



Four Universal HR Needs... and How Real Organizations Have Satisfied Them

Lawson Human Capital Management
A Case Study of Customer Performance Highlights

HR Supports Operational Excellence

In working with a diverse group of organizations, Lawson has identified key reasons why HR departments typically choose to deploy HCM applications. Lawson's research has also pinpointed a number of "realized value" metrics for organizations that automate with Lawson Human Capital Management solutions.

Without question, each type of organization has its own unique set of HR issues to be addressed. However, certain areas of need appear to be quite universal. They include:

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As this case study will demonstrate, many HR departments are aggressively — and successfully — confronting acute business challenges with the support of Lawson Human Capital Management solutions, often in tandem with business process improvement initiatives. What's more, the outcomes are often measurable, validating the decisions of these organizations to adopt HCM technologies.





■ TOP HR NEED: ACCESSING RELIABLE, ACCURATE DATA

For most HR departments — and this applies to businesses and organizations as a whole — there is no shortage of “raw” information. Unfortunately, as Lawson has heard from HR leaders, too much information exists in too many places. Moreover, managers and executives often cannot easily obtain relevant business intelligence. And, when they can, they may encounter discrepancies in multiple versions of the same information from different sources.

Upon deploying integrated HCM systems, these same organizations usually discover they gain the means to significantly improve access to meaningful, focused business intelligence. This is especially true when the HCM system is augmented with enterprise performance management tools which allow users to dissect, drill into, and analyze data.

Of course, business intelligence exists for one reason and one reason only: to support decision making. On this count, the evidence points clearly to an improvement in the quality and timeliness of decision making when it is supported with the right data. The following success stories involving Lawson customers demonstrate this trend at a number of levels, from “big picture” strategic down to everyday tactical.

Business Intelligence: The Substance of HR's Strategic Focus

In a later section, this case study examines how HR departments are freeing up time to concentrate on strategic activities. It stands to reason, then, that if HR staff can use their time more strategically, they also need information with strategic value.

Many companies, like retailer and grocery distributor Hannaford Bros. Co., are constantly analyzing and interpreting data as they pursue important HR initiatives, such as increasing employee retention. For Hannaford's Brian Pike, Senior System Analyst, and his staff, the company's integrated Lawson system has proved to be immeasurably valuable in their work.

“Having all the data in one place has made it easy for us to access all kinds

"It's looking at financial, payroll, and labor information, along with the parameters that go into these numbers. Then it formulates a score, which managers can use to evaluate their performance"

David DePrimo
Manager of Corporate Systems
Pilot Corp.

ACCESSING RELIABLE, ACCURATE DATA

**REALIZED VALUE
AT A GLANCE:**

**Accessing Reliable,
Accurate Data**

The following examples demonstrate how Lawson Human Capital Management customers have benefited from improved access to reliable HR metrics for analysis and decision making:

- Scorecards tell store managers how their location are performing
- Faster creation of HR/payroll ad hoc reports
- Expanded and more efficient sharing of “like-for-like” information globally
- Improved efficiency in reporting information to other departments
- Less reliance on IT staff when answering questions from the field
- Faster, paperless access to an employee’s history of personnel actions
- More accurate headcount information, with less reliance on HR staff
- Consistently accurate answers to questions involving multiple departments

of metrics, including key performance indicators, for reporting,” says Pike. “Compared to what we had before, we’re getting more data that’s of a higher quality and more sophisticated.”

Another retailing leader, Pilot Corp., has developed scorecards which tell store managers, restaurant managers, and regional managers how their piece of the business is performing.

“It’s looking at financial, payroll, and labor information, along with the parameters that go into these numbers. Then it formulates a score, which managers can use to evaluate their performance,” explains David DePrimo, Manager of Corporate Systems.

In the government sector, Cumberland County, Pennsylvania, HR/payroll employees enjoy direct access to HR/payroll data for analysis purposes and can create ad hoc reports in a fraction of the time previously required.

