

FIRST THINGS FIRST:

How to Identify  
Process  
Improvement  
Opportunities  
Before You  
Deploy Your New  
HR Technology

Patricia F. Boggi-Gibbons, Principal Consultant, and  
Debora Card, Partner



## INTRODUCTION: OPTIMIZING HR TECHNOLOGY

New human resource (HR) technologies are driving or enabling much of the transformation happening in HR organizations today. These new solutions are playing an important role in improving data integration and analytics, increasing efficiency and availability of HR information and enabling new intuitive and mobile self-service applications. ISG research shows more than 70 percent of companies are considering moving their human resource (HR) technology to software-as-a-service (SaaS) or Hybrid-SaaS solutions within the next two years. Some are already well on their way.

And while the implementation of new technology can accelerate change, the technology solutions available in today's HR market are only as effective and efficient as the decisions that enterprises make about their HR processes. HR systems that have highly configurable and highly flexible roles can support a wide variety of process requirements—good and bad. Typically, HR technology services providers recommend a set of best practices that are specific to their tool or a special configuration to support a client's "unique" requirement. However, to optimize its technology implementation and ongoing use, an enterprise should prepare the process side of the project *before* the technology work begins.

This white paper explores how enterprises can make the most of their HR transformation projects and pave the way for success by deliberately and thoughtfully preparing processes beforehand.



## MAKING THE MOST OF TECHNOLOGY DECISIONS

Optimizing the implementation of technology begins with bringing together the right teams—including HR business partners, HR Centers of Expertise, HR Operations and IT teams—to define and articulate the desired outcome.

Preparing HR processes to make the most of the technology decision similarly begins with identifying and engaging the right people. Choose an internal or external resource with in-depth knowledge of HR processes and technology to guide the effort. Let him or her know you are working on the following foundational principles:

### **Do the hard work of transformation now to streamline and lessen work later.**

It may seem easier to put off the hard work of transformation, such as harmonizing processes across multiple business units, removing layers of approval or challenging “the way we’ve always done things,” but such “process procrastination” will likely lead to unexpected and inopportune project delays, which can create costly setbacks in both dollars and credibility. If the process change is left for later, the HR system will be less efficient and will require more re-work to address specific problems or needs as they come up. Work out key processes beforehand to ensure operations are streamlined and fully leverage important transformational opportunities.

### **HR processes are not true religion.**

HR processes are not holy, and they should not run on faith. Your HR processes have morphed over the years and are likely based on business needs or decisions that may no longer be valid. This is no one’s fault; it’s simply the evolution of HR processes. Changing processes will not cause spontaneous combustion! While each evolution of the individual process was, at some point in the past, closely critiqued and carefully weighed, it is most likely now part of a system made ineffective by years of adaptation. Are your current HR processes giving the company the best, most desirable outcomes? Conducting an inventory of HR processes is an opportunity to ensure optimum efficiency and cost effectiveness.

### **Turbo-boost your implementation timeline.**

Completing the process re-design phase before you begin technology implementation will allow you to thoroughly learn your new technology during implementation. Most integrators are teaching you how to configure their systems during technology implementation, and they move at a quick pace. While integrators may perform initial configurations, once you go live, your team will have responsibility for all future configurations. Completing the process redesign ahead of time allows you to focus on the technology configuration portion of the work. This will give you a much greater chance of meeting the agreed-upon timeline, as you will not be distracted by redesigning processes while configuring new technology.

## FIRST THINGS FIRST

## INVENTORY: IDENTIFYING PROCESS IMPROVEMENT OPPORTUNITIES

To get started, conduct an inventory of your HR processes based on the areas of HR that are in scope for your technology implementation and those that are directly downstream. Even if payroll is not in scope, for example, you'll want to catalog the key HR processes that result in a payroll instruction, including new hire, pay change and bonus payment, because these payroll instructions will be directly influenced by the upstream HR process changes.



