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Your Path: [Hiring Hub](#) > [HR Center](#) > [NEHRA](#) > **Leveraging HR technology for business success**
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HR Center
NEHRA - The Voice of HR



Leveraging HR technology for business success

By Bill Copeland, 6/7/2004

At most companies, HR people are swamped with the administrative side of their jobs (see HR Pyramid below), so they rarely have time to investigate tools that could augment their current programs and potentially make an enormous positive impact on the company's bottom line.



This has remained consistent over the years, but it is now approaching a crisis point as companies continually re-organize, downsize, and get swamped with resumes of job seekers. There is little time for anything else but the basics.

This crisis situation is having a big impact on company profits -- directly, through lost productivity, longer waits to fill positions, and higher recruiting costs; and indirectly, through lower company market value, reduced employee satisfaction, and poorer company image.

If you are not taking steps to improve HR efficiencies, attract and retain top talent, and put strategic HR plans in place now, then trouble looms on the horizon for your company.

HR technology and tools

One of the key ways to boost company efficiencies, market value, and profits is to leverage HR technology to improve process.

In spite of the overwhelming administrative workload, HR senior managers need to explore tools that will help them drive efficiencies company-wide. This may involve expansion of your current HR tools or the purchase of a new system altogether.

Some excellent examples of software tools that go beyond the basics of benefit administration include the following:

- **Self-service** - these tools provide an incredible ROI, just by using them for benefit enrollment alone. But don't stop there. Add other capabilities that allow employees to change their demographic information, request time off, review company policy, review job postings and provide for employee suggestions and you've increased efficiency, improved the accuracy of your data, and raised employee morale -- all in one fell swoop.
- **Online performance reviews** - Besides eliminating paper, these tools help ensure timely employee performance reviews (a favorite union grievance) and provide a documented record of performance data, electronically, which is easily accessible by managers, HR, and senior management. This should be an important part of your risk management efforts.
- **Applicant tracking** - In the down economy, companies were swamped with resumes. In the vast majority of cases, job candidates were ignored, most not even receiving so much as an automated "we have received your resume" e-mail. These candidates may now have a negative view of the company. Consider how they will feel when your recruiter comes knocking at their door in the changing environment, when candidates are harder to find.

Among other features, applicant tracking systems, some with Candidate Access Channels, allow job candidates to enter/update their resume information, check the status of their submission, and feel they are getting more attention from your company -- all helping company perception.

- **Succession planning** - Does your current workforce have the skills to meet future demands? Which employees can cover for key positions? Who is being groomed for management positions?

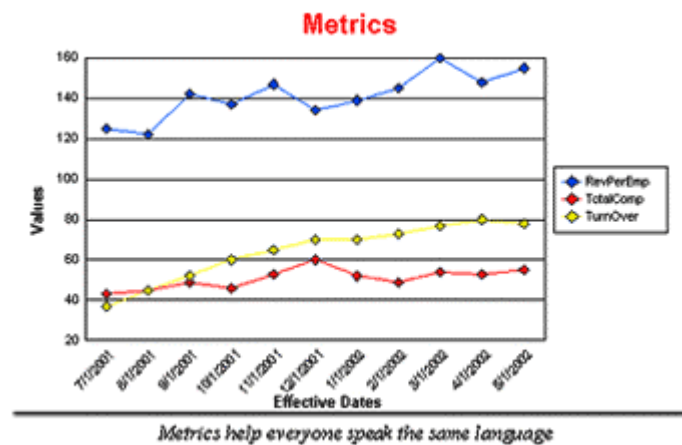
With the retirement of the Baby Boomers in the not too distant future, we expect a huge labor shortfall, both in the number of people available to fill open positions and in the skills they possess. Companies should be looking at expanding skill development and training programs, as well as methods to motivate, reward and retain employees. You need to set strategies and plans for how your company will do business when the bodies aren't there to fill all the jobs. Succession planning tools can help lay the plans for tomorrow.