At Mott MacDonald, a management, engineering and development consultancy, analysis routinely centers on global staff costs and how they link to financial systems and projects. With Lawson’s help, the company’s HR department has established an efficient means for capturing “like-for-like” information, regardless of where an employee is based. In addition, expanded reporting capabilities allow information to be more quickly and efficiently shared across the organization.

Retooling Tactical Information Management

A number of factors, including the shift to a more strategic orientation, places a greater demand on HR departments to be more efficient in their management of everyday tactical information. The following snapshots show how various HR departments have streamlined the ways they acquire, manage, and share information. In the process, they’ve challenged some traditional concepts about how an HR department should operate.

Friendly Ice Cream Corporation — Retrieving and reporting information from the Lawson Payroll system takes less time and provides more useful detail. The Payroll department has also improved its efficiency at reporting required information to other departments, including Security, Legal, Workers’ Compensation, HR and Compensation, and Benefits. Moreover, Payroll can respond more quickly to questions from field personnel, with far less reliance on IT staff.

Cumberland County, Pennsylvania — By integrating its HR processes on a single system with a centralized database, the county more effectively manages core HR functions, such as payroll and benefits administration. Specifically, Lawson’s Drill Around® feature gives HR staff fast online access to an employee’s history of personnel actions or benefit changes, eliminating the need to sift through paper files.

Triad Financial — Each month, department managers receive an electronic headcount document listing their direct reports, along with position, salary, and other details. These managers are responsible for auditing this document and updating the information, as needed. Besides freeing HR staff from a tedious and time-consuming monthly task, this system has given everyone greater confidence in the accuracy of headcount information.

Hannaford Bros. Co. — “I can’t say enough about our data integration with Payroll in helping us overcome the challenges we used to encounter,” relates Health Benefits Manager Pam Ladd. One of the biggest challenges, she explains, was being able to respond accurately when fielding questions that involved both Payroll and Health Benefits. Before Lawson, non-integration and the lack of data synchronization often resulted in conflicting answers. “Because we’re all operating with the same database now, when a change is made in one application, our files are automatically updated,” says Ladd. “This data synchronization has been huge for us.”

From Passive Access to Proactive Notification

It’s interesting to note that, even as the accuracy, relevance, and timeliness of business intelligence has improved in HR departments, so has the manner in which information gets to the right person at the right time. Increasingly, organizations are recognizing the need to augment passive data warehouses with proactive information delivery systems.

A good example of this may be found at Triad Financial, where the HR team has used Lawson ProcessFlow to build “audit flows.” These workflows, which run on a scheduled basis to monitor critical HR data and activities, generate e-mail notifications whenever discrepancies are detected. For example, one audit flow compares employment status (full time or part time) with pay class (hourly or salaried). If the two don’t match, the system launches an e-mail that allows staff to correct the discrepancy and avoid paying an employee at the wrong level.





■ TOP HR NEED: RECRUITING AND RETAINING TOP TALENT

“They get excited when the ARMs (associate relations managers) show them what information they can access and how to get it.”

Brian Pike
Senior Systems Analyst
Hannaford Bros. Co.

Lawson’s in-depth discussions with HR decision makers have revealed critical gaps in the struggle to achieve and maintain a high-quality workforce.

In a high percentage of organizations, one of the biggest issues is employee turnover. That’s not surprising. However, obvious factors such as wages and benefits are not necessarily the primary motivators for employees who seek “greener pastures.”

The experience of Hannaford Bros. Co. illustrates this amply. During a five-year span, the company reduced employee turnover from 59% to 47% — an impressive accomplishment in light of the large employee population, now approximately 26,000.

Access to Data Contributes to Employee Satisfaction

Today Hannaford Bros. Co. boasts the lowest turnover rate of any retailer in the region. The company’s leadership cites the deployment of Lawson Employee Self-Service, a component of Lawson Human Capital Management, as one of the leading contributors to a high level of employee satisfaction and, thus, a more stable workforce.

