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In business today, “outsourcing” is rarely a neutral term. Almost immediately, there’s an association that tends to be sharply positive or negative, based largely on the individual’s personal experience with the subject.

In order to understand respondents’ specific perceptions relating to the viability of outsourcing one or more HR functions, ADP commissioned a study asking respondents what issues or reservations they would have with outsourcing specific HR and benefits functions.

The study found outsourcing can be a positive way of selectively applying available external resources—whether tools, infrastructure and systems, or human expertise—to optimize workforce management. The study also suggested it may be helpful to think of optimizing your workforce management as a three-step process:

**Step 1: Measure and Assess**

The first step to optimizing workforce management is assessing and measuring your specific needs. Outsourcing is not “one size fits all.”

Organizations should consider taking a more comprehensive approach, one that can help integrate needs across HR, benefits and payroll functions. Do you know the answer to these questions?

- How robust are your business analytics and workforce metrics?
- What processes and systems do you have in place to find, grow and keep great people?
- Are you letting technology help you, or are you still struggling under the burden of repetitive, manual tasks?

When you have these answers in hand, you will be better prepared to establish the business case for investing in optimizing your workforce management. In a time of virtually unprecedented economic uncertainty and volatility, it’s not enough to “get by”; you need to explore new ways to maximize your considerable HR investment.

**Step 2: Seek Best Practices**

Identify best practices and expertise in the marketplace. Whether you seek to outsource multiple activities and processes to a single vendor, or to utilize several specialists for individual tasks, it’s important to evaluate your potential vendor/partner on a number of levels:

- How experienced is your potential partner?
- Is that experience both broad and deep?
- Do they understand the needs of midsized companies?
- Are the solutions they offer: flexible, transparent, and integrated?
- How stable is the potential partner?
- Will you have ongoing access to best practices and “live” experts?

The selection of the right partner is critical to your success.

**Step 3: Try at Least One New Thing**

As the experience of the respondents to this study has shown, effective outsourcing comes in all shapes and sizes.

It’s perfectly acceptable to start small. Identify a critical need where you could imagine engaging outside support—preferably one whose improvement would have a measurable impact. Then evaluate whether improved tools, expertise or assistance (internally or externally) would elevate the service delivery, improve the efficiency or lower the cost of the process surrounding this business need.

It may make sense to begin your exploration with any vendor(s) with whom you currently work, such as for payroll or HRIS support. They may have a range of additional workforce management capabilities of which you are unaware.

Perhaps you can improve upon your current solution(s) by adding automated tools or establishing a more effective call center. Adding functionality and services can be a gradual process, but it is important to make that first step towards innovating and driving your organization forward. As shown by the respondents to this study, effective outsourcing—that leads to the optimization of your workforce management—requires a concerted and coordinated effort across all areas of the outsourcing spectrum.

**Final Thoughts**

Challenging and changing times demand new strategies. Right now is a great time to learn how to redefine outsourcing and explore the full spectrum of flexible options for optimizing your workforce management.

Your entire organization will see the benefits: Your C-level gets more of what it wants and needs, including more strategic HR management, with HR taking a real seat at the table and providing more and better information for business decisions. Your HR team gains the specific tools and genuine expertise it needs to shine, whether you have one HR professional or several.

Study respondents who tended to have the most positive view of outsourcing are those who have had the most experience with it and who have experienced a certain amount of organizational turbulence. They tend to be forward-thinking when it comes to HR and the role it can play in the midsized organization. As these more experienced outsourcers also have found, the best integration can come from using a single vendor whose systems and programs are designed to work together.

To effectively outsource certain HR and benefits responsibilities, you don’t have to outsource everything. Rather, you want to leverage everything—both internal and external—to achieve strategic alignment of HR with your organization’s goals and business processes.

Real outsourcing, the kind that can help optimize your workforce management, grows with you while you retain control of your own priorities. The best solutions allow you to combine emerging technologies with your existing workforce applications and your existing processes and staff.

