

AFTER THE TRANSFORMATION:
ACHIEVING STRATEGIC HR

APRIL 2008



contents

- introduction 2**
- achieving strategic HR 3**
- connecting the dots 4**
- what strategic HR looks like 6**
 - “We’ve All Read the Articles” 7
 - Improving Information Flow and
Employee Communications with Self-Service 8
 - The Right Workforce Management Solution
Makes the Difference..... 11
- summary 12**

introduction

In concluding the ADP study that identified the HR needs of companies with 50-999 employees, *From Personnel Manager to Chief Human Capital Officer: The Transformation to Strategic HR*, the author stated:

As important as it is to gather and exchange information, it is not enough only to talk about the need for strategic HR, or about the differences between transactional and strategic HR.

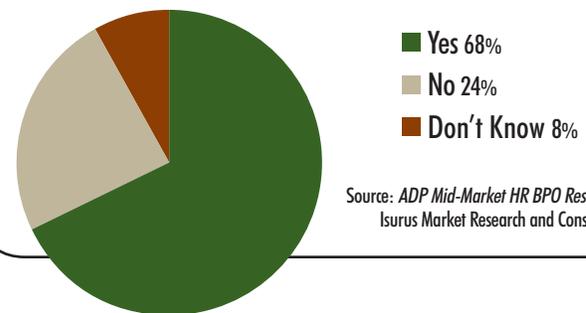
What's required is action that enables the HR staff to get back to the work for which they were trained and hired: helping ensure that employees can meet the organization's changing objectives.

The intention of this paper is to continue that conversation – to connect the dots between where you or your HR team may be at this point and where you want to be: focused on growing and retaining staff, recruiting and hiring, and increasing employee engagement.

By identifying the fundamental qualities of strategic HR and what it means, we hope to provide you with the keys to unlocking the strategic HR opportunities within your individual situation.

If you are among the 68% of HR departments who could better serve your company's overall goals if you were able to spend less time on administrative tasks, our client examples of how workforce management solutions are making a difference may help you develop your own strategic action plan.

Could your company's HR department better serve your company's overall goals if it were able to spend less time on administrative tasks?



Source: ADP Mid-Market HR BPO Research: Final Report, Isurus Market Research and Consulting, August 2007

This white paper is the third installment of what has become a three-part exploration of the subject of strategic HR management.

In March 2007, *Overcoming the Barriers to Strategic HR Management. Old Issues. New Solutions.* introduced the subject of strategic HR and discussed both the business case to be made for it and the available workforce management solutions that can provide the time, tools and infrastructure required to achieve it.

From Personnel Manager to Chief Human Capital Officer: The Transformation to Strategic HR, published

in October 2007, provided benchmark data from more than 1,200 companies with 50-999 employees about what was discovered to be an HR function in a state of transition.

This paper, in April 2008, primarily through real client examples, provides the action steps and shows strategic HR as a desirable destination – one that's worth the trouble of reaching.

Electronic copies of all three papers are available at www.majoraccounts.adp.com/hrwhitepapers.

achieving strategic HR

The key to effectiveness – which is one important quality of strategic HR – is to ensure that HR professionals are exerting their energy on tasks that support and strengthen your workforce.

While certain activities are fundamentally administrative or strategic in nature, there is no rule about what strategic HR “is.” Exactly what constitutes strategic HR will vary, based upon your organization’s specific needs.

