Buying HR Software:

The Definitive Guide for Employers

Audio transcription of a PersonnelToday webinar in association with Cascade HR.
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Original webcast:

ROB MOSS: Hello, and welcome to this PersonnelToday Webinar, brought to you in association with Cascade HR.

I'm Rob Moss, Editor of PersonnelToday, and today we're looking at HR software, and specifically the best ways to buy it.

You might be making early, tentative steps towards purchasing new HR software, and you're not sure where to start, or you might already be building a business case and selecting a supply that lack the confidence in making the right decision, so you've come to the right place.

Perhaps, you've been to the CIPD annual conference and exhibition in Manchester last week, and you've picked up loads of brochures and documents, and you're not sure what to do next.

Well, we're joined today by Denis Barnard, who's an independent HR software consultant, and he's going to be sharing his expertise on selecting the right HR technology for *your* organisation.

Denis is a consultant specialising in selection of HR and payroll software for a range of clients in many sectors in various countries, primarily in the UK, but also in Europe and in the US.

He came in to HR from Finance. His background was in Analytics and this stood him in good stead as he became involved in HR software projects.

His remit is to act as an enabler with clients, helping them to arrive at the most suitable buying decisions, and giving them ownership of the HR buying project.

Before we begin, I will briefly outline the format for today.

Denis will present for around 40, 45 minutes, and then we'll move on to a question and answer session, and we'll finish at around three o'clock, UK time.

As we go along, we're keen to receive as many questions and comments as possible, and you can submit these in the chat pane on your screen, on the left-hand side.

We are recording the webinar, so if you want to watch it again, you can do, or if you want to share it with colleagues, you can do.

We'll also be sending out the PowerPoint slides at the end. You'll receive those on email later today. And also, a transcript of today's presentation.

And also, we will make an effort to answer any questions if we don't manage to answer all the questions at the end.

You'll find the on-demand version available on www.personneltoday.com/webinars, along with our treasure trove of other webinars on various subjects.

Okay, we begin by welcoming Denis Barnard. Over to you, Denis.

DENIS BARNARD: Right, thank you very much indeed, Rob, and let's just tell you a little bit about me.

I've been in this business for a long time. I started off as a practitioner, a general practitioner in HR, and then I specialise, in 1984, somebody asked me to computerise a payroll and it all went on from there. People then used to come to me and say, 'You know about this stuff'.

So, I then, in 2009, I then started the HR comparison website, which was sort of like a CompareTheMeerkat for HR and payroll software. And naturally, I'm also contributor with global talent advisors.

I still work, quite a lot, in the selection field, but mainly just in that, and the project management of those who are much better than me.

And somewhere along the line, I'm supposed to be producing a book, which I'm sure will not be your first choice when you come to buy something at the airport.

So, okay, let's go on. You've got a poll here, Rob, I think, haven't you?

ROB MOSS: Yeah, I thought it would be good to start off with a question to the audience. You should see that on your screen now, you can start voting straight away by clicking on the button next to the options.

So, the question is, what is your biggest internal challenge when investing in HR technology? And there's no fewer than six options: Buy in from the IT team, the business case, getting budget sign off, your time limitations, assembling the project teams, and cultural change difficulties.

So do start voting, and I can see that a lot of you have done so already.

We'll just allow a bit more time. If you click on the left hand side, next to each option, and then hit 'submit', and then we will get the results.

So, I can see that most of you have now voted.

Okay, so let's have a look at the results. Okay, Denis so, by far, 'budget sign off' and 'time limitations' are the two most popular answers.

Over to you.

DENIS BARNARD: Yeah, okay, 'budget sign off' and 'the business case', these kind of roll together. Look at that, we've got nearly 50%, give that as a problem.

The time limitation issue, I'm not quite sure. When you embark on this sort of project, you've got to allocate resource to it. Even if you bring in people from outside to backfill or vice versa. You're going to have to; you can't do it with what you've got already. You're going to need outside assistance of some form or another. You're not going to be able to do it within the constraints of your own team.

So, but business case, budget sign-off, those are the two that we will be dealing with in a moment.

Okay, right, let's move on.

So, what we're going to deal with today, just to make sure we're all on the same, I'm going to give a fairly brief overview of HR software, we're then going to talk about getting this financial support for your project, and then we come into a part which is often overlooked, which is the things you're supposed to be doing in the background while all this is going on, then we look at how to get down to a shortlist, and then how to run a product demo. And then we'll look at the summary and have a Q&A.

And I can tell you that most of these have their own pitfalls, so we're going to try to use these if we can. And that's the object of this.

If this particular type of project is one of the biggest investments, which any of us practitioners is ever likely to be involved with, has enormous implications for our organisation, pretty serious implications for our own careers, in a sense, so it's important to try and get it right.

And in spite of the size and the scope of this type of project, it's amazing how little information there is about how to deal with it out there. Part of this has been due to the fact that for many years, it was very much in the domain of IT, who kind of sat on everything. They more or less selected it, and HR and payroll were very much the end users.

