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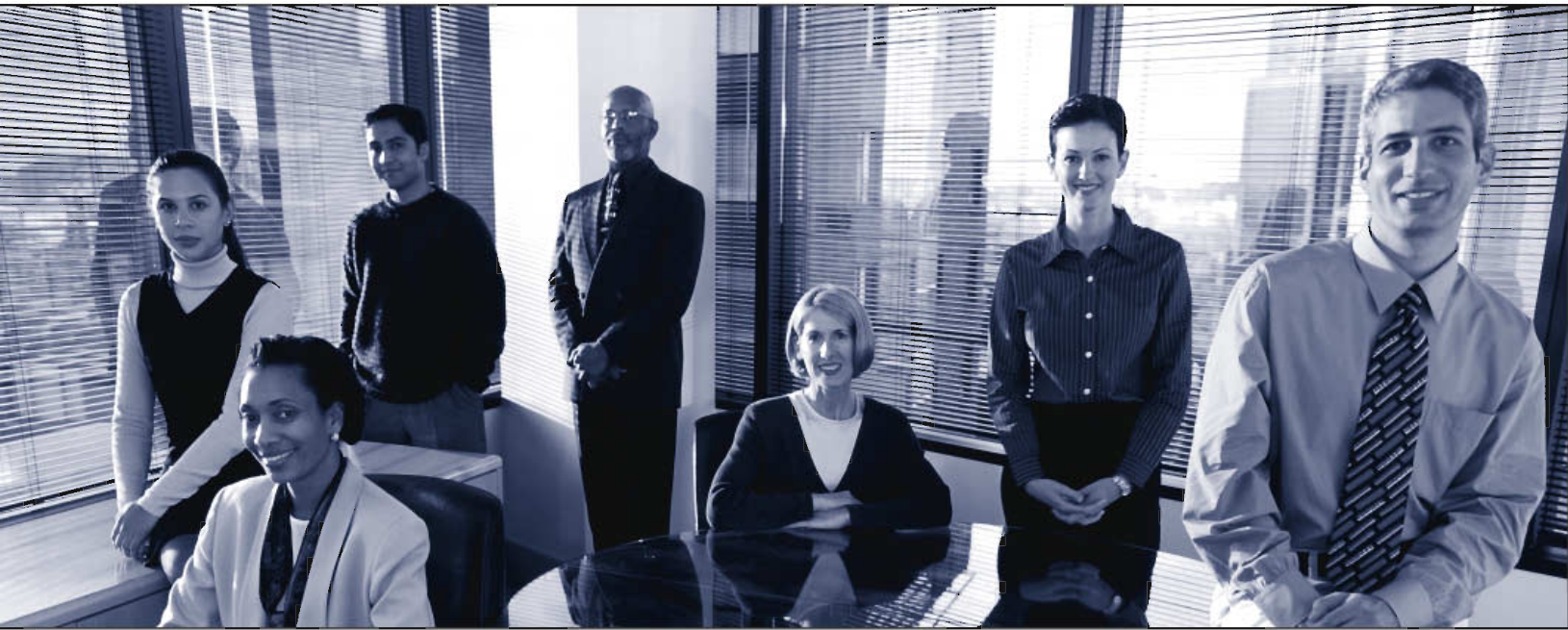
How to Choose an HR System

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Welcome to How to Choose an HR System. Selecting the best HR software for your organization is an important business decision. We created this guide to provide you with the essential information you need to make the best decision possible.

You may be wondering, "Why would a software company like ACCPAC® distribute a booklet that doesn't promote its own products?" We know how important great information is to making sound decisions. What's more, we're confident that the more people know about HR software, the more likely they are to seriously consider – and ultimately choose – ACCPAC software solutions. In other words, our software stands up to the most stringent selection criteria.

We at ACCPAC look forward to helping you succeed in choosing the best HR system for your organization.

Overcoming the Most Common Objections to Change

It's too expensive.
While some HR software is incredibly expensive, you can actually purchase and implement a fully functional HR system with all the features you need for *less than* $10,000.