To read the full study, visit www.adp.com/hroutsourcing
In this economic climate, most human resources departments are developing plans to help reduce compensation and benefits costs. We believe that every organization should really understand how benefits impact each employee or group of employees before they develop plans to reduce compensation and benefit costs. We further believe that outsourcing this critical analysis is both affordable and desirable. Affordable because most organizations are not effectively utilizing their existing benefits communication budgets and desirable because outsourcing helps assure impartiality and objectivity.

Discover how outsourcing your comprehensive benefits communication project can help your organization enhance the value of benefits and compensation dollars. You will improve the delivery of total compensation information and learn how to measure and analyze employee reactions.

Approaching a benefits communication strategy that really focuses on benefits value and employee perceptions is a logical outgrowth of a trend amongst benefit providers, employers and human resource professionals that sees employees as consumers. For example, most c-level and human resources executives are completely familiar with the argument that consumer driven health plans should help reduce costs by empowering employees to be more selective in how they spend health dollars. In fact, many executives have taken this concept of employees as consumers and used it to guide them in selecting components of a benefits package.

Employees, on the other hand, often see benefits as entitlements. The entitlement perception is a logical, if regrettable, result of employers becoming the primary provider of medical and other insurance related benefits in the post WWII era. The entitlement mentality can not be more at odds with the notion that employees can and should be seen as consumers. These different perspectives help explain why employers find it very difficult to successfully implement cost-shifting plans and why employees chronically undervalue what are often very generous total compensation packages.

Most organizations can and should improve benefits communication to help employees gain a better understanding and appreciation of the value of their employer provided benefits. Our goal is to help proactive organizations close the gap between seeing employees as consumers and employees perceiving benefits as entitlements.

**Keys to Successful Communication**

Let’s start by clearly defining what we mean by effective benefits communication. Building on the concept of seeing employees as consumers, we define best-in-class benefits communication programs as follows:

- Best-in-class benefits communication is a complete and integrated communications process that 1) systematically educates employees about total compensation at a personal level, 2) measures and evaluates employee reactions to communication using demographic profiles, and 3) makes changes transparently based on the results of 1 and 2 above.

The successful organization utilizing effective benefits communication will improve retention of high-value employees. This helps control hiring and training costs and will also help you more effectively spend your benefit dollars by correctly aligning benefits with your employee population.

With a comprehensive plan you can:

- Attract employees that are the best fit for your organization
- Reduce hiring and training costs by retaining high-value employees
- Improve benefits communication at a lower cost
- Design balanced benefit plans based on employee satisfaction surveys
- Analyze benefits and compensation data by demographics and satisfaction results
- Enhance employer/employee communications and cooperation to improve morale and performance
- Provide executives with more accurate financial information (compensation and benefits costs)

You can achieve these results without spending more money on your benefits communication but by re-thinking how you utilize existing resources more effectively. Adapting a comprehensive and workable plan does not need to be costly or laborious. If you truly want employees to act and behave like consumers then you must invest in a communications program that disseminates, educates, and evaluates actionable information.

**A Changing Workforce Requires Action**

The domestic workforce is changing dramatically. Proactive organizations need to develop communications strategies that account for these changing demographics. For example, many economists believe that sometime this year women will outnumber men in the workforce. Does your benefits package and communication strategy reflect this potential change? Are your benefits priced fairly for women in your workforce? Do you know whether women in your workforce pay a proportionally higher cost for these benefits compared to men?

What is your organization doing to communicate effectively with Gen X and Gen Y employees on the one hand and baby boomers on the other? Does your organization think it can use the same communication piece effectively for both populations? Can you measure employee satisfaction with your benefits package by age, percentage of benefits cost, and percentage of employee population?

**Conclusion**

Outsourcing benefits communication is not a luxury or a waste. It is a first step in utilizing existing budgetary resources to help you improve organizational performance. The benefits of utilizing an outsourced vendor can significantly improve the quantity and value of locked up business intelligence so that your organization can stay focused on developing and enhancing the value of your human capital.
Embracing a Lean Culture: Achieving Operational Excellence in Recruitment through a Proven Manufacturing Philosophy

Learnings from GE Healthcare and KellyOCG

Few organizations epitomize process excellence as succinctly as General Electric, whose global innovations across myriad businesses have made the household brand a leader in every one of its markets. So it might seem surprising that GE Healthcare, one of the company’s fastest growing divisions, only began implementing Lean manufacturing methodology within a service line just three and a half years ago, even though manufacturers around the world have been involved with Lean for decades. Was this corporate giant simply lagging its competitors?