Now that has changed, as a result of a lot of this, there has been a huge waste of time and money on people who bought, or were mis-sold, systems which were not appropriate.

Sometimes, the Finance department wanted the HR module of their own, module that they're using to run their accounts, and probably was quite hideous, so as a result, there are a lot of people out there, I know that because I deal with them pretty much every day of the year, so I know how many systems were badly bought.

This, of course, then leads to, and I noticed the cultural change issue was figured quite highly, that leads to a lot of wariness and nervousness when people, when HR sort of say, 'You know what, I think it's time... We've got our old system here, it's time we got a new one.' Everybody remembers what went wrong with the last one.

So, our job is trying to defuse all that, and to bring down the odds against you making a poor decision so, and I can tell you that all that I'm telling you now has been pretty well learned by me and others associated with me, at the coal face. So we're covered in the scar tissue of all this stuff.

Okay, let's just make sure that we're sure about what the HR software should be doing. It's usually integrated with the payroll software, most of the requests I get these days are for an integrated HR and payroll.

I think the best idea of the best of breed, where you had the best HR and the best payroll and try and make them work together, are very much gone, because of, you know, to keep the compatibility between the two.

So, assuming we're going for that HR and payroll integrated system, we start off inside the core HR, is really the database where all the information goes in, and outside of that, rotating around that, you'll be confronted with a number of selections, the absence management module, which will record the holidays, the sickness absence and so on, the recruitment admin, which is a slightly more labour intensive way of running your recruitment campaigns, 'cause you have to enter a lot of the data. And in some cases, there's an e-recruitment, which is harnessing more the power of your own website, or job, or...which will automate a lot of the recruitment process for you, and draw candidates from those sources, almost straight to the desk of the hiring manager.

There's training admin, which again, is a little labour intensive. Currently you're feeding in a lot of detail about the training courses your people are attending, how much it costs, where it was, who went on it, and so on.

There's e-learning, which is very much a world of its own, where you will connect to a source of approved e-learning programmes, where people can pick from a list if they have the authority to do so, and will be delivered electronically.

Performance management, which is very important, obviously you need a module or processes within the software that'll manage that.

Self-service, which is pretty much a must-have these days, to reduce admin.

Talent management, although the actual issues about talent management are often contained in the existing software, some vendors prefer to package it together as a talent management module, and of course, the all important report writer, which I'm pleased to say, are actually getting easier to use as time goes on.

And we look at the functions of these things, so the functions of database is really to record and keep all the details. The recruitment is to facilitate the recruitment process, same with learning and development, performance management, absence recording and reporting, these are all things that we're trying to achieve and the features within those will enable us to achieve that, so random items such as, multi-currency, organisation charting, self-services of the feature, as is workflow, which moves documentation electronically around your organisation.

Workflow, automated triggers, which will set up actions from changes in data, so if join the company on the 1st December, there'll be a series of actions, and we'll be looking at those, as it's very, very key to reducing admin in your organisation.

And of course, one of the key features is the report writer itself.

And the stages in acquiring this software are normally along these lines. So, first step, building presenting the business case, secondly, scoping the requirements, both for now and in the future, so in other words, you need to know what you're actually wanting, then you do your research into the vendors, then you start calling in vendors or going to demonstrations, make the decision, activate the project, actually put the project live, start putting the software in, go live, and post-project. And of course, as I've said before, each of these will present their own little series of problems.

So, why do we need new software?

These are the key reasons. First of all, you may not have any software, and people often ask me, 'When should I start getting it?' Well, my own personal feeling on this is that, if you've got about ten people to pay, you'd probably need some kind of, computerised payroll. And depending very much on the sophistication or otherwise of your organisation, depending on what they want out of it, perhaps they don't even know, and it may be your job to point out what could be achieved with it, but I'd say if you've got 50 employees upward, it's time you started thinking about something better than an Excel spreadsheet.

It could be your current software is not fit for purpose, it's outgrown, or your organisation has outgrown it, it doesn't have the features that the newer software has, and also, the case that the software that you've had for the last few years might have been bought ten, even fifteen, years ago, was a well-known name but is an, in fact, enormous and is way out of scale for your actual real needs. It could be your current software is being terminated, they'll tell you at the end of March that your software is being terminated, it's a great moment to go to the market, look at what's available, don't just sign up with what's being offered, it's a great time to get your head out of the sand and have a look, and see what's out there.

And obviously, sometimes the relationship with your current vendor has reached a point where you really don't want to talk to these guys anymore. That can arise from a number of reasons and not always related to the vendor.

Very popular now, of course, is the need to economise on head count and resources, so what we're looking at here is ways of knocking out administration, which are a waste of time and, therefore, costly. And a new, properly equipped and configured system can do just that for you.

And then again, there could be changes in organisational technology, it could be that the whole philosophy of your organisation is moving away from hundreds of people setting the bows of the Earth, feeding and watering servers and so on.

