

the **HR DIRECTOR**

The only magazine dedicated to HR directors

Issue 16

HR SOFTWARE

Enhancing HR functionality

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Herr today, Gabon tomorrow?

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Counting the cost

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DON'T MISS NEXT MONTH'S ISSUE WHERE WE LOOK AT: OUTSOURCING, DEVELOPING GRADUATES, TUPE, CORPORATE SOCIAL RESPONSIBILITY, SMOKING IN THE WORKPLACE...
AND MUCH, MUCH MORE



IS HR SOFTWARE RIGHT FOR YOU?

LET'S FACE IT, FINDING THE RIGHT HR SOFTWARE CAN BE HARD WORK. CAN YOU FIND IT WITHIN A FULLY INTEGRATED SUITE OF ALL-SINGING, ALL-DANCING PROGRAMMES WITH A FULL COMPLEMENT OF BELLS AND WHISTLES, OR WILL A MORE TAILORED, MODULAR APPROACH BRING YOU WHAT YOU NEED?

The fact is, there are no simple answers. And getting the selection wrong could be costly in terms of money, time and reputation. It is difficult to walk away from an HR system once it is operational. So the first step, as in most things, is deciding what you really need.

Be brutal in your assessment. Do you need HR software in the first place? If your company is consuming less than 20% of its operating costs on its employees, and the recruitment and retention of staff does not feature regularly in your strategy meetings, then HR software may well be an unnecessary extravagance. If, however, those criteria do apply, then read on.

Take the time to define your goals carefully. Are you seeking to reduce the administrative effort and costs within your HR function? Do you want to ease communication across and within all disciplines and management levels? The answers to these and other questions will lead you towards the appropriate software solutions for you.

INTEGRATED SOFTWARE SOLUTIONS

Since the early 1990s there have been integrated packages, known as Enterprise Resource Planning (ERP) solutions, which have dominated most large organisations. PeopleSoft, Oracle and SAP are all well-known in this area.

They are not HR specific but provide a massive database of cross-company information from which HR data can be extracted and developed. They are extremely costly and take anything from six to 18 months to implement. They can also prove to be relatively inflexible in use. If your organisation has already installed an ERP solution then that is probably the simplest route to HR software for you. But simplest does not necessarily mean the best.

Oracle and its counterparts have enough data handling and conversion power to help you with the invasion of a small country, but that is not the way to go if all you need is HR software - it would be like using a massive steamroller to crack a very small nut!

MODULAR SOFTWARE SOLUTIONS

More recently we have seen the development of specialised modular software solutions, known as 'Best of Breed' (BoB), as a more economical, specialised solution to HR and other requirements. They can be used in isolation or alongside existing ERP packages.

There are countless options available in modular packages, which may include all or some of the following:

- Communication
- Expenses
- Internet Usage
- Payroll
- Performance Management
- Recruitment
- Salary Review
- Staff Location
- Training

It would take many issues of this magazine to detail all the BoB packages and their software partners, so we have listed only some of them. But ETWeb Enterprise from ExecuTRACK is typical of a fully-functioning, flexible, low-cost HR software solution, and we focus on it here.

STRATEGIC TALENT MANAGEMENT

ExecuTRACK is a well-established international company offering BoB software. Their ETWeb Enterprise package has been in use globally for some considerable time and provides a complete HR software package.

It also has the advantages of being 'self-service' and 'web-native'; meaning it sits on the Web, has been designed for the Web, and staff can enter their own data. That means it is a low cost solution. People can access it from an airport, their desktop, their home - and it takes quite a lot of the administrative drudgery away from the work of HR.

Dr Grant Crow is the company's managing director and says: *"ExecuTRACK specialises in providing strategic talent management to HR functions. We have now reached the stage where 'best of breed' solutions, focusing on specific niche areas, are coming into their own.*

"operate more smoothly and strategically"

"For example, let's say that in your career aspirations you are now keen to become globally mobile and you are working for an organisation that has offices around the world. ETWeb Enterprise provides you with 'self-service' so you can go into the system, log onto your details and upgrade them accordingly. So, rather than having to contact HR and rely on them to make the necessary changes, you can upgrade your career aspirations yourself.

