

# ***HCM Business Transformation and System Selection***

*A Navint Partners Case Study*

April 2012

## Background

*There have been dramatic changes in the Human Capital Management (HCM) Function over the past 15-20 Years in terms of Process Management, Organization Alignment, Information Management and Technology Leverage. Many companies are improving their HCM Functions, driving improved employee relations, improved HCM effectiveness, bottom line impact and other intangible benefits through Transformation Programs.*

## Improving HCM

From the CEO perspective, improvements in the HCM Function must include the following:

- Reduction in the overall cost of HR to an agreed upon target;
- Improvements in quality and accuracy of Employee Related Data;
- Standardization and harmonization of data across the enterprise;
- Improvements in the Employee Moral, Productivity and Effectiveness
- Improved leverage of the existing HR technologies;
- Improvements in the cycle time of activities:
  - Request to Hire activities to support business growth
  - Transactional processes such as payroll and data management for improved productivity;
- Better utilization of staff time for value added activity;
- Improved alignment of business needs with employee development
- Improvements in the overall quality of the workforce

This case study provides an example of how one Navint Client achieved improved effectiveness and efficiency within the HCM Function by leveraging transformation methodologies that cross multiple dimensions.

In our experience, Organizations that focus on transformation across multiple dimensions and include a focus on Best Practices, Processes, Organization Structure and Technology achieve better performance improvement results than those who do not.....no matter what their size, complexity or industry.

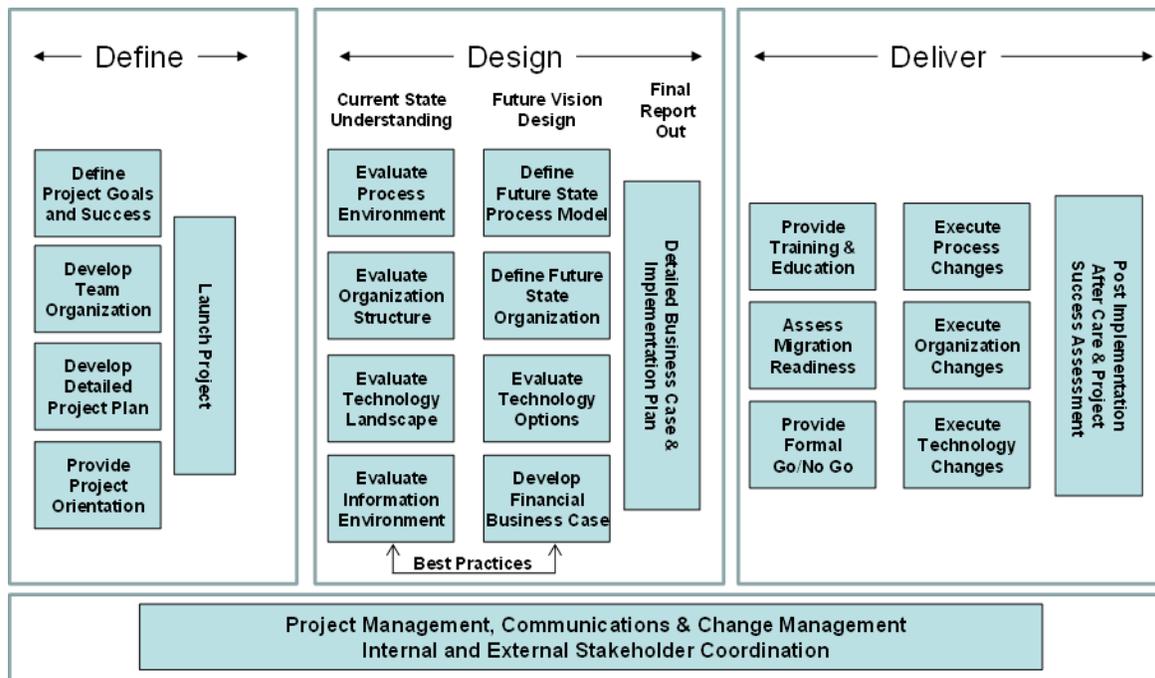
The Navint HCM Transformation Model focuses on improvements across the four key Dimensions:

- **Process Management** – *More coordination in end to end business processes resulting in 15%-25% improvements in productivity, reduction in errors and rework and a lower overall HCM cost structure.*
- **Organization Alignment** – *Improved leverage of resources across global enterprise through Shared Processing Capabilities, training, education and change management programs resulting in up to 20% fewer but significantly higher caliber HCM professionals serving larger groups of employees across the enterprise*

- **Information Management** – Standardization of Employee related data allowing for improved quality, relevance and timeliness of HCM Information.
- **Technology Leverage** – Fewer and more coordinated technology platforms providing critical leverage for running the business of HCM.

