

# The Future of HRM Technology is Convergence

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*The future of HRM technology, at least over the next five years, is going to be dominated by six important convergence themes...*



**C**onvergence of inextricably intertwined, increasingly global (or at least multi-national) Systems of Record (SORs)<sup>1</sup> with tightly integrated, equally global talent management capabilities



**C**onvergence via full integration across the talent management processes to deliver end-to-end solutions to the full range of strategic human resource management (HRM) challenges, which drive business outcomes



**C**onvergence of collaboration as a dominant characteristic of 21st century work with the full enablement of HRM and worker collaboration by HR technology delivered on social/collaborative foundations



**C**onvergence of the highly distributed, always on and increasingly mobile nature of work and workers with HRM and, therefore, HR technology built on a highly mobile platform, thereby meeting users when, where and how they choose to work



**C**onvergence of user expectations for consumer-like self service experiences with expertise in HR technology, which increasingly dominates the HRM delivery system and is replacing human intervention by HR administrators and call center reps, that delivers a rich Amazon.com-like consumer experience and sufficient embedded intelligence (business rules, content, edits, prescribed work flows, etc.) to support non-specialist users



**C**onvergence of organizational needs for much higher levels of business outcomes with the delivery, via HR technology, of actionable analytics (one type of embedded intelligence), predictive where possible, which empowers managers and workers to improve their HRM-related decisions, thus driving improved business outcomes for their organizations.

These themes are not just the fanciful imaginings of HRM software vendor and HR outsourcing provider marketing efforts, nor are they the wish list of software R&D teams. Rather, they are a reasoned response to the business needs of our increasingly global, talent short (not worker short but talent short), virtual (working from wherever and whenever), collaborative (with a never ending creation and dispersion of project teams), always on and always working, permanently budget constrained and administration-averse organizations. How HR executives ensure that HRM – which is so highly regulated and which touches every current, prospective and past worker, not to mention many of their family members – follows good or required practices when those processes must be distributed and conducted in real time. That's the focus of this whitepaper. By focusing on the business challenges that give rise to these six themes and then on how we can use HR technology to meet these challenges, this whitepaper describes a future of HR technology that's not only necessary but one that's arriving at surprising speed.



# What Is Human Resource Management?

**H**RM is a critical, enterprise-level business process, like financial management or customer relationship management, whose purpose is to help ensure long-term organizational success. HRM contributes to organizational success by planning for, organizing, acquiring, deploying, assessing, rewarding, leading, coaching, analyzing, supporting, informing, equipping, retaining, and developing a high performance, cost-effective workforce – and by nurturing the growth, usage, and value of the workforce's and the organization's intellectual capital and personal networks.

HRM isn't just the work of a central or local HR department, although HRM strategy, policy leadership and plan design are usually the responsibility of a corporate HR executive. HRM processes are initiated and/or performed by internal shared services organizations, decentralized HR and other staff functions, HR outsourcing and consulting service providers, managers, and leaders at all levels of the organization and, increasingly, by a global, technology-enabled, highly mobile, and self-sufficient workforce and applicant pool.

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HRM isn't easy, and it's far more constrained and burdened by regulation than are most other enterprise-level business processes, but effective HRM is the primary driver of positive business outcomes in all organizations. When executives have doubts on this point, and many do, I suggest that their organizations would be even more successful if each of them made better decisions and were able to accomplish more – and that's what effective HRM does. Effective HRM is everybody's business because of its impact on the business.

Beyond this outcomes-focused understanding of HRM, it's useful to have a mental model of what processes, activities, work products, and information, taken together, constitute the work of HRM and, therefore, the work needed to deliver HRM's contributions to organizational success.

Figure 1 is a models-based view<sup>2</sup> of HRM from a process perspective. Such a model is independent of how specific organizations assign the work of HRM as well as free of the physical details, the people, processes and technology, that conduct HRM operations. This model is saying that, regardless of how you organize HRM, regardless of what you do or don't automate, regardless of what you do in-house or outsource, this is what HRM does, albeit a very aggregated and simplified view.







#### Manage the Organizational Structure

- Develop, Maintain, and Evaluate the Organizational Structure Strategy
- Develop, Maintain, and Evaluate Organizational Components
- Develop, Maintain, and Evaluate The Organizational Structure
- Manage Workforce Value and Risks
- Manage Overall Regulatory and Contractual Relationships

#### Staff the Organizational Structure

- Develop, Maintain, and Evaluate Staffing Strategy
- Generate Position Seekers
- Manage HRM Testing
- Fill/Empty Positions and Work Units

#### Develop the Workforce

- Develop, Maintain, and Evaluate Workforce Development Strategy
- Develop, Maintain, and Evaluate Developmental Products
- Administer Developmental Events

#### Compensate Employees

- Develop, Maintain, and Evaluate Total Compensation Strategy
- Develop, Maintain, and Evaluate Total Compensation Plans
- Administer Total Compensation Plan Enrollment
- Administer Total Compensation Plan Funds
- Administer Total Compensation Plan Entitlements
- Manage Human Resource Financial Interactions

#### Manage the Work Environment

- Develop, Maintain, and Evaluate Work Environment Strategy
- Develop, Maintain, Administer, and Evaluate Work Environment Programs
- Manage Work Environment Events
- Develop, Maintain, and Evaluate Workforce Communications
- Develop, Maintain, and Evaluate HRM Policies