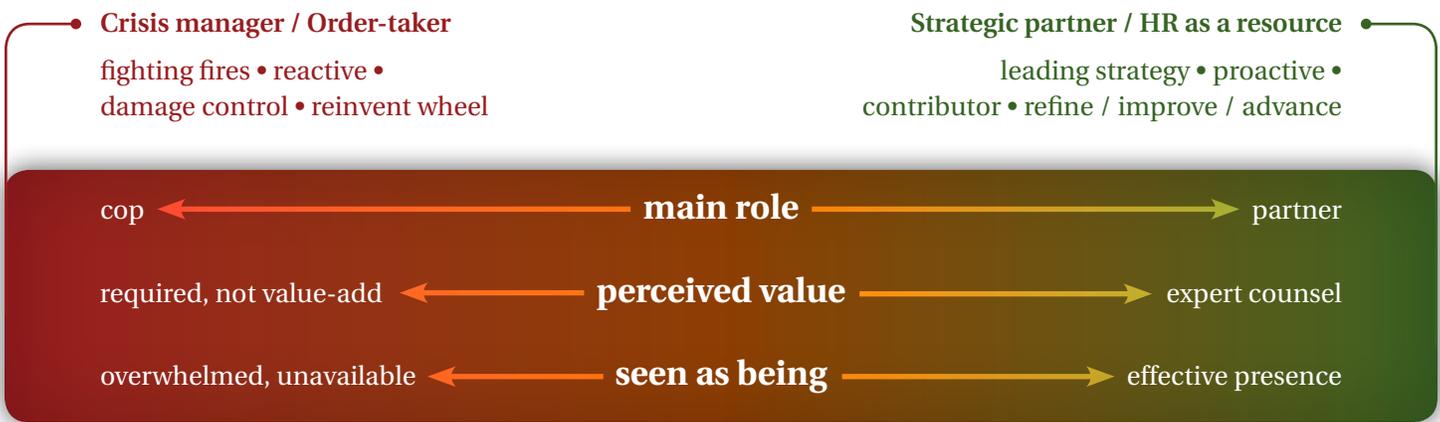
In the rush to achieve more strategic deployment of HR resources, it’s easy to describe transactional HR as routine, reactive and adding little business value – basically as being disconnected from business activities and operational priorities. The issue here is not about doing away with transactional HR. Transactions are how your people get paid, manage their work schedules, sign up for benefits and receive valuable company information.

However, issues can arise when the complexity of your administrative requirements dictates your HR team’s priorities. The average HR team spends more than 58% of their time on administrative tasks.* And this 58% does not include another 20% of time HR staffs say they spend on activities related to reporting and compliance.

If your HR team lives in a constant state of crisis management, or if your HR professionals are primarily functioning as order-takers, you and your company are missing out on all that a vital and proactive HR function can contribute to the life and success of your organization, including to its bottom line.

It’s important to analyze your critical business processes and then address the administrative complexities with the right workforce management technologies, so that your HR function can return to being what it was meant to be – a strategic asset and a valued partner to senior management.

Where Does Your HR Function Fit Along This Spectrum?



*This 58% = 25% HR administration + 17% benefits administration + 16% feeding employee data into other systems (ADP HR Needs Study, *The Transformation to Strategic HR*, October 2007).

connecting the dots

As stated earlier, what strategic HR actually entails will vary from company to company, among industries and at different stages of a company's growth and development. There is no one-size-fits-all definition of strategic HR. However, all strategic HR initiatives share certain qualities.

strategic HR is

efficient

A strategic HR function understands the business environment in which it operates and leverages the right technologies to execute required administrative tasks with maximum effectiveness.

forward-thinking

Whether it's as simple as working to be proactive more often than being reactive, or as detailed as a multi-year corporate development plan, a strategic HR function anticipates needs.

