



Fix What's Broken. **BUILD WHAT'S NEXT.**

WHITE PAPER

Why HR & Payroll Implementations Fall Short or Fail

*A strategic guide for HR leaders, implementation teams,
and organizational stakeholders*

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Table of Contents

Seven root causes. One framework. A path to implementation success.

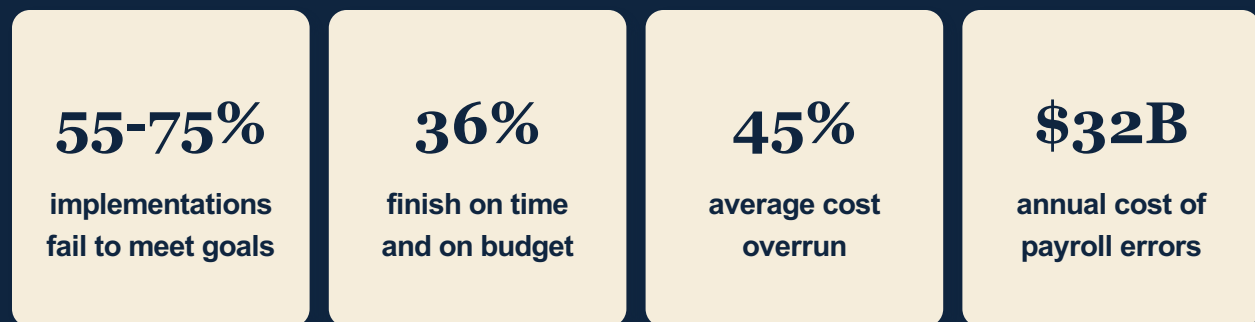
- 01** Executive Summary & Key Metrics
- 02** Lack of End-to-End Design
- 03** Clients Not Understanding Their Own Requirements
- 04** Cost Containment and Its Consequences
- 05** Trying to Recreate the Old System
- 06** Lack of Harmonization
- 07** Impact on Employees & Administrators
- 08** Conclusion & How Stiletto HR Can Help

Executive Summary

Why the failure rate hasn't budged - and what to do about it

HR and payroll implementations are among the most complex, highest-stakes technology projects an organization undertakes. They sit at the intersection of business process, regulatory compliance, employee experience, and organizational change. When they go wrong, the consequences are immediate, visible, and disruptive.

A decade of HR technology advances has not moved the needle. Failure rates on large-scale implementations remain stubbornly high, and the research is consistent across sources.



Sources: Gartner (2023); PwC (2022); Standish Group (2022); McKinsey (2022); Ernst & Young (2023)

This paper examines seven root causes behind those failures. Understanding them, and acting on them, is the foundation of any successful HR or payroll transformation.

- End-to-end design
- Requirements clarity
- Cost containment

The Numbers at a Glance

Failure patterns documented across a decade of research

METRIC	FINDING	SOURCE
55-75%	<i>of HR tech implementations fail to meet objectives, timeline, or budget</i>	<i>Gartner (2023); PwC (2022)</i>
36%	<i>of enterprise ERP / HCM projects finish on time and on budget</i>	<i>Standish Group (2022)</i>
45%	<i>average cost overrun on failed HR tech projects</i>	<i>McKinsey (2022)</i>
3x	<i>more likely to experience go-live errors when parallel payroll testing is skipped</i>	<i>American Payroll Assn (2023)</i>
\$32B	<i>annual U.S. cost of correcting payroll errors</i>	<i>Ernst & Young (2023)</i>
82%	<i>of employees say payroll errors reduce their trust in their employer</i>	<i>Ceridian (2023)</i>
6x	<i>more likely to fail when change management maturity is low</i>	<i>Prosci (2023)</i>
67%	<i>of HR tech implementations underfund end-user training</i>	<i>Sierra-Cedar (2022-23)</i>
40%	<i>faster go-live for organizations that adopt vendor best-practice processes</i>	<i>Workday (2023)</i>
26 mo	<i>average post-merger HR integration when harmonization is deferred</i>	<i>Deloitte (2023)</i>
23%	<i>compensation variance reduction with standardized job architectures</i>	<i>WorldatWork (2022)</i>
47%	<i>of IT project managers cite poor requirements as the #1 cause of failure</i>	<i>PMI (2023)</i>

Table 1. Failure-rate research across HR technology implementations, 2022-2023.

