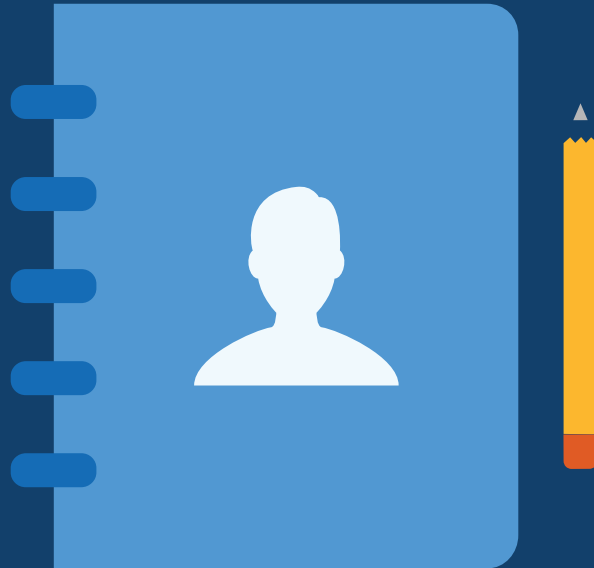


# Namely<sup>®</sup>



## 5 Ways to Simplify Your Human Capital Management System



# Introduction

**M**ost business leaders will say that their employees are the company's most valuable asset, but are they handling them as such?

Human capital management (HCM) is a set of practices and processes designed to effectively manage people in an organization. Unfortunately, HCM is broken. According to a recent Deloitte Global Human Capital Trends report, 86% of leaders believe their companies do not have an adequate leadership pipeline today.<sup>1</sup>

Complexity is at the root of the problem. In a survey of 1,293 HR leaders worldwide, more than 52% strongly agreed that their role has required them to manage increasing levels of complexity.

<sup>1</sup> 2014 Deloitte Global Human Capital Trends Report

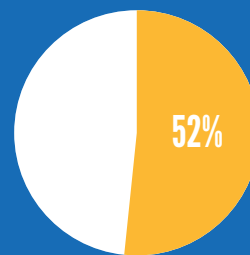
Furthermore, 61% of HR leaders reported feeling overwhelmed by that complexity and 52% said they did not have the ability to cope with it.<sup>2</sup> Needless to say, something needs to change.

As your workforce grows, simplifying your HCM system to better serve your needs, as well as the employee's, becomes a necessity. In this whitepaper, we explore 5 easy ways you can simplify your HCM!

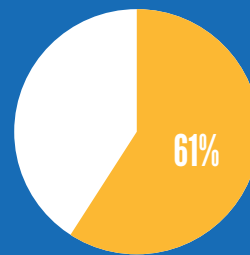
<sup>2</sup> 2013 Lumesse Survey of 1,293 HR Leaders

# Complexity is at the root of the problem.

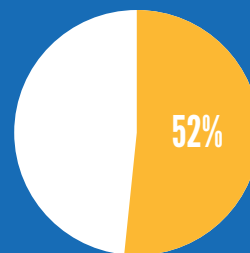
HR Professionals Worldwide say....



Their role requires managing increased complexity



Feel overwhelmed by the increasing complexity in HR



Do not have the ability to cope with increased demands



— 1 —

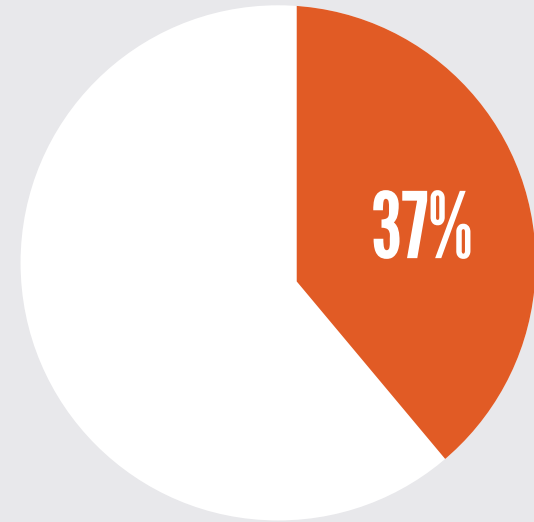
Streamline the Onboarding Process

**Y**ou don't get a second chance to make a good first impression — especially with employees.

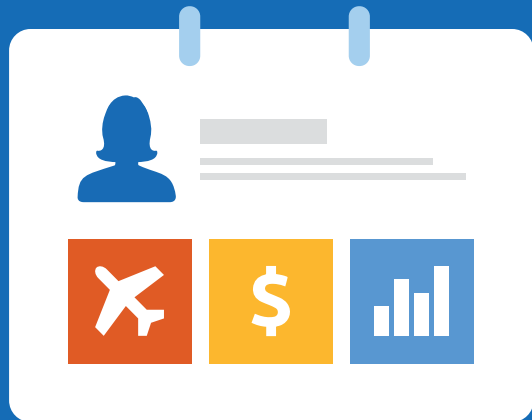
Having a smooth onboarding process in place for new employees is crucial to making sure they are well-integrated and productive members of your team.

