

Setting Your HR Technology Strategy in a Changing World

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Just to set your minds at ease, this article will not cover all the points about setting a HR Technology Strategy (HRTS), just the primary ones. To properly address all the aspects, a new text book may well be needed, but for these purposes, we can at least explore key aspects of a HR Technology Strategy, why we need one now in a difficult economic climate, and what the most important components of a HRTS are.

Definition

The dictionary defines a strategy as "a careful plan or method towards achieving a goal". Rooted in military history, strategies had to be carefully thought out and prepared to either conquer an objective, or to ward off an enemy. Lack of a good strategy could cost you a battle, a war, or your entire country. But note that a strategy itself is not the objective, or the end goal. The objective in a military engagement is to defeat the enemy; a strategy is how you mean to do it.

The definition then, of a HR Technology Strategy is: "a careful plan towards achieving effective and efficient delivery and use of HR Services". The objective that we are using the strategy for is to optimize the development, delivery and usage of HR plans and programs. The plan should be global in scope, and look several years into the future, with year-by-year estimates of time and costs. It should include at a minimum what technologies we wish to employ; why we are using them; in what sequence we are to use them; who will use them; and how we will develop, deploy and maintain them, including roles and responsibilities. But the objective, as we said above, is not the HRTS itself.

Why a HR Technology Strategy?

Today's HR Technology and HR service delivery environment has become increasingly complex, and with that complexity, choices that were once clear, have become clouded. Where we had only "traditional" HR systems in the past to handle the HR record keeping and delivery chores, we now have many options. There are Enterprise Resource Planning (ERP) systems; outsourcing and off-shoring firms; Third Party Administrators (TPAs); "Bolt-ons", or Best-of-Breed standalone system solutions; Web-enabled systems; Application Service Providers (ASPs); Interactive Voice Response (IVR) systems; and HR Service Centers who are capable of keeping records and delivering HR services.

The growth in the number of these choices stems from a number of factors. I will highlight what I consider the four most prominent causes of this recent phenomenon of HR technology complexity.

Business Dynamics

It seems that with each passing day, the outreach and scope, products and services, geographic placement and organizational structure of our businesses change, and at an accelerating rate. Constant business change was always felt in some quarters, but now the financial sector and even heavy manufacturing companies such as the automobile, power and light, and chemical industries are caught up in change, and almost all downward. While most of the recent changes can be traced to the over-zealous nature of the financial and credit markets, some of this change has also been fueled by globalization since new production and logistics capabilities have made it possible to reach new customers in an economic way. Other reasons include the need for flexibility and adaptability to competition (the change or fail syndrome), pressure for growth and ROI from shareowners, and the integration of products and staff due to mergers and acquisition. The result has been constant reorganizations, new products and services offered and old ones dropped, new offices and facilities being opened while others are closed. For all these reasons and more, placing a stable and affordable platform of technologies in such an environment is increasingly difficult since during the time the systems are being acquired and installed, the business is changing and certain base requirements will be added.

HR Plans More Complex

Business and societal changes also drive change in the HR arena. First we have an unprecedented focus on costs, and even downsizing. And this is in the face of the growing sophistication of the HR function itself. In many companies HR has moved from a compliance-oriented function into a full-service, global, area focused on Human Capital Management (HCM). Where once there were only a few HR programs to contend with, we find it is not uncommon for companies to offer its workforce multiple pension plans; three or four choices of health and welfare plans (with reimbursement through flexible spending accounts); and perhaps tens, if not hundreds of different compensation plans covering its sales and marketing staffs. To complicate this more, several vendors would be involved in the administration. And in addition, HR in many companies has developed and deployed technology-based learning and knowledge management systems, to connect, educate and train its managers and employees. So Dorothy, you're not in Kansas anymore. These and other HR programs all need new, flexible and scalable technologies in one form or another to be delivered to a global workforce, with a strong eye on lower cost delivery.

Technology Advances Also Drive Complexity

The third causative factor is the technology area itself. We all have seen that this sector of the economy has had an amazing growth record. A wide range of technology-driven innovations have been developed and perfected in the computer hardware and software areas over the last ten to fifteen years, the most prominent being Web related. These systems combine Internet delivery with in-house networked solutions (both Wide

Area networks and Local Area networks); service center technologies such as knowledgware, call-pathing, case management, and CTI; data, imaging and voice telecommunications transmission systems ; and the most sophisticated integrated commercial products such as ERP systems. Of note, the entire range of workflow and Web applications did not exist when most of the HR plans and programs were designed. For some larger companies, ERP solutions, lead by companies such as SAP, Oracle, Oracle P/S, and Lawson, have enabled the automation of some of the most complicated and intricate business processes (including HR) with virtual instantaneous access to all connected parties in a company around the globe. And newer technologies such as Workday's products, using Web 2.0, and SOA and open source approaches promise more and better solutions in the future.