***These aren't ten separate problems.
They're symptoms of the same seven root causes.***

1. Lack of End-to-End Design

The fragmented implementation trap

One of the most pervasive failure patterns is the absence of end-to-end design. Organizations and their implementation partners approach these projects as a collection of discrete workstreams. Payroll here. Benefits there. Time and attendance somewhere else. What they should be approaching is an integrated ecosystem.

WHERE THE DESIGN BREAKS DOWN

End-to-end design breaks down in four predictable ways. Teams implement modules in parallel without testing the hand-offs between them, so each workstream hits its milestone while no one owns the integration.

Discovery captures the future-state system but not the current-state reality - the workarounds, the manual processes, the exception handling that the new system will inherit unless someone documents it first.

Data migration arrives late as an afterthought. IBM puts the cost of poor data quality at \$3.1 trillion annually; HR is not immune.

And no single design authority owns the whole picture. When multiple vendors, internal IT, HR, and Finance each control a piece, the gaps between those pieces become the defects that surface at go-live.

KEY INSIGHT

A well-designed HR/payroll implementation treats the entire employee lifecycle as a single, continuous process. Every data element, every workflow trigger, every integration point gets mapped before configuration begins - not discovered during testing.

WHAT WE RECOMMEND

- ▶ **Dedicate a solution architect**
with cross-functional authority over the end-to-end design
- ▶ **Require a complete process and data flow map**
before any configuration begins
- ▶ **Treat data migration as a first-class workstream**
not an afterthought; build hire-to-retire test scenarios

2. Requirements

What clients don't know they don't know

An uncomfortable truth: most client organizations don't fully understand their own requirements when the project starts. This isn't incompetence. It's structural. HR and payroll operations are genuinely that complex. Most of that knowledge lives in a few tenured employees and is never written down.

Mid-sized organizations may carry dozens of pay groups, multiple collective bargaining agreements, state and local tax obligations across jurisdictions, and decades of grandfathered policies. Documentation and clear process wasn't intentionally missed, but it becomes a stumbling block for evolution or transformation.

THE OUTSOURCING KNOWLEDGE GAP

When an organization has outsourced its payroll or HR operations to a third-party provider, the transition to a new system creates a knowledge transfer problem that's almost always underestimated. The incumbent vendor holds years of configuration knowledge, exception-handling rules, and operational workarounds. Functionally, that knowledge belongs to the vendor, not the client.

In many cases the outgoing vendor is being replaced precisely because the relationship has broken down. The incentive to provide comprehensive, accurate knowledge transfer is low. Contract terms may limit what can be shared. Key individuals on the vendor side may have already moved on.

The requirements gap you don't know about is the one that wrecks your go-live.

WHAT WE RECOMMEND

-  **Invest in comprehensive discovery**
four to six weeks of structured workshops minimum for mid-market
-  **Audit the current system before discovery**
extract every pay code, calculation rule, and known workaround
-  **Negotiate knowledge transfer obligations early**
for outsourced environments, treat vendor cooperation as risk, not assumption

3. Cost Containment

Where saving money costs more

HR and payroll implementations are expensive. The pressure to contain costs is understandable. But the cuts organizations typically make are usually the ones that cause the project to fail, and the downstream costs - rework, delayed value, operational disruption - dwarf the savings.

Compressed timelines, abbreviated parallel testing, deferred training, lean staffing on both sides, lowest-cost vendor selection. Each of these is a rational individual decision; collectively they form the failure pattern.

THE INDEPENDENT ADVISOR GAP

The most consequential cost-cutting decision is also the most rationalized: declining to bring in an independent HR and payroll advisor. The vendor has an implementation team. Internal HR knows the business. A third party seems redundant.

It isn't. The vendor's team is accountable to the vendor, not to the client. Their job is to configure the system they sold. It is not their job to challenge requirements, flag gaps, protect the organization's long-term interests, or make sure the human reality of running payroll is reflected in what gets built.

An experienced independent advisor fills exactly that gap. They bring the requirements discipline, process design expertise, harmonization leadership, and honest readiness assessment that turn a vendor-driven deployment into a real business transformation.

KEY INSIGHT

Total failure costs - rework, delayed go-live, employee relations damage, regulatory exposure - routinely run 200% to 400% over original project budget. The cost of an independent advisor is a fraction of that.

WHAT WE RECOMMEND

 **Engage an independent advisor before the technology selection begins**
and budget for parallel payroll testing as a non-negotiable line item

4. Recreating the Old System

The legacy mindset problem

The most self-defeating pattern in any HR or payroll implementation is the demand to replicate the old system inside the new platform. Make the new technology look, feel, and behave exactly like the thing it's replacing. The impulse is understandable. People are comfortable with what they know. But it's incompatible with the value proposition of modern HR and payroll platforms.

