

Building the Business Case for PeopleSoft HRMS Upgrade

Stavros Liakakos, VP HCM Strategy
Knowledge Infusion





Total Employees

Approximately 50, Across North America

Target Markets

Fortune 2000, Mid-market, Public Sector

Areas of Expertise

HCM and talent management, portals and self-service, performance, succession, recruitment, learning & development, workforce planning, analytics

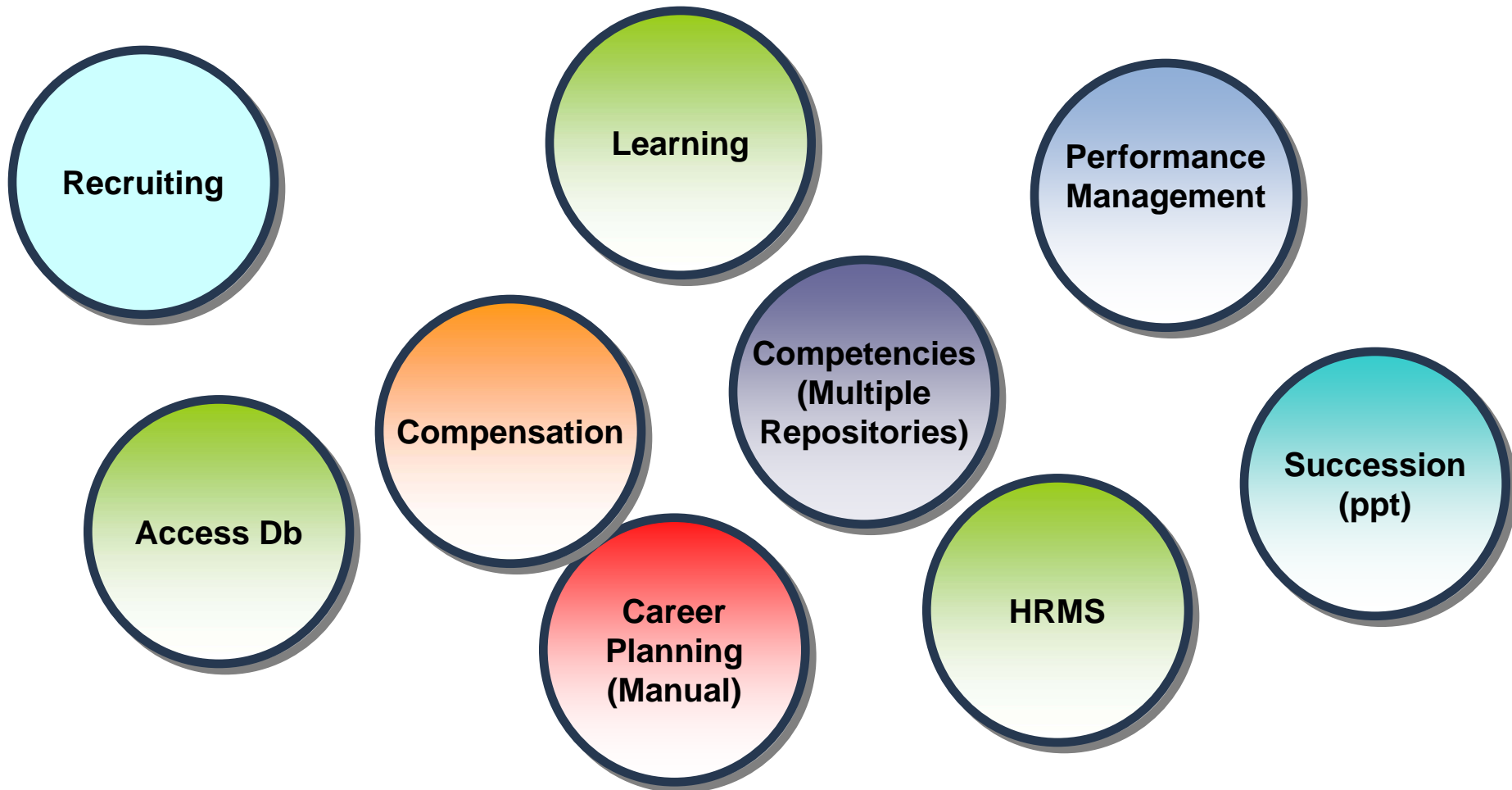
Knowledge Infusion Methodology



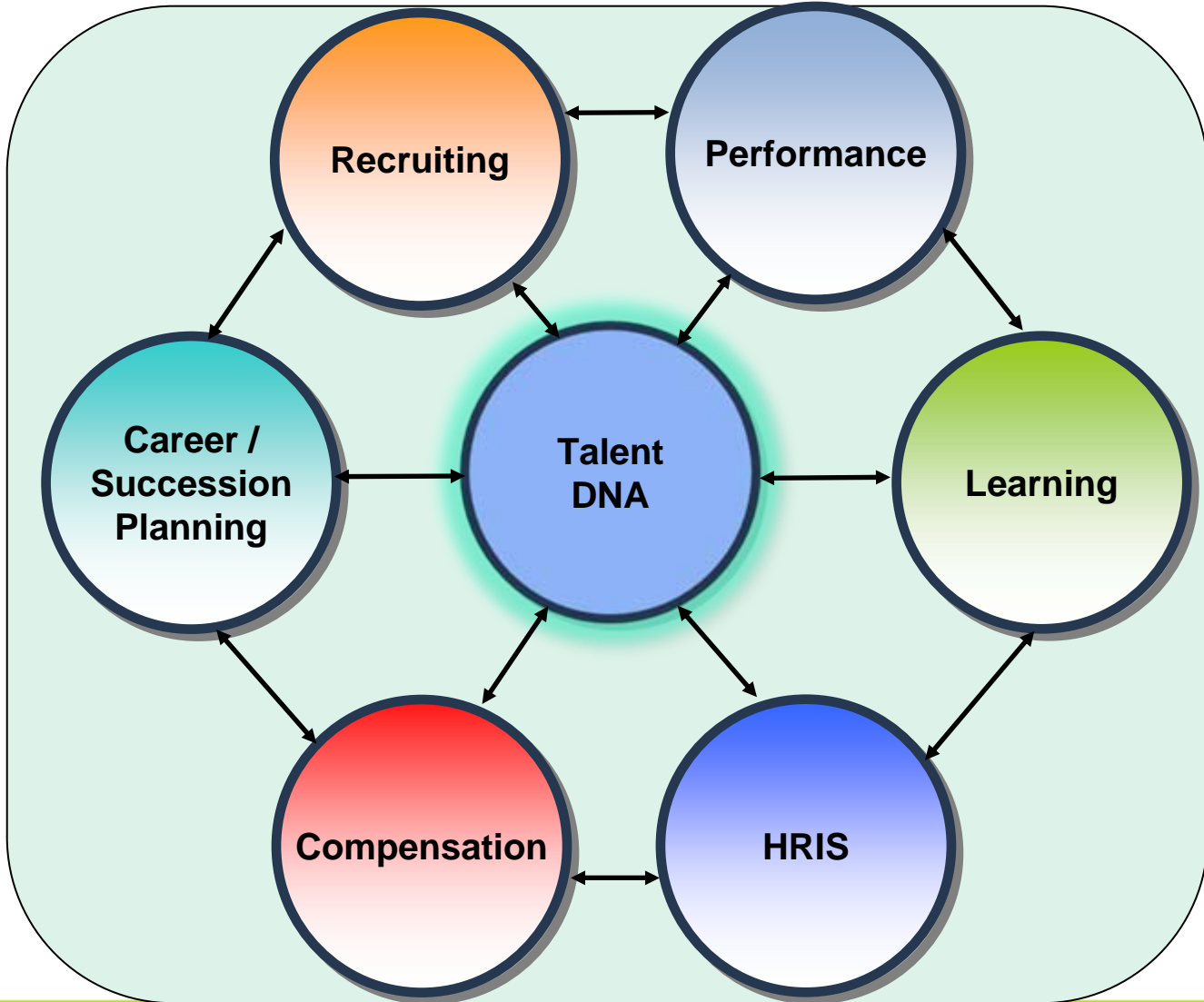
Fortune 500 Clients



What's Wrong With Today's Model?