In your HR process inventory, capture the key data points for each process. Be sure to document the following specifics:

- **The annual volumes for each process.** This will help prioritize high-volume processes.
- **The frequency of each process.** Is it an ongoing process, such as onboarding, a monthly process, such as payroll, or an annual business process, such as yearly compensation merit cycle or annual benefits enrollment? This will also help in prioritization.
- **An overview description of the process itself.** This allows for analysis and understanding of each process.
- **The roles in your organization that are part of the process,** such as manager, employee, HR business partner (HRBP), specialist, finance, payroll or Center of Excellence. This enables you to determine if you have the right roles in each process or if there are opportunities for improvement. This documentation becomes critical as most HR technologies are driven by the roles defined during configuration.



- **The forms, templates or content used to support the process.** This will allow you to eliminate or update forms and content as needed.
- **Any known variations of the process for a specific division or location, as well as the size of the location and rationale for the variance.** This will enable your analysis of variations to determine if you can move to a common approach. If you have variations in the same process, create a separate row in your inventory for each variation. If you have three divisions or business units and each uses a different process for “extending a job offer,” for example, document those variations and their purposes.
- **Any known process pain points.** This may become the “low-hanging fruit” to resolve when you consider the future state. Asking people involved in the process what their pain points are is usually an effective way to identify areas that need change.
- **Any improvements you would like to make.** This is similar to identifying pain points, but it is directed at the future. Ask the current stakeholders in the process what they think you should change.
- **The current-state approvers for each process.** This will allow you to study approval requirements in the aggregate and make sure your approvals are appropriate and consistent. It will also directly tie to the workflow in your new HR technology.
- **The management owner of the process.** This helps identify the stakeholders. Do not be surprised if many processes seem to have multiple owners or no clear owner at all; do your best to capture what you can.

## **ANALYZE: OPTIMIZING OPPORTUNITIES FOR IMPROVEMENT**

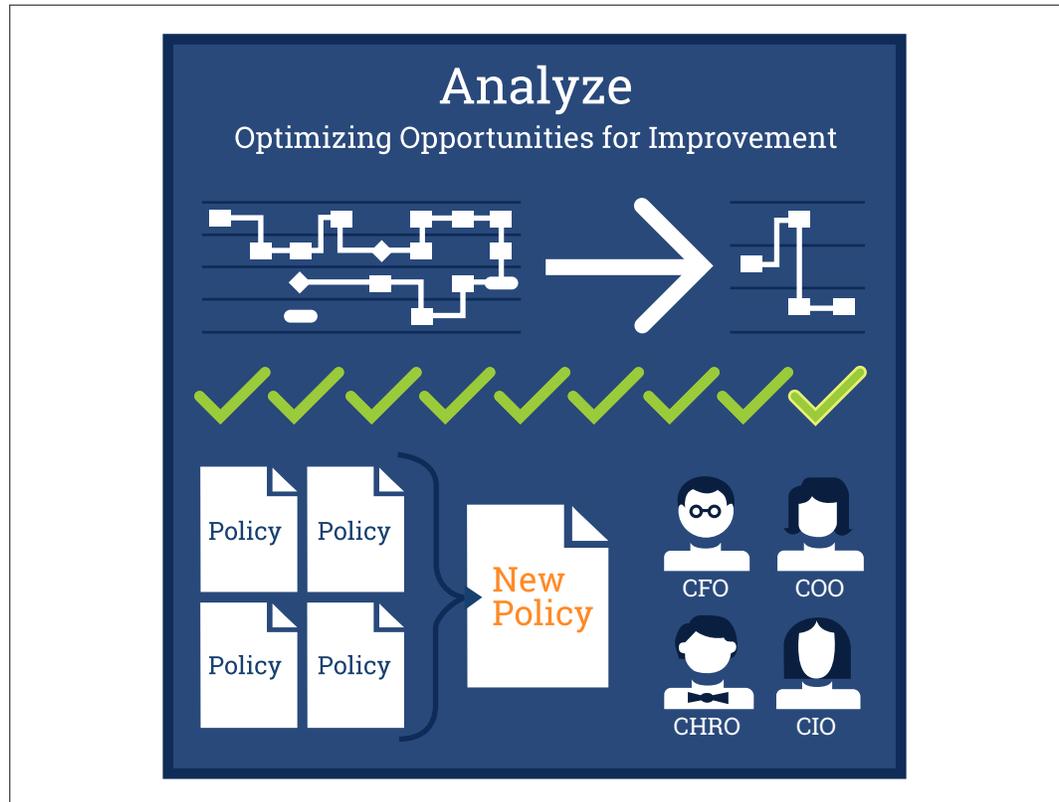
Creating a process inventory gives you the raw data you need to identify and prioritize the process improvements that will turbo-boost your technology implementation. Assemble a study team and sponsor a working session to identify the opportunities. Consider including key HR and a few non-HR employees in this exercise, as non-HR participants have a different perspective that can be helpful in the creation of outside-the-box improvements. Be sure to include people with appropriate business courage to challenge the status quo.