#### Lead the Workforce

- Develop, Maintain, and Evaluate Workforce Leadership Strategy
- Manage Individual and Group Performance
- Manage Individual and Group Development
- Do The Work

#### Manage Relations with Labor Organizations

- Develop, Maintain, and Evaluate Labor Relations Strategy
- Negotiate, Maintain, and Evaluate Labor Agreements
- Manage Work Disruptions
- Administer Labor Organization Relations

Figure 1

*For a more detailed view of this Domain Model Overview, please see page 15.*





# The HRM Barriers to Achieving Needed Business Outcomes

When HRM is working as it should, when it's driving business outcomes as well as keeping us out of compliance trouble and managing administrative as well as strategic HRM costs well, everyone benefits – including the reputation of the HR organization. While effective HRM is essential to organizational success, all too often we experience failed HRM. Defining effective HRM becomes easier if we explore its opposite, failed HRM, through some all too frequent examples:

- ▶ As a **hiring manager**, we're frustrated by our inability to hire a great candidate. Hiring them would require a perfectly reasonable customization of the relevant incentive compensation plan, but someone in the HR department has determined that the needed change would be too difficult to implement because of our antiquated payroll system. Compounding our frustration, we know instinctively how important it is to fill this position as quickly as possible with a well-qualified candidate, but we don't have the predictive analytics that quantify the future business impact of our not being able to do so. Our organization also doesn't have the data that would have helped us make the business case for getting rid of our antiquated payroll system on the basis of constrained business outcomes rather than often mythical headcount savings. Our organization then adds insult to injury by making it impossible for managers, who are often on the move, to provide the HR executive with quick feedback on the incentive compensation plan issue and request an override via a smart phone.
- ▶ As an **executive**, we're prevented from launching an important new line of business or entering a new market quickly enough to seize the opportunities presented because the available talent management tools aren't adequate to find already onboard workers with the requisite capabilities. Furthermore, HR's recruiting team hasn't maintained an adequate pipeline or effective sourcing networks in advance of our need for these types of workers. And if we shake our personal network within the firm to find candidates via phone calls and email in the absence of more social/collaboration tools, we may well violate our organization's commitment to diversity and equal opportunity because our personal network looks very much like us. But even with those social/collaboration tools in place, executives on the move must be able to shake their networks whenever, wherever, and on whatever device is most convenient for them.
- ▶ As an **applicant research scientist or salesperson**, who relies heavily on her personal network to source information and connections needed to deliver maximum results, we're astonished to discover that your organization blocks social technology access to our professional networks for "security reasons." When we further discover that you don't support our preferred mobile technology platforms, the ones on which we've relied long enough to have built up very productive work habits, we decline to proceed with your interview process because we're convinced that your HRM policies represent a significant barrier to our effective performance should we be hired.
- ▶ As a **supervisor**, we've found our carefully prepared performance feedback to an employee falling on deaf ears because that employee knew we had not taken into account, for lack of good tracking and sufficiently granular organizational roles data in our SOR, their involvement in and accomplishments on an emergency project that took time away from achieving the objectives of their primary position. The review goes from bad to worse when, again, because we don't have the data, business rules, and embedded content to support a better decision, our compensation plan for this employee turns an otherwise engaged worker into a flight risk.



- ▶ As an **international employee**, we've wondered why our U.S.-headquartered employer, while espousing the importance of global thinking and the value of diversity, forced us to cram our non-Anglo name into the Anglo format of first name, middle name, last name in all of their systems and used only U.S.-centric cultural examples in their first line supervisor training. With more growth outside the U.S. than within, the impact on business outcomes of losing, either outright or through disengagement, highly qualified international employees is substantial. But that flight risk is compounded, for many countries, when we insist HRM service, delivered now via self service, cannot take advantage of that country's having better wireless than wired broadband connectivity.
- ▶ As a **project team member**, we've spent precious time tracking down relevant information/expertise across our personal network, the old-fashioned way, with email trails and phone calls, because our employer made it difficult to use social technology to build, sustain, and deploy our personal networks in support of our work. When the project is intended to deliver breakthroughs in design, manufacturing, or any other area where it's clear that the organization doesn't have a wealth of knowledge and experience, the barriers to this project's success are compounded when team member access to their external networks is similarly thwarted. But even the best team, which may well include contingent as well as employee workers, many of whom telecommute, will stumble when their access to essential training on the new tools they'll be using cannot be delivered except when they are at the office.
- ▶ As an **HR professional**, we're frustrated at our inability to make the business case for needed investments in everything from improved compensation plan designs to upgrading our HR technology because we don't know the bottom line impact on business outcomes of past investments in HRM and we can't predict reliably which HRM investments will produce the biggest future impact on the organization's business outcomes. There's nothing more uncomfortable than being grilled by that number savvy CFO whose statistically literate team can link everything done in finance and elsewhere to the organization's business results.
- ▶ As the **CEO**, we're overwhelmed with the cost of health care coverage for our workforce, frustrated with our inability to build a sufficiently international management bench to support needed growth, alarmed at the lack of statistically relevant analyses linking HRM costs to business outcomes, and fed up with the constant requests from the HR department for new technology investments which don't appear to do more than address the administrative costs and inconvenience of running the HR department. And our frustration is increased every time we meet with peer CEOs in our industry only to see them tap a few keys on their smart phones in order to get today's status on the filling of key positions, the hours lost to accidents, or the likelihood of a particular sales team achieving their sales targets.