**Line
Of
Business**



**Executive
Suite**

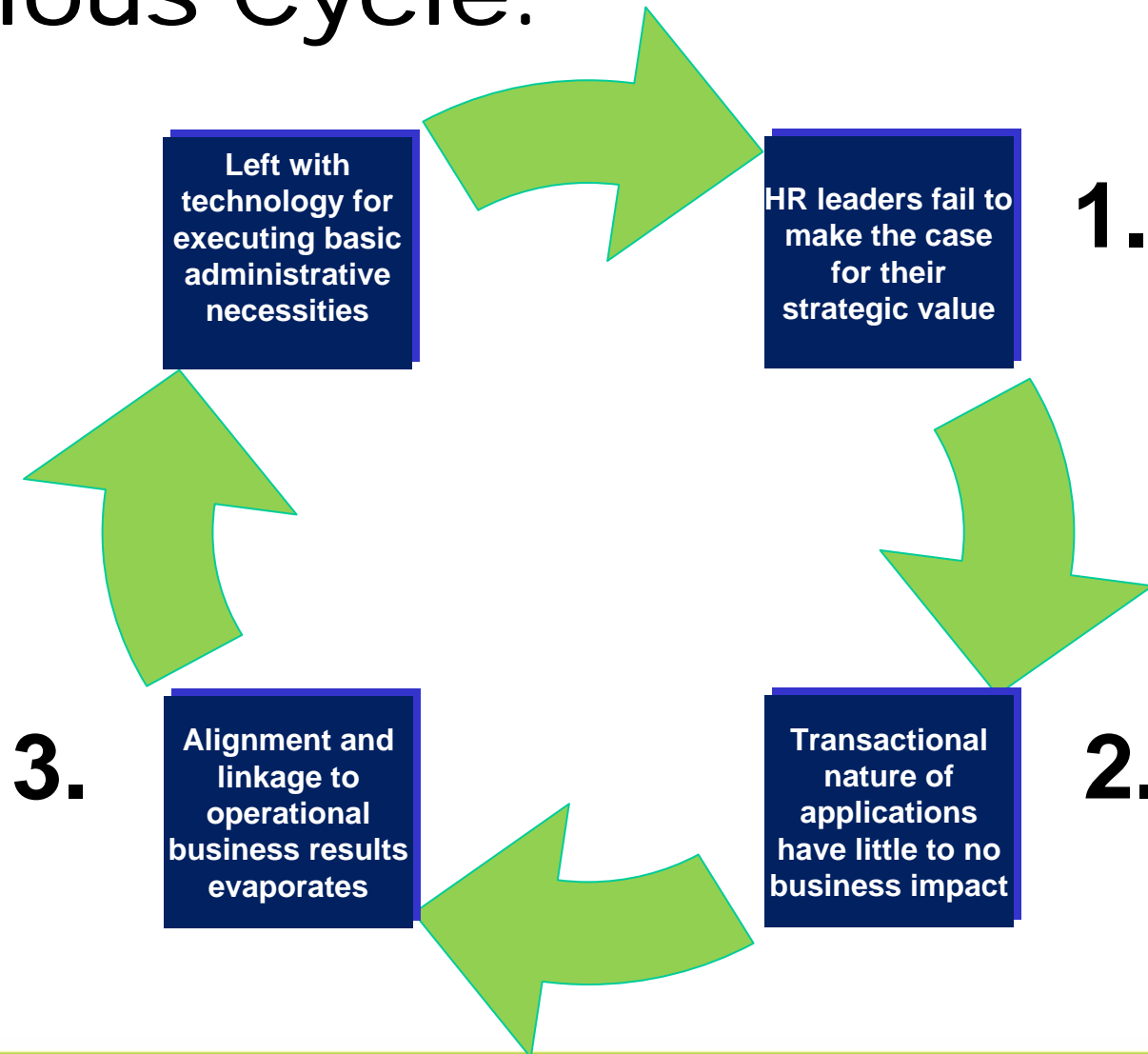
People: The Last Weapon

- No matter your industry, company, or nationality, there is a battle-ready competitor somewhere who is busy thinking how to beat you.
- Products can be quickly duplicated and services cheaply emulated – but innovation, execution, and knowledge cannot.
- The collective talent of an organization is its prime source of its ability to effectively compete and win.
- In the new economy, competition is global, capital is abundant, products are developed quickly and cheaply, and people are willing to change jobs often.

The Vicious Cycle

HR Technology Investments
Compete for Limited Dollars

Vicious Cycle:



Integrated Talent Strategy

Without a clear talent strategy to justify HR technology investments, HR organizations need to:

- Implement and shoulder administrative responsibility (HRIS) for highly transactional applications.
- Become more than transactional data administrators.
- Stop justifying additional investments or resources in HR technology
- Reduce the amount of multiple systems, disparate data silos, of integration and manual processes.

Without a strategy, HR can neither articulate it's business value, nor align itself to business operations.

HR vs. HCM

Resource

Something that can be used for support or help,
An available supply that can be drawn
upon as needed



Capital

An asset or advantage,
Material wealth used in the production
of more wealth



Where Is the Focus of HR?

- Which makes more sense?
- Achieving a 7% cost savings on 1% of the total corporate budget,
 - Or a 1% growth in return on 60% of the total corporate budget?

HR
Expense

$\frac{1}{2}$ - 2%

>60%

Labor
Expense



HR: The Target of HCM Transformation

Identity as HR

- Compliance driven
- Manual data assembly
- Reactive servant
- Slow to respond
- HR Transactions
- Excel reports
- Maintenance Driven

Transformation

- **Exploit Technology**
 - Transform Processes
- **Up-skill People**

Identity as HCM

- Business outcome driven
- Knowledge analysis
- Proactive partner
- Real-time
- Change leader
- Talent Management
- Workforce analysis

The Human Capital Management Vision

- Human Capital Management represents systematic business discipline applied to the Human Resources function
 - Optimized processes, measurements/analytics
- Technology is a foundational element to create an HCM environment
 - People, Process and Technology
- Executive attention increasing on HCM
 - HR at a Tipping Point
 - Business demands outstrip HR capabilities
 - Inaction is no longer an option



People / Process / Technology

HR work is hampered by complex manual processes supported loosely by disconnected technology solutions.

Current HR technology applications not effectively addressing business requirements.

