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Human Resources

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Industry Canada

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Human Resources

Looking to hire the right people? E-business technologies might help you. Find out what smaller companies need to consider in using technology to support your people, and to help them adapt to a new automated business world.

Chapter 1

Recruiting

This section discusses the objectives, challenges and decisions that smaller companies need to consider in choosing to outsource or automate the recruiting process.

Objectives

The objective of recruiting is to find candidates with the skills required for a particular position. Naturally, a company would like to do so as quickly and cheaply as possible. A small business in particular can achieve such cost efficiency through automation.

Here's how e-business techniques can help:

Speed up the process

Eliminate the need to read through piles of resumes. See more information on Automated Recruiting (pg.5) and Technology, pg.3.

Reduce costs

Online job posting is a fraction of the cost of advertising. See more information on Cost of Online Services, pg.7.

Reach special labour segments

Particular candidates, such as hi-tech workers, are more likely to use online methods. See more information on specialized Job Boards, pg.9.

Recruiting Process

The recruiting process includes all activities required to find qualified individuals and motivate them to apply for employment with the company. The resulting pool of applicants will need to be screened to identify those candidates best suited to the job requirements. From this shortened list of qualified candidates, the employer can select the best person for the role.

Candidate Sourcing

Once a job opening is identified, the company usually prepares a job description, which includes the responsibilities of the position and the qualifications required of applicants. Traditionally, the company might prepare an advertisement and publicly post the job. The job posting is often also circulated within the company.

HR Planning

Ultimately, recruiting shouldn't be simply a response to a new job requirement. A company can take greater initiative in its recruitment as part of a larger human resource planning strategy. The company needs to look ahead at potential business changes and the skills required. Many companies recruit continuously through focused advertising, industry and association networks, job fairs, on-campus career fairs, and online.

Process Decisions

E-recruiting offers automated services for every aspect of the recruiting process. But before small business owners decide to jump into the game, they need to make some important decisions. Does it make sense to automate the process in-house or use online services? Is it better to outsource parts of it? What functions should you outsource and what should you retain in-house? How important is the cost of the function compared to the time it takes and the quality of candidates identified?

More information

- [In-house recruiting](#), pg.4
- [Online recruiting](#), pg.5
- [Recruitment outsourcing](#), pg.2

Outsourcing

Among smaller companies that do not have the resources to hire an in-house recruiter, it's common to outsource the function to external recruiting firms, such as employment agencies or search firms.

Recruiting firms may, or may not, use automated functions. Highly specialized search firms may consult their networks of industry contacts to identify qualified candidates. Others may seek out recruits from among the employees of similar companies.

The Decision

The decision about whether or not to outsource the recruiting function will depend on several factors. Consider the following:

- Do you have the expertise in-house to properly advertise the position, screen the candidates, conduct interviews and select the person best qualified for the position, without infringing on employment laws?
- Do you have the budget to support the expertise required, particularly if the need arises only periodically?
- Do you have the time to review resumes, acknowledge applicants, respond to

queries and manage the process, including communication?

- How soon must you fill the position? Do you need an entry-level student or a seasoned professional?
- What are your priorities with respect to cost, time and quality of applicant? You may not be able to achieve all three. If you must compromise, which priority is most important?

You may consider using a combination of in-house and outsourcing services, pg.46. Another alternative is to use HR consultants. More information is available on the outsourcing decision and the ROI cost analysis process, pg.52.

Technology

Online recruiting services are delivered through an Application Service Provider or ASP. (See http://strategis.ic.gc.ca/epic/internet/inee-ef.nsf/vwGeneratedInterE/h_ee00209e.html)

The service provider allows the client to post job opportunities to multiple job boards, pg.9. Once interested candidates have submitted their resumes, the service provider can also screen the applicants and check references. The client simply needs to interview the candidates and make the decision.

Many online recruiting firms offer prospective employers access to Resume Databases (pg.5), which contain applicant information on thousands of potential candidates. Software for the development of such databases in-house is available from ASPs that supply HR-specific applications, typically for large-scale organizations with Automated Recruiting processes, pg.5. Some online recruiting firms are offering smaller companies the option to host their corporate recruiting sites on the ASP's server. This option may include access to a full range of services that provides the full functionality of a complete in-house recruiting package at a fraction of the cost.

The following links provide further information on e-recruiting services, service providers and job boards, resources, costs and tips for employers and recruiters.

- **INFO-JOB Canada**: Web site to help Canadians in their search for employment, whether it is full-time or part-time. (http://www.infojob.net/)
- **Canada WorkinfoNET Career Centre**: Web site with various employment information and job postings. (http://www.workinfonet.ca/cwn/english/main_e.cfm)
- **nextSteps.org**: Developed by the staff of the Youth Employment Centre and sponsored by HRDC. Offers best employment and career-related information for young people on the net, including job boards. (http://www.nextsteps.org/)
- **CanadaOne Toolkit**: Information on e-hiring in Canada, job boards, costs and tips. (http://www.canadaone.ca/tools/ehiring1.html)
- **Youth Cyberstation**: Get in touch with key youth groups in Canada or find out about youth volunteer projects. http://www.pch.gc.ca/special/cyberstation/html/izone_e.htm
- **Electronic Recruiting Exchange**: Best practices research and resources for

recruiters. (http://www.erexchange.com/)

In-house Recruiting

Corporate Intranet

Many larger companies have automated their own in-house recruiting process. For example, they often use their corporate Intranet to post job openings within the organization. Those with international offices or subsidiaries may use this approach to successfully attract qualified candidates from other offices or countries. For example, they may need qualified candidates with specific language skills for a particular project, and simply transfer the employee for a period of time. As a retention tool, such an approach can assist in finding interested employees opportunities to work and live in other countries. The experience benefits both the employee and the company by enhancing its available skills.

Employee Referrals

The corporate Intranet is also used to encourage employee referrals, particularly for specialized positions. Many companies offer employees bonus payments for successful referrals. This method is based on the assumption that people network with others of similar background and experience. Through employee referrals, the company is often more cost effective in its ability to find qualified candidates. This approach also tends to improve employee retention and performance. Those referred are often friends of the employee. They will feel a sense of obligation to perform well and are less likely to be disillusioned with the job or company because they already have a realistic view of what to expect. Also, the friendship will encourage both employees to remain with the company in order to work together.

The down side of employee referrals is that the work force can become too similar. Such practices can interfere with the company's diversity goals and reduce the creative spirit that accompanies the healthy interaction of different perspectives.

Corporate Internet Web Site

Job postings to the corporate Internet Web site are used to attract external candidates to the organization. This approach is generally more successful for large organizations that have a recognized brand image, which attracts potential candidates to the Web site. Smaller companies may not generate sufficient traffic to make this approach viable, at least not as a sole source of recruiting candidates. One possible solution is for smaller companies to set up hyperlinks to their Web site from other Internet sites that attract significant traffic among users that the company is attempting to recruit.

Candidate Screening

Once resumes have been collected, the screening process begins. In times of economic recession, recruiters may be faced with literally hundreds of applicants for a single position. The manual process of sorting through the resumes can be very labour intensive. This is where automation can help.

Automated Recruiting

Some larger organizations have a completely automated recruiting process. Candidates are invited to submit their resumes electronically via the corporate Internet Web site or internally via e-mail. In addition to posting specific job openings, the Web site will also invite candidates with particular skills or education to submit their resumes and preferences for inclusion in the corporate resume database. These users are asked to complete a standard profile, which enables them to select from among a checklist of competencies and skills, interest areas, experience, career path objectives, etc. This information will be used in the scanning process to help match the candidate's profile with future job requirements.

The resumes received through the automated Web site are scanned into a database and screened electronically using key words to match the applicants with specific job requirements. Some software even provides various online testing devices for screening purposes. The resulting list of candidates is then forwarded to the department manager for follow-up and interviewing.

Smaller companies may decide to use online Resume Services (pg.5) as a potential source of candidate recruitment. These services are often cheaper than advertising and can offer additional benefits.

Leased Services

Companies that want to set up a corporate recruiting Web site but don't want to purchase the software in-house are able to lease the service, using an online service provider as a host. When users visit the corporate site, they are in fact visiting the ASP-hosted site. More information on ASP-hosted corporate Web sites is available in the Technologies section, pg.23.

Resume Services

Some online recruiting services have compiled massive resume databases of potential candidates. Usually they also have member profiles, which describe each candidate's skills and goals. The service provider will try to match your job requirement with a target profile and then electronically screen the resumes in the database for potential matches. It may take up to a week to receive the resumes. The provider may, or may not, offer to qualify the leads as well by following-up and checking references. These services may incur additional fees. For more information on service providers see Technologies, pg.23.

See more information on Choosing a Service, pg.7.

See more information on additional Online Recruiting Services, pg.5.

Online Recruiting

Online recruiting services provide employers with virtually unlimited reach. Workers in almost every job category are attracted to the Internet, which makes them potentially accessible to users of online recruiting services.

Online recruiting services vary. Some allow a company to post job openings on their Web site or to various Job Boards (pg.9) for a specific period of time. Interested applicants then send their resumes directly to the company, which is responsible for the screening and selection process. Other service providers offer to screen and qualify such leads. Many have resume databases or member profiles that allow them to match candidate skills with job requirements. Alternatively, employers may be able to browse the Resume Database (pg.5) to pre-screen applicants and correspond with potential hires to create a short-list of qualified job candidates.

Membership and Support Privileges

Companies can purchase membership status with online recruiting services. Members are able to take advantage of volume discounts over time and support services, such as a database of job postings that can be tailored to meet specific job requirements, or access to industry-specific information. Some service providers and job boards have specialized tracking software that allows employers to track applicants and communicate with them throughout the hiring process.

Marketing Opportunities

Employers can also advertise on e-recruiting Web sites through banners and splash pages. Companies can enhance their brand image by posting corporate profiles on the site and including hyperlinks to their own corporate Web sites to direct traffic to their recruiting pages.

For more information on vendors, see Technologies, pg.23 and Job Boards, pg.9.

Costs

A number of options are open to a small or medium-sized business with regard to the cost of recruiting. Should the firm decide to engage a search firm, certain fee structures will apply. Less costly options are available by using the corporate Web site and Internet to advertise and post positions.

Search Firms

Generally, search firms charge a fee to the employer rather than the employee, for their services. The fee is usually about 30 percent of the new employee's first-year salary. Executive search firms tend to base their charge on the total first-year compensation package, which would include any projected bonuses, etc.

If the firm is paid on a **retainer basis**, the fee is paid in stages over a three-month period or sooner if the search progresses more rapidly. Generally, one-third is paid up-front, one-third when the client begins to interview candidates, and the final third when the candidate is selected. The retainer fee is charged for services provided, rather than results. If, before the search is completed, the client finds an employee through an alternative method and cancels the search, the fees earned up to that point are not refunded.

Firms paid on a **contingency basis** are paid about 15 percent to 30 percent of the employee's first-year salary and are compensated only when the position is filled. If the

new employee does not work out or decides to leave prematurely, they may be required to place an alternative candidate at a reduced rate, depending on the agreed terms of the contract.

Online Services

Traditional media, such as posting ads in newspapers, may be quite expensive for small business, often running up into the thousands of dollars. Also, it may be necessary to advertise in several papers to capture the target audience. Online services can be cheaper, while offering access to a broad range of qualified applicants.

An online service provider that allows a company to post a job opening on its site or on job boards, often charges for the duration of the posting. Generally, the cost is a few hundred dollars per job for a 30- or 60-day posting only, and applicants send resumes directly to the prospective employer. Some services can be as low as $50 or even free. Those providers that offer additional services, such as matching job requirements to resumes or member profiles, generally charge by the number of qualified candidates they deliver. For example, a company may pay about $3 500 for ten qualified candidates.

