

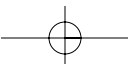
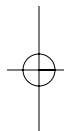
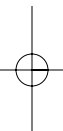
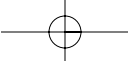


**PART  
ONE**

---

# Getting Started

“**W**here do I start?” is a natural question for anyone addressing the need for HR software. In this part, you will find answers to that tough question. You find out the right questions to ask as you begin your software search, trends in the industry that you may want to follow, key features and functions to look for in HR software, who some of the vendors are, and guidelines on using consultants—what they can do for you and whether you need them.





## A Few Key Questions

Selecting HR software. Do you really want to do this? Chances are you may not, in some respect. You've been doing your HR in some way until now. Perhaps you've already automated with technology and worry that you're out-of-date. A surprising number of HR folks, though, haven't automated at all. Estimates vary. Recent research by one company showed that up to 90 percent of smaller companies did not use HR software. They just kept track of things with slips of paper . . . well, OK, with file folders and maybe some spreadsheets. Paper piles up for you, and it may take weeks to put together a report on something like "How many employees do we have?" If you can handle that one, maybe you run up against a wall with, "How much are we spending on compensating each of our different types of employees?" You've heard about HR software, and it seems like a great idea—if it's all selected already, and running, and being used, and getting results. However, the idea of going from here to there—from no software to smooth-running, powered up automation—is a somewhat ominous prospect . . . one of those "put-offable" things that you have been putting off now for a decade or two and can just as well put off for another decade or two until you retire.

But maybe the whole process doesn't have to be quite as daunting as the experts make it out to be. In this chapter I look at some of those nagging questions that are probably in your mind before you even start. And I attempt to lay some of your doubts to rest. You can do this.

## **DO I EVEN NEED HR TECHNOLOGY?**

In all likelihood, yes, you need it. If you're small enough, you don't really need it, but small here means really small—perhaps ten people or fewer. Most experts I know put the cutoff point at fifty or even one hundred. That is, when your company hits those numbers, you can't do it all with spreadsheets any more. Even the small companies, however, can benefit from software that saves time, keeps employees happy, avoids mistakes, saves money, avoids lawsuits, and provides a competitive business edge.

The International Association for Human Resource Management (IHRIM) recently summarized the reasons why a company might turn to HR software for tracking benefits. In my estimation, many of the criteria apply pretty well no matter what category of HR software you may be considering. Here are some of the IHRIM points, from a "An IHRIM Go-to-Guide (G2G)," published in 2001.

You should power up, according to the guide, under these conditions:

- When HR is bogged down in administrivia;
- When your HR staff spends 60 to 70 percent of its time on employee questions;
- When you want your HR professionals to concentrate on strategic work;
- When you want employees to take charge of their own HR management;
- When employee productivity is a major concern;
- When your enterprise lacks a competitive advantage;
- When your company is struggling to recruit and retain employees;
- When HR administration is not considered a core competency but should be;
- When you want to transform HR and take leadership;
- When HR seeks a leadership role in knowledge management;
- When your company is extremely cost-conscious;
- When you want to replace legacy systems with new millennium technology;

- When you are not using Internet tools to integrate and streamline applications; and
- When lack of company experience or expertise suggests outsourcing.

“In other words,” according to the white paper, “e-benefits is an appropriate solution at almost any time, for almost any organization.” I would say the same for almost any form of HR automation—for tracking employee data, training, performance, salary, or you name it.

## WHERE DO I START?

If you have taken even a glimpse at HR software selections—at a trade show, in talking with vendors, or even in talking with HR folks—you have probably had a chance to reach the standard condition for someone seeking HR software. That is, you’re probably bewildered. How could you not be? First of all, think about how many software packages there are to consider. You’ll be amazed. Human resources, after all, is a straightforward function. There ought to be three or four packages to choose from, right? Wrong.