All of these disconnects, these inefficiencies and frustrations, these barriers to achieving business outcomes, these examples of failed HRM, and many more like them, can be addressed by recognizing that the future of the HRM delivery system, specifically of its software platform, must address the six already stated convergence themes that describe HRM and the automation of HRM for this new decade.







# Eliminating the Barriers to Effective HRM Service Delivery

When you study these and many more examples of HRM service delivery failures, very specific underlying mistaken ideas surface which, taken together, give rise to failed HRM. These mistaken ideas, especially when more than one is present – and that's almost always the case in examples of HRM failure – are based on a total misunderstanding of the new world of work and workers. When these ideas invade and permeate an organization's decision-making about HRM and the automation of HRM, service delivery barriers to effective HRM are inevitable. But we can turn these mistaken ideas into important insights about work and workers, which lead to the six convergence themes upon which effective HRM service delivery must be based. And there's a tremendous opportunity here for the HR profession to lead the way to improved business outcomes once we've put our own house in order.

These six insights (and we're not talking rocket science here) about work and workers, and the resulting convergence themes that are shaping the future of HR technology, are the exact opposite of what I consider outdated, incorrect, or simply incomplete views of HRM and the automation of HRM:

- 1 You can't separate administrative and strategic HRM processes and data, either in how you conduct or automate HRM, because they are inextricably intertwined and highly interdependent. Clumsy administration of even the most strategic HRM policies/plans/programs/decisions can undermine their intent and accomplishment of business outcomes. So regardless of how much of the HRM delivery system is entirely in-house, outsourced, and/or various combinations of both,<sup>3</sup> care must be taken to ensure that there's a convergence of the SOR and talent management from a user experience, data access/analysis, workflow, and end-to-end process perspective.
- 2 Automating HRM is not just about reducing process costs, errors, and elapsed times; the goal is to leverage technology to move your workforce to improved performance and greater business outcomes. Unless we focus on bringing automation to bear on the most strategic aspects of HRM, we reduce administrative HRM costs but don't improve business outcomes.
- 3 An individual's facility at building social networks, as well as those networks themselves, should not be left at the door when reporting for work, but rather encouraged during work hours for those individuals and work roles where social networks are as important to how we do work today as are the capabilities of our minds and hands. Set the right policies, provide relevant training, and then trust your workers to behave like the adults that most of them are. Use performance processes that are focused on outcomes to weed out those who aren't.

- 4 In the new world of work and workers, bringing the HRM delivery system to where your workforce is rather than bringing your workforce to the HRM delivery system not only requires the best of self service but also that self service be mobile. While I may prefer greatly the comforts of a huge screen and keyboard at my desk and of my laptop screen and keyboard in my hotel room or at a client site, there are so many times when using a smart phone or tablet is the best way to communicate by text as well as by voice and to access important, perhaps critical, time-sensitive information.
- 5 Metrics (also known as analytics) are not just about measuring yesterday and today's HRM activities and process outcomes. The goal of underpinning HRM with a heavy dose of analytics is to improve tomorrow's business results by improving today's HRM decisions and, most importantly, predicting tomorrow's business results on the basis of today's actions.
- 6 In an always on, always on the move world of work and workers, embedded intelligence throughout a highly automated and substantially self service HRM delivery system is the only way to ensure that everyone knows what they must do and not do to comply with relevant HRM regulations, how best to make important HRM decisions quickly and without access to HRM experts, and when and how to deploy HRM to achieve business outcomes. Embedded intelligence is all about putting the best HR experts and expertise "in the box" so that they're always available to everyone.

Taken together, these six insights about the contemporary world of work, workers, and technology drive us toward some very specific expectations about HRM and our HRM delivery system, to include its software and outsourced processes. Not applying these insights, or leaving out any one of them, constrains our ability to make sensible decisions about what aspects of HRM to automate, to outsource, to assign to the workforce and, just as importantly, what not to do at all. At stake is not only the achievement of our organization's business outcomes but also the continued relevance of the HR profession. You may already have guessed that there's an integrated solution, a convergence afoot, to addressing these insights, but let's explore them in a little more detail first so that the solution's convergence emerges quite naturally.



# Inextricably Intertwined

## Convergence of SOR and Talent Management

You can't separate administrative and strategic HRM processes and data, in how you conduct or automate HRM, because they are inextricably intertwined and highly interdependent. Clumsy administration of even the most strategic HRM policies/plans/programs/decisions can undermine their intent and accomplishment of business outcomes.

Strategic HRM, more colloquially described as talent management, consists of those processes and work products shown in Figure 1 (page 3) which impact pretty directly, and in a positive way, an organization's business outcomes. For commercial organizations, effective strategic HRM processes increase revenues and/or profits materially. Everything else, however important and necessary, is administrative HRM.

Strategic HRM affects business outcomes by delivering the effective and efficient performance of individuals, teams, and other organizational groupings. These processes focus directly on improving organizational performance by improving workforce performance, to include the creation and maintenance of intellectual property and valuable (to the work) social networks.