On the contrary, GE Healthcare’s use of Lean methodology is so ahead of its time that it affirms its status as a trailblazer. The company had already implemented this highly effective quality system throughout its manufacturing facilities long ago, but in 2006, GE broke new ground by adopting the basic tenets of Lean within its business process services, beginning with the critical function of recruitment. By embracing the fundamentals of Lean manufacturing—identifying value-creating activities, eliminating waste, and focusing on continuous improvement—HR leaders at GE Healthcare realized that they lift recruitment and other back-office functions to new heights in efficiency and quality. Moreover, the initiative also aimed at giving business partners more insight.

“Ultimately, this has been about being able to provide really smart, deliverable data to our clients and then saying to them, ‘Here are not only the benchmarks we started from but here are the additional efficiencies we can deliver.’ We have a story we can tell,” explained Steven Brown, Talent Acquisition Leader at GE Healthcare and one of the architects behind the company’s Lean recruitment initiative. “We are driven by improvements. We go over this on a weekly, monthly, and yearly basis so we expose ourselves to how we are doing.”

Brown’s outlook is wholly reflective of the Lean philosophy. As disciples of continuous improvement, practitioners train themselves to guard against complacency and remain vigilant in identifying and solving breakdowns in their processes. Although many companies have applied the methodology to manufacturing, few have adopted it within a business process, where advocates say similar success can be achieved. That’s why GE Healthcare’s efforts are considered groundbreaking, especially in the field of talent acquisition, an increasingly strategic service that can give an organization a competitive advantage.

As part of its Lean journey, GE Healthcare enlisted the support of its external recruitment service provider, Kelly Outsourcing & Consulting Group (KellyOCG), which had been an integral part of the company’s recruitment services since 1999. A learning exercise for both partners, Lean implementation at GE Healthcare resulted in cultural shifts not only to its internal processes but also to those of KellyOCG. And now the global outsourcing service provider is bringing its Lean expertise to other organizations.

Fad or Here to Stay?

But as many industry veterans know, quality systems come and go, and there is always a “fad of the day” cloying for the attention of operational leaders. Remember ISO 9001? Companies couldn’t file for registration fast enough, but ISO’s lingering impact on corporate culture has faded just as quickly. So what makes Lean any different from previous fads? How can a manufacturing initiative improve the workings of a recruitment department? And are the benefits of implementing Lean methodology worth the effort?

Gary Bragar, Lead HR Outsourcing Analyst at NelsonHall, a global market analyst and advisory firm explained that many companies today are considering various ways to standardize and streamline their recruitment processes as the pressure to acquire top talent intensifies. Using a disciplined approach such as the Lean methodology is a smart way to organize and execute on those goals.

What exactly, then, is the Lean philosophy and how can it be leveraged to improve corporate recruitment?

In essence, Lean manufacturing is a philosophy in which practitioners are committed to continuous improvements using critical tools to help them identify and eliminate waste and irregularities in their processes.

When applied to recruitment, practitioners can expect a more efficient and responsive process for finding candidates.

It all starts with Value Stream Mapping (VSM), a process to examine all activities that occur to produce a product or service and identify “waste” to be targeted for elimination. In recruitment, some companies employ multiple applicant tracking systems that might require duplication of information inputs, which clearly generates waste that adds no value to the hiring manager or the candidate. A comprehensive VSM, addresses all the unneeded efforts in the recruitment process. This allows team members to produce a future-state VSM free of the identified waste.

Additional steps in the Lean process include Five “S,” Kaizen Teams and Kanban. To learn more about how these steps are applied in recruitment and to download the full KellyOCG whitepaper, visit kellyocg.com.
Economic Pressures are Forcing HR and Payroll to Reduce Costs, Ensure Compliance, and be More Strategic

A recent Aberdeen Group study, “Core HR Systems, Flawless Execution Enabling HR Management,” reveals that the state of the economy is driving organizations to invest in core HR systems to manage costs, ensure compliance, and allow HR personnel to be more strategic. The study also found that using technology and integrated workforce management solutions in conjunction with payroll and other core HR functions yields substantial gains.