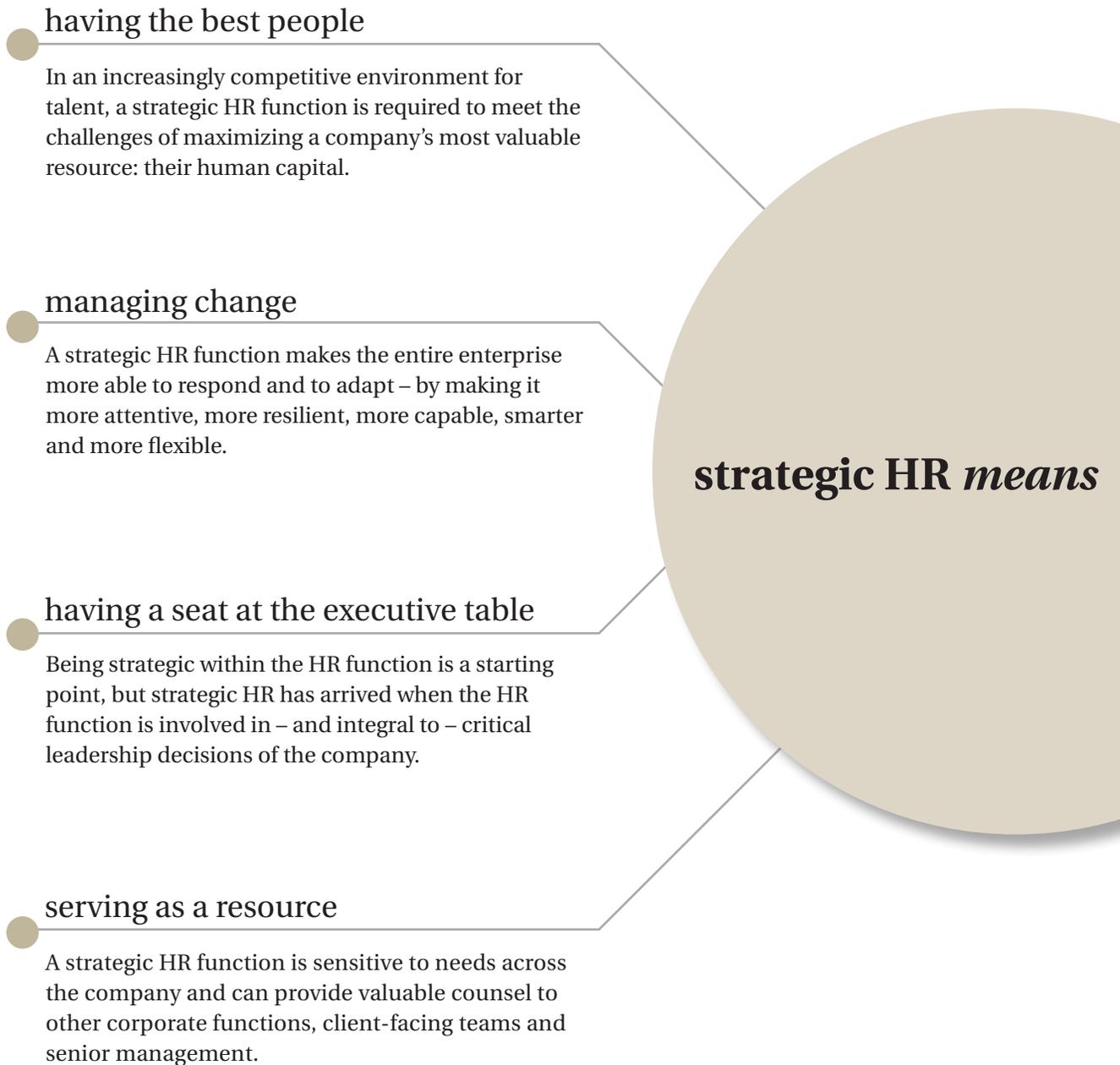
creative

A strategic HR function looks at its role from different angles, daring to take new approaches – like going virtual/paperless – that are sensitive to diverse and changing employee needs.

engaged

By being on the curve – and always on the lookout for what comes next – a strategic HR function takes the lead and identifies trends and possibilities a less integrated function would miss.

The recent *ADP Mid-Market HR BPO Research: Final Report* found that strategically-focused HR functions are more prevalent in companies that consider themselves leading or top companies, and that are growing in revenue and headcount. Also, HR functions with a strategic focus are more likely to be considered strategic by senior management.



what strategic HR looks like

Real clients share their experience

All of the quotations that appear on these six pages are recent comments from actual workforce management clients. We identify the speakers only by title and an assigned company number. Brief profiles of each organization appear below.

