

How technology enables HR transformation

This document gives an overview of the different approaches to HR Transformation and discusses the different strategies that can be deployed.

For further information, about implementation and resourcing please contact us.

www.iTouchVision.com

Contact@itouchvision.com

+44 (0)207 0999 266



How can Technology help transform HR?

There has been a lot of talk in recent years about transforming the human resources function to be a true business partner. Generally defined, HR transformation means spending less time on administration and transactions, and more time on adding value as close as possible to the business units.

This is easier said than done and the reason is simple..

Most HR managers are typically too busy answering administrative questions and providing HR services to take on more strategic roles.

In fact, according to a recent Gartner report.

“HR organizations spend as much as 70-80 percent of their time dealing with administrative activities and employee/manager questions and issues”.

To achieve HR transformation, it is vital that HR separate administrative and service delivery operations from its strategic work.

Today's economy has forced many HR organizations to operate with a smaller budget and reduced staff.

How do you provide a high level of HR services with the minimum number of people and budget?

Many organisations are turning to on-demand HR service-delivery technologies that improve the delivery of HR services, with fewer people, while actually reducing financial costs.

Although the model may vary slightly, in general, HR service delivery includes solutions for portals, HR knowledge bases, on-boarding orchestration technology, employee/manager self-service applications, and HR Helpdesk / case-management tools. In all models, the components of the delivery model will integrate with the HR information services and related solutions e.g. payroll, compensation & benefits. We look at these major technology components in more detail in later sections of this white paper.

The key behind the recent growth in the deployment of these solutions is that by harnessing the power of today's HR service delivery applications, organisations can adopt a multi-tiered approach to service delivery.

This approach helps ensure the success of HR transformation initiatives; creates a more loyal, engaged workforce; allows HR to free its talent from daily inquiries; and reduces costs.

The Multi-channel Approach To Delivering Transformation

What if your employees could get their own answers to HR questions 70 percent of the time or more? What if the majority of remaining inquiries could be managed with an in-house HR shared service center handling the highest number of calls with the minimum number of customer service representatives.

What if fewer than 10 percent of employee inquiries were escalated to HR experts? That's the idea behind a multi-channel HR service-delivery model, Tier 0 service delivery occurs when employees or managers use an HR portal, and self-service solutions, to answer their own questions and complete their own transactions.

Today's highly evolved HR service-delivery platforms include a configurable searchable knowledge-base, making HR portals more conducive to providing fast, relevant information and therefore, increasing usage and effectiveness.

By deploying a configurable portal with communications integrated to self service transactions you can achieve 66 percent reduction of inquiries. By using a HR Helpdesk platform customers often achieve a Tier 0 rate of 80 percent and even 90 percent.

For those issues that cannot be resolved at the Tier 0 level, Tier 1 of the multitiered service-delivery approach involves escalating inquiries to an HR shared-services center or help desk, or call center, depending on the size of the organisation. The key here is that the help desk and the portal share the same knowledge base, which is configured for every employee.