Comprehensive software for the complete HR function—complete HRIS software—is one category. In *The 2000 Personnel Software Census, Volume 2—HR Information Systems*, editor Richard B. Frantzreb catalogs more than 150 such systems, from AIM Technology, Inc., through JAMLogic to the inevitable Zebra Software, Inc. One hundred fifty comprehensive HRIS packages. That is a considerable number.

As for specialized products, the list has grown “like Topsy.” Whereas Frantzreb’s initial catalog in 1984 contained about two hundred products, by 1999 Frantzreb was describing twenty-five hundred HR software products, and he didn’t even claim to have found them all. “The real universe is closer to 3,000 products, from about 1,700 vendors,” he said at that time, and the number has been growing. Expanding. Mushrooming. Barely dimmed by occasional economic downturns. As an indication of how much specialized software is available, here is a list of main headings in the Contents of Frantzreb’s *The 1999 Personnel Software Census*:

- Employment Management
- Relocation Management
- Equal Employment Opportunity

- Training Management
- Instructional Design
- Conference/Meeting Management
- Career Development
- Performance Management
- Skills Management
- Human Resource Planning
- Organizational Development
- Organization Planning
- Personnel Policy
- Survey Processing
- Employee Communications
- Labor Relations
- Safety
- Health
- Employee Scheduling
- Attendance/Timekeeping
- Payroll
- Misc. Personnel Software

If you are not bewildered when you start the process of selecting HR software, you become that way quite quickly. Often people don't even know about the Frantzreb volume. They dive in thinking they will get to the core quite quickly. Instead, they dive into a pool that has no bottom. It's definitely on the overwhelming side. However, with a few guidelines like those in this book, you can dive into the process of selecting HR software and come out unscathed. In fact, you can come out holding software products that enrich your job and make you more effective besides.

### **DO I HAVE TO GO THROUGH A "PROCESS" HERE?**

You don't need an MBA to buy a car, do you? But people have long felt that they have to have one to purchase HR software. For large companies, an elaborate process makes a good deal of sense. You form committees. You include people from the appropriate

departments—someone from IT, someone from top management, someone from finance, someone from HR, someone from payroll. You hammer out selection criteria. You prepare forms to express those criteria, and you receive information in return. You meet to evaluate the returned information. On and on. You get the idea.

“Extensive and elaborate evaluation and selection processes were developed by consultants and were widely employed to assist companies in the needs analysis and in the evaluation process,” explains Jim Spoor in a white paper titled “Fresh Perspectives on Evaluating and Selecting an HR System for Small and Mid-Sized Organizations.” Spoor, president and CEO of SPECTRUM Human Resource Systems Corporation, continues, “These early stage evaluation and selection processes included elaborate in-depth interviews with senior executive staff, studies of corporate needs and expectations, analysis of the requirements of existing and/or changed business processes, a review of the information and process requirements of strategic corporate and HR initiatives, and detailed analysis of desired areas of change. Getting through this highly structured process required the broadly based involvement of not only high priced consultants but also large numbers of internal company staff from many sectors of the organization.”

That was then. According to Spoor, “What it is important to recognize today is that the HR systems industry has matured substantially. It is no longer a nascent, early stage industry. Systems from all of the well-established and longer term vendors have now reached a mature state and content is no longer a major differentiating factor.”

Spoor is, of course, a vendor himself, but it’s difficult to see a major flaw in the argument. You just don’t have to go through the painstaking evaluation process you needed ten years ago. In other words, you don’t have to suffer the “evaluation shock” that has no doubt kept many small and mid-sized companies from entering the arena at all.

You still do have to be systematic in certain respects. You should indeed follow a process—a logical, chronological process with clear criteria and clear results. You probably should not completely “shoot from the hip” in selecting your HR software. But you don’t have to look upon the process as so detailed and so tedious that you just would never do it. The simple steps in this book are enough.