Given these external and internal challenges, many organizations still turn to payroll outsourcing to manage costs and be more strategic. The perception is that outsourcing payroll costs less. Unfortunately, this is not the reality.

According to IOMA Payroll Benchmarking and Analysis Report 2009, outsourcing payroll to reduce costs wasn’t even among the top 10 means of controlling payroll department costs. In addition, over two-thirds of respondents (76%) credit streamlining payroll processes and procedures—not outsourcing—as a key factor in reining in department costs.

When Outsourcing Makes Sense

Years ago, outsourcing payroll processing may have made sense. Organizations didn’t have the technologies available in house, and legacy systems and the manual processing of payroll consumed time and resources from both payroll professionals and IT. But with the advent of newer technologies, organizations can easily manage the entire payroll process in house. Moreover, these systems can be deployed in house in multiple ways (purchase, rent to own, hosted/nonhosted), providing the flexibility to meet any organization’s IT and financial requirements.

Top Three Myths About Payroll Service Bureaus

1. Outsourcing your payroll to a service bureau is more cost-effective than doing it in house.
2. The service bureau does the “heavy lifting” — sparing your payroll department the brunt of the work.
3. By outsourcing to a service bureau, you’ll minimize payroll errors and their associated costs.

Taking Control

Processing payroll in house enables companies to retake control of their HR and payroll processes, selectively outsourcing only those functions that will truly reduce costs and risk, such as tax filing and check printing.

Why Outsourcing Falls Short

There’s a reason that outsourcing payroll doesn’t streamline the payroll process. Organizations that have outsourced the payroll function still face challenges and responsibilities for additional processes inherent in the service bureau relationship, such as meeting the service bureau’s cutoff window, correcting payroll errors, and accessing and running reports, among others.

What are You Really Outsourcing?

It should also be remembered that when organizations outsource their payroll processing, they are only outsourcing a part of the payroll process: gross to net calculations. The most time-consuming (and therefore expensive) parts of the payroll process are the source to gross process, collection of accurate time worked, approving employee time, and applying the organization’s pay rules consistently and accurately across the entire organization. In addition, the compliance burden for federal and local labors laws such as FLSA rests squarely on the organization. The reality is that the majority of responsibility for payroll lies with the payroll professional, regardless of outsourcing.

A recent American Payroll Association survey confirms the significant challenges payroll professionals face in outsourced payroll scenarios: “It was interesting to note that respondents that outsource payroll services also reported challenges, including correcting errors (29%), accessing data to run reports (23%), and meeting the service provider’s cutoff window (13%). In addition, respondents that outsource also found the following to be time-consuming—gathering and approving time (44%), capturing accurate time worked (22%), and calculating pay according to company policies (12%).”

Hidden Costs

In examining the reasons for outsourcing, the biggest illusion is cost savings. Initially outsourcing may look attractive, with faster time to value and lower upfront costs. But, over time, purchasing a payroll solution proves to be a better option from a financial perspective—it eliminates the endless payments and hidden costs that arise from correcting payroll errors, accessing reports, losing interest on payroll float, and other incremental costs.

How to End Service Bureau Fees, Reduce Costs, and Control Your Own Payroll Process

Integrating all your HR and payroll processes in a single, completely automated solution reduces costs, the risk of noncompliance, and increases productivity. In addition, such a solution reduces interface and maintenance costs and lowers the total cost of ownership. In fact, most organizations realize significant costs savings and numerous benefits after bringing payroll in house.

Kronos can give you control over your payroll processes and data, relieve you of recurring service bureau fees, and reduce your total cost of ownership at the same time.

Kronos provides the tools you need to help control labor costs. Minimize compliance risk. And improve workforce productivity. The easy-to-use workforce management solutions from Kronos make complete automation and high-quality information a reality. To learn more about Kronos solutions and our flexible deployment and payment options call (800) 225-1561 or visit www.kronos.com.