Company 1 – a rapidly-growing professional services firm with over 100 employees, based in Chicago, IL

Company 2 – a multi-specialty medical organization in the southeastern US, with 350 employees, including a staff of more than 30 physicians

Company 3 – a provider of a comprehensive range of products for the solid wood industry, with operations in five US states and 400 employees

Company 4 – a developer of collaboration tools and software with over 800 employees, based in Charlotte, NC

Company 5 – a software technology firm with 750 employees, across the US and in international locations

Company 6 – a provider of corporate real estate solutions with 280 employees, based in Baltimore, MD

Company 7 – an engineering and manufacturing company serving the commercial refrigeration industry, with 350 employees, based in Atlanta, GA

Company 8 – a distributor in the building products industry with 550 employees, based in Batavia, IL, with 16 locations and remote workers in every state

Company 9 – an insurance agency/broker with 450 employees, based in NJ, with six northeastern locations

Company 10 – a public affairs consulting firm with 250 employees, based in Washington, DC

Company 11 – a high tech development firm with 450 employees, with six US and international locations

Company 12 – a materials management firm with 18 US locations and 600 employees in the US and Mexico

The changing role of HR

“HR is looked at not only to administer but to come up with very creative ideas and solutions to some of the problems that companies face nowadays with attracting and retaining employees,” says Company 5’s Manager of Compensation, Benefits and HRIS. “We’re looked at more today as more of a strategic partner, involved on the front end, for example with M&A, rather than after the fact.”

“It’s also the accessibility of information – credibility, reliability, availability, all of that – seeing beyond ‘HR as administration.’ I think how people are viewing it has changed, and needs to change. They’re seeing the value of HR now, in the retention of quality employees and the quality of benefits,” says Company 6’s VP of HR.

Converting data into information

“We provide a lot of information to our finance department, our CFO and our CEO on a regular basis,” says Company 5’s Manager. “We have found our workforce management solution’s reporting and analytical tools to be very useful. Our CFO can walk over and say, ‘I need to see this,’ and we can generate a report for him in five minutes.”

For Company 7’s HR Manager, “In our old system, you could not run a point-in-time report, so you had to run one report, then a new hire report, then a termination report, and then ‘back into’ the data. Our workforce management solution gives us a tremendous amount of flexibility.”

Facilitating growth

At Company 5, “We’re doing more and more work with the same or fewer people. As the work grows, we’re not able to actually grow the staff. So we have to have systems and processes and procedures in place that are easy to use and can quickly produce reports, cost information, etc.”

“Because we were hiring and growing rapidly,” Company 6 “needed to keep up with our competition, to be more strategic and compliant, to get away from that pen to paper and really be looking at things differently and growing our HR department.”

“We’ve All Read the Articles....”

Strategic HR is more than a hot topic – it’s a way of life – at Company 1, a rapidly-growing professional services firm with over 100 employees, based in Chicago, IL.

Meeting expectations

“In this day and age, the expectation is for HR to be more strategic and less tactical. Internal organizations have to prove that they can be effective business partners, and are able to optimize an organization’s human capital,” says Company 1’s Director of HR.

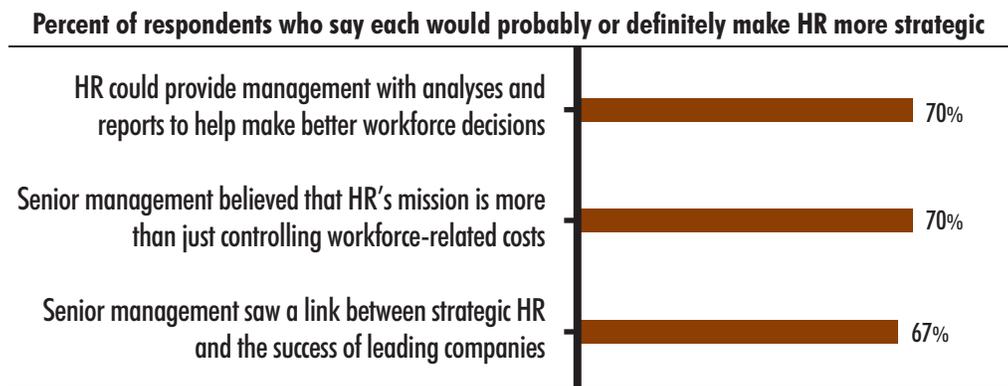
“We’ve all read the articles: In a competitive market, companies are expecting HR to step up to the plate with strategic thinking and innovative ideas – and to focus less and less on the tactical delivery that HR has traditionally focused on, or had been assumed to only focus on. And it does call for you to be aware of the technology out there that can allow you as an HR professional to be more efficient and effective in terms of your processes and procedures.”

