

Managing the Revolution

As technology brings about sea changes in the business world, HR races to keep pace—but certain caveats apply as you introduce global solutions. **By Paul Davies**



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Those of us who can remember carbon copies, dictation, and typewriters have no difficulty believing that technology is changing the business world. That HR has to be dragged along with everything else is self-evident, despite the longing of some diehards to see fingerprints on payslips.

In half a generation, we've gone from being wowed by calculators to taking for granted e-mail, mobile phones, and database search engines. We've gone from the Victorian world of clock cards and weekly wage packets to access control and monthly electronic transfers. And now, we look forward to the second half, where the machines will do everything mundane and leave us basking in strategic think tanks.

It's true, really. The HRO technical revolution is changing HR in ways that make the pace of the last 20 years a thing Charles Darwin might have written about. And there's no flip side. Well, not in the normal sense of an opposite truth. There are downsides, of course, but not so much that today's kids won't laugh about it when they get a job.

"What! A 'real' person explained your pension pay? Was your handheld too stupid to figure it out?"

The "but" lies not in Luddite-like mourning for the lost actuarial art of explaining the unexplainable in person. It resides in understanding the limitations that will inevitably exist at different stages of HRO development.

Take the global credentials of HR systems, whatever they are: ERP or bespoke, performance management or training. How well do they support different languages and alphabets?

Ditto for global payroll solutions with the added caveat of coping with local tax and compensation characteristics. It is possible in some countries to replace a locally sourced payroll system with a global solution and find that patches to cover peculiarities of the local market no longer turn up.

This is not a reason to have myriad nationally based HR and payroll systems, just a plea to go in with eyes wide open. Arguably, at the moment, "global" is the goal, but whether it's ready to be picked up from the shelf is another matter.

Small employee populations also present a problem in a way that the old-fashioned personal touch didn't because HRIS costs are up there with rich-world drugs.

Perhaps the only reliable financial component is the overspend review with the CFO, which can be faithfully booked in advance of the project start. So, those small offices of 50 people in Poland and Turkey rarely justify the systems expenditure.

Of course, there are ways to manage this, but that's not the point. Ideally, global, full-scope HRO is about the same technology services delivered across the globe. Asking everyone to work in one language and choose between the French or U.S. maternity process isn't where we want to be. Again, it's no reason for deciding against a global HRO systems solution, but don't go in expecting to afford the same for everyone irrespective of population and country.

Functionality is another area where expectations can take a knock. From the peripheries of an ERP system like recruitment, to self-service, unique IDs and position management, in very rough terms, perfect functionality requires perfect circumstances, and perfect circumstances can be heart-stoppingly expensive. Although providing options to deal with this dynamic is one of HRO's strengths, no one can make the problem go away altogether.

Moving on for a moment from limitations, there are also quirks in the way a buyer sets up the technology in an HRO deal that can cause internal difficulties later. For example, look out for the IT function pushing technology projects that have so far been unworkable or unaffordable. There has to be a reason it's not happened. Then, there are the projects that the organization does not want included in the deal. A training head office that wants to determine its "own" system can unhinge an integrated HRO solution.

This sounds so ridiculous it's difficult to imagine it happening. However, buyers like to see HRO rolled out over time, starting with one country or region. The problem is what happens while the others wait.

Whatever is decided, accounting for cost, savings, and budget will be tricky. HRO is a great way to pay for technology, but be careful IT costs are not shifted to HR without corresponding savings in the IT budget.

None of these pitfalls are an argument against the rush of benefits that come with technology. They are, together with the limitations, just manageable aspects of a revolution in HR practices that is happening largely, though not exclusively, in conjunction with HRO. **HRO**