Identifying and Benchmarking Best Practices in HR Service Delivery

Day Two
[14:00 – 15:30]

BRAINSTORMING SESSION

Session Topics

- Creating the right HR service delivery model to minimise cost and maximise service quality

- Standardising HR service delivery measurement systems

- Selecting the most beneficial HR service delivery strategy to focus more on core competencies

- Developing and implementing best-in-class customer service delivery to improve your business performance

Structure of Session

- Clarifying our expectations...
- A short presentation to galvanise and challenge thinking...
- Defining some of the common terms and gaining congruency of understanding...
- Short exercises to assist in determining outputs...
- Several structured 'thinking' sessions...
- A set of 'Takeaways' that satisfy your individual expectations
- A brief introduction to our global HR/HC effectiveness/measurement rating System

- **COST REDUCTION**
- **BENCHMARKING**
- **TRANSFORMATION**
- **AUTOMATION**
- **EFFICIENCY**
- **STANDARDISATION**
- **BEST PRACTICE**
- **OUTSOURCING**
- **POINTS OF FAILURE**
- **PAIN**

How Wrong Can You Get?

During World War II, the statistician Abraham Wald was assessing the vulnerability of airplanes to enemy fire. All the available data showed that some parts of planes were hit disproportionately more often than other parts. Military personnel concluded, naturally enough, that these parts should be reinforced. Wald, however, came to the opposite conclusion: The parts hit least often should be protected. His recommendation reflected his insight into the selection bias inherent in the data, which represented only those planes that returned. Wald reasoned that a plane would be less likely to return if it were hit in a critical area and, conversely, that a plane that did return even when hit had probably not been hit in a critical location. Thus, he argued, reinforcing those parts of the returned planes that sustained many hits would be unlikely to pay off.[1]

1. The Wald story is one of the most widely cited anecdotes in the statistical community. To find out more about it, see W. Allen Wallis, "The Statistical Research Group, 1942–1945," *Journal of the American Statistical Association*, June 1980, and M. Mangel and F.J. Samaniego, "Abraham Wald's Work on Aircraft Survivability," *Journal of the American Statistical Association*, June 1984.

- **Clarifying our expectations…**
- A short presentation to galvanise and challenge thinking…
- Defining some of the common terms and gaining congruency of understanding…
- Short exercises to assist in determining outputs…
- Several structured 'thinking' sessions…
- A set of 'Takeaways' that satisfy your individual expectations

If you were looking to improve HR's value to the business tomorrow which do you think would have the most impact
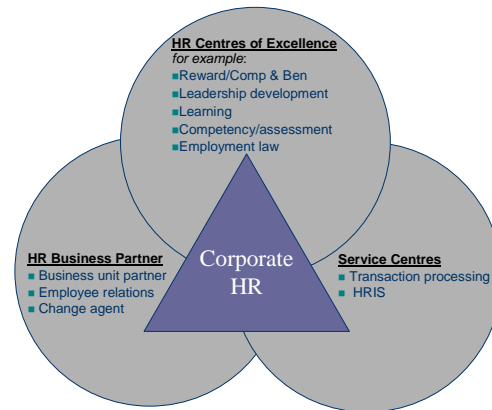**[Please choose THREE responses only]**

- ❑ Eliminate redundant or low-value HR activities
- ❑ Standardise HR systems and outputs
- ❑ Streamline HR controls and processes
- ❑ Reduce HR process cycle times
- ❑ Increase understanding of value-cost components of work
- ❑ Reduce HR transaction costs
- ❑ Reallocate resources to high value-added services
- ❑ Incorporate internal and external best practice benchmarks
- ❑ Introduce ERP (enhanced automated) system

- ❑ Introduce/revise HR service levels
- ❑ Sharpen HR's internal customer focus
- ❑ Improve communication between HR groups
- ❑ Increase alignment of HR support with operating company objectives
- ❑ Enhance individual HR accountability
- ❑ Enhance line management accountability
- ❑ Enhance professional/ commercial skills of HR practitioners

Session Topic 1

- Creating the right HR service delivery model to minimise cost and maximise service quality

