



The business behind business®



## Strengthening Your Global Organization Through HR Transformation



Amer Akhtar  
Managing Director  
ADP China

- ❑ **Discuss Key Strategies to Consider when Undertaking HR Transformation**
- ❑ **Discuss How to Successfully Address Common Challenges**
- ❑ **Set Reasonable Expectations of the Benefits from Transformation**



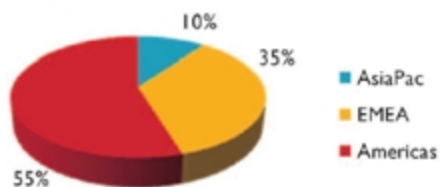
## ❑ ADP / HROA 2009 Global HR Transformation Report

- Survey of 188 executives around the globe in varying stages of HR transformation
  
- Captures trends related to:
  - Reasons organizations transform, and the barriers that limit their transformation
  - Transformation timing, cost, and satisfaction
  - Impact of recent global economic changes on transformation plans
  - Engagement of external resources and experience
  - Current and future transformation scope
  - HR outsourcing and shared services strategy, budget, and provider selection

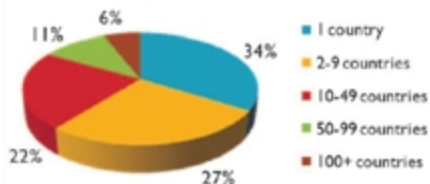


# Transformation Study Respondent Demographics

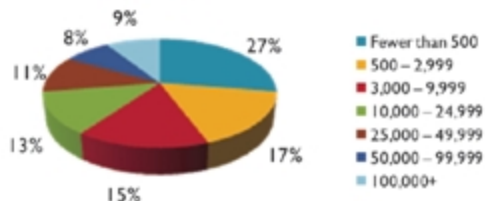
## headquarters location



## breadth of operation



## number of employees



## ❑ HR Transformation:

- A concerted effort to change and improve HR operations, whether through outsourcing, shared services, internal reengineering, or a combination of these strategies



## ❑ **IKEA**

- Implement a global HR and PR platform
- Reduce cost
- Improve quality of HR delivery

## ❑ **Celestica**

- Move operations to lower cost locations
- Eliminate non-core spending
- Gain speed and scale to enable mergers and acquisitions

## ❑ **Harman International**

- Ensure consistency between countries and functionalities
- Enable rapid implementations in new countries
- Achieve maintenance and cost efficiency



## □ HR transformation continues to be a significant phenomenon

- 81% of respondents say they are / have / plan to transform HR
- 2009 was the first time in 4 years we saw a decline in respondents saying they are transforming HR

respondents with no plans to transform who say **cost** was a major factor in that decision

|      |     |
|------|-----|
| 2008 | 0%  |
| 2009 | 40% |

respondents with no plans to transform who say **HR's low priority** was a major factor in that decision

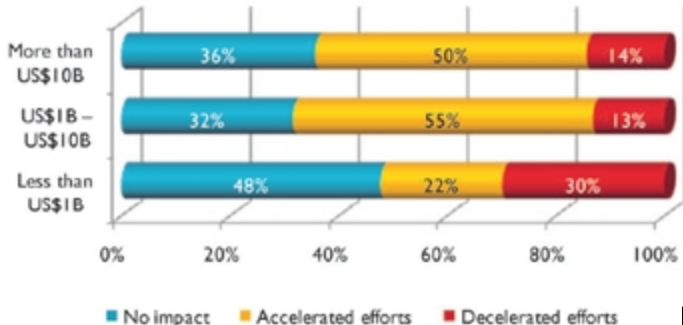
|      |     |
|------|-----|
| 2008 | 15% |
| 2009 | 29% |



## □ The response to the downturn varies according to organization size

- Larger organizations have accelerated their efforts
- Smaller organizations were more likely to slow down

impact of the economic downturn on HR transformation plans, by size



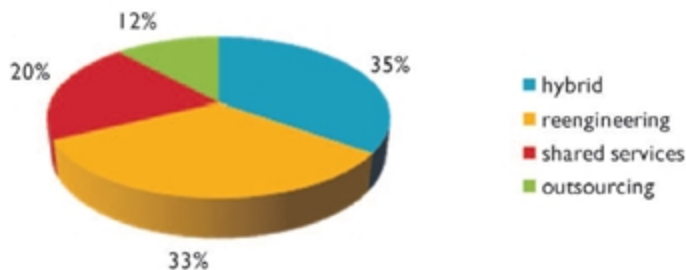


- ❑ **The top reasons companies transform have remained virtually unchanged over the past several years**



