

Buying HR software: the definitive guide for employers



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final title

Presented by Denis W Barnard of HRmeansbusiness Ltd &



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Who am I?

- 25+ years' experience in HRIS
- Consultant who has worked on selection in the following sectors:
 - music & film
 - publishing
 - media
 - higher & further education
 - local authority
 - housing associations
 - and many public, private & international organisations
- Director of HRmeansbusiness consultancy, founder of the HRcomparison website, and contributor to Global Talent Advisors.

Today's agenda

- Overview of HR software
- Winning financial support for your project
- Things you should be doing in background
- How to get down to a shortlist
- How to run product demonstrations
- Summary & Q&A

By way of introduction..

- One of the greatest investments in which any HR or payroll professional is likely to be involved.
- Notable absence of accessible information to prepare people for this process
- As a result, there has been a phenomenal waste of time and money in the not too distant past for either badly-bought or badly-sold systems.
- This in turn has generated a lot of fear and negativity about new projects
- Our aim is to reduce the odds against making these mistakes

Overview - HR software

- Usually integrated with payroll software, occasionally also with time & attendance module
- Can be deployed with the following modules:
 - Absence
 - Recruitment Admin
 - E-recruitment
 - Training admin
 - E-Learning
 - Performance
 - Self Service
 - Talent Management
 - Reportwriter

Features & Functions (examples)

- **Functions:**
 - Database
 - Recruitment
 - Learning & development
 - Performance management
 - Absence recording
 - Reporting
- **Features:**
 - Multicurrency
 - Organisation charting
 - Self Service
 - Work flow
 - Automated actions (Triggers)
 - Report writer

Stages in acquiring and deploying it

- Building and presenting a business case
- Scoping the requirement (present & future)
- Vendor research
- Vendor demonstrations
- Decision
- Project activation
- Project implementation
- Live
- Post project

Why do we need new software?

- No software currently
- Current software not fit for purpose – outgrown or inadequate
- Current software support being terminated
- Relationship with current vendor
- Need to economise on headcount and resources
- Changes in organisational technology

The Business Case 1

- Has to be right first time – maybe no second chance
- Has to have solid basis – cannot be premised on airy-fairy assumptions
- Must be compelling, and most importantly:
- Must be defined as a business priority

The Business Case 2

- **Compare current costs v Projected costs**

- 1) Rental or purchase of software
- 2) Hosting and IT overhead
- 3) Calculate time saved by quicker running time
- 4) Calculate time saved by newer features
- 5) Savings through error suppression
- 6) Savings by eliminating “work arounds”

The Business Case 3

- **Efficiencies & time savings:**
- Self Service (5 FTE)
- Work Flow (1.25)
- Reports (1.25)
- Triggered Actions (2.00)
- Organisation Charts (1.25)

(Derived from empirical studies by HRmeansbusiness Ltd over a 10 year period)

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The Business Case 4

Additional intangible current costs:

- Inability to produce key data such as holiday & absence, headcount, training, exit interview and talent data

The overall effect of manually initiated systems that fail to manage

- Recruitment experience
- Smooth on-boarding
- Transition through probation
- Progression through induction and development
- Fewer manual interventions = less error potential

The Business Case 5

Remember:

- everything in the proposal must be aligned with the organisational aims
- in scope with the size and resources of the organisation
- be specific in your requirements – the CFO will home in any generalities
- express time savings in terms of FTE

Preparing for the selection process: Your processes

- **Analyse and map all your key processes. This will:**
 - a) Inform you of any modifications to be made
 - b) Assist you in making comparisons between software vendors
 - c) Enable you to build scenarios for demonstrations
 - d) Give your selected software's consultant key information for configuration

Preparing for the selection process: Your processes

- **Examples:**
- Starters
- Leavers
- Changes (salary / position /department/reporting line, relocation, etc)
- Recruitment initiation and fulfilment
- Performance management process
- Learning & Development process
- On-boarding & Induction
- Absence processes (Sickness / holidays / jury service, etc)
- Exit interview
- Employee Relations (grievance, disciplinary, appeals, etc)

Preparing for the selection process: Your processes manually

- **Starter:**
 - Date advised. Starter form returned on Day One - unless processed immediately, **cannot** confirm holiday allowances.
 - Did employee bring P45?
 - Produce security entry card – probable delay
 - Get ID from IT for system access – possible delay
 - Await allocated switchboard number to be entered on system
 - Equipment from facilities ready?
 - Benefits cover from Day One?

