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Driving the Business Forward with Human Capital Management

Five key points to consider before you invest



For HR leaders to contribute to the business successfully, they need HR solutions with the right capabilities?

Global business has affected no group more than Human Resources (HR). Recruiting, hiring, developing, and retaining global workers is more complicated in a global economy adding another layer complexity, and without doing those things effectively, companies simply can't grow. Therefore there's more pressure than ever on HR leaders to develop and execute new workforce and talent strategies. Unfortunately, many HR organizations are simultaneously juggling these demands with a set of legacy technologies that are not up to the task because they don't address the increasingly complex nature of HR's role in the business. At 8 a.m., the CFO is asking why labor costs in China are so high. By 10 a.m., IT is calling to announce that a much-needed human capital management (HCM) software upgrade will be delayed nearly a year. And by noon, the CEO is demanding some quick data on the attrition rate. "I've asked a lot of people whether that's the worst-case scenario they encounter, and surprisingly, they say no," says Gretchen Alarcon, Vice President, Human Capital Management Strategy at Oracle. "That's actually a very typical day in the life of an HR professional, and it's getting more complicated all the time."

Many of these challenges are rooted in technology. Without the right HR solutions, it is impossible for HR leaders to collect, access, analyze, and act on the right information. What does the right solution look like? Here are the five key capabilities HR needs to play a strategic role in today's global economy.




1. Insight into the entire workforce

Siloed data creates the biggest challenge because HR can't get the data they need efficiently and can't get insight into the entire workforce. To make good business decisions, HR leaders need information housed in systems like core HR, recruiting, and learning to name a few. Because those systems are entirely separate, leveraging this data to make good decisions is impossible or requires resources with specific expertise

The solution: Use a unified end-to-end human capital management solution for all HR Business processes from Recruiting to Exit Interviewing and all processes in between. This way all of your data will be in one place and you, or more accurately your users and managers, will be able to easily get the data they need and have the necessary insight into the workforce to make important business decisions.

2. Actionable and Predictive Intelligence

Even if you can generate the reports you need, the data isn't always actionable. For example, knowing pay rates for a certain position isn't very helpful unless you also know the industry average, the average in your region and the historical pay rates for that position within your own organization. Even then, what can you do with that context? You might think that you'd know enough to set a pay rate that would retain your top sales representative. But what about the other factors that affect retention, such as title



and vacation days? And if you give this rep a raise, how will it affect other top performers in the same department?


The solution: Look for an HCM solution that gives you the ability to use embedded analytics, model your organization for a structure change or M&A, and distribute that information across the organization. Also, look for the ability to draw from the simplest of data points to the most sophisticated correlated metrics and offers predictive analysis and “what if” modeling capabilities. Predictive analytics can help make sense out of seemingly unrelated data, and modeling can let managers predict outcomes. For example, look for the ability to change an employee’s salary or title and see how it might affect her—and others on her team before you take actions and actually implement the change.

3. Talent management

Filling talent pipelines has always been HR’s domain, but it’s more complicated than ever. A global skills shortage is leaving jobs unfilled, which means that leaders can’t grow the business at the rate they want.

You need the ability to discover internal and external talent from well-developed talent pools. And once you’ve attracted, hired and developed your people, you need tools to retain them by ensuring they’re correctly compensated, focused on the right work, and feeling valued within the organization.

The solution: Look for the ability to create talent pools based on things like roles (management vs. individual contributors) and using both external resumes and internal



performance reviews. You need the ability to incorporate social networks since referrals from those sources tend to be of higher quality than those from job boards and career sites. You also need a way to increase referrals from the people you might trust most: your own employees. Finally, ensure that you have a platform that supports your retention strategy—including ways to manage specialized development programs, career plans, compensation structures, and goal-setting.

There's a lot of press out there about how millennials are going to change jobs every two years," Alarcon says. "I want a projection that shows them where they can get in five to ten years and how we're going to get them there."

4. Consider the cloud

Installing an on-premise HCM solution might be ideal for some organizations, but others may lack the in-house resources, skills, and time to get it done quickly and cost-effectively. At the same time, technology is constantly improving with features like analytics and modeling, and HR organizations need the ability to take advantage of these capabilities immediately without a cumbersome upgrade process.

The solution: Look for software that can run in the cloud. A cloud solution can offer greater flexibility, cost savings, and much faster innovation. It can free up organizations to focus on their core competencies without spending time and resources to maintain the HR application.


5. Global capabilities

If they don't already, most companies will eventually operate globally. You'll need the ability to incorporate every location in HR decisions—and to understand the complexities that come with other geographies, such as process differences, data integrity, and compliance requirements that vary by location. But many HR solutions offer only surface-level capabilities, such as time zones, translations, and currencies.

The solution: Look for a true global system that can handle a global workforce, global assignments, and support data privacy. You need the ability to see what's going on globally at one glance and provide local support to operate and comply with the different laws of each locale. Ideally, the solution will address all parts of the global enterprise, giving you a way to streamline processes consistently across the organization, a way to pre-configure things like HR and payroll functionality to local standards, and a way to incorporate any other necessary localizations. You also need a vendor that has the global infrastructure to support your systems, no matter where they're deployed.

Don't wait

Technology can be a boon to HR organizations—and thus a boon to the entire enterprise. The right technology can help HR align with the goals of the business, get better insight into how HR's actions affect those goals, and provide the flexibility to act more strategically.



“Solutions that put the right data into HR’s hands can dramatically increase productivity and revenue per employee while also reducing cost,” Alarcon says. “Just recently, I heard a report on a company that is back at pre-recession levels of productivity without an increase in headcount. And it’s because they introduced the right new technology.”



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