Making a contribution

“Business leaders – people who weren’t traditionally as informed on HRM – they are starting to really see the value of it through competition in the work place, in the market, how other companies are leveraging their human capital to provide a better advantage to the organization,” says Company 1’s Director.

“I think the landscape has changed. You really do have to have the knowledge and the expertise to offer up some of these ideas and get some of these hot topics moving forward in an organization – things such as talent management, and having a great employer branding strategy, and change management initiatives.”

HR Could Contribute More Strategically to the Company if:



Source: ADP Mid-Market HR BPO Research: Final Report, Isurus Market Research and Consulting, August 2007

Improving Information Flow and Employee Communications with Self-Service

WHO: A multi-specialty medical organization in the southeastern US, with 350 employees, including a staff of more than 30 physicians (Company 2)

WHO: A provider of a comprehensive range of products for the solid wood industry, with operations in five US states and 400 employees (Company 3)

When staff time and printing costs associated with benefits-related communications increased, Company 2 decided to improve the flow of information and enhance employee communication by implementing a flexible, Web-based solution that would enable employees to access the information they needed online, 24/7, from work or from any location with Internet access.

“It has helped our employees to develop a behavior that looks to the Web first for the information they need, rather than calling HR,” says Company 2’s Chief Administrative Officer. “Access to accurate and secure information has been simplified...In fact, this implementation was a catalyst for us to promote our internal Web portal for all employee data and company communication.”

In Company 3’s HR and benefits environment, “Everything was manual: Recruiters were routing paper resumes. Managers were conducting performance reviews using paper forms,” recalls Company 3’s Corporate Analysis Manager. “We were mailing open enrollment packets to employees around the country. Tracking employee responses was difficult because our tracking systems were manual, too.”

“With 50% of our employees traveling as part of their jobs, the ideal solution was to put in place something that would give them 24/7 access to the information they need to enroll or change benefits elections,” notes Company 3’s Manager. “Everyone is benefiting from the speed and ease of communicating online. The flow of information has never been better.”

Typical HR Month The “Before” Have-To-Do-List	Improved HR Month The “After” Want-To-Do-List
Process paperwork	Grow and retain staff
Verify and re-key data	Increase employee engagement
Answer routine inquiries	Recruit and hire the best people
Monitor compliance	Actively control costs
Coordinate disparate systems	Optimize / integrate systems
Two words: ‘open enrollment’	Two words: ‘best practices’
Communicate with carriers	Contribute to company goals
Generate ad hoc reports	Improve benefits offerings

Helping your managers manage effectively

“One of our goals is to increase the capabilities of managers to manage their work groups and their people, to be sure that they’re managing those people and we’re not being HR cops,” says Company 8’s Director of HR. “Our workforce management solution gives managers the tools to be more capable of managing each of their work groups.”

He continues, “We also needed to make this functionality available to our remote people. Being able to integrate forward everything from recruiting to performance measurement – to implement all those into one seamless system – has been a huge benefit to us.”

Empowering your employees

At Company 12, “Approximately 40% of our employees have ESL [English as a second language],” says the HR Manager. “This system was such an ease for people to use. It has assisted in that communication process. In some cases we don’t have to deal with the language barriers; some employee tasks are so simple that they can do them without major instructions.”

“I want people to be self-sufficient,” says Company 10’s Benefits Manager. “I want managers to be able to gather information on their own through the manager self-service. I want the employees to be able to look at their information. If you have to stop and ask somebody, that takes away production time, that takes away from their own job.”

Turning resistance into knowledge

“When we first rolled out our workforce management solution to the managers, you can imagine the groaning and moaning about this: oh, it’s so complicated, we’ll never get this, blah blah blah,” reports Company 9’s VP of HR. “Well, surely you know we did it step by step, and once they went through the whole process, and learned how to download employee evaluations, learned how to click onto an employee, view all their information, how to manage the leave portion of it, how to manage the recruiting portion of it, they were just astounded.”

She concludes, “And you know what happens when you get knowledge, you get powerful. It truly has changed the thinking and the culture of my company.”