In this particular Case Study we used our standard model to drive a successful transformation.

## The Navint Methodology

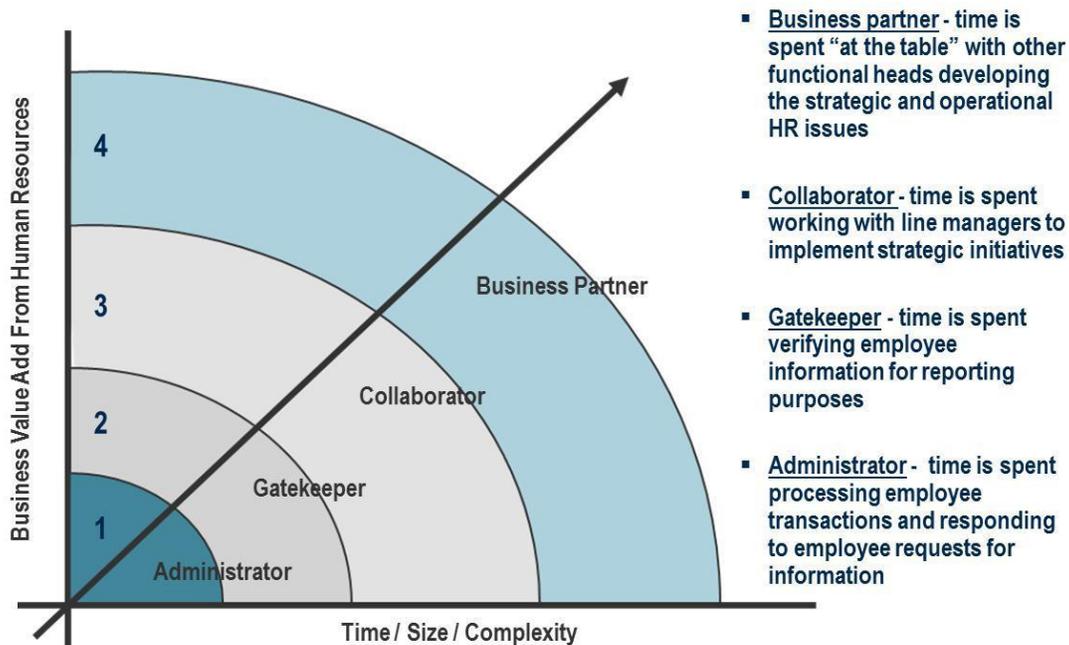


## CASE STUDY – HCM TRANSFORMATION

### Our Client's Objective

- The overall objective of our client was to transform their HCM Function from a back office function acting as an Administrator, focused on processing employee transactions and responding to employee requests for information, to that of a **Business Partner** who is “at the table” with other functional heads developing the strategic and operational HCM business impacts and providing insight and information on human resource issues. They were looking for a significant movement in the Maturity of their HCM Function.

## HR Transformation “Migration Maturity Model”



### Project Scope

- The Scope of our project encompassed the following HR processes:
  - ✓ Recruiting and Onboarding
  - ✓ Employee Data Management and Exit Management
  - ✓ Payroll and Time Collection
  - ✓ Benefits Administration
  - ✓ Compensation Planning and Administration
  - ✓ Employee Development and Performance Management

### Major Project Steps

- The steps of our approach were designed to quickly identify the best solution for our client and focus on implementation. These included:
  1. **Define Phase – Plan**
    - Definition of Scope
    - Development of Plan
    - Team Orientation
    - Project Kick Off
  2. **Design Phase – Design**
    - Quick strike “As Is” assessment
    - Design of “world class” based future vision
    - Vision validation
    - High level impact assessment (key benefits)

- Technology evaluation and selection
  - Solution development and implementation plan (business case)
3. **Deliver Phase – Implement**
- Technology Implementation Track
  - Process Reengineering Track
  - Organization Restructuring Track
  - Change Management Track

## Summary of Activities and Outcome of Each Step

### Define Phase

#### 1. Define Phase

Objective: The define phase is a very short, focused yet critical phase to define the parameters of the project. The scope of the project is outlined, the goals and objectives defined and agreed to by all stakeholders, the team members, organization and governance are defined, a project plan and budget is created and the project is commenced.

Method: The Navint PM and the Client PM developed a focused Project Charter Document including all necessary foundation materials. This was vetted and validated by the Clients Executive Sponsor.

Results: A successful kick off with a well-grounded team ready to execute.

### Design Phase

#### 2. Quick strike “As Is” assessment

Objective: Define the current state of in-scope processes; understand how people, processes, information, and technology components are currently configured; Gain insights as to how the organization currently operates

Method: Held focused workshop with process owners/stakeholders for each in-scope process

Results: We created a high level summary of the current state process, organization structure and system architecture and gained an understanding of current issues and desired end-state. This provided key input into the future state design. This was completed and validated in a matter of weeks.