Current State
Difficulty in each area inhibits improvements across all

People

Process

Technology

The Current Picture:

People

- Limited understanding / value to internal HR processes and capabilities
- Start up corp culture; older employee habits / behaviors vs. new business requirements.
- Inability to access readily available accurate data for "People Management"
- HR professionals & specialists perform low value activities; serve as surrogate managers
- Employees lack awareness of career opportunities and development requirements

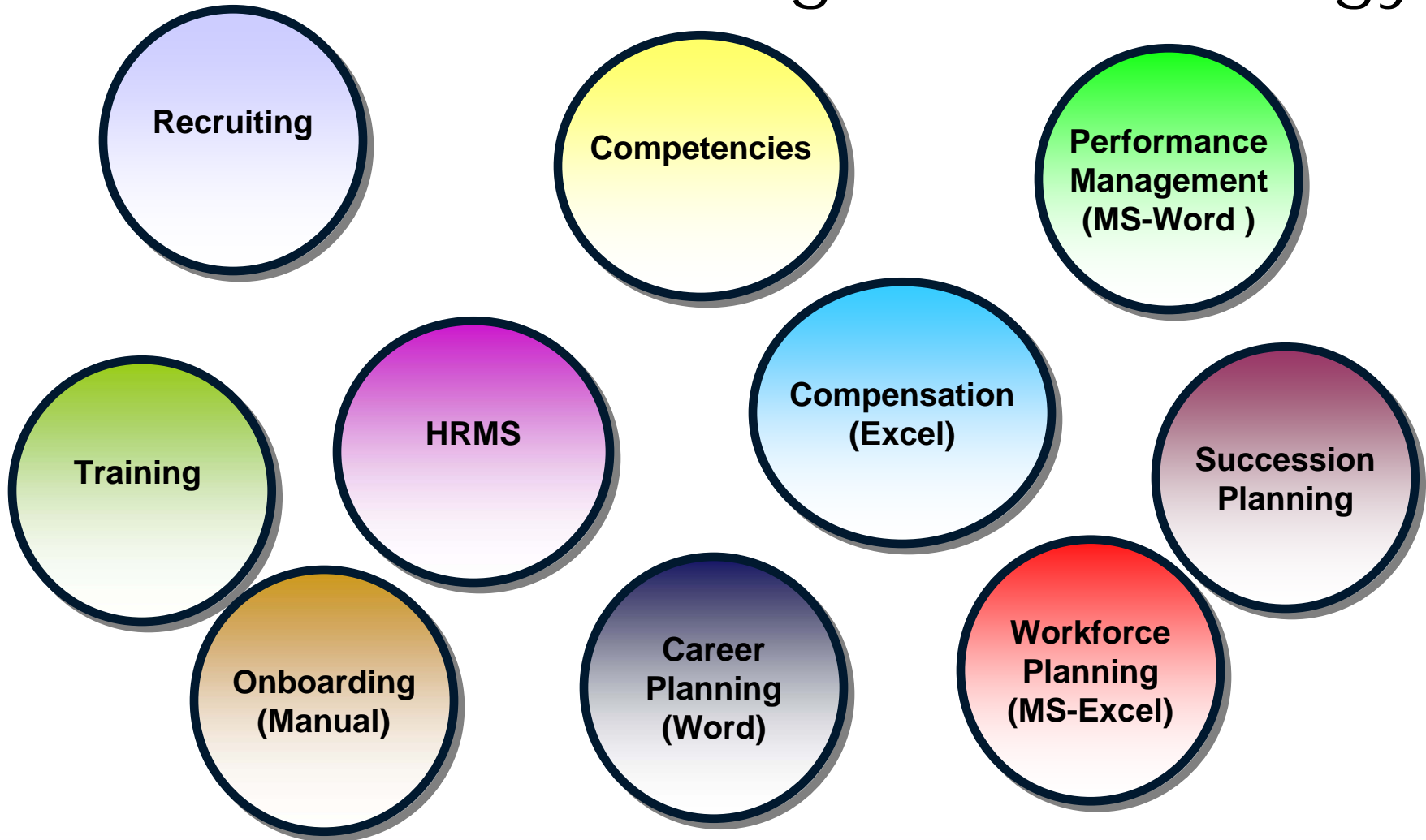
Process

- Silo-ed and disparate business processes / functions
- Redundant / repetitive efforts required to produce key people related info
- High spreadsheet / manual intensive processes involving multiple stakeholders with numerous handoffs
- Low automation / maturity of business processes leading to low adoption
- Data accuracy / integrity requires intense efforts to verify

Technology

- Technology investments have been low ; under-utilized and focused on tactical compliance
- Limited to no integration between related system
- High level of exceptions processing results in manual workarounds, inconsistencies and errors
- Spreadsheet 'systems' / processes have been developed in place of enterprise systems.

Without Talent Management Strategy...



Integrated Talent Systems

Line
Of
Business



Executive
Suite

Articulate in Business Terms



Measurable Business Results
Comprehensive Talent Inventory
Better Decisions
Increased Productivity
Integrated Talent Management Biz Processes

Create Value

Cut Costs



Streamline Administration and Reporting
Employee & Direct Direct Access
eHR Service Delivery
Operational Reporting

Four Fundamental Steps

HRMS Upgrade or Business
Systems Upgrade

1. Knowledge: Ask Questions

- Start at the top and work down. Meet with the CEO, CFO and COO of your company and work your way down to operational line of business leaders.
- Ask candid questions about what keeps him or her up at night.
 - Where is the business going in 2007 and beyond?
 - Why are margins below expectations?
 - Why didn't earnings meet expectations?
 - What are the associated risks and challenges?
 - What are the goals they are measured and compensated on?
- Develop ideas about the causal links between enabling human capital components and the corporate business objectives.

2. Business Partner: Establish Your Peer Role

- Identify business units and products in growth mode.
- Identify key leaders in those areas with power and internal political pull.
- Work with their staffs to identify key **business problems** in those units.
- Develop plans on how HR can act to improve their business results (time to market, productivity, margins).
- Enlist senior business unit leadership to communicate with the CFO.
- Ask the business unit managers to offer funding directly out of their own business unit budget for your initiative.

3. Align: Be part of the solution

Build an HCM strategy and technology plan that that directly impacts key business objectives.

- Recruit competitor's top XXX talent.
- Cascading goals for Performance Mgmt to align workforce
- Career / Succession planning to build the leadership bench
- Build a business case that enables executive leadership to make informed decisions regarding human capital investments and corresponding business impact.

4. Impact: Speak the Language of the CXO

- Develop two types of measures and metrics and link them to the aligned HCM strategy: HR operation measures and HCM business metrics.
- HR Operation Measures:
 - HR activity (i.e. number of hires, and performance reviews completed)
 - Employee outcomes (i.e. employee engagement, Key job / role turnover)
 - Efficiency of the HR function (i.e. cost per hire, the ratio of HR staff to employees).
- HCM Business Metrics:
 - Sales training investments to revenue
 - Performance ratings to customer satisfaction
 - Turnover in key job codes to customer retention

From the CFO's Office

Do's and Don'ts

Things that Irritate...

- **Out of alignment.** Propose an investment that focuses on a low-priority part of the business.
“The fact that you’re not aware of this priority suggests that your out of touch with the business.”
- **Half the story.** There are few things more distressing to a CFO than being told up front about only part of the costs involved in a proposed project.
“The surprise ending that comes later, when a bunch more money is suddenly needed to keep things going does not make me happy.”
- **Vague Business Impact.** In addition to providing incomplete information about costs, budgets may fail to specify in enough detail considerations such as which organizational goals the proposed project will support and how, exactly, it will support them.

Things that Work

- **A fan club.** First and foremost, I want to know that a technology budget request has significant support from the business side.

“In fact, what I really love is to receive e-mails or other unsolicited expressions of support from key people on the business side telling me that the proposed HCM strategy project is critical.

The strongest ones add that, if push comes to shove, they'd be willing to pitch in some of their own funds to make it happen. If I get a note like that, most of my hesitation disappears.”

- **HR VP with credibility.** In short, if a HR VP's budget provides a complete, detailed picture and is aligned with business goals—as evidenced by support from line management—there's usually little reason for concern.

“One of the best examples I've seen was a budget for a consolidated Talent Management systems plan. It clearly supported one of the business's objectives, which was to consolidate all functions; its priorities were well-defined; and it had the support of all the key organizational presidents. It simply left no room for doubt.”