Following are the standard steps to follow in software selection:

- Do some up-front research on HRIS systems (orient yourself);
- Obtain generic buy-in from management that you should be pursuing selection of an HRIS;

- Develop a needs analysis;
- Develop an RFP (optional);
- Develop a demo script;
- Schedule demos with a small number of vendors;
- Develop a selection matrix to compare the vendors;
- Make a selection;
- Negotiate an agreement;
- Obtain buy-in/approval from all involved, especially management;
- Develop an implementation project plan; and
- Go to it.

### **HOW MUCH IS THE PROCESS GOING TO COST?**

In the old days, the process probably cost more than the software. People's time is valuable, and at that time you would have had to include many others in the process. You needed HR's participation, obviously, and you may have needed the time of multiple people from the HR department. You needed to involve top management. Talk about expensive time. Every hour a top manager spends in a software selection meeting represents a significant dollar investment. You had to meet at each stage of the process—to define needs, to set criteria, to sit through a demo and another demo and more, to evaluate the information from each product demonstration, to do a comparative analysis of all the demonstrations. You had to meet to set negotiating criteria, and you had to meet to evaluate the responses to the criteria.

The process, with such a business model, could cost you a good bit more than you wanted to spend. However, in the mature market for HR software, you can shortcut the process in a number of ways. You can fairly quickly arrive at a viable list of providers, such as those suggested in the later stages of this book. (You can always be on the lookout for the aggressive new provider on the block, and you can still find such folks, of course.)

You can minimize the time of many of the key players. For example, IT can verify that the software provided matches with the systems you have in place. Such input needn't require hours and hours of time, though. Top management can take

the “management by exception” approach and simply respond to major difficulties that arise. In most cases, top management won’t need to be convinced that HR software is a viable consideration but simply that it is viable for your company.

In today’s marketplace, you still have to invest some employee time—but a good deal less time than you did five years ago. The time involved is affordable. Besides, during selection, people become informed about the products and begin to become skilled at using them. It is time well-spent.

### **HOW DO I DEAL WITH VENDORS?**

Vendors are all the same. It’s all “me, me, me.” If they weren’t like that, they wouldn’t be vendors. An HR trade show, particularly one with many providers of HR software, can sometimes seem like an open-air bazaar where merchants hawk their wares and “let the buyer beware.” Vendors often pass along rumors that such and such other vendor is about to go bankrupt or is about to be acquired or has suffered a major management shakeout. Vendors will seek any edge.

By following even a rudimentary process, you protect yourself from being overwhelmed by vendors. Let them know that you are gathering material from multiple sources, that you go through an approval process internally, and that the “quick close” is not likely. Gather material systematically, and don’t be shy about placing restrictions on the vendors. For instance, you can spell out exactly what you want the vendors to demonstrate for you. They’ll deviate from your script, but the script allows you to say, “Come back to this point.”

In the mature marketplace that HR has become, you can be reasonably certain that you are dealing with viable providers—vendors who are not just marketing a concept and some preliminary code but a market-tested product. Check references. Review a company’s reputation. Involve IT if you plan to go with a new provider without the standard credentials. But proceed with confidence. The HR marketplace now has a large number of understanding, civilized vendors who will compete based on the quality of their products and not through tricks or other devious means.

### **HOW LONG IS ALL THIS GOING TO TAKE?**

Don’t think of HR software selection as a two- or three-year process. It used to be that, in the time when the vendors themselves were figuring out what to provide and the software purchasers had little clue about where to begin.

Larger companies are probably well-advised to take some time for the process. The investment for them is a major commitment, possibly of millions of dollars. Whoever makes the decision has to be accountable and has to be able to demonstrate the basis for the decision.

Smaller and even mid-sized companies, though, can decide in a matter of months, not years . . . perhaps even three months or so. Most of the products will meet common basic needs. Only a few will meet a particular specialized need you may have (such as that the product be completely Web native, or that it be 100 percent Microsoft, or some other strong criterion). You can narrow the search quickly and often reach a decision and obtain approval just as quickly.