- **Metrics** - The new frontier in HR is metrics. There is a great deal of press on this topic in magazines and industry conferences. In fact, there are now entire metrics conferences.

Metrics is a tool that allows companies to develop and drive corporate strategies through human capital information. Companies identify, track, and analyze key

variables, by job function and business need, to highlight human capital trends and the interaction of key variables.

Metrics provides a clear statistical perspective on human capital performance. Taken a step further, it provides a benchmark for management to measure itself against company goals and objectives, as well as industry standards. Further, metrics is presented in a language - numbers - that is easily understood by your CEO, CFO, and senior management throughout the company (see chart).



Metrics can be implemented at all levels, starting with basic data, such as days to fill, cost per hire, and turnover rate, and progressing to more complex analysis such as employee satisfaction and quality of hires, which might involve a combination of factors and/or formulas to calculate.

Metrics has enormous potential as a business tool to:

- Analyze the impact of your HR programs and initiatives
- Develop HR strategy and align HR programs with corporate goals
- Link performance and compensation for key positions/roles
- Analyze department and company "health"
- Compare company metrics to industry metrics

Companies have been slow to adopt metrics, although this tool can really link HR, operations and finance, allowing everyone to talk the same language and plan for the future.

Specialized HR software vs. HRIS

As HR encompasses a diverse range of activities, it's not surprising that HR vendors fall into two basic camps:

- Specialized HR software
- Human Resource Information Systems (HRIS)

Specialized HR software vendors typically provide solutions that address a very specific HR practice, such as the areas noted above. There are many large vendors that have elevated

these functions to a science, along with a host of smaller companies.

The main drawback is that these firms typically address only a single HR issue. There may be other HR issues that might surface shortly afterward. Also, these specialized packages often carry hefty price tags, and they do not readily integrate with other aspects of HR, taking a stand-alone approach. This may be a perfect solution for your company today, but it adds greater difficulty and expense if you start adding multiple applications to address other HR needs and wish to tie it all together down the road.

HRIS vendors typically offer a more complete, integrated solution that covers multiple HR functions, such as recruiting, benefits administration, self-service, and training administration, all in one. Many of these vendors allow you to add modules at a later time if you don't wish to implement a specific function initially.

The HRIS approach is very attractive to small and mid-sized companies who seek tools to streamline multiple HR functions at a good value. There are large HRIS vendors, with expensive price tags, but also a growing number of smaller vendors that offer excellent value.

The major benefit of an HRIS is the integration of multiple HR functions under a single roof, making it very easy to access and analyze a wide range of company data.

Getting others in your company involved

Currently, other departments have very little to do with HR software systems, including the finance department. Instead, these departments funnel report requests, such as current headcount, turnover rates, and recruiting costs, through the HR department. But ask yourself the following questions.

- *What if these people had access to the HRIS to create their own reports?*
- *Would this reduce the HR department's workload?*
- *Would this open up a dialogue between HR and other departments?*
- *Could this be the path to elevate HR to full partner status within the organization?*

Those outside of HR don't really know what HR systems can provide, nor do they have a full understanding of the value and impact that HR programs and initiatives make on the organization.

Giving other departments access to your HRIS, or even certain modules, such as metrics, could go a long way in your efforts to become a better business partner.

Call to action: Step outside the box

View an HRIS as a strategic tool that can be used to optimize your workforce and human capital costs, provide you with a glimpse of the skill gaps within your organization, and help you develop strategies that will bolster market value and make a positive impact on the bottom line.

Others in your organization, including the CFO and CEO, should have seats on the HRIS team to take advantage of the wealth of human capital information available and to work more closely with you in developing strategic programs that align with corporate goals.

Conclusion

Implementing HR technology and tools in your organization will help your HR department reduce administrative workloads and address higher-level issues. While both specialized HR software and HRIS have their value, HRIS points the way to the future by not only improving process efficiencies but making HR a true business partner, allowing you to help drive your organization toward sustainable, long-term business success.

[Editor's Note: this article previously appeared in slightly different form in CA Magazine, a Canadian journal for accountants and financial executives.]



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