Align Your HCM Strategy **With** Your Business Strategy To Justify Technology Upgrades

Align Talent Strategy with Corp Objectives



Phase I

Overall Corporate Goals and Strategies

1. **Grow Comparable Store Sales by 2%**
2. **Achieve New Store Sales and Profit Plans**
3. **Attract, Retain and Develop The Best People**
4. **Strengthen Core Business Processes**
5. **Implement Customer Research Programs**

- How can HR affect plans to improve under-performing stores?

- How can HR contribute to opening of 11 new stores in FY06?
- What specific programs / technologies and products can HR develop to contribute to this goal?

- What's the strategy? How do we measure? What's the goal?
- What HR technologies can be leveraged to achieve this goal?

- How can HR contribute to the ACE improvement program? What's the human capital component?
- What core Human Capital processes could CEO consider for FY06?

Phase I: Identify Overall Corporate Goals and Strategies

- What are high level business goals and objectives for 2008 and 2009?
- What are the key business drivers to that will make or break success?
- What are the HR strategies that you have in place or need to have in place to meet these goals?
- What are the impacts of Talent issues (i.e. attracting, developing, motivating and retaining talent) to current business operations?
- What is the overall culture and values of the organization?
- What value do executives place on HR today as a business enabler and what is desired end state?

Phase II

Overall Corporate Goals and Strategies

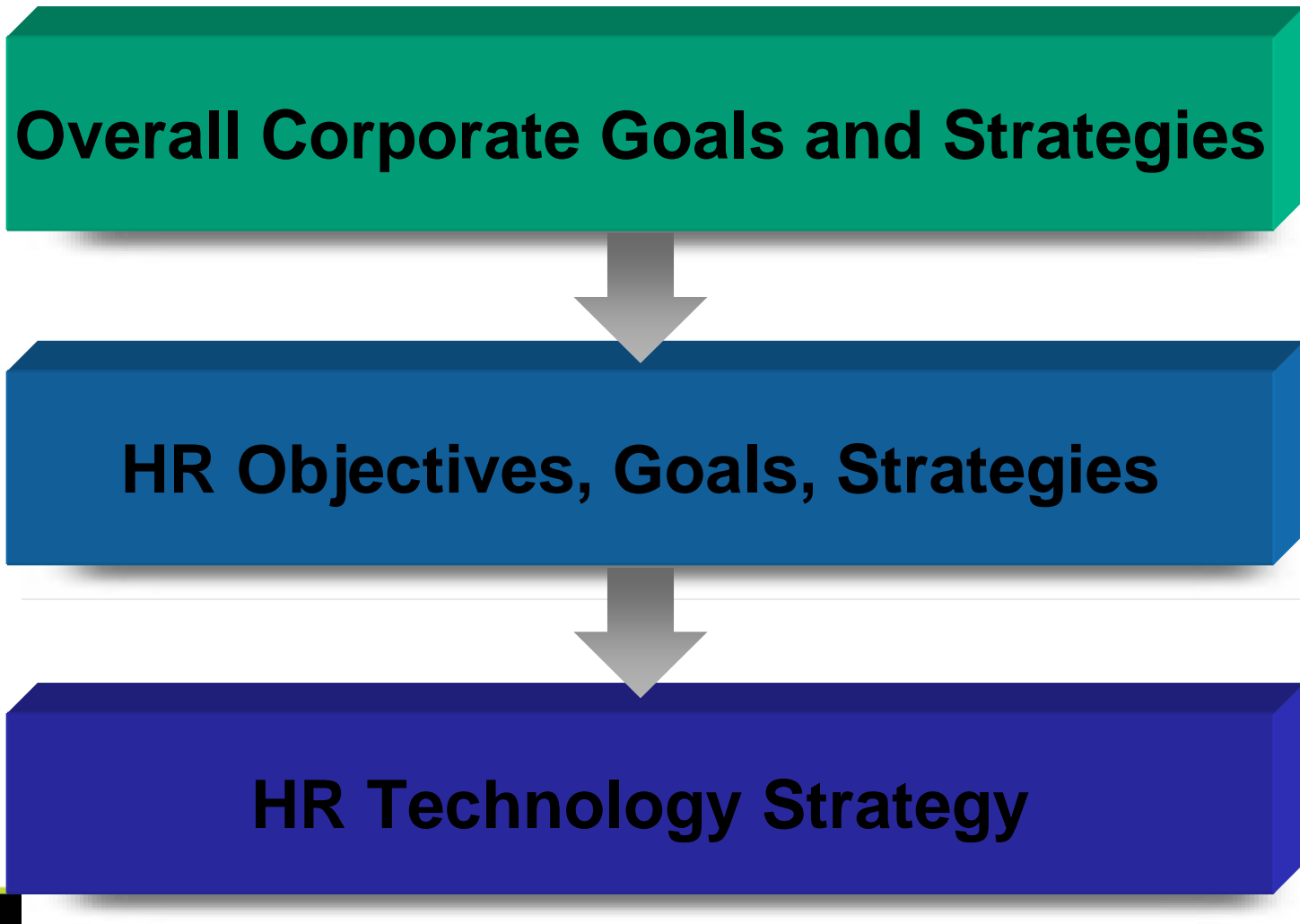


HR Objectives, Goals, Strategies

Phase II: Clarify HR Objectives, Goals, Strategies

- How do HR goals and objectives align to corporate goals?
- How is HR managing talent through the life cycle today?
- What are the pains being experienced by HR today?
- How does HR want to leverage technology into the future?
- What role will measurement/metrics play in helping you achieve your goals into the future?
- How do you feel that employees/managers view the HR function today?
Top three areas of improvement?

Phase III



Phase III: Shape HR Technology StrategyMap

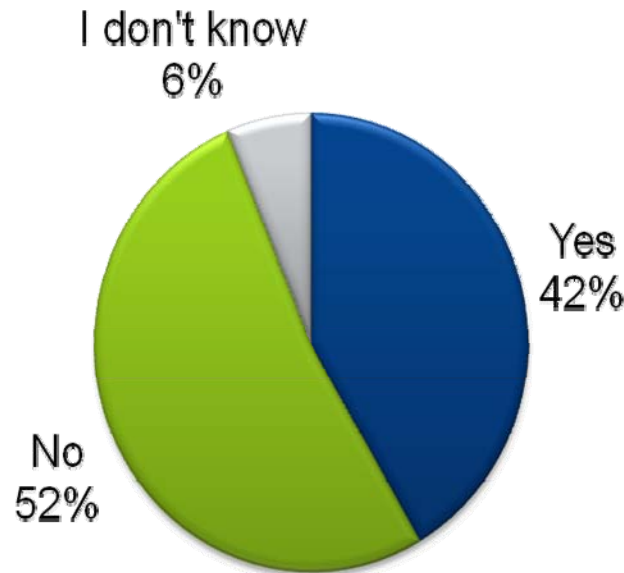
- Canvas current HR technology landscape
- How do you feel that technology has impacted your role or function either positively or negatively
- What is the high level technology strategy for the organization?
- Does the Talent strategy drive technology investments?
- What is your vision for technology enablement of HR?
- Where do you feel that technology could have a larger impact in helping you achieve your business related goals?

