

How to...

Invest in
HR technology

sage

Dealing not only with employee relations, pay and benefits, today's HR professional is also focused on organisational development, employee well being, and corporate social responsibility. Increasingly they are looking to integrated HR and Payroll solutions to help them to capture and utilise employee data to reduce administration while driving a more strategic approach to people management.

Making a strong business case

In the current climate however, every type of expenditure is likely to be very closely scrutinised. It is therefore vital to make a strong case for a new HR system. Having worked with many hundreds of customers we are well aware of the kind of case board level executives will expect to see made before they sign off on any new investment. They will want confirmation that the proposed expenditure represents good value for money in both the short and long term, and will often expect this to be expressed in concrete figures.

Demonstrating return on investment can be difficult before a project begins, but it is by no means impossible. You should expect your supplier to work with you to build a strong financial case, but there are many other non-financial issues that also need to be considered.

Focus on the facts

To sell the idea of a new HR solution to other areas of the business, specifically your Financial Director or Chief Executive, you need to be very clear about what you expect the new solution to achieve and make this explicit to the board from the start.

1. Reducing Costs

If reducing costs is a fundamental part of your proposal then you may want to identify specific areas where the solution will save time and increase productivity. This might involve:

- looking at the number of ad hoc enquiries the HR department receives each week and estimating how these can be processed electronically, reducing the time spent by staff
- looking at time-consuming administrative processes, generating large numbers of letters for example, and calculating the time and money generating these automatically will save

If you do not intend it primarily as a cost-cutting exercise, say so now to avoid confusion later. Otherwise, you may be expected to supply detailed financial return on investment figures, rather than evidence of less tangible benefits, at the evaluation stage.



2. Remaining competitive

Technology is one of the key ways to differentiate your organisation and ensure that you can attract, develop, and retain talented people in a highly competitive marketplace. It is therefore useful to know what your competitors are doing to help to justify why you need to be investing in people focused technology. Making your case could therefore involve:

- Researching what your competitors are up to by scanning trade magazines and web-sites for news of HR software deals
- Reading case studies in the press to find out how other companies are using HR technology and the results they have achieved
- Applying your findings to your organisation by seeking areas in which HR technology can provide competitive advantage

HR technology can help you to stay ahead of your competitors in many different ways. Training and development can be more efficiently administered to maximise staff potential. HR can also produce reports to monitor retention levels, employee engagement levels and other important metrics. Helping the organisation to compete effectively in its market makes a compelling case for HR to present to the board.

3. Involve key people internally

While you may be the HR expert it can be very helpful to involve a wide range of people to get a fuller picture of the impact your proposed investment will have. This may include:

- Auditing HR processes with the help of an internal group that includes potential users of the new technology at all levels as well as representatives from the IT department
- Consulting employees to identify which tasks they find time-consuming, de-motivating or dull and which have a high incidence of error
- You may ask people to rate the quality and integrity of the data they are using and ways in which it could be improved
- You may also ask people to identify which higher-level strategic tasks and projects they wish they had more time to focus on if they were freed up from administrative tasks

What you find out through this process can, where possible, be turned into financial data, in terms of time and money saved, while also highlighting more intangible improvements that your new solution would deliver. These might include allowing people to focus on more interesting tasks and therefore increasing their levels of engagement.

4. Becoming an employer of choice

Your reputation as an employer is crucial to your ability to recruit and retain talented people. You therefore need to ensure that senior management understand both the role that HR plays in influencing what others think of you and the business benefits that the investment in HR technology will bring in enabling you to enhance your reputation as an employer. Some facts and figures you may find helpful to identify could include:

- The potential financial impact through reduced staff turnover and improved retention of key skills a new solution could deliver
- The impact of recruitment software on reducing the costs of finding new employees and helping ensure you attract the right calibre of candidate
- You may want to model the financial impact of a 10 per cent reduction in staff turnover, for example, focusing specifically on key skill sets that are in great demand
- Motivation and productivity are vital to success so you may want to model the impact on the business of a 10 per cent increase in these factors

If your organisation is working towards industry standards or benchmarks such as Investors in People or ISO9000, then identifying how HR technology can give you easy access to the data that will help you to attain them, including training records and financial forecasts would also be very useful.

5. Getting your team on board

Getting the whole of your department behind you will make all the difference to your proposal. One of the most common pitfalls when implementing a new system is a lack of take up amongst staff. You may therefore want to reassure the board that your team is enthusiastic about the project and want to get involved. This might include:

- Providing examples of how your team believe a new system will improve the way that they work
- Give specific examples of how the system will help HR to deliver a better service to employees and the whole company

Working closely with your team will ensure that you are fully aware of common issues and problems that they regularly encounter and, with their support, the board can be assured that the system will actually be used, delivering a return on the investment made.

6. A long term strategy

Although the board is likely to want to see evidence results quickly, it is important to also focus on your long-term strategic vision. This may involve identifying the ways in which HR technology can help manage and reduce risk. This may include looking at:

- How new HR technology can help avert costly and damaging litigation by monitoring compliance with health and safety, equal opportunities and data protection regulations
- The ability of the technology to grow and change with your organisation, providing the flexibility to keep up with your changing needs
- The long term viability of your chosen supplier, both in terms of ongoing support but also continued product development to ensure that you won't have to go through another acquisition cycle in the foreseeable future

6. Getting it right

The following gives an at a glance guide to everything you need to consider to ensure that you get board level buy in for your investment.

- Make sure you are talking to the right people internally, those that can actually influence the budget decision
- Make sure you are clear about the benefits you expect to achieve from the technology in both the short and the long term
- Provide specific examples of business benefits to support your case, which can be both qualitative, improving your reputation as an employer for example, and quantitative, such as increased employee retention
- Clearly define the expected results at each stage so that you don't oversell the expected results
- Ask your potential supplier to give you figures for return on investment achieved in similar implementations
- Research the market and see what your competitors are doing so that you can justify your choice
- Don't oversell the possible benefits, if it sounds too good to be true it probably is

About us

Part of Sage UK, we have brought together the specialist experience and expertise of former competitors, Snowdrop (HR) and KCS Management Systems (Payroll), to deliver truly 'best-of-breed' HR and Payroll software and outsourcing services: a suite of integrated solutions that ease administration while encouraging a more proactive approach to the development and support of people.

Our product suite, **SnowdropKCS**, comprises award winning, powerful systems to manage the entire employee lifecycle, from candidate to leaver. Modular and scalable, our solutions are designed to meet our customers' needs, both now and in the future.



