By embracing the right mix of service delivery model and digital technology, the human resources function can increase its organizational value while empowering a productive workforce.

**EXECUTIVE SUMMARY**

*Digital business means more than technology.* Successful, ongoing transformation requires strong leadership that recognizes and fosters the real goals of digital business: amazing your customers, enabling new revenue streams, attracting and retaining the best talent, and innovating throughout the organization in ways that improve efficiency, support compliance, and mitigate risk.

In this article, we examine the significant role HR plays in an organization’s digital strategy and success, as well as the crucial mindsets, processes, and tools needed to deliver a next-generation service center.
When we hear the term “digital,” we naturally think of technology. Technology is a great enabler, but digital transformation is really a business philosophy and leadership strategy. Companies that embrace digital are laser-focused not on technology per se, but on customer experience, business-model transformation, employee engagement, and operational innovation. Their success depends on great leadership, and HR is uniquely poised to play a key role in these digital transformations.

As George Westerman, co-author of *Leading Digital: Turning Technology Into Business Transformation*, says: “Leaders in digital mastery understand that digital is not a technology challenge. It’s an opportunity to transform their businesses. And they take steps to actively drive transformation.”

Is HR taking the necessary steps to actively drive this transformation in your company?

Modern enterprises are leveraging digital innovations across their organizations to ensure they’re competitive and ready to seize new opportunities. Companies that stick with “the way we’ve always done it” will be left behind.

Gartner’s 2015 Digital Business Survey, for example, found that “32% of leaders at organizations with $250 million or more in annual revenue said they have a business that is a digital business, up from 22% in the same survey last year,” according to a Sept. 2, 2015, Gartner press release, “Gartner Survey Shows Digital Business Leaders Are Pulling Ahead of the Pack.” The same survey found that “a widening gap is forming between organizations already undertaking digital business initiatives versus those only in the planning stage.”

While technology is a key enabler of digital transformation, it is not the core driver. The purpose of digital transformation is to improve customer experience, enable business model transformation, enhance employee engagement, and drive operational innovation. A key tenet of success for all of these initiatives is unlocking human productivity within the enterprise, and this is why HR is so important to digital business success — HR is responsible for employee productivity, empowerment, and engagement.

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**What It Means to Be a ‘Digital Master’**

George Westerman, a research scientist with the MIT Initiative on the Digital Economy and co-author of *Leading Digital*, has this to say about leadership and digital transformation:

“Digital masters excel in two dimensions. They use digital technology to fundamentally change their customer experiences, internal operations, or business models. More importantly, they have the leadership capabilities to drive transformation in the company. These companies are adept at using new technologies to overcome old barriers and create new opportunities. ...

“... Leaders in digital mastery understand that digital is not a technology challenge. It’s an opportunity to transform their businesses. And they take steps to actively drive transformation.

“... To play your role in leading digital transformation, focus on three things: vision, engagement, and governance. Create a vision of how your firm will be radically different because of technology.”
While HR has a critical role to play in digital transformation, the traditional, siloed HR service delivery model wasn’t built to foster the innovation and scalability that the digital business environment demands. Moreover, we haven’t equipped our HR teams with the modern tools and processes needed to improve efficiency and productivity — and increase the value they’re delivering to the rest of the company as a result. HR and IT are being compelled to work even more closely together, in new and innovative ways, to drive digital initiatives.

Winning the digital battle means attracting and retaining the best talent. The expectations of the millennial generation demand that companies provide amazing employee experiences. Given this, HR leadership teams must spend less time on administrative tasks and more time sourcing, enabling, and nurturing the best talent.

Employees increasingly are seeking technology-enabled and collaborative workplaces. In a recent global digital business study conducted by MIT Sloan Management Review and Deloitte, more than three-quarters of respondents said it was either very important (58%) or extremely important (20%) to them to work for “an organization that is digitally enabled or a digital leader.” And this trend isn’t limited to younger employees. The study notes that employees across all age groups want to work for businesses that are deeply committed to digital progress. Company leaders need to bear this in mind in order to attract and retain the best talent.

HR has an increasingly important role to play in fulfilling those expectations for current and prospective employees. What follows are the key strategies for doing so.

The Far-Reaching Impacts of Digital Business

Digital business transformation is happening now. Consider that the number of chief digital officers (CDOs) doubled in 2013 to 500 globally, and again in 2014 to 1,000 worldwide, according to the CDO Club. That group expects CDO head count to double again in 2015 to 2,000 digital executives globally. This represents a highly strategic shift to ensure competitiveness and innovation in a modern business climate where change and disruption are virtually constant.