It could be that you're now looking just for a weblink to connect to a hosted system. So, there's obviously savings and changes to be achieved there.

So those are the key reasons, and I see another poll coming up here, so Rob, that's for you.

ROB MOSS: I'm ready.

Right, not as many options on this one. So, which of these activities do you feel is the most complex to undertake? So there are three choices: Documenting your requirements, short listing the vendors, and getting the right balance between product and service.

Okay, so I can see lots of you are voting already. You're getting the hang of this.

Simply, click on the little circular button next to the option you feel is most reflective of your organisation, and then hit 'submit', and most of you have done that now, so let's have a look at the results.

And it's fairly close, we've got 'documenting requirements' is in the lead, about 43%, followed by 'the balance between the product and service from the vendor', that's on about a third, and then the remainder, about 24% say 'shortlisting vendors'.

So, documenting requirements is the most complex, Denis, I think you're going to talk about that next, are you?

DENIS BARNARD: Yes, I will be. We will be covering quite a bit of that.

I think the problem that I've encountered usually in the profession is that people say they don't know what they don't know, and I think it's very much a question of finding out.

You've got to actually look at what your organisation really needs, and relate that back.

We'll be talking about looking at your processes and so on in a minute, so I'd expect that to come fairly high, because a lot of people don't actually know where they should start.

The balance between product and service, you know, once upon a time, service was that much more important when you had all the products installed on your own servers and so on, and then they'd send you a disc and some poor soul would plod around 24 screens installing the new stuff, the service element is rather different and in fact, the relationship with your provider is changing and evolving. I think you'll find now that the relationship that you should have with your provider if they're hosting it for you, should be more as a sounding board. You should be in touch with your account manager and say, 'We're thinking of trying to do this, what do you think? Can we do it?' rather than them just there to take complaints.

And shortlisting vendors? Yeah, I mean, that's quite a healthy percentage there, and we'll be coming down to that a little further down the track.

So, yes, these results are pretty much what I'd expect to see.

Okay, so, marching on, the business case. There's a legend in this business, which is absolutely true. I was sitting in the bath one day and somebody just sent me an email and said, 'I'm afraid we've had to put this project on the back burner,' and having thought about it for a while, I realise that, sometimes when we finally jump that hurdle and got the signature on the paper, we hadn't actually emphasised that this is the business priority now, it's not something that you can switch on and off at will. The FTE or whoever signs off, is identified, we need to earmark this money, it's a business priority, so... The thing is, we have to make this case compelling, it must be defined as a business priority, and as I said at the top here, we've got to get it right first time. There's no way that you're going to get by easily, going back for the Finance Director, when he's chucked back your submission on the business case. And therefore, we in the profession are slightly guilty of making certain assumptions.

You know, one assumption, 'If we had a better HR software, then we'd have a proper absence management module.' Well, yes, you may have the data and so on, but it still comes down to actual management. You can't make assumptions. I've seen business cases predicated on the fact that, 'If we had an absence management module, we'd reduce our absence by 50%.' Well, not really. You might have the data, but unless you're actually enforcing what you're saying, so... Everything that you have to say has to relate back, and I know... I'm going to go through how I feel we could do that, but you have to test this out against yourself and your quarry.

Say I presented this to you, can you pick holes in it? What is not standing up? So I think we need to be a bit more rigorous about presenting these cases.

So let's look at how we can go about this. Well, the first obvious way is to try and compare current costs to projected costs. And let's look at how that could work. At the moment, let's assume that you bought a system ten years ago and I'll give a ballpark figure which is not at all relational, but ten years ago we bought software for £200,000. For those ten years, you would have been paying something between 17.5% and 22.5% annually, of that value, for maintenance and upgrades. So if I took a medium figure of 20%, yet you have been paying £40,000 a year. Now, the one thing that's come very true, due to a number of taxes, is that software costs are actually coming down. So let's just take a slightly mythical example and say that ten years on, the same sort of software that could do the job for you, actually costs £100,000. Now, if you take the, say, 20% of £100,000, that's £20,000 a year, and if you took the nice cycle of your piece of software to be five years, you'd actually be saving five years of £20,000 a year. Paying 20,000 instead of 40. So, there you can find a way of identifying, you know, the £100,000 or whatever it is that you're paying in this case, so there is a very solid base, for building up our savings, or benefits that we're going to save on the systems.

Additionally to that, hosting, which is getting with the provider rather than these strange machines in your basement, service costs money in your organisation, and not only do they cost money, but they need IT people to walk around feeding and watering them, and these same IT people need to know something about the system. So that could all be swept away. If you're actually hosting with the vendor as genuinely more of a costly option, then if you balance that cost out against the cost of all the time and the effort, and the cost of the servers, you may well find that you come out with some extra money there. Remember, project all these costs over five years.

Using newer software, I ran a test in the University a couple of years back, on a kind of, a legacy system, an old system you might have bought ten or twelve years ago, comparing it to one which was a more recent usage.