While it's reasonably easy to identify which processes are truly strategic versus those that are primarily administrative, it's very difficult in practice to tease out the strategic processes from their administrative foundations and intertwined activities. For example:

- ▶ Great **candidates**, sourced effectively as to timeliness, qualifications, and sourcing costs (all of which can be considered to be truly strategic HRM) are lost to us if our clumsy interview/background checking/scheduling and similarly administrative processes convince these candidates that we aren't the type of organization that they wish to join.
- ▶ Great **salespeople**, carefully recruited and then developed through effective professional sales training, led by a manager with proven sales leadership qualities, and incented to perform by a truly elegant variable compensation plan design – all of which are important strategic HRM processes – become disengaged when our clumsy payroll processes, which many consider the administrative backbone of HRM, can't provide real-time updates on their earned but not-yet-paid commissions or pay those commissions more frequently than once a quarter.

- ▶ Seasoned **engineers**, whose careers have been carefully nurtured through major investments in their professional development; whose creation of the firm's intellectual property goes to the heart of the organization's continued success; and on whom we've lavished very customized strategic HRM processes to ensure that we not only had the best and the brightest but also that they were engaged and productive, do age. It's a failure of the most basic administrative processes, of knowing when and at what rate our critical work roles will be emptied by retirements, that leaves the organization unprepared for the departure of these engineers.

While there's definitely more value to the organization from effective strategic HRM processes and their activities, mishandled, untimely, inaccurate, and just plain clumsy administrative HRM processes can undo all that value – and very quickly. In my view, strategic and administrative HRM processes are inextricably intertwined because they:

- ▶ Rely on the same foundational data about the organization, work, and workers, although using it in very different ways
- ▶ Rely on the same enabling core HRMS technology, at least as regards the collection/validation/storage/retrieval/etc. of that shared foundational data
- ▶ Interact with the same set of users, especially the managers, workers, and position seekers, who drive or will drive organizational outcomes
- ▶ Are not separable in the minds of those users but rather represent the organization's aggregate approach to them







# Driving Business Outcomes

## Convergence of Talent Management's End-to-End Processes

The second insight is realizing that today's technology has moved us beyond HRM delivery system platforms that are used primarily for calculations, filing/reporting structured data, and compliance rather than for enhancing the productivity of the workforce and the business results they achieve. Automating HRM is not just about reducing process costs, errors, and elapsed times. The goal is to leverage technology to move our workforce to improved performance and greater business outcomes. Unless we focus on bringing automation to bear on the most strategic aspects of HRM, we may reduce administrative HRM costs but don't improve business outcomes.



Across the talent management vendor community – to include the newer talent management capabilities being delivered by legacy ERP/HRMS vendors – there are great examples of software that deliver improved workforce development, better allocation of scarce compensation dollars (or whatever currency you choose), more effective performance review processes, and the list goes on. But all too often, it's hard to find budget for these capabilities because of the very high and unavoidable (or so it may appear) costs of maintaining the SOR. Just making the business case for these more strategic HRM capabilities is difficult because the intended return on investment isn't reduced headcount in the HR department or elsewhere but rather increased business results. All too often the HR community has not drawn a clear line of sight between their strategic HRM processes and their specific impact on those business results.

The HRM delivery system platform must support the “bread and butter” administrative processes well enough that they aren't a drag on strategic HRM and free up the bulk of our investment dollars and energy to provide leverage to our strategic HRM processes. Therefore, we must have platforms with underlying architectures, data structures, self service capabilities, and functionality that are sufficient for both purposes, but which are so cost effective to obtain and operate that there's enough money to go around. And to the extent that strategic and administrative HRM are truly interdependent in the ways discussed above, there must be sufficient integration of this platform across the core of these processes to ensure a seamless user experience, as well as a sufficiently robust and integrated data foundation to support the needs of all the processes sharing that foundation.

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# Social

## Convergence of Collaboration

An individual's facility at building social networks, as well as those networks themselves, should not be left at the door when reporting for work but rather encouraged during work hours for those individuals and work roles where social networks are as important to how we do work today as are the capabilities of our minds and hands. Furthermore, so many HRM processes, especially the more strategic processes, are inherently social, inherently collaborative.



We can do 360-degree performance reviews the old-fashioned way, by circulating review “forms” via email or workflow and then having a lead reviewer synthesize, interpret, and act on the collective results. But oh how much more effective the whole process becomes when that performance review is more of a wiki<sup>4</sup> to which everyone, including the reviewee, contributes.

We can provide transactional vehicles, combined with data searching techniques, for finding individuals previously described as having specific capabilities or experiences, in structured or unstructured data that was captured for this purpose. But oh how much more effective the whole process becomes – especially when we need capabilities and experiences that we hadn’t known previously to be important to our business – when we enable the search for these capabilities and experiences with collaborative sourcing internally and, perhaps, the use of LinkedIn or similar externally.

I’m by no means suggesting here that there’s a business benefit from everyone’s time spent discussing the last movie they saw on Facebook, or that we should socially enable every aspect of HRM. However, I find myself noticing, with increasing frequency, that much of work is collaborative, especially for knowledge and service workers, and that collaboration improves in speed, quality, completeness, and lack of bias when it’s facilitated by effective integration of social technology.