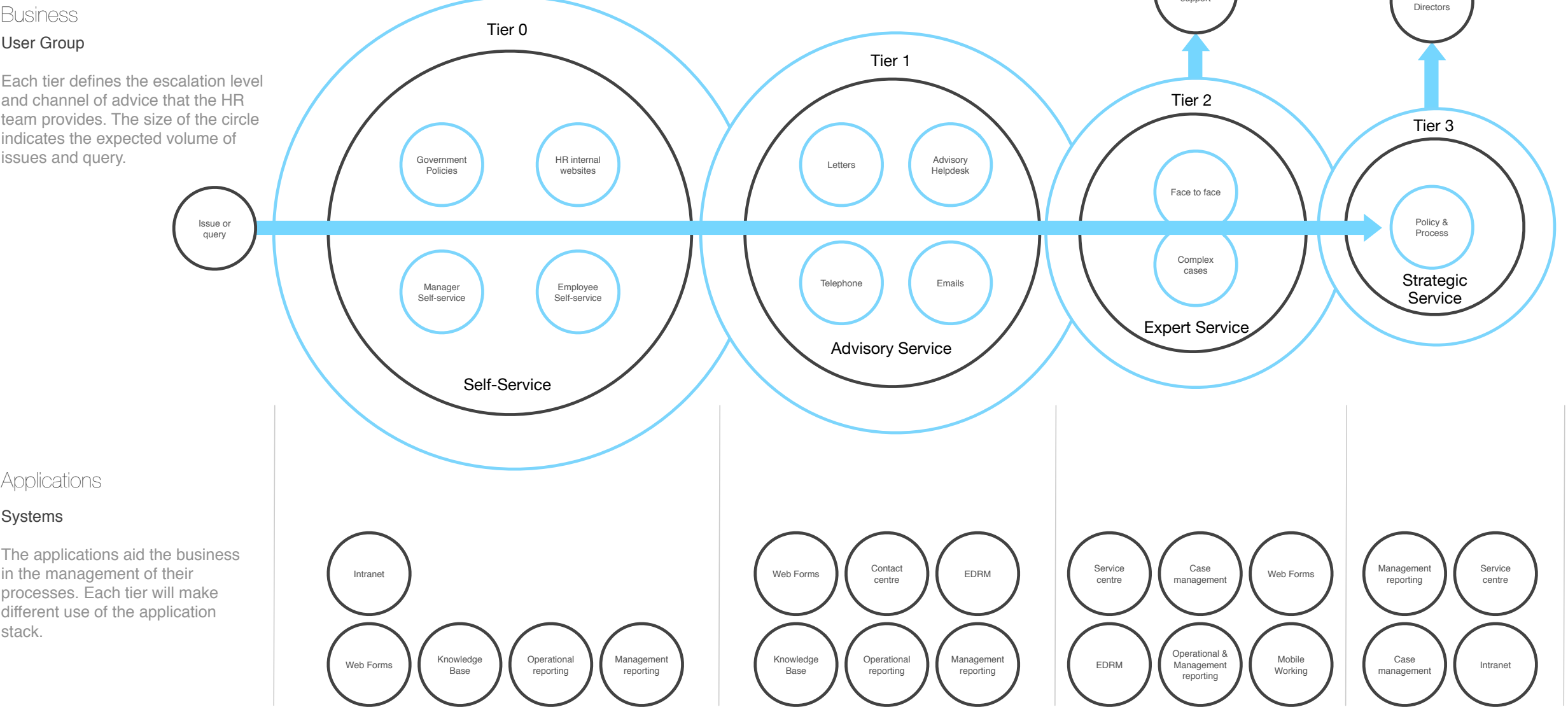
With access to the same knowledge base and the employee's personalized information, help desk agents are able to resolve issues quickly, typically on the first call, allowing more calls to be managed with fewer agents. Best practice would indicate that 28 percent of issues that are escalated to Tier 1 can be resolved at this level.

Therefore, only when an issue cannot be resolved at Tier 0 or Tier 1 is it escalated to HR experts. In this model, no more than 6 percent of issues escalate to this tier.

A properly implemented multi-tier model expands the use of self-service applications, leverages less-expensive service-center agents, while still providing a high level of service, and reduces the amount of time HR experts spend answering routine questions, freeing up their time to spend on more value-added activities.

The goal of any HR help desk solution is to provide 'HR anywhere.' To provide excellence in HR service delivery, we must remember that HR is a capability, not a place or person."

The HR transformation model



Effective ways to deliver HR Transformation

In recent years, most of the focus, when it came to human-capital-management software, has been on talent-management applications.

Although these applications have played a crucial role, it was, unfortunately, sometimes at the expense of HR service-delivery solutions. But this is changing, and it is changing fast. Sales of HR service-delivery solutions grew by 233 percent in 2008.

One customer who we based our case study on, with 14,000 employees and in the manufacturing industry, leveraged the multitiered model to further its HR transformation. The results have been impressive:

The amount spent annually on HR services per employee has been cut by nearly half.

More than 70 percent of calls to the shared-services center are resolved on the first call.

The company's shared-services center is staffed with only half the number originally budgeted.

The company saved £1 million by successfully managing its open enrollment via the portal and service center versus the costs submitted by a major benefits outsourcer.

All key performance indicators and a positive return on investment were achieved within four months of going live on the technology-driven model.

Why is the multitiered approach so effective?

There are several reasons:

1. As previously stated, HR transformation initiatives are less successful when HR service-delivery resources are also responsible for HR strategy.
2. Employers in today's economy are challenging HR to operate with fewer resources and reduced budgets, without sacrificing the quality of services provided to the workforce.
3. These solutions are not just for tough economic times. They are about engaging and meeting the expectations of today's Internet-savvy workforce. Even those who work in the field or on shop floors without daily Internet access on the job go home and use the Internet to shop on eBay, pay their bills online, e-mail friends, check the weather, plan a vacation, and so on.

At home, using Yahoo!, Google, and other search engines, your employees are never more than two clicks away from the information they need, when they need it. What's more is that many popular Internet sites are personalized to the users and present them only with information that is relevant to them, also allowing them to complete

transactions, such as buying a book or airline ticket, in the same session as finding the information.