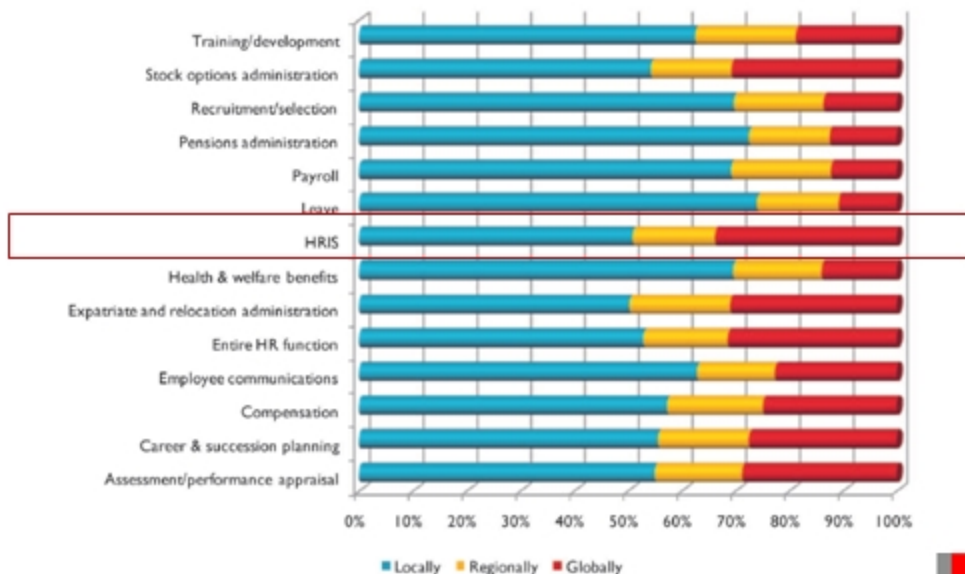
## □ Organizations most often employ a hybrid approach to HR transformation

- A hybrid approach of internal reengineering, shared services, and outsourcing remains the most common HR transformation strategy
- Outsourcing as the predominant means experienced a near double-digit increase from 7% to 12%

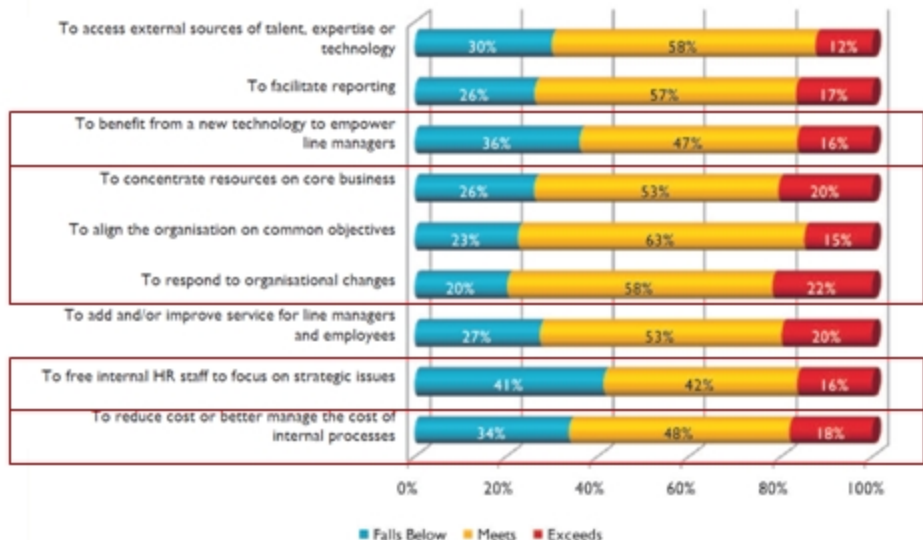


## ❑ For the most part, HR is a local business

- May have a global HRIS, but that too is often managed locally



❑ Transformation efforts meet or exceed expectations approximately 70% of the time