- *HR service delivery model...?*

- *Cost versus Quality (value)...?*

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HR Delivery Models

The Emerging HR Delivery Structure

HR Centres of Excellence
for example:
- Reward/Comp & Ben
- Leadership development
- Learning
- Competency/assessment
- Employment law

Corporate HR

HR Business Partner
- Business unit partner
- Employee relations
- Change agent

Service Centres
- Transaction processing
- HRIS

1

Service Centres

Roles:
- Deliver low cost, highly automated transaction processing and quality assurance
- Eliminate, simplify and redesign administrative processes
- Ensure legal and ethical compliance
- Establish a global (regional) human resource information platform for decision-making, support and legal/audit compliance

Deployment:
- Structured along Country and/or Regional lines

Service Centres
- Transaction processing
- HRIS

Key Competencies:
- In-depth process knowledge
- High volume transactions
- Utilisation of technology/ expert systems
- Team based skills

CoE
HRBP

4

HR Business Partner

Roles:
- Provide high-value added expertise, coaching, advice and support to line managers
- Support the implementation of reengineering/restructuring
- Locate and use HR expert knowledge to meet business needs
- Assist business unit leadership in developing strategies people to address performance
- Deliver essential employee relations expertise
- Ensure legal and ethical compliance

Deployment:
- Large geographic or business units
- Lean on-site staff
- Supported by expert network from corporate or regional centres

HR Business Partner
- Business unit partner
- Employee relations
- Management advisor

Key Competencies:
- Business knowledge
- Organisational behaviour
- Broad technical expertise
- Leadership development
- People strategy

CoE
SC

3

Centres of Excellence

Roles:
- Design core HR processes for corporate wide usage
- Ensure that design duplication in the units is eliminated
- Provide high-value expertise to line and HR partners
- Educate HR partners in key HR disciplines as necessary
- Leverage best practices by sharing learning internally and externally
- Measure success with a best-in-class economics approach

Deployment:
- Centres are at corporate and occasionally in large regional centres or in field
- Experts are available for rapid deployment to operating units often on a fee for service basis

HR Centres of Excellence
- Reward/Comp & Ben
- Leadership development
- Learning
- Recruitment
- HRIT
- Employment law

Key Competencies:
- World class technical knowledge
- Consulting skills (diagnosis and design)
- Expert knowledge sharing
- Integration with business strategies and other HR programmes

HRBP
SC

2

HR Strategy: Service Delivery Model

HR Corporate Centre Leadership Team			
Delivery channel	**Service Centre**	**Centres Of Excellence**	**Business Partner**
	HR Service Delivery and Transaction Processing	Policy Design and Development	Liaison to Lines of Business
Typical Functions	• Payroll/Benefits/Pension Administration • Staffing Support Services • HR Transaction Processing • Training Administration • HRIS Maintenance	• Rewards • Individual and Organisational Effectiveness • Talent Management • HR Strategic Planning • HR Brand and Communication	• Advise and Counsel • Organisational Effectiveness • Employee Relations Delivery • Staffing Delivery • Change Management
Customer segments	• Managers • Employees • Retirees	• Board of Directors • Executive Leadership • Investment Community	• Business Unit Management • Employees
Focus	• Cost Efficiencies, Quality delivery, HRIS expertise	• Effective Human Capital Management Design	• Effective delivery of HR Product-services to Support Business Unit