The actual operation I did, was to change somebody's hours, standard hours, down from 35, down to 17.5. After a series of screens and key-strokes on the old system, I came up at just a shade under one and a half minutes to achieve that operation, and then running the same operation on a modern piece of software, I came in at just under 45 seconds.

Now, you know, this is conservative. Even if you said, 'I'm going to save 30 seconds on every transaction that I do on the systems, and multiply that by per month, however many transactions over five years,' you will come out with a sizable slug of time, which can convert into FTE or money terms, or whatever. So again, you need to do the research. You need to analyse where you're going to make these savings and that's a good one.

Number four, the newer features. I'm sure that if any of you are still using fairly clunky or horrible old software, they don't have the features you need. You know, it's very unlikely that with those you've got good self-service, it's very unlikely that you've got a decent workflow or automated actions programme, so, there are things which, by reducing admin, and we'll have a look at a little sum on that in a minute, by reducing the admin, you can calculate the time saved by having newer features.

On top of that, area suppression, number five, look at the areas where you are getting errors. Errors in data, errors in pay... It could be any number, you look at those errors. Analyse why it is. And then relate to how possibly, new software could kill off a lot of those errors, and thereby, saving money. So again, you've got to analyse where that saving could be achieved, and remember, it's got to be done over five years.

And looking at these, work around and so most of you who have used horrible systems, have been. The management want a report on something, first of all, there's no self service so they can't access themselves, so they come to the HR department, and you, because you're slightly dubious about the quality of data, you run a report out of your system. You then export it into Excel, you then spend a day in massaging around and finding you serve up this thing. Now, that's all about time. You calculate how many of those operations you've got to do, and say, 'Those will be eliminated'. So, that's all part of... Yes, sorry, I'm jargoning away. FTE – Full-Time Equivalent, which is the standard number of hours for a particular job, and how many hours are actually budgeted for that job.

So, that's looking at currently what we're doing against projected, and here I'm going to share some data with you. There's a sort of science behind it. It's very much been done by me, over a long period of years. It's based on an average company at about a thousand employees, and it's based over a five-year period. And there's a bit of Science into it, a lot of it is empirical, and I would say it's probably conservative.

But I've come up for the calculation that if you implement self-service over five years, you will save the time equivalent of five FTE, or five people, if you like. And applying the same thing to work flow, reports if you had a good report writer that you're able to use, the triggered actions, and organisation charts, and trust me, organisation charts, usually there's some poor admin people drifting around the setup, who are working with [unclear – 0:26:15.2] or Excel sheets. There's no overview of right across the organisation, and it just burns up a lot of time.

So, the sum here, if you've got to add those up, about eleven, or ten or eleven FTE time saving over a five year period. And if you want to turn that into money terms, if you said that the average salary was £20,000, you are actually saving over five years, the time equivalent of £200,000 plus, and that's a very nice way to bring more money into your business plan.

And if your FT doesn't believe me, well, you can give them my phone number, I'm quite happy to explain to them how that is. The one thing that I would say to you is this, if you have these features already and you're not using them, I'm only going to give you half the points. So if you've actually got a self-service, which, for whatever reason, you haven't implemented it, I'm only going to credit you with 2.5 FTE savings.

And quite rightly so, I mean, if you've got these things and you're not using them, then that's clearly a waste of resource.

So, I hope you're all clear on that. You can see now, that bringing in these, what I call *The Big Five* are going to save you, on a decent modern system, are going to bring you savings which you can now relate back to your business case.

Okay, other things to think about. There are intangible current costs, key data, holiday and absence. Now I'm pretty sure that in nearly every HR department that I've ever been in, somewhere in a corner or some poor admin desk, is a pile of self- [unclear – 0:28:00:0] forms, which they have to update now and again. You know, so you're never really looking at your absent figures in real time.

And the same goes for head count, which is people, organisational management are always obsessed with head count. Personally, I always rather think about how much salary it's costing me but never mind.

You don't have up-to-date training data, so you have no idea where the money you're spending on training is actually being spent correctly. If you think about this, accidental use and talent data, if you think about this, this is the sort of thing that self-service is going to enable. You then have to have people keying in loads of pieces of paper. Self-service and workflow are going to do a lot of this for you.

And then we come onto the effect of your manual systems that fail to manage. The recruitment experience from the point of view of somebody who is on the wrong end of the manual way of doing it is fairly unpleasant. You need to have smooth on-boarding. Everybody's obsessed with looking after the talent these days, if they're going to a really horrible experience of plonky software and manual interventions and so on, it's not very good. You also need to track people, and you can use this with good software, you need to track them throughout the whole probation process.

Now, I mean, I heard this kind of conversation, where somebody says, 'Oh, it's so-and-so's probation now, isn't it?' and they look at the file, and say, 'Oh my God, that was last week!' and the manager says, 'Well, that's okay, because I've been busy, I don't know if they're any good. Let's extend the probation,' which is *totally* the wrong message. You need to be able to track your good people through induction and development, and remember that at the back of all of this, the fewer manual interventions there are, the less potential for error.