And this is the expectation workers bring with them to the job when they access your portal. Some of the questions your employees might be asking are "If Amazon.com knows who I am, how come my employer doesn't?" or "How come I have to log in and out of several systems just to complete a transaction, like choosing a new plan option during enrollment?" These employees do not want to call HR any more than HR wants to use its staff to answer these inquiries. But without effective service-delivery technologies, the frustration grows on both ends, exasperating employees and managers while interfering with true HR transformation.

The Portal

What if employees were only two clicks away from the HR information they need when they need it? Such easy access to information is provided through the front-end technology in the HR service-delivery model. This can be a stand-alone HR portal, or a sub-portal, dropping into an enterprise portal, such as a Oracle PeopleSoft, iTouch Vision HR suite, Oracle HRMS, SAP, Microsoft's Sharepoint, or IBM's Websphere.

Portals aren't a new concept. In fact, surveys show that the majority of employers with more than 500 employees have some sort of HR portal, or intranet/extranet, in place.

The issue has been, however, with the usability of these portals. For the most part, portals are filled with non-personalised, non-searchable content, making it difficult for employees to find the information they need when they need it. Additionally, most employee, manager, and benefits self-service transactions in place at an employer are also accessed through tile portal; often, however, these are not in context to the content, and worse, often with different passwords. Therefore, for portals to be successful, they must first unify all of the various applications and content into a single, easy-to-navigate front-end interface. Second, the portal needs to provide a single sign-on for all of its various components.

The Knowledge base

An HR knowledge base contains all of an organization's policies, employee-benefit information, work/life-event management, manager information, and much more. Key to the need for a knowledge base in the service-delivery model is that the most evolved knowledge bases are both personalized and searchable.

This means that information presented to an employee or manager is based on that employee's ID, job role, and/or location, so only relevant information is accessed. On top of the personalization is a sophisticated search platform; the goal should be for employees to never be more than two clicks away from the information they need.

For example, an employee doing a search on maternity would be within two clicks of the related checklist items, such as the employer's policy or leave of absence, as well as information on the employee's specific maternity coverage from her selected health plan. It is this ease of search and personalized information, relevant to the employee's event and/or transaction that allows members of the workforce to get answers to their own HR questions as often as 80-90 percent of the time.

Additionally, many knowledge bases contain wellness information and benefits decision-support tools. These valuable tools have been proven to help both employers and employees contain health-care costs by driving employees to more cost-effective plans, and being informed consumers of health care. For example, one customer in the manufacturing industry reduced healthcare claims by 10 percent using such tools, and another insurance company more than tripled participation in its high-deductible health plan.

On-boarding Orchestration

What if you could streamline the on-boarding process and cost and still engage new hires for talent retention? You can obtain such results through on-boarding orchestration technology, which is another key component of the HR service-delivery model. This emerging technology is quickly becoming mainstream. Today's typical on-boarding process can take as many as 30 steps involving 14 systems,

not to mention time on the part of the new hire, hiring manager, and HR.

Innovative on-boarding technologies not only streamline the process, but also allow employers to socialize new hires into the corporate culture. They also handle provisioning and notifications, so new-hire productivity on day 1 is increased. And, when the on-boarding process continues past day 30, 60, and beyond, by integrating benefits decision support via the portal and knowledge base and introducing performance goals through, for example, a performance-management system, the "bonding" continues, reducing new-hire turnover. For example, a customer in the health-care industry was able to consolidate five hiring locations into one while reducing new-hire turnover by more than 4 percent in just the first 90 days. The company projects savings of \$1.4 million in three years.

Employee/Manager Self-Service

What if your employees could truly handle the majority of work/life events on their own? Employee and manager self-service are a part of the service-delivery model, critical to the ability of members of the workforce to manage their own work/life events, without HR interference. The key here is that the self-service applications are not only accessed via the portal, but also integrated with the knowledge base, providing in-context communications and decision-support access to the information required to complete the events.



Shared-Services Operation

What if your in-house shared-services operation center could handle the highest number of calls with the fewest number of reps-with most problems resolved during the first call? By utilizing the shared-services operation-that is, using the portal, and the searchable, configurable knowledge base, contact centre staff require less training; can access an employee's specific policies, benefits, and the like; and provide first-call resolution. Because the majority of users are getting their own answers in Tier 0, employers have been able to staff SSCs with fewer agents, providing accurate answers, mostly during first-call resolution.

And because of the access of the knowledge base, agents get up to speed quickly, escalating approximately 6 percent of calls to these experts and freeing them to do other work.

For example, a customer in the technology industry was able to staff its shared-services center with only 6 agents for 6,000 employees, resolve 97 percent of inquiries on the first call, and achieve a 98 percent satisfaction rate among employees.

And that is the foundation of successful HR service delivery.