Fact & Figures

How Talent Management Can
Drive foundational
investments

HR Still Challenged to Articulate a Strategy for Talent

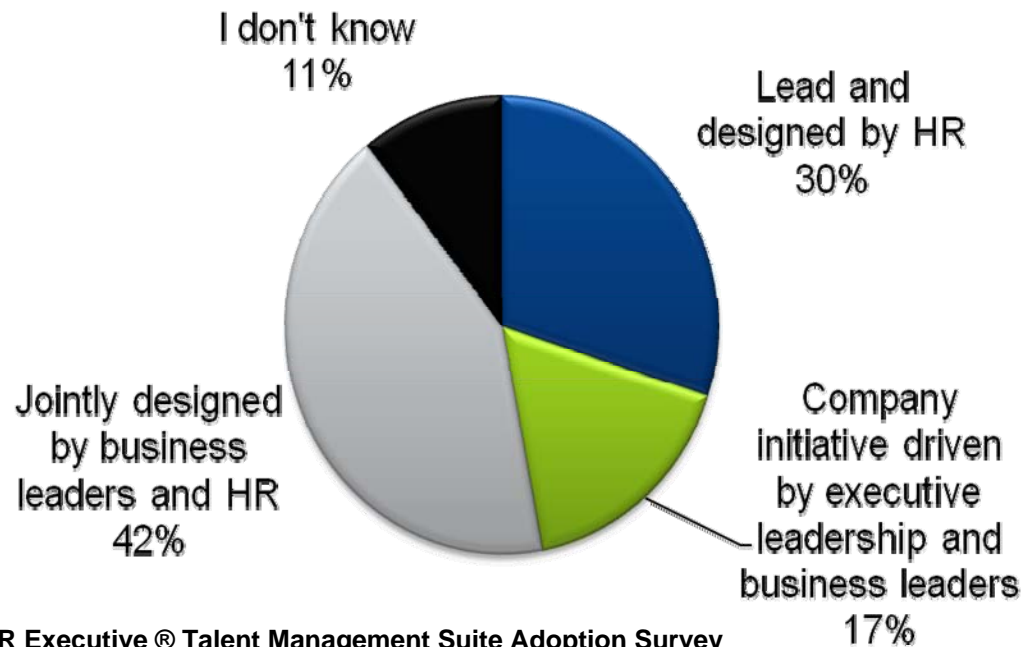
Does your company have a clearly articulated strategy for talent management?



Source: Knowledge Infusion & HR Executive® Talent Management Suite Adoption Survey
N = 317

How Companies are Approaching Talent Management

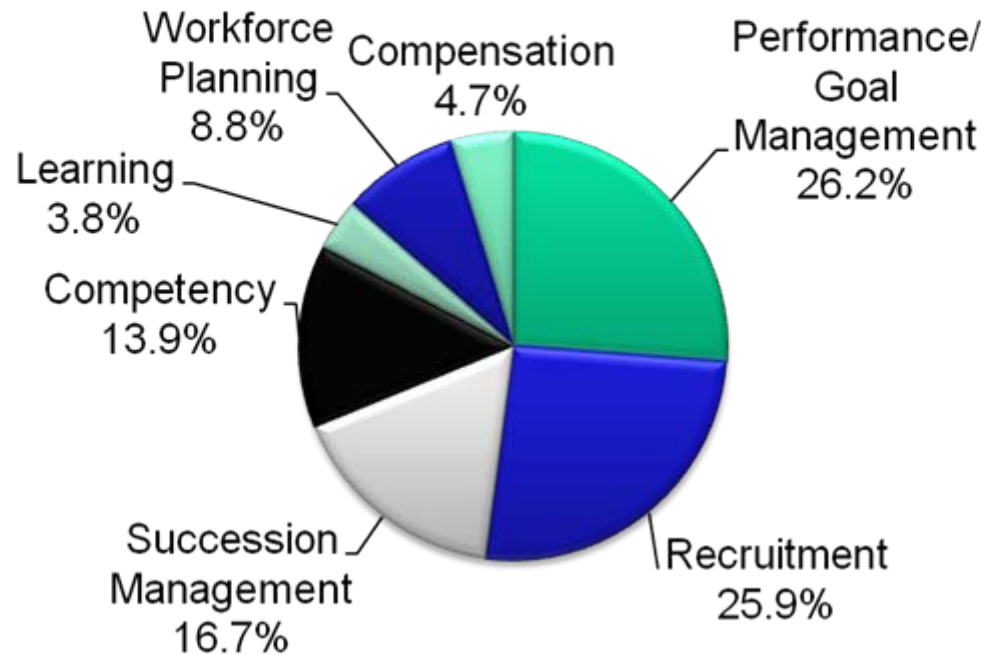
Which statement best describes your talent management approach?



Source: Knowledge Infusion & HR Executive © Talent Management Suite Adoption Survey
N = 317

Over 50% of Companies Center Their Talent Management Strategy on Performance or Recruitment

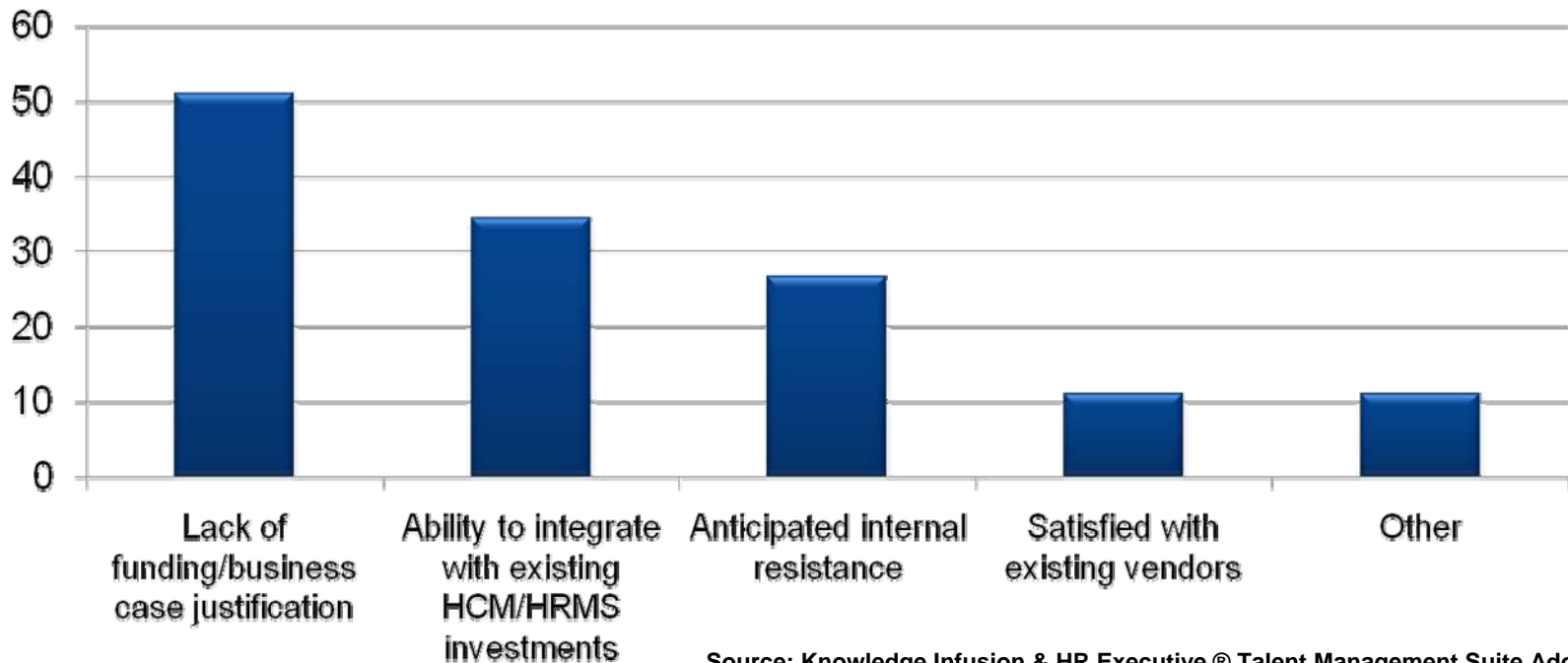
Which area would you define as the focal point to your talent management strategy?



