Case Study

Vauxhall Motors HRO

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Background

As part of a regional HRO deal signed by its parent company, Vauxhall Motors, a UK car manufacturer, was committed to outsource its HR administration, recruitment and payroll activities.

In scope were 8 UK facilities, combining commercial offices and production factories, and comprising about 8000 employees.

Brief

The brief was to transform the processes to realise efficiency benefits and to transition the services to the selected outsourced provider. Self-service was to be implemented, SAP payroll upgraded and PeopleSoft HRM deployed with improved data quality.

The transition was to be implemented with neutral impact on employees' HR experience, no HR services interruptions and without any disruption to the manufacturing sites.

Analysis

Process Exceptions & Proliferation

The 8 separate sites, 4 of which were only loosely associated with Vauxhall, had significantly different HR processes. The transformation, therefore, had to take on the challenge of standardising UK processes wherever practical.

Not only were HR processes localised, very many were also complex in their own right, the result of decades of negotiations and agreements built on top of each other with a host of legacy employment terms retained alongside new ones.

With the exception of payroll calculation, processes were also highly manual with very little self-service penetration. This meant that the transition for users would entail both changing the process itself and the delivery channel at the same time. The analysis suggested that technology take up among the workforce at the time was not high and that widespread use of kiosks would be impractical given the size of the workforce and facilities and the nature of production line work.

Data Migration

The manual nature and proliferation of HR processes combined to suggest that data migration would be a particular challenge. Whilst Payroll data could be migrated using standard IT project methods, training records, qualifications, performance and talent related data were retained in different manual formats in multiple locations and did not lend themselves to standard IT norms for data migration.

Change & Consultation

Three of the sites were production facilities with strong, unionised traditions. It was identified from the beginning that this would have a material impact on all aspects of the implementation and especially communications and consultation. Most notably, the limitations of standard change management approaches had to be addressed because neatly timed, "Tell" plans don't work in genuinely consultative environments.

Business Readiness

Business readiness, overall, was low. The project itself was a parent company "top-down" initiative, including the introduction of a global talent management system that was not considered locally useful or affordable. A fiefdom mentally existed between HR on the different sites, and trade unions generally were resistant to outsourcing in principle. On the positive side, business management was neutral on the issue, not caring one way or the other provided that the effectiveness of their function was not disrupted. Also, the need for cost reduction was well established and because of the rise of Lean Manufacturing Methods the tide was beginning to turn against fiefdoms in favour of standardisation.

Mission Critical

Ultimately, it was identified that success would revolve around 3 Mission Critical areas:

- The actual and the perceived quality of the services.
- The ability to implement without disrupting business performance.
- The delivery of financial benefits.

Solution

The outsourced solution comprised of on-line self-service supported by an offshore service centre for HR and payroll administration, plus specific professional functions being provided locally.

Offshore Service Centre

The complexity of the queries that the service centre staff was expected to handle meant that native standards of written and spoken English were required for front office resulting in the hiring of native English speakers.

A high quality of personalised HR Services was assured by Vauxhall training the provider's Service Centre staff "on the job" in the UK. In being introduced to Vauxhall employees and managers prior to outsourcing, vendor staff also avoided the pitfall of ending up "faceless" and easy to blame after the services were outsourced.

Self-Service

The switch to a 100% paperless process in one go was considered a step to far. So, manual and online delivery channels were instituted at start up with on-line transactions becoming dominant over time.

The removal of direct payroll department access and face to face answers on payroll queries was balanced by the ability for employees and Managers to contact the HRSC by phone, post or email 24 hours per day 7 days per week.

Local Professional Services

The blank refusal of the business to accept a 100% offshore model led to the development of a local payroll 'spoke' of vendor professional services staff who could both assist local functions "in the flesh" and also support the offshore service centre "hub" with payroll expertise. This was a critical feature for reassuring the business that the organisation support supplied by Payroll in the areas of pay deal administration, redundancy programmes and re-structuring would not be diminished.

Additionally, the Recruitment services solution was based entirely locally. Although applications were processed on-line, interviewing could be conducted face-to-face in local provider offices or on-site at Vauxhall and contact with hiring managers could.