It won't improve the bottom line.
A well-integrated HR system can save you money in a variety of ways. Streamlining your HR department may reduce staffing needs. An HR system will let you track your employee data much more carefully, allowing you to reconcile bills and reduce overcharges. It also can improve both recruiting and retention, reducing the amount of time and money spent on hiring and training new employees.

The whole process is too time-consuming and complicated.
Not all HR systems require several months for implementation and training. There are a number of very good systems that you can have installed and up and running, including training your staff, in a couple of weeks.

You don't really need it.
Actually, you do. Constantly changing government regulations require proactive monitoring and strict adherence; even a single incidence of non-compliance could result in steep fines or legal repercussions. A comprehensive HR system can help your company comply with all federal and local governmental regulations.

Getting Started

It's no secret that today's human resource management systems can significantly improve your bottom line. By redesigning how your HR department does business and implementing the right system, you can streamline interdepartmental processes and achieve a high return on your investment. However, it is important to consider the impact a new system may have on your organization, and involve representatives from other departments right from the beginning. Including people from different departments in the decision-making process can help you realize a more accurate vision of your new system. Here are some steps you can take to successfully get your project off the ground.

Build your team.
Assemble the team of people who will decide what your company needs from the new system and what features it must have. Depending on the size of your company, team members might include the Director or V.P. of HR, all HR managers, a senior Finance representative, a senior Payroll representative and the head of IT. Decide which role each person will play and what their level of involvement during this process will be. Nail down team members' responsibilities as clearly as possible to make sure they know up front how much time and effort will be required of them.

Evaluate your current system.
To take full advantage of a new HR system, you need to do more than simply add technology to your current processes. The more you know about the problems you expect the new system to solve, the more successful your final choice will be. Discuss what modifications need to be made to current system procedures. What works? What doesn't? Consider not only how technology can automate current processes, but also examine other ways they can be improved. Encourage your team members to be candid about what they find frustrating, redundant or ineffective. Examine interactions with other departments and look for weaknesses and ways to improve interdepartmental communication.

Examine your own department.
Implementing an HR system creates an excellent opportunity to fuse the more fragmented aspects of your own HR department. By identifying areas of your system that are problematic and devising solid plans to change them, you can ensure that your new HR system truly will provide all the improvements you're hoping for.

Share your expectations.
Once you've agreed on the process and the timeline, have each member of your team share their expectations for the new system. Conduct a session where you brainstorm ways to improve the existing system, and new features and processes that aren't currently in place.

Aim high.
Encourage your team to suggest what may even seem like impossible or unrealistic features – you might be surprised by what is available. Too many people don't aim high enough when they implement a new HR system. Just about any product can track attendance and salary. A good HR system should do much more.

Agree on your needs.

Have each team member create a list of key features they feel the new system should provide both for the company and for their specific department. Then have them prioritize these items as Essential, Greatly Desired or Would Be Nice. Encourage team members to differentiate between the features they *want* and features they actually *need*. Achieve a general consensus within the team about where each feature ranks and then combine those items into a prioritized list of all the features the new system should have.

Build a case for change.

The greatest challenge to implementing an HR management system may not be finding the right system; it might be convincing your management team of the need for it. While most executives will agree an accounting system is a must-have, the same sentiment does not always apply to HR systems. You're probably going to have to sell the idea of a new system to the rest of your senior management team. They may be skeptical that the investment is really necessary. That is why it is important to determine all the ways your company will benefit from the system, both directly and indirectly, and be prepared to explain these benefits to senior management.

Don't forget about hard-to-quantify benefits.

The right HR system can greatly reduce the administrative burden on your Human Resources staff. It can free them from clerical tasks and allow them to focus on more important matters like regulatory compliance, reducing insurance costs, and better tracking of payroll, benefits and attendance. This increased productivity can allow your company to improve employee retention, reduce staffing redundancies, and drastically decrease the amount of time and money spent on recruiting and training.

You don't have to spend a lot.

Depending on the complexity of the system and the number of employees, the cost of an HR management system can vary. The good news is that you don't have to spend a lot to get a solution that will meet all your company needs. There are many HR systems in the five to ten thousand dollar price range that not only include standard HR functions such as compensation and attendance, but also manage and track benefits, regulatory compliance and COBRA.