Unfortunately, many organizations are underdeveloped in their approach to the new hire experience. Only 37% of organizations have invested in strategic onboarding.<sup>3</sup> Despite popular belief, onboarding is more than just an orientation strategy for new hires — it is an opportunity to continuously develop and engage employees.

<sup>3</sup> Aberdeen Onboarding 2013



Technology can have a powerfully positive impact on onboarding initiatives. However, **only 37% of organizations have invested in strategic onboarding.**



Having a smooth onboarding process is crucial.

Companies are beginning to see this massive opportunity. According to a 2013 Impact Instruction Group study, 71% of companies are currently in the process of updating their onboarding program, largely to accelerate new employees' performance and improve employee retention and loyalty.<sup>4</sup>

Technology can have a powerfully positive impact on an organization's onboarding initiatives. The use of technology can help to simplify your HCM system by making onboarding more accessible and applicable. Two-thirds of companies deliver less than 40% of their onboarding through technology-based solutions.<sup>5</sup>

<sup>4</sup> Impact Instruction Group 2013 Onboarding Trends Report

<sup>5</sup> Impact Instruction Group 2013 Onboarding Trends Report

# Streamline onboarding with technology



**Paperwork organization:** Keeping track of employee paperwork is made simple with the addition of technology. Easily store, track, and manage new hire paperwork all in one place. Additionally, upload employee handbooks, forms, contact information, and more for employees to easily access.



**Task management:** Easily manage tasks related to new hires. The use of an online platform for onboarding enables employers to create new tasks, monitor progress, and track completions at the click of a mouse.



**Socialization:** An important aspect of the onboarding process is to get new hires better acquainted with the company culture. Through online portals, employees can learn more about the corporate culture and how to best assimilate.



**Time and cost reduction:** Traditional onboarding methods require people to take time out of their day to train new hires — an ongoing cycle that can drain a company's resources over time. Automated onboarding procedures can be used and referred to time and time again, saving companies both time and money.



– 2 –

Maintain Goal Transparency





Only **4 out of 10** employees know what their company stands for and what differentiates its brand from competitors.

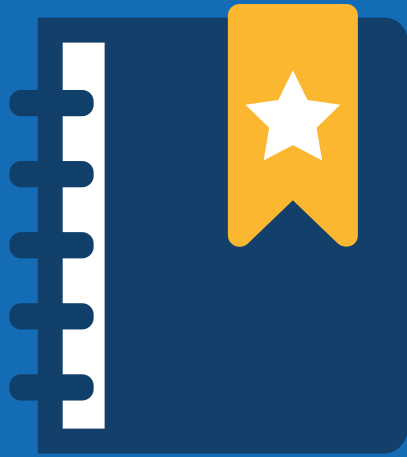
**E**mployee engagement and productivity aren't dependent solely on the individual employee, but also on the level of transparency within an organization. A recent report by the Harvard Business Review declared that 71% of executives rank employee engagement as very important to achieving overall organizational success, but only 24% of respondents say employees in their organizations are highly engaged.<sup>6</sup>

<sup>6</sup> HBR: The Impact of Employee Engagement on Performance

An employee who has a clear understanding of the company's mission is more likely to be engaged in their work and motivated to pursue their work-related goals. Unfortunately, only 4 out of 10 employees know what their company stands for and what differentiates its brand from competitors.<sup>7</sup>

That's a big opportunity for senior leadership! With cascading goals, senior leaders can help employees tie their day-to-day work to the company's larger

<sup>7</sup> Gallup: "Your Employees Don't Get Your Brand"



Senior leaders can help employees tie their work to the company's larger mission.

mission. As leaders set goals, simplicity wins. Aim for these three characteristics:

- **Clear as day:** Specific and measurable makes a goal real.
- **Less is more:** No employee should have more than five goals.
- **The right “stretch”:** Find the sweet spot between comfortable and unrealistic.

