

JUST IN TIME HR BUSINESS PROCESSES



NICK LAIRD
CHIEF COMMERCIAL OFFICER

The concept of Just in Time manufacturing has been around for decades. Originally pioneered by Japanese manufacturing companies, it centres on the fact that inventory and mismatches between process quality levels and capacities are inherently wasteful. These mismatches often result from poor information flow along an end-to-end process and also because poor quality processes require substantial excess work done "just in case" the output is short of expectations. As the level of inventory is lowered, the poor processes become more highly visible; forcing companies to sort each one out.

HR processes have never been viewed in this way or with the rigour often applied to mission critical production environments. Neither has the concept of Just in Time been applied in high value-adding professional service environments, as the commercial imperative is hidden among the larger margins available in these settings.

Ceridian has seen environments where there are mismatches in capacities along a process, where there are poor quality processes, where "re-work" (as it would be called in manufacturing) is commonplace. This results in inefficiencies, where time is wasted and is hidden within the organisation. Often, the administration burden to sort these out is shared between many, leaving it difficult to identify as a job marked "back office admin", and to reduce or eliminate. In one study alone we found that headcount processing HR transactions could be improved by over 25 per cent if the quality of instruction was improved before the instruction was issued to the department.

In some processes analysed by Ceridian, a poor quality process can cost five times a good quality one, for example moving from a cost of £30 per employee per year to over £150. In an organisation employing 5,000 or 10,000 people, this wasted effort can therefore result in a substantial unnecessary cost. Conversely, if recognised and addressed, considerable savings can be achieved. Even more encouragingly for HR teams, these cost savings are almost always found across the operations of the organisation, not within the HR team itself.

This is also true of the technology needed to underpin these processes. What is the point of acquiring IT infrastructure, software to run on it, interfaces to other systems and maintenance specialists, when that software is used irregularly such as once a month for payroll, or sometimes once or twice a year for performance management or salary review solutions? Large companies frequently build IT capacity to handle a peak that occurs infrequently. This is a challenge to understand, unless the risks of someone else controlling this technology and data are large, or the budget of the CTO has enough spare flex to afford these internal mirror images of infrastructure already built by external suppliers.

To tackle this properly, HR departments need to have a broad mix of skills. They need access to business process re-engineering skills, to analytical skills, sometimes to statistical process control approaches and always to financial modelling skills. Too often these are not available within an HR department, nor are they available to access from other parts of the business.

Ceridian has been involved in a number of projects recently where HR leadership teams have used the process of changing supplier to help drive through change into their organisations. Ceridian sees this trend in retail, construction, media and in financial services. The key approach in all these environments was a strong leadership, which was willing to push change and clear about the benefits of doing so. It also allows HR leaders to be in control of the purchasing process, and not driven along to the lowest cost (often the lowest quality) provider.

Just in Time thinking can help HR to shift the needle in the costs of employing people. The skills needed to get to this are broad, and often inaccessible to HR. Regularly, HR teams use a change of technology as a reason to drive through a change programme that encompasses both technology change, process change and behaviour change. The textbooks say that changing people, processes and technology all at once can be difficult to get going but can be highly commercially and culturally effective when done properly.

