

Unlocking the C-suite: Leveraging Technology is the key to turning HR into a profit center

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Employee Benefit News • May 2007

As HR-benefits directors look to derive more strategic business value by carefully mapping people process and strategy, they are discovering that Web-enabled HR management system (HRMS) technology is their hidden and most valuable resource. By automating routine HR tasks, organizations can deliver far greater gains for employers than was ever thought possible by allowing HR professionals to focus on developing their workforce and better aligning their efforts with the corporate goals.

Some HR experts suggest that Wall Street look at HR processes to determine a company's value. It's not a bad idea. Salary and benefit costs are the largest corporate expense, so it makes sense to evaluate a company by its effectiveness in managing the benefit costs, attracting and retaining core talent, reducing turnover, linking compensation to performance and driving the automation of its HR and business processes. In fact, numerous benchmarking studies have proven that companies efficiently managing human capital components with software are significantly more profitable and competitive than those who do not.

Harnessing information

An organization must collect information about its workforce to measure itself against its own goals and industry standards. The crucial responsibility of collecting and disseminating such information tends to fall within the scope of the HR department.

The HR department has always been vital in harnessing the mind share of employees and managers in working toward corporate goals. That job is more important than ever, as HR serves as the conduit with which to ensure the effective communication of job tasks, performance measurements and business processes in order to meet employers' overarching business objectives.

In an environment of increased competition and rapid technological advances, forward-thinking organizations are now looking to Web-compliant, scalable, easily maintainable and cost-effective HRMS systems as a way to empower managers and executives and encourage employees to monitor their own HR-related information.

Using metrics

To effectively use HRMS technology, HR directors must select and quantify human capital information with metrics that can be plotted over a specific time frame, including total compensation, turnover rate, employee assessment or satisfaction, and employee performance. These factors should be compared across a company and within its industry.

Providing these metrics to C-level executives ensures that they have a better understanding of human capital policy and how it is tightly linked to worker productivity, organizational efficiency and profitability. More importantly, C-level executives will be able to see the overall value and contributions that employees - and HR-benefits managers - make to the company's success. Some executives need enlightening.

When making a business case for an HRMS system, remember there is more to these systems than benefits costs. High employee satisfaction and reduced turnover mean significant savings and greater overall corporate profitability. Translate these key metrics into terms readily understood by executives so they can view the larger, strategic picture.

The ideal HRMS

Organizations need to supply benefits managers with an HR system that:

- Efficiently collects, stores and evaluates employee information pertaining to functional areas, such as

performance management, salary increases, timesheet authorization and absence management. To support even greater productivity, it's important to ensure the system can be accessed online, so managers can request the necessary information anytime and anywhere.

- Compares benchmarks among a company's peers for departmental and companywide metrics.
- Contains a central point for communicating company culture, policies and procedures.

New role for HR

In the past, CEOs and CFOs viewed the HR department as a cost center. These executives relegated HR staff to non-strategic tasks, such as maintaining personnel files, enrolling employees in health plans, maintaining corporate policy, ensuring legal compliance and assisting with the entry/exit process.

However, with low unemployment rates, acute skills shortages in certain occupational areas and steady job growth projected for 2007, C-level executives now consider the HR department as a competitive differentiator, enabling them to attract top-talent, reduce employee turnover and control the high cost of benefit enrollment and utilization. By working to leverage HRMS advances, HR managers can cement their role as a key contributor to their company's success and a recognized participant to its bottom line.

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