A Question Of Automation
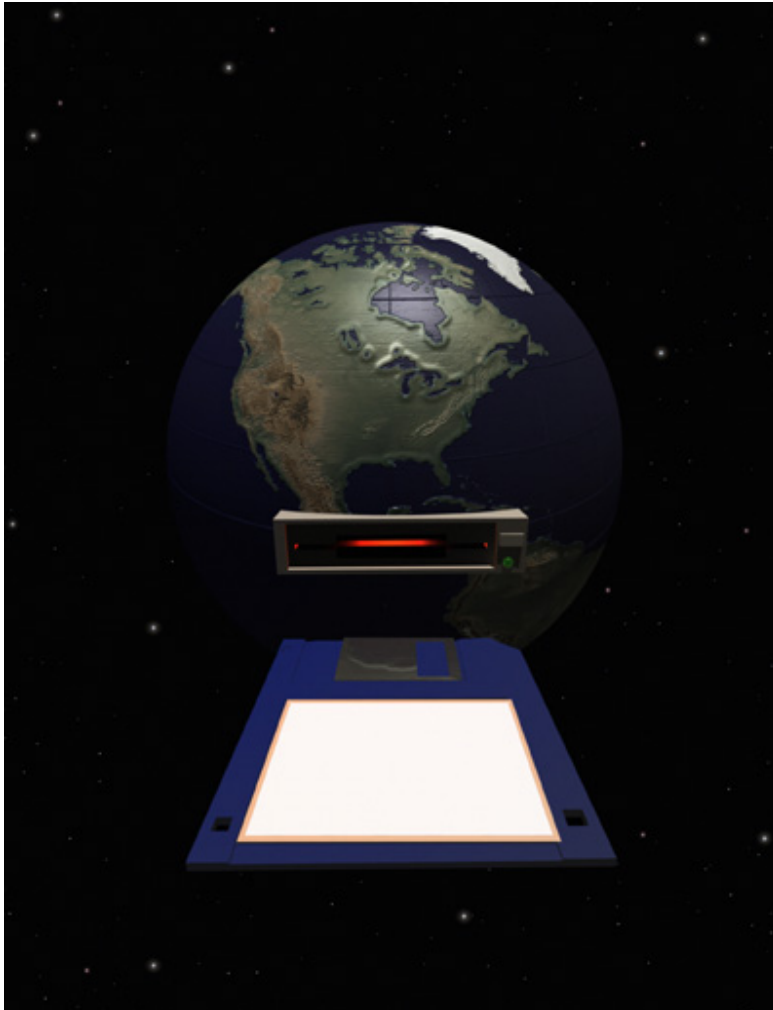
- On-line end-to-end recruitment?
- OLAP, i.e. supplemental psychometrics, employee surveys etc?
- Flex benefits/cafeteria reward menu, self selection?
- Fully automated job evaluation system with job description/job attribute report generation?
- On-line performance appraisal system, including 360°?
- Fully automated and integrated HRIS?
- On-line strategic staff modelling?
- On-line 3D database, competency assessment, linking to organisation capability map?
- On-line scorecard measurement system linking to corporate-wide system?
- On-line procedures, such as grievance/ complaint tracking and/or case management?

BRAINSTORM TIME!

- Creating the right HR service delivery model to minimise cost and maximise service quality

- *HR service delivery model...?*

- *Cost versus Quality (value)...?*

Definitions Comparison

Shared Services

A resulting corporate action that concentrates *organisation resources* in order to **deliver services** with the common goal of meeting both internal and external customer expectations and