The technologies then, from ERP systems to other products and innovations, have made automation of the HR function possible, but present the HR technologist with a constantly changing smorgasbord of applications and platforms from which to choose.

New Delivery Choices Further Complicate Picture

And finally, a somewhat more recent set of business arrangements, not yet in the same league as the two mentioned above, but still important, is the availability in the number and scope of fully competent HR outsourcers who could deliver the services if the HR area wishes to engage outside help. There has been outsourcing in the HR arena for years, led by benefits, relocation, and payroll, with a small set of very reliable vendors. But recently, newer forms of outsourcing have emerged, many using off-shore resources, such as companies offering to provide a single service for an application on their own machine (ASP), up to and including those willing to take over the administration of an entire set of HR applications. While some vendors are highly capable, many of these companies are in start-up mode with a very thin track record, and in some cases inadequate funding. Selecting a new vendor who is long on promises, but is untested is very tricky ground for the HR and payroll business, which touches every employee, every pay period.

These factors among others point out some of the reasons why there are so many choices facing the HR technologist and why it has become more difficult to set a HR technology direction. The HR technologist with direction from management, IT, and user groups, must first decide how best to align with the business directions; what HR plans and programs to tackle and in what order; which solutions to embrace, since many have overlapping capability; and then decide to what degree how other organizations can assist, such as Finance, internal HR Service Centers, or external vendors or outsourcers.

Aspects of a HR Technology Strategy

Use the Business Case Framework to Help You

With those main complexity factors as backdrop, there are several other aspects of developing such a strategy, which should be considered. The first is that in order to grasp the many pieces and complexities of HR delivery, a framework similar to that of a

business case might be helpful. Business cases deal with products, markets, customers, competition, support and financing. And to properly assess and understand HR service delivery, I believe that we should approach the HRTS with a similar framework in mind. Ask "What HR products will be delivered, and to whom – who are our target markets and customers"? "At what price?" "Are the same products delivered to both employees and applicants? To retirees? To managers?" Clearly the answer is no, all customers will not receive the same products, and therefore we cannot group, and deliver, all our HR products and services in the same manner. Using the framework, another set of questions to ask include, "Are some products less expensive than others? Do they do the same job? And can we deliver some quickly? Which products and services best support the business?" There are big differences among the various technologies in terms of applicability to a given situation, and in their cost, and the team needs to have a firm sense of the priorities and be able to make necessary trade-offs.

In the process of using the business case framework to help us, we need to determine how each of the major HR products and services are to be delivered. The technologist and team must know such things as which customers will receive which products, and in which sequence. Further, which services and HR plans will be delivered in person, either by the line manager or by the HR generalist, and which products can be delivered through technology. And, exactly what technology will be used for each process, and when. This implies there is a vision of service delivery that management and the users agree upon. For example, the annual benefits enrollment process will use the Web as the media of choice, backed up by an IVR or paper process. However, what if the employee has questions about the plans or the enrollment rules? Will he or she contact the Benefits Department, the HR Service Center, or the HR generalist? Once the roles and responsibilities are specified, then the information needed to support them can be identified. Each of the processes must be thought through in such a fashion. The collective process flows, roles, and information required form the vision of how HR plans and programs will be delivered and used.

Strategy Must Also Consider Future Needs

Delivering today's HR plans and programs is of course mandatory, and our HRTS must address today's needs. But we will live in the future, and therefore in spite of the business downturns, we must be able to deliver services to tomorrow's workforce as well as the current workers.

The workplace and workforce of the future will be quite different, in many respects. The workplace in a few years will be even more highly wired with long distance connectivity to databases and multi-media applications than it is today, with our BlackBerry, iPods, laptops, pagers, and Smartphones giving us access when we are away from our office. The new workers, Generation Y, AKA the Millennials, (taking over from the Boomers and "Gen X"ers) are very techno-literate. And their attitude toward work is very different than their predecessors. For example, they are less focused on employment status and security, and more concerned with interesting work, social responsibility, learning, and

networking among others than today's workers are. In addition, they are very intolerant of rigid organizational hierarchies; more interested in participating on diverse, cross-functional teams and working at their own pace.

The workforce is now, and will be more diverse in terms of nationality, race and sexual orientation than today. People are living longer and working longer too, changing the very nature of retirement as we know it – and therefore perhaps staying in the workforce into their 70s. Further, we know from our research and demographic trends, that the worker of the future is very likely to be a telecommuter; be self-directed in their careers; have a high need for challenging and satisfying work; be very impatient with inept management; and have little loyalty for their employer if not treated with respect. So an examination of the HR plans may be required, and new plans for new people may well be needed, with perhaps two or more sets of HR plans, along with new delivery methods to reach them.