If a company decides to lease a recruitment hosting service on an ASP Web site, the monthly hosting fee will vary depending on the level of functionality desired. The fee may be about $750 per month for the hosting of a corporate job board. Various capabilities are available on the hosted site for additional fees. For example, unlimited job posting privileges, resume screening and testing, and access to resume databases and recruitment management services may add another $1000 or more to the monthly bill.

Here are some examples of costs to post job ads online, and additional services available:

- **CVThèque Network** (http://www.cvtheque.com/en/rates/index.asp)
- **iciJob.ca** (http://www.icijob.ca/en/index.asp)
- **CanadaOne Toolkit** (http://www.canadaone.ca/tools/ehiring-chart1.html)

Choosing a Service

Your choice of recruiting services will depend on your overall recruiting strategy, budget, resources and changing business needs. Most likely, you will consider a flexible combination of options, including internal activities and referrals, search firms, online services and job boards. The results you can expect will depend on your priorities at the outset.

Types of Services

Recruiting firms generally specialize in particular industries or types of work. The most common categories are the following:

- Executive search firms specialize in executive or senior-level managerial positions.
- Boutique firms specialize in particular industries or job categories.
- Generalist firms cover a broad spectrum of jobs and industries.

When selecting a recruiting firm, don't assume that the larger ones are better. Smaller firms may specialize in your particular industry, business or geographic area. As a result, they will be able to identify a more focused pool of candidates to suit your needs.

Also, ask about the agency's policy regarding new hires who don't work out or leave prematurely. Do they offer a replacement candidate or partial refund? What is the duration of the new employee's trial period?

What to Consider

Choosing an online service may be part of a broader recruiting strategy that combines various options, including in-house and outsourcing services. Once you have determined your available resources and budget, look at your ROI cost analysis and consider the following:

- Is it cheaper for you to screen resumes yourself or should you pay for just a few qualified leads? Don't forget that time, as well as money, is important. If you can't attend to the screening process immediately, the resumes will become stale as the candidates accept other positions.
- Can you use the resumes for upcoming positions in the near future? If so, you may want a broader selection to review.
- How urgent is the need to fill the position? If you need someone immediately, you will need to be very focused to improve your candidate quality. A specialized search firm may be the most appropriate choice.
- Do you have time to conduct the search at a leisurely pace, or is it costing you money to hold a vacant position?
- How many positions do you need to fill-only one, or several-within a particular time frame? Volume discounts may be available for multiple searches.

The best way to choose an online service to meet your needs is to use the Web site as if you were an applicant. Look at the questions asked of the potential applicants to see if they appear to lead them in the right direction. This should give you a feel for the experience of the potential candidates and whether or not your requirements will meld with the target profiles generated by the service.

Here's more information on evaluating an online recruiting service:

- **CanadaOne Toolkit**: Questions to ask before posting a job online. (http://www.canadaone.ca/tools/ehiring8.html)
- **Bellzinc**: Business solutions. (http://bellzinc.sympatico.ca/en/topic/400360?skin=sli)
- Job Boards: Description of job boards and directories. (pg.9)
- Results: What should you expect from outsourcing or automating the recruiting function? (pg.9)

Job Boards

Job boards, or job banks, generally specialize in specific job categories, geographic areas or niche groups. For example, a job board may focus on writers in a particular industry, or workers belonging to specific minority groups. Some job boards are run by online recruiting services, and charge employers to post jobs on their Web sites. Others are run by government or educational institutions to serve the job seeker, and may offer free posting opportunities for employers. Some job boards are run by industry associations or trade organizations as a service to their members.

Following is a sample list of Canadian and North American job boards:

- **WorkSearch**: Compiled by Human Resources Development Canada, this directory provides various job listings.
  (http://www.worksearch.gc.ca/english/index.pl?tid=41)
- **General Job Boards**: This directory is compiled by the Computer Training Academy. (http://www.cta.net/staffing/staff_JobBoard.asp)
- **Specific Job Boards**: A directory of job boards by sector, profession or occupation compiled by the Computer Training Academy.
  (http://www.cta.net/staffing/staff_TechPos.asp)
- **Job Boards and Services**: Part of CanadaOne's Toolkit, this is a directory of general job boards and available services. (http://www.canadaone.ca/tools/ehiring-chart1.html)
- **College and University Job Boards**: Part of CanadaOne's e-Hiring Toolkit, this site features information on post-secondary job boards.
  (http://www.canadaone.ca/tools/ehiring6.html)

Results

The results you can expect from automating or outsourcing your recruitment process will depend on the priorities you established in making your decisions. The most important factors in recruiting are time, money and quality. Unfortunately, you may need to compromise on one or more of these factors to achieve your primary objective.

For example, if cost is most important and you use a free online resume service, you will undoubtedly need to spend a great deal of time poring through piles of resumes. The quality of the potential candidates may also be questionable if the site attracts students and you need a seasoned expert. Similarly, if quality is most important, it may cost you more for a specialized search firm and it may take time to source the candidate that exactly matches your specific profile. Nevertheless, if the match is better, the investment may payoff in the long run because the candidate will be more productive and tend to stay longer with the employer. Ultimately, employee effectiveness and retention are the true measures of success in the recruiting process.

Chapter 2

e-Learning

A survey by the Canadian Federation of Independent Business (http://www.cfib.org/) shows that virtually all small to medium-sized enterprises (SMEs) provide some form of training to their employees. Six out of ten SME owners, however, take an informal approach to training, while another three out of 10 use a formal approach in building their employees' skills.

E-business technologies can help to make training more effective and less time-consuming, and a richer experience for the employee. Today, the instructional capabilities of computers, combined with Internet resources, have improved to the point where employees of large and small companies alike have access to e-learning experiences rivalling those provided by the best human instructors.

E-learning, in this sense, means instruction using information technology to improve skills, change attitudes, or enhance knowledge, principally in the workplace.

E-learning:

- Uses technology to create, deliver and facilitate instruction, any time and anywhere;
- Presents content in a structure that permits self-directed, self-paced instruction in any topic;
- Not only teaches, but provides evaluation tools and helps employees adapt to new needs and, if necessary, catch up with skills and knowledge requirements.

It is not difficult to understand the types of e-learning involved, and the kinds of benefits they can bring to your business.

Objectives

To reduce learning costs

As a small business owner, you know that doing transactions online costs a fraction as much as on paper, or in person. It's the same with e-learning — no paper, no delays, no travel expenses.

To reduce the time required for effective learning

E-learning is sometimes called "just-in-time" learning. Employees can turn straight from their computer screens to apply what they have learned to the tasks at hand.

To motivate employees

E-learning is an effective way to keep up with technology, to generate new ideas, and to keep your workforce fresh and inspired.

To improve flexibility of course delivery

Smaller businesses have few people to manage training and development initiatives and to track employee training. E-learning technologies overcome administrative restrictions.

To expand the capabilities of the business

Smaller companies need to get more out of their high-potential people. E-learning helps take these employees to a higher level of contribution.

See what kinds of technologies (pg.23) can help you achieve these objectives, and how to make the right choices (pg.16) for your situation.

<u>Types</u>

In the past couple of years there has been a lot of change in e-learning techniques. Traditional forms, including computer-based and Web-based learning, are rapidly evolving into integrated e-learning programs.

Many companies look for a variety of vehicles to use for learning. Some have implemented online learning solutions and still send staff to outside courses, or bring in instructors. If staff is required to learn a new product, for example, a company may consider instructor-led courses to start, supplemented by online learning for reference or advanced training purposes. The term "blended delivery" is often used to describe such integrated solutions.

Computer based training (CBT)

Computer-based courses are presented most often on CD-ROM, accessible any time for use at the desired pace of the user.

Benefits of computer-based training:

- Users can approach the material in a way that best suits them, skipping familiar sections or spending additional time on the difficult ones.
- Courses are portable and accessible without need for a network.
- Generally high quality of graphics and presentation.

Web-based training (WBT)

Web-based courses permit your employees' access at any time to the training they require. Employees log into an online training system with a user name and password to begin an interactive course. Costs are similar to computer-based training, but many Web-based programs go further, permitting interaction with an instructor and an online community of fellow students.

Benefits of Web-based training:

- Just-in-time training
- Suits all learning styles
- Higher retention of information/skills
- Continuous updating of materials and access to further resources

See tips on how to for your company's e-learning needs.

Costs vs. Benefits

Costs

The cost of e-learning depends on the kind of Web infrastructure in place, the availability of content, the complexity of programming required, the length of courses, and who will be doing the work. Generally speaking, an e-learning course costs about half that of an instructor-led course.

The Ontario Society for Training and Development (http://www.ostd.ca/) offers a book for sale online to assist with evaluating the benefits of e-learning called "Quality Standards for Evaluating Multimedia and Online Learning."

Benefits

Informally, small businesses can assess the costs against the benefits of e-learning based on a variety of business advantages. The following list of potential benefits of e-learning is based on a checklist compiled by SkillSoft (http://www.skillsoft.com/), the world's largest e-learning company:

Increase Productivity of Workforce

- Manage continual learning programs that enhance skills.
- Increase the speed of new technology implementations.
- Share knowledge, best practices and methodologies across the company.

Reduce Training Costs

- Make learning available to a global audience.
- Update programs and information at Internet speed.
- Eliminate cost-burdened production of materials by providing online accessibility.
- Reduce time away from the office.

Gain Competitive Advantage

- Shorten sales cycle.
- Develop products that meet customer's demands.
- Increase product knowledge of employees and customers.
- Promote innovative thinking among your workforce.
- Differentiate product offerings by providing e-learning as a value-added service.

Launch Products Faster

- Shorten product development cycles.
- Launch new products and services globally.
- Train before, during and after your launch.

Train Globally 24/7

- Remove the bounds of geography with e-Learning.
- Provide accessibility to learning any time and anywhere.

Assist New Employees Faster

- Provide opportunities for critical training to accelerate an employee's performance and productivity.

Re-skill and Retain Employees

- Knowledge sharing keeps skills current.
- Employees can rapidly gain new skills for career development.
- New processes can be implemented faster with an educated audience.

Increase Job Satisfaction

- E-learning courses are generally designed to be engaging. A satisfied employee leads to increased customer support and productivity — not to mention lower turnover.

These benefits don't come automatically. Click here for some important tips for success (pg.13) in applying e-learning technologies

Tips for Success

Some businesses have not had success with e-learning. They have purchased products or services, only to find later that courses have not been taught, or employees have stuck to their old ways regardless.

It's the same with any business initiative: to achieve the benefits of e-learning, senior management must understand and actively support it. That means selling the idea to employees first. If you simply bring in a course, announce, "I want to you to take this" and walk away, you are wasting your money.

The following tips for success are offered by triOS Training Centres Ltd. (http://www.trios.com/):

Rolling out a successful online training solution works only if the entire company is well informed and, most importantly, eager to begin. Introduction of an e-learning course should be supported by internal marketing — communicating the training message and strategy to staff, over an extended period of time.

Suppliers should be willing to assist with "lunch and learns" and information sessions to educate the entire organization on the new online training product.

Once a pilot launch is complete and/or the program is under way, it is important to assess the effectiveness of the e-learning; specifically how much was learned and what kind of impact the course had on your company's performance.

Reporting, validation and post-assessment programs are available to ensure that you get maximum return on your investment.

Find a supplier, pg.19.

Technologies

E-learning technologies fall into three categories:

- [Synchronous E-learning](#) (pg.14): Synchronous courses are generally taken in groups
- [Asynchronous E-learning](#) (pg.15): Asynchronous courses are typically taken individually.
- [Collaborative Tools](#) (pg.15): E-learning encourages students to communicate and share information. Collaborative tools help raise productivity for individuals, teams, departments and enterprises.

Many small to medium-sized businesses use a blend of the three. This provides their employees with flexibility to accommodate various learning styles.