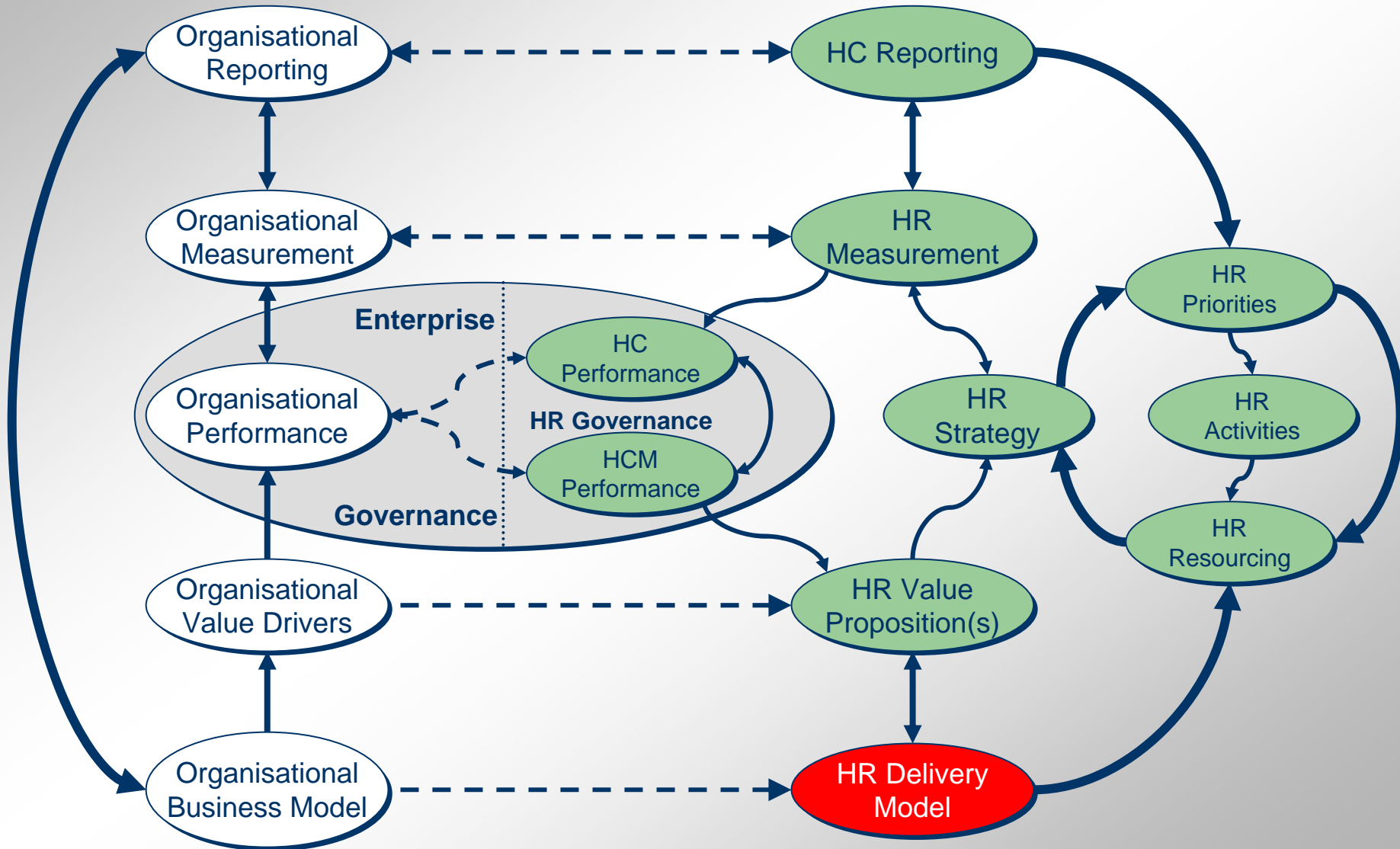enhancing corporate value through **lower cost of delivery**.

