

## The 3 Root Causes of HR Tech Failure and How to Avoid Becoming a Statistic

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### Why HR Tech Projects Fail – The Grim Reality

It's no secret that HR technology projects frequently fail to deliver on their promised benefits. Survey after survey paints a grim picture of costly technology implementations that miss the mark. Chances are, you've witnessed some of these failures first-hand within your own organisation.

The technology keeps getting better, and, in theory, we're learning more about how to deliver these projects. So, why aren't success rates improving?

#### The HR Technology Results Card:

Research findings consistently paint a bleak picture when it comes to the success of HR technology projects:

- 42% of HR tech projects fail after two years. (Josh Bersin, HRE)
- 51% of organisations rated their HR technology as falling below expectations, and 40% were dissatisfied with their ROI. (Mercer 2023 HR Tech Confidence Check)
- A staggering 84% of recent HR projects were deemed unsuccessful. (UNLEASH 2020 Study of 1000+ global organisations)
- Only 42% of SaaS licenses are actively used. (Productiv 2023 State of SaaS trends – "shelfware as a service")
- 36% of HR technology buyers are likely to switch vendors at contract renewal. (PwC 2022 HR Tech Survey)

This isn't just an HR technology problem. A Gartner survey revealed 56% of organisations regretted their largest tech-related purchase in the last two years. Collectively, this amounts to £Billions wasted annually on failed HR technology projects.

At SelectionWise, we believe these pervasive failures are largely preventable. With over 30 years of experience navigating the complexities of HR technology as a consultant, vendor, and client, I've seen first-hand where projects go wrong. My unique focus is on



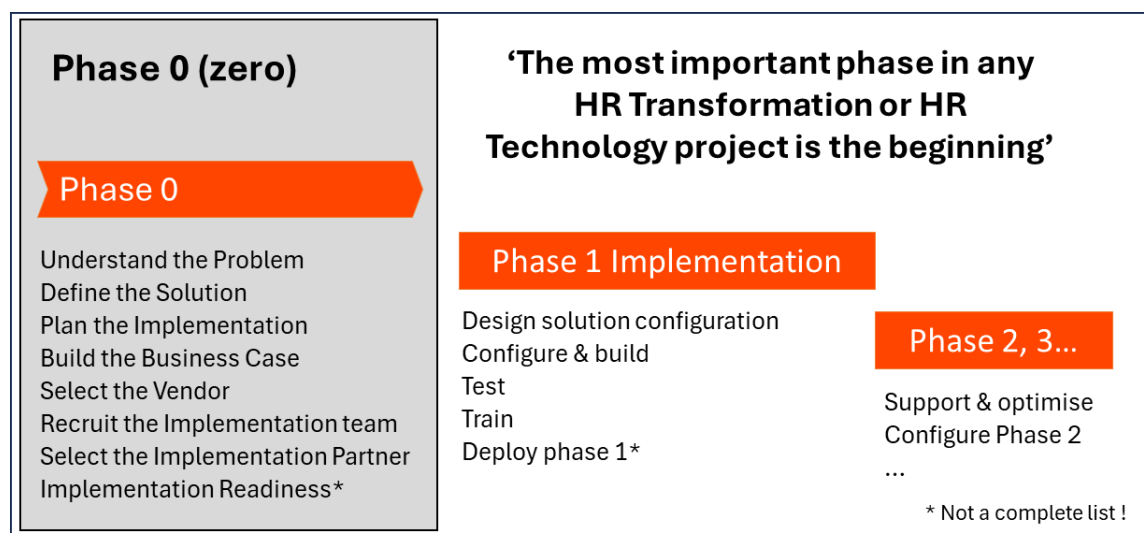
Phase 0 – the crucial pre-implementation stage where the seeds of success (or failure) are sown.

## What is Phase 0?

Phase 0 is the critical initial stage of an HR technology project before implementation officially begins. It encompasses vital preliminary activities such as:

- Understanding the Problem
- Defining the Solution
- Building the Business Case
- Selecting the Right Vendor
- Planning the Implementation
- Selecting the Implementation Partner
- Ensuring Implementation Readiness

This strategic foundation is paramount for aligning stakeholder expectations, securing essential buy-in, and establishing the groundwork for a truly successful project. Ignoring or rushing Phase 0 is, more often than not, the root cause of subsequent challenges.



