



A GROWING FIRM'S GUIDE TO CLOUD HCM

5 WAYS TO WIN
THE WAR FOR TALENT



Executive Summary

Growing companies are usually a great environment to work in – unless you're in HR. Inevitable growing pains make the roles of HR professionals tougher as they must do all of their regular tasks as well as find, outfit and train scores of new hires. It gets worse for HR when the company and the economy are both booming as key workers are being recruited away while more open positions go begging. And, that's precisely the scenario unfolding in business after business today.

New strategies for HR leaders are needed now more than ever to help their firms simultaneously grow, find talent and hang onto the talent they currently have. But the challenges for HR professionals aren't limited to just recruiting. These challenges impact every nuance of HR, HR technology, HR processes and even the executive suite.

This whitepaper looks at:

- How can companies grow smartly?
- How should an HR group move into the social, mobile and cloud powered world?
- What new strategies should HR and the business adopt if they wish to regain market relevance?
- Which technologies should savvy HR technology buyers consider?

Risks and Challenges for Growth Companies

Firms grow for a number of reasons:

- Rising demand for their products or services
- Acquisitions
- Luck/great timing
- Improved economic conditions
- Growing or more affluent customers

No matter the cause, growth puts stress on firms and their HR organization, processes and systems. To sustain the growth, businesses need people. People have to be acquired, on-boarded, trained, counseled, paid and more. Often, businesses scale up their HR staffing, processes and systems to match the growth they're experiencing.

During booming economic times, organizational growth presents a number of challenges:

- **Other firms (direct and indirect competitors) are vying for the available talent in the market.** This produces scarcity in the job market and, in turn, drives up salaries and hiring costs.
- **Great employees are being enticed to leave their employers for better (perceived) opportunities elsewhere.** This triggers attrition in the midst of growing headcount demands.
- **Employees and jobseekers alike become more focused on career development and soft side issues.** Your firm's culture, management and other characteristics increasingly become decision factors for people seeking to join or leave your company.

"Even though middle-class incomes have lost ground to inflation for decades, workers have opportunities to catch up during the sweet part of economic cycles."

Source: "Will 2014 be the Year of the Raise? USA Today

Growth and hiring issues in today's economy, however, have some additional twists. For example, record numbers of baby boomers will retire out of the workforce. They will leave large numbers of senior level positions that will be especially hard to fill. Even when new employees are identified for these roles, they may lack much of the experience, skills and institutional knowledge that their predecessors possessed.

When firms experience high growth, they may be tempted to lower their hiring standards just to fill open vacancies. This can create significant downstream problems for the organization as lesser qualified individuals may require higher training costs, incur higher turnover and could potentially damage the firm's reputation.

From an HR perspective, growth is both a welcome opportunity and a ruthless challenge. There are several challenges HR organizations will face in a high-growth situation. These include:

- Creating an employer brand and candidate experience that is positive and differentiating
- Hiring large numbers of individuals with speed
- Onboarding and training new hires in a fast, focused and productive manner
- Keeping recruits and new hires engaged
- Continuously adjusting and perfecting succession plans and leadership pipelines

In the current economy, many HR organizations may not be winning the war for talent. Today's best and brightest workers have choices. They want to work for employers that are helping them get their careers back on track, investing in training, and more. The modern worker decides which employer warrants his or her loyalty. The modern jobseeker can quickly determine which employers are old-school just by looking at the outdated recruiting technologies, processes and employment websites an employer offers. That's right - the power has shifted to the jobseeker/employee these days and this shift is making the job of HR much harder for firms that haven't changed much these last few years.

"The survey also shows it pays to be a "star" performer, with those workers receiving raises that are more than 75% greater than pay hikes for average performers."

Source: Most U.S. Companies Planning Moderate Pay Raises for 2014, Towers Watson Survey Finds, 2013 Towers Watson

Worse, the time to complete this process hasn't gotten shorter. The website Glassdoor "*found the interviewing process lasting 23 days in 2013, compared to 12 days in 2009*"¹. So at a time when speed should be a goal and an asset to HR organizations, many firms are actually going the other way and making things more time-consuming and difficult for jobseekers. The firms following this path of action may become the losers in this economy.