Employees use web-based self-service tools to perform such tasks as enrolling in benefits; checking sick time, vacation, or floating holiday balances; and viewing pay information the day before paychecks are distributed.

“With our Lawson system, visibility is probably the most important factor in maintaining high employee satisfaction,” says Jon Doody, Hannaford’s Team Leader for HR and Payroll Technology. He points to the example of online enrollment. “Once employees have entered their information, they can immediately review on screen what their benefits are. Consequently, there are fewer problems with deductions on the paycheck — and that’s something people are pretty sensitive about.”

Using Lawson Employee Self-Service is part of the orientation for new hires, according to Hannaford’s Brian Pike. “They get excited when the ARMs (associate relations managers) show them what information they can access and how to get it.”

Demonstrating a staunch commitment to the technology, Hannaford recently integrated its Lawson Self-Service system with AnswerSource Knowledge Center, a comprehensive suite of personalized, searchable, on-demand HR benefits and total rewards communications. The Knowledge Center, developed by on-demand HR communications leader and Lawson partner, Enwise, allows associates and managers to view, in one place, all compensation information from Lawson and other third-party financial services providers.

“The rewards statement has been very successful in helping our associates understand their total compensation,” explains Chad Flynn, Manager of HR Technology at Hannaford Bros. Co. “It has helped us retain talent and increase participation in our 401(k), wellness, and other programs. In fact, we had a senior pharmacist who changed his mind about leaving for a competitor after using the statement to understand the value of unvested stock options that would be left on the table.”

The Self-Service Payoff Extends to Other Sectors

Other sectors, including government, have proved the value of self-service technologies in enhancing employee satisfaction. For example, the State of Michigan, which employs approximately 54,000 individuals, launched an “HR MI” shared service center, built atop Lawson Human Capital Management, Payroll, and Employee Self-Service applications. From any location where they have a computer and standard web browser, employees can check and update their personal records and participate in benefits open enrollment.

Compared with the previous self-service system, the State of Michigan features greatly expanded capabilities, even offering an “Information Knowledge Base” where employees can find answers to questions about leave balances, past paychecks, year-to-date balances, the impact of tax withholding changes, and benefit programs.

Given these robust capabilities, it's not surprising that employee use of self-service tools has increased by 400% since the rollout.

Buncombe County, another public sector Lawson customer, has also realized the value of Lawson Employee Self-Service. The county's rollout of Lawson Employee and Manager Self-Service helps employees to electronically view and manage personal data such as paycheck stubs and benefits information. Self-service capabilities, county executives believe, have helped boost employee satisfaction.

RECRUITING AND RETAINING TOP TALENT

**REALIZED VALUE
AT A GLANCE:**

**Recruiting and Retaining
Top Talent**

The following examples demonstrate how Lawson Human Capital Management customers have benefited from the implementation of employee retention initiatives:

- Reduced employee turnover from 59% to 47% during a five-year period
- Improved employee visibility to benefits, pay information, and other personal data
- Offer online enrollment in benefits programs, whenever it's convenient for the employee (24/7)
- Access to a knowledge base, where employees can answer a variety of questions
- Fewer problems with deductions on employee paychecks
- Positive response from new employees when shown the information they can access
- Better visibility and understanding of each employee's total rewards package
- More immediate store manager access to information about direct reports
- Dramatically reduced paperwork handling for personnel actions
- More rewarding workload for Health Benefits staff and a sharp decline in turnover
- Highly personalized onboarding experience for new employees

Managers Answer Own Their Questions, Handle Less Paperwork

Self-service technology has positively impacted the employee experience in other ways. For example, when Hannaford Bros. Co. purchased another grocery store chain, managers from the acquired company got their first taste of Lawson Employee and Manager Self-Service.

"They loved it!" asserts Doody. "They'd never had this much information before."