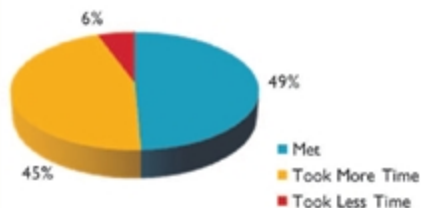
- **Primary hurdles to transformation remain unchanged over 6 years of research**
  - Trends may be in early stages of improvement

## hurdles to HR transformation

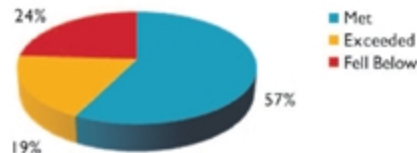


- ❑ **HR transformation most often takes three years**
  - Slightly longer than anticipated
- ❑ **HR transformation generates savings in the 25% range, only slightly less than expectations**

accuracy in estimating time to transform



accuracy in estimating cost savings



## Client Case Study: EMC



- ❑ **2009, 30th Anniversary as a Company**
- ❑ **#1 Brand in Industry Category**
- ❑ **Over 36,000 Employees**
- ❑ **Operations in Over 80 Countries**
- ❑ **Revenues and Income on the Rebound**
- ❑ **2010 Revenues On-Track for \$16+B**








# 400+ Offices with Operations in 80+ Countries ~15,000 Employees Outside of North America



## ❑ **Combat “Hidden Inefficiencies” – Equal High Cost**

- Highly manual processes
- Slow time to delivery
- Audit-ability and governance controls  
(What could be the cost of a manual audit?)
- Pay loopholes & comp payroll abuses discovered in remote locations
- Fragmented point solutions globally
- Lack of transparency from a corporate view

## ❑ **Add Value to EMC Employees**

- The world expects everything online. Anything less is a disappointment.
- Global platform allows employees to get their pay quicker, with instant visibility to their pay, deductions, and year-to-date comp. 
- Provide Total Rewards Statements to over 85% of employees worldwide.

- ❑ **Established a U.S.-specific strategy first**
- ❑ **Followed by Asia Pac / Japan (12 countries)...**
- ❑ **Followed by EMEA (7 countries)...**
- ❑ **And now considering smaller countries across globe, including Latin America**



- Global consistency**
- Select a reliable partner and invest in the relationship**
- Avoid unnecessary complexity**
- Establish regional service centers**
- Avoid fads and one-offs**
- Develop realistic goals and targets**



## ❑ The EMC Tip Sheet

- Agree upon clear definitions of Roles and Responsibilities on your part and your partner's part. Up-front communications and setting expectations is KEY.
- "Watch out for going on the cheap": Don't under-staff or under-budget the program. It will bite you in cost and user perception when you have to go back and fix it.
- Set clear expectations and communicate them regularly.



## ❑ The EMC Tip Sheet

- Ensure as much automation as possible up-front.
- Work with business partner to ensure "country-specific" payroll expertise.
- Don't try to do too much, setting up Shared Services Center, centralizing Payroll, implementing new systems. In retrospect, you are better off implementing the new systems within country and then centralizing.
- One size does not fit all, be willing to adjust.



What about YOUR Company?



- ❑ **Understand and formalize your goals**
  - Make sure everyone is aligned
- ❑ **Know who can help you**
  - Advisors, peer group, industry resources
- ❑ **Determine your starting point**
  - Domestic? Regional? Global?
- ❑ **Focus on a manageable scope**
  - Is it reasonable to expect success?
- ❑ **Know your options for delivery**
  - Re-engineering, Shared Services, Outsourcing, or all?
- ❑ **Set time and budget goals**





## ❑ Skills of existing staff

- Take the time to understand the roles that will be needed in the future, and whether current staff are the proper fit

## ❑ Internal bureaucracy

- Must have executive-level sponsorship at all times

## ❑ Underestimation of the resources needed

- Be reasonable in your business case, speak with those that have done it, constantly evaluate

## ❑ Lack of adequate technology

- Again, learn from others that have done it, and have a plan for driving adoption internally.

## ❑ Lack of employee and business line buy-in

- Include them in the process, make them owners



Thank You!

[Amer\\_akhtar@cn.adp.com](mailto:Amer_akhtar@cn.adp.com)