So, all of these things need to be brought into your business cases. There's a fair old piece of analysis here, you need to get your analyst hats on now and break down everything. Everywhere you think you can achieve savings, needs to be piled into the business case. And remember, that everything in the business case must be all aligned with the organisational aims. So, if you try and convince your organisation that they need HR software, you need to make a very good case for it, because they may not know what it can do. It may not be in their aims, or some organisations may not be interested at all. They don't want to know how to manage their talent or worried about absence. It's an extreme case these days, but you have to be prepared for anything.

Make sure that what you're buying is in scope with the organisation. Don't put over-buy a monster thing. And by the same token, don't try and, you know, scrimp on getting a system which is cheap and going to meet your future needs either. When you're presenting this case, be very, very specific, because these finance people will drill in on any weakness in your case, and as I've said before, you may only get one shot at it.

And express all of these savings, in terms of FTE. It's not necessarily HR's business to try and say, 'We can save so many thousands of pounds on some people's salaries,' but if you make your submission in terms of FTE, it's up to them to make that rather horrible calculation.

Okay, so that covers the business case, and I think if you follow these clues here, you will get an idea of how to start assembling all your data, to build that case.

So let's move on, to the piece I said before is very overlooked, while this project is now a gleam in your eye, there's a whole raft of things you need to be doing. And one of them is to start analysing and mapping all your key processes, all of them, and we'll look at what some of those processes might be.

Why we do this is, first of all, it's always a good time to re-visit the processes, you might be doing things that you look at the process and say, 'Oh, what the devil are we doing this for?' So we need to re-map the more, because we don't want to bring poor processes into our new software, and there's always a little rule here. If you feel that you need to have your software customised, rather than just configured, configuring is when you switch things on and off, customising is actually re-writing the programme, which is very dangerous and very expensive. If you feel that you need to customise software, then go back to your process, 'cause there's something wrong in it. All modern software is made to be highly configurable. So, back those processes, first of all, it'll tell you of any modifications you need to make in your own process, it will then, when you've got your process maps run out, it will then help you in making comparisons between software vendors, we'll see how that can help us, because as we say here [unclear – 0:33:12.0], we will be compiling scenarios from these processes, so that we can guide demonstrations in a more meaningful way.

And lastly, and not least, it gives basis for your selected software project manager the information that they require to configure the system for your own requirements, so this is a great thing to get underway. And some examples of those key processes, starters, leaders changes, initiation and fulfilment of recruitment, the end-to-end process there, map it out. Run workshops in your organisation, do it on a big whiteboard and then get it set down in stone, on Excel sheets or specialised software, whatever that may be. And it shouldn't take you long.

Then, other things you need to look at, performance management, how does this whole end-to-end process performance management go, learning and development, on-boarding an induction, how does that all work? Let's look at the absence process, starting from the point of view of sickness, somebody's supposed to ring up at such-and-such-a time, until such a time as they return, what forms and who's involved, and so on. Draw out those maps. Exit interviews, which are highly valuable, you need to work out how they're supposed to work, and then your standard things like, employee relations, according to your own handbook rules, grievance, disciplinary and appeals, map each one of those, and marking particularly tie-down when the response times have to be in by, appeals have to be in by, because this can all be considered into your software. And it will mean that nothing gets missed. This is really what the great thing is, you're going to put a lot of the weight now, the owners on running things for you, you know, through the software itself automatically.

And just to give you an idea of how making those processes automated can be a much nicer experience, let's take with a manual or a not very efficient computer system, somebody writes back and says, 'Yes, I'm going to be delighted to join you in a month's time,' they arrive on day one because nothing's happened in between, there's a starter form, and you cannot at that point, without doing rough sums on the back of envelopes, tell them what their holiday allowance is for the rest of the year. Did they bring a P45 with them? You need to take them down to security and these poor petrified newbies are sort of put up against a wall and a picture taken, so it could be there's no IT access.

I've joined companies where that hasn't been requested until I arrived, and that took two or three days before I could get on the system.

The switchboard, do they know they are? Can anybody ring them? Is the equipment ready? Is there a mobile phone, or a car, or a laptop, or whatever? And are they covered on benefits from day one? So, there are a lot of grey areas in that.

Let's look at how that could be. If you automate all this, the date they're advised, the starter form is returned, and they are entered on the system immediately, nothing happens. They're not paid. Nothing happens in that... But it triggers a series of actions. The minute we put them on the system, IT are reminded, 'this person starts on such-and-such-a day', so they need system entry from day one, and the same goes for the switchboard facilities. All of these things are happening.

You can actually send an email. The system will generate an email to your new person the day after or the same day that they're entered on the system and tell them how much holiday they've got this year, and so on. It could be put onto the auto-enrolment, then if it's...a whole thing.

So you'll see, the employee experience is superb, and this is how you can get your system to do the heavy lifting for you.