5 Ways to Win the War for Talent

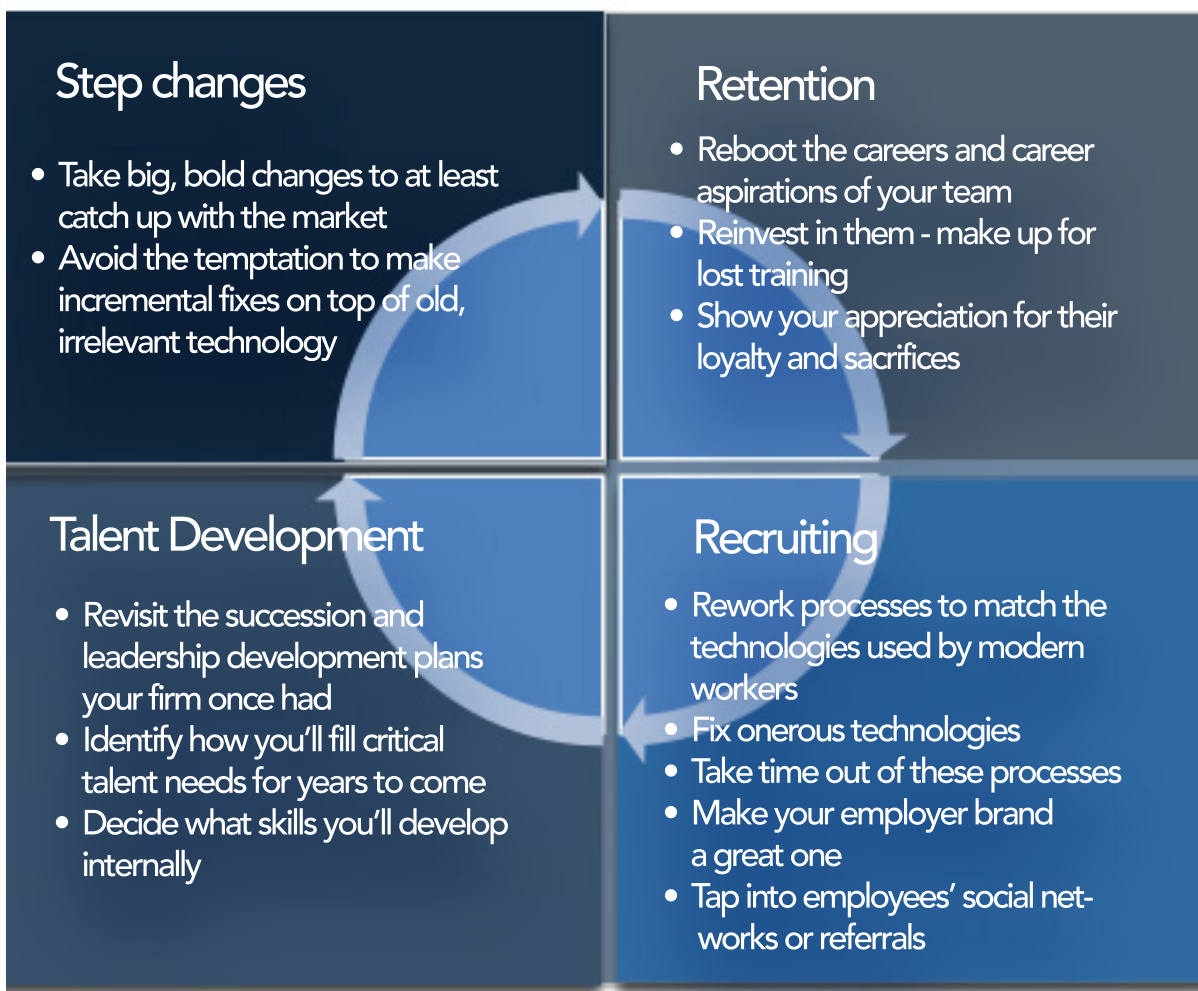
To win the war for talent, an HR group should design its processes to align with today's workforce not yesteryear's. Today's jobseekers have no patience for employers that require them to complete lengthy, time-consuming job applications (in addition to submitting resumes).

¹ "What's the Holdup with Hiring?", Human Resource Executive, Mark McGraw, March 3, 2014

Today's jobseekers want a one-click button to attach their LinkedIn profile to an employer's job posting. That single click should be enough for a recruiter to decide whether a candidate has any fit with the organization.

But even if a company can find and acquire talent to feed its growth engine, keeping the talent is another challenge altogether. "This is critical because Gen Y decides on our first day if we will stay with an employer long term."² Today's worker wants to be engaged, respected and enriched. They also want to have a life separate and apart from their job.