#### 3. Design of “world class” based future vision

Objective: Introduce “Best Practices” for the business processes, organization, information and systems; develop overall process, organization, information and systems visions incorporating “Best Practices”

Method: Conducted future state workshops with core team and subject matter

experts, incorporating best practices

Results: The team developed the future state process flows and defined the overall HR process, organization, information and systems vision. We also did a gap analysis against best practices and also identified quick wins, critical success factors and implementation issues. The vision was created over a 4-6 week cycle.

#### 4. Vision validation

Objective: Validate the visions with management and key stakeholders to ensure that the future visions meet their expectations; Determine if the visions meet the business requirements; Create buy-in for the future vision

Method: Reviewed the future visions with management and users

Results: We gained executive and user sign-off on the four dimensions of the future state vision. The team also gained a greater understanding of potential implementation issues. The validation was completed immediately following the creation of the vision.

#### 5. High level impact assessment (key benefits)

Objective: Identify the potential benefits gained by implementing the visions; Evaluate labor and non-labor cost saving along with non-tangible benefits.

Method: Evaluated current costs and drivers; incorporated benefits discussion as part with key stakeholders.

Results: The team produced a detailed estimate of tangible savings for both labor and non-labor related costs. They also documented the non-tangible benefits expected from the achievement of the vision.

#### 6. Technology evaluation and selection

Objective: Identify viable technology solutions to enable the visions; Evaluate potential vendors and select the most effective technology solution

Method: We first researched solutions based on our clients requirements, size and desired end-state. We then prepared and distributed a written Request for Proposal (RFP) to the potential vendors. After evaluating the responses and creating a short list of vendors, we organized system demos, assisted the client in scoring and negotiating and selecting the best vendors to meet their needs.

Results: Based on the comprehensive evaluation process, Ultimate Software was selected as the Core HR and Payroll application and Cornerstone on Demand was selected to support Employee Development and Succession planning visions.

## 7. Solution development and implementation plan (business case)

Objective: Create a migration strategy and plan which will cause the least amount of disruption for the organization; Prioritize opportunities and identify resources for implementation; articulate the financial impact of implementing the recommendations

Method: The team leveraged the information gained from the previous steps and Navint experience to evaluate different approaches for migration of activities and to define the implementation strategy; Navint consolidated the benefits and savings information into a robust spreadsheet and performed cost/benefit evaluations based on recommendations. All details were reviewed with team members and key stakeholders

Results: The final outcome was an improvement plan that was financially and operationally justified by the team for implementation. The supporting data included a high level Gantt chart depicting the recommended rollout timeline, resource and funding requirements, benefits estimates, and the investment return estimates.

### Deliver Phase

## 8. Implement the solution

Objective: Coordinate all activities to implement UltiPro and Corner Stone applications and transform the business process environment to the model developed in the vision. Provide leadership in Change Management to facilitate adoption and acceptance of the solution. Manage remote resources from multiple software vendors and a team of part time internal resources to deliver the solution on time and on budget.

Method: Navint utilizes a classic Program Management Approach to all of our implementation projects. This includes strict management of the project plan activities, a strong set of change control and issue resolution processes, classic technology SDLC principals and transparency in reporting to an outside Steering Committee. In addition, we have a very structured change management philosophy founded on communications, training, education and participation by effected staff.

Results: The UltiPro and Cornerstone applications were implemented with minimal disruption to ongoing internal activities. There were a number of conflicts and issues which are natural in an implementation project. All issues/conflicts were resolved with minimal impact to and the implementation activities were delivered within time and budget. The revised business process model was deployed within the HCM group significantly improving transactional efficiency and providing a standardized set of HCM reports to executive management.

▪ **Overall Results**

The solution was implemented for \$250,000 plus \$35,000 per year which included all application acquisition and annual subscription/maintenance costs and included all outside consulting services. We realized a reduction in the overall cost of processing payroll with legacy providers of \$55,000 per year and achieved a headcount realignment quantified at \$125,000 per year. Overall the project realized an internal rate of return of 45% and a cash breakeven of 2.5 years. The project also resulted in significant improvements in the quality and timeliness of executive information and improvements in moral within the HR team.

**The Navint Advantage**



*“Transforming Business Across Multiple Dimensions”*

**About Navint Partners**

Navint is a different kind of management consulting firm, excelling in large scale business process change. With offices in New York, Chicago, Boston, Pittsburgh, Philadelphia and Rochester, Navint’s consultants specialize in managing the alignment of people, processes and technology when organizations face operational restructuring and IT transformation. A unique blend of experience and innovative thinking allows Navint consultants to address clients’ business challenges in imaginative ways. <http://www.navint.com/>