PERSONNEL NOTEBOOK

For Your Most Important Resource—The Human Resource

Prepared For:

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AUTOMATING THE HR DEPARTMENT
Are Machines Going To Take Over?

In visiting and working with thousands of small businesses over the years, I can say that my most common observation is this:

Most small business owners started their company because they had something, a skill, an idea, a knowledge, or whatever, that they <u>wanted</u> to do. Carpentry, landscaping, repairing, or performing some area of interest full time was their intent. Almost all became disenchanted or disappointed when after a year or two they found themselves spending up to 80% of their time doing administrative or support activities and maybe 20% doing what they went into business to do!

Most make the adjustment, but still, being in business today means that a central group of people does what you <u>do</u>. Most or many others are doing support, administrative and peripheral functions that can cost more than doing what you love and what brings in the revenue.

Everyone wants to cut the amount of time and money spent on that work.

I. Why Automate Human Resources (HR)?

A. The future of HR is now expanding into a more international and important function. The needs of managing and supporting employees through HR is now deeply ingrained in business. But as that need expands, the old 80/20 rule again applies. Most HR people are engulfed in a sea of administrative work.

For years manufacturing, production, accounting, etc., have been going hi-tech. But no one could identify a way to automate recruiting, training, counseling, managing benefits. Now they can!

The costs today for the average company to communicate information with their employees runs from $500 to $2,000 per employee each year. The information being handled is heavily laden with mistakes and outdated information. It's expensive to store, reproduce and to update.

B. Employees on job sites, in factories working globally, or at home, are difficult to contact. Employees with no access to PCs are also limited as are people working in company stores or franchises.

C. Employees today have more control over their benefits. From borrowing from or changing their investment strategies in 401(k) programs, to needing more information from HR. Employees need more direct and immediate contact.

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II.   The Automated Kiosk

Employee self-service has come a long way. Initially an HR representative, at a desk, would process mail, memos, phone calls and insurance forms as well as meeting with employees face-to-face and in a large group to manually document and enter employees in the company and benefits plans.

As stated this was:

- labor intensive

- costly

- cumbersome

- time consuming

- mistake prone

An average cost per one HR form using this process is $20 to $30.

That led to integrated voice response (IVR). That's what you experience today whenever you call your utility company or credit card bank. You get an automated interactive "'touch 1 if you wish to reach our marketing department" type of message. This was less labor intensive, but only allowed:

- simple transactions

- limited "text" response

- one way controls

An average cost per one HR form using this process is $2 to $4.

That brought us to the internet-based systems and the kiosk, which offered us a wide range of options and interactive two-way communications if an employee has a personal computer.

But by adding all this software and technology to a kiosk today, many more services can be offered to many more employees.

An average cost per HR form using this process is 5 cents to 10 cents.

The kiosk has been around a long time. But it was laden with problems and limitations. Repairs and adjustments were common.

A kiosk is normally a stand alone post or column that today is web based and can be totally responsive to two-way communication. It (they) can be placed in offices, at distant branches, in factories, in warehouses, on job sites, even, if desirable, in community and shopping centers as well as in international offices and sites. The device is connected to the Internet. It is accessible to the world.

It's open 24 hours a day, 7 days a week. It can provide access for employees to company directories, policy handbooks, safety rules, job postings, company news, etc.

It can give employees the ability to update personal information and records, conduct transactions (open enrollment to benefits, 401(k) plan transactions, etc.) change addresses, phone numbers, beneficiaries, report off work, schedule vacations, apply for leave, apply for credit union loans, seek training opportunities, apply for leave, apply for credit union loans, seek training opportunities and apply for acceptance, order job materials, and make progress reports. It can also be the answer for shift work employees and kiosks can be accessed via home-based computers.

Employees can swipe their company identification badge to enter a kiosk and add a password to make changes.

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Once installed, you may find other uses, such as recruiting in public areas, public access to sales, promotions, job opportunities and site tours.

All of this leads to:

- Reduced benefit transaction costs (approximately 50%)

- Reduced HR staffing (approximately 40%)

- Professionals and managers being freed from administrative duties that occupy 80% of their attention

- Allowing those people to concentrate on projects such as creating employee handbooks, establishing compensation systems and implementing formal employee evaluation programs

- Decreased time to process updates (from 2-3 days to a few hours)

- Improved accuracy in all data and transactions

- Employees are empowered to take charge of and handle their own personal information. This increases their feelings of enhanced job satisfaction and morale. Experience now shows that it reduces feelings of "victimization" and the "us versus them" attitude

Is It Working?

Use of Internet kiosks has jumped 200% in one year (1999 to 2000). It is now being used mostly by large companies but medium and small companies are trying this out.

Some of the companies using this are:

- Ford Motor Co.

- Yahoo! Inc.

- Smithsonian Institute

- Borders Books

- John Deere

- Disney

- Bank of America

- Bayer Corporation

- Special Olympics

Home Depot installed kiosks in 98 stores to prescreen job applicants. The kiosks sought new recruits, enabled employees to apply for promotions and to enter new skills or training in their personnel files.

New applicants were asked several questions that could:

- Prescreen applicants

- Inform non-qualified applicants at the kiosk of initial results with instructions on how to proceed

The results were impressive! The kiosk reduced the need for interviews, they were directly credited with producing an 11% reduction in employee turnover and increased the number of job applicants dramatically. Home Depot's own employees gained more company and product information.

Home Depot was recognized by the SHRM (Society for Human Resource Management) for innovation and positive impact to the bottom line thereby winning the 2000 HR Professional Excellence Award.

8 Steps To Implementing a Self-Service Kiosk:

1. <u>Thorough an thoughtful planning</u>. Technology should never be the goal. It is a means to achieve an end. Industry now knows that the near future for hi-tech is no longer faster, smaller, and with more bells and whistles. Companies are no longer buying hi-tech for those reasons. They

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don't want them to be annual updates for more jazzy showpieces.

Employers now want productivity! Your kiosk must be used for productivity as well as efficiency.

Evaluate your current HR system. Are you starting from a manual operation? An already automated system? Where are your main HR problems? Your highest HR costs? Have you implemented any employee training or demonstrations yet? Try to identify your needs and your expected gains. Identify where you stand now (your ground zero benchmark) so you can measure your gain. Know what you want to attain.

2. Decide whether you can do this yourself or outsource. Do you have the skills, abilities, employees and know how to put it in with your people plus a consultant? Or do you need to outsource all or any of it? (Normally takes four to six weeks).

3. Choosing an outsource. This industry is still highly fragmented but searching through the web or asking for information from any establishment where you see a kiosk operating will help you locate vendors. Ask for recommendations and referrals.

4. Start identifying the design and the forms you need. The vendor can adapt them.

5. Location. Identify the most likely locations where you need access. Where are your problems? Where are your costs?

6. Hardware. Do you plan to use multiple kiosks, or limit it to PCs accessing a single kiosk?

7. Encourage employee usage. Determine how you will introduce the use of these items and how you will train employees to eliminate their hi-tech fears.

8. Measure your success. Evaluating performance, documenting improvements and recognizing values is a major step in the new emerging competitive markets. Know where you started, where you are and where you're going? Measure your return on investment (ROI).

Costs for first time installations can be high ($1,600 per employee). Remember when those little give away calculators cost over $100?

Does all this seem so far fetched right now? Well, it's coming, just like fax machines, cellular phones, PCs, and the Internet did.

You may not be fully ready yet, but you should be informed. Be ready for the changes.

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