workarounds, and for the most part, growth had led to a jumble of versions, platforms, applications and add-ons. It was becoming harder and harder to integrate new acquisitions, improve processes, and assure quality. At the same time, organizational units processed their own financial transactions with little leverage across the enterprise. Processes far from the customer, like accounts receivable and cash applications, were being handled by individual units sapping management bandwidth and leaving cost leverage on the table. At the time, few global concerns had attempted to bring the entire enterprise onto one instance of a financial platform AND implement a global shared service transaction environment at the same time. This is what Thomson decided to do when it launched Finance +.

David Turner, the CFO of one of the Thomson divisions, was put in charge of the program, the goal of which was to implement a single instance of SAP across the globe as well as move the organization to a global shared service environment taking advantage of low-cost locations. This was a massive change for the organization. Business unit CFO's were not used to giving up any portion of their financial transactions, even if they were non customer-touching. In addition, the company did not have a sterling internal reputation for implementing shared services in other function at that time. Actually, there had been little available examples of success in implementing any major cross-company initiatives. So David's eyes were wide open about the challenge. As a divisional CFO, he had seen the effects of past efforts on credibility and trust within Thomson and he was determined to be successful with Finance +. The technological, organizational, and process issues were huge. But David recognized that any success in those areas would be unsustainable if the financial operations mindset did not change.

Operating on one instance of a complex application such as SAP would require that people let go of esoteric ways of processing and reporting, that workarounds which had grown from issues that presented themselves decades ago were still being used and would have to be jettisoned. Legacy systems from old acquisitions would have to be phased out. People would have to give up something to get something.

Moving to a global shared service environment required an even greater mindset change. Processing now performed in hundreds of locations would be carved out and moved to 3 regional centers plus one global center in India. Roles and jobs would be moving, with the resulting loss of jobs in then current locations. Finance people as well as line folks would be dealing with new people, some of them multiple time zones away. If transaction quality was not BETTER than the current state (as good wouldn't be good enough) all trust would be lost and would take years to regain. In short, the change agenda was as critical, if not more so, than the technology and organizational structure agenda. David needed a comprehensive approach to transforming the minds, heart, and hands of nearly 4,000 financial function employees not to mention the 20,000 line and other functional people who needed to be supported.

The Solution

Finance + had many, many moving parts. This piece focuses on the transformation effort. David set up a steering committee to handle all day-to-day and week-to-week activities of the program. Jay Spach was the change lead on the steering committee. Jay's team of Org Development consultants was almost completely commandeered to support the change effort, along with resources from IBM Strategy and Change practice. The changer team worked arm in arm with the communications and training teams to coordinate all aspects of transformation support. Normally an effort such as this would have a training lead and comms lead. David put these activities under the change lead's coordination and this assured common messages and sequencing of change efforts.

The program did not skimp on communications right out of the box. Weekly video messages and monthly updates were instituted. There were clear messages not only about the regional cut-over dates and what it will take to meet them, but also constant reiteration of the benefits of reaching the end state. There was no attempt to minimize the effort or the risk – or the pain and disruption to those whose roles were moving – but it was always couched in the need for change and the ultimate benefits of success. Clear values were articulated to help in all aspects of decision-making, emphasizing standardization, leverage, automation, integration, and sharing. There were 5 regional cutover dates over 18 months, each one approximately 4 months from the previous one. Since Thomson had a history of letting deadlines for major projects slip, it was imperative that these dates be met. David as much as had them tattooed on his forehead! Yet it was also critical that the organization be ready for each cutover or initial quality would be a disaster.

The change team worked backwards from each cutover date and laid in the appropriate launch timing, training, user acceptance testing, and process testing. The team worked closely with HR to identify key employees who were needed for knowledge transfer to the regional sites and to India – many of whom would be redundant within months of the cutover. Pay packages or alternative opportunities were designed and identified to assure their cooperation and many of them traveled to India for weeks to work with the new service center employees.

A comprehensive super-user program was put in place to provide special training to super-users in each site. An all-encompassing survey was developed to assess each user's readiness for each cutover. The results of the survey were heavily weighted in the regular Go/No-Go workshops which were held 2 weeks before each cutover date. In one cutover Go/No-Go session, low user readiness did delay cutover for 2 weeks to assure user readiness. This process was repeated for each cutover in each region.

The Result

Not only did the full global implementation meet all of its deadlines, on budget with expected cost savings, but in the middle of implementation, the company acquired Reuters and the project also moved the entire Reuters financial back office operations onto SAP and integrated it into the shared service centers in 5 months. Finance + remains one of very few examples of successfully moving to a shared service environment along with moving to a new platform in the industry. A very complex and difficult change agenda was accomplished with the right collaboration among internal and external consultants, a leader who understood the importance of change, and coordination between training, change, and communications.