Preparing for the selection process: Your processes automated

- **Starter:**
 - Date advised, Starter form returned –with bank details etc – approved by hiring manager and entered on system, but **inactive** till live date
 - Emailed reminder to IT to ensure ID for system entry
 - Emailed reminder to switchboard / facilities / security
 - Emailed reminder generated to bring P45 to Payroll on day 1
 - Holiday entitlement automatically calculated
 - Auto enrolment procedure activated
 - Benefits automatically populated
 - Onboarding process logged in advance
- Improved new employee experience

Preparing for the selection process: Other considerations - 1

- Cleanse data
- Check all position and department hierarchies (or self service may not work)
- Gather all “rules” (e.g. OSP, OMP etc) in binders – one for your project manager, one for vendor project manager
- Parallel running for testing can be run retrospectively as well as live
- Decommission old software – study current contract

Preparing for the selection process: Other considerations - 2

- **Sample Rules:**
- Occupational Maternity, Paternity etc. Pay
- Occupational Sick Pay
- Holiday entitlements (plus any enhancements for e.g. service)
- Overtime multiples
- Departmental structure
- Grade structures, entitlements and salary bands
- Post attributes such as budgeted FTE , location
- Approval limits and protocols

Tendering

- Designed to give a level playing field to vendors, and facilitate comparison across quotes and submissions from potential vendors.
- Where no obligatory process, devise your own:
 - 1) Description of enterprise
 - 2) Aim of obtaining new software
 - 3) Current position & operating environment
 - 4) Functionality and features required –**with examples**
 - 5) Timeline if applicable: set aside specific dates for demos
 - 6) Budget if known
 - 7) Process for responding

Getting to the shortlist

- **Quotations based on:**
 - System purchase / rental /other
 - Annual costs of upgrading / maintenance
 - Hosting on vendor's server
 - Training staff on system
 - Project consultancy charges
 - Data migration
- **Every vendor has a different charging model so...**

Getting to the shortlist 2

		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
Vendor A							
Rental		£20,000	£20,000	£20,000	£20,000	£20,000	£100,000
Maintenance		£5,000	£5,000	£5,000	£5,000	£5,000	£25,000
Training		£3,000					£3,000
Hosting		£8,000	£8,000	£8,000	£8,000	£8,000	£40,000
Project costs		£35,000					£35,000
						5 yr cost	£203,000
Vendor B							
Rental		£24,000	£24,000	£24,000	£24,000	£24,000	£120,000
Maintenance		£5,000	£5,000	£5,000	£5,000	£5,000	£25,000
Training	included						
Hosting		£7,500	£7,500	£7,500	£7,500	£7,500	£37,500
Project costs		£32,000					£32,000
						5 yr cost	£214,500

Getting to the shortlist 3

- **Key Factors:**

- Same HR and payroll provider?
- Closest fit (there is no perfect solution)
- Matches not only functions and features but can be configured to your process requirements
- Best value for money but DON'T be too fazed by the budget.
- Future proofing
- Service levels
- Reference sites
- Chemistry! Can you work with them?

Product Demonstrations

- You **MUST** script them and drive the agenda
- Prepare and circulate scenarios to be demonstrated so that vendors can work up dummy data (or send anonymised own data)
- Two rounds:
 - First to get “look and feel” and address functionality in crucial areas – about 2 hours
 - Second to drill in on key processes in more detail, and talk about project approach etc. – about 3 hours
- If still a tie between vendors, arrange for some “hands on” workshops
- Draw up scoresheets awarding points to key essentials. Different sheets for different users / internal clients

Product Demonstrations

- **Sample scenarios:**
- **A**
- Compile a post profile of Grade C manager Headcount 1.0 FTE, Hours pw: 35; Salary range £35-45,000 non-contrib Medical insurance, 4 x Salary Life assurance, Company Pension scheme A (5% of gross basic salary contribution) Company car grade D. Attach a new employee to this profile with a salary of £32,500 who is contracted for 30 hours per week.
- **B**
- **Reporting**
- Assemble and run a sample report using dummy data provided -showing all stages from scratch-for the following:
- Sickness Absence of >3 days between 2 given dates, arranged by department showing employee number, name (in surname order) and duration of absence. Add a calculation to show cost of this absence in terms of annual salary.

Product Demonstrations

- **C**
- **Workflow**
- Compile a workflow process to:
- Move a recruitment replacement request document via Self service from an initiating manager to their divisional head; on approval, that document will be passed to the Financial Accountant for verification of headcount and salary budget and returned to the initiating manager, who then forwards the document to the head of recruitment.

Example of Score sheet

			Software	Software	
			A	B	
	Scoring Range	Max	Final Score	Final Score	
Demonstration of extractable text file	0 to 20	20	10	11	
Ability to meet requirements of all countries	0 or 20	20	20	20	
Compatibility with current payroll providers	0 or 20	20	20	20	
Multi-lingual & multi-currency	0 to 20	20	20	15	
Configurable fields / ease / flexibility	0 to 10	10	5	8	
Reporting flexibility / exportable / ease of use	0 to 10	10	6	8	
Ability to interface with other vendors	0 to 20	20	20	20	
Single Sign On	0 or 10	10	10	10	
Demonstrate data flow process	0 to 10	10	10	10	
Configurable Workflow capability	0 to 10	10	5	8	
		150	126	130	
			84%	87%	

Where to find vendors?

- Software shows
- Ads in industry journals
- Specialised websites such as HRcomparison, CompareHRIS
- Desk research via internet
- Contract a specialist

Summary

- Understand what HR software can do for you and determine how you will present this as a business need
- Business case: must add up AND be a business priority
- Know what features and functions you require, and how they work with your own processes....
- ...and revisit those processes and map them
- Do your homework on all the background stuff like rules, hierarchies.
- Info from vendors: functions, features, costs, compatibility
- Selecting: Demos – **you** set the agenda.

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Q & A

Thanks for watching!

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