Ask this group to analyze each process in the inventory using the questions below. Start with the highest-volume processes and keep your eye on the 80/20 rule (remember: 80 percent of the effects come from 20 percent of the causes) so that you don't get bogged down in minor details that may derail the process.

### **1. Can you eliminate any variations of a particular process?**

Streamlining all variations of a process has the potential to dramatically simplify your technology implementation and reduce the need for ongoing support. The desire to eliminate variations will reflect your organization's desire to achieve clean, efficient, user-friendly HR processes. However, some situations will not be easy to simplify into one common policy. Compliance considerations and bargaining contracts in some countries

create variations you cannot escape. It also is important to consider the unwanted cost of moving from a variety of processes to a common one. For example, your company may have different locations that use different policies for paying employees for an absence related to a death in the family. Three of the policies allow for three full days of pay and the last policy allows for only two days. If you decide on a common policy of three full days, the location that moves from paying two days to paying three days will incur an uptick in cost. Many payroll policies have underlying practices that include variations for calculating overtime, double time, holidays or sick leave. Be sure to weigh the costs of inefficiency against the intent of these variations.



## 2. Are your approvals consistent and efficient in the context of your HR processes?

Consider how HR business partners play a part in the review and approval process and whether you want them to serve in a strategic role or in a transactional support role. Make a plan for how compensation decision-makers play a part in constructing offers and how managers approve appropriate transactions across processes. Remember: new technology will allow you to use electronic notices for defined roles and otherwise streamline the entire review and approval environment.



### **3. Which current forms, templates and supporting content can you eliminate or update?**

Taking care of this area is among the easiest tasks of your process preparation work and can help you get ahead of the implementation curve. Document your accomplishments with specifics about how automation can eliminate current-state manual forms and allow you to assign resources to update forms in advance. Leaving these updates to the end of the technology implementation can delay end-to-end testing. Note that your technology partner will not focus on these important service delivery areas; therefore, your focus in this area is critical for a successful go-live.