# Highly Mobile

## Convergence of Mobile

We've long since put behind us the whole discussion of should we or shouldn't we move the HRM delivery system to self service. Of course we should, assuming that we can deliver terrific self service rather than some form of distributed data entry, "feed the database beast" self service. There is simply no HRM software being designed/built today, or over the last many years, that doesn't presume self service as a basic design principle. But in the new world of work and workers, bringing the HRM delivery system to where your workforce is rather than bringing your workforce to the HRM delivery system not only requires the best of self service but also that self service be mobile.



With recent and continuing advances in the power and visual clarity of smart phones, mobilizing relevant HRM processes isn't just a luxury, it's a necessity. In many parts of the world, wireless connectivity has leapfrogged a never-built or poorly built wired communications network, and smart phones are the only reliable means of access. And for many types of work, getting to a desktop or laptop computer just isn't going to happen at times which are convenient for the worker, not to mention that they'd like to conduct all of their business through the same "window." Furthermore, there are workers, mostly a lot younger than me, for whom the smart phone is practically a new appendage, and engaging those workers through the technology they prefer is essential to ensuring that you can hire and retain the best of them.

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These older eyes may prefer greatly the comforts of a huge screen and my touch-typing taught fingers the familiarity of a full-sized keyboard at my desk. With so much of my time spent on the road, next best is clearly the workable screen and keyboard of my laptop, ideally at a comfortable desk in my hotel room or at a client site. But there are so many times when using a smart phone or tablet is just the best way to communicate by text, as well as by voice, and to access important, perhaps critical, time-sensitive information. And if this is true for me, it's true for whole swaths of the workforce, from retail clerks doing benefits enrollment during a quick coffee break (along with checking on their baby sitter and texting their spouse what to pick up at the grocery store that evening) to a busy executive checking on the availability of scarce skills before meeting with a prospect who's going to need them even while standing in the airport rebooking his just-cancelled flights.







# Expertise

## Convergence of Consumer Self Service and Embedded Intelligence

In an always on, always on the move world of work and workers, embedded intelligence throughout a highly automated and substantially self service HRM delivery system is the only way to ensure that everyone knows what they must do and not do to comply with relevant HRM regulations, how best to make important HRM decisions quickly and without easy access to HRM experts, and when and how to deploy HRM processes to achieve business outcomes. Embedded intelligence is all about putting the best HR experts and expertise “in the box” so that they’re always available to everyone. This also ensures a consistency and clarity of HRM practices and business rules that’s impossible to achieve otherwise in large or rapidly growing, multinational to global, geographically distributed organizations.

Embedded intelligence isn’t just about edits to ensure data integrity and content to explain the latest health care plan design. It’s about sharing analytics derived in one area – say our insights about the performance of employees hired or developed by a particular manager – with decision-making in another area – say our staffing strategy team in HR – where those analytics can improve the design of sourcing and management development processes in order to expand those good performance results across the organization. It’s about informing a manager at “point of sale” how to handle a particular type of employee concern that may well reveal some aspect of a hostile work environment with an eye both on mitigating the impact of any resulting litigation but, more importantly, ensuring that environmental barriers to the effective performance of the workforce are identified as close as possible to the source and then addressed by those most able to do so. It’s about ensuring that we’re spending our labor budgets as wisely as possible and tailoring that spending to the needs of an increasingly diverse workforce. Embedded intelligence, in all its myriad flavors, is a journey with no end but one that produces improvements at every stage.

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# Actionable Analytics

## Convergence of Predictive Analytics

**M**etrics (also known as analytics) have been used in HRM to measure the easy things as they were yesterday and today. We've measured the activity levels of various HRM processes (e.g., how many resumes were "processed" last month, how many eligible employees have been through the benefits enrollment process thus far in the open enrollment period, how many members of the workforce have been through the new diversity training program, or how much compensable overtime has been worked) as well as the outcomes of those activities (e.g., how many hires resulted from those resumes, how many eligible employees selected the high-deductible health care plan, how many of the employees who went through the diversity training program were able to pass a simulation exam three months after the training, and how much of the compensable overtime was budgeted versus an overage), and all of these metrics are useful for the management of the HRM delivery system.



what plan design for our health and welfare benefit plans will we achieve the maximum business benefit at the lowest cost in terms of attracting and retaining the workers we want? What type of development processes will do the best job – by type of worker and nature of diversity issue – of ensuring that our organization values and benefits from a diverse workforce? And what should be our overtime budget, allocated to what types of work and workers, and invoked under what circumstances in order to optimize our labor costs? These are the types of questions that HRM had better be able to answer if HR leaders expect to be valued for the way in which their processes contribute to achieving business outcomes.

The goal of underpinning HRM with a heavy dose of analytics is to improve tomorrow's business results by improving today's HRM decisions and, most importantly, predicting tomorrow's business results on the basis of today's actions. This is a very tall order indeed, but without moving aggressively in this direction, HRM metrics/analytics are useful for managing the HRM delivery system but not for running the business.