Implementation

At a basic level, the project implementation followed a typical IS project sequence of plan, design, build, test, launch, and stabilise. Success, however, depended upon not adopting a systems-only orientation and focusing equally on expert handling of the business process workstreams.

Design

The approach to process design included all subject matter experts across all sites combining both Vauxhall and vendor experts in close to 50 iterative workshops.

Pains were taken to agree standard approaches which conformed to the technical capabilities of the provider. No "top-down" short cuts were taken and patience, perseverance and extremely high facilitation skills were required to get through this phase without recourse to senior management "tell" interventions.

Equally essential was ensuring that the phase remained nimble enough to cope with process adjustments resulting from the ongoing consultation sessions with the trade unions.

Altogether, it took 8 months to get through the process design mainly due to the multiple sites protecting their own unique processes numbering in the hundreds when taken altogether.

Build

In parallel with the HRIS build, it was essential to also build the capability of the provider staff.

Vauxhall invested heavily in 6-9 months knowledge transfer which focused on knowledge capture directly from the subject matter experts in situ at Vauxhall sites. Work shadowing was complemented by classroom courses and each element of training was captured on an individual knowledge transfer plan. The training also included 'getting to know the customer' with visits and tours of each of the manufacturing sites in scope.

To supplement the knowledge transfer, a full set of detailed desk top procedures was produced with screenshots for all systems being used, quality assurance notes, forms catalogue and a set of frequently asked questions.

Test

Systems User Acceptance Testing (UAT) was, of course, a critical and time-consuming component of the Test phase, and, because this was a HR services implementation, the bulk of test scenarios were process, rather than system, focused.

Payroll testing was in parallel for 6 months until payrolls were producing exactly the same outputs.

In addition, a Quality Assurance Review Period (QARP) of 2 months was implement during which all transactions were duplicated, in parallel: once via Vauxhall Employees using the 'As-Is' method and once by provider staff repeating the transaction using self-service.

Ultimately, this meant that after payroll had ben reconciled using identical input, the final 2 months of parallel running was conducted with entirely separate and parallel whole processes.

Lastly, provider staff whose Knowledge Transfer and QARP performance had been signed-off were formally tested and certified by Vauxhall testers.

Launch

The entire quality assurance approach comes together at launch where each Quality Gate and Milestones sign off is checked against the launch acceptance criteria.

Additionally, a Business Readiness Assessment was used to specifically compare Vauxhall's readiness against the impact analysis, and a Transition (Services) Readiness was conducted which focused on provider readiness. The comprehensive Transition Readiness checklist acted as an integral part of the overall project planning methodology. This tool at times overlapped the main project Milestones but also encompassed the detail of site, equipment and tools preparation and support process readiness in addition to the minutiae of the communication tools such as IDs, employee emails, single sign in etc.

Employee communication and training were, naturally, critical elements for go live. The approach to Communication was separated into the ongoing project communication plan and the launch communication plan and both relied heavily on existing communication channels to the established stakeholders.

Conclusion

The outsourcing of HR in Vauxhall has proven a success in the years following go live. 2 of the 3 Mission Critical areas, Quality Services and the Non-disruption of Business Performance were unequivocally achieved. Among the key lessons learned were:

- The 3rd Mission Critical area, the Delivery of Financial Benefits, proved a controversial area principally because £Millions of systems cost-avoidance was buried in Services pricing and the pricing was directly linked to volumes of activity which naturally changed.

- Although early Life Support was planned during the Stabilisation Phase it was not physically verified. Though the support was available there was a lag because the support was not ready and waiting.

- Although a robust integrated project plan is essential, flexibility is equally essential as is the ability to Horizon Plan meaning the planning gets more detailed the nearer it approaches.

- The approach to Knowledge transfer, QARP and Agent testing was an unqualified success in ensuring that provider staff were much more skilled and knowledgeable than the reputation of Call Centre employees would have suggested.

Authors

The author of this study is M. Oke of Debunk who led the Vauxhall HR outsourcing transition from beginning to the end.