Information about technology suppliers (pg.19) is available from associations of human-resources professionals and commercial Web sites.

Information on technologies in this section has been compiled with the assistance of CDI Corporate Education Services (http://www.cdilearn.com/).

Synchronous e-Learning

Synchronous e-learning requires the student and instructor to be in the event at the same time. In practice, this means that the course is taught in a virtual classroom. Sometimes sessions can be recorded and made available to individual learners for viewing at their convenience.

This type of learning is best suited to unstructured content; that is, questions for which there is no single correct answer. The student must apply concepts, theories and techniques to develop effective approaches to problems or requirements. Developing sales techniques is an example of unstructured content.

A synchronous environment is most appropriate for those who learn best by working with others, listening, viewing and questioning. This environment is also helpful for those who have difficulty structuring their time.

Synchronous Formats

- Virtual classrooms and break-out rooms
- Instructor-led classrooms and lectures
- Hands-on labs and workshops
- Field trips
- e-Meetings
- Web seminars and broadcasts

Pros and cons

Advantages of using synchronous e-learning include:

- Students receive immediate feedback from other learners and the instructor
- The classroom model is familiar and provides a stimulating environment for many

Disadvantages include:

- Hardware or logistics support may be required
- Learning must usually take place at specified times
- The course designer determines the pace of training

Asynchronous e-Learning

Asynchronous training takes place independent of time and relationships. In many cases a trainer is not present for at least part of the time. The learner proceeds at his or her own pace.

Asynchronous training may include computer-based training, using CD-ROMs, or, more frequently, Web-based training, in which a trainee logs into an online training system with a user name and password to begin an interactive course. The course can be easily updated, is accessible from anywhere and can be used with all kinds of computer systems.

This type of training is most suitable to structured content — questions that have right and wrong answers. The content varies little according to circumstances. An example of structured content would be a series of steps to be followed in formatting a document in a particular computer program.

The asynchronous environment is most appropriate for those who learn best by thinking about content on their own, and who can structure their time to accommodate instruction.

Asynchronous Formats

- Documents and Web pages
- Web-based training (WBT), computer-based training (CBT), CD-ROM
- Assessments, tests, surveys
- Simulations and labs
- Recorded live events

Pros and cons

Advantages of using asynchronous training include:

- Learners can address the content according to their own schedule
- Learners control the order in which content is addressed

Disadvantages include:

- No direct opportunity for questions
- Content relatively static (because it takes time to produce)
- May not accommodate all learning styles

Collaborative Tools

Collaborative e-learning tools permit users to communicate with one another to share information, knowledge and best practices, and to access expert advice or support in coaching and mentoring.

E-mail

Students are now able to exchange e-mails containing large files with illustrations or animations, and this capability will continue to grow as high-speed connections expand. A study early in 2002 by Convergence Consulting Group found that 40 percent of Canadian residential Web users have a high-speed connection.

Listservs and distribution lists

These are online lists of people who subscribe to have their e-mail addresses in a common address book. Some e-learning service providers set up lists of this nature, accessible on their own Web sites or those of their clients, to facilitate communication among students and instructors.

Coaching and mentoring

Instructors no longer have to be in the same room to provide extra help to students. Text chat and/or voice-over-the-Internet technologies enable students to have one-on-one or group access to experts in a specific subject matter.

Instant messaging

Instant messaging is a tool that sits on the desktop, or is accessible wirelessly on a personal digital assistant, and is used to send messages in real time to one or many people.

Online communities and discussion forums

E-learning service providers can assist in the formation of online groups and the establishment of group scheduling, shared task lists, and shared contact lists.

Such tools can be used within an employee portal (pg.31), which has many other potential benefits. Please see the Employee Relations section, pg.34.

Making the Right Choices

Developing a Training Plan

Following is a step-by-step approach to help owner-managers of small businesses organize and conduct a successful program of employee e-learning. Answering "yes" or "no" will help to define the needs of your company.

What Is the Goal of e-Learning?

- Do you need to prepare employees for newly developed or modified jobs?
- Is training needed to prepare employees for promotion?
- Is the goal to improve operational practices and performance?
- Is training needed on an individual or team basis?

What Does the Employee Need to Learn?

- Can the job be broken down into steps for learning purposes?
- Are there standards of quality which learners can be taught?

- Are there "soft" skills and techniques that employees must learn?
- Are there performance standards that employees must meet?
- Are there attitudes that need improvement or modifications?

What Type of e-Learning?

- Can you e-train on the job so that employees can produce while they learn?
- Should you have e-learning conducted by a paid instructor?
- Will a combination of scheduled on-the-job training and individual self-help instruction work best?

What Method of Instruction?

- Does the subject matter call for a lecture or series of lectures?
- Does the subject matter lend itself to demonstrations?
- Can operating problems be simulated in a classroom?
- Should an instructor direct trainees while they perform the job?

What Physical Facilities Will You Need?

The type of e-learning will determine the physical facilities required. In turn, the necessary physical facilities will determine the location of the training.

- If the training cannot be conducted on the production floor, do you have a conference room or lunchroom in which it can be conducted?
- Should the learning be conducted off the premises, as in a nearby school, restaurant, hotel or motel?
- Will the instructor have the necessary tools, such as blackboard, lectern, film projector, and a microphone (if needed)?
- Will there be sufficient seating and writing surfaces (if needed) for training?
- If equipment is to be used, will each trainee be provided with his or her own?

What About Timing?

- Should the training be conducted part-time and during working hours?
- Should the sessions be held after working hours?
- Will the instruction need to cover a predetermined period of time?
- Should the length of each session and the number of sessions per week be established?

What Will the Program Cost?

It's a good idea to calculate the costs of your learning before starting the program. Thus, you can budget sufficient funds for the program and use the budget as a tool for keeping costs in line.

- Will the wages of learners be included in the costs?
- If the instructor is an employee, will his or her pay be included in the costs?
- Will the time you and others spend in preparing and administrating the program be part of the costs?
- If usable production results from the sessions, should the results of it be deducted from costs of the program?

What Checks or Controls Will You Use?

- Can you check the results of the e-learning against the goal or objective?
- Can standards of learning time be established against which to check the progress of the students?
- Can data on students' performance be developed before, during, and after the course?
- Will records be kept on the progress of each student?
- Will students be tested on the knowledge and skills acquired?
- Will the instructor rate each student during and at the end of the course?
- Will the e-learning be followed up periodically by a supervisor or department head to determine its long-range effects?
- Should you personally check and control the program?
- How will you assess the quality of e-learning products and services? (http://strategis.ic.gc.ca/epic/internet/incts-scf.nsf/vwGeneratedInterE/sl00180e.html)

How Should the Program Be Publicized?

Publicizing the company's e-learning program in the community helps attract qualified job applicants. Publicity inside the company helps motivate employees to improve themselves.

- Are pictures to be taken of the e-learning sessions and used on bulletin boards and in local newspapers?
- Should employees who complete the courses be awarded certificates?
- Should the certificates be presented at a special affair, such as a dinner?

Once you have your answers, please refer to the Technologies (pg.23) section to match your needs with the offerings available. For advice on whether to use in-house or outsourced products and services, please see the Major Decisions section, pg. 41.

Choosing a Format

Selection of a format, or delivery method, for e-learning depends primarily on three criteria: audience, content and resources.

Audience

Synchronous formats would be preferable if:

- The students prefer to learn from what others do or say
- Discussion and feedback, and the interchange of personal experiences, are seen as part of the e-learning experience

Asynchronous formats would be preferable if:

- It is difficult to get employees away from their jobs for a scheduled activity
- Employees prefer to learn at their own pace, without the need for interaction

Content

Synchronous formats would be preferable if:

- The content often requires clarification
- It is important that the content be up-to-date and delivered quickly
- The content requires role playing, demonstrations or experimentation

Asynchronous formats would be preferable if:

- The content is straightforward with little chance of confusion
- Repetition of procedures is required for retention
- The content is consistent and changes relatively slowly

Resources

The choice of e-learning techniques may be limited by the resources of your business.

- Do students have Internet access and skills?
- Is specialized equipment available?
- Does your business have quiet, easily accessible rooms and appropriately equipped rooms for e-learning?

If you choose a synchronous format...

Will it be physical or virtual? Decide by answering the following questions:

- Is travel easy and affordable?
- Is time away from work acceptable?
- Is a special classroom set-up necessary?
- Are there special reasons for people to get together?

If you choose an asynchronous format...

Will it be Web-based or computer-based (CD-ROM)? Decide by answering the following questions:

- Do you have the time, expertise and resources to prepare the content in-house?
- If not, does the training course need to be revised, updated or delivered quickly? Web-based training is more suitable for these requirements.
- Is easy accessibility of high importance? Computer-based materials do not require access to the Web.
- Does the training require high-quality video and/or audio? CD-ROMs have generally superior production values.

<u>Finding a Supplier</u>

Information about the Canadian educational and training industry, including e-learning organizations, can be found on Industry Canada's Strategis web site, under Commercial Education and Training. (http://strategis.ic.gc.ca/epic/internet/incet-ecf.nsf/vwGeneratedInterE/home)

The Canadian Alliance of Education and Training Organizations (CAETO) is an

incorporated, not-for-profit, "umbrella" association of national education and training organizations. Its Web site offers comprehensive information about learning organizations and e-learning suppliers in both the public and private sectors. (http://www.caeto.ca/home.shtml)

Public sector e-Learning Suppliers

- **Association of Universities and Colleges of Canada**: This is a single stop for complete, up-to-date information on Canadian higher education. (http://www.aucc.ca/index_e.html)
- **Association of Canadian Community Colleges**: The ACCC online Programs Database lists programs offered by its members. (http://www.accc.ca/english/index.cfm)
- **UNEVOC Canada**: The Canadian Centre for UNESCO's International Network on Technical and Vocational Education is dedicated to developing and improving technical and vocational education, and has member lists and directories. (http://www.umanitoba.ca/outreach/unevoc)

Private Sector e-Learning Suppliers

- **Canada Business Service Centres**: In "Business Information Guides", select "Employment and Training" for human resources information by province. (http://www.cbsc.org/english/hottopics.cfm
- **Association of Independent Consultants (AIC)**: Click on the directory to find an e-learning consultant in your area. (http://www.aiconsult.ca/)
- **Canadian Society for Training and Development**: This site features the Canadian Training Directory. (http://www.ostd.ca/)
- **Alliance numériQC**: This directory of new media companies in Quebec includes a section on e-learning (in French only.) (http://www.numeriqc.ca/guide)
- **NewMediaBC eLearning Directory** [PDF Format, 750Kb]: Features profiles of British Columbia companies specializing in e-learning. (http://www.newmediabc.com/nmbcdirectory.pdf)
- **American Society for Training and Development**: A worldwide association for workplace learning and performance professionals. (http://www.astd.org/)

Chapter 3

Administration

Whether you are trying to streamline your benefits enrolment procedures, moving to employee self-service, or simply wanting to keep better records, e-business technologies can help you build a more efficient and competitive business.

The move to e-business technologies to handle human-resource processes can be incremental. For example, benefits can be demonstrated before any more technologies are considered. And small to medium-sized enterprises (SMEs) are becoming technologically prepared for this.

The Canadian Federation of Independent Business (http://www.astd.org/) reports that two-thirds of SMEs used the Internet in 2000, up significantly from 22 percent in 1997. The most frequent usage is for e-mail, followed by research and browsing. About one-third of SMEs own a Web site, and about one in seven buys or sells products or services online. It is a small step from those capabilities to improving efficiency in the management of people.

This section will give you an understanding of what types of systems and applications are available to assist you with human-resource strategies and functions, and what you should look for in evaluating them.