With goals, you can't just “set it and forget it.” The business environment changes fast, and companies need to adapt their priorities in real time. The companies that do this well win: according to Bersin, organizations that revise their goals quarterly, rather than annually, are nearly 50% more likely to have above-average customer satisfaction, and 65% more likely to have strong financial performance.<sup>8</sup>

<sup>8</sup>Bersin: “10 Top Disruptive HR Technology-related Trends”



– 3 –

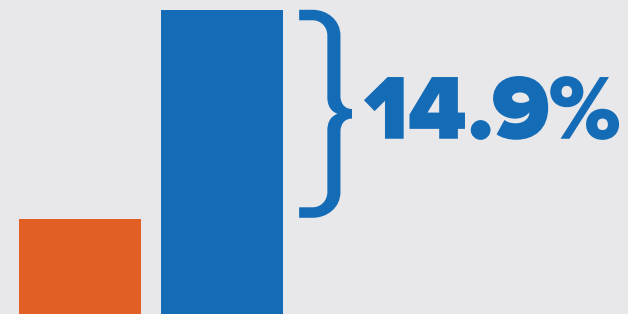
Revamp Performance Reviews

**T**he performance review process is dreaded by managers and employees alike, but it is vitally important to the growth and success of a business.

How important is regularly reviewing employee performance? In a study of 65,672 employees, Gallup found that workers who received strong feedback had turnover rates that were 14.9% lower than employees who received no feedback. Yet only 2% of organizations provide quarterly or ongoing reviews!<sup>9</sup>

To remove the negative association we typically have with performance reviews, consider implementing strategies to simplify your review process.

<sup>9</sup> SHRM 2014 Job Pulse Survey



Workers who received feedback had **turnover rates that were 14.9% lower than** for employees who received no feedback.



## Ask key questions

Keep it simple. Rather than overwhelming employees with a wealth of questions relating to their work performance, focus on asking a few key questions that are guaranteed to reveal the information you need to properly examine an employee's performance.

## 5 Great 1-1 Questions:

Have you been able to meet your goals this quarter? Biggest successes and challenges?

In what areas would you like to improve?

How can I better support you this quarter?

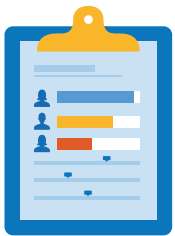
How happy are you at work?

What do you hope to achieve in the next 90 days?

# Strategies to simplify your review process:



**Facilitate feedback:** Employees appreciate feedback – even the bad stuff! In a recent study by the Harvard Business Review, 57% of employees preferred corrective feedback over praise or recognition.<sup>10</sup> Support ongoing feedback by incorporating self-ratings, peer reviews, and manager assessments into your HCM system.



**Focus on core competencies:** Identifying essential competencies is important, but are you going overboard? Just as you want to avoid overwhelming employees with too many performance review questions, you also want to stick to core competencies. Focus on competencies that directly relate to employee and company goals. A practical competency model shouldn't look like a laundry list of skills, behaviors, or values, but rather a well-defined, succinct list of job-specific conduct.



**Use software:** Finally, simplify your performance appraisals by incorporating software into your process. Software can automate portions of the performance review process enabling both employers and employees to easily track and measure goals, competencies, performance, and employee data in one straightforward platform.

<sup>10</sup> HBR: "Your Employees Want the Negative Feedback You Hate to Give"



