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Human resources goes technical

The face of HR in a growing number of organisations is a portal rather than a person, writes Paul Taylor

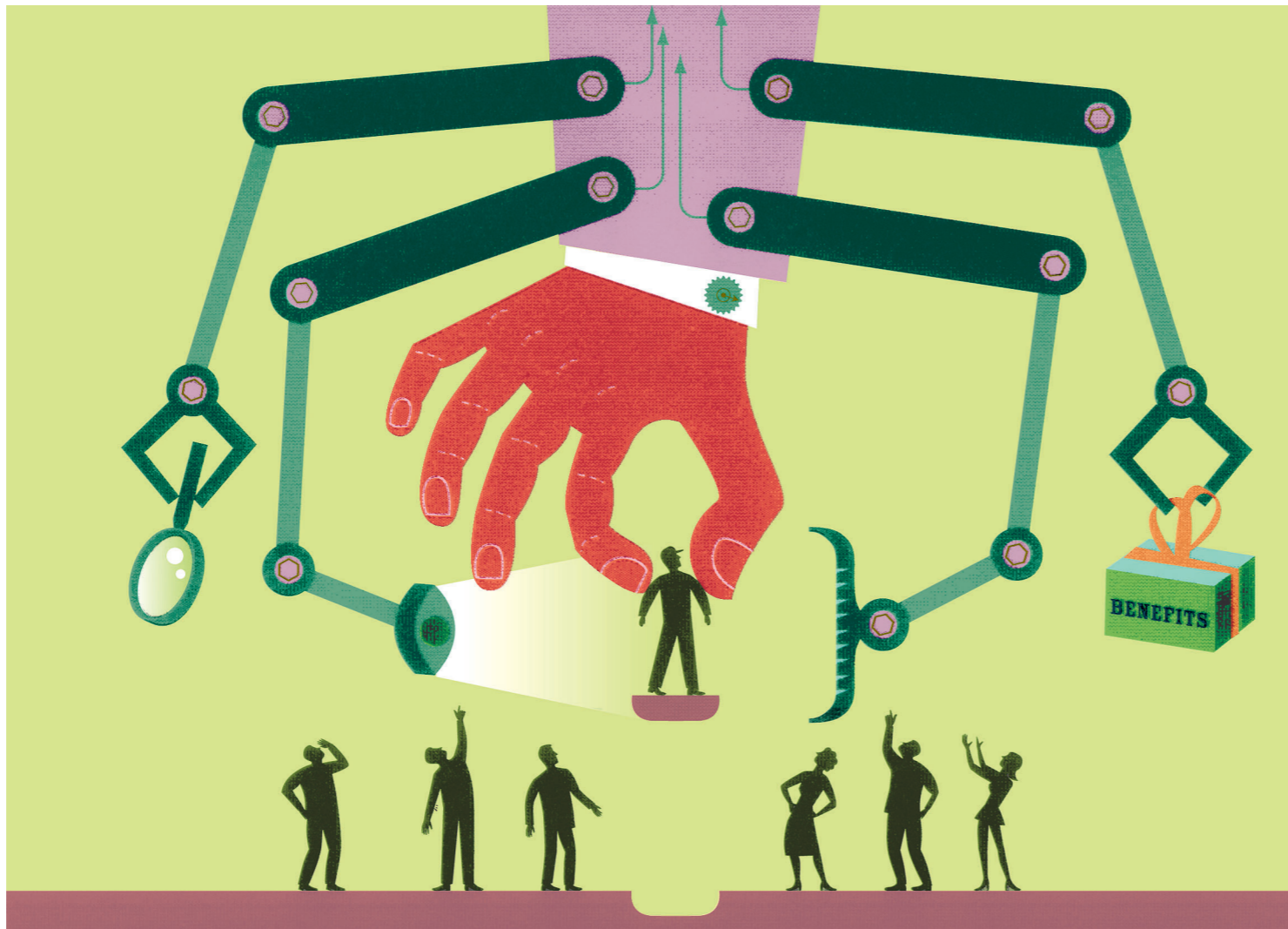
John Sweeney makes no bones about it. "Thirty years ago, HR was a backwater operation," says the human resources veteran who now works at the Society for Human Resources Management near Washington.

"It was totally paper-oriented. In the old days you used to put an [advertisement] in the paper, saying 'we need 10 widget makers or a senior executive', then you would wait seven days and when the mail comes in you started looking through the résumés."

This is changing. "Human resource management is evolving into a more technology-based profession," he notes. "For example, in many organisations, employees now see the face of HR as a portal rather than a person."