1 Reported in the October 2009 issue of Paytech magazine
In times of uncertainty, one thing is clear: business is changing. Lessons learned from the recent financial crisis and subsequent recession has prompted fundamental change that has ushered in a new era. In every industry, and every company, businesses are responding across the organization in efforts to create a more flexible and leaner operating model which in turn has imposed new challenges and intensified existing ones.

As economic recovery and globalization continue to drive the future evolution of business practices, successful talent acquisition strategies will be a major driver critical to maintaining a competitive edge and ultimately future success. From decimated recruiting departments, pressure to lower costs and world-wide talent shortages, finding qualified candidates will only intensify. These increased complexities have led many organizations to reexamine their current strategies and seek out a robust solution in line with today’s critical pain points and nimble enough to evolve for tomorrow’s challenges.

Leading the way with customized solutions that address each company’s unique talent issues, recruitment process outsourcing, (RPO) has proven to deliver through adversity and has evolved to offer a total talent solution. Providing proven success and a true advantage, the reasons to source are compelling. Consider this:

Quick Implementation
As businesses activity returns, the need for speed is critical to success. While historically many outsourcing solutions required 10-15 weeks to implement, today’s RPO solutions enable organizations to implement in as little as 2-3 weeks.

Case Study Snapshot
After announcing the move of its world headquarters, a global technology company turned to The RightThing for support. To ensure success, The RightThing implemented a scalable team who worked closely with internal HR Execs to manage and design a streamlined process supporting all relocated positions. Technology was implemented to help automate tasks and a centralized web portal was established to provide updates around each position and track all activities around the move. As a result:

• Successful implementation was completed within 3 weeks without disruption to day-to-day business
• Candidate to slate-26 days
• 665 hires in 6 months

Scalability
With many companies focusing on a smaller core internal workforce, RPO offers flexible resources that ebb and flow with business need, giving clients the power to control cost without sacrificing quality.

Case Study Snapshot
In 2006, The RightThing partnered with a leading beverage company to improve recruitment scalability in support of extreme hiring demands which peaked in the summer months accounting for over 60% of their annual hires. The RightThing deployed a scalable resource model that facilitates RPO delivery of services at all volumes. The model enabled the client to scale up resources instantly as summer months approached and then scale back as the fall season arrived at no additional cost. As a result:

• Annual internal resource costs cut by $1.5M
• Diversity targets improved by 96%
• Locations fully staffed at all times

Process Management
From requisition creation through on-boarding, the entire hiring process can be managed and driven through an RPO provider, creating centralized efficiencies and standardization, allowing internal HR to be more strategic.

Case Study Snapshot
In 2008, The RightThing partnered with a top manufacturer to support 2000+ positions annually. Historically relying on a manual process, the client lacked the resources to successfully manage incoming pipeline as well as the ebb and flow of staffing needs. District managers were bogged down in daily administrative tasks and found it difficult to balance strategic duties. The RightThing worked to redesign the current recruitment process integrating resources from its scalable Centers of Excellence that specialized in specific areas including scheduling, phone interviewing, mining and recruiting. Technology was integrated to enhance reporting, and overall process tracking. As a result:

• Internal administrative role reduced by 100%
• 500 phone interviews conducted weekly
• 2,500 hires in 4 months

Technology
From applicant tracking systems, sourcing software, recruitment CRM’s and reporting programs, today’s recruitment technology offers solutions for every part of the process providing increased efficiencies, automation and better oversight. However, these high priced investments can become a burden to maintain. RPO enables the use of key technology without the fixed cost or commitment of an in-house solution.

Case Study Snapshot
In 2009, The RightThing partnered with a leading human therapeutics company to assist in a sales expansion for a new product launch. The company required 700 hires over a 3 month period. Integrating RecruitPoint®, The RightThing’s proprietary RPO platform to power all activity behind the scenes and automate key tasks, the technology played a critical role in ensuring success. As a result:

• Automated overnight candidate search reduced the need for agency recruiters by 15%
• Automated on-boarding compliance reduced new hire processing time by 50%
• 100% of the positions were filled within 3 months.

For more information on The RightThing’s total talent solutions, visit www.rightthinginc.com.
For more information on the companies that contributed to this white paper, visit their web sites, or contact them directly at:

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