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*...what's needed to drive improved decision-making and, therefore, improved business outcomes, is to be able to predict the business outcomes that will result tomorrow from specific decisions made today.*

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But what's needed to drive improved decision-making and, therefore, improved business outcomes, is to be able to predict the business outcomes that will result tomorrow from specific decisions made today. Using the examples above, how much sourcing, from which recruiting sources, over what period of time, and with what evaluation processes, etc. will produce the number of excellent fit candidates that we need to hire? By





# The Future of HRM Technology is Convergence

If you've read this far, then it's very clear what we need in our core HRM delivery system's platform. We need a platform that substantially integrates:

- 1 **A contemporary/globally compliant SOR with rich, granular, and correctly modeled core HRM data; that serves as a foundation to and is integrated with**
- 2 **A broad and itself integrated suite of highly automated talent management processes, both of which share**
- 3 **A rich set of social/collaboration tools that are**
- 4 **Able to deliver capabilities to an increasingly mobile workforce, that include**
- 5 **A rich array of embedded intelligence and**
- 6 **Actionable analytics across every supported process.**

## So What's an HR Leader to Do?

A reasonable reaction at this point would be: "This sounds great Naomi, and just what we would like, but can anyone provide this at any reasonable price? And what would it take for us to get there?"

The answer to the first question is increasingly positive, but we're by no means done with the heavy lifting in several areas.

- ▶ Embedded intelligence and actionable analytics are embryonic in most of the available platforms, and few end-user organizations have done the heavy lifting needed to determine which specific analytics and intelligence would give them the biggest impact on business outcomes if implemented properly.
- ▶ Most of the older ERP/HRMS software is plagued by a number of shortcomings, not to mention the limitations of how they were implemented, when it comes to their providing a sufficiently rich, granular, and correctly modeled data foundation for talent management, but these products/vendors are working hard to deliver better capabilities in these areas with their own next generation platforms.
- ▶ Newer products/vendors are emerging that really address these shortcomings, and outsourcing providers, using these or their own platforms, are working in the same direction.
- ▶ Integrated, broad, and quite deep talent management suites are available, many of which have been built or upgraded to social/collaborative foundations, and everyone is adding mobile capabilities to their self service presentations.

So we're definitely on our way, but there's an enormous gap between the best of what's available, what the most effective end-users are doing, and the mass market adoption of converged HR technology. Sounds like an opportunity to me!





## Footnotes

- 1 As used here, SOR refers to the software which is the single source of truth, for business management and compliance purposes, on who works where, doing what, with what work history, organized how, with what financial impacts, and organized to support a broad range of HRM compliance-related data capture and reporting. It's the SOR through which are processed the HRM lifecycle events of the organization as well as of the workforce along with the personal life events of the workforce that are relevant to the organization (e.g., to drive compliance, payroll, benefits administration, and many other processes that rely on the SOR as the single source of truth for this data). Please note that the SOR need not include payroll calculations and distributions nor the back end of benefits administration, but it is the data capture point for all the data needed to drive these applications.
- 2 This models-based view of HRM is the result of applying modern domain modeling techniques to our business, the same techniques that all the best HRM software vendors and outsourcing providers are using to establish the scope, functionality, and object model foundations of their software. For more information on domain modeling, consider [http://en.wikipedia.org/wiki/Domain\\_model](http://en.wikipedia.org/wiki/Domain_model) for a very basic introduction; <http://www.aptprocess.com/whitepapers/DomainModelling.pdf> for a much more extensive discussion of the underlying theory; and <http://infullbloom.us/?p=619> for a discussion of these techniques applied within the HRM domain.
- 3 And here I would put true SaaS into the category of IT outsourcing whereas much of HRM outsourcing focuses on getting HRM process results rather than just the relevant HRM delivery system platform. There's a big and important difference between having an outsourcing provider deliver the results of tax filing, background checking, or benefits administration versus just delivering, even on a true SaaS basis, the software that enables the customer to complete those processes on their own.
- 4 A wiki is a website that allows the easy creation and editing of any number of interlinked web pages via a web browser using a simplified markup language or a WYSIWYG text editor.





#### Develop, Maintain, and Evaluate the Organizational Structure Strategy

- Organizational and social strategy assessment tools, metrics and benchmarks
- M&A/divestiture analysis and support
- Cultural, leadership, mission, values assessment tools and metrics
- HR organizational design and governance, including social networks
- Human Resource Management Delivery Strategy (HRMDS) and tactics with process assignments

#### Develop, Maintain, and Evaluate Organizational Components

- Job descriptions
- Position descriptions
- Designation of key and succession positions
- Competency models
- Team/work unit descriptions
- Personal network charts and analyses

#### Develop, Maintain, and Evaluate the Organizational Structure

- Roles and responsibilities
- Organizational designs, changes and charts
- Personal network charts and analyses
- Competency forecasts
- Workforce planning tools and plans
- Reporting hierarchies, matrices, networks

#### Manage Workforce Value and Risks

- Budgets, actuals and variances - total labor costs, HRMDS costs and HRM leadership costs
- Cost accounting structures and cost center assignments
- Total Cost of Achieving Business Outcomes and Total Cost of Service Delivery, etc.
- Risk assessments (e.g., loss of knowledge, skills, abilities and other deployment related characteristics (KSAOCs) or intellectual property)
- Programmatic ROI tools

#### Manage Overall Regulatory and Contractual Relationships

- Strategy and tactics with process assignments
- HRM vendor life cycle management
- Compliance management
- Ethics rules and audits
- Regulatory recognition and relationship management
- Internal audits management
- Formal compliance plans (e.g., Affirmative Action Programs, and coordination)