Centre Of Excellence

An organisational unit that embodies a set of *capabilities* that has been *explicitly recognised* by the firm as an important source of *value creation*, with the intention that these capabilities be leveraged by and/or shared with other parts of the firm.
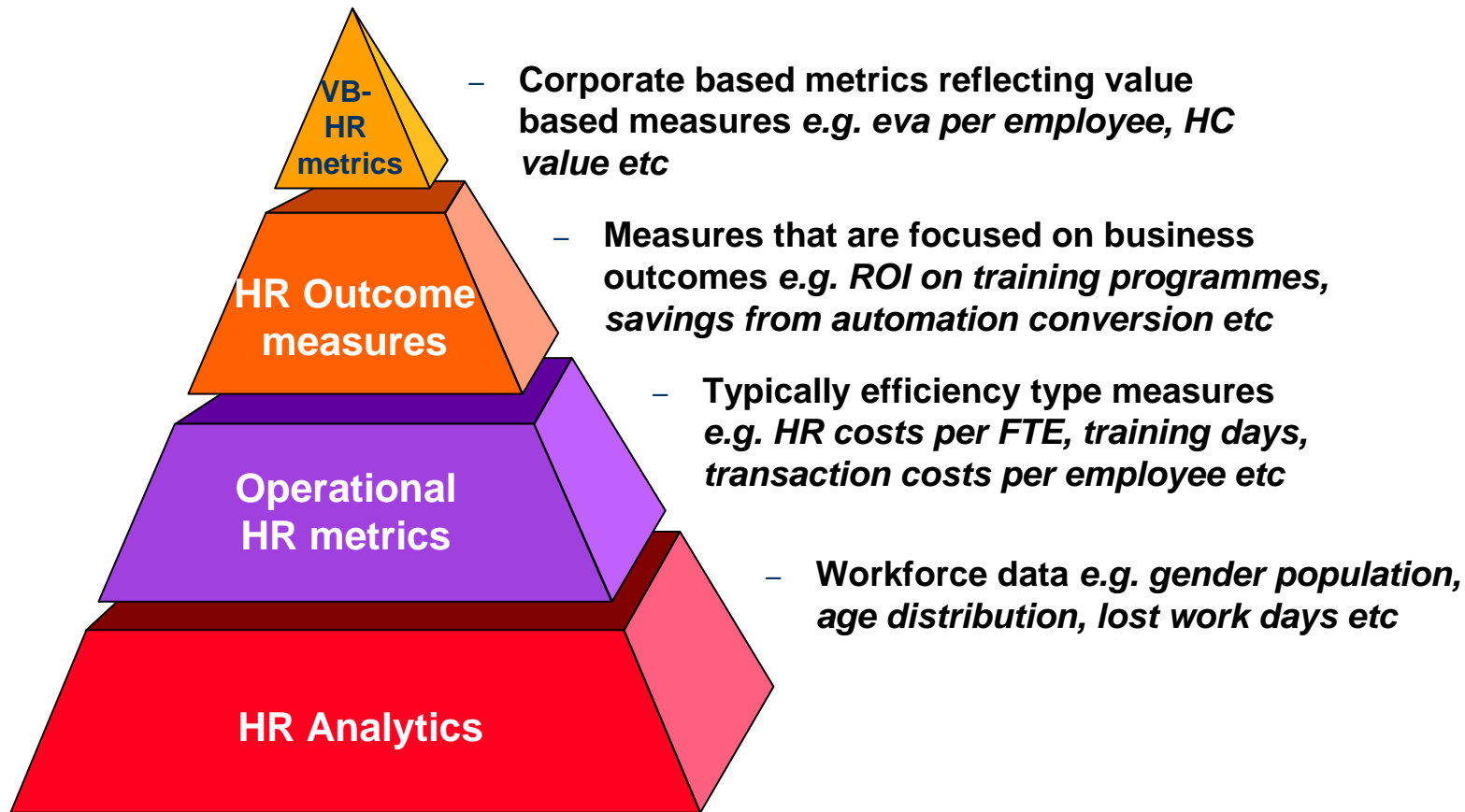
Session Topic 2

- Standardising HR service delivery measurement systems

- *Measurement...?*

- *Easy to measure versus relevancy/impact...?*

VB-HR™ Performance System

© VaLUENTiS Ltd

'HR functions need to report a balanced portfolio of measures across the levels'

VB-HR metrics

– Corporate based metrics reflecting value based measures *e.g. eva per employee, HC value etc*

HR Outcome measures

– Measures that are focused on business outcomes *e.g. ROI on training programmes, savings from automation conversion etc*

Operational HR metrics

– Typically efficiency type measures *e.g. HR costs per FTE, training days, transaction costs per employee etc*

HR Analytics

– Workforce data *e.g. gender population, age distribution, lost work days etc*

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BRAINSTORM TIME!

- Standardising HR service delivery measurement systems

- *Measurement...?*

- *Easy to measure versus relevancy/impact...?*

So Many Metrics..........