Modern platforms - Workday, SuccessFactors, Oracle HCM, UKG, Dayforce - are designed around contemporary best practices in process design, user experience, and data architecture. When organizations insist on replicating legacy logic, workflows, and reporting structures, they are not just missing an opportunity. They are actively building a worse outcome.

THE COST OF REPLICATION

60%

higher 3-year TCO
for heavily-customized
HCM implementations

72%

of organizations report
dissatisfaction 12 months
post-go-live

40%

faster go-live for those
adopting vendor
best-practice processes

“Life and Shift” - Pay for a modern HR platform, configure it like a 20-year-old legacy system, and you've made an expensive decision to stand still.

WHAT WE RECOMMEND

 **Adopt before adapt**
exhaust the delivered system's defaults before pursuing customization

 **Rationalize before you migrate**
review and clean every legacy pay code, workflow, and integration first

5. Lack of Harmonization

The silent project killer most organizations defer

One of the most underestimated obstacles in any HR or payroll implementation is the degree of inconsistency that already exists inside the organization before the project starts. Different business units operate under different policies. Acquired companies retain pay structures, job classifications, and benefit plans that were never aligned with the parent. This inconsistency is a silent project killer. The proper word for fixing it is harmonization.

Without harmonization, every business unit becomes a special case. The system grows in complexity with each accommodation. The promised efficiencies of a unified platform never materialize.

WHERE HARMONIZATION GAPS APPEAR

Job architecture and titling

Same role, a dozen different titles. Pay grades inconsistently applied. Job families that exist in some divisions but not others.

Pay policies and practices

Overtime, shift differentials, holiday pay, on-call, merit increases - applied differently across divisions, often reflecting historical management preferences.

Data standards and definitions

Cost centers coded differently. 'Full-time' defined differently for benefits eligibility. Top-3 implementation challenge per 61% of HR leaders.

Post-merger and acquisition entities

26 months average to integrate when harmonization is deferred. 14 months when addressed proactively (Deloitte, 2023).

5. Harmonization (continued)

Governance and executive mandate - the missing pieces

Even when organizations recognize the need for harmonization, they underestimate what it takes to achieve it. The most common failure mode is treating harmonization as a workstream rather than a governance function.

A workstream produces a deliverable - a harmonized job architecture, a standardized pay policy - and then moves on. A governance function makes and enforces decisions across organizational boundaries, manages competing stakeholder interests, and holds the line when business units push back.

THE EXECUTIVE MANDATE

Of all the factors that determine whether a harmonization effort succeeds or fails, none is more decisive than executive sponsorship. And not the passive, endorsement-from-a-distance kind that characterizes most large projects.

Harmonization, almost by definition, takes something away from someone. Business units lose autonomy over policies they have controlled for years. The people who experience that loss will push back, often up the org chart. If those pushbacks reach a senior leader who hasn't fully committed to the harmonization goal, the path of least resistance is to grant the exception. Once exceptions are granted, harmonization unravels.

*Harmonization without governance is a wish.
Governance without executive mandate is a process with no authority.*

WHAT WE RECOMMEND

- Secure an explicit executive mandate before the project begins
named senior sponsor; commitment communicated to every business unit
- Stand up a steering committee with binding decision authority
make the cost of exceptions visible so leaders know what they're authorizing

6 + 7. The Human Cost

Employees and administrators bear what others designed

IMPACT ON EMPLOYEES

Payroll is not an abstract business process. It's the mechanism by which people are compensated for their work and through which they access the benefits that support their financial security and wellbeing.

Payroll errors affect 54 million U.S. workers annually. 82% of employees say errors reduce their trust in their employer. 49% say repeated errors would prompt them to leave. For the 78% of Americans living paycheck to paycheck, a one-period error triggers cascading consequences - missed rent, overdraft fees, food insecurity.

IMPACT ON ADMINISTRATORS

HR and payroll administrators are the operational backbone of any HR system. Yet in many implementations, the impact on administrators - their workload, their training, their confidence in the new system - receives far less attention than the impact on end users or senior stakeholders.

When administrators are undertrained and overburdened, errors increase. Those errors propagate into paycheck accuracy, compliance reporting, benefits administration, and management reporting. The irony of a failed implementation is that the organization paid for sophisticated new technology and ended up with worse data quality than it had on the old system.

KEY INSIGHT

Employees and administrators aren't change management afterthoughts. They're stakeholders with a direct stake in the outcome - and they're the ones who pay the price when the implementation goes wrong. Design for them first.