Early HR information systems mostly ran on the same hardware as finance and enterprise resource planning (ERP) systems, but today's technology is moving rapidly to web-based systems to deliver data and services such as employee self-service (ESS), online recruiting, web-based training, online applicant testing and benefits management.

"At the centre of a lot of the



work that we do is the traditional information system that still enables us to track employees and categorise information that we need for our clients... [and] that sys-

tem is integrated with our financials," says John Robak, chief operating officer of Greeley and Hansen, an environmental and engineering consulting firm.

Like many companies, Greeley and Hansen has outsourced its payroll function, but Mr Robak says the greatest advance in the past couple of years has been moving benefits adminis-

tration to an employee self-service portal that allows employees access and to make changes securely from any web browser whenever they want.

The portal has proved popu-

lar. "When [employees] are making decisions about their benefits they can sit with their family or their spouse and do it from home, or look at the choices that are available to them and enter information," notes Mr Robak.

But not all employees are familiar with, or have access to, desktop PCs or laptops. Kathy Herndon, an HR information technology specialist with Kimball International, an electronics and furniture manufacturer in Indiana, wanted to introduce a self-service payroll system but faced a problem.

Under Ms Herndon's direction, Kimball had moved from local factory-based HR to a centralised system to make it easier to document compliance with labour laws and other regulations and it had outsourced payroll to ADP, the employer services company.

But there was a problem – many of the factory workers did not have PCs at home. So, beginning in the mid-1990s, Kimball installed self-service kiosks on factory floors to provide employees with access to the ADP system.

"It was a big turning point," she says, but adds that many other manufacturing companies are still struggling to make that transition.

Since then, Kimball has gone further, introducing a centralised online document repository to make it easier for plant managers to access HR documents, and an applicant tracking system that helps the

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Burton Goldfield, chief executive of TriNet, an HR outsourcing company, on its unusual business model



Analytics can improve use of money and staff

Data mining

Stephen Pritchard looks at the benefits of combining workforce planning and external information

"HR people tend not to be very analytical; they don't do numbers." This is how one consultant describes his relationship with a human resources director client.

But although heads of HR are often respected for being "people people", the job is increasingly analytical.

HR departments already have access to significant sources of data, especially via companywide back office systems, such as those provided by enterprise resource planning (ERP) software.

But businesses are looking to supplement the basic data, such as the number of people employed and the hours they work, with broader information.

Shops, hotel chains and restaurants are extracting information from tills on a daily, or even hourly, basis.

Analysts can then tie these data to shift patterns, to calculate whether there are enough people on duty, in the right part of the business, at the right time.

Some retailers and hospitality companies are measuring how long customers queue for service; airlines and rail companies are correlating bookings and even timetable information with their HR databases to fine-tune staffing plans.

"In retail and hospitality, there are oodles of data from the 'point of sales' systems," says Barney Quinn, chief executive of Work-Place Systems, a technology vendor. He adds: "HR systems are already good at breaking down a task and working out how long it takes to complete."

"You can put that into a forecasting system, and work out how many shifts the organisation requires." The results can be impressive: good shift management, for example, could enable a retailer to save as much as 3 per cent on its labour costs.

Despite the savings, however, businesses are finding it hard to make the transition from tactical workforce planning to giving HR a more strategic role.

"The more sophisticated organisations are looking not at workforce planning but at capacity planning,

working out what the organisation can do, whether with staff, temps, consultants or in partnerships," says Stephen Brooks, a specialist in people management and organisational change at PA Consulting.

To achieve this, companies need to blend talent management and workforce planning data with external sources of information. "You cannot rely just on ERP for that," he says.

This is prompting HR and finance departments to turn to general-purpose business intelligence software and analytics tools.

Vendors such as SAP and

Oracle are adding analytical functions to their core HR systems, and the growth of software as a service is lowering the entry costs of the more advanced HR technologies for smaller businesses. Challenges remain, however.

Access to more data does not mean that the HR department has the right data, and even where companies are using analytics, HR directors and the board are not always ready to act on the results.

Colin Sloman, a partner at Accenture specialising in human performance says: "Some organisations are struggling to capture even basic information around employees and their employment history."

"But others have moved beyond the core HR information systems and are looking at whether they have the talent they need for their future strategies."

HR directors, he suggests, should be more like supply chain or finance directors, who use both historical data, largely from business intelligence systems, and more advanced, forward-looking analytics.

But even where organisations have tried to bring together sources of information, often the IT integration is harder than they expect, say some specialists.

Hosted, cloud, or software as a service-based systems should help but, according to Mike Etting, chief executive of NorthgateArinso, an HR software vendor they can lead to a "spaghetti of integration", with each application creating its own "spaghetti bowl" of data, making them hard to link.

