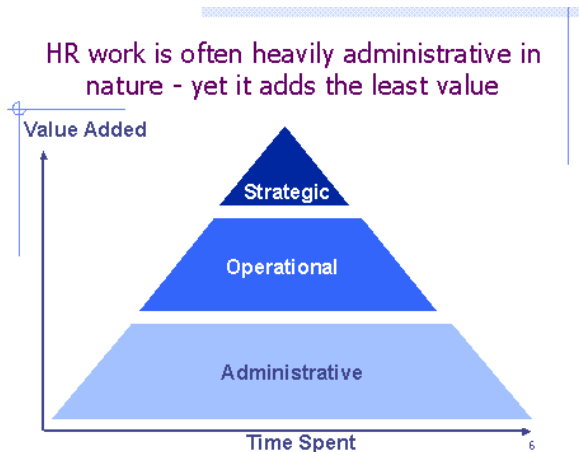


Making HR Your Business

By Bill Copeland

At most companies, the common (mis) perception is that HR software exists solely for the use of the HR Department. In some ways that is no surprise, since the majority of HR software tools are used to automate HR transactions and the administration of benefits. That responsibility falls clearly within HR. However, given that employee compensation and benefit costs remain one of the largest company expenses, shouldn't you at least see how HR is using these tools?

HR people are swamped with the administrative side of their jobs (see HR Pyramid below), so they rarely have time to investigate other tools that could have an enormous positive impact on your bottom line.



Sadly, most HR professionals would report that they still spend the majority of their time in administrative functions, at the bottom of the HR pyramid. 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.

At the same time, this crisis situation is having a big impact on company profits – directly through lost productivity, longer time to fill and higher recruiting costs, and indirectly, through lower company market value.

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.

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

What I suggest is that you get more involved with HR to explore additional tools that will help drive efficiencies company wide. This may involve expansion of your current HR tools or a new system altogether.

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

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 swoop!

On-line Employee Reviews

Besides eliminating paper, these tools help ensure timely employee 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.

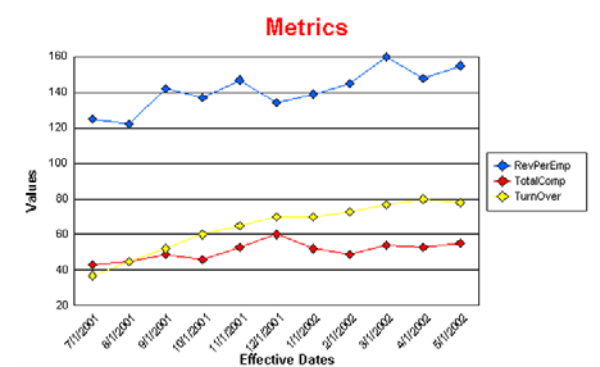
Metrics

The “new frontier” in Human Resources is Metrics and 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” that is easily understood by the CEO, CFO and senior management throughout the company.



Metrics helps everyone speak the same language

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 metrics 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:

- Analyze the impact of 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.

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?

In the not too distant future, we expect a huge shortfall in the number of jobs open and the number of people available to fill those jobs. Companies should be looking at skill development and training, 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.

Applicant Tracking

In a down economy, companies have been swamped with resumes. In the vast majority of cases, job candidates have been “ignored”, most not even receiving so much as an automated “we have received your resume” email. These candidates now have a negative view of the company. Consider how they will feel when your recruiter comes knocking at their door in just a few years when candidates will be hard to find!

Applicant tracking tools, 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.

HR software vs. HRIS – What’s the difference?

HR encompasses a diverse range of activities, so 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 Recruiting or Performance Management. There are many large companies that have elevated these functions to a science, along with a host of smaller companies.

The main drawback is that they only address 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 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 offer a more complete solution that covers multiple HR functions, such as recruiting, benefits administration 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 need tools to streamline multiple HR functions at a good value. There are large HRIS vendors, with expensive price tags, and a growing number of smaller vendors that offer excellent value.

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

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Criteria for selecting a provider of HR tools:

1. Establish the need
2. Select “the team”
3. Choose your technology/application strategy
4. Write a Request For Proposal (RFP)
5. Focus on Total Cost of Ownership (TCO), not just initial cost
6. Develop your negotiation strategy in parallel with your RFP
7. Consider the value of relationships as you evaluate bids
8. Keep your options open
9. Be a good customer
10. Anticipate the future

Getting Involved

Currently other departments have very little to do with HR software and systems, including the Finance department. Instead, departments outside of HR typically funnel their report requests, such as current headcount, turnover rates and recruiting costs, through the HR department. They must rely on those resources to get the answers they need in order to develop run rates and budget projections.

Those outside of HR don’t really know what these HRIS products are, or what they can provide to them specifically. In the strictest sense, these systems automate HR processes and improve the efficiency of HR transaction times. By if you stop there, you are selling the HRIS short. They can do much, much more.

Call To Action

You should view these systems as strategic tools that can be used to optimize your human capital staff and costs, provide you with a glimpse of the “skills gap” and help you develop strategies

that will bolster market value and make a positive impact on the bottom line.

In all too many cases, HR Departments utilize these systems to automate the administrative side of HR, never crossing over to the strategic side. The HR pyramid clearly demonstrates where HR spends the majority of its time.

Others in the organization, including the CFO and CEO, should have “seats” on the HRIS to take advantage of the wealth of human capital information available.

This would provide access to human capital data, in real-time, and put you in touch with organizational metrics that help you monitor the effects of new programs and initiatives and develop new business strategies for continued success.

About The Author



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