Being able to access information about their direct reports means the ARMs don't have to wait two to four days to receive an answer back from corporate. They can also initiate personnel actions online, dramatically reducing the amount of paperwork they handle — a major burden for managers everywhere.

Automated Tasks Lead to Less Department Turnover

As discussed elsewhere in this case study, Lawson Human Capital Management plays a crucial role in eliminating manual, paper-based tasks, especially those that are highly repetitive. A number of Lawson customers report significant time savings for HR department staff, allowing them to shift their focus to more strategic activities.

This automation may also be instrumental in fostering a more satisfactory employee experience. A prime case in point: the Health Benefits department at Hannaford Bros. Co. Before Lawson, the department was manually processing 550 to 600 monthly health benefits transactions related to new hires and classification changes. Now these transactions are executed automatically once the information is fed into the system by employees themselves (via Lawson Employee Self-Service).

Automated capabilities, coupled with fewer phone inquiries from employees, have freed up Hannaford Health Benefits staff to concentrate on providing excellent customer service, according to department Manager Pam Ladd. She characterizes the workload for her employees as "much more rewarding." Consequently, she's seen a sharp decline in staff turnover, which used to be quite high. "It's been a long time since we lost a benefits representative other than for internal promotion."

A Smooth, Efficient Process for Onboarding New Hires

One element of employee retention that frequently gets overlooked is the process of acclimating and orienting new hires. From Lawson's dialogue with employers, it's clear that the perceptions of new employees are heavily influenced by events of the initial days and weeks.

Larger organizations like Hannaford Bros. Co. (which hires more than 10,000 associates per year) are particularly sensitive to the need for "onboarding" new hires as efficiently as possible, while giving each individual a high degree of personal attention.

The retailer has achieved this two-fold objective with the support of an online "onboarding tour" solution developed by Enwise and accessed through Lawson Employee and Manager Self-Service. Among other things, the tour provides new associates with a review of company policies and benefits. Each tour is personalized, based on the associate's role, location, and other parameters.

"This not only helps us build our brand as an employer of choice, but it helps managers provide timely, fair, and consistent responses during the recruiting and onboarding process," comments Hannaford's Flynn.





■ TOP HR NEED: USING HR AS A STRATEGIC ASSET

“Self-service lets employees take ownership of personal information.”

Ed Werner
HR Director
Memorial Health System

Almost without exception, HR leaders told Lawson that they are under increasing pressure to become more active contributors to strategic organizational goals. Indeed, HR departments can play a pivotal role in operational performance, whether it's recruiting, hiring, and retaining a high-quality workforce or providing targeted, timely training in response to changing market conditions.

In a large percentage of these organizations, the barrier to greater HR involvement in strategic activities is simple: Too much manual, paper-based administrative work leaves too little time for strategic projects.

Lawson's research reveals three tactics organizations have used to overcome this barrier:

1. Deploying employee and manager self-service technology
2. Integrating payroll and HR systems
3. Automating and applying workflows to large volumes of transactions

The following section offers glimpses into how several Lawson customers have successfully redirected HR staff to a more strategic focus.

1. Delegating Tasks via Employee Self-Service

HR departments have always managed massive amounts of employee data, not to mention processing personnel actions and responding to inquiries from employees and managers.

Today, more and more HR departments are moving away from the model of informational and transactional clearinghouses. How is this possible? Thanks to self-service technology, they are delegating many traditional HR tasks to employees and managers.

In fact, a sizable portion of Lawson Human Capital Management customers have deployed, or are in the process of rolling out, Lawson Employee and Manager Self-Service solutions as part of their installation.

The following anecdotes illustrate the importance of self-service capabilities to HR departments in a variety of organizations:

Triad Financial — During the first year and a half of deployment, Lawson Manager Self-Service was the conduit for initiating about 4,300 personnel actions. The combination of Lawson Employee Self-Service has lifted a huge burden off HR staff, allowing them to concentrate more on activities that add value to the company.