Objectives

- **To save time and money in administering employee interactions and records.** E-business technologies can build an electronic communications network of integrated HR-related data, tools and transactions that are available to employees and managers at all times.
- **To ensure that you have consistent, effective and fair policies and procedures.** Diversity and work/life issues affect productivity. Online products and services help clarify your policies and procedures and keep employee records straight.
- **To give employees fast and easy access to all information to which they are entitled.** Retention of quality staff is critical to smaller businesses. Skilled workers are getting older, and younger workers have different expectations. E-business technologies applied to human resources can help you be an employer of choice.

Achieving these objectives means more than simply implementing technologies. For a discussion of the wide-ranging management issues involved, see the Change Management section, pg. 41.

Costs vs. Benefits

The responsibilities of payroll, benefit plans and other human resource issues can consume a great deal of time, often to the detriment of your customers and bottom line.

Investing in e-business technologies can potentially reduce this burden. You have options: you can hire outside companies to handle some or all of your HR functions, or you can automate your internal processes.

Either option involves spending money. You may find, as many smaller companies have, that the investment actually saves money. This section tells you how to determine whether the investment is likely to be right for your company.

Outsourcing

Small to medium-sized businesses can make use of services provided by outside companies to manage their human-resources administration. It is an industry that is growing by 30 percent a year in North America.

Potential benefits of outsourcing include:

- You can focus on your customers and core business, knowing that all the busy

work in the background is well taken care of.
- You have access to expert guidance and assistance.
- You can consolidate your expenses — one cheque per pay cycle can cover payroll, taxes, employment insurance, Canada pensions, workers' compensation and benefits.
- You can reduce your administrative staff and associated expenses.

Outsourcing has become easier with the advent of Web-enabled services. Some HR service providers offer an externally hosted Web site composed of a series of function-specific units, custom designed to each client's specific needs and requirements (as to contents, functions and access). It serves as an extension of the client's human resources department at a potentially lower cost than hiring more HR staff.

Please refer to the Outsourcing discussion elsewhere on this site for details on the types of outsourcing services (pg.45) available, and for guidance on how to decide whether to use such services.

Internal Processes

There are many hidden costs in human-resources administration. Manual processes can be extraordinarily time-consuming and distracting. One thing that particularly drags down productivity is the frequent need to reconcile inconsistent or even conflicting information about employees that can reside in various parts of a medium-sized company.

The application of e-business technologies can assist with this. When you enter or update employee data in one database, you reduce errors, eliminate duplicate records, and save both time and money. Have you ever had an employee's pay rate listed as one number in the HR department and a different number in the Payroll department? A single database for employee HR and payroll records solves this type of problem.

Similarly, internal services improve and decision-making becomes easier. Clicking on a computer screen can produce, for example, a report for an employee on his family and personal benefits, the amount of premium paid by the employer and the amount withheld from the employee's paycheque. There is no rummaging around in several file cabinets or computer databases to assemble the answers.

Managers can easily combine data from various sources into one report on which to base decisions. Having access to pre-formatted reports on such topics as employee turnover by reason, workers compensation statistics, and salary and wage compensation by department makes understanding the strategic "big picture" much easier. How do you calculate the savings from these kinds of benefits, against the cost of investing in e-business technologies?

The following is an example of a step-by-step process for calculating the return on investment in an electronic human-resources administration product. It is based on information provided by Necho Systems Corp. (http://www.necho.com/) in connection with its expense-reporting system.

Step 1: Creating and approving expense reports

Calculate the amount of time required to both create and approve one expense report, using manual methods. Typically, the time required might be half an hour for the employee filing the report and 15 minutes for the manager who must approve it. Multiply those numbers by the appropriate labour rates for each person, calculated on an hourly basis.

Step 2: Approval and audit

Some medium-sized companies do not solely rely on managerial approval. If applicable, you should include an amount for Accounts Payable approval and audit before payment is made. This is performed to verify calculations, GL Accounts, and validity of claims. Calculate the percentage of expense reports that are subject to A/P approval or audit, the amount of time required for each report, and the labour rate typical of your company's A/P team.

Step 3: Keying and posting of information

Once an expense report is approved and audited before payment, it must be entered into the appropriate financial module (General Ledger or Accounts Payable). The amount of time required for each report depends on whether your company posts it as a detailed entry or a summarized entry. Multiply this time by the appropriate labour rate.

Step 4: Other costs associated with expense-report processing

Estimate the time consumed by any other activities associated with the reimbursement process, times the appropriate labour rate. Activities could include cheque printing, posting, voucher filing, and bank reconciliation (if applicable).

Step 5: Total costs

Calculate the total cost of the above items, multiplied by the estimated number of expense reports submitted in a year.

Step 6: Automated processing

Compare the above cost with the total cost of implementing an e-business solution for processing expense reports. This includes the hard costs of software licensing, installation, training, help-desk services and upgrading. It also still includes the time and expense of handling expense-report information by travelers, managers and auditors, though these will be sharply reduced.

Technologies

Reliable, off-the-shelf solutions are available for human resources purposes and can be custom tailored to meet your specific needs. Choosing the best technologies, however, is not an easy decision and should be considered as carefully as any other process implementation.

Small to medium-sized companies should look at solutions that provide an affordable method for top-level tracking and control of the different HR functions: basic employee

information; attendance records; benefits and compensation; recruiting and employee skills, and payroll.

Payroll is usually the first human resource function that small companies automate. Often, they hire an outside service provider such as Ceridian, ADP Canada or PowerPay. The payroll data can be linked to the small company's accounting processes, forming the beginnings of a system.

It is important for smaller companies to keep in mind that no off-the-shelf human-resource information system will meet all of their needs. They should look for an uncomplicated system that meets most of their needs and that can grow with the business.

The solution should be intuitive enough to use so that the people who need to use it — accounting, office managers, and business managers — can use it without a lot of training. A common pitfall that occurs with smaller companies is that they overestimate their needs and implement an overly complex solution. The time and money spent implementing, learning and using these systems ends up being a costly expense that could have been avoided with a more realistic needs-assessment.

- HR Technology Trends (pg.24)
- Human Resources Information Systems (HRIS) (pg.25)
- Expense Reporting (pg.26)
- Payroll (pg.26)
- Time Tracking (pg.28)

Trends

HR systems have new capabilities and have matured in the past couple of years. Kinks have been worked out of many systems, and they have become more user-friendly.

In the United States, human resource information systems (pg.25) are becoming more popular with SMEs. This trend is reported by Kristi Harrison, director of the Centre for e-Business and Network Technologies at Centennial College in Toronto, who says that small companies typically pay for outsourced Web-based human resource services based on the number of their employees.

An increasingly important selection criterion for HR administration products is their ability to provide data as well as improve processes. In an effort to continue to cut costs, management is asking for data in all areas of HR management. With that data, decisions can be made about staffing, allocation of resources, and such HR cost issues as absenteeism and turnover, use of HR resources, benefits costs, and so on.

Another top priority is security — not only for employees and security from internal sabotage — but also security for critical company data. Any e-business solution for HR administration must demonstrate that the information is safe from intrusion or destruction. Flexible security options need to be in place to protect sensitive data and ensure that users can gain access only to information they are entitled to view.

When New York was stricken with disaster on September 11, 2001, many companies demonstrated how the Internet and corporate Web sites could keep their businesses running despite a disaster. This has reinforced the importance of making HR information, records, and a host of other data available via the Internet.

Information Systems

Some HR administration products are offered as individual applications. Often, however, they are packaged as human resource information systems (HRIS).

An HRIS is an integrated system, usually consisting of three main modules: human resources management, payroll processing and recruiting administration.

The primary advantage of an HRIS is that it creates a single point for data entry, and for retrieval and analysis in a common format. When, for example, the HR department applies a premium change to benefits, that information is instantly available to the Payroll department. This change is automatically reflected in payroll deductions — without any transmitting, transferring, or exporting of files.

What's In an HRIS?

Information and processing tools covering the following human-resource functions are usually found in an HRIS. This information is provided by the Centre for e-business and Network Technologies at Centennial College, Toronto:

Information contained in an HRIS:

- Benefits
- Demographic profiles
- Grievances
- Job classifications
- Productivity data
- Succession planning
- Age and salary data
- Census data
- Employee records
- Health and safety
- Organizational policies and procedures
- Staff profile
- Training/development

Types of reports that an HRIS can typically generate automatically:

- Absenteeism
- Attendance
- Disability records
- Employment equity data
- Human resource plans
- Job evaluation data
- Payroll
- Performance records
- Turnover data
- Applicant database

- Benefits utilization
- Employee histories
- Health and safety reports and data
- Job descriptions and specifications
- Job postings
- Pension plan information
- Skills inventories
- Union contract details

What to Look For

Here are some attributes to look for in an effective HRIS:

- Convenient navigation tools for moving quickly to various parts of the system
- Ability to track employee compensation, history, job information, injuries, and performance reviews
- Time-saving administration of benefits plans
- Ability to monitor and process recruiting, payroll and training activities
- Automated production of cost analyses and summaries of productivity
- Up-to-date government reporting for such purposes as employment equity and workers' compensation, and ability to generate a variety of other standard reports

Expense Reporting

Employee expenses are often the second-largest cost of running a business, behind salaries. An automated expense management solution can help to plug this fiscal drain. It does so by placing responsibility for expense-management functions back on to the employee or traveler.

Expense-reporting systems are designed not only to control costs, but also to ensure that employees comply with company policies. They help employees, too, by reducing the time needed to fill out an expense report — sometimes by 75 percent or more — and they significantly reduce the time needed for approval.

Some expense-reporting systems are accessible online, via a low-bandwidth dial-up connection. Travelers can call up a Web site to fill out and submit their travel expense forms even before the trip is over. This can be accomplished over wireless devices, such as personal digital assistants and two-way pagers, as well as by using computers.

Payroll

Payroll processing is a critical function in any business. To maintain employee satisfaction and company success, it is essential to provide payment of wages in a timely and accurate manner.

The move to e-business technologies, as applied to human resources, usually begins in small businesses by automating payroll applications. This can be done by outsourcing, or by purchasing software such as Powerpay (http://www.powerpay.ca/en/index.shtml) or Easypay (http://www.easypay.ca/). This is an established Canadian payroll

administration product from Easypay Software Co. It is compatible with banks' electronic funds transfer systems for purposes of direct deposits of payments to employees. Alternatively, standard small-business accounting software products such as Quickbooks (http://www.quickbooks.ca/) also have payroll components.

At a more advanced level, today's automated systems can handle all aspects of payroll processing. In addition to calculating accurate earnings, taxes, and deductions, some products offer the power to track labour costs, analyze trends in your organization instantly, and create detailed management reports and graphs.

Web-based services permit users to log-on to the Internet 24 hours a day to enter, change and review payroll data. Employers can sign on from any computer with Internet access through a secure connection similar to those used for Internet banking.

Other time-saving features offered by payroll-administration products and services include:

- Trial programs that help you to reconcile errors before the final payroll run.
- The ability to print cheques on-site.
- Automatic updates of changes to federal and provincial tax legislation.
- Easy access to historic payroll information and automatic generation of reports.

Payroll Case Study

The following testimonial is provided by Ceridian Canada (http://www.ceridian.ca/en/index.html):

Preparing payroll can be more frightening than the latest horror film for many small businesses. But for Cinema City in Winnipeg, it's more like a Disney movie. Payroll has become faster, easier and more convenient for Cinema City since switching to Powerpay, Canada's first 100 percent Internet-based payroll solution for small business.

Terry Stannard, general manager of Cinema City, manages the operations of eight theatres with 35 employees. His busy schedule doesn't allow much time for administrative activities and he previously found himself scrambling to get payroll done on time each month. So he went looking for a way to prepare payroll in a way that fit his schedule.