#### Develop, Maintain, and Evaluate Workforce Development Strategy

- Development strategy assessment tools, metrics, and benchmarks
- Rampup, seasonal, acquisition, and other bulk development program designs
- Social networking strategy and governance
- HRMDS design

#### Develop, Maintain, and Evaluate Developmental Products

- Curriculum design, development, management
- Content design, development, management
- Design of measurement
- Workforce competency assessment and gap analysis
- Developmental network design

#### Administer Developmental Events

- Social network events
- Curriculum and content delivery
- Training records administration
- Delivery administration
- Delivery facilities and human resources scheduling
- Invoicing/billing for delivery
- Development measurements
- Leadership event management

#### Develop, Maintain, and Evaluate Work Environment Strategy

- Work environment strategy assessment tools, metrics and benchmarks
- Cultural assessment tools and results
- Employee relations strategy and tactics with process assignments
- Social networking strategy
- HRMDS design

#### Develop, Maintain, Administer, and Evaluate Work Environment Programs

- Employee assistance programs
- Event management programs
- Work/life programs
- Labor relations programs
- Best place to work programs
- Unemployment
- Health and safety programs

#### Manage Work Environment Events

- Social networking support
- Suggestion life cycle support
- Incident prevention programs
- Environmental Health and Safety (EHS) incidents life cycle support
- Grievances/complaints life cycle support

#### Develop, Maintain, and Evaluate Workforce Communications

- Best practice support to communications design and delivery
- Communications templates
- Social network-based communication
- Communications delivery

#### Develop, Maintain, and Evaluate HRM Policies

- Policy design templates
- Policy and practices, delivery and tracking
- Best practice support to policy design and administration
- Policy governance

#### Develop, Maintain, and Evaluate Labor Relations Strategy

- Labor relations strategy assessment tools, metrics and benchmarks
- Prevention programs design and oversight
- HRMDS design
- Social networking strategy

#### Negotiate, Maintain, and Evaluate Labor Agreements

- Administration and labor cost estimates for current and proposed agreement terms
- Negotiation and agreement management tools
- Social network governance

#### Manage Work Disruptions

- Workforce planning and scheduling support
- Social network and message management

#### Administer Labor Organization Relations

- CRM-style support
- Contract administration tools
- Membership administration

#### Develop, Maintain, and Evaluate Staffing Strategy

- Staffing strategy assessment tools, metrics, and benchmarks
- Rampup, downsizing, seasonal swings and other bulk staffing program designs
- Workforce diversity strategy
- Use of contingent workers strategy and tactics with process assignments
- Social networking strategy
- HRMDS design

#### Generate Position Seekers

- Campus recruiting
- Job/position posting/networking
- Preliminary applicant screening/tracking
- Employment verification
- Sourcing, including use of staffing agencies and PEOs
- Labor pools management
- Execution of succession plans

#### Manage HRM Testing

- Drug/medical - pre-employment and ongoing testing
- Skills assessment - pre-employment and ongoing testing
- Work shift acuity tests
- Background investigations:
  - work/education
  - criminal/security
  - financial
  - right to work

#### Fill/Empty Positions & Work Units

- New hire and contingent worker offers and acquisition
- Deployment actions
- Network impact assessments
- Termination and outplacement
- Onboarding and acculturation
- Visas/right to work
- Relocation and expatriate/repatriate administration
- Succession plan development and administration
- Position seeker assessment

#### Develop, Maintain, and Evaluate Total Compensation Strategy

- Social networking strategy
- Total compensation strategy assessment tools, metrics, and benchmarks
- Total compensation plan acquisition/auctions
- Acquisition, merger, and other bulk total compensation reviews
- HRMDS design

#### Develop, Maintain, and Evaluate Total Compensation Plans

- Compensation and benefit plan designs
- Job design and pricing
- Plan goals and utilization
- Compensation and benefit plan administration designs
- Worker's compensation
- Leave program design

#### Administer Total Compensation Plan Enrollment

- Compensation and benefit plan enrollment
- Plan participant life event changes
- Eligibility to enroll

#### Administer Total Compensation Plan Funds

- Stock options and shares
- Defined Contribution plan investment and match management
- Defined Benefits plan valuations, funding and management

#### Administer Total Compensation Plan Entitlements

- Payroll zero-to-gross
- Executive compensation
- Health and Welfare plan administration
- Expatriate/repatriate plan administration
- Compensation and benefit plan eligibility for payout
- Claims processing and adjudication

#### Manage Human Resource Financial Interactions

- Payroll gross-to-net
- Payroll disbursements
- Payroll, A/R & A/P reconciliation
- Garnishments
- Tax administration
- Labor distribution and G/L entries

#### Develop, Maintain, and Evaluate Workforce Leadership Strategy

- Leadership and performance strategy assessment tools, metrics, and benchmarks
- Acquisition, merger, rampup, seasonal bulk leadership programs
- Social networking strategy and governance
- HRMDS design

#### Manage Individual and Group Performance

- Individual and group performance reviews and disciplinary actions
- Individual and group performance plans
- Organizational performance plans
- At risk total compensation plan award decisions

#### Manage Individual and Group Development

- Mentoring and counseling programs
- Career development programs
- Individual and group development plans and assessments
- Organizational development plans and assessments