“When I started out in Human Resources, I was basically a coordinator,” says Leah Pope, HRIS Analyst at Triad. “I spent about 90% of my time tracking and entering data changes. Since I don’t have to do that any more, I have more time for other responsibilities, like being a part of projects. Last year, in fact, I was able to manage a job applicant tracking system project. Our Lawson system has allowed me to grow in my position.”

Self-service has also changed the way managers obtain information about their direct reports, according to Triad HRIS Manager Carolyn Murphy. “For example, if an employee asks for a day off, the manager can quickly check the paid time-off balance to see if the employee has enough hours. Previously, they would have had to go to Human Resources for this information.”

Hannaford Bros. Co. — The grocery retail and distribution giant has shifted approximately 100,000 annual personnel actions, 550 to 600 monthly health benefits transactions, and 80% of all annual benefits re-enrollments to Lawson Employee Self-Service.

In addition, employees can go online to check remaining sick time, vacation, and floating holiday balances; manage their own personal data (new address, adding dependent, etc.); and perform other routine tasks — saving HR and Payroll staff from a barrage of paperwork and phone inquiries.

“Consequently, my staff is able to concentrate on providing excellent customer service and following up on claims appeals,” says Hannaford Health Benefits Manager Pam Ladd. “They’re also able to get out more to our retail locations and provide training to our associate relations managers.”

In Payroll, the use of Lawson Employee and Manager Self-Service contributed to the reassignment of nine Payroll staffers from the arduous task of setting up employees in the system into more rewarding roles, including customer service and research and analysis.

Memorial Healthcare System — “Self-service lets employees take ownership of personal information,” says Memorial HR Director Ed Werner. “This reduces time spent on routine administrative activities and enables HR staff to focus more on activities that bring strategic value to the organization.”

A manager information center streamlines a wide range of activities and further distances HR from time-consuming administrative tasks. In just minutes, managers can track critical information about their direct reports, everything from salaries and accrued vacation time to credentialing and training status.

State of Michigan — Jim Farrell, State of Michigan Personnel Director, is another big believer in the potential of self-service technology to transform the focus of HR staffers. The State of Michigan’s shared service center, built with Lawson technology, is available to an employee population numbering about 54,000. These individuals can access a broad range of information.

“By making this information available to employees 24/7, we have simplified processes and minimized the time our HR support staff spends responding to common or frequently asked questions,” says Farrell. “Self-service provides consistent responses to employees and allows agency HR staff to focus on value-added activities, such as supporting managers on more strategic HR assignments and employees on more complex, less routine problems.”

REALIZED VALUE AT A GLANCE:

Using HR as a Strategic Asset

The following examples demonstrate how Lawson Human Capital Management customers have benefited from the elimination or reduction of manual, paper-based administrative tasks:

- HRIS analyst, freed from data coordination, assumes project responsibility
- A stronger customer service orientation for Health Benefits team
- Nine Payroll employees reassigned to more rewarding and strategic roles
- No more manual processing of benefits enrollment and disenrollment
- Payroll processing reduced from two-week cycle to two days
- HR staff freed up to assist managers and employees with strategic or complex tasks
- Decrease in handling of duplicate employee records and redundant tasks
- Payroll cycle time cut by two days, enabling more audit work
- More time for HR to pursue building an improved database of job candidates, analyzing organizational effectiveness, and manage other strategic initiatives

2. Integration: Key to Less Manual Effort and Paperwork

The importance of integrated systems is a universal theme among organizations using Lawson Human Capital Management. And nowhere is this advantage cited more often than the integration between HR and payroll. Although the primary aim may be to increase the accuracy and efficiency of data flow between systems, integration can also contribute substantially to the redirection — and re-energizing — of HR and payroll staff.

At Florida's Memorial Healthcare System, integration, coupled with automated workflow, means Benefits Administration staff no longer have to manually process paperwork every time an employee enrolls or disenrolls in a benefit. Moreover, each new hire automatically triggers the notification and enrollment process, including payroll deduction setup.

