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Ensuring Success of Your Tax Project – Identifying and Managing Stakeholders

Overview

Stakeholder management is critical to the success of any project—from strategic inception to project conclusion. This is particularly true for tax technology projects; with invested parties across numerous business areas, early identification, co-ordination and management of project stakeholders is essential.

Thomson Reuters & Ryan have collated their tax technology and project management expertise to provide guidance around the principles of stakeholder management and how these can be applied to a tax technology project. We've broken down this guidance into the following steps:

1. Stakeholder identification & analysis
2. Project areas that stakeholders can impact
3. Recommended lifecycle of stakeholder management
4. The above applied to a theoretical case study

Above all, this paper is designed to help you leverage established project management methodologies (PMBOK) to ensure the success of your tax technology project.

1.STAKEHOLDER IDENTIFICATION & ANALYSIS

According to the PMBOK Guide, the definition of a stakeholder is 'an individual, group or organisation who may affect, be affected by or perceive itself to be affected by a decision, activity or outcome of the project'. These stakeholders can be a proponent, opponent or be indifferent— irrespective of definition, these stakeholders must be identified and assessed at project inception and analysed appropriately.

In the context of a tax technology project, once identified, stakeholders should be analysed using the three criteria below:

+ **Need:** timely submission of filing obligations with no errors
+ **Want:** automated signature-ready reports with minimal manual intervention
+ **Expect:** a tax automation solution which supplies accurate data for filing and supplies adequate information for tax audits if required

To ensure all requirements are gathered at project inception, thorough stakeholder identification and analysis is essential to avoid further project areas being impacted.

2.PROJECT STAGES WITH STAKEHOLDER IMPACT

SCOPE

With any complex organisation, knowledge is often fragmented. Gathering requirements from and involving all stakeholders during the scoping phase can reduce the risk of unexpected objections throughout the project lifecycle.

COST

The total cost of the project should be based upon the initial requirements scoping phase. Failure to identify all key stakeholders (e.g. all tax experts) during the scoping phase can result in an impact on the user acceptance testing phase (UAT), which results in increased costs.

TIME

An effective project schedule is fundamental to success, which a thorough scoping phase should help ensure. Including all stakeholders (e.g. local tax managers) before roll-out can help to capture even the minutia of requirements (e.g. local tax elements), thus keeping the project to expected timelines.

RESOURCES

Ensuring that all stakeholders are identified will not only mean existing resources are 'bought in', but can also allow you to effectively distribute project tasks.

QUALITY

Stakeholder management plays a key role in rolling out a clean vision of a tax automation solution. Manual workarounds being 'shoe-horned' into a system can be avoided if all requirements are identified scoping stage by identifying all stakeholders.

RISK

Any unknown is a project risk, and an unknown stakeholder poses the risk of increasing the project scope—thus impacting the cost, timeline and go-live expectations of a project. Stakeholders should be identified as a potential risk to the project at its inception to manage expectations around each project phase.

3.STAKEHOLDER MANAGEMENT

As is clear from the above, identifying and managing stakeholders is fundamental to the success of any project throughout its lifecycle.

Below are the recommended strategies to effectively managing your stakeholders (including the identification and analysis phases mentioned above).

Identification

Existing documentation such as the below can help in managing stakeholders throughout the identification process:

Project Charter (summary of project objectives should include project sponsor, project manager and those funding the project e.g IT, Finance, Tax)

Procurement Documents (contracts outline expectations, interest and influence of those bound to the project)

Enterprise Environmental Factors (EEFs) (recognition of external factors as stakeholders – e.g. legislative change, technical upgrade, economic climate)

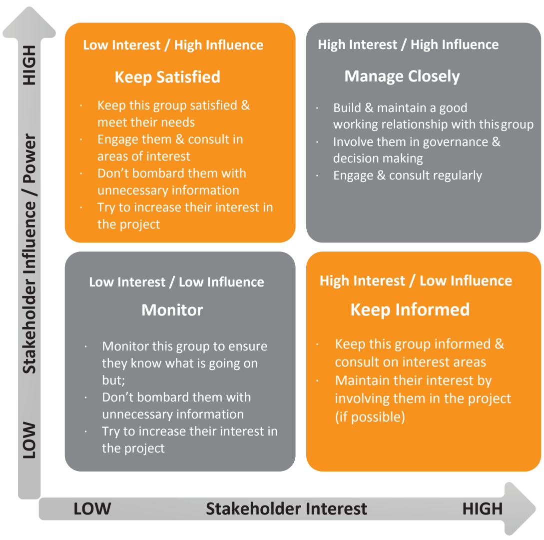
Organisational Process Assets (OPAs) (any assets the organisation has, for example, a stakeholder register from previous projects or an existing org chart)

In addition to documentation, stakeholders can be managed through the identification phase via Expert interviews (subject matter experts should be a first port of call; their understanding of the business processes and people they interact with are invaluable to project scoping).