Weigh the legal implications.

The need for an HR system goes far beyond increased efficiency. As you know, your company must comply fully with an ever-increasing number of government regulations. If employee issues are poorly or inaccurately documented there can be negative publicity, monetary and even legal repercussions. An HR system should track the status of individual employees, their covered dependents, and any changes to their employment and benefit status that might be affected by federal and local governmental policies.

Consider the benefits of payroll integration.

Selecting HR software that integrates with your accounting and/or payroll system can eliminate redundant data entry and provide consistent information across your organization. An integrated HR system can automatically transfer all existing data from your payroll system into your HR system, eliminating hours of work re-keying employee data and preventing new data-entry errors.

Create a Timeline

Generate a schedule to make sure your selection process moves ahead as smoothly and quickly as possible. Decide by what date:

- Each team member will submit their list of desired features.

- Desired features will be compiled into the Required Feature List and submitted.

- Initial phone interviews with resellers will be conducted.

- Resellers will be narrowed down to three finalists.

- Product demonstrations will be conducted.

- The final decision about which system to implement will be made.

- The new system will be implemented.

- Your staff will be trained and brought up to speed.

Top 10 Features to Look for in a New HR System:

- A choice of database platforms

- Benefits, attendance and compensation tracking

- COBRA support, notification and enrollment

- Applicant tracking and management

- Integrated payroll processing

- Quick implementation

- Easy data-import features

- Industry-standard technology

- Ability to easily customize to fit your business needs

- Scalability to accommodate future business growth

Keep customization in mind.

No one software package is perfect for everyone. And no HR management solution on the market will have every single feature you'd like built right in. Many packages give you useful modification features that let you change reports or screen formats. For even more control over your system, look for software that allows you to make more specific custom changes. This will ensure that your software will meet your needs, no matter how your business changes.

Create your list of required features.

Once you have a consensus on the features you need, compile them into a formal Required Feature List. You can use this list to weed out resellers that don't meet your company's needs, and then interview and conduct product demonstrations with the remaining resellers. Your Required Feature List should be a short, prioritized list that includes all the features you must have. By listing your compulsory features first you can quickly eliminate systems that don't meet your needs, without having to go through the entire list.

Avoid RFPs.

Contrary to what your colleagues may tell you, the next step is not to create and send out a Request for Proposal (RFP) to resellers. Creating an RFP, sending it out, waiting for proposals and reviewing them can take months. You can achieve the same results in *days* by simply calling potential resellers on the phone and asking if their system can provide the key features you are looking for. Obviously, if your company requires you to use an RFP, this step is necessary.

Narrowing the Field

As you eliminate the contenders whose systems aren't a match, examine the remaining companies more closely to see how well their software meets your needs. Before conducting product demonstrations and checking their references, be sure to research how long each company has been in business, what their long-term prospects are, and what kind of customer support, upgrade options and technical support they provide.

Screen potential solutions.

Provide a copy of your feature list to resellers so they have time to prepare and can quickly answer your questions. Conduct a phone interview with each reseller to determine all the features that company says their solution can provide. Note whether each feature comes standard with the system, is available as an add-on module for an additional fee or is not available at all. A good reseller will also need to ask *you* plenty of questions to determine which system is the best fit for your company.

Pick the best three.

There will probably be a couple of systems that are immediately eliminated from the running due to their price or lack of features. Compare the strengths and weaknesses of each remaining system and calculate how many of your "must-have" features each one can provide. Once everyone is in agreement on the three best products that have the most potential, arrange for a complete product demonstration with each one. It is advisable to narrow the field to your three top systems even if there are four or five resellers whose systems you think have potential. If your team has to sit through more than three product demonstrations, they may burn out before a decision is made.

Keep your options open.

If, after you conduct your phone interviews, there aren't three remaining resellers whose systems seem like strong solutions, seriously consider halting the process until you locate other systems to evaluate. Having three solid products going into the final decision process ensures that you won't get stuck with a system by default if their only competitor turns out not to be a viable option.