"With nearly 75% of our employees eligible for benefits, the system allows us to automatically enroll and disenroll people from benefits," says HR Director Ed Werner. "We cut a huge step out of the process. There was a tremendous amount of paperwork flow in our benefits area with memoranda that had to be sent over to Payroll. This is something we don't have to do any more."

Buncombe County, North Carolina, has realized similar time savings from HR/payroll integration — benefiting staff in both departments. Before Lawson, the county's HR employees were inundated with time-consuming and complicated Payroll processes. "We had multiple databases that weren't in sync, and that left room for errors and a high level of data entry time," recalls Buncombe Systems Analyst Sherry Banks.

Today the county's HR system is integrated with other applications, such as payroll and general ledger.

"Payroll used to be a full two-week, unending cycle. Now the county can complete a payroll process in two to three days," says Banks.

Many organizations are hampered by the existence of multiple, disparate applications supporting their core business functions. When the organization grows through acquisitions, system compatibility and integration issues are often magnified. Consequently, staff in HR and other areas spend an excessive amount of time performing redundant data entry and trying to reconcile multiple versions of the same information.

Phoenix, Arizona-based Banner Health serves as a prime example. One of the largest nonprofit healthcare organizations in the United States, Banner operates 20 hospitals and medical centers in seven western states. Mergers and acquisitions account for several of the facilities.

Previously, the organization relied on several different applications for information and for process management. Banner's HR and payroll ran on different systems. Now they are integrated Lawson systems which, says President of Finance Dennis Dahlen, has simplified processing, decreased duplicate employee records, and eliminated redundant tasks.

According to Dahlen, HR/payroll integration has helped Banner cut pay cycle time by two days. As a result, payroll staff are freed up to perform more audit work, and staff overtime has been reduced.

3. Process Automation: the Reason for Integration

System integration, by itself, cannot deliver the time savings that allow HR departments to adopt a more strategic orientation. Process automation is the mechanism by which these organizations capitalize on integration, whether it's within a software suite, such as the components of Lawson Human Capital Management, or from one functional area (e.g. HR) to another (e.g. finance or payroll).

Considering the massive size of their employee base (approximately 54,000), HR leaders in the State of Michigan recognize the indispensability of process automation — manual intervention is almost unthinkable. Many previously labor-intensive processes, such as COBRA notifications, HIPAA certifications, and default plan eligibility and enrollment, are now automated. In addition, mass adjustments and end-of-year processing are performed more easily and accurately, in less time.

The previously discussed example of Memorial Healthcare System also makes a strong case for process automation. Memorial's benefits administration area is integrated with the payroll function, providing the foundation for automated workflows to set up payroll deductions whenever an employee enrolls in a benefit.

Consulting firm Mott MacDonald cites the automation of core HR processes as a key reason HR staff have sufficient time to pursue strategic initiatives. No longer saddled with many time-consuming administrative tasks, the department has devoted more time and energy to building an improved database of job candidates, analyzing organizational effectiveness, and keeping up with constant changes in benefits and regulatory reporting requirements.

At Hannaford Bros. Co., Payroll Manager Pat Olsen sees tremendous time savings stemming from automated processes, such as periodic pay increases, which formerly required considerable manual intervention.

"We're able to supply much better service to our employees and focus more on value-added activities, says Olsen. We've become more forward looking rather than oriented toward problem solving."

■ TOP HR NEED: REDUCING HR DEPARTMENT AND WORKFORCE COSTS

"As a percentage of revenue, our costs for financial, human resources, and supply chain management are decreasing fairly dramatically, because we have an infrastructure we can flex up. The economies of scale are pretty significant."

Dennis Dahlen
Vice President of Finance
Banner Health

When it comes to cost containment, HR departments feel enormous pressure on two fronts. First, they must come up with answers to the perennially paramount question of "How do we minimize (or even reverse) increases in our workforce costs?" At the same time, HR managers struggle with the mandate to control costs associated with running their own departments — even while the demand for HR services escalates continuously.