Revenue/total FTEs, staff costs/ total costs, cost per hire, acceptance per job offer ratio, tie to fill a job, employee average tenure, percentage of internally filled jobs, percentage of employees with development plans, % payroll spent on training, appraisal process satisfaction rating, ratio of salary to competitor salary, days since last accident, number of internal to external promotions, voluntary resignation rate…
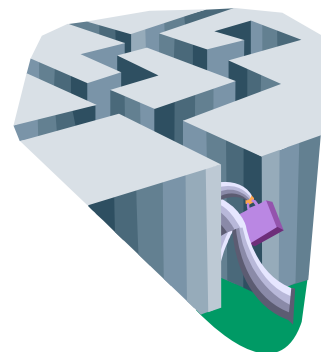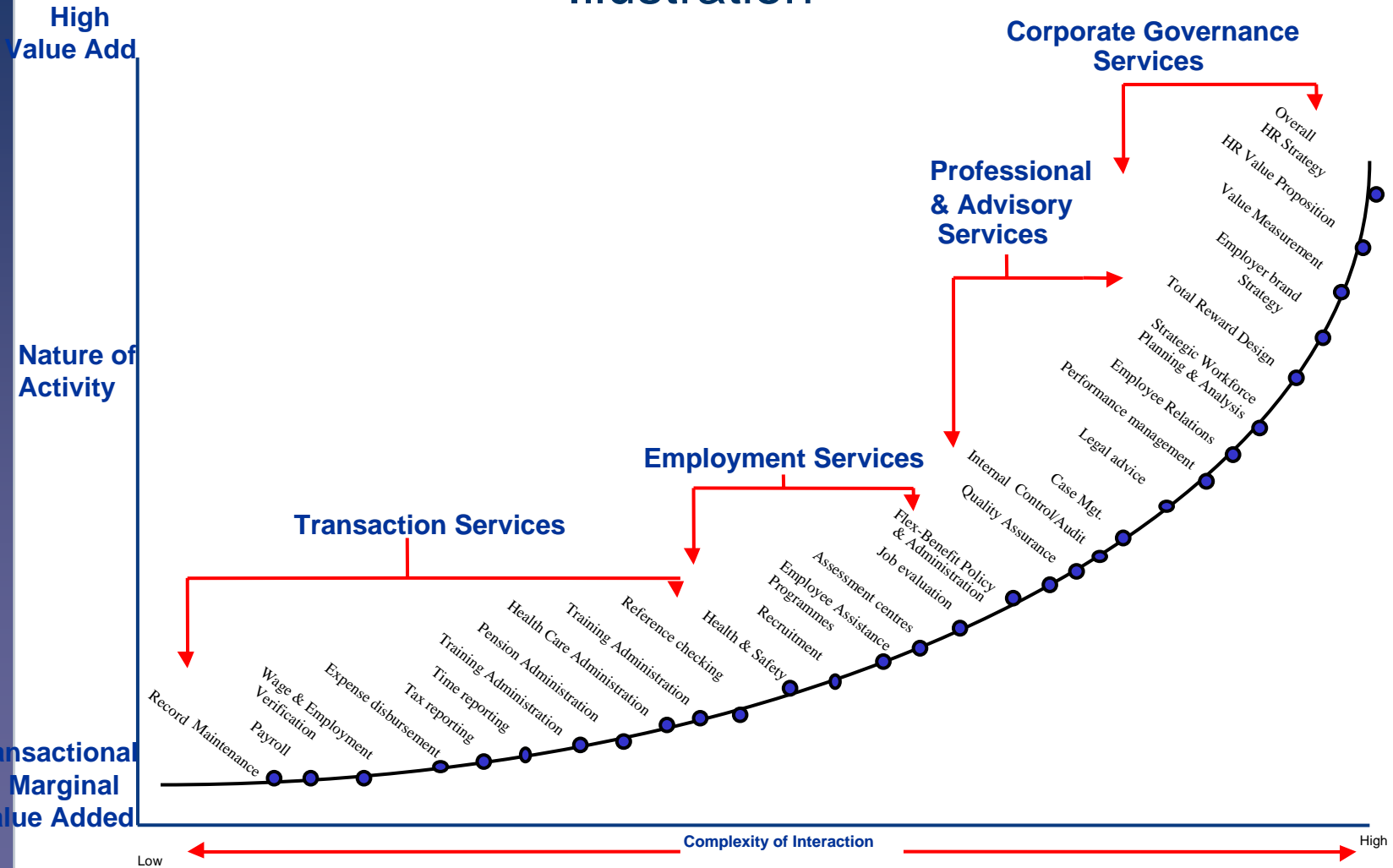
Session Topic 3