This makes it harder for IT departments to pass the right data to business managers – and for HR professionals to trust the results. And if they do not trust the results, they will not fine-tune staffing requirements.

The cultural barriers to a more data-driven approach to HR can be as hard to overcome as the technical hurdles.

Companies that have installed workforce analysis and forecasting systems for businesses say the impetus for the project all too often comes from the chief financial officer, or from IT, but only rarely from within HR.

"For HR, analytics represents a golden opportunity to say there are better ways to use resources," says Roger Llewellyn, chief executive of Kognitio, a business intelligence vendor.

"They have a chance to go from obeying instructions to contributing to the efficiency of the business."

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Remote access is not a solution that suits all

In-house or off-site

Charles Batchelor says some companies prefer to keep sensitive employee data on the premises

Managing employees depends ultimately on personal judgments, but human capital or talent management software can help.

But once you have decided you need it, you have to choose whether to provide it in-house or buy it in.

Applications can record the skills available in a company (see case study, right), carry out performance reviews and devise training and development plans.

They can also streamline recruitment procedures by taking online CV forms, ask "go or no-go" questions to weed out unsuitable applications and finally draw up a shortlist.

Human capital management systems have traditionally been offered as a module in more broadly based enterprise resource management software that is then managed in-house by the IT department of large companies.

But, as software vendors tailor their offering to the small and medium-sized enterprise sector and purchasing power shifts from IT managers to functional line managers in, say, sales or purchasing, more companies are discovering the attractions of the cloud.

Software-as-a-service (SaaS) is the term often applied to this full-service offering of computer capacity from off-site clusters of

servers, routers and databases.

In-house or "on-premise" management of IT system provides reassurance to businesses concerned about the security of their data, but it can require considerable resources to install and keep systems up to date.

By contrast, capacity rented from a SaaS provider can be rapidly brought on stream, while the hassle of maintenance and upgrades is transferred to the provider.

Some vendors argue that human resources is an area ideally suited to the cloud because, unlike other categories of management information, it needs to be accessed and used by every employee in the company, and not just by specialists in particular departments.

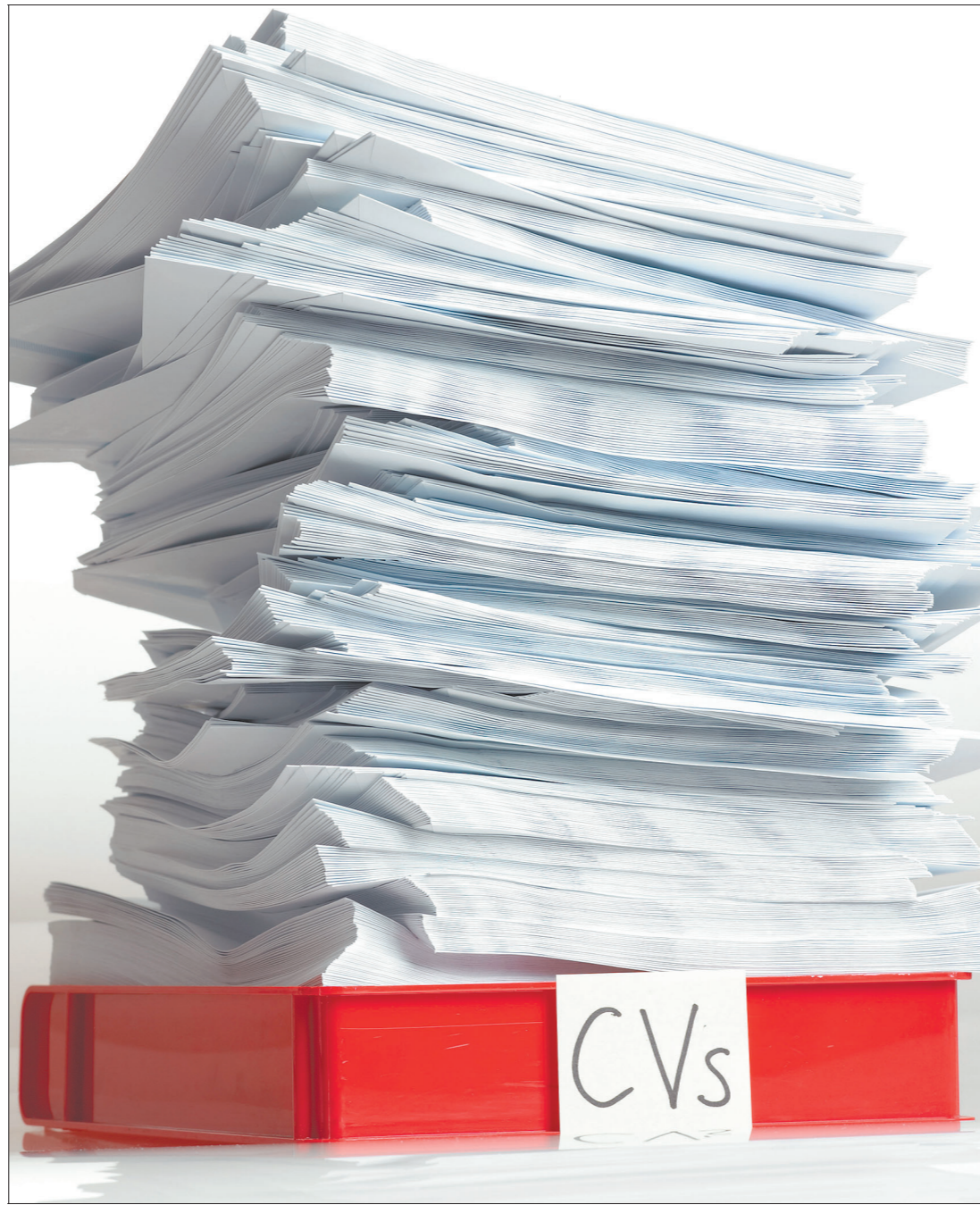
"The finance or supply chain software is used by a restricted group of people, but the HR systems are used by every employee," says Andrew Rodaway, communications director at StepStone Solutions, a SaaS provider.