"I had been doing my banking online for quite some time and I figured there had to be a way to do payroll online as well," says Stannard. "I contacted my Ceridian representative and she told me about Powerpay. I signed up and I've found it fits my needs perfectly."

Powerpay is Ceridian's Internet payroll solution for small and medium-sized businesses, which allows users to log-on to the Internet 24 hours a day to enter, change and review payroll data. Employers can sign on from any computer with Internet access through a secure connection similar to those used for Internet banking. "I want the ability to do payroll when I want," says Stannard. "I often do my payroll late at night, after I meet with my staff and customers. Powerpay gives me more time to make sure that my staff and customers are happy."

Since Powerpay is a 100 percent Internet-based application with no software to install or maintain, it allows Stannard the flexibility to prepare payroll from his office, home, or while he is out-of-town. This flexibility means Stannard no longer has to plan vacations

or time-off around payroll run dates.

Setting-up Powerpay was a simple process for Stannard. Ceridian's payroll experts were available to help every step of the way, answering any questions he had.

"The training was excellent and well prepared," says Stannard. "I give it two thumbs up."

Ceridian's support doesn't end with set-up. At tax time, Ceridian prepares all remittances and employee T4s, making sure that they are accurate and on time. New legislative changes are also automatically updated without disruption to employers.

By outsourcing payroll to Ceridian, Cinema City is able to focus on doing what it does best, bringing the magic of movies to its customers.

Time Tracking

Smaller companies can use e-business technologies to efficiently keep track of employee hours. A major advantage is that automated systems significantly reduce reporting errors that ripple through the organization, wasting time and money.

Products and services are available to automate the collection and computation of employee hours, streamlining the process of preparing data for payroll. Users can gather, analyze, edit and report employee time, attendance and labour data quickly and accurately, including labour and expense activity.

HR and Payroll staff spends valuable time answering employee questions about available vacation and sick time. Automated time tracking permits authorized employees to gain access to the system themselves, freeing HR and payroll staff to focus on other priorities.

Using e-business technologies for time tracking can enable small to medium-sized businesses to:

- Evaluate productivity of departments or the entire company
- Apply pay rule policies fairly and consistently
- Automatically link time and attendance records to your HR/payroll system.

Time Tracking Case Study

The following testimonial is provided by ADP Canada (http://www.adp.ca/en/):

Beltone Canada, a manufacturer of hearing aids, has a group of labour employees who move back and forth between different departments. Keeping track of hourly rates and staying on top of the different labour codes in this environment can be quite a challenge.

The company purchased e-Time after upgrading its computer system and automating its entire infrastructure. Previously, it had been using a manual time-card system that was not only time-consuming, but also very labour-intensive.

Converting to e-Time was simple, according to Human Resources Administrator, Cieley Miller, and Beltone was able to configure the system to their specific needs. They were already using ADP PC/Payroll for Windows (PCPW) and to make things even easier, e-Time data smoothly converts to PCPW without having to make manual entries.

"It makes a big difference," said Miller. "We can change employee schedules as necessary and the program allows us to set up comments to explain ad-hoc or manual punches. e-Time also helps us cut down on time and we have fewer errors".

Miller is pleased that e-Time allows for the scheduling of overtime hours and offers the advantage of checking when an employee nears or goes over overtime. It also enables her to assign passwords and levels to different employees, allowing her to view specific information when necessary.

e-Time is still relatively new to Beltone and they've yet to find a way to utilize the full value of the product, since Miller agrees, there are a lot of features that can be beneficial.

Employee Records

To effectively manage human resources, records need to be kept summarizing information about employees, including:

- Education and other personal data
- Work history
- Rate of pay
- Benefits
- Employee/employer remittances
- Job classifications
- Skills

This information is used for administering payroll, benefits and changes, service anniversary recognition, incentive payments and the planning and implementation of training.

It is also used to answer employees' questions. How many vacation days do I have left? What is the company policy on paternity leave? What is the company dress code? The list of employee queries that HR administrators need to respond to sometimes seems endless.

Web-enabled tools are available that, if integrated into a company's HR administration can significantly improve the flow of information in the company and empower not only managers but also employees through increased interactivity.

By using such e-business tools, small businesses can:

- Keep accurate compensation histories
- Provide salary analyses by organization levels
- Avoid late reviews with a list of both pay and performance reviews due by month
- Build consistency by providing supervisors with standard review forms that detail employee job and salary history
- Track details and renewal dates on important employee events such as training, licenses and bonuses
- Maintain employee health profiles.

Using the reach of the Internet, small- and medium-sized businesses can support staff that is in the office, as well as those working in remote locations. Because the only software the user needs is a Web browser, it is easy and inexpensive to provide employees with the ability to enter and gain access to their own information without burdening HR staff. (See the Personal Record Keeping section, p.32)

The following is a guide to features that HR administrators may wish to look for in a Web-enabled HR solution. It is based on information from a human-resources technology Web site, www.workforce.com.

Control

HR departments should have total control of what the employee can see or update in an easy-to-use and customized software. HR professionals can focus on strategic activities while employees make their own routine updates such as phone number and address changes.

Security

Look for security features to ensure that data, such as attendance accruals, benefits, salary and training history, transmitted through the public network, is secure. In turn, the system ensures that employees only see the information they are authorized to see.

Customization

Look for software with advanced customization features and detailed control over user privileges. An HR professional should be able to control exactly what type of information each employee can see, ranging from simple demographics to detailed pay information. Set-up and access should be based on management needs and not predetermined by the software. Customized e-mail is another powerful tool. Look for pre-formatted, customizable e-mail messages that HR can use instead of a manual checklist, for example, for new hire actions to notify operations, MIS, payroll and training managers.

Open Standards

Ensure that the HR solution you pick can integrate with your other HR applications. Links can be created to other relevant Web sites, such as an insurance carrier, and include access to policy manuals, benefit enrolment forms and related online documents. This creates a one-stop portal for all HR-related information.

Technology and Integration

Look for a solution that has user-friendly technology and can be used with your basic Web browser.

Time management

Look for solutions with a virtual help component that reduces phone calls to HR administrators.

"Change verification"

Look for an e-mail notification feature so that all stakeholders in an organization can be notified of time- or date-sensitive actions required. For example, an alert can be automatically generated and sent to HR and the employee's manager about a certification due to expire 90 days before the re-certification date.

Recruitment

For recruiting applications, look for software that sends an immediate personalized response to job applicants who inquire or respond via e-mail.

The advantages the Internet offers are clear: reduced red tape through automated work processes; advanced notification of change and an increased focus on strategic rather than administrative tasks.

Employee Portals

The Internet is the way that more and more employees are gaining access to electronic resources across the enterprise, especially for medium-sized businesses. An employee portal will bring together these resources into an experience that's simple enough for everyone to use, anywhere.

An employee portal is a single point of entry online — accessible by one click of a mouse — to an array of programs and information. It takes advantage of the Internet to manage business functions, including human-resource management.

Portals are becoming more important because skilled employees are becoming harder to find and retain. The emerging generation is bringing new expectations and demands to the workplace. Employees are increasingly well informed and self-activated. They want open, two-way communication with their employers, and they have easy access to information about external opportunities if they find the internal workplace unsatisfactory.

Effective portals are custom-designed, so the user gets quick and easy access to the tools and information most relevant to his or her situation.

Generally speaking, there are four kinds of information that employees look for:

- Employee to enterprise — for updating personal files and answering questions
- Employee to employee — to facilitate collaboration
- Employee to task — tools and applications specific to a job function
- Employee to life services — such as health information.

Portal technologies tie user profiles and data sources to a directory. Each user can securely view information in a way that he or she understands from anywhere, on any Web-enabled device.

The computer screen used to view the information on an employee portal is commonly called a "dashboard." Just as a car dashboard is a complete navigational panel for the driver, a Web dashboard is a user interface with a single point of access to all the

information, applications and tools needed to make timely decisions and take action.

Personal Record Keeping

Work that was once done by HR is slowly shifting to managers and employees, even in smaller companies. As smaller companies get more comfortable with self-service, HR professionals are looking for more forms of self-service that not only save time and money, but also increase employee satisfaction.

If you ask employees what health benefits they have, they won't be sure. With self-service, they can log on to a computer — from anywhere — and see when they qualify for a preventive doctor's exam, what a filling costs, what their company pays for prescribed drugs, or what their annual allotment is for contact lenses.

Some self-service applications enable employees to view and update their HR information through a standard Web browser. E-mail can also increase productivity by helping to deliver automated notifications to HR managers and employees about key events and required actions.

Not all e-business tools require the use of computers. The telephone can also be used to enable employees to easily record time and labour information from any geographic location or any time of day. As an example, Ceridian Canada (http://www.ceridian.ca/) offers an automated time and attendance solution based on interactive voice response (IVR) technology. Employees dial directly into the system, which uses standard audio responses to prompt them to enter their PIN, password, and time and attendances information using the telephone keypad. It stores this information in a database and then transfers it into a human-resources information system for processing.

More information about the benefits of personal record keeping can be found in the Return on Investment section, pg.52.

Finding a Supplier

Online directories of suppliers of HR administration products include:

- **Canada Business Service Centres**: Click on Business Information Guides for a directory of HR service providers by province. (http://www.cbsc.org/english/)
- **Government of Canada's Human Resources Management**: Click on "Companies and Organizations" for directories of suppliers. (http://hrmanagement.gc.ca/gol/hrmanagement/interface.nsf/)
- **Workforce.com**: Here is a page packed full of directories of vendors of HR products and services. (http://www.mediabrains.com/client/workforcema/bg1/search.asp)
- **cstd.com** - **Your Guide to Information on the Internet**: You'll find human-resource administration suppliers in the small-business listings. (http://www.cstd.com/search.cgi?c=human+resources)
- **BuyerZone**: This small-business specialist site lists suppliers under "HR & Personnel." (http://www.buyerzone.com/personnel/index.html)

Human Resource Information Systems

Prominent suppliers of HRIS products and services include:

- **ADP Canada**: The Canadian arm of U.S.-based Automatic Data Processing Inc. has offices across the country. (http://www.adp.ca/)
- **Ceridian**: A Winnipeg-based human resources and payroll management company with offices across Canada. (http://www.ceridian.ca/)
- **Necho Systems Corp.**: A worldwide seller of expense-management solutions, based in Toronto. (http://www.necho.com/)
- **Peoplesoft Canada**: Peoplesoft is a major supplier of financial and human-resource management systems. (http://www.peoplesoft.ca/)

Portals

Information about employee portals is available from:

- **Novell Canada**: Novell's Active Portal solution is designed for smaller companies. (http://www.novell.com/products/portal/)
- **Plumtree Software**: This San Francisco-based company specializes in portal technologies. (http://www.plumtree.com/default_flash.asp)
- **Oracle Corporation Canada**: Oracle is a major supplier of portal and networking technologies. (http://www.oracle.ca/online_services/smallbusiness)
- **Embanet Corporation**: This Toronto-based company sells Internet-based e-learning solutions and technologies. (http://www.embanet.com/)
- **Hewlett-Packard Canada**: HP Consulting offers a suite of technology-enabled business solutions, including portals. (http://thenew.hp.com/country/ca/eng/welcome.html)

Chapter 4

Employee Relations

The Internet has transformed how companies relate to employees. Internet-based business-to-employee systems are permitting companies of all sizes not only to reduce costs and improve productivity, but also to create a more satisfying work environment.

That is important to small businesses, which typically depend on a few key people. For any business, the cost of losing valued employees is high. Replacing staff is estimated to cost 1.5 times their annual salary, reports SHL of Toronto (http://www.shlcan.com/), a provider of recruitment, selection and development solutions. Skills shortages are putting more pressure on small businesses to find and keep the right people.

Human-resource professionals advise business owners to treat their employees as customers — developing an understanding of their needs and latent dissatisfactions, and then creating a compelling offering that encourages loyalty and productivity.