So, preparing for the selection process and other things to think about. Let's just get that up. Right, cleanse data. Don't bring your old, horrible data on, and then think you're going to clear it up, 'cause you never will. So, cleanse the data. People say, 'How much history?' I say, 'As little as you need to be able to function properly', if you go back too far in time, often the data is incorrect. Personally, I would say, bring no more than two years forward, and the rest, you can run as a hard copy and sort it in different ways from your old legacy system.

You need to check all the positional and departmental hierarchies, or the self-service won't work. If you're not mapped to report to your immediate superior commanding officer, then they won't receive authorisation for the various things you want to do. So there's quite a piece of work in this. You need to look at every single employee, every single department, and test that they are in the right place in the hierarchy.

You need to get all your rules together, all your rules, as opposed to the statutory ones. I'll give some examples of those in a minute, but gather those together. If there's extra holiday for extra years of service, what is your occupational sick pay or maternity pay, and so on. All of these need to be gathered in one place, and the time to do this is now. You need at least one binder for your project manager, and one for the vendor project manager, 'cause trust me, vendor project managers are expensive. If they're sitting in your premises, and you're running around to covers and looking at old emails to find how many days after twenty years of service, it's costing you money.

Parallel running for testing. If we say three months of parallel running, it doesn't mean it's three live months. You can test two months retrospectively, and then run parallel for one month, if you're happy with the results, you can let hit the live button. If you're not, run another one in parallel live until you're happy that it works.

And finally, this nasty little thing that can pop-up, look at your current contract. You might find that you've got to pay a nine month penalty, so make sure you're aware of any financial implication could be with that.

Other considerations, these are some of the sample rules that you will have specific to your organisation, that you need to be able to pass over to your new software people. So, OSP, ONP, holiday entitlements, any special enhancements for service, and so on, what the overtime multiples are, departmental structure, what it looks like, how it works, the grade structures entitlements to any particular jobs, salary bands, post-attributes, and what are the budgeted FTE for any particular job, and where are they located. And also, approval limits, which people can approve for whom, and to how much. So these are all the things you need to gather together in one place.

So, quite a bit of homework to do before, but trust me, it will pay off. It will pay off. It means you're spending less time with the vendors project manager, and it means that you're going to be a lot more confident about what you're going to have on your new systems.

I'm just going to briefly touch on tendering, because many organisations already have a tendering system, if you're in the public sector, or work for a monster corporate. They probably have a system you're going to have to follow.

If you haven't got one, I'd recommend you make some sort of system, based on those little guidelines I'm showing there, that you will send out to all your potential vendors, so you can look across their submissions across a level playing field. So that's just a simple way of doing it if you don't have a current system at the moment.

So, you don't have to have it, I'm just saying it may make it easier to measure the responses from your vendors.

Right, how do we get to the shortlist? You need quotations from potential vendors, based on what's the system purchase, or rental, or the way they're going to charge you. You need to know the annual costs of running the system will be to you, in terms of upgrading the system, maintaining it, and if you're opting for the vendors server for hosting, you might want to look at a submission from them on that. How much is it going to cost, to train staff on the system? The big imponderable this project consultancy charges, and everything we've talked about before is going to reduce those.

The point is, the project consultant, the company, the vendor is going to quote you on the basis of their experience with your size of organisation. So believe me, if they get in there and find you've got a lot of skeletons in cupboards, and you're not really ready, then it's going to cost you a lot more.

And data migration. So if we say that every vendor, pretty much, has a different charging model, so, if you look at how I do it, I spread the charges across a five-year lifespan. I can say that the five-year cost of ownership of this software in the case of vendor A is £203,000, in the case of B it's £214,000, so you've at least got a financial benchmark. They all charge for different things. Someone will give you free training others, so flatten it all across on a pretty easy spreadsheet, and then you can at least start looking at the financials of it.

But what I would say is that, I'm going to say here, low down on this page, go for best value for money, don't stick to the budget too closely.

You've identified a business need, and you need something to meet that need.

Now, a couple of my clients from America recently said, 'We want the right thing, so that we're not going to be tied by the price.' Obviously they're not going to pay way over the odds, but look at the thing that's going to do the job for you.

The other things to think about; do we want the same HR and payroll provider? I think I'd definitely recommend that would be the case. The closest fit, there is no perfect solution. You may have to compromise. Think about that.

Make sure that that the software you're looking at, you're focusing on, not only has the functions and features, it says, 'Yes, we have absence module. Yes, we have performance management,' but that inside those features, they can configure it to your process requirements, and this'll be coming out in the demo.

You need to be future-proof, so pick something that's going to do the job for you in five years. Service levels are important, but not quite so. If you're just hooking into the software through a web link, it's not quite so important. Reference size of course have their own particular value, but you know what, a lot of it boils down to the last one, chemistry. If you really think you can work with these people, you know, and some people you can and some people you can't. So that's a factor that you need to think about.

Right, let's get down. We're getting towards the close up time. So, this is where a lot of people go wrong, and I'll tell you why. You've got to be in charge of the demo. It doesn't matter whether you're an exhibition or whether these people are on your premises, it's no good saying to them, 'Show me what your system can do,' 'cause they're only going to show you the bits they want to show you, and who wouldn't? I would.

