Five Steps
In Choosing The Right HR Software

Step 01: One

Step 02: Two

Step 03: Three

Step 04: Four

Step 05: Five

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FREE White Paper
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Anyone who has made the shift will tell you that the benefits of automating human resources function are significant.

Good HRIS software can eliminate hours of time spent tracking performance reviews, vacation accruals, benefits, compensation, applications and other items.

In addition, automated reporting cuts staff hours even further. It provides management with the timely, accurate reports it needs to operate efficiently, and makes HR a vital, visible part of the organization. But remember, any software program simply automates and accelerates your current processes—it cannot fix problems within the HR department.

Finding the right HR software package and the right company to help you through the conversion process is a critical step toward easing into automation. Laying out a systematic game plan that leads you through the process is a good idea. The ideal plan would contain the following steps:

**Step 1:** Determine the needs, requirements, and desires of your company—including budget parameters.

**Step 2:** Research the available software packages within your price range and request demo software on each package.

**Step 3:** Test the software against your company’s requirements.

**Step 4:** Ask questions about the package, support, implementation and pricing.

**Step 5:** Make a decision.
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Step 1:

Determine what your company needs.

The rule here is “know your company.” Because you are looking for a solution to specific issues, you need to clarify those issues at the start. The more you understand about the company’s current needs, growth rate and strategic plan, the better able you will be to match a software program to those needs.

The first thing to consider is company size and growth rate. That may include considering such future need as COBRA and affirmative action tracking that your company may not be doing currently. In addition, some industries have high turnover rates that make easy data entry and reporting capabilities key.

Most importantly, find out what other software your company is using for payroll and other internal functions to ensure anything you purchase will interface easily with existing programs. Also, know your company’s database and multi-user requirements.

By talking with others in the human resource department and company management, you can put together a comprehensive list of needs in order of priority. The category of “non-negotiables” may include budget concerns, compatibility with existing software, and certain critical functions. When you begin your search, you should immediately disregard those programs that do not meet those basic criteria.

Make certain that you are realistic about your needs and budget. There are HR software programs that can run your budget into the six-figure range. Certainly, in that range you can expect greater functionality and customization. But before you spend that kind of money, make sure that’s what you really need.
The second step is to find out what’s available. Laila Allen, an HR professional who has helped companies automate their human resource function, prefers using a three-pronged approach.

“I start by looking at recent HR publications to determine what issues are being discussed and who is advertising products that seem to meet my needs. I also ask other colleagues the pluses and minuses of the programs they use.

“Last, I search the Internet for other product offerings. When I have compiled a list of potential products, I begin contacting all the prospective companies to request software demonstrations.”

This is a time when you should weed out any products that do not meet your nonnegotiable requirements for price, function or compatibility.

You should also be familiar with the different deployment models for HR software, and determine which best fits your organization. Here's an overview: a "client-server" solution is installed on your company server, and all data is stored in-house on a database like SQL. It takes a little help from IT, but typically offers robust functionality. The other deployment type is a "SaaS," (Software as a Service) or "web-based" solution. In this case, your company data is hosted by the vendor, and you access it through a web-browser. Though functionality may suffer, a hosted solution may be better if you have multiple locations or work from home.
Step 3: Take the HR software on a test drive.

Testing the various products is probably the most important part of the process. Generally, you should test for six things: actual ability to integrate with current software, ease of learning, simplicity of data entry, function performance, flexibility and reporting capabilities. If you have a critical need, such as providing on-the-fly custom reports to management, be sure to test that section of the software most thoroughly. In addition, you should spend some time trying to create custom reports and personalize the system to make sure it will conform easily to your real-world needs.

Another area to look at is flexibility. If your company is growing, it’s critical to assess how easily and how far a program can expand. The last thing you want to do is complete the conversion process and have to start over again in a couple of years to shift to a larger, more powerful program.

Finally, it’s very smart to test the software company’s support to see how well the products are supported. Sometimes it takes a little finesse to get past the salesperson and into the help desk. According to Allen, “Sometimes I was able to call them directly; other times I had to go through the salesperson. In those cases, I always looked for technical questions that the salesperson would gladly refer to technical support. Talking to the help desk is very valuable, since that’s the group you’ll be dealing with after the sale.”

You’ll find that most programs won’t make it past the questions of price, function or compatibility with current software. Others will be thrown out if you receive bad reports from other users. These filters will allow you to narrow the search down to just a few options. As you test each product, make a checklist of the key plus and minus points for each program. Always shoot for the best price-to-performance ratio, which will vary depending on your company’s needs.

Some basic grading areas include price, ability to integrate with current software, user interface, any unusually good features, any strong negatives, technical support quality, modules and upgrades available, and length of time expected to implement the program.
Ask questions and get answers about the HRIS.

Verify your findings by talking with each of the references supplied by the companies and with your own network of HR professionals. When possible, ask the references if you can speak with the person responsible for actually implementing the program. That will quickly reveal a depth of information about the program that you might otherwise find out the hard way. This process may also give you some good ideas of preparatory steps to take and pitfalls to avoid.

When you ask questions of the software salesperson, look for areas of potential concern they might reveal. For example, Allen found that when she asked about future enhancements to the program, salespeople often told her what was missing from the current package.

You should also ask questions of the technical support or help desk staff if the opportunity presents itself. Questions such as “What is the most common problem people run into during implementation?” or “What functions of the program do people most often ask you about?” can uncover potential concerns.

Pricing is another area that may require some probing. Because every company that purchases HR software is different, each program meets a different range of needs. Software companies typically meet these varying needs by creating software modules that can be mixed and matched to approximate a custom solution.

In addition, technical support is sometimes included with the package and sometimes offered at an extra charge after a certain amount of time. Because of those variables, it sometimes takes a little detective work to get a true understanding of the programs’ initial and recurring costs.

Finally, there’s the question of implementation. Some companies provide on-site support throughout implementation and training, while others offer training classes, and still others provide little more than a phone number to call. Of course, the more attention that is available, the easier it will be to make the transition. Though often presented as a tedious and difficult process, implementation is frequently very simple. Remember, you are simply automating something that already exists, not recreating the department.
Make a decision.

After going through each of the steps, the decision may actually be the easiest step. Because each preceding step narrows the field, it often comes down to no more than one or two software packages that provide what you need.

Take the short way home.

While this five-step process may seem time-consuming, you may find that it will save you time during the conversion process for several reasons:

- None of the five steps is very time-consuming.
- By viewing demonstrations of the software packages, you can make great strides in learning about the program you ultimately select, as well as gain a general knowledge of HR software.
- You will establish a relationship with the company you later choose, including establishing a rapport with the technical support staff.

- As you speak with references and other HR professionals, you will learn a great deal about how to smooth the implementation process and will be able to use their tips to cut time out of your process.
- You will know what implementation help you can expect from the software company and make those arrangements early.

“My initial worry about the implementation process was short lived,” said Allen. “Thankfully, all the research and testing added up to a relatively fast and easy conversion.”

It’s interesting to note that two years later, Allen moved to another company that was growing rapidly and needed to automate HR.

After all she had learned in the software-buying process the first time, it would have been easy to simply choose the same HR software. But she decided to go through the process once more to make sure her earlier choice was still the best. In the end, she did once again choose the same system, but she felt the exercise was valid and worthwhile.
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