Gaining executive buy-in

Of course getting C-level buy-in is a critical component in moving forward with any new service-delivery model. One thing that is important to focus on is that this is not "new" cost; it is really a

replacement of cost for things already being done but in such a way as to reduce costs over time with a more effective result.

What Makes the CEO Say Yes?

1. How does this proposal or idea connect to the larger strategy?
2. How does this proposal or idea impact our people?
3. Why is this proposal or idea more than just a fad or another "initiative"?
4. Do we understand the resource implications of this proposal or idea?
5. Do the people presenting the proposal or idea really understand what it is going to take to carry it through, and do they have the requisite skills?
6. What is the return on investment, and how are we going to measure it?
7. Does the proposal or idea capture my passion?

A key here is to show that this isn't about making the work of HR easier, but rather providing overall value to the business.

Change management

Moving to this new HR service-delivery model will require comprehensive change management to have true impact, both financial and business change.

1. Identify "change agents" and engage people at all levels in the organization;
2. Ensure the message comes from the top, and that executives and line managers are not just "talking the talk" but "walking the walk";
3. Ensure clear, concise, and compelling communication;
4. Integrate change goals with day-to-day activities [e.g., recruiting, performance management, and budgeting];
5. Address short-term performance while setting high expectations about long-term performance;
6. Help management avoid attempts to short-circuit the change-management process;
7. Foster change in people's attitudes first, then focus on change in processes, then change in the formal structure;
8. Manage both supporters and champions, as well as opponents and possible detractors;

9. Accept that all people go through the same steps--some faster, some slower-and it is not possible to skip steps;
10. Build a safe environment that enables people to express feelings, acknowledge fears, and use support systems.
11. Acknowledge and celebrate successes regularly and publicly!

What's the Correct HR-to-Employee Ratio?

HR-to-employee ratios are a somewhat controversial metric that can help establish HR staffing and determine how well HR delivers services. But you should calculate and use the number correctly, or don't use it at all.

The ratio is very helpful if you know what you're doing, but it can be very dangerous if you don't know what you're doing.

One key danger: Executives may use ratios as a reason to cut HR staff. Many HR professionals don't calculate the ratio correctly.

The formula

Divide the number of HR full-time equivalent (FTE) positions by the total number of employees (FTEs), then multiply the outcome by 100.

Example of a six-employee HR department at a 250-employee company:

$$(6 / 250) \times 100 = 2.4 \text{ ratio}$$

But HR professionals often include or exclude the wrong HR jobs in the formula. The ratio should include HR professionals who work as generalists and those in areas such as benefits, compensation, labor relations and organizational effectiveness. The ratio should exclude payroll and training-and-development employees.

High HR-to-employee ratios in smaller organisations may mean that it takes a minimum HR baseline to deliver primary HR services. But once that baseline is met, the incremental amount HR staff required to support more employees doesn't increase at the same rate.

If your ratio is higher than average, examine your HR department's role.

If the role is primarily organizational asset preservation—preventing litigation by overseeing policies, cutting HR costs and outsourcing—then a ratio of 1.00 (1 per 100 employees) for large employers is the standard benchmark. If your department's goal is asset creation—an ongoing alignment with business strategy—then the ratio could be near .60 (1 per 166 employees).

High HR ratios aren't necessarily bad for departments that are strategic partners, have mature self-service technology and decentralized HR departments.

For example: A hotel chain with a core strategy to provide intimate customer service maintains a .80 ratio compared to 1.3 for competitors.

Suppose your HR department has a high ratio, but isn't a strategic partner and has few automated HR services. Look to streamline services and possibly outsource.

Low HR-to-employee ratios can be misleading. A low ratio might mean you get things done quickly, but if you're getting the wrong thing done quickly, it has no value.

Average HR-to-Employee Ratio, by Organization Size

No. of Employees	HR Ratio
Fewer than 100	2.70
100 to 249	1.26
250 to 499	1.07
500 to 999	0.82
1,000 to 2,499	0.79
2,500 to 7,499	0.53
7,500 or more	0.42

Still have some questions?

Please feel free to get in contact with us. We would love to hear your questions and help answer them. You can reach us on..

Phone

UK +44 20 70 999266

Australia +61 3 88 07 09 07

America +1 917 46 000 55

Email Contact@iTouchVision.com

About Us

iTouch Vision is a Mobile and Cloud company looking to take advantage of the next generation of computing. We think differently, we act quickly, we aim high and we achieve our goals.

Summary

Organizations looking to transform their HR function should take a serious look at this new HR service delivery model. Its validity is not just the right direction for times of economic uncertainty, but for the future of HR transformation. This model has been proven to allow HR to focus on value-added work while providing improved HR services to the business units with both fewer people and lower costs.

What's more, this type of model can be deployed rather quickly, with return on investment usually realized in the first year.