You need to script and drive every part of the agenda. So, using your process maps that you've already got, you can build scenarios, and I'm going to show you a couple of those in a minute.

You can send the vendors dummy data, or anonymise data, so that they can work with that. I like to go for two rounds, the first one to get look and feel, and address the functionality in some crucial areas of paying if you like. And allocate about two hours, because beyond that, your eyes are going to be glazing over, trust me.

The second one, we'll drill in even closer on key processes, and any issues that you thought about after the first one. And also, talk about project approach, and I'd go for three hours for that one.

If there's still a tie, if there's still uncertainty, go for some hands-on workshops, you know, bring some of their people in, with working with some of your people, just to look at certain aspects of the software, so there's clarification needed, and draw up score sheets. I'll show you one of those in a minute.

And different users will have different criteria. So, somebody, say, an HR assistant is going to score items, such as, you know, 'Yes, I think I can use this', and, 'Yes, it seems easy and intuitive', other people may be in different parts of the food chain, or are wanting to look at the configurability of the system, or looking at the, how good the reporting is. So, the score sheets don't have to be all the same; there's different score sheets for different people.

Here's some sample scenarios we worked up, and I've got three of them there, you can study them at leisure, but they're quite detailed. And these are built up, so there's one here on compiling a post profile, here's one compiling a report, and the third on here is compiling a workflow process.

The point is, equipped with all this data, we're going to come to your place, or you're going to go with some of these. If you go to an exhibition, you're probably only going to get 30 or 40 minutes, so you know, unless you go down with two questions of paying you want solved. But if you assume that these people are going to come to you, send them all the stuff beforehand, make sure they're all well prepped, and they come with the data and they actually build this in front of you.

If you want to say, 'I want a report to do X, Y and Z,' don't let them arrive with the report already made, they've got to compile it step by step, so that all of you looking at it can say, 'Yeah, I think we could do that,' you know, it's very easy to dazzle you, if you're not careful.

So, and now you can see from these scenarios, the value of the processes.

Now, let's just have a look. This is a score sheet. Let's have a look, a score sheet, which I prepared, a tiny little print. It's just one that I've cannibalised from one of my previous projects. There you see, some of the items that the people were specifically looking for, and the scores allocated. So you're quite at liberty to adapt that in any way, shape or form that you feel. It's good to have them, because you can then add you're seeing the stuff, you can then record your impressions, which you may not remember afterwards.

And just two more tiny things, where do you find vendors? Our software shows, industry journals, specialised websites, such as, [unclear – 0:48:58.8] HR comparison or if you're overseas, compare HRAS, you could do your desk research on the Internet, or you could even contact specialists, like yours truly. And although I don't like to promote myself in that way, but any specialist in this field will probably save you a large number of weeks, by bringing you to a conclusion a lot earlier than otherwise, but that's just to think about anyway.

So, to summarise, first of all, let's make sure we're sure, can we go back to the scenarios. Rob, do we go back to the scenarios?

ROB MOSS: We are running out of time, but we might be able to do something towards the end, but...

DENIS BARNARD: Okay, I'll finish summarising and then we'll look at that, yeah?

So, first of all, nobody can do for you, and how am I going to present this need as a business case? The business case has to add up, and has to be a business priority. Know what you want. I think a lot of the failures in the past is, we weren't sure what we wanted. How they work with their process, and go back to our processes and map them out. Do all the homework, do all that stuff up front, and you're going to save a lot of time and a lot of money, and a lot of agony, if you do that up front, *now* while it's a project. And yes, you're probably going to need extra resource, but you know, you can't skimp on these sort of things.

Get your information from the vendors, what are the functions and features, the costs, the compatibility, and what's the configurability?

And finally, key element. If there's one thing you take away from this, you set the agenda at the demos. Make sure you are asking specific questions. If they show you stuff that you don't want to see, they don't get any points, it's as straight forward as that.

So, that's me done. I hope that's, at least given you more confidence when you approach this project from the next time.

So, right, back to you.

ROB MOSS: Thank you, Denis. There's loads of detail there.

In terms of going back to the scenarios, everybody will get a copy of the slides, available to download in their e-mail this afternoon.

So, we'll move onto the Q&A next, 'cause we've only got eight minutes or so, next.

But before we do, we've just short video from our sponsors CascadeHR.

[CascadeHR video plays]

Okay, right, let's move on with the Q&A.

ROB MOSS: Thank you for everyone who's submitted their questions over the course of the last hour or so. And also for those people who submitted questions when they registered.

I've got a few questions for you, Denis.

Okay, let's begin with, 'What should I be looking for in a performance management software system, specifically in relation to appraisals, 360-degree feedback and training needs, and talent management?' That's from Alicia. Any quick advice on that, Denis?