According to Lawson's research, organizations using HCM technologies enjoy a decided advantage in both areas versus their non-automated counterparts. In many cases, these organizations have identified substantial and measurable cost reductions.

Trimming an Organization's Biggest Expense

Wages and benefits frequently comprise a large percentage of an organization's costs. It comes as no surprise, then, that efforts to contain or cut costs often focus on the workforce. HCM technologies can support these initiatives, even though workforce cost reductions may not have been part of the original rationale for deployment.

One of the largest cost savings was reported by Somerset Medical Center, a not-for profit hospital located in Somerville, NJ. The organization, which implemented Lawson Human Capital Management and other Lawson suites, projects an estimated \$3.6 million reduction in its contract nursing expenses.

"We brought this expense back down to a reasonable level by being able to more clearly and proactively see what's going on with our nursing labor distribution and whether we're likely to exceed budget on our agency costs," says David P. Dyer, Chief Information Officer. "As a result, we can more efficiently deploy nurses from our existing employee base."

Incidentally, Somerset Medical Center disclosed that the use of Lawson Healthcare solutions has directly contributed to an impressive five-year projected benefit of \$16.9 million and a 483% return on investment.

How valuable is system integration? Just ask Pam Ladd at Hannaford Bros. Co., where her Health Benefits department conducted an audit of claims paid prior to the company's installation of Lawson applications. The audit, which targeted Hannaford's two largest health benefits vendors, revealed more than \$400,000 in erroneously paid claims during a two-year period. The main culprits, according to Ladd: Lack of data synchronization and the integrity of vendor eligibility file updates.

This audit validated the need to continuously monitor eligibility through an administrative staff member and to tighten system controls via Lawson. Today, instances of erroneous payment are minimal. As proof, Ladd cites a 2004 re-enrollment process in which one of the company's vendors more than doubled its membership to approximately 5,000 employees. During that time, the department found only seven data errors.



Everyday HR Costs Savings Add Up

While anecdotes make for interesting headlines, more typical are the experiences of organizations that use HCM applications to reduce HR department operational costs. Individually, these savings may amount to thousands of dollars. On occasion, the sum extends into six-figure territory. It's important to understand, however, that an organization may identify several, sometimes dozens, of such metrics. The cumulative effect may represent a very impressive ROI.

Following are a few common examples of operational cost savings:

Buncombe County — Using Lawson Payroll, the county largely replaced paper checks with direct deposit, saving \$6,000 to \$7,000 per year. As an additional benefit, missing or late paychecks are largely a thing of the past.

Friendly Ice Cream Corporation — The company has saved approximately \$100,000 in staffing costs since it automated the payroll wage garnishment process. Other cost reductions include \$4,000 stemming from time savings to calculate W2 forms.

Banner Health — The organization reports a number of cost reductions, including \$200,000 to \$300,000 by eliminating one payroll office; \$30,000 by decreasing the number of pay cycles from four to two; and \$50,000 in printing and mailing costs by increasing direct deposit participation.

State of Michigan — Self-service tools, in conjunction with Lawson-enabled workflows, have directly contributed to a projected savings of \$28 million over five years. Much of this will come from a 30% FTE reduction in HR support staff.

Hannaford Bros. Co. — By virtually eliminating 250,000 faxes for personnel actions from the field, the company conservatively estimates a savings of \$125,000 annually. In Payroll, staff was reduced by two full-time equivalents.