Next Generation HR Strategies



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² http://www.y-size.com/speaking_corp.html#2 Jason Ryan Dorsey, "Y-Size Your Business: How Gen Y Employees Can Save You Money and Grow Your Business", Wiley, 2009

This means that HR organizations must have very relevant recruiting methods and technologies. HR must sell jobseekers on their company. Then, they must create the processes, mechanisms and management reinforcement that convince new jobholders to not only stay with the firm but to attract others in their peer group to join the company as well. Simply stated, giving someone a job in a growing economy is not, by itself, enough.

For those HR groups that must fuel their firm's growth engines, tapping into their employee's social networks may be one of the fastest and surest strategies. To do this well, HR groups must create work environments that impress new hires and impress them so much that they, on their own, start recommending the firm to their friends and colleagues. These same HR groups should also possess HCM technologies that make the posting of new openings on employees' social media sites a snap.

During the last recession, if your firm substantially curtailed or eliminated its training programs, hiring, leadership development and other talent focused programs, growth may be hard to restart. Adding to the challenge is that technology and jobseekers have changed materially in the last few years.

"The pool of workers (that) employers have been using to keep wages down will turn into a puddle," Naroff said. "Minneapolis is already in a labor shortage, and most of Texas will be at 5% unemployment in a year."

Source: Will 2014 be the year of the rise? USA Today

To win the war for talent today, HR must first regain relevancy within and beyond the organization. This means that HR must:

1. **Possess HR technologies that are relevant with today's workforce.** At a minimum, these firms must have a full suite of Human Capital Management (HCM) applications, ability to recruit via social media, have mobile and cloud technologies and other solutions that speed up the identification, recruitment, onboarding and career development of jobseekers/jobholders.
2. **Make speed a core competency.** HR processes that eat up too much time cause job seekers to rethink their potential employer. While the blame for some of the delays may rest with executives outside of HR (and their increasingly overloaded schedules), elapsed time from initial applicant identification to tendered job offer must be short. For

some hot positions, employers may need to identify, interview and make a valid offer to a prospective employee within 72 hours of that person becoming available on the market. Are your processes this fast and efficient?

3. **Engage with jobseekers, new hires and existing workers in ways never practiced before.** People crave a sense of belonging. When HR is only focused on the processes to bring in new talent and ignores the talent already in the firm, attrition will soar and productivity, morale and work quality can plummet. Are your exit interviews pointing to this today?
4. **Reimagine all HR processes. Buried in paperwork?** It might be time to rethink what your existing HR processes and technologies look like. If the last time your firm seriously re-evaluated its HR operations was before the Internet took hold, you're overdue for a major re-alignment.
5. **Put the 'human' back into 'human resources'.** Your current workforce is probably starving for attention, training, feedback and career development. If you don't invest time in them or show interest in their careers, you will find them looking elsewhere for better employers and opportunities. Rediscover what it means to engage with your workforce.

What to Look For in HCM Solutions

Technology will play an essential part in fueling an organization's growth. Choosing the right technology can have a dramatic impact on improving processes and driving better outcomes for HR executives.

HR leaders **should not** waste their team's time on HCM solutions that create low or no value added tasks, such as:

- Integrating numerous standalone or best-of-breed HR solutions.
- Constant testing and retesting of various HR solutions due to overly frequent upgrade cycles.
- Continuing to chase down answers to questions such as: "How many employee equivalents do we have in our firm?" and "Why can't finance and HR agree on how many employees we have in our firm?"
- Creating and supporting their own manual workarounds due to the rigid, unyielding and inflexible nature of their current (on-premises) HR systems.
- Utilizing recruiting technologies that may have passed their previous usefulness (e.g., newspaper based want-ads).

For a smart HR leader to successfully solve their firm's significant growth challenges, he/she must be focused on finding and using a great collection of HR and human capital technologies. We believe that the following parameters will be helpful in focusing HR executives and their team on the highest value producing solutions for their organization and their firm. These parameters include:

- 1. Acquiring a large human capital software suite from a single vendor.** When a product line is built by one vendor, uses one developmental tool-set and was designed to be tightly unified across all modules, then the resulting solution should deliver a lower cost and low hassle solution for everyone involved.
- 2. Utilizing HCM software from the same vendor that provides the firm's financial accounting and/or CRM solution.** This might not seem entirely obvious at first, but when your HR system is connected to your accounting and CRM system, budgets can be more accurately prepared when HR and finance share the same information about the workforce. Likewise, finance can take advantage of a single book or record regarding employees, organization structures, performance reviews and more.
- 3. Choosing multi-tenant cloud-based solutions.** Multi-tenant solutions are developed and maintained by the software vendor not the customer. These solutions significantly reduce the dependency of HR on the vendor and/or its own IT group. Multi-tenant solutions allow HR professionals to focus on their job instead of their technology. The cost advantages that vendors achieve with these solutions are significant compared to what most software customers would incur. We have reviewed the total cost of ownership economics of cloud solutions many times and still find that, on the whole, they represent a better value proposition for most customers.
- 4. Taking advantage of extensible platform-as-a-service (PaaS) architectures and complementary products within that platform's ecosystem.** Some PaaS ecosystems can be quite significant. For example, Apple and Android smartphone users can tap significant populations of mobile applications within their respective ecosystems. Salesforce.com users can take advantage of thousands of business applications within their Force.com PaaS ecosystem. The power of the ecosystem is that all products share common foundational technology elements and can be rapidly enabled by an organization. This saves HR integration time and money.
- 5. New HCM solutions should connect front-office to back-office systems.** The performance data of customer facing personnel should be part of any good human capital management system. With so many sales, performance and satisfaction metrics originating from the contact between these workers and a company's customers, shouldn't this performance

information be collected in an HCM solution? Shouldn't sales figures, sales compensation and customer feedback all be part of an employee's HR performance data?

6. New HCM solutions should be highly extensible and capable of rapid low-cost change.

A more global, interconnected business world triggers a lot of change, competition and innovation. As a result, HR organizations need solutions capable of rapid evolution and adaptation. Continuing to utilize old rigid HR and human capital management technology is a luxury few firms cannot afford today. Today's HR solutions must be capable of changing at the speed of modern business.

7. New HCM solutions should reimagine how new enabling technologies will change HR.

For example, when a new HCM solution is married to a social media business tool, it should do more than simply announce the availability of new job openings within the firm. This new technology can also be used to solicit feedback from co-workers, customers and suppliers about the performance of a given employee. Just think how much richer the content within performance reviews would be were this information available to a person's supervisor. Likewise, the new social tools could be used to help onboard new hires, encourage collaboration among coworkers (and temp workers) and more. And, these enabling technologies can often do more than the obvious. For example, social media can become a great referral channel for your recruiting efforts. It can also make job applications much easier for recruits via simple one-click LinkedIn profile submission.

8. Resist the bolt-on urge. We would caution HR organizations to resist the urge to bolt-on more point solutions (e.g., a corporate social media tool) to old, antiquated HR solutions (e.g., client server HRMS). This is simply too little too late. At some point, the company must recognize that the toolset it has chosen to equip its HR organization is simply no longer market relevant.

9. Seek low-friction solutions. Like the one-click LinkedIn example above, smart employers seek solutions that take the friction out of critical HR processes. Even functions like online signature capture can make onboarding functions (e.g., benefits enrollment) less paper-intensive, faster to complete and less stressful for HR, employees and jobseekers.

Conclusion

Every technology has a useful life – even HR software. The technologies that powered previous generations of HR business needs are looking less and less relevant today. This is particularly noticeable when one sees the new workforce stresses and how they may not align with the old HR technology. And the cracks become ever more apparent in growing firms.

All firms today are confronting workers who want a different hiring and employment experience. They don't want to apply to or work for companies that torture them with needless, time-consuming and old-fashioned technology. Today's jobseekers don't want to even use resumes anymore as they prefer to submit their LinkedIn profile. Moreover, they want to interact with great firms via their mobile and smartphone devices.

It's important to understand this new age jobseeker as the recovering economy will challenge HR and Recruiting teams everywhere to find, attract, engage and retain these workers – a job that gets progressively harder as the economy improves. This challenge is made more difficult still for companies that are growing in a recovering economy.

When overall economic growth coincides with your firm's own growing fortunes, then a war for talent will surface. HR organizations in this scenario have to devise new strategies and incorporate new technologies and processes that will help them retain the talent they already have, recruit new talent into their organization, rediscover how to build a new leadership pipeline, and take big bold steps in retooling their HR operations.

The smartest HR strategies today may involve a fresh, nuanced look at a firm's HR processes, technologies and brand. That frank assessment may lead to a number of actions which will do more than simply maintain the status quo. When properly equipped, a great HR organization can acquire, develop and retain the talent that makes not only growth possible but also outsized corporate returns.

Is your firm really ready to grow?

About Vital Analysis



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- Impact new technologies will have on your business.
- Reasons why you should care about specific emerging solutions.
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