Ideas That Can Help You

A summary of modern approaches to employee relations can be found in a book produced by human-resources consulting firm Watson Wyatt, entitled The Human Capital Edge: 21&bnsp; People Management Practices Your Company Must Implement (or Avoid) to Maximize Shareholder Value (http://www.watsonwyatt.com/news/hcedge). The authors present data showing how specific human-resource management practices, including appropriate technologies, can add to, or subtract from, the bottom line. See highlights from the Watson Wyatt's survey report (http://www.watsonwyatt.com/research/resrender.asp?id=W-488&page=1), linking human capital and shareholder value.

Another resource can help you find new ideas to stay competitive in attracting and keeping the employees you need. Human Resources Development Canada publishes ideas on innovative workplace practices in its Workplace Gazette (http://labour-travail.hrdc-drhc.gc.ca/millieudetravail_workplace/innovations/index.cfm?fuseaction=english).

One of the best ways to foster good employee relations is simply to keep good records and answer queries promptly. See the Administration section (pg.20) for tips and resources.

Key Issues

In this section you will find information on how e-business technologies and resources can assist you to:

- Encourage employee retention (pg.34)
- Provide appropriate and competitive compensation (pg.38)
- Ensure effective communications that contribute to a prosperous workplace (pg.39)

Retention

What do employees want from a small-business employer?

They want career opportunities. They want a healthy work-life balance. And they want the flexibility and control that enables them to take an active role in shaping their workplace.

Employees today also want frequent feedback and interaction. Traditional annual performance and salary reviews may be inadequate to retain workers in a fast-paced industry.

What do small-business owners want from their employees?

They want the personal commitment that enables people to contribute their best to the company. A company can inspire such commitment by responding to employee concerns and creating a work environment that engenders respect and a sense of fair treatment.

E-business technologies and resources can assist with:

- Career planning (pg.35), so employees can build a future with your company

- Performance tracking (pg.36), so they know where they stand
- Succession planning (pg.37) for skilled employees and senior managers
- Life-work issues (pg.37), so employees have quick ways to find answers to distracting problems.

Career Planning

Smaller businesses are sometimes challenged to offer talented employees a career path that will encourage them to stay and move up within the company. Employees are more inclined to stay if they clearly understand their advancement opportunities, and how to realize them.

E-business technologies, ranging from simple to highly sophisticated, are available to support the goals of both management and employees.

Assessment Tools

Among the products available are online assessment tools that help to identify employees' strengths and preferences, and align them with the company's needs. Automated data gathering saves time for everyone and permits employees to be included from any location with minimum administrative effort.

The Ontario Society for Training and Development has a listing of companies offering "performance evaluation services" (http://www.ostd.ca/directory/searchtwo.php?categories=PERFORMANCE+EVALUATION&arrtwo=27,82,97,99,103) and "evaluation measurement" and "assessment services" (http://www.ostd.ca/directory/searchtwo.php?categories=EVALUATION+MEASUREMENT+ASSESSMENT&arrtwo=6,21,74,102,103,111,132).

Showing the Way

At a simpler level, many companies take advantage of off-the-shelf diagramming tools to present to employees online information that helps them plan their careers.

For example, a grid can be shown on a computer screen, looking much like a checkerboard, to represent job progressions.

Each position is shown in a box in the grid. Boxes to the right represent advancing levels of qualifications. Down the left side of the grid, a series of letters or numbers indicate the level of responsibility and accountability for each job shown in the boxes.

Clicking on a box reveals the job description, qualifications and salary range (if desired) that define the position. A viewer can drill down in that box and find what core skills and knowledge are required for each position. This sort of communications tool is applicable to any size of company, and is a simple but effective use of technology to assist employees with career planning.

For more information about career planning tools and resources, please see the Human Resources Development Canada Web site (http://www.hrdc-drhc.gc.ca/common/lrn_plan)

For online listings of career-planning resources, please refer to:

- **The Canada Career Consortium**: An organization of career practitioner organizations and government agencies. (http://www.careerccc.org/ccc/nav.cfm)
- **The Canadian Career Development Foundation**: The Foundation's members work to advance the practice of career development. (http://ccdf.ca/home_e.html)
- **Government of Canada's Human Resources Management**: Resources on this page will help you determine the training needs of your employees. (http://hrmanagement.gc.ca/gol/hrmanagement/interface.nsf/)
- **Workforce**: This site lists North American consulting firms with expertise in employee relations, including career planning. (http://www.mediabrains.com/client/workforcema/bg1/search.asp)
- **WorldatWork (formerly the Canadian Compensation Association)**: This not-for-profit organization has thousands of members who are compensation, benefits and human resources professionals. (http://www.worldatwork.org/canada/)

Performance Tracking

Performance review tools can help take the pain out of the review process. They can save time and eliminate paperwork. They provide consistency throughout your business, helping to promote an atmosphere of fairness, which in turn contributes to employee retention.

Software products and services are available to:

- Provide standard review templates, or guide the creation of a custom-designed review form
- Evaluate your employees on the basis of skills and performance objectives, which can be drawn from dictionaries in the software
- Summarize performance, set a rating and establish an action plan for the next year
- Track completion of reviews, save the reviews securely online and create an archive.

Products are also available to assist with performance tracking of employees in different locations. Data collection and reviews can be conducted via reports generated, transmitted and discussed via the Internet.

For lists of technology and service providers, please refer to:

- **Ontario Society for Training and Development**: OSTD has 1 500 members in the profession of training and human resources development. (http://www.ostd.ca/directory/searchtwo.php?categories=PERFORMANCE+EVALUATION&arrtwo=27,82,97,99,103)
- **Workforce**: This site lists North American consulting firms and suppliers with performance tracking expertise. (http://www.workforce.com/)
- **Human Resource Professionals Association of Ontario**: The HRPAO is Canada's largest association of human-resource professionals. (http://www.hrpao.org/)

Succession Planning

Small-business owners increasingly are concerned about how they are going to replace skilled employees. In some cases, businesses depend on the application of skills that take several years to acquire - and successors to the current skilled workers must be found somewhere. In other cases, senior managers or owners are approaching retirement age.

A human-resources information system can be used to track skill sets and match them to current and prospective employees. The software can identify which employees need certain supervisory skills, management skills, and leadership skills. It can also track the courses that employees should take to build their skill portfolios.

For senior managers, diagnostic tools including questionnaires and assessments can enable the company to identify a manager's development goals and plans, and relate them to the company's core competencies, corporate vision and objectives. Individuals involved in an assessment program can be notified via e-mail and all the assessment modules completed online.

For information about suppliers of such products and services, please see:

- **Canada Career Consortium**: An organization of career practitioner organizations and government agencies. (http://www.careerccc.org/ccc/nav.cfm)
- **ContactPoint**: A Canadian professional development Web site for career counselors. (http://www.contactpoint.ca/)
- **National Association of Career Colleges**: Listings of career-development institutions by province. (http://www.nacc.ca/schools.htm)
- **Directory of Canadian Recruiter**s: A comprehensive directory of search firms. (http://www.directoryofrecruiters.com/)

Life-work Issues

People's lives are getting busier all the time. Faced with the constant struggle to balance work responsibilities with personal commitments, employees are looking to their workplace to provide some relief, support and practical solutions to their busy and stressful lives.

Outsourced human-resource services known as employee-assistance programs (EAPs) have been meeting such needs for 20 years, mostly in the United States, and are now beginning to be offered online. They offer employees 24-7 access to assistance and work-life support services via the Internet.

Online EAPs can cover a wide range of services. Employees can navigate to libraries of resources to help them build skills, solve problems and balance their work, personal and family lives. Topics include: health and wellness, parenting and childcare, education, older adults, financial, legal, everyday issues, work, emotional well-being, and addiction and recovery.

These services are relatively new to Canada. Two prominent providers are:

- **Ceridian**: A Winnipeg-based human resources and payroll management company with offices across Canada. (http://www.ceridian.ca/en/index.html)

- **Watson Wyatt**: A worldwide human resources firm with six Canadian offices (http://www.watsonwyatt.com/us/services/ehr/employee.asp)

Small companies may look for less technical solutions. On the Web site of Human Resources Development Canada, you will find some human resource and management tools, including **The Work-Life Continuum**, which can be used for assessment and planning purposes. (http://labour-travail.hrdc-drhc.gc.ca/worklife/wlcontinuum-en.cfm)

Owners of smaller businesses will find articles of interest in **e-zine: The Magazine for Work-Life Balance** (http://www.swiftwork.com/ezine/personal_life/index.asp)

Compensation

How should you reward your employees? And how much?

To find part of the answer, small and medium-sized businesses may turn to e-business products and services to help them administer their payrolls in the Administration section, pg.20. Beyond administrative issues, however, are questions of whether the compensation offered by your firm is fair, competitive and affordable. (refer to Payroll, pg.26)

In the Human Resources Management section of the Government of Canada's Web site (http://hrmanagement.gc.ca/gol/hrmanagement/interface.nsf/), you can find an excellent guide to constructing a pay administration plan.

You don't necessarily need e-business technologies to do it. You may wish, however, to go online to obtain information about what other companies in your industry are paying their employees. Watson Wyatt publishes an annual Canadian Salary Survey of more than 300 benchmark positions, ranging from junior clerical to the top executive. Other companies, including William M. Mercer Inc. (http://www.merceric.com/) and the Hay Group (http://www.haygroup.com/), also sell employee surveys. Further information is available from the Canadian Payroll Association (http://www.payroll.ca/English/Home/homee.htm).

E-business technologies are available to answer employers' pay-related questions online. Mercer sells a system called PRISM that enables a company to fully automate all of its job matching, survey participation and market analysis processes. The Hay Group offers PayNet, which it says is the first interactive global job market pricing service available over the Internet. It is designed to help organizations set annual pay budgets, implement new salary structures, benchmark compensation costs and respond to urgent recruiting and retention issues.

For a compendium of compensation issues and updates, see the Web magazine HR Online (http://www.hronline.com/).

Click here for information on how online services are used for Benefits Plans, pg.39.

Benefits

The cost of providing benefits programs is rising, particularly for health-care benefits. As an indication, a survey of 2 800 employers released at the end of 2001 by William M. Mercer Inc. in New York found that U.S. employers expect health care costs to rise 12.7 percent in 2002, after an 11.2 percent increase in 2001.

Small businesses cannot absorb higher benefits costs indefinitely, so there is continued demand for benefits consultants to help design more cost-effective programs and the software systems that administer them.

A strong trend in benefits administration services is to make it easy for employees to track and change their own benefits information, as authorized (see the Administration section, pg.20). Using online access and interactive voice response, employees can sign up for new services, make changes and track their benefits packages at any time. Companies provide better service, enjoy lower administration costs, and relieve HR administrators of time-consuming tasks. To accomplish this, however, a company may require a human resource information system (pg.25) to store internal data.

More information is available from:

- **Benefits Interface, Inc.**: This Canadian corporation assists employers to maximize the value of their employee benefit compensation through creative plan design, cost containment, communication and administration (http://www.benefits.org/)
- **Government of Canada's Human Resources Management site**: A section of this site is devoted to pay and benefits issues (http://hrmanagement.gc.ca/gol/hrmanagement/interface.nsf/)
- **Human Resource Professionals Association of Ontario**: The HRPAO is Canada's largest association of human-resource professionals, with many members who specialize in benefits planning (http://www.hrpao.org/)
- **WorldatWork (formerly the Canadian Compensation Association)**: This not-for-profit organization has thousands of members who are compensation, benefits and human resources professionals (http://www.worldatwork.org/canada/)

Please click here for information on how e-business technologies are used for the administration (pg.20) of benefits plans and other employee programs.