Source: Knowledge Infusion & HR Executive © Talent Management Suite Adoption Survey
N = 317

HR Still Challenged with Articulating Talent Management Business Value

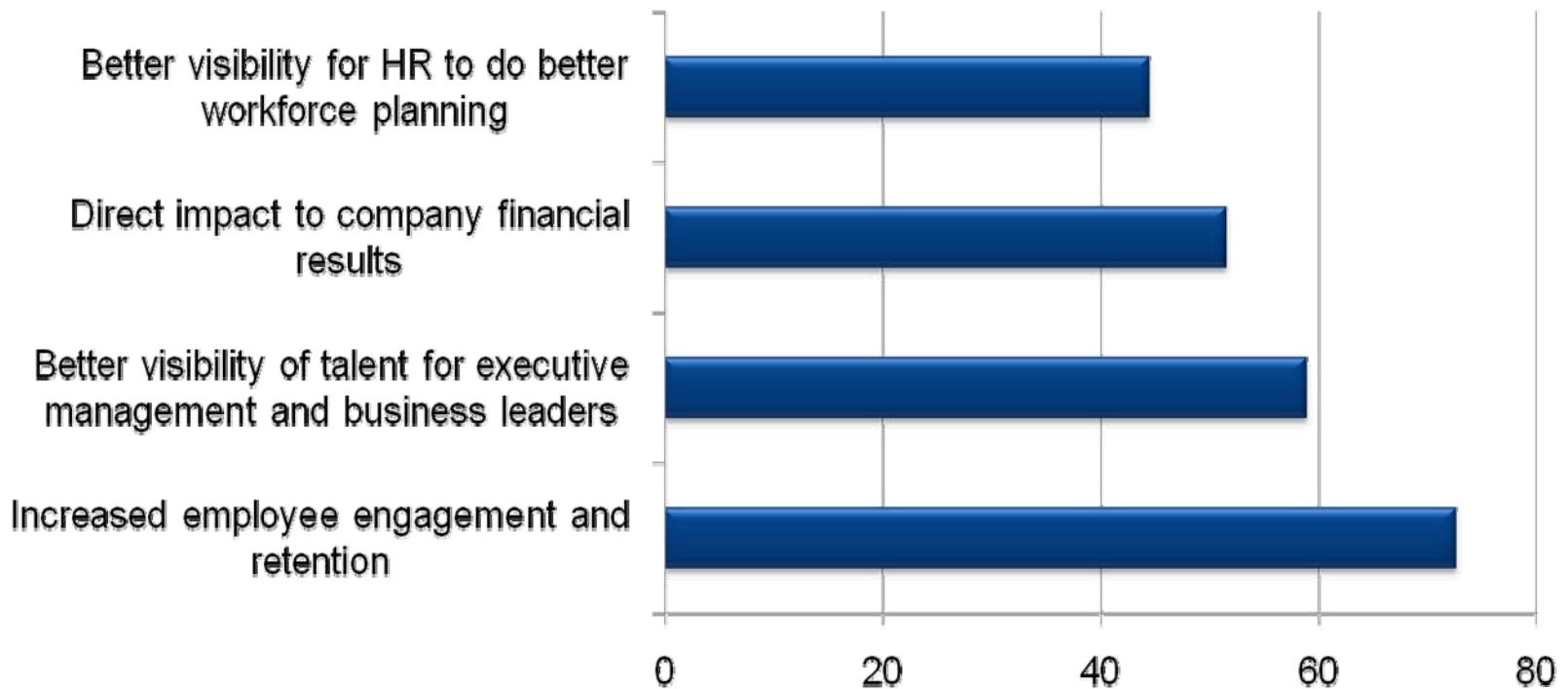
The biggest barriers for talent management suite adoption within your organization are (select all that apply)



Source: Knowledge Infusion & HR Executive © Talent Management Suite Adoption Survey
N = 255

Employee Engagement & Retention Part of HR's Goal for Talent Management

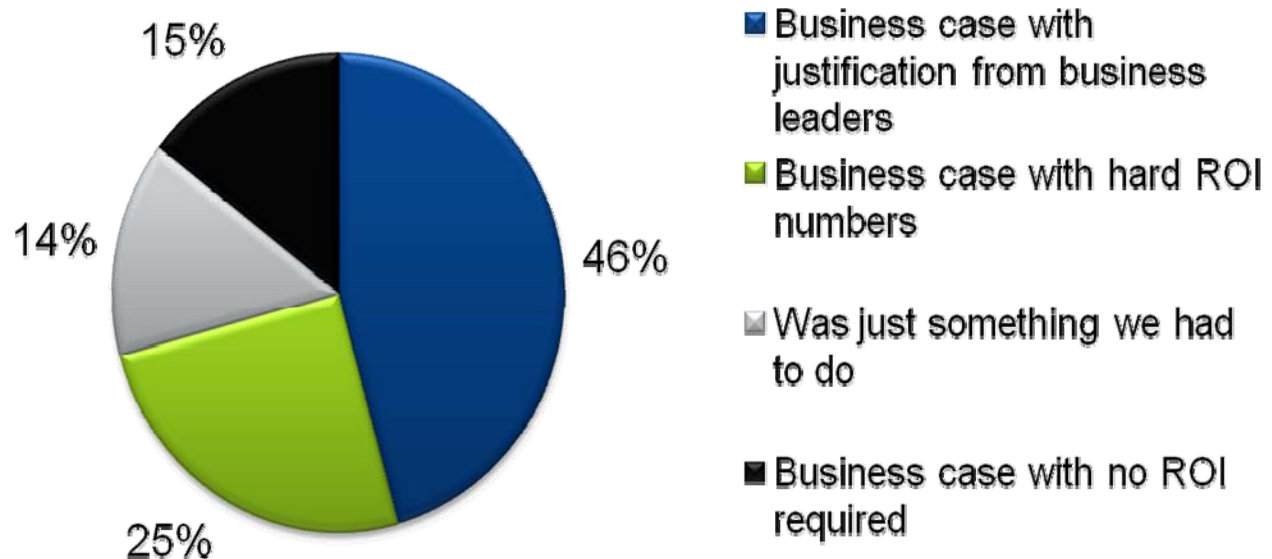
What do you hope to accomplish by implementing a talent management suite?



Source: Knowledge Infusion & HR Executive © Talent Management Suite Adoption Survey
N = 256