Simplifying recruiting

“Our workforce management solution has made recruiting much simpler for us,” at Company 9. “We recruit via CareerBuilder, our corporate website and various other industry-specific sites. All you have to do is put a URL from the solution to any of these sites and anyone who applies goes right into the solution, so you have a major clearinghouse. It tracks the information, it categorizes it, it’s wonderful; it organizes all of your applicants.”

For Company 1, “Being in the IT/consulting space, the recruiting module added some major benefits. It streamlines the process, handling a lot of applicants in a very efficient manner, while communicating to them at every stage of the process. It also provides their status internally so you can ping internal hiring managers when an applicant’s status changes. It’s done good things for our recruiting organization.”

what strategic HR looks like

53% of HR professionals believe relying on third parties to provide HR and/or benefits administration allows or would allow their HR function to focus on more strategic HR issues.

— Source: ADP Mid-Market HR BPO Research: Final Report, Isurus Market Research and Consulting, August 2007

Choosing the right partner

“There’re a multitude of systems out there. Make sure you know who you’re partnering with,” says Company 1’s Director of HR. “Make sure you’re partnering with an organization that’s going to give you the type of support that you need – during implementation and when you get into the maintenance phase of the application.”

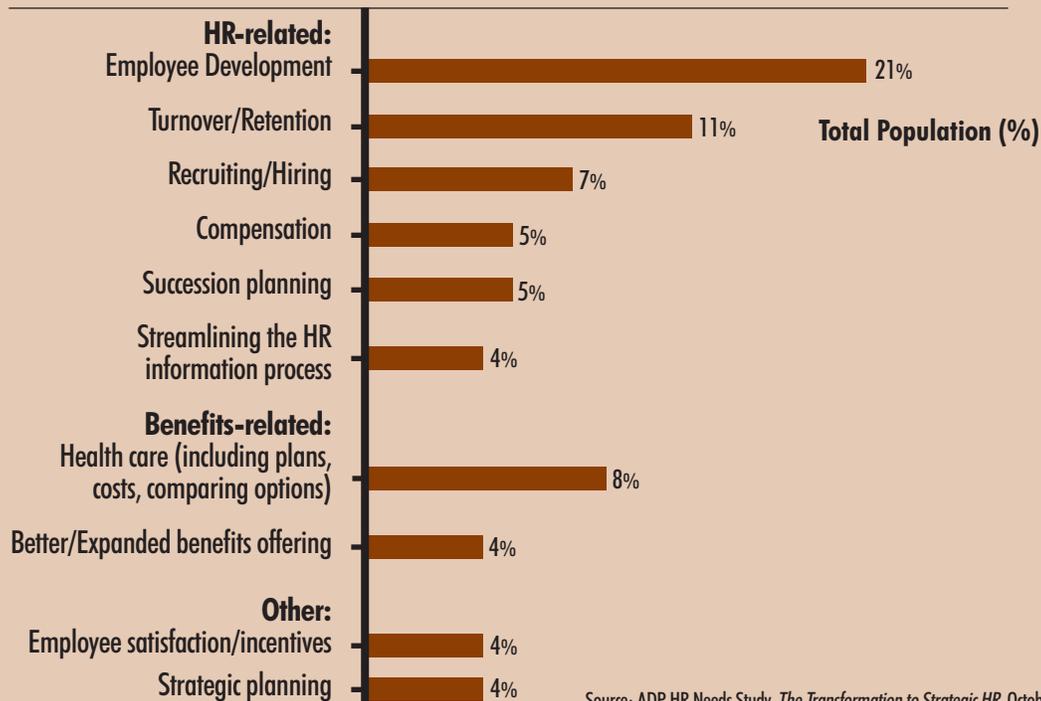
He continues, “It requires a level of understanding as well as the expertise to be able to leverage the tools in the way that makes the most sense for the organization. So it’s not just haphazard, and it’s not being done without the understanding of the why behind the what.”

Knowing what you need

“Know, as the HR leader, what it is you’re looking for the workforce management solution to do for your organization. There are questions that you have to have asked and answered up front,” says Company 1’s Director of HR. The implementation can be smooth, “provided you have the right partner and you level-set expectations on both sides.”

Company 5’s Manager of Compensation, Benefits and HRIS adds, “You want to make sure you have all the key people involved – from payroll and any other departments that will be impacted by changes you make.”