Communication

E-business technologies can help make human resources functions more efficient by permitting employees to gain access to information online, when they need it, rather than by depending on administrators for answers (see Employee Portals section, pg.31).

Many more benefits than that, however, are available to small and medium-sized businesses that use electronic communications effectively. An internal Web site, or intranet, can engage new and current employees in the values, culture, history and future of the company. It should be the principal way employees learn about company news, customers, products and projects. It also is the primary vehicle for HR services delivery,

including career development, job postings and compensation and benefits.

The intranet can house the company's policy manual, setting standards for the workplace. Having all policies and procedures in one online manual helps employees be aware of what is expected and can prevent misunderstandings about employer policies.

Each policy should include the following:

- Policy Title
- Creation date
- Revision date
- Created by name
- Version Control Number
- Eligibility statement
- Policy statement(s)
- Policy purpose
- Who is affected by the policy
- Who enforces the policy
- Statement of effect of breach of policy
- Statement of how policy is revised and when

Creating a policy manual need not be onerous. Electronic products are available to guide the process. Human-resources software company, **HR One** (http://www.hroneinc.com/), for example, offers an online tool called Employee Handbook, which automates the creation or updating of a complete employee manual.

Web Style

Presenting human-resource information online is different from presenting it on paper. An intranet can fail to achieve its potential benefits if it is not appropriately designed.

Sites need to be interesting and attractive, as well as informative and timesaving. Above all, they must be easy to use and to read on a screen.

William M. Mercer Canada provides excellent advice on the design of HR intranets in the fall 2001 issue of its **Mercer Bulletin** (http://www.merceric.com/).

Chapter 5

<u>Major Decisions</u>

A small to medium-sized business has many issues to consider in deciding to automate its human resource (HR) processes. But one way or another, they boil down to one thing: controlling costs.

How do you understand and control the costs — to your people and your business — of introducing new technologies? A company that wants to successfully adopt e-business techniques will need to consider the following issues, which are covered in this section:

Change Management

Failures of organizational change efforts are seldom caused by faulty technical installations or poor supplier relationships. More often than not, the inability of a company to change is caused by internal strife-leaders or employees who were simply unable or unwilling to make the transition or commitment to a new way of working.

In this section, you'll find answers to the following questions:

Issues:

Some issues that affect the potential of a company's culture to adapt to change include the following:

Trust and Communication

Dissatisfaction among employees and lack of trust in their employer can increase an organization's resistance to change. When employees trust their employers, they tend to experience greater levels of satisfaction and co-operation. A study commissioned by the Canadian Federation of Independent Business found that small companies of 50 or fewer employees generally experienced more trusting workplace relationships and employee satisfaction than organizations with more than 500 employees.

In general, it's easier for smaller companies to establish open, trusting relationships. This tendency is likely due to the increased opportunity for the senior people to interact and communicate with their employees.

Managers should be on the alert for signs of employee dissatisfaction, such as increased absenteeism and an active rumour mill. These issues often indicate poor internal communication. Managers can encourage employee co-operation by communicating with them, empowering them to make decisions and supporting their choices.

Union-Management Co-operation

A union can create a communication barrier between employer and employees, making it more difficult to develop trusting, co-operative relationships. To overcome this obstacle, both management and union must work together to define and communicate common goals, and create opportunities for teamwork.

Employee Status

The employment status of staff can affect their loyalty to the company. Part-time and contract staff, or others who have a tenuous relationship with an employer, may feel less committed to corporate goals and less inclined to make changes. On the other hand, their status may cause them to be overlooked by the company when organizing planning meetings, training sessions, or sending out information. It's very important to involve all parties affected by an organizational change in the change management process.

Culture

Long-term employees often set the standards of acceptable attitudes and behaviour within a company. They may do so inadvertently; nevertheless, their influence on organizational culture is important. The participation of such role models in change efforts needs to be managed carefully to ensure desired results.

Organizations with an established culture of teamwork generally have a better foundation upon which to build a change effort. Their employees are accustomed to teamwork and already share the co-operative attitude necessary for success.

Leadership

Sponsors and leaders are key to successful change efforts. The greatest error a company can make is to treat a new system implementation as a minor operational issue. Business owners must recognize that changes in a company's business processes are strategic in nature and should be supported at the most senior levels of the organization. Sponsors should be visibly involved in all phases of the change process, while leaders actively participate in the project teams.

For guidance on how to address these issues, see Change Management Process.

Change Process:

Objective

The objective of managing change is to help your people adapt effectively to the new automated workplace.

Methodology

Following is a detailed description of an organizational change process (based on "The Organizational Change Process: A Comprehensive Model", Harvey Kolodny and Associates, Faculty of Management, University of Toronto).

Most important to note is that the actual implementation of new technology occurs well into the process and is not the starting point for a change management initiative! Successful implementation includes both physical and cultural changes and must be carefully planned from the initial conception of the project.

Steps to Follow

The change management process comprises four major steps or phases:

1. **Preparation**: The preparation phase helps you develop a foundation upon which to build employee commitment to the change effort.
2. **Acceptance**: The acceptance phase guides you in gaining support for a specific course of action.
3. **Implementation**: The implementation phase deals with the actual changes to business processes and technology.
4. **Commitment**: The commitment phase helps you understand how to sustain support for the changes in which you've invested.

Preparation

1. Preparation Phase — Building the Foundation for Commitment

Business owners should help their employees understand the need for change and the issues involved. Employees need to know the reasons for making the changes, so they can start to understand and accept the changes expected of them.

The most senior people in the company must be visibly dedicated to the change process, and managers actively supportive of employees. Their involvement is needed to demonstrate that the new way of doing business is a priority, and the change management process a serious matter.

Specific steps in the preparation phase include the following:

Identify the legitimate need for change. Clearly specify the issues and key messages. Make a compelling business case for the change.

Make key stakeholders aware of the changes required and relevant issues or implications. By communicating with key people at the earliest opportunity, you start to build trust and cohesion throughout the company.

Encourage dialogue among all parties affected by the change. In addition to leaders, managers and union representatives, consider part-time and contract staff, and those working offsite or remotely. Also consider the interests of related external parties such as family members, customers, suppliers, competitors, shareholders or other community or industry groups. Your goal is to get a broad perspective of the scope of the change, identify interdependencies, and set the tone for future communication.

Assess readiness to proceed with the change process. Before proceeding, try to anticipate any sources of resistance in the company and their possible causes. Don't try to deny or suppress resistance; when it surfaces, deal sensitively with the emotional responses, and carefully manage expectations. Clearly communicate the consequences — both positive and negative — of complying with a change objective.

Checklist:

1. Do you have the required commitment, leadership and resources to successfully implement and manage the change strategy?
2. Have you fully considered the available opportunities, choices and risks?
3. Have you addressed any organizational or cultural barriers and provided for adequate training and support?

Once you've prepared your foundation for change, you're ready to proceed to the

Acceptance

2. Getting Agreement and Setting Direction.

Now you must establish a course of action and secure the support and resources needed to carry it out. You will probably need to consider the following questions:

1. Who will own the new automated processes?
2. How should they be run?
3. How will the information be used?
4. Who's accountable for errors, inaccuracy, security risks, and obsolescence of the information?
5. How will business performance be measured?
6. What's the new organizational structure?

Changes in business processes cause jobs to be redefined or new jobs created, lines of authority changed, departments and teams dissolved or restructured. Many employees are afraid that they will be unable to learn new skills, get along with new colleagues, or adapt to the new workplace. Their sense of identity or security may be threatened by new expectations or employees hired to fill new positions.

Under such circumstances, resistance is normal, especially if employees don't know what to expect, and are focused only on the "losses" they will suffer. Employees need to participate in decision-making to feel that they have a "voice" and a sense of control over their fate. Supportive management and training encourage a win-win outcome for both the company and employees.

Specific steps to follow during the acceptance phase include the following:

1. **Get endorsement by key stakeholders of the chosen direction.** Management and senior employees or unions must sanction the chosen direction with their staff and reinforce their commitment to continued support.
2. **Secure the necessary support and resources.** Have key stakeholders committed support in terms of the money, time or people offered for implementation?
3. **Establish a cross-functional team to design the implementation process and new structure.** This project team should be independent of the established structure, which may change as a result of the project.
4. **Assess specific needs and goals.** Define the objectives and targets required to move the company from its current situation to its desired position. Include specific short and long-term goals related to suppliers, customers and competitors, as well as supporting communication plans.
5. **Develop a vision statement of how the company will operate in the future.** Employees need guidelines to help them deal with any unfamiliar situations they will encounter in the new environment.

Once you get agreement to a specific course of action, you're ready to move on to the Implementation phase of the change management process, pg.45.

Implementation

3. Implementation Phase — Making the changes.

The purpose of this phase is to encourage a smooth transition to the new business environment. Specific steps include the following:

- **Analyze the systems and processes involved in the change.** Examine technical systems, workflow and relationships to identify inefficiencies and their impact on the company's effectiveness. You will need to involve those who are most familiar with the work.
- **Redesign the processes.** The design may include organizational structure, support systems, skills development and training.
- **Implement the changes.** Implementation activities include physical and organizational restructuring, development of procedures and methods, installation and set-up of new equipment.

When the intended changes have been made and documented, you're ready to proceed to the Commitment phase of the change management process,

Commitment

4. Commitment Phase — Sustain the changes.

If change is going to stick, you must reinforce the new process and behaviours expected of people. This is achieved through continued communication with employees. The following steps will help to establish organizational commitment:

- **Evaluate the outcomes of your change effort based on the original goals.** Did you achieve the intended objectives? If so, are these goals still valid?
- **Continue to improve the process.** Develop a system to continually assess and improve the process.
- **Ensure continued support for the process.** Leaders can continue to demonstrate their support by celebrating successes and recognizing or rewarding desired employee behaviour.

Outsourcing

A small organization doesn't always have the staff or budget to handle human resource (HR) functions in-house. In some cases, it makes sense to outsource some HR functions, or the entire department, to external providers. But how will you decide what's right for your company?

This section will provide answers to the following questions:

What is HR Outsourcing?

HR outsourcing is an arrangement whereby a company relies on external experts or services to provide HR functions. The contracts can vary depending on the type of service provider, the combination of services required or the structure of the arrangements. A company may use a single source for all HR needs, or contract various services with individual providers.

Outsourcing Services

HR outsourcing services generally fall into four categories:

2. Professional Employer Organization (PEO)
4. Business Process Outsourcing (BPO)
6. Application Service Provider (ASP)
8. e-Services

For more information on the four main categories of HR outsourcing services, see

How can I distinguish among service providers?

The most important issue in hiring an HR outsourcing firm is to know exactly what you are getting. Ask for specific details about service offerings and contract obligations. Consider how the service will fulfill your needs and how it will fit in with any other services that you may currently have or expect to adopt in the future.

What services can I outsource?

Some providers offer "packaged" HR services, requiring a company to outsource all its HR functions. Others provide "à la carte" services whereby a client can select from among a menu of HR service offerings.

Typical services include:

- Payroll processing and administration, which includes issuing paycheques and withholding or deducting taxes, insurance and health premiums, pension contributions, etc.
- Employee benefits and plans, including health, dental, life and disability insurance, pensions, etc.
- HR management, including recruiting, selection, termination, salary reviews, job descriptions
- Risk management, including worker's compensation, dispute resolution, safety inspection, office policies and procedures, employee manuals
- Incentive design and implementation

Service Categories:

Providers of HR outsourcing services are generally grouped into the following main categories:

Professional Employer Organization (PEO)

A PEO assumes full responsibility of a client's human resource function. As a business "partner", the PEO becomes a co-employer of the staff, making decisions regarding hiring, firing, compensation, etc. and taking full legal responsibility for those decisions.