### **4. Should you create future-state process maps?**

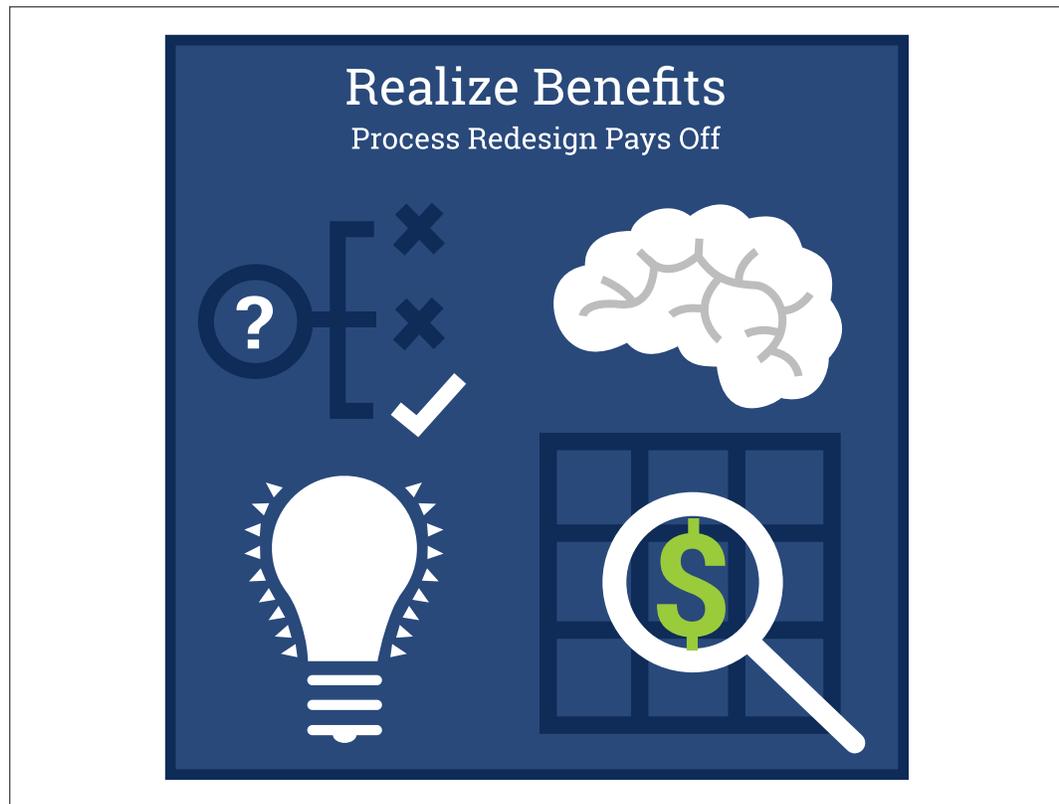
Process mapping and process descriptions are often pushed aside by HR teams, but taking the time to document future-state process maps and descriptions that include the streamlining and improvements of your inventory work is an excellent way to socialize your recommendations. If your organization has a process management function, lean on it. Process mapping and descriptions fall into the category of making sure you thoroughly understand what you have concluded so that you can align stakeholders around the approval of your recommendation. Be sure to let stakeholders know your process-change recommendations may need modification during the technology configuration, as your technology choices may impact some areas. To ensure strong change management and change acceptance, be sure to circle back to stakeholders on the final technology configurations related to process changes.

If you complete these steps and adhere to the foundational principles outlined above, your technology project is far more likely to achieve the outcomes you expect. By being fully prepared to engage in technology configuration based on clearly understood and documented processes that have already been streamlined and are ready for automation, your implementation partner will be able to leverage your process-analysis work, and the relationship will begin on a strong footing based on accurate information and clear communication.

## **REALIZE BENEFITS: PROCESS REDESIGN PAYS OFF**

Successfully implementing HR technology depends on a strong business case, HR data that drives talent and key business decisions, and process design that is completed in advance. A comprehensive process inventory and a deep understanding of all possible improvements and outcomes will increase the return on your technology investment and allow the project team to focus on the technology work rather than process and policy decisions. With stakeholder support, the project will be more likely to meet the stated business case and transformation goals.

The time needed to complete your process preparation work depends on the scope of the technology implementation, your organizational complexity and the speed at which your team works. For a full-scope HR technology implementation, you can safely assume the process preparation work will require six to ten weeks with a combination of existing resources and external support to drive the work. Conducting and analyzing the process inventory will each take a two-to-three week period, and creating future state process maps and descriptions will take an additional two-to-three weeks.



At the end of the process design work, you will have a clear set of future-state process decisions. Think of these as the process-based business requirements that will form the basis of your workflow configurations. Whether you implement process requirements without modification or you decide to further simplify and streamline, you will be adequately prepared to begin the configuration process with your technology partner.

Tackling the hard work of process re-design before you begin your technology deployment gives you the best chance of achieving maximum efficiency through optimized processes, ensures you avoid unplanned delays due to process uncertainty or re-work required by changing processes, and helps you make the most use of your system integrator's time and expertise. Automating a bad process doesn't make the process any better. Taking time to optimize processes beforehand delivers the most benefit from automation and, therefore, the greatest transformational value to the enterprise.

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