

# The Perils of HR Transformation

A natural by-product of outsourcing, transforming HR during the transition can hold both rewards and disruptions for the organization.

By Paul Davies



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**H**R outsourcing affects virtually all aspects of human resources and the technology that supports it. It has moved beyond paying for the same old thing to be done by someone else and is fast becoming the way to transform HR.

After all, it makes sense to use the upheaval of an outsourcing effort to effect a range of long-sought-after changes. It is also a good time to design new processes that take maximum advantage of new technology and delivery channels or standardization.

Maybe there'll come a time when we'll all decide that technology-driven, globally common HR processes were a blunder of biblical proportions, but for the time being, for many contemplating HRO, it is the best way to get from where you are to where you want to be.

Unfortunately, life does have an uncanny knack of making the most rewarding trajectories also the most demanding, and HR transformation is a devotee of this folksy philosophy.

Indeed, when offshoring or outsourcing is blamed for some imagined or real catastrophe, the root cause is often the decision to transform. Often, if the identical processes had been lifted and shifted, nowhere near the same level of fallout would have occurred.

This kind of speculation occupies prospective buyers for months, but if transformation is the plan of action, it's necessary to get to grips with some of its wilder aspects.

And it doesn't get more bloody-minded than the overpowering desire of every division and nationality to

be different. So, don't expect the provider to line them up neatly into global identikit ranks, unless buyer management is willing to bring in firing squads to ensure grass-roots conformance.

Then there is the conundrum of who does the redesign. If the provider does it, the process may flunk the client environment, but a buyer redesign tends to look like the one everyone wanted to get rid of.

A complicating factor is the involvement of the administrator, whose process has been declared redundant and, in really unlucky circumstances, may be an actually redundant administrator.

Ideally, to avoid this tug of war, the buyer should standardize processes first and then work with the provider at a centralized level to transform. But, of course, this is easier done for some processes than others, and what can't be done centrally requires local teams using local languages.

Where this happens, the transformation effort must be clearly kicked off in the right direction and tightly managed with frequent resolution interventions designed to support the strategic goal.

The difference between what can be accomplished centrally versus locally lies at the heart of another transformation difficulty, which is the cognitive gap between "senior" visionaries and "admin" professionals. The former, when outsourcing, are thinking of performance assessment, bonus pay schemes, and global payroll. And, at this level, everything can appear rosy.

However, the latter are thinking about the procedure for deducting company store purchases direct from payroll, the employee bus service, and distribution of sugar rations. Or, they may be wondering how they'll move from "positive" to "negative" pay, whereas the senior folks didn't know "positive" pay existed.

The same kind of perception gap affects systems, or more precisely, the profoundly seductive concept of vanilla systems. The gap between what "senior" visionaries say they want from future technology (low proliferation and cost) and what they actually want (omni-functionality) can be the source of all manner of distressing experiences.

Of course, the sundry "artifacts" required by even the most humdrum IT department should ensure that desired and "paid for" functionality doesn't get out of whack, but, alas, it does. And the real kicker is that this time it's the "senior" visionaries arguing amongst themselves.

So, when a company takes on transformation, it is generally taking on a huge dose of the unknown—whether it's the minutiae of local HR practices or the CEO's love of a bespoke tax projection facility missing from the newly purchased payroll system. Those who want to transform best combine stratospheric foresight with indefatigable tolerance for detail, heaps of self-belief, and a very, very thick skin. **HRO**

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