#### Do The Work

- Internal and external networks
- Workforce leadership tools
- Worker/work coordination
- Timekeeping and work results
- Workload scheduling
- Personal and work life event management
- Workforce scheduling and attendance management

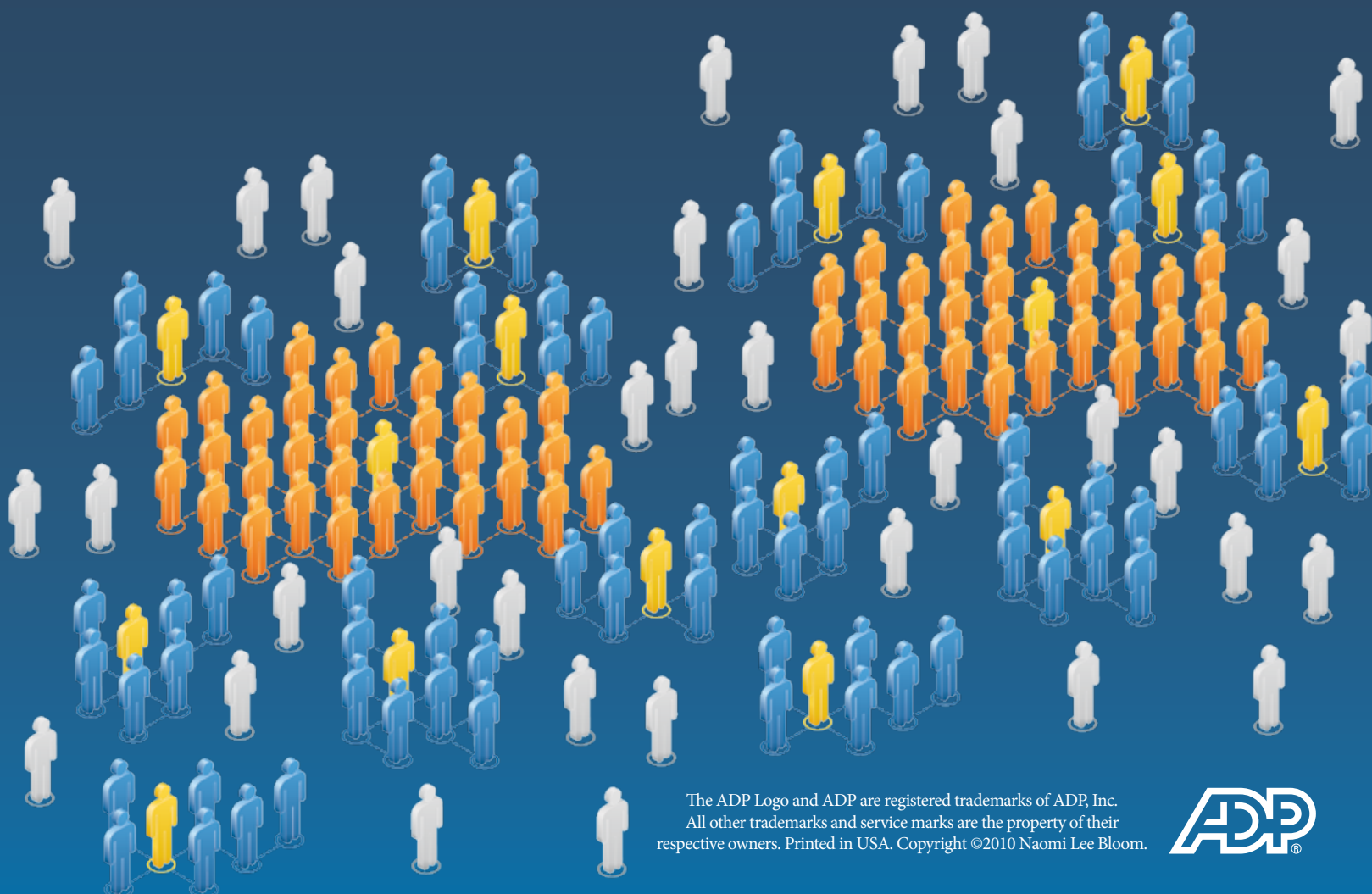
Note: It's presumed in this model that, at every level, the following are included:

- Creation and use of social networks and related technologies for collaboration, communication, content creation/distribution, crowdsourcing, etc.
- Event processing with embedded intelligence and related communications
- Data collection, records management, and data analysis, with metrics, benchmarks, alerts, audit trail, and periodic reporting
- Regulatory and contractual reporting, compliance and external audit/claims support

## About ADP

Automatic Data Processing, Inc. (NASDAQ: ADP), with nearly \$9 billion in revenues and about 570,000 clients, is one of the world's largest providers of business outsourcing solutions. Leveraging 60 years of experience, ADP offers a wide range of HR, payroll, tax and benefits administration solutions from a single source. ADP's easy-to-use solutions for employers provide superior value to companies of all types and sizes. ADP is also a leading provider of integrated computing solutions to auto, truck, motorcycle, marine and recreational vehicle dealers throughout the world. For more information about ADP or to contact a local ADP sales office, reach us at 1.800.225.5237 or visit the company's website at [www.ADP.com](http://www.ADP.com).

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