REDUCING HR DEPARTMENT AND WORKFORCE COSTS

**REALIZED VALUE
AT A GLANCE:**

**Reducing Workforce
and HR Costs**

The following examples demonstrate how Lawson Human Capital Management customers have benefited from efforts to stabilize or reduce their workforce and HR management costs:

- An estimated \$3.6 million reduction in contract nursing expenses
- Avoidance of erroneously paid health benefits claims (\$400,000 overpaid in a two-year period before Lawson)
- \$6,000 to \$7,000 in savings by moving to direct deposit from paper paychecks
- Approximately \$10,000 saved through automated payroll wage garnishments
- \$4,000 cost reduction resulting from time savings to calculate W2 forms
- \$200,000 to \$300,000 savings by eliminating one payroll office
- \$30,000 savings by decreasing the number of pay cycles from four to two
- Reduction of \$50,000 in printing and mailing costs by increasing direct deposit participation
- A projected \$28 million savings in HR support staff costs, resulting in large part from a 30% reduction in FTEs
- Savings of \$125,000 annually by eliminating 250,000 faxes for personnel actions
- Ability to flex up HR systems to accommodate growth without adding staff

Future Cost Avoidance

Many organizations view HCM technologies not only in terms of carving costs out of the organization, but as a way to prevent costs from occurring. Lawson system scalability is the key for Banner Health, according to Dennis Dahlen.

“The real payoff is when we add a new hospital or other operating unit, we don’t have to add an accountant or HR professional. We have the systems in place to handle the additional volume of work,” he says. “As a percentage of revenue, our costs for financial, human resources, and supply chain management are decreasing fairly dramatically, because we have an infrastructure we can flex up. The economies of scale are pretty significant.”

Memorial Healthcare System, experienced an employee population growth from 6,000 to 8,000 during a three-year period, without a corresponding increase in core department staff.

Growth through acquisition can really put HCM technologies to the test, as illustrated by the case of Hannaford Bros. Co. The company acquired another grocery store chain and its 2,600 employees. Despite this sudden surge in employee population, the Health Benefits department didn’t have to boost staffing, thanks in large part to the Lawson system’s excellent scalability.

The acquisition, notes Hannaford’s Jon Doody, also posed logistical challenges for Payroll. “With our old system, if you would have told me in October that we were going to finalize the acquisition by the end of November and start paying these employees by January 1, I would have said you were crazy. With Lawson, it was relatively easy to do.”

REDUCING HR DEPARTMENT AND WORKFORCE COSTS

SUMMARY

Through interviews with several HR leaders, Lawson found that most businesses and organizations had one or two overriding concerns they intended to address with strategic talent management technologies, whether it was maintaining or increasing employee retention, streamlining HR department operations, elevating HR's strategic focus, improving the quality and accessibility of HR data, or driving costs out of the organization.

Post-implementation, these Lawson customers expressed satisfaction with the performance of their HR and payroll systems in helping them address their top objectives. In a number of cases, the organizations documented measurable value representing 100% or greater recovery of their Lawson investment.

Just as significantly, several customers reported benefits beyond the scope of the initial needs assessment. A good example of this is Hannaford Bros. Co. The company's first priority was a total HR system integration, which would enable an unimpeded flow of information and processes. Over time, Hannaford realized a number of unanticipated benefits, such as stemming a flood of faxes and paperwork, reducing employee turnover, supporting the redeployment of Payroll staff into more strategic roles, and virtually eliminating overpayment for health benefits claims.



REDUCING HR DEPARTMENT AND WORKFORCE COSTS

Among the lessons to be learned from these HR department experiences:

- The more systems are integrated with each other, both within HR and with other functional areas such as finance, the greater the potential for benefits to be derived from HCM applications.
- Benefits are magnified with the addition of performance management tools which expand analysis, data mining, proactive notification, and other capabilities.
- It's possible to document measurable value, in terms of dollars and time saved, as a way to justify an investment in automated HR and payroll systems.
- HR management technologies, by themselves, may not be sufficient to yield benefits such as those described in this document. In many cases, business process reengineering is also needed.



Lawson wishes to thank the following organizations for their participation in this case study:

Banner Health
Buncombe County
Cumberland County
Friendly Ice Cream Corporation
Hannaford Bros.
Memorial Healthcare System

Mott MacDonald
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