"An employee will input his performance objectives and training needs into the system and they will be reviewed and agreed by his boss. Employees need access as much as the HR people and management."

For this reason a cloud-based system that can be accessed from any location with an internet connection, including via mobile devices, is much more flexible than one that requires the user to be sitting at his or her desk.

But whether a vendor promotes the SaaS option or not often depends on the company's particular history.

StepStone, founded in 1996, does not have a legacy of offer-



Information overload: software can streamline recruitment by taking online applicant data

Alamy

ing "on-premise" systems to its clients. "The trend is to SaaS-based platforms," says Ralph Brasker, StepStone's head of product marketing.

Chris Taplin, head of pre-sales at SAP UK, compares the "on premise" and SaaS options with buying or renting a house. "When you rent, you can move in quickly but you can't redecorate or knock down walls."

Mr Taplin, whose job is to explain the benefits of SAP's systems to non-technical customers, describes SaaS as "an on-demand offering – what you see is what you get". The on-premise option, on the other hand, can allow a purchaser to

customise the software to make it easier to integrate the human capital management function with other departments.

SAP provides and supports both models, although it started as a provider of on-premise software.

Owen Brangwyn, a product manager at Infor, a supplier of human capital management software, says his larger customers, many in the retail sector, prefer their systems to be in-house, in part for security.

The human resources field involves a great deal of sensitive data about employees, including payroll and bank information that some companies prefer to

Profile Baker rises to challenge of rolling out information on employees' skills

Lantmännen Unibake, a Danish supplier of fresh and frozen bakery products, has often had to make use of expensive outside consultants to carry out special projects.

But since it signed up last year for a cloud-based human capital management package from StepStone Solutions, it has found many of the skills it needs for such projects among its nearly 4,000 staff members spread over 19 countries.

Faced with a special project that needed to be carried out at the company's Horsens head office, the chief financial officer searched the company's online skills database and found a female employee in Norway with the required expertise.

She was able to carry out the work from Norway, but gained the satisfaction of having worked on a head office project.

"In the past, people would have explained their career expectations to their local manager who would have written it all down," says Johan de Prijk, corporate HR director. "The people with the information would not have known about the opportunities. Now, what comes up between the manager and the employee is owned by the company."

For an international company with operations in Europe, the US and Russia, exchanging staff information between offices was a challenge.

StepStone's talent management software, which covers recruitment, performance and learning management, and career and succession planning, has meant local information can

be made available across the group.

Unibake expects that better management of staff information will allow it to fill 80 per cent of vacancies internally by 2013.

At present, about 40 per cent of senior positions are filled from inside the group, while the percentage of blue collar vacancies filled in this way is lower.

The reduction in the cost of recruitment, including fees paid to headhunters and the training of outside recruits are expected to lead to a saving of €450,000 (\$650,000) a year – a drop of 15-20 per cent.