DENIS BARNARD: Yeah, I mean, I think you need to map those processes, and then talk to potential vendors, and say, 'This is our process that we're currently using,' and make sure you've mapped and re-mapped and checked the best optimal root, and then show them that sample, and say, 'This is what we're doing. Can you configure your system to replicate that process?' I think that's the key. Know what the process is, and share that with your potential vendor and say, 'This is what we do. Can you configure it to meet along those lines?' You've got to know what you want to do with it, I think is the key.

ROB MOSS: Okay, thank you.

DENIS BARNARD: That makes sense.

ROB MOSS: I think so.

Charles is asking if you could provide some benefits around integrating recruitment with the HR software system.

DENIS BARNARD: Well, yeah. If we talk about recruitment generally, it depends how many people you're recruiting. If you actually are only recruiting five people a year, you know, you may not necessarily see any benefits. You've only got five people to put into the system. So normally, it's a much better idea, because the information will flow straight from the recruitment. If you're using recruitment within your HR software, then it will automatically segue in and populate the database when you actually hire somebody.

So, it depends what sort of recruitment you're doing, what sort of scale and what you're actually doing. If you're using e-recruitment, which may well be a very specialised module, which merely populates a file into the HR system when you're ready. It's a slightly wider question. We might need to look at that another time.

ROB MOSS: Okay, thank you.

Hazel says, 'We outsource our payroll. What are the advantages of combining payroll with the HR system, and similarly, what are the disadvantages?'

DENIS BARNARD: Right. I think I'm reading that question as, you using an HR system and combining their payroll with the HR system. I'm not sure if that means they are offering an HR system as well or not, or whether you're thinking about bringing payroll back in-house.

The disadvantage basically is, you'll have to put the information in twice. If you have to send the information, one lot of the information goes in the HR system, the other information, most of the same information will go to the payroll.

If you've got two different entry points, you're doubling immediately, your chances of failure. If you have to feed the system at once, so feed your HR system and then it sending an output file to payroll, the output file will depend on the version of payroll and the version of HR, and that from time to time will have to be updated.

I don't think it's ideal in this day and age. I think that the integrated systems on offer now, if it's a policy question about sorting your payroll then you're stuck with it. You could have your own HR system and it sends files to your payroll, but I see it as an inefficient way of going.

It depends, if your business wants to outsource it then you're going to be stuck with it.

ROB MOSS: Okay, thank you, Denis.

'Who should I ask to be present at product demonstrations?' That's from Katie.

DENIS BARNARD: Right. I wouldn't make it too much of a circus, if I were you. I think you need to have a couple of your key users, people who are often not considered at these things, that people who are having to use it day on day. I think you need to have a good part of your HR team, because they're going to be the ones... And again, they will have different criteria. They'll be looking for different things.

I think you need your project sponsor, which could be the HR Director, somewhere at the back of it all will be the Finance Director, so as a policy of politeness, I'd invite them along. And any other part or department that may enjoy outputs from your HR system, so you might have one or two [unclear – 0:57:48.5] guys from internal customers, if you like, who you're responsible generating reports from. But don't have too many if you can help it.

ROB MOSS:	Okay, I think we've got time for one last question; it's a big one though. Are you ready, Denis? What is the future of HR software?
DENIS BARNARD:	Well, okay. There's a kind of a dialectical going on and I'm in one particular part of the camp. People are saying, 'HR software. We want good HR software, because HR can become strategic,' I'm not so sure. Personally, I think the key role for HR is to actually get a system that will serve all of its internal customers. You don't want people coming down to the department saying, 'Give me a report on this,' you need that those departments could actually generate their own reports from stuff that you've had configured into the system. You can serve your organisation with the system that they could all use, then you're doing them the biggest possible benefit that you can do. The future of HR software? Yeah, it's going to get simpler to use, quicker to use, and probably a little cheaper too. So, you know, I see it as all good.
ROB MOSS:	Sounds good. Okay.
DENIS BARNARD:	Yeah, yeah.
ROB MOSS:	Perfect. Thank you, Denis, thanks ever so much for all your expertise. We've had some great feedback.
DENIS BARNARD:	It's a pleasure. It's always a pleasure.
ROB MOSS:	All the attendees are welcome to fill in the exit survey as they leave the Webinar, and give us some more feedback. You can ask questions there. If you haven't asked a question yet, and you want to ask Denis a question, then after this Webinar we'll have a look at those questions, and we will circulate answers to those questions to everyone who has attended.

	But unfortunately, as I say, that is all we have time for.
	All the details, if you miss any emails, then look at PersonnelToday.com/Webinars, where you can find details of the Webinar, including an On Demand version.
	We'll be sending out the slides shortly.
	It just leaves me to thank our guest speaker Denis Barnard. Thank you very much, Denis, for all your knowledge that you've shared today.
DENIS BARNARD:	Okay, well it's a pleasure. I always, you know, I always enjoy doing it really, so you know, anytime.
ROB MOSS:	Great to have you on.
	Okay. You've been listening to a PersonnalToday Webinar in association with CascadeHR. Thank you for joining us, and goodbye.

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