- Selecting the most beneficial HR service delivery strategy to focus more on core competencies

- *Strategy…?*

- *Core competencies versus beneficial to whom…?*

Illustration

Corporate Governance Services

Professional & Advisory Services

Employment Services

Transaction Services

High Value Add

Nature of Activity

Transactional Marginal Value Added

Labels along the curve (low to high complexity):
Record Maintenance, Payroll, Wage & Employment Verification, Expense disbursement, Tax reporting, Time reporting, Training Administration, Pension Administration, Health Care Administration, Training Administration, Reference checking, Health & Safety, Recruitment, Employee Assistance Programmes, Assessment centres, Job evaluation, Flex-Benefit Policy & Administration, Quality Assurance, Internal Control/Audit, Case Mgt., Legal advice, Performance management, Employee Relations, Strategic Workforce Planning & Analysis, Total Reward Design, Employer brand Strategy, Value Measurement, HR Value Proposition, Overall HR Strategy

Complexity of Interaction

Low ← → High

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HCM Core Activities

HR Governance
Organisation Design
HRIS & Measurement
ER & Communications
Resourcing
Training & Development
Performance Management
Reward
Employee H&S
Payroll

Source: © VB-HR™ Capability Profiler 2004

BRAINSTORM TIME!

- Selecting the most beneficial HR service delivery strategy to focus more on core competencies

- *Strategy…?*

- *Core competencies versus beneficial to whom…?*

Session Topic 4

- Developing and implementing best-in-class customer service delivery to improve your business performance