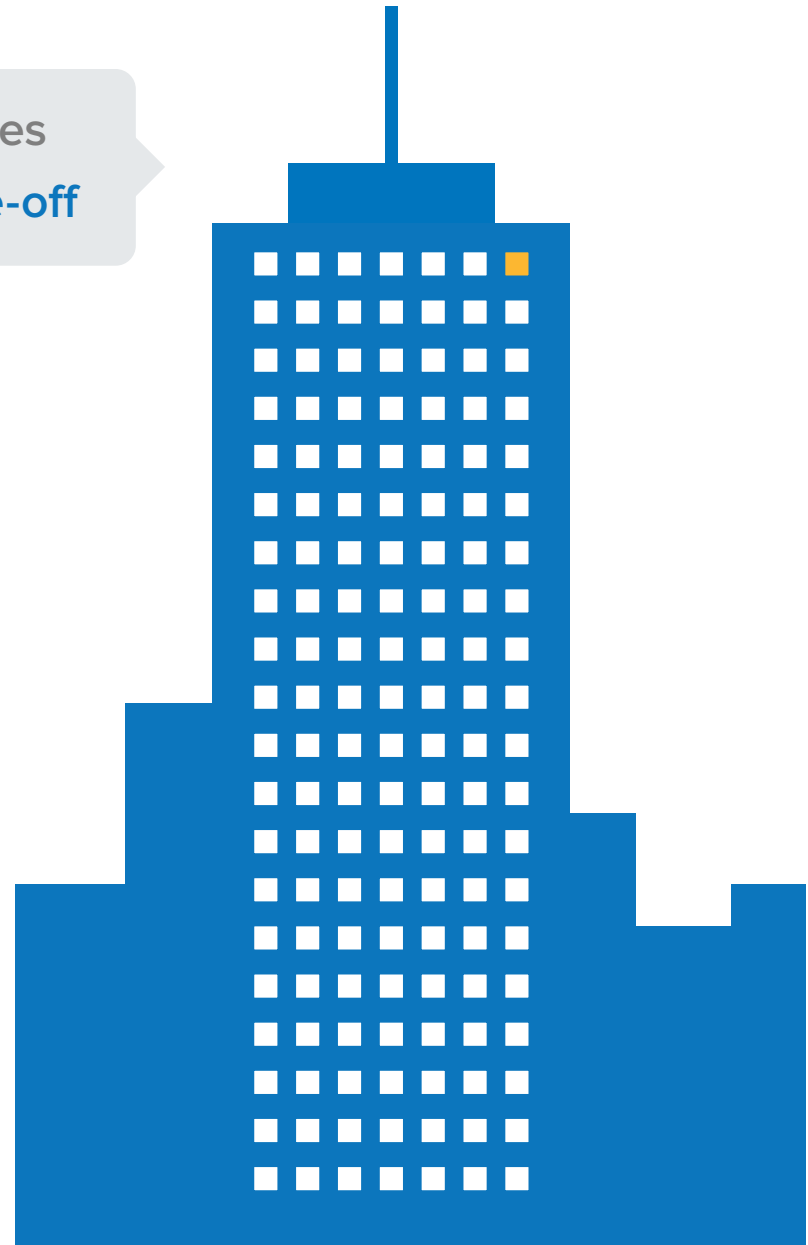
– 4 –

Go Unlimited With PTO

Only 1% of U.S. companies  
offer unlimited paid time-off

**W**hile the number of companies who currently have unlimited paid time-off policies is small — only 1% of U.S. companies offer them<sup>11</sup> — it is continuously growing. Companies are saying goodbye to their traditional vacation accrual policies and opting to give employees the ability to decide how long their vacations will last.

<sup>11</sup> SHRM 2014 Benefits Study





# The benefits of unlimited PTO



**Reduce administrative hassles:** Possibly the biggest benefit in switching to an unlimited PTO policy is that it eliminates the troublesome process of calculating vacation accrual and tracking absences. Additionally, adopting an unlimited PTO policy could potentially cut down on time and administrative costs related to vacation benefits.



**Attract top talent:** Offering unlimited paid time off can serve as a great recruiting tool for managers. The freedom to decide when and for how long to take time off, within reason, is an attractive benefit to job seekers. This generous vacation policy will set you apart from the competition for top talent.



**Boost performance and morale:** A large majority of HR professionals think that taking vacation is either extremely or very important for a variety of factors related to talent management, including: performance (94%), morale (92%), wellness (92%), a positive culture (90%), productivity (90%), and retention (88%).<sup>12</sup>