Business Cases Must Be Built with Business Leaders

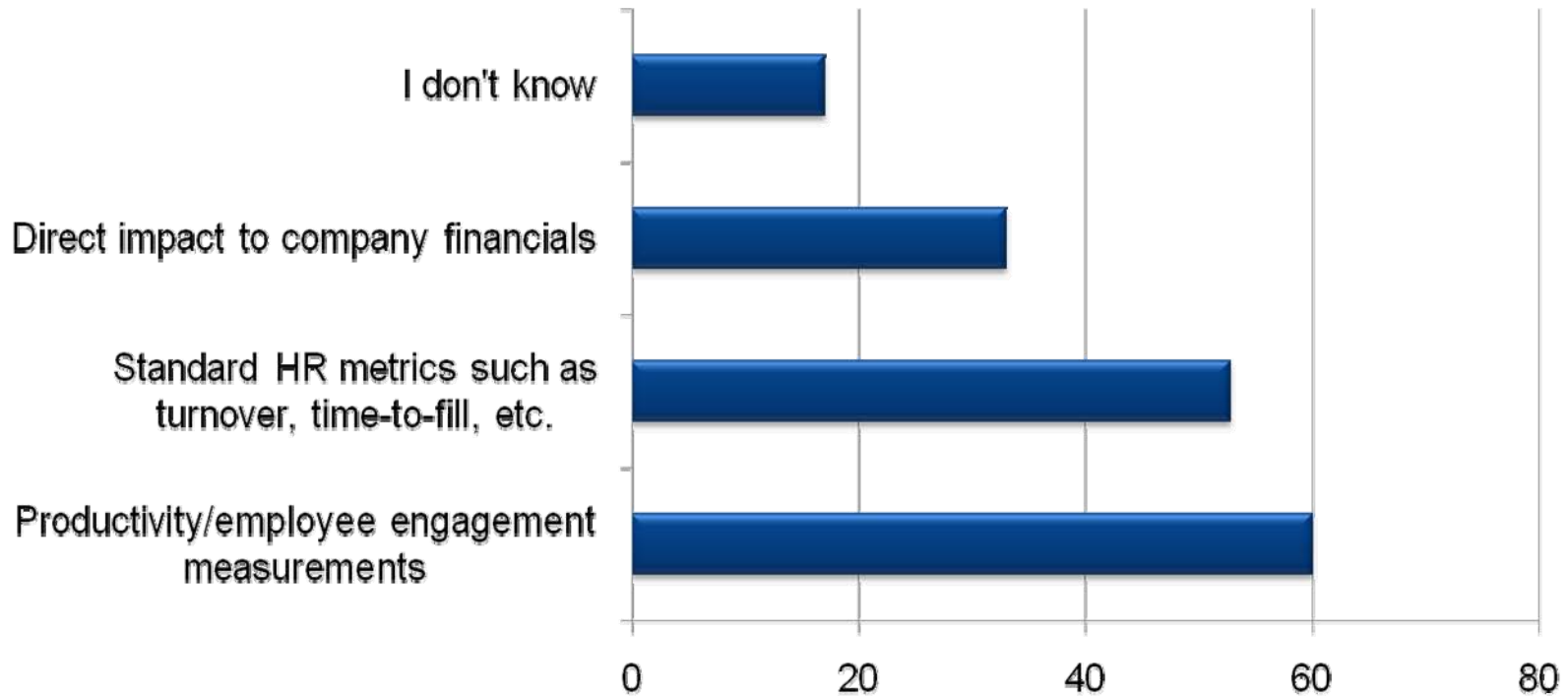
Which best describes your business case for talent management?



Source: Knowledge Infusion & HR Executive © Talent Management Suite Adoption Survey
N = 267

Employee Engagement Measurements Important for Implementation Success

How will you measure the success of your talent management suite implementation?

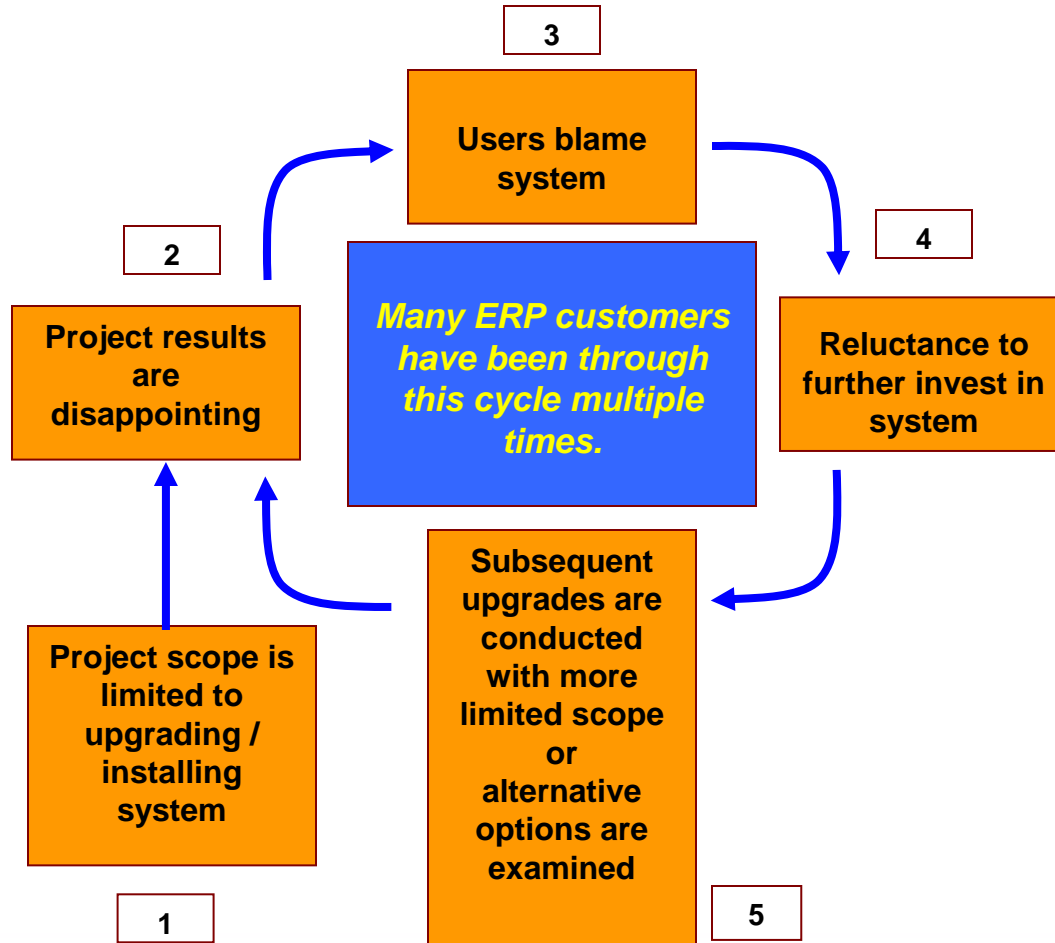


Source: Knowledge Infusion & HR Executive © Talent Management Suite Adoption Survey
N = 263

Augment PeopleSoft Upgrade

Operational / Financial Impact

Infamous Cycle of Declining Expectations...

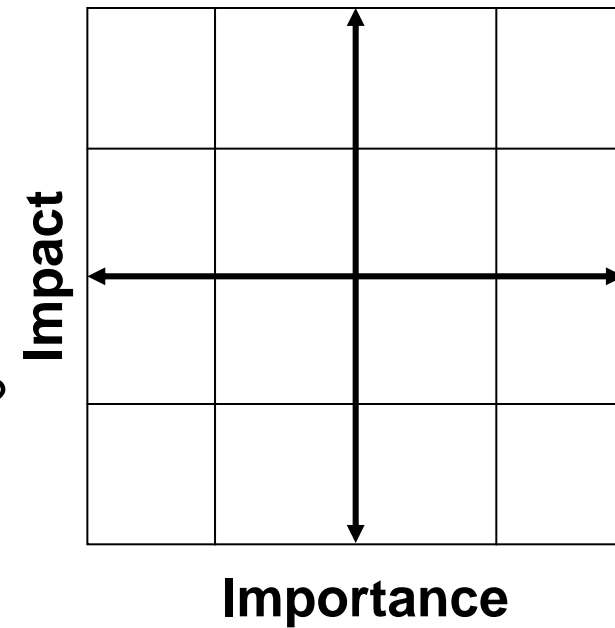


- 1** Initial project scope is overly restricted – with no consideration of strategy, process, or change.
- 2** Project results are disappointing to both management and user, alike.
- 3** Blame for results are leveled at IT and technology.
- 4** Organizational reluctance to invest additional resources in technology upgrades.
- 5** Future upgrades have even more limited scope