Prioritise your stakeholders

Your Stakeholder Registery—a list of all project stakeholders and all project information relevant to them—is a useful output from the identification stage. The register can include how frequently stakeholders should be contacted, potential influence on the project, etc.

Once all stakeholders are identified, to manage them effectively it's important to assess their importance and influence over your project. A useful tool to help complete this task is a Stakeholder Matrix, which helps to categorise each invested party with guidance around the actions needed for each:



The Stakeholder Matrix and Stakeholder Register should be used to develop an overall Stakeholder Management Strategy – i.e., a process to ensure that proponents are increased and opponents are reduced.

4.CASE STUDY

While the above are useful project management principles, how do these fit into the context of a tax technology implementation project? Below is a case study of these principles in action.

Business initiative

A multinational organisation identifies a business initiative that encompasses a substantial international tax transformation project. The initiative included:

+ Centralisation of the VAT reporting department to a Shared Service Centre (SSC)
+ Introduction of an automated reporting solution
+ Creation of a data warehouse to store information pertinent to VAT and VAT reporting

Business case

To solidify the business case for the tax system element of this business initiative, stakeholders across several areas of the business were contacted:

+ **Tax** consulted to assess whether a SSC model is feasible
+ **IT** consulted on vendor selection policy/preferred software vendors
+ **Systems** consulted on integration requirements

Business requirements

Further discussions with SMEs and reviews of existing processes identified additional stakeholders and helped to pull together the wider and more tactical objectives of the project. Key stakeholders included Global Head of VAT, an SSC Partner in India and IT to ensure that the proposed applications complied with the business' strict IT policies. System teams also played a key role in assessing the scope of changes required for ERP development.

Design

Engagement with all stakeholders identified during the business case phase ensured that a system could be designed that met all business needs.

Build phase

Effective stakeholder management throughout the build phase of the tax system ensured that all business requirements could be matched to system functionality.

Test phase

The UAT phase threw up minor objections to do with local tax specifications. These were then amended.

Go-live

Project effectively rolled a system that supported the business, with feedback including:

+ "Our cost per return, following deployment, is in line with our initial business case."
+ "We are seeing a direct decline in incorrect AP bookings."
+ "The results of our internal audit are in. We received top marks!"
+ "The Shared Service Centre team are happy with the results."

SUMMARY

The most significant factor in the success of a tax technology project is the early identification, analysis and management of stakeholders.

Through the effective identification, analysis and management of stakeholders throughout a tax technology project, project managers can ensure deliverables are rolled-out in a timely, cost effective and streamlined manner.

Have you structured your tax technology project?

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References: PMBOK Guide

ABOUT RYAN

Ryan is an award-winning global tax services firm, with the largest indirect and property tax practices in North America and the seventh largest corporate tax practice in the USA. The firm's UK practice, headquartered in London, supports multinational corporations operating across Europe with a suite of international tax, transfer pricing, value-added tax advisory, recovery, compliance and automation services. With global headquarters in Dallas, TX, the firm provides a comprehensive range of tax advisory and consulting services on a multi-jurisdictional basis, including audit defense, tax recovery, credits and incentives, tax process improvement and automation, tax appeals, tax compliance and strategic planning. Ryan is a three-time recipient of the International Service Excellence Award from the Customer Service Institute of America (CSIA) for its commitment to world-class client service. Empowered by the dynamic myRyan work environment, which is widely recognized as the most innovative in the tax services industry, Ryan's multi-disciplinary team of more than 2,100 professionals and associates serves over 12,000 clients in more than 40 countries, including many of the world's most prominent Global 5000 companies.

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Vicky is a certified Project Management Professional and specialises in tax technology projects. Vicky has worked with SAP, Oracle and Thomson Reuters ONESOURCE™ products such as indirect tax determination and VAT Compliance. Vicky has been a project manager with Ryan's Tax Technology team for 7 years.

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