Alignment is Key

Which brings us to the issue of business and HR alignment. Much has been written and spoken about the need for alignment, and it is no less important here than elsewhere. The HRTS must include as an integral component, the HR applications that are needed for the businesses to succeed in the marketplace. If the businesses require a better method of determining employee performance, or include key employees globally, then these applications must be the key deliverables that the HR Technology Strategy encompasses. Similarly, if a succession planning system or a new training and development process is required, the HRTS must treat this need. These are examples of HRTS alignment with the business objectives.

And the same goes for the HR function. If a new, important benefit or compensation plan is to be rolled out, the HRTS must view these plans as mandatory deliverables. There could be several key HR objectives each year in HR, which would contain a technology component, and the technologists must incorporate them into the HRTS. This is alignment with HR.

Developing the HRTS

There are several steps to developing the HRTS, after working through the issues discussed earlier, and using the framework listed above.

The first, as we mentioned above, is to develop a shared vision with line management, key financial and IT leaders, and the HR staff of what the priority deliverables are, and how the HR services are to be delivered in the future. As stated above, each major plan would have a preferred method of delivery, and these need to be agreed upon by all major parties. These become the foundation of the requirements. Also, the major applications that need to be included in the plan, based upon business objectives, and the HR needs, would be specified, along with the reasons for inclusion.

Second, a fit analysis has to take place, measuring the business needs against existing technologies and vendor products. After this is accomplished the team specifies the actual technologies, vendor products and/or outsourcing service that will be used. For example, the HRTS would state that the plan is to use Workday's new products, or Pilat's product for performance management, and retain the existing vendor solution for payroll administration. A cost-benefits analysis has to be shown for each major suite of systems, with rationale shown for desired expenditures. The team must recognize that there has to be consideration for the Return on Investment (ROI) of existing products if they can be integrated in the plan. If not, so a workable migration strategy should be included. An interesting side note often occurs where the user community may become enamored of a particular commercial product, and push for its purchase. When this happens there must be strong examination of the pros and cons of such new products in light of the capabilities of existing systems or alternatives and a decision made as to whether an existing product or another solution does or does not meet the user needs.

Next, the IT architecture and system requirements would be incorporated into the plan. The Web environment, servers, XML and SOA plan for data interfaces, communications, database managers and other platform specifics would be specified here to ensure all parties understand the technical strategies and direction.

At this stage we need to prioritize the projects, and "crunch the numbers" for the workload requested – an overall cost-benefit analysis. The technologists need to assess how many people-years of work there is, and the budget implications of delivering all the requested applications. This step also involves sequencing of the applications, since some solutions may have to be delivered either before others, or at least in tandem with them, due to interconnectivity. The total dollar costs are projected and management apprised of the total for the next several years. Some projects may be pushed too far into the future for some users liking as a result of this step, and therefore they need to be brought up to date. Perhaps priorities could be shifted, or more resources brought to bear to satisfy all parties.

The next step is to determine the impact of the HRTS on the roles, responsibilities of managers, employees, and staff users. Here there will be a discussion of and answers to such questions as: What will the day-to-day changes be to the managers; to employees, to the staff functions? Will they have substantially new roles? Will new jobs and tasks be required? How will the existing HR plans and processes change as a result of this plan? What training will be needed, and to which groups? What measurements and audits will be put into place so that we know the processes are operating the way they are intended? These and related assessments are done in this step.

Finally, after the HRTS has been adjusted, and accepted by management and other senior staff members, it should be disseminated to all affected parties for their information and feedback.

Some Helpful Hints to Keep in Mind

The following are a few tips that may be helpful to the HR technologists as they prepare for developing such a strategy.

- Understand your company's current and future business plans as best you can since they drive your work
- Understand how the HR plans and programs may change as a result
- Know your own team's capabilities - do not over promise delivery
- Know the HR technology marketplace, and the leading products you could use
- If a rollout is needed, try to develop and deliver new applications every few months
- Management and the user community needs to be constantly updated on the implications of change, and the impact on the HRTS
- There must be a well thought out vision of HR plan and program delivery before you can implement it - requirements and buy-ins are needed
- Don't miss staff meetings with your boss and peers - stay visible
- Take every chance to talk up and share the progress of your HRTS
- Build Data Marts and information access tools. Break up the legacy "data jails" as best you can
- Keep asking yourself how you want your team to be perceived? Is it open, approachable, helpful, and concerned?
- Take a business view to your work - don't become overly emotionally attached to any pet project. Priorities change.

In summary, a HRTS is needed to help sort out all the options for developing the best plan for delivery of HR services. Without such a plan, (where unfortunately many companies find themselves today) we have a form of anarchy, where each HR user may deliver their own piece of the HR puzzle to their constituency in their own way. Nothing fits with anything else, and is highly confusing to the managers and employees. This, all agree must change. Therefore, in a world where everything seems to be getting more complex, we need a roadmap to help guide us. The HRTS fills that bill.