Sacred Cows Gored
A very colorful white paper.

People Trak
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Meet Bessie, THE SACRED COW

Every industry has sacred cows.

A sacred cow is like a myth or an urban legend. It is something that seems true or becomes universally accepted as true, but is not. However, like the advisors in the great story, "The Emperor's New Clothes," people propagate sacred cows due to fear or lack of reliable information to the contrary. In the aforementioned story, fear lead the advisors to mislead the emperor. When at last, a simple child provided more reliable information to the emperor, the truth was indeed, revealed... and the emperor modestly concealed. The advisors, like so many misinformed senior managers, were more than likely assigned to "special projects".

It is thus with great pleasure that I gore some of the sacred cows in this industry. I will, in all honesty, attempt to provide reliable information that is contrary to the woeful mooing of the following sacred cows.
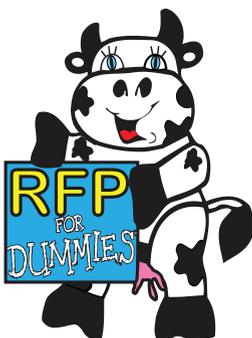
You Must Do An RFP...

Oh really! Most organizations do not need to perform or incur the expense of an RFP. We have sold and installed thousands of HR software products, the vast majority without an RFP. Often, but not always, an RFP is performed to protect those in the HRIS selection process. If an organization spends tons of money and does tons of research and the implementation fails, it must be the fault of the...RFP.

To be perfectly frank, we have found that the RFP process is sometimes a thinly disguised effort to eliminate the low bidder in a mandatory three-bid process. The RFP is written precisely to qualify the desired product and the process is a farce oriented at justifying the desired purchase. Strange, but true. If you need to perform an RFP process, simply state your needs clearly and as concisely as possible. Then, review all products fairly and against the clearly stated criteria and pick the most qualified product.

STRETCHING THE TRUTH

Integrated Payroll & HR...

Integrated Payroll and HR software products exist, but many of the companies that claim to have such products are STRETCHING the definition of the term. The phrase integration essentially means "one". That means that an integrated payroll and HR product should have one program and one database, not two programs and two databases, or one program and two databases, or two programs and one database. Just because a vendor offers both products and just because they actually developed both products does not mean that they are integrated. I have found that some products are merely interfaced and not integrated. In an interfaced solution, there are two

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GOT INTEGRATION?

WELCOME

programs and appear integrated, but they are not. A truly integrated solution is the ONLY way to ensure perfect data integrity between payroll and HR. Other methods may work, but they cannot work as well as a truly integrated solution.

If you are going to specify and pay for an integrated solution, make sure that is what you are actually getting.

A web-based solution is best...

Let me finish laughing first. By definition, a web-based solution is a compromise to support the mythical need for device independence. A web-based solution cannot provide the power and finesse of a solution designed for a specific platform such as Windows or Unix. Most web-based solutions are a mere shadow of HR software products that run on Windows or Unix. Why the hype? For years, industry pundits have claimed that the web is the deployment nirvana for the future. Unfortunately, developers (obviously advisors to a very naked pundit) have simply followed along like so many lemmings rushing to the sea. In reality, the web browser is a very,

very limited deployment platform. After all, how many times have you wished that a web site could capture your name as easily as a trusty old Windows. If a web site cannot capture a name very effectively (and many cannot), how can a web site capture hundreds of data elements for an HRIS.

Now remember, the web advantage is device independence. Now, why is this really that important when 95% of the world uses Windows based PC's to conduct their business? It is a sacred cow. The emperor is stark naked!

Web-based solutions are at their best when the connectivity environment is limited or when there truly is a device independence issue. In all other cases, a native Windows or Unix environment is dramatically better.

Finally, please note that despite all the hype, the vast majority of software being sold today for business use is NOT web-based. It is PC or LAN-based.

HMMM...
SHOULD I HAVE SOMEONE ELSE HOST MY HRMS, OR MAKE MY IT DEPARTMENT WORK?
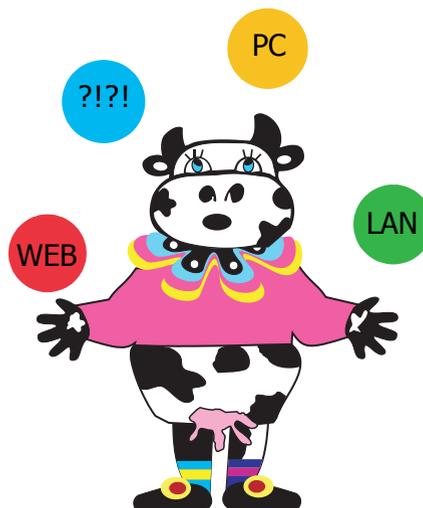
Having someone else host my HRIS is a good thing...