To better understand this grim scorecard, I've examined numerous studies, presentations, and white papers that explore lessons learned in HR technology implementations. The most frequently cited reasons for project failures, whether explicitly stated or implied, consistently fall into three fundamental categories that we at SelectionWise have formalised into our "3 Root Causes of HR Tech Failure" framework.

## The SelectionWise Framework: Unpacking the Root Causes of Failure

The common reasons for HR technology project failure (e.g., poor change management, misalignment with goals, bad data, integration issues, unrealistic expectations, poor vendor management, and insufficient resources) are widely documented. However, what's often missed is that the core issues for many of these problems are actually determined *before* implementation even begins.

At SelectionWise, we've distilled these myriad failure points into three overarching root causes:

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### ROOT CAUSE 1: SOLVING THE WRONG PROBLEM

What it means: Projects are initiated without a clear, strategic understanding of the actual business problems they need to solve. They fail to align with overarching organisational strategy, overlook critical stakeholder needs, or neglect to improve existing, often inefficient, processes. This often manifests as:

- Misalignment with business goals
- Neglecting employee experience
- Inadequate planning and unrealistic expectations

**Warning signs:** No user centric design process; limited stakeholder consultation; focus on replacing old system vs. solving business problems; inability to demonstrate measurable impact.

**Prevention:** Use a comprehensive design thinking approach to understand real problems and strategic objectives *before* evaluating solutions. Define measurable success criteria that link directly to organisational strategy.

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### ROOT CAUSE 2: BAD VENDOR CHOICE

What it means: Selecting a software solution that doesn't genuinely fit your unique requirements, entering into a poor relationship with the vendor, or acquiring a system based on oversold, unachievable capabilities. This typically leads to:

- Poor vendor management
- Unclear contractual agreements and misaligned expectations
- Failure to consider scalability and future roadmap

**Warning signs:** Decisions based mainly on demos; limited evaluation beyond RFP responses; vendor promises seem too good to be true; inadequate vetting process.



**Prevention:** Comprehensive vendor evaluation, including a decision framework linked to business value, effective evaluation techniques such as UX testing, thorough reference checks, and a sophisticated negotiation strategy.

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### ROOT CAUSE 3: BOTCHED IMPLEMENTATION

What it means: Even with the right problem and the right vendor, poor execution during the implementation phase can derail a project. This includes inadequate change management, unforeseen integration challenges, corrupted or messy data migration, and a lack of experienced project resources. This encompasses:

- Poor change management and low adoption
- Lack of leadership and stakeholder engagement
- Poor data quality and governance
- System integration challenges
- Insufficient resources and expertise
- Poor communication
- Inadequate support, training, and optimisation
- Failure to measure success

**Warning signs:** Wrong implementation partner selection; poor contracts, inadequate change management; rush to go-live; insufficient budget.

**Prevention:** Critical Phase 0 activities include careful partner selection and robust implementation readiness preparation, ensuring your organisation is truly prepared for the transition and capable of managing these risks.

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## Conclusion & Your Next Step

The data shows that the odds are not in your favour when it comes to HR tech projects. The seeds of failure are most often planted long before the first consultant arrives to configure the software. While 'botched implementation' issues can sometimes be recovered, the 'wrong problem' and 'bad vendor choice' categories are determined before implementation begins – and are much harder, often impossible, to fix after the fact.

Yet, organisations frequently rush through these initial decision-making stages, directing almost all consulting spend to implementation. It's like building a house without proper foundations - no amount of skilled construction can fix fundamental structural problems. Few get expert help in the critical early phases, before implementation kicks off.

This is why the SelectionWise methodology focuses relentlessly on Phase 0. While others are configuring software, we're ensuring you've solved the right problem with the right vendor and the right implementation strategy. Get Phase 0 right, and implementation becomes execution. Get it wrong, and no amount of consulting can save you.

**Ready to ensure your next HR tech project is a resounding success?**

Don't leave your HR technology investment to chance. Discover the power of proactive planning with the SelectionWise Phase 0 methodology.

Take the SelectionWise Vendor Selection Readiness Assessment today and gain immediate insights into your project's potential pitfalls before you make critical vendor decisions.

Visit <https://selectionwise.com/#assessment>

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