An important element of the

'Now, what comes up between the manager and the employee is owned by the company'

system that has been adopted by Unibake is the self-service facility. This allows staff members to maintain their own skill profiles, which can then be viewed by human resources teams throughout the group. Mr de Prijk says he is happy to hand over the computerised element of human resources management to an outside provider that operates the system remotely. "We are not systems inventors," he says. "We are buying a service and the knowledge."

Charles Batchelor

'The finance or supply chain software is used by a restricted group of people but the HR systems are used by every employee'

keep on their own premises. Nonetheless, Mr Brangwyn believes the cloud option "will gather momentum. Infrastructure improvements will put the security question to bed."

But companies with a big investment in their own IT departments are less likely to make the move to the cloud.

They may feel happier keeping control of their own data, rather than watch it disperse to a remote location in a jurisdiction, such as the US, where the authorities may decide there is a public interest in disclosure.

Whichever model a company chooses, it will need a system that is responsive to the rapidly

changing needs of the recruitment market.

"Recruitment is a dynamic area," says Mr Brasker. "You need to act fast to attract and retain talent."

Companies that are slow to filter responses to vacancies and pass them on to the relevant manager will miss the best applicants, he warns.

"The developers of apps for mobiles and internationally qualified sales people are so connected that they are gone unless the company responds quickly."

"You can't wait for someone to come back from holiday to deal with an application."

Web recruitment speeds up the delivery of good workers

Case Study UPS

The logistics group is embracing social media, reports Alan Rappeport

UPS, the parcel shipping group, has moved aggressively into the world of social media as a method of hiring.

It is steering away from old-fashioned print job advertisements in favour of interactive and trackable online tools.

This approach to recruitment is typical of the latest trends in human resources strategy.

The group maintains an active presence on Facebook, Twitter and LinkedIn and uses text messages and online tracking tools to keep in touch with applicants and target potential employees.

"We certainly think that there is going to be a shift away from traditional job boards to a social media paradigm," explains Matt Lavery, UPS corporate talent acquisition manager.

Use of social networking at UPS to find and keep in touch with job applicants reflects a wider trend.

According to Jobvite, a social recruiting software company, 83 per cent of US companies will recruit via social networking websites this year and 46 per cent will invest more in social recruiting.

The shift at UPS has been gradual but significant.

In 2005, the group was spending 90 per cent of its recruitment advertising budget on print media, local and cable television and radio outlets.

The following year, it decided to centralise its job advertising budget and re-evaluate how it looked for workers.

Old media methods were not proving very fruitful and the group was having more success through niche websites.



A new route: 97 per cent of the UPS recruitment budget is allocated to social media

Getty

So UPS hired an advertising firm to boost its online presence and worked to develop "organic" growth in its number of Facebook and Twitter followers.

With jobs increasingly in demand, its following grew rapidly, as applicants jumped at the chance to receive instant feedback and responses.

For example, in March UPS posted an employment opening on its Facebook page for a freight forwarding account executive position in San Diego.

When a job seeker inquired about openings in Mesquite, Texas, UPS responded within an hour with a list of openings in the state and explained the online application process.

By last year, less than 3 per cent of the UPS recruitment budget was spent on old media and 97 per cent was allocated to social media.

The investment has brought good returns.

In 2010, UPS hired 955 employees whose applications had come through social media channels, including 45 from

Twitter and 226 from Facebook.

This marked a sharp increase from 2009, when the company hired only seven people via Twitter and 12 through Facebook.

UPS says the cost of finding a successful applicant through social media is about \$60 to \$70 a hire, compared with \$500 to \$600 a hire, using print advertising.

Beyond the cost savings,

'We certainly think there is going to be a shift away from traditional job boards to a social media paradigm'

social media helps UPS target potential applicants and provides useful demographic information.

The group can see which websites its Twitter followers are coming from and use that knowledge to decide where to target advertising campaigns.

Meanwhile, on Facebook the group knows that 55 per cent of its 15,000

followers are men, 95 per cent live in the US, and 76 per cent are between the ages of 18 and 44.

For more senior-level hires, the company uses LinkedIn, which allows it to scour CVs according to specific criteria.

One drawback to social media is privacy concerns among job applicants, who fear that personal information that can be found online might become detrimental to them professionally.

But in spite of its growing reliance on social media for hiring, Mr Lavery notes that UPS does not use such web sites to perform background checks on applicants.

Instead, the group continues to do standard criminal background checks and use research tools such as Lexis Nexis to vet candidates.

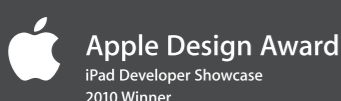
"We have consciously taken [social media in background checks] out of play, because we don't want to make a bad hiring decision based on a bad picture or comment," he says.

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