And that's because you like your sensitive data located in another state, running over marginally acceptable communications lines, and because you like a highly limited deployment platform! Who made up that story?

Hosted applications make sense in a very, very limited number of cases and the growth of the industry reflects that fact. If it makes sense for you, do it. If not, flee from the concept.

The worst argument I have heard for a hosted solution is that the IT department did not want the hassle of the application being run locally. Oh, poor IT department. We certainly do not want you to earn your salary. Let's let someone else do your job for you and let all the users suffer with a less than optimal and highly compromised solution. Perhaps this will free up the IT staff to advise the emperor on his new clothes.

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We're not ready for ESS (Employee Self-Service)...

Five years ago, I honestly thought that every company in America with an HRIS would be running an ESS in some way within a few years. Three years ago, when that was not happening, we ran a survey at a large national trade show. Here are the stunning results. The number one answer is: "it has taken us 20 years to get control of these _____. Heck if we are going to give it back".

Wow. So, it is more important to key an employee's data from a badly copied and badly written form than to have the employee key it themselves correctly on a perfectly readable data entry form. Hmmm, we can continue to spend thousands of dollars each year publishing a new copy of the policies manual, which is normally out of date by January 15th anyway, rather than posting the policies on the Employee Self-Service portal at no cost. Or, perhaps it would be better to continue to personally answer the millionth

request for "my vacation balance" instead of allowing the employee to look it up themselves.

As cool as an ESS (Employee Self-Service) can be, an MSS (Manager Self-Service) is even better. Empowering managers is the fundamental role of HR today. With an MSS, managers can have access to everything in the HRIS that you want them to have access to. They can no longer blame HR when they do not have what they need to be effective. In short, an MSS will force managers to be effective or it will expose them as...ineffective. No surprise there.



Resumes are an effective way to recruit...

No, no, no, and for good measure, NO! In case, I was not perfectly clear, resumes are NOT the most effective way to recruit, nor are they an effective way to recruit. Resumes are a non-standard, highly variable, and often unreliable source of information about someone who wants to work for you. In addition, despite the claims of resume parsing firms, it is just about impossible to use automated methods to glean much useful information from a resume in any format and put it in your HR software.

The information age started years ago. This should be the age of "good information". Here is the effective way to recruit. You obtain software that is currently known as Candidate Self-Service or Career Center. It should be a part of your HRMS. This feature runs on the Web. Prospective candidates identify your opening on a job board or some type of search process. Then they come to your company's Candidate Self-Service application. The candidates enter their profile including personal information, competencies, educational background, and work experience. They can then apply against open requisitions, answer screening questions, and track their own application process from start to finish.

The real power of the Candidate Self-Service module is the ability to compare the requirement of open positions to the capabilities of the candidate. In seconds, the software can compare and present to you a list of the most highly qualified candidates. In most cases, the Candidate Self-Service features can pay for itself in a matter of months just in the savings from reduced interviews and unnecessary reading of resumes. You do not even need to look at a resume; the software does the work for you. If you need hard copy, the software can provide standardized, consistent, and very readable applicant profiles at any time from the data in the HRIS.

Implementation costs should be equal to the license cost...

This is pretty funny. You pay really good money for a product that is not a product at all. It is a kit. Then, you pay
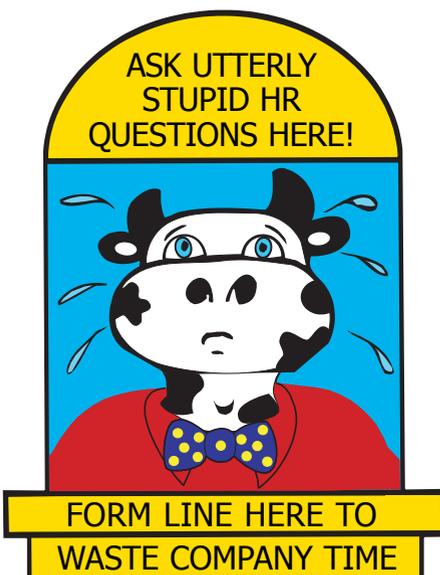
the consultants just as much money to convert the kit into something you can actually use. So what did you buy? Seems to me, they should give you the software and charge for the consulting.

What really makes this one funny is the RFP process. How can a company go through an RFP process with all of these diverse questions and then select a product that does not actually work as desired, but might, if the vendor is paid well and can figure out how to do it? How could the vendor actually fill out the RFP honestly when they fully plan to charge the organization for the features they claimed to have in the first place? From where I come from, that's called lying. The double billing associated with this scenario has another name we'll just leave out for now.