Conclusion

Seven root causes. One pattern. A path through.

HR and payroll implementations don't fail because the technology is bad or the people are incompetent. They fail because the complexity of these systems demands a level of rigor, discipline, and human-centered thinking that organizations routinely underestimate.

The seven root causes in this paper aren't independent failures. They're interconnected. Cost pressure leads to compressed discovery, which produces incomplete requirements, which creates design gaps. Fear of change drives legacy replication, which squanders the value of new technology. Unresolved policy inconsistency produces a configuration that no system can maintain cleanly. And throughout, employees and administrators bear the human cost of decisions made without adequate consideration of their needs.

The goal of any HR and payroll transformation isn't a functioning system.

It's a system employees trust, administrators can run with confidence, and that delivers the compliance, efficiency, and workforce insight that justified the investment in the first place.

That end goal is achievable only for organizations willing to do the work.

How Stiletto HR Can Help

Four service categories. Senior consultants. No big-firm overhead.

These challenges aren't theoretical. They play out in real organizations, on real projects, with real consequences. Stiletto HR was built to fix them.

Advisory & Strategy

Get the foundation right before the technology lands.

Operational model and governance frameworks. Technology evaluation - RFP, vendor profiling, contract negotiation, business case. Best-practice adoption over legacy complexity.

Implementation

Senior consultants on the project, not just a proposal promise.

Global HCM and payroll deployment across Workday, ADP, SuccessFactors, UKG, and others. End-to-end data and process mapping. PMO support. Harmonization built in, not deferred.

Stabilization

Post-implementation pain points don't have to go unresolved.

Root cause analysis. Production issue resolution with direct line back to the business. Staff augmentation. Training for trainers. System optimization and reporting infrastructure.

Transformation

The future-state operating model, not just the tech.

Shared services design. Organization redesign aligned to the future-state business. Change management and cost optimization. Long-term technology and operating model.

WHO WE ARE

25+ years

150+ countries

6 service lines

100% senior consultants

Expertise & Engagements

Six practice areas. A track record across industries.

WE COVER

Payroll

Management, compliance, global operations, year-end

Benefits & Rewards

Administration, compensation strategy, total rewards

Global Mobility

International assignees, relocation, tax equalization

Talent Management

Acquisition, workforce planning, performance, L&D

Workforce Management

Labor relations, time, optimization, scheduling

Legal Expert

Expert witness for payroll and WFM disputes

SELECT CLIENT ENGAGEMENTS

Global Payroll Build

38 Countries | 18 Months

Established a Global Payroll Organization during a corporate spinoff. Deployed ADP GlobalView, Celergo (Canada, LATAM, APAC), Workday (USA), eTime and Strada (EMEA).

HCM Implementation

Holding Company | 12 Divisions

Designed and implemented ADP Lyric across 12 divisions. Harmonized requirements, consolidated policies, ran payroll operations, built a new operating model.

Stabilization Recovery

Manufacturing | US & Canada

Recovered from critical post-go-live issues before year-end. Adjusted T4s and W2s, corrected configuration, provided staff augmentation under extreme time pressure.

Time-to-Pay Transformation

Global Manufacturing

Built strategy, business case, and timeline for full time-to-pay transformation. Led vendor selection, shortened RFP timeline, centralized into three regional centers.

About Tracy Micciche

Founder, Stiletto HR



Tracy brings decades as a payroll operator, HR strategic advisor, and global business transformation practice leader. Her consulting work focuses on HR and payroll operations, with expertise extending into mobility, travel and expense, HRMS technology, and employee retention.

Senior leadership at The Hackett Group, Deloitte, SafeGuard International, CloudPay, Lenovo, and Procter & Gamble.

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CREDENTIALS

- ▶ **BA, Economics**
University of Connecticut
- ▶ **MBA, International Business**
Florida Institute of Technology
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Let's talk.

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Whether you're planning a new implementation, navigating a troubled one, or trying to extract value from one that just went live - we're ready to help.

PRECISION CONSULTING

References

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ABOUT THIS WHITE PAPER

This white paper was prepared by Tracy Micciche of Stiletto HR Consulting to assist HR leaders, implementation executives, and organizational stakeholders in understanding the systemic causes of HR and payroll implementation failure. It is intended as a practical framework for risk mitigation during the lifecycle of a transformation project. Readers are encouraged to consult primary sources for the most current data, as research in this field evolves continuously. For inquiries, contact success@stilettohr.com.