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Solutions for 10K or Less

Successful Change – Communication and Partnership is Key

By Pete Ashby, PlatformOne

I can still remember the look on Dave's face. I had just told him my company had decided to decline a human resource outsourcing (HRO) engagement with his organization. It should have been against my nature to turn away such opportunities, but in this case it was the best decision for both parties.

Dave was the VP of Human Resources at a distinguished, 6,500-person New England financial institution. The organization was extremely progressive in their approach to employee management and quite advanced in many of its HR programs.

What I failed to mention was that, over an 18-month period, we were the third potential HRO provider called into this particular organization. Both of the previous providers were capable market leaders with plenty of experience, but neither had gotten past the contracting stage in their engagements.

So what went so wrong so quickly in these relationships?

As Dave and I continued to discuss his situation, I recognized that the issues they were experiencing were the result of a systemic problem facing organizations of his size – what to outsource and how to prepare the employees for the inevitable changes that would be occurring.

We began with a re-evaluation of the processes and activities that were being considered for outsourcing. This plan included two specific focus groups – one with the HR community to identify all work tasks currently being performed, and the other with

customers (employees) to determine their level of satisfaction.

Capturing True Baseline Data

Within the HR community track, we helped identify each existing task as “core,” meaning critical to the financial services business, or “non-core,” meaning an administrative activity that was a candidate for outsourcing. We requested that each HR function modify the list of activities to best describe the processes within their respective sub-organizations. Finally, survey responses were distributed to the entire HR staff for substantiation.

The results were quite surprising – over 72 percent of the HR actions were spent on “non-core” or transactional activities. This was significantly higher than the original executive estimate of 45 percent. Another unanticipated benefit was the identification of a large shadow HR organization – individuals that are not normally counted in the HR function but who were performing HR tasks.

This inaccuracy had a direct impact on Dave's outsourcing initiative. By underestimating the headcount baseline, the organization would never realize any savings. While the provider was trying to match existing

tasks and service levels for a certain cost, which seemed to be elevated, the company also retained a shadow staff that had redundant responsibilities. As one manager put it, “We were moving the work, but not the true headcount associated with each function.”

Role Clarity

As HR managers started to see that an even larger portion of their work would move to an outsourcing provider, poor internal communications created confusion and concern. Not surprisingly, HR managers didn't clearly see a new role for themselves, and many had job descriptions that didn't realistically describe their function in the new outsourced environment.

To overcome these challenges, we created responsibility matrices to offer each party a clear understanding of which organization was responsible for each activity. We then created “straw man” process flows for each of the functions, cross-referenced to the responsibility matrices. These straw man models were tested and confirmed via process design workshops. The process workshops allowed the teams to refine each of their respective processes, determine the process flows between company and provider, and formalize “handoff” procedures.

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The New Organization

The focus groups allowed us to redesign the roles that would remain inside the organization. This included the development of training programs and communication plans to the HR staff and their customers, the employee base. For the retained HR staff, these programs helped them to strengthen their leadership skills, a significant change because their roles were now elevated to become more strategic and customer facing. The outsourced HR staff was provided the opportunity to take advantage of training as well, enhancing their ability to pursue a new role either internally or externally. One of the staff told us that he felt “invigorated” to finally be able to use his background in program development versus the five years he had spent handling transactional payroll and expense requests.

New Technologies

Employees and line managers also had to be educated on several new procedures, as a result of outsourcing non-core HR functions. For example, managers would gain the ability to trigger HR actions directly from their desktops using self-service technologies. Employees could access their pay and benefits information, or update their employee profile online via employee self-service.

But would they? Why should a manager or employee walk through a procedure online, when they could just walk down the hall, talk to their HR representative, and have them do it?

The focus groups helped us with that answer, too. We found a disconnect with the service HR was providing and what their customers – the employees and managers – wanted on

a daily basis. One manager told us that he “would prefer to do time approval on my desktop, rather than burden someone in HR to do it – can’t this be automated?” With comments like this in mind, we documented a list of new self-service functions and features that the user community desired. These results can be used to effectively lure the user community into the new service delivery model.

Is the Small-to-Midsize Market that different?