Implementation costs are real. However, if these costs become any significant percentage of the license cost, you have paid way, way too much for the license. Normally, you can save a lot of money buying a "DIY" product. In the HR software world, you can pay for the kit and the construction team and more. See the next cow below.

Maintenance fees on consulting work...

Oh, the good times just keep rolling. So, you buy a product that meets few of the actual requirements stated in the RFP (strange but true). Then, you pay lots of consulting money to make the product actually do what the vendor claimed it could do in the first place. Now, the vendor wants to charge you 15 to 20 percent annually not only on the license fee, but on the license fee and the work you've already paid for twice. Isn't life grand...for the vendor? You get billed twice for a feature the vendor claimed to have had, and then they bill you every year to make certain that the feature you paid for twice actually keeps working. Seems to me that the feature should have been in the product in the first place, as the vendor claimed on the RFP...in the first place. Go Bessie!

Implementation time frames are measured in years...

If one is going to charge many, many dollars to implement a system for a customer, does it make sense to finish quickly? I don't think so. But time is an essential ally for the vendor who will make up features on the RFP and then bill you to create those features. A few years back, one of our customers sat on a panel discussing HR software implementation. This client had implemented our software and had the operation up and running in a matter of weeks. She did not speak first and when it came time to state how long her implementation took, she actually fibbed and increased the duration. Her "peers" were actually bragging about completing fractional modules in just

under two years. She could not bear to explain that it actually took her just under two weeks for the whole product.

Of course, these other applications were slightly more complex, but if a product takes years to implement, what did you buy? And during the two years it can take to get part of your HRIS

implemented, does the original design still fit the organization? Probably not. During the prolonged implementations, there are a lot of $250 per hour consultants sitting around discussing the merits of a 10 character employee number versus a 12 character employee number.

We actually had a very, very large client who used our product as a stepping stone during the implementation of a popular, expensive product. They were able to complete the project in about six months (a single module: applicant tracking). One day, they called us for some technical support on our product and indicated that they had 27 (twenty-seven) Arthur Anderson consultants on-site. How did they get finished in six months? Here is the math for you (27 x 8 x 250). 27 consults at 8 hours per day at $250 per hour. That works out to

$54,000 per day in consulting? Hey, at least they were able to implement a single module in six months. By the way, these expensive consultants used our design for a lobby-based kiosk module for which we had previously charged about $1800. Why reinvent the wheel when you can charge for one that already exists?
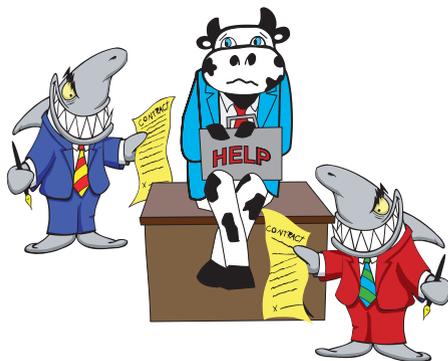
Using a local reseller is a good thing...

Well yes, for the local reseller, but not necessarily for you. We are all accustomed to the automobile dealer and with some exceptions, we buy our cars from the local dealer and not from the manufacturer. This model does not translate well to software sales. Most software resellers are not required to have "factory-trained" support reps or trainers or knowledgeable sales reps. Thus, you cannot expect the same level of service or commitment as you would receive from an employee of the company that produced the product.

The local reseller takes more profit from non-license fees than from license fees. They will take the 50% cut on the software (fairly typical figure) and will

then work very hard to sell you services, some of which they may not be eminently qualified to perform. While the reseller will desire to be helpful, they are more interested in a co-dependent relationship in which they can continue to bill you for services than in making you an empowered user of the product you have purchased.

I need the help of consultants...

A consultant is like a psychologist; he helps you to realize things you already know. Do you wish to pay someone to tell you what you already know? If so, use a consultant. If not, rely on your own expertise. It is no less a crapshoot than what a consultant will tell you. There is another reason why consultants are widely used. Consultants are easy to blame and you don't have to fire them. You just terminate the consulting agreement and pick a new victim.

There is no replacement for experience. No one has more experience in your particular organization doing your particular job in this day and age than you. You are the expert.

We cannot afford HR software...

Very fine HR software is available for less than the cost of your desk, chair and computer. I am sure your company can afford a new desk, chair, and computer just as they do for each new employee.

What you cannot afford is software that you have somehow come to believe you need. Perhaps you have sullied up to Bessie, the sacred cow, and you believe that only the big "bulls" in the herd can meet your needs. Well, if that is the case, you can either do without or take a look at software that helps your company and not your ego.