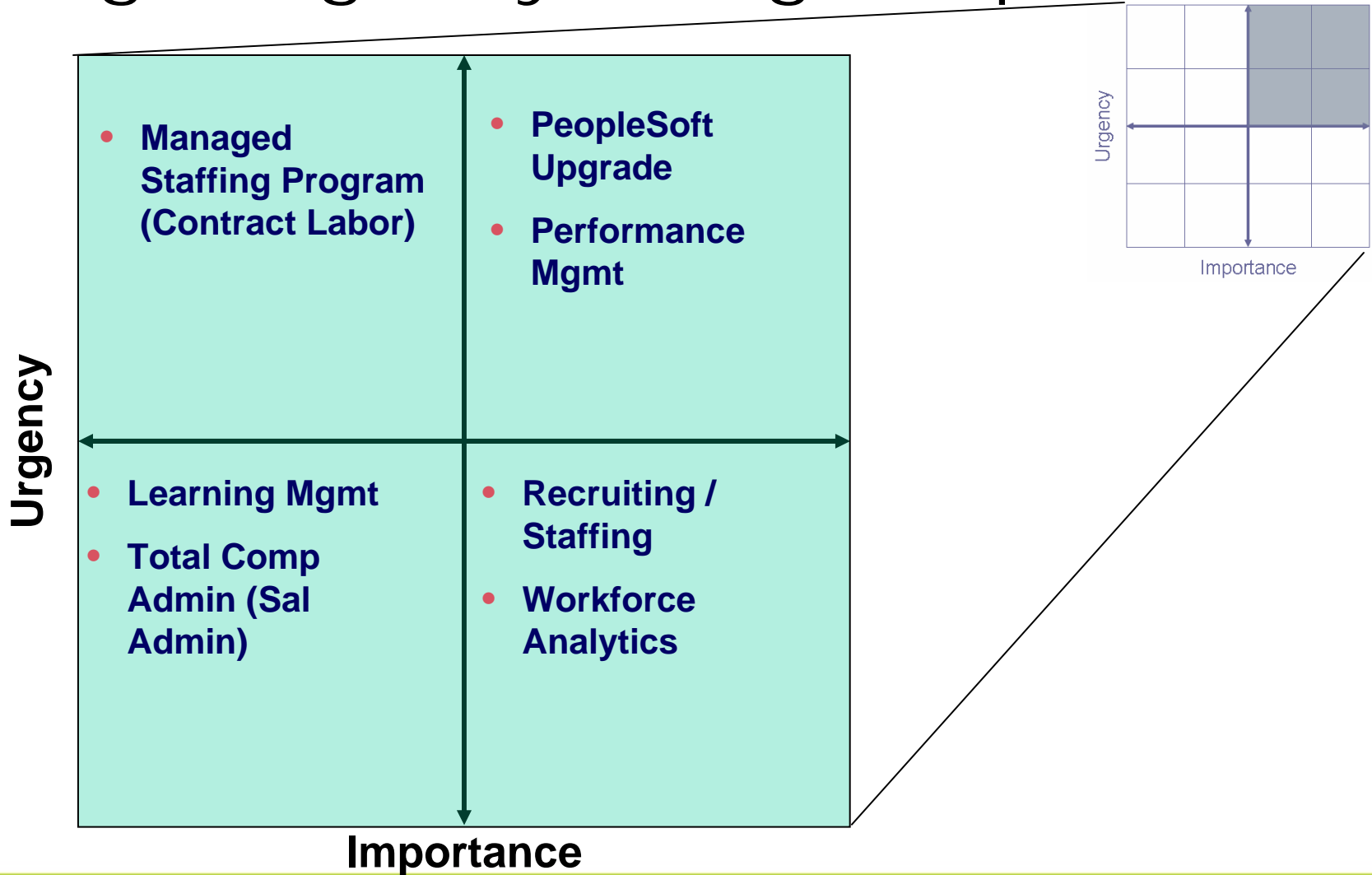
HCM Prioritization Matrix

- Business Impact (value)
 - Support of HR Strategy
 - Business appetite for initiative
 - Alignment with business priorities
 - Global or multi-divisional
 - Would CEO / CFO consider this important?
 - Financial impact / benefit

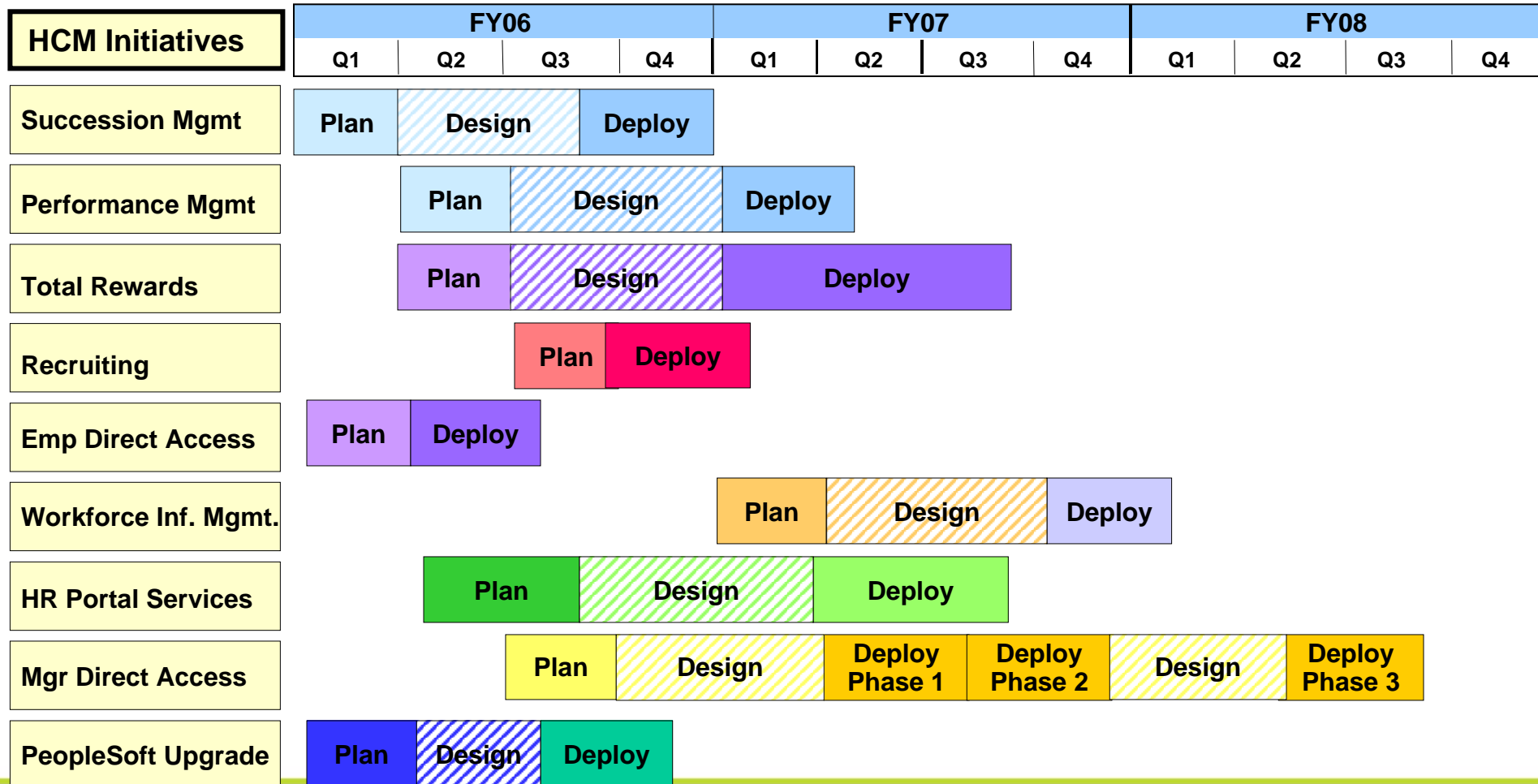
- HR Importance (urgency)
 - Committed priority
 - Availability of resources / budget (Corp HR, business operations, IT)
 - Is project a pre-requisite for other initiatives?



High Urgency & High Importance



Action Plan Timeline (FY06-FY08)



Thank You

Questions / Answers

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