<sup>12</sup> SHRM/U.S. Travel Association: Vacation's Impact on the Workplace



– 5 –

Integrate Your Systems

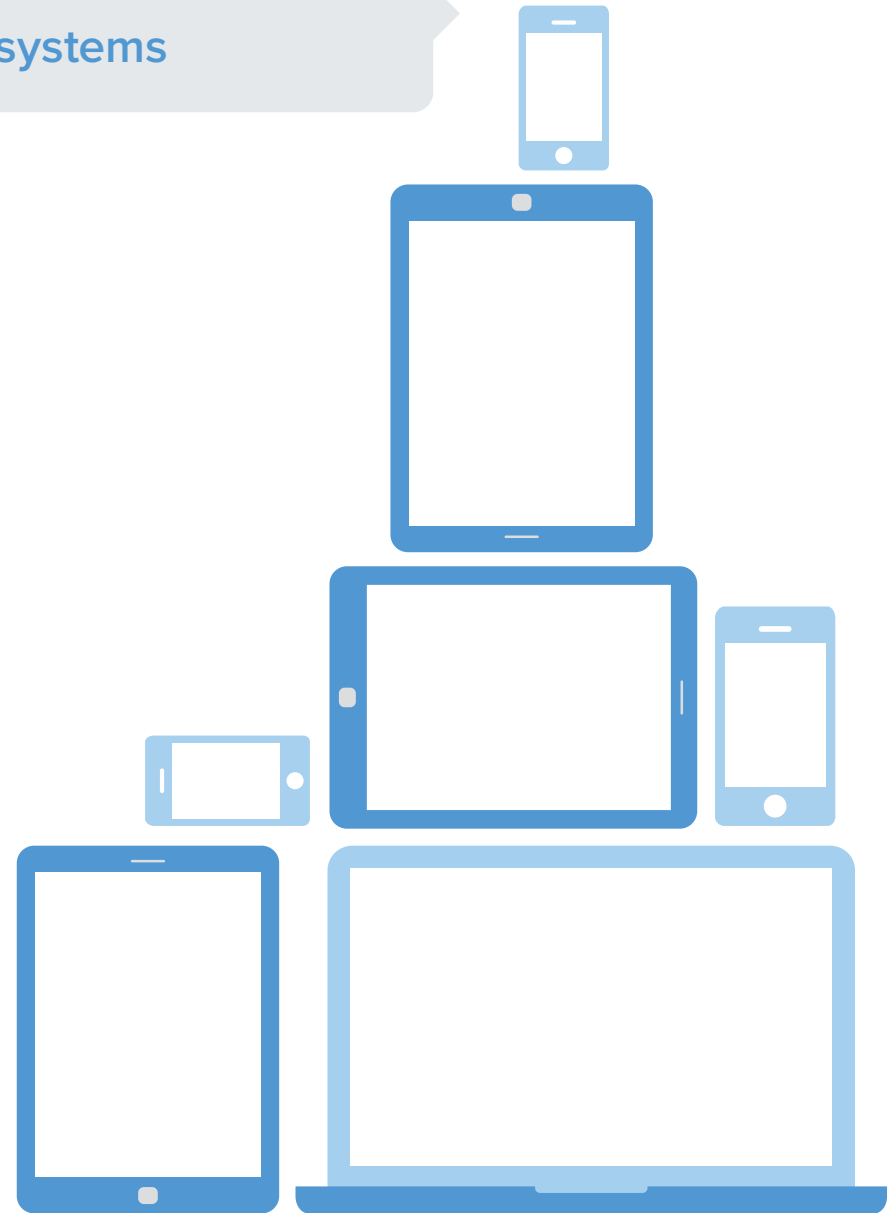
The average large company  
has **7 HR systems**

**T**he average large company has seven HR systems of record!<sup>13</sup> That's a lot to manage. In most cases, these systems aren't well integrated, leading to wasted time. An ADP study found that HR spends up to 16% of their time feeding duplicate data into other systems.<sup>14</sup>

More companies are beginning to realize the importance of integrating various human resources systems to create a seamless experience for HR technology users. Providing human resource information systems (HRIS), payroll, benefits, and performance in a unified system simplifies the human capital management process.

<sup>13</sup> Deloitte 2014 Global Human Capital Trends

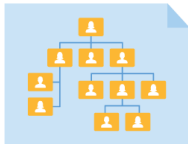
<sup>14</sup> ADP: The Shift to Strategic Human Resources



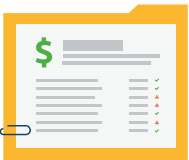
# Benefits of unifying your HR systems



**Allowing self-service for employees:** Today's employees are used to great software. They demand one place to go, and a user-friendly system. If you can provide that, they'll personally service a large percentage of their own HR needs, saving HR valuable time!



**Making it easier to manage employees:** Integrating your systems allows you to access everything you need to manage your all in one place — saving time, increasing productivity, and encouraging better compliance.



**Eliminating manual transactions:** Automating your HR solutions saves time by knocking out manual, paper-intensive processes, such as those associated with payroll. Plus, it's time to move past the days of manually entering data into multiple systems!



**Unifying reporting:** With a single system, you can access all your employees' data in one place. With demographics, pay, performance all in one place, HR can truly achieve data-driven decisions.

**A**s the way people work continues to change, so must our efforts in effectively managing employees. A successful human capital management system provides the framework for properly handling your human capital. All too often those HCM systems grow to be overcomplicated, leading to poor performance.

Your employees are an asset worth investing in. Companies that simplify HCM on an integrated platform can gain a competitive advantage by improving employee satisfaction, engagement and performance.

Your employees are an asset worth investing in. As you invest, keep these HCM simplifications in mind. By streamlining your HCM process, you'll get much more out of it - and you'll get thanks from managers and employees alike!