- *What is 'Best-in-class'…?*

- *'Service' versus 'Performance' (i.e. compliance)…?*

HR (HRSC) Value Proposition

- Are current HR delivery activities for the organisation mapped out?
- What are the defined contribution/responsibilities of customer-agents (i.e. managers) within the various activities?
- What is the current (or planned) structure of the HR delivery operation?
- What HR product-services are being delivered?
- How are responsibilities, hand-offs, tradeoffs within the wider HR team attributed and communicated?
- How is the HR/HRSC's contribution recognised as? By the line? Employees? By senior management? By other stakeholders?
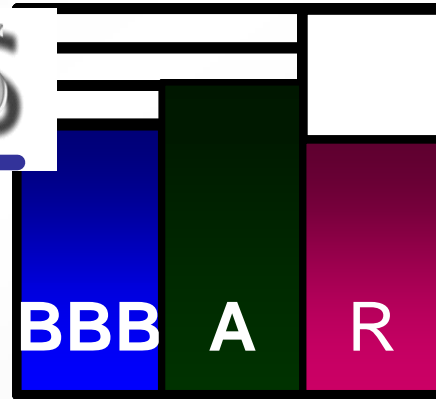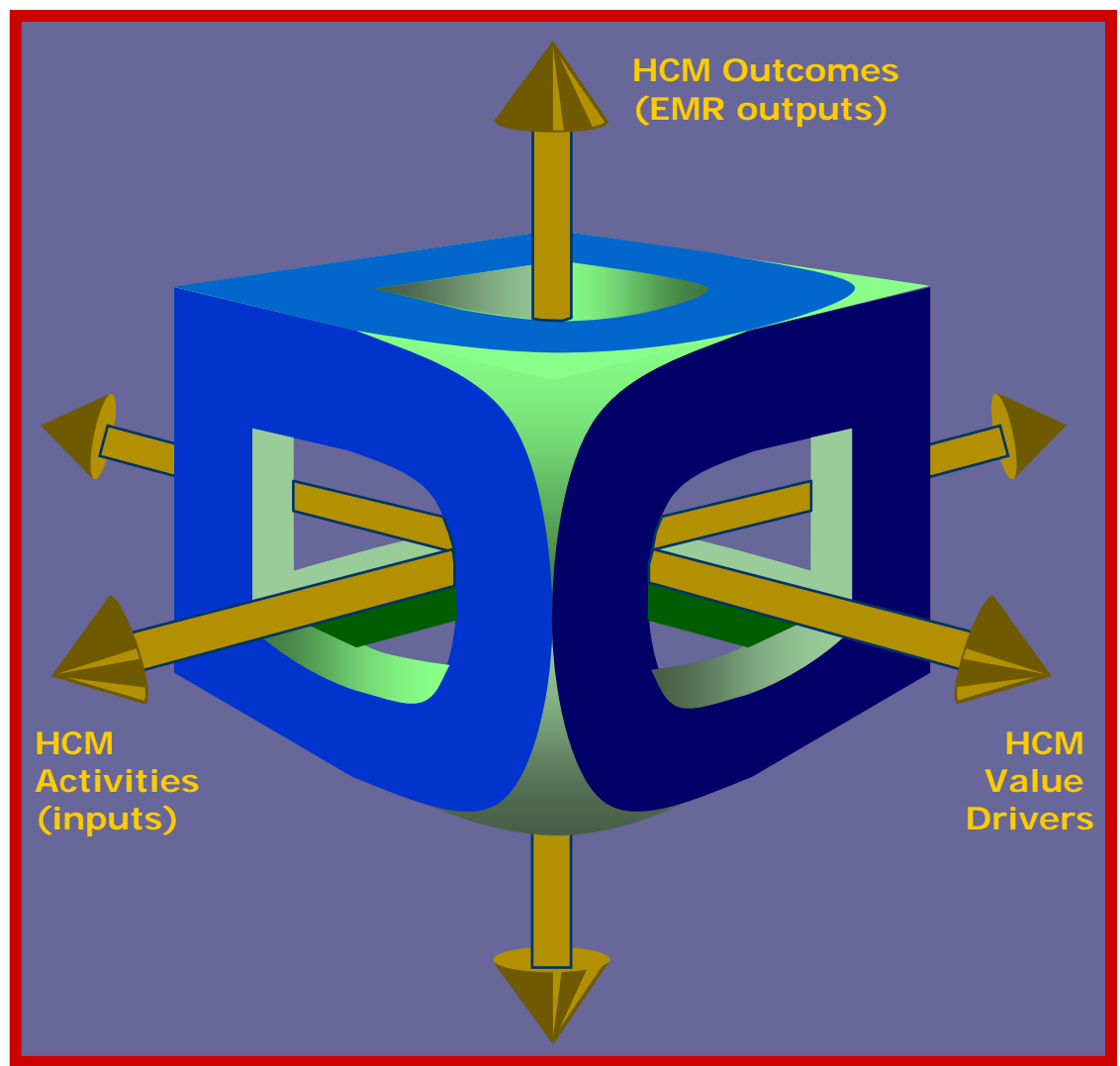- What performance parameters are therefore in place to monitor/communicate?

- Developing and implementing best-in-class customer service delivery to improve your business performance

- *What is 'Best-in-class'...?*

- *'Service' versus 'Performance'...?*

VaLUENTiS

VB-HR™
rating

BBB A R

Over 22.5 million combinations!

- # 3 CORE MEASUREMENT PARAMETERS
  - Effectiveness
  - Maintenance (efforts to renew)
  - Risk

- # 8 PERFORMANCE DOMAINS
  - Workforce intelligence
  - HCM architecture
  - Management
  - Employees
  - HR procurement
  - HR capability
  - HR customer-agency

Data Construct

- 50 main Question-statements™ which include over 250 subsidiary Q-S

- 300 level one datasets

- 8-point rating scale

  producing

- Over 37,000 data points balanced across the three axes

VB-HR™ Rating

1. **INITIAL VIEW**
    providing an initial rating that can be used as a
    - global benchmark
    - business case for change
    - tool for communication
    - reporting instrument

2. **TRIANGULATION (including management and staff)**
    providing a more accurate concensus of perspective and 'accuracy'

3. **PERFORMANCE REVIEW/AUDIT**
    providing a robust 'accounting-type' reporting methodology at global/regional/business unit levels

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