

TRANSFORMING HR: GETTING THE TIMING RIGHT

Improving the cost, quality and flexibility of services

Roddie Aherne, NorthgateArinso's Business Director for Ireland explains the importance of timing when undertaking the process, structural and technological transformation.



The need to improve HR and Payroll service delivery is a high priority for many organisations. The Human Resources and Payroll functions are under a great deal of pressure to perform - internally, there is pressure from management to add value to the organization and do 'more with less'. Poor HR-related service delivery generates a lot of pain; apart from the high costs of inefficient processes, poor service quality gives the organization a bad reputation both externally with potential recruits and internally with the existing workforce. The bad news is that while providing good services will not command great respect, getting it wrong will damn the HR or Payroll Manager and the rest of the team. Exclusion from strategic processes is the most likely outcome for an under-performing HR function.

For many organisations, improving the cost, quality and flexibility of services demands that a transformation in the Payroll and HR functions takes place. Transformation can take many forms:

- **Process** - at its simplest, a basic Business Process Redesign (BPR) will

remove bottlenecks, simplify the paperwork and share best practice around the organisation. While this usually has some impact on efficiency, at best it usually makes only a small dent.

- **Structural** - changes in the delivery mechanism such as the introduction of shared services can provide new economies of scale and improve delivery across the organization. Likewise, outsourcing some or all of the HR or Payroll function to an external supplier will give access to new services or economies of scale previously unavailable.
- **Technology** - In many cases, an investment in new technology is necessary to automate complex processes and bring about efficiencies through self-service. Technology is an enabler which underpins process and structural changes.

Inevitably, the most successful solutions are a combination of BPR, technology and structural change rather than a single strategy. The right combination of these tools is the one which works best for your business, your culture and your particular requirements.

One of the debates often encountered is the transition process and the sequence by which process, structural or technological transformation is conducted. For example, organisations may prefer to implement technology or introduce shared services, then to change business processes at a later time. When outsourcing a complex or poor performing HR or Payroll function, it is often tempting to throw the whole lot over the fence of the supplier and let them sort out process problems. This is a critical question that must be addressed at the outset of a project and will have a big influence on the success of your strategy and the return on investment. In the scenarios below, we look at three possible sequences for managing the transformation:

IMPLEMENT THEN TRANSFORM:

In this approach, the technology or structural change is implemented quickly and minimal changes are made to existing business processes. At a later stage, processes are reviewed and improvements made. However, while this approach enables rapid implementation, it may not be the best long-term approach. For example, if you automate a bad process all you get is a high-tech bad process; if you outsource bad

processes, they are still bad processes for which someone else gets paid a premium to deliver. Inevitably, this approach leads to duplication of both resource and cost: training, change management, process design etc. Worse still, it may mean that the HR service is in a continual state of 're-launch', creating an environment that could make it difficult to retain key staff and assure customers of consistent service. In many cases, the transformation stage never happens – post-implementation, it's often hard to get the team together or persuade management that it is worth the investment.

TRANSFORM FIRST, THEN IMPLEMENT:

This is a long-term strategy and is the most cautious approach. By undertaking transformation first, organisations are better able to understand the complexities and costs of business processes and then implement those processes through the technology or delivery organisation. However, this approach often disconnects transformation and solution – in practice, the transformation activity may never be seen as complete and there will always be a reason for holding back on the solution phase. The full benefit of transformation is unlikely to be achieved for several years, during which time the requirements of the

organisation may well change. It is a very good approach if you have no burning platform for change AND you can be assured of continued support for the transition. In reality, when the technology phase starts, you will almost certainly have to adjust your business processes to create them in the system.

SIMULTANEOUS TRANSFORMATION AND TECHNOLOGY IMPLEMENTATION:

The main strength of this approach is that it clearly links the enabling solution and transformation projects under a single agenda and is the most efficient in terms of resources and time. Activities such as BPR, technology implementation, staff training, change management etc need only to be managed once and much duplication can be avoided. Efficiencies will be achieved if processes are designed specifically with the technology or delivery mechanism in mind. In turn, the solution will inspire transformation ideas – for example, the embedded business models in technology will present automation opportunities. Change management programmes can be developed which take the full transformation impact into account and benefits will be delivered more quickly.

As we have stressed, there is no right or wrong answer – the important point is that whether implementing technology, redesigning processes or restructuring HR and Payroll functions, the transition sequence needs to be thought through and each activity must be managed as part of the bigger project.

ABOUT NORTHGATEARINSO

NorthgateArinso, the former Cara Payroll Group in Ireland, is a leading global HR & Payroll software & services provider offering innovative business solutions to many Public Sector organisations and to Private Sector employers of all sizes, including many Global Fortune 500 companies. With offices in Dublin Cork and Belfast, NorthgateArinso is part of Northgate Information Solutions which employs over 8,000 staff around the world and has annual Group revenues in excess of €750m. Its solutions help executives optimise their HR service delivery through smarter process and more efficient technology, supporting key HR areas like workforce administration, payroll, time & attendance, benefits, recruitment, learning, and talent management. Its solutions are provided on In-House, Hosted and Outsourced platforms.