One or Two Strategic HR Initiatives Respondent Would Spend More Time On



Source: ADP HR Needs Study, *The Transformation to Strategic HR*, October 2007

The Right Workforce Management Solution Makes the Difference

Workforce management solutions meet a variety of needs for Company 4, a developer of collaboration tools and software with over 800 employees, based in Charlotte, NC.

Managing transactions

“The ideal solution is to provide your employees with convenient access to the information they need to make the transactions they want,” explains Company 4’s Manager of Human Resources. “You also do not want your HR staff to be a middle man handling redundant transactions. They are much too important for that.”

Managing M&A

“When you acquire companies, you also acquire significant differences in business practices. Just getting census data together from different benefits plans can be difficult,” says Company 4’s Manager. “Our objective is to move to one culture with standard best practices. We wanted a system that could help us make that happen for HR and benefits.”

Adopting best practices

“We have a lean HR staff and want to keep our headcount low,” says Company 4’s Manager. “Our focus is on staffing strategies and adopting best practices throughout the company. This could not take place without an automated solution to handle the high volume of redundant transactions that routinely flows through HR.”

Achieving strategic HR

“For us, the primary advantage of a workforce management solution was never a metrics thing,” Company 4’s Manager concludes. “The added value is in removing from the plate of our HR staff all the transactional tasks – like handling enrollments and redundant questions – so they can provide more high-touch assistance to our organization. You want them to focus on things like recruiting high quality people, training your sales force and sharing their HR expertise with senior decision makers.”

Flexibility you can rely on

“The workforce management solution is very flexible, and has always met our needs,” says Company 11’s Director of HR. “And we’re happy with the support we’ve gotten as well. It seems like every time we think of something we want to do, ADP has already thought of it. Our IT director evaluated our solution and concluded that we couldn’t get a more flexible system than what we have today. At first, our president had doubted, but looking back, he said it was one of the smartest decisions we ever made.”

summary

If the client experiences we've shared here do not sound like conversations you're currently having among your HR leadership and senior executives, it's time to ask what's standing in the way of your HR team's taking a more strategic approach.

Which barriers have not been overcome: Is it lack of time? Insufficient budget? Lack of access to senior leadership? Perhaps you don't have the right infrastructure, or tools, or skill set.

The issues are well established. What's new are the options available for ensuring that your HR function supports your business units in ways that drive growth.

Most large companies already enjoy outsourcing that frees their HR staff from day-to-day transactional burdens and enables HR to function strategically in support of changing business objectives. Now, with ADP, you have new workforce management options to meet these same needs.

By utilizing ADP's proven and innovative mix of Web-based solutions and outsourcing options, you can harness the power of the ADP applications, services and network to manage work in-house or turn certain activities over to an outsourcing service center. ADP can help manage processes on your behalf while you maintain control.

When you outsource with the right partner, you gain access to valuable expertise and technology solutions that will positively affect your bottom line. ADP is actively engaged in helping diverse clients meet the challenges of strategic HR through effective workforce management. The conversation is lively and ongoing. And you're invited to join it.

about ADP

ADP has more than 55 years of experience providing employers with business solutions such as Payroll, HR and Benefits Administration. ADP solutions focus on making businesses more productive by reducing costs, increasing productivity and, most importantly, standing ready to grow with your business. With the widest range of powerful, cost-effective solutions, only ADP can offer your business the flexibility it demands to grow and prosper – whether you have one employee or hundreds of thousands.

about the author

Daphne Foreman is a communications consultant who focuses on helping companies achieve their business objectives. She has researched, written, edited, and project-managed HR communications specific to employee benefits, compensation, training and development, and executive policy. Daphne earned two Masters degrees from Yale University, including an MBA. Since 2002, she has served as a consultant to ADP on numerous projects.

Visit ADP's website at www.majoraccounts.adp.com for detailed information about ADP solutions and services.



The ADP Logo is a registered trademark of ADP of North America, Inc. The business behind business is a registered trademark of ADP, Inc.
All other products and marks are the property of their respective owners. ©2008 Automatic Data Processing, Inc.