"This ability to take some of the more mundane work away from the HR function, allowing it to operate more smoothly and strategically, is one of the key features of ETWeb Enterprise software solutions. It has the added advantages of ensuring the accuracy of the data, reducing the chance of the documentation being seen by the wrong people, and providing confidence that the upgraded details have been successfully entered.

"In my experience, most large organisations have well-defined performance management or executive development processes, but they often don't work as intended. There are a whole host of reasons for that, but often it is about consequence. So HR, or whoever is charged with making sure they work, actually don't know how well they are functioning. With our system you do know how well it is working because it enables high-level strategic analysis to be undertaken. The HR guy can see how well the system is working - and make it work better!"



USES OF A WEB-BASED PERFORMANCE MANAGEMENT PROCESS

The aim of the study by the University of Dortmund was to investigate in what ways an IT-supported performance management process could benefit the company. It also looked at the effects this system had on the quality and cost of the process.

Performance management is an important part of the management process. Its aim is to achieve targeted performance levels and hence ensure a company is competitive. A successful performance management process will attract more employees, who are both highly qualified and motivated, and will result in additional co-ordination costs. Software that supports the process can help reduce these costs.

F.Hoffman-La Roche decided to use the web-based solution ETWeb Enterprise from ExecuTRACK, which includes a self-service system. The University's study showed the advantages a web-based performance management system offers.

The cost and time required to set an employee's objectives were calculated for the traditional paper-based solution, the temporary eP3 solution and the ETWeb Enterprise solution. These costs were looked at for all those involved in the process (the HR personnel, the manager and the employee).

ETWeb was 34% cheaper than the paper process, giving a saving of 130 Euros per employee. This cost reduction is predominantly due to the fall in processing time required. For both an employee and the HR personnel this was reduced by 50%. In addition, the time needed by a manager fell by 15%. Thanks to these positive results the installation of ETWeb was more readily accepted throughout the company. The efficiency of this solution becomes clearer when one considers the savings F.Hoffman-La Roche would achieve if they implemented it for their 64,000 employees. They would reach a return on investment in a short space of time. In addition to the cost reductions, the duration of the net process was also reduced by 78%.

ETWeb has also improved the scope and quality of the process. The self-service based performance management solution presents transparent and up-to-date information about the performance targets throughout the organisation. The software allows the HR personnel to be in control of the entire process and hence helps to ensure a higher quality.

The integration of the employees and managers into the system has led to a greater acceptance of the entire performance management process. Due to greater communication and trust, teamwork and proactive conflict management have been greatly improved. This has led to conflicts and problems being openly addressed.

F.Hoffmann-La Roche has now integrated the software worldwide and says it will focus the whole organisation on value enhancement.

> *"In the past, the whole HR information system was something that was resolved by the company's IT departments and HR would have little impact on how that system operated. Nowadays, we are increasingly finding that HR has the expertise itself to define its requirements; it has grown-up, in that sense.*

"If one is looking at making an investment in an HR system, the 'best of breed' solutions are, generally, going at a fraction of the price of ERP solutions. Not only that, but any ERP will take six to 12 months - perhaps even 18 - to implement, whereas we would be talking four to six weeks.

"ERP solutions won't be put in the bin; they are still going to be around for some time, but people have given up trying to get more out of them. Over the next few years, we will see more and more people turning to 'best of breed' for the really specialised, high-level functions that they want."

But what of the effect on the bottom-line, the return on investment? The University of Dortmund undertook an empirical study of the benefits, quality and cost of implementing the ETWeb Enterprise solution at a leading pharmaceutical company, F.Hoffman-La Roche. It found the web-based system to be 34% cheaper than the paper based one, management time was reduced by 15% and the return on investment would be completed in a very short time.

A fuller version of the ETWeb Enterprise/Roche case study appears as a sidebar to this article.

For further information: www.uni-dortmund.de
www.ExecuTRACK.com



www.roche.com

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