### **“BUT I DON’T KNOW ANYTHING ABOUT TECHNOLOGY”**

Human resources has always previously been the “people place.” Human resources has been considered the workplace for people who deal with “softer” matters, such as employees who are getting married or having babies. Human resources leaves the numbers to accounting and IT. “How can an HR person decide about technology?” people used to wonder.

Times have changed. First of all, HR is rarely as “all thumbs” about technology as it used to be. Most people use a personal computer and do things on the Internet. Many have become reasonably sophisticated and can sort items on a spreadsheet, send mail to multiple recipients, do an advanced search on the Internet, and prepare a PowerPoint presentation. Human resources is no longer as computer-phobic as it once was. On the other side, too, things are better. As HR has become more sophisticated, technology has become easier and easier to use. If you can point and click with a mouse, you can probably find out for top management who its top performers are, how much the company spent on benefits last month, and who has unused vacation time for last year.

Despite the large number of products, the wide variety of HR software products doesn’t constitute the “Tower of Babel.” In the initial days, companies tended to have to define their own “look and feel.” Increasingly, the look and feel have become standardized. “Microsoft owns the desktop,” Spoor notes. If you have been using Microsoft Word or another Microsoft desktop product, you probably need no instruction in using the menus, keystrokes, and shortcuts of many of the HR software products. Those that may still have a proprietary look and feel of their own generally have plans to move into a “Windows” look and feel before long.

Even those in HR who for some reason may not yet know Microsoft's Office products probably are familiar with their own Web browser, and often that is all the technology they need to be able to use to enjoy the capabilities of their HR software.

On the back end—the computers and networks that HR software runs on—the complex connectivity problems have begun to go away as well. Increasingly, larger companies use client/server networks based on Microsoft SQL or Oracle databases. Other products tend to be at least compliant with one of the familiar ones. If a company is using some other operating environment, generally connectivity is available to allow an HR system to share data with the company's operating environment.

### **WHAT SHOULD I DO FIRST?**

Often these days the quest for HR software begins with an e-mail sent down from top management: "Shouldn't we have something like this for our company?" Top management recognizes that it can control head count with effective HR software. It can increase employee satisfaction with tools like employee self-service that let employees sit down at any time, even in the middle of the night, and manage their 401(k)s or make decisions about benefits. Top management can bring HR onto the management team by empowering it to answer key questions such as, "With the kind of personnel we have on hand, what makes sense for our company as a strategic direction in the new economy?"

If you have top management's buyoff, you have taken the right first step in your process of selecting software. Without such buyoff, the whole process can go for naught. Top management certainly has a few doubters, even in this day and age, and it is the job of top management to insist on being convinced: "Do we need this, and why?"

A good place to start would be to find out top management's stance at your own company on the question of "Do we need HR software?" If you have buyoff, you're off to the races and can do everything else recommended in this book. If you don't have buyoff, the process of software selection, for you, becomes primarily a process of "management convincing." You have to put together the right information and the right suggestions to convince top management to support you. (Or you have to be able to start on using such software within your current departmental budget, with no top management approval required.)

## CONCLUSION

If you're thinking about HR software selection at all, then you're probably grappling with some of the kinds of questions set forth in this chapter. The bad news is that, yes, such questions do exist. The good news is that things have grown better and better. The software marketplace has become standardized in many respects, so that you don't have to worry as much about being able to find what you need. At the same time, multiple vendors assure that you can still play providers off against one another and enjoy all the benefits of competition and free enterprise.

The reasons for *not* starting the search for the right HR software used to outweigh the reasons for starting. People just put off that move to power up their people processes. Today, the reasons for starting significantly outweigh any reasons for not starting. You just may be amazed at how much it can do for your company, for the people you support, and—incidentally—for your own career. The technology can save you time, and acquiring the software doesn't have to be the headache that it used to be. As a matter of fact, contemplating the possibilities and powering up your people processes can be fun.

First, you may want to take a look at some of the trends around the HR industry so that you can feel up-to-speed with the industry. The next chapter describes some of the trends affecting HR software and tells why you may find them important.