Don't just get references; check them!

Before you conduct final interviews and product demonstrations, thoroughly check each reseller's references. It would be disastrous to decide on a software package only to have problems and discover afterwards that previous clients had terrible experiences with either the software or the reseller. Ask each reseller for a recent, complete client list instead of just two or three references and then call the companies on that list that are most similar to yours.

Listen carefully.

When you check reseller references, ask your questions as neutrally as possible and pay close attention to the tone of voice as well as the actual answers. If you ask if they're happy with their system and they hesitate before answering, even if their answer is affirmative, you have a clue that the system or the reseller may be deficient in some areas.

Selecting the Right System

Understanding your business is critical to selecting the appropriate HR system. Without clear selection criteria, you could end up mired in feature lists and still be uncertain of your final selection. Here are some shopping tips that will help make choosing a system easier.

Conduct product demonstrations.

Before each product demonstration, have your team meet to discuss the perceived strengths and weaknesses of each software solution, and areas they think require particular attention. Inform your resellers ahead of time the order in which you want the features demonstrated. It will make the demonstrations easier to grade and assess fairly if they are all presented in the same order. Keep the demonstration focused on the features your company needs and not on the ones that look the most impressive on screen. Have your team fill out comment sheets during each interview for use during the final decision process.

Ask questions during the demo.

If someone on the team has a question, such as whether the report currently being demonstrated can be modified, make sure they ask while the demo is going on. It will be easier to get a clear answer if you ask questions when they occur to you and while the feature in question is on the screen.

Understand the difference between standard functions and "extras."

Some software companies provide basic functions but then make you purchase various "extras" that come standard in other software packages. An extreme example would be to buy a car, and then discover that you must pay additional fees for the engine, steering wheel, tires, etc. Confirm which features are included in the core pricing and which must be purchased separately.

Keep the bells and whistles in perspective.

Remind your team not to get too excited by a particularly "snazzy" demonstration. The most exciting or well-presented demo is not always representative of the best software,

13 Questions to Ask Each Reseller About Their System:

- Does it track all employee information?

- Does it track multiple types of employee leave?

- Does it include COBRA notification, election, enrollment, tracking and reporting?

- How many pre-defined reports are included? Can they be modified?

- Can I attach files to employee records?

- Will it integrate with my current payroll system?

- Can I transfer someone automatically from the applicant pool to employee status?

- Does it have an e-mail notification and alert system to remind me of reviews and compliance issues?

- How easily can I import my current HR database?

- How quickly can the system be implemented?

- How much training is usually required?

- Is it scalable? Will I be able to upgrade the system as my company grows?

- Is it compatible with my current technology?

13 Questions to Ask Your Reseller's References

- What does your company do?

- What other HR systems did you consider?

- Why did you decide to go with this system?

- How easy or difficult was the implementation process?

- Was the project completed on schedule?

- How long did it take for your employees to get up and running on the new system?

- How was the quality of the training and support?

- How is the quality of the actual software?

- Have you had any major problems with it since you implemented it?

- Does it work the way you expected?

- Would you buy the same system again now?

- What was the most difficult part of working with the reseller?

- Would you recommend the reseller and the software to someone else?

and the most exotic features aren't necessarily the ones your department really needs. Also avoid confusing the positive attributes of the person performing the demo with the actual attributes of the product. The reverse is also true. Don't discount a system just because the person demonstrating it isn't exciting and engaging.

Consider implementation time.
The less up-front customization your system requires, the more quickly the implementation process can be completed. Additionally, choosing software with an intuitive or familiar interface will shorten the training time needed and facilitate a speedy conversion.

Make a decision.
After the demonstrations are completed, your team will have to decide which system is best. Under optimum circumstances, one reseller's system will be your obvious choice, but this may not be the case. Discuss the pros and cons of each system and choose the one that meets the majority of your needs at the best price.