Business Process Outsourcing (BPO)

BPO providers improve a company's business processes, including HR processes, by either installing technology or applying existing technology in a new way to improve a process. In HR specifically, a BPO would ensure that a company's HR system is supported by the latest technologies, such as self-access and HR data warehousing.

Application Service Provider (ASP)

ASPs host and manage software applications on the Web. These programs are rented out to users who are given access to their applications and files via a password-protected area of the ASP's Web site. Customers are spared the bother and expense of buying and installing software directly on their own hard drives or servers.

Some ASPs host HR software programs to manage various HR functions such as payroll, benefits, etc. These programs range from well-known packaged applications such as PeopleSoft, to customized HR software developed by the vendor.

Internet Business Services (IBS)

IBSs are a sub-category of ASPs. ISBs provide specialized software, including HR applications, specifically designed for the needs of small business.

IBSs can be much cheaper than ASPs for several reasons. IBS services have been designed specifically for the Web, so users simply need a Web browser for access rather than having to install the access software required for client-server ASPs. IBSs can also connect to other e-services. As a result, on a single Web page they can offer an integrated package of business services from various companies.

e-Services

The term "e-services" refers to Web-based services, including those pertaining to HR. Both BPOs and ASPs are often referred to as e-services.

Is Outsourcing Right for Us?

The outsourcing decision depends on many factors. Following are a few guidelines based on your company or industry profile.

Size

A company with fewer than 100 employees often doesn't have resources for an in-house HR department and may find outsourcing to be a viable solution. Many smaller companies outsource recruitment (pg.1) and selection activities. When these activities are required only periodically, it often doesn't make sense to hire in-house experts.

A company with at least a dozen employees can consider a Professional Employer

Organization (PEO). And a company with fewer than 12 employees may do well with online services, especially IBSs.

Unique HR Practices

Some companies have developed HR practices that are different from those of similar companies in their particular industry. Outsourcing such unique practices may be difficult or costly. A considerable up-front investment may be required if a service provider needs to learn about a company's complex in-house process. Additional fees will accrue if the vendor needs to tailor a package or create a custom program to accommodate the system design.

Business Climate

The flexibility provided by HR outsourcing is particularly appealing to companies that face a great deal of financial or business uncertainty, or operate in industries subject to volatility. Such companies are able to respond more quickly to changing resource needs when they are not burdened by excess fixed costs in equipment and staff.

For more details on the outsourcing decision, see Benefits vs. Risks, pg.49.

For help on assessing the specific HR functions to outsource, see What to Outsource, pg.48.

What to Outsource

The HR functions that companies outsource tend to fall into two broad categories: those functions that are central to HR management, and those that are highly technical or administrative in nature.

Central HR functions

Central functions often deal with corporate culture and the acquisition and retention of talent. Performance appraisal and employee relations are two such examples. These functions tend to require expertise that may not be available in-house. A company, for instance, may choose to outsource the design of a performance appraisal system but maintain delivery of the service in-house. The design of such a function may, or may not involve automated processes.

Technical or administrative functions

These are more mundane functions, but often require significant resources; such functions might include human resource information system (HRIS) design or payroll design and administration. Generally, these systems provide the best opportunities to gain efficiencies through automation and are most often outsourced to e-service providers.

The outsourcing decision will depend on which functions are most important to the organization and whether or not the company needs to retain administrative control over those functions to ensure quality results. The goal of the company is to gain competitive advantage by outsourcing the activity. Several issues must be considered, such as the following:

- What are the risks that could arise from market failure if the activity is outsourced?
- How can arrangements be structured with a provider to alleviate those risks?
- Can we impose proper controls without sacrificing flexibility in service delivery?

For more information on the outsourcing decision, see Benefits vs. Risks.

Benefits vs. Risks

Before deciding to outsource HR functions, companies need to weigh the potential benefits and risks. Company size, resources, goals and environment will need to be taken into consideration in assessing possible outcomes and results.

Benefits of Outsourcing:

Risk Management

A major benefit of HR outsourcing for most small organizations is risk management. Many simply don't have the time or expertise to deal with federal and provincial employment laws. By outsourcing to a Professional Employer Organization (PEO), they're able to hand over the legal responsibilities of managing these important functions. Outsourcers can also be more objective than in-house staff in dealing with difficult issues or sensitive situations. And, a company benefits from the flexibility of gaining access to specialized expertise whenever required, at a fraction of the cost.

HR Focus

A larger organization that has one or more in-house HR professionals can benefit from outsourcing administrative or other routine functions. This frees the HR staff to focus on strategic planning activities while retaining overall control of the function. It also allows the company the flexibility to select various outsourcing options as needed to respond to fluctuating demands.

Cost Savings

Outsourcing can save money. Service providers are large purchasers of benefit and other packages and often receive a discounted rate, which they can pass on to their customers. By outsourcing to an online service, a company can also save on the cost of purchased software, installation and maintenance, such as upgrades, debugging, licensing, etc.

Employer Attractiveness

Outsourcing can improve a small company's attractiveness as an employer. Through PEO outsourcing, a business of 200 employees or less can offer benefit packages that are comparable with those offered by Fortune 500 companies, at reasonable cost.

Risks of Outsourcing:

Impact on Core Functions

A drawback of outsourcing HR is the lack of personal interaction for this important function. In-house HR professionals take a personal interest in the well being of employees. As trusted individuals, they are more effective in encouraging employee retention and dealing with some of the more sensitive issues that often occur within the workplace.

HR Competencies

A related concern of outsourcing HR is that a company does not develop the expertise in-house and will remain dependent on external providers. As the company grows, it may not have the skills to properly determine its HR needs, or to assess the effectiveness of a service provider in meeting its needs.

Accountability

Management control is a big consideration. When a company hands over legal responsibility to a PEO as part of the outsourcing arrangement, it also relinquishes the final decision to hire, fire and discipline employees. Although disciplinary action is often unpleasant for many managers, it may be more difficult to motivate, reward and retain staff when the lines of authority are blurred or expectations inconsistent.

Security Issues

Online services can raise further concerns about security issues, such as protected access to the data, privacy of confidential or sensitive information, and errors or mix-ups among users. There is the possibility of inconsistencies in handling complaints or errors because employees are not assured of a single point of contact. Technical systems are also more inflexible than manual processes in handling exceptions and special cases that don't "fit the rules." Manual intervention or correction may be required. Finally, potential system crashes or malfunctions, particularly with new technology, are additional concerns beyond the company's control and can be frustrating for users.

Once you've decided on which functions to outsource, you'll need help in Choosing Providers.

Choosing Providers

How do I choose a provider?

A company should have an adequate understanding of all the functions of HR in order to properly determine which activities should be outsourced. Then, an assessment is required of the current cost of activities identified for outsourcing (refer to Return on Investment section, pg.52). With this costing information in hand, the company can better understand and compare the value of vendor offerings.

Selection Criteria

Vendor responsiveness will be an important consideration. Try to determine whether the service provider can complement in-house efforts. Most important is clear communication with the vendor about your goals, service expectations, and timelines. Finally, you will need to establish a means of measuring the performance and effectiveness of the outsourcer.

Before choosing a provider, check client references and any relevant certification for an industry-accepted standards model (for example, ISO 9000). Ask colleagues for details about any experience they've had with vendors. Ask the vendor for a demonstration of a running application. Gather as much information as possible from online reference sites, including forums and discussion boards. If the process seems overwhelming, consider hiring an IT consultant to help you handle the complexities of finding an affordable ASP service.

Look for providers with a service orientation, as well as a good reputation and proven expertise. For example, do they offer 24-hour, expert technical support? Try to find a partner that's flexible, capable of understanding your organizational culture, and complementary to your HR philosophy and management style.

The Contract

Once the vendor is chosen, the next step is to define in a contract the formal and legal elements of the outsourcing relationship. A company needn't accept a vendor's standard contract. Build in your measurement and performance standards to ensure that you achieve your goals. Establish clear roles and responsibilities-who does what, where, when and how? Include both vendor and end-user obligations.

Specify the degree of control relinquished or retained by your company. Clearly define what constitutes non-compliance and the provisions and/or penalties if the vendor fails to comply with the agreed standards. Stipulate the expectations of the reporting system between vendor and organization. And specify contract renegotiation. Most contracts are renewable on an annual basis, so specify disengagement procedures for both parties in case of incompatibility.

Ensure that all terms are clearly defined; assumptions can lead to trouble. The contract should specify the total cost as well as the payment method. Look for hidden costs; specify any bonuses, incentives and penalties. Finally, specify a mutually acceptable means of reviewing or altering the terms to address changing needs, or unforeseen circumstances.

Pricing

The cost of HR outsourcing varies widely depending on the number of employees involved, the services or options selected and geographic location. A PEO typically charges a small percentage of each employee's salary per month. Online services can include an initial set-up fee plus a monthly charge per employee. Generally, the greater the number of employees participating in the plan, the lower the cost per individual

Return on Investment

You've carefully assessed the pros and cons of e-business and gathered information on various services and vendors. Now you will need to determine if it's worthwhile for you to change the way you're managing your HR functions.

Technology can be used to automate HR functions in two ways:

Intranet

The company's corporate Intranet can be used to shift administrative paper functions from HR staff to managers and employees. Such functions might include maintaining employee records, filing expenses or claims, or providing information.

Internet

The other opportunity to automate HR functions is to provide outsourced e-services, such as employee benefit packages or Employee Assistance Program information, via the Internet. This option provides employees direct, self-serve contact with service providers, eliminating the need for HR to function as a "go-between" for communication and administration purposes.

Cost Comparison

Cost-Benefits of HR Automation

Either the Intranet or Internet method of automating HR functions can save time and money for the company. Savings are realized primarily by transferring the functions traditionally performed by the HR department to the employees themselves. Managers and employees are also responsible for ensuring that their information is correct and up to date. As a result, there is less risk of copy errors because the information is entered directly into the system, rather than transferred from a paper file. The improvement in data accuracy reduces the time and cost spent in correcting errors. This employee self-monitoring and update process also reduces the employer's exposure to potential legal implications arising from errors or the perception of undue influence, (for example, when employees select investment or benefit options).

Here are some examples of the cost savings for larger organizations. An American airline company with 7 500 employees experienced a 25 percent reduction in the time required to handle open enrolment for benefits by using an employee self-serve HR Intranet system. By automating its benefits, training and employee records systems, the company

expects to realize savings of several million dollars over the next few years, mostly in telephone and administrative costs.

An American financial services company installed an Intranet employee self-serve HR system for personal records, benefit enrolment, selected payroll data and job information for managers. The new system is expected to pay for itself in 18 to 24 months through reduced HR overhead costs. It will also support the organization's projected growth from 25 000 to almost 40 employees over the next five years.

Cost Comparison of Manual vs. Automated Systems

- Identify the processes to be outsourced based on the decision criteria described in the Outsourcing section.
- Evaluate the paper functions and process required to complete the tasks. Define each step in the workflow, including timing, constraints, people and equipment involved and budget or expenditures. Consider all internal and external resources required.
- Review the process carefully for business improvement opportunities and redesign it if necessary. Don't automate a poor process! The technology would simply make an ineffective process more efficient. Strike an appropriate balance among process, people and technology to deliver optimal results.
- Estimate growth in the number of employees over the next five years and the additional number of HR and IT staff required to support that growth using the current systems.
- Investigate system options and service providers. Consider various options and combinations, including in-house Intranet systems, Web-based e-services, outsourcing arrangements, and possibly other in-house system alternatives.
- Evaluate the cost of automating the selected functions, including technologies, training, resources, maintenance, IT support, etc. Also, look for cross efficiencies with other in-house departments or functions, or opportunities to share system support or costs.
- Estimate the cost savings over time. Consider various options, including one-time or staged implementation, co-operation with other areas, etc. Compare the total cost of implementing and maintaining the new systems versus decreased HR costs and improved business functions.