Small-to-midsize market companies need to consider the same criteria that larger companies do when outsourcing – people, process, technology and cost. For successful change, emphasize the people and process areas early and often. Communicate, communicate, and communicate again with your people. To ensure an easy transition to the provider, create a well-documented process library. It should include responsibility matrices, which are invaluable when dealing with the responsibility issues while planning outsourcing initiatives.

Stay focused on the basics; look for a non-proprietary, fully integrated technology solution. This will allow you to take ownership of the solution back in-house if necessary. The best outsourcing arrangements provide and maintain the technology platform for you. When it comes to cost – remember the old saying, “You get what you pay for.” The cheapest offer isn’t always the best value, if you are getting a deal that is too good to be true, ask about the resource levels that will be assigned to your account.

Form a true partnership with your provider. Make sure you meet your delivery team. In most cases, the vendors bring in the “A-Team” during

their selling cycle. But once the project moves into the delivery phase, I will guarantee that you will not see most of the sales team again. Get to know the provider you select – visit their facilities – meet as much of your perspective provider’s team as you can. It is also well worth the expense to bring in a vendor management team like EquaTerra, D&T or TPI. These vendors know the HRO providers at an advanced level, and this experience can help expedite the outsourcing process in many cases. Finally, remember this: you will be in this vendor relationship for five to seven years – to ensure a smooth transition and achieve ongoing success, create an environment early on that promotes the partnership of both organizations, at the people and process level.

About the Author

Pete Ashe is the managing director, Global Services at PlatformOne. Mr. Ashe joined the PlatformOne leadership team in September 2004 to advance PlatformOne’s HR-BPO initiative. He brings more than 15 years of sales and process improvement experience from both the software applications and HR outsourcing services industries. Mr. Ashe comes to PlatformOne from IBM’s HR Business Transformation Outsourcing practice, where he developed relationships with and solutions for numerous IBM clients. During his tenure with IBM, he gained valuable experience and insights into the complex HR, labor, and business issues that many global organizations face today. His earlier professional experience included his role as VP of Sales for Pilat North America, and running his own employee assessment practice. His multi-national consulting work has included organizations such as Nike, Philip Morris, Kraft, AT&T, Goodyear Tire and Rubber, Toyota and Bombardier. For more information, visit www.platformone.com.

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About PlatformOne

PlatformOne is an innovator and leader in the delivery of state-of-the-art human resources solutions. Evolving over 18 years, PlatformOne offers HR Business Process Outsourcing (HR-BPO) solutions that include payroll, human resources and benefits administration.

Our comprehensive HR solutions, when combined with our world-class people, processes and technology, produce efficient, consistent and cost-effective results for our clients. PlatformOne delivers low-cost, high-value solutions because we combine the best in technology and service:

Our Mission is to deliver high quality HR outsourcing services that help our clients improve employee care, reduce costs, and increase shareholder value. We achieve our mission by delivering top quality services, backed by unparalleled technologies and processes.

High Tech, High Touch, High Value – that's PlatformOne!

PlatformOne's HR Business Process Outsourcing Solution

PlatformOne's HR-BPO offering includes three essential components that can be combined or segmented based upon your unique HR strategy. These components include:

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- HRMS
- Tax and Finance
- Reporting
- Web self service
- Knowledge Technology
- Application Training
- User Education



HR ADMINISTRATIVE SERVICES

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- Payroll Processing
- Payroll Tax Filing
- Printing and Fulfillment
- Garnishment Administration
- Payroll Reporting

Benefits Administration

- Health and Welfare Administration
- Open Enrollment
- COBRA/HIPPA Administration
- Employee Advocacy
- Premium Reconciliation
- Benefits Reporting

HR Services

- New Hire Administration
- Eligibility Management
- Leave of Absence (Disability, FMLA)
- Training and Education
- Employee Hotline
- Employment Verification
- Human Resources Reporting

HR PROFESSIONAL SUPPORT

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- Implementation Services
- Consulting
- Supplemental staffing
- Employee Training and Development

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- Manager Service Center
- Tax and Finance Service Center
- Application Help Desk Service Center



PlatformOne is uniquely qualified to provide your organization with the best value in an HR BPO solution because we deliver:

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- Personalized Support
- Seasoned Expertise
- Latest Technologies
- Dedicated Service Center Teams
- Value Based Pricing Models

Each of these attributes sets PlatformOne apart from other HR-BPO providers and makes PlatformOne your best choice for Human Resources Business Process Outsourcing.



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