Compromise is a good thing.
Your team's final choice of software may not satisfy everyone, but through clear communication and patient education, most people will recognize that the system selected was the best. Expect the new system to satisfy about 90 percent of your needs and wants, and figure out how you are going to deal with the remaining ten percent. Develop a strategy for fine-tuning the system once it's installed. You may need to consider some staffing changes or revisions to your policies and procedures.

Justify the investment.
Once you have reached an agreement about which product to purchase, you may need to create a system-justification document or presentation. This document needs to clearly detail the features of the system, the direct fiscal benefits of these features, and the resulting long-term benefit to the company. It should also outline the total cost for initial implementation, training and ongoing maintenance. You can use this document to help you get final approval and buy-in from upper management.

Implementing Your System

The key to making system implementation a success is to keep in mind that the job isn't finished just because you've chosen a system. Here are some important implementation tips.

Hold a planning meeting.
After you choose your system, immediately hold a pre-implementation meeting with your team and your reseller. This meeting will allow you to assess the viability of your original timeline and break it down into more detail. By this point the reseller is probably aware of most of your expectations. The important thing to learn from this meeting is what your reseller needs and expects from you and the rest of your team.

Revisit your timeline.
Make sure your implementation timeline is realistic. Your reseller will propose a timeline with deadlines they feel confident they can either meet or beat. Find out what you need to do, when data will need to be ready and entered, and which people need to be available to help with the process.

Remember: Time is money.
Your reseller will probably give you a range of hours each task will take. The general rule is: the more resources you allocate for implementation, the less it will cost you in both time and money.

The reverse is also true. If you aren't able to give your reseller the time and resources requested, the process is going to take longer and cost more.

Bring someone in to help.

If your team members can't spare the time to focus fully on working with the reseller, you can always hire a consultant to handle the implementation process for you. A consultant can help with both training and integration and ensure the entire process goes smoothly. Your reseller may even be able to recommend a consultant they have worked with before who is familiar with the system.

Start clean.

Before you begin transferring data into the new system, assess the integrity of your current database and correct any major errors. This is especially important if your HR solution is going to integrate with your accounting and payroll system. The last thing you want is inaccurate data being absorbed into other departments.

Conduct user training.

It will make things run smoother in the long run if *all* the people who are going to use the system directly (everyone in HR) and all those who will be directly affected by it (people in IT and Payroll, for example) are trained on the system. Don't assume people will be able to just "figure out" the new system even if the layout is similar to your old system or if it is constructed to look like their word processing program. A little training can save a whole lot of time, stress, errors and potential lost data. The training period is also a good time to check security and make sure that only people who should have proper access can get into the system.

Postpone modifications.

Don't request any major modifications to the software before you've actually installed it and started using it. Instead of trying to make the software work the old way, wait until you and your staff are familiar with the new system before attempting to change or customize it.

Give your staff time to adjust.

It is a fact of human nature that people don't like change. No matter how much more efficient and helpful the new system is, people are going to be frustrated until they learn how to use it. The old system may have been difficult, but it was familiar. Allow your staff time to adapt and don't take early reactions personally or start second-guessing your system choice. In a couple of months the same people who were complaining will probably be raving about how wonderful the new system is.

Top 5 Mistakes People Make When Choosing an HR System

Mistake 1: Not doing enough homework.
Analyzing and then selecting an HR system takes time and effort. Information is critical to selecting the most appropriate system for your organization. You're already a step ahead of most people because you are reading this booklet.

Mistake 2: Misunderstanding the benefits of automation.
Automating human resource and related functions can save your organization considerable time and effort. However, if you don't also improve your current processes and ways of interfacing with other departments, automating your system won't deliver the full return on investment you're hoping for.

Mistake 3: Ignoring hard-to-quantify benefits.
It is difficult to calculate possible future gains in terms of increased productivity, better information management, employee retention and other factors after a new system has been successfully implemented. Remember, these types of benefits can dramatically improve your bottom line and should not be overlooked.

Mistake 4: Passing the buck.
Top management and other key personnel within the organization must be involved in the selection and the implementation process. For the project to be a success, management must be invested in the outcome.

Mistake 5: Thinking HR software only affects the Human Resources Department.
HR software can improve the bottom line through enhanced recruiting and retention programs. A well-implemented system can also protect the company from legal action and monetary damages by tracking and adhering to detailed compliance laws. Furthermore, since Human Resources shares data with both Payroll and Finance, the integrity of HR's data directly affects the output from those departments.

HR Software Checklist

	Excellent	Adequate	Deficient
Software structure			
Options for customizing the product	❏	❏	❏
Ability to modify pre-defined reports and generate custom reports without programming	❏	❏	❏
Ability to modify input-content, format, screens, etc.	❏	❏	❏
Product uses database fields to hold information	❏	❏	❏
Allows easy data import and export	❏	❏	❏
Seamless integration with Payroll software (providing a single point of data entry for all HR and payroll information)	❏	❏	❏
Software features			
Runs under Windows 95, 98, 2000 and NT	❏	❏	❏
Performs the basic HR functions you require (insert your own list here)	❏	❏	❏
Allows adequate number of simultaneous users with room for growth	❏	❏	❏
Allows adequate number of employees with room for growth	❏	❏	❏
Tracks company organization structure	❏	❏	❏
Tracks multiple employee leave types	❏	❏	❏
Provides an up-to-date, online company employee directory, deployable over the company intranet	❏	❏	❏
Contains detailed attendance-tracking functionality	❏	❏	❏
Tracks salaries, performance reviews, bonuses and stock options	❏	❏	❏
Contains detailed benefits management functionality	❏	❏	❏
Includes COBRA notification, election, enrollment tracking and reporting	❏	❏	❏
Handles file attachments (such as applications, resumes, reviews) to any applicant or employee record	❏	❏	❏
Tracks applicant information and easily converts applicants to employees	❏	❏	❏
Provides complete government reporting and compliance capabilities	❏	❏	❏
Integrates with Payroll	❏	❏	❏
Software operation			
Quick and easy software implementation	❏	❏	❏
Allows more than one user in one module at a time	❏	❏	❏
Documentation is understandable and easy to read	❏	❏	❏
Tutorials, Wizards and Help screens are worthwhile, in-depth and included with the product	❏	❏	❏
Training is available from qualified sources	❏	❏	❏
Allows sensitive functions to be password-protected	❏	❏	❏
Allows you to specify and limit operations by user	❏	❏	❏
Provides alerts via e-mail to date- and time-sensitive events (e.g., review times, payroll changes, status of new hires)	❏	❏	❏
Software manufacturer			
Updates product frequently and provides bug fixes	❏	❏	❏
Active R&D effort underway	❏	❏	❏
Has history of releasing product upgrades	❏	❏	❏
Has a large installed customer base	❏	❏	❏
Technical support programs are in place and available	❏	❏	❏
Has provided accounting and payroll software for more than 20 years	❏	❏	❏
Offers choice to run as a packaged application or ASP/Managed Operations	❏	❏	❏

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About ACCPAC

From small office applications to enterprise systems, ACCPAC offers the most comprehensive, scalable and cost-effective end-to-end e-business solutions in the industry – delivering unparalleled performance, advanced functionality, cross-product integration and rock-solid stability. By selling exclusively through a qualified channel of authorized resellers, ACCPAC is never far from your front door, no matter how many locations your business has. With a worldwide network of more than 5,000 well-trained and experienced Business Partners, and more than 500,000 registered clients, ACCPAC has helped companies around the world gain strategic advantages designed to take businesses like yours confidently into the future.

ACCPAC is a world leader in mission-critical business computing, providing software, support and integration services in more than 100 countries around the world. Headquartered in Pleasanton, California, ACCPAC has more than 600 dedicated professionals located in offices throughout the United States and in Australia, Canada, Mexico, the Middle East, Asia, South Africa and the United Kingdom. ACCPAC is a subsidiary of Computer Associates International, Inc., one of the largest and most respected technology companies in the world.

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ACCPAC online™

ACCPAC International, Inc.
6700 Koll Center Parkway
Third Floor
Pleasanton, CA 94566
800-873-7282
Corporate: www.accpac.com
Hosted Services: www.accpaconline.com