HR should not be an outlier in an organization’s digital transformation. Instead, it should be a driving force behind digital transformation. Consider the three primary characteristics of a digitally transformed business, according to the 2015 Digital Business Study conducted by MIT Sloan Management Review and Deloitte. These organizations are:

- Improving processes
- Engaging talent organization-wide
- Driving new business models

Those first two, in particular, should resonate with HR professionals. HR has a particularly important role to play in recruiting and retaining the talent needed for digital business success, and that talent is increasingly expecting the best technologies and digital experiences. In the MIT/Deloitte survey, 91% of respondents said digital technologies have the potential to fundamentally transform the way people in their organization work. Just 43%, however, were satisfied with their organization’s reaction to current digital trends.
Stop Drowning in Post-its and Paperwork and Become a Digital Business Enabler

HR has always had to meet a range of business needs and regulatory demands. For example, a global company with employees spread across multiple locations must manage rules governing healthcare benefits that vary country by country and state by state. It’s these sorts of diverse business needs and regulatory demands that make it challenging for HR to standardize and streamline.

This challenging environment has fueled the traditional image of an HR professional’s office with overstuffed file cabinets, reams of paperwork, and wall-to-wall sticky notes. Even as increasing amounts of that paperwork have become digitized, the attendant administrative and organizational complexity has remained in place: overstuffed email inboxes, siloed applications that hinder collaboration, and clunky user interfaces that frustrate employees.

How does HR meet these longstanding challenges while becoming a strategic enabler of the digital workplace? Two crucial steps are required. Getting these two things right will enable HR business partners, HR centers of excellence, and the HR leadership team to focus on strategic initiatives that build amazing cultures and nurture the top talent required to be a digitally innovative company.

Step 1: Standardize and Operationalize HR With a Tiered Shared Services Delivery Model

If you can standardize a repeatable process, do it. This will help improve HR administration of common but necessary requests and transactions that monopolize too many HR resources. In doing so, you’ll improve employee satisfaction and productivity, not just within HR but throughout the organization.

Moreover, you’ll cut down on the bureaucracy that slows everyone down and doesn’t support a thriving digital workforce. That red tape is very real: The “2013 HR

Tiered Shared Services Delivery Model

Mercer, in its report titled “It’s Time for the Next Generation HR Service Delivery Model,” recommends that next-generation HR have a productive and efficient operational layer that creates a strong foundation for the strategic layer of HR business partners, HR centers of expertise, and HR leadership. This approach depends upon a tiered model for shared services.

The tiered shared services model has become an industry standard and is absolutely crucial for HR success. The vast majority of day-to-day HR transactions, routine requests, service delivery to employees and managers, reporting, vendor management, and on-demand support for line managers on everyday people matters should ultimately fall under the purview of shared services, according to Mercer.

High levels of automation are made possible as a result of standardizing common workflows and processes. Service delivery should be built around the expectation that 90 of every 100 inquiries or transactions should be handled by automated service or shared service agents, advises Mercer. The remaining 10 inquiries that can’t be properly handled by one of the first two tiers would then be escalated to a shared services specialist or referred to a center of excellence. This ensures that the most skilled and highly trained HR resources—which are typically the most expensive as well—aren’t misspent on cases that don’t require their level of expertise. The component tiers of shared services are:

Tier 0: Automated service
Tier 1: Shared services agents
Tier 2: Shared services specialists
Service Delivery and Technology Report” from Towers Watson found that the majority of companies (56%) required HR approval for every common HR transaction, and 25% of organizations required three levels of manager approval for common transactions.

Of course, HR professionals know the necessity of following due process and protecting both the employee and the organization. Standardizing as many of those workflows and transactions as possible, however, increases agility and efficiency. The most effective model for doing this at scale is a shared services delivery model.

25% of organizations required three levels of manager approval for common HR transactions. — Towers Watson

Step 2: Enable Employee Self-Service in the Right Way
Along with increased automation, HR can better drive digital initiatives by letting employees help themselves. Whether they’re looking for a company policy, updating their benefits information, or checking their vacation time, today’s employees should not have to call an HR business partner — or even be in the office — to do so. That’s a part of delivering an excellent employee experience that drives engagement and productivity.

That’s not how HR self-service portals have historically worked, however. They’ve frequently been intranet-based, requiring employees to be logged in to the corporate network to access them, instead of being available whenever and wherever people need them.

In addition to being available anywhere, anytime, HR portals must be intuitive to use. The lack of intuitiveness has been the downfall of most HR portals: Often they were built by IT departments that didn’t understand the user experience. Self-service tools should be as intuitive as the mobile apps we use to run our personal lives.

Another downfall of HR portals has been having too many — one for benefits, another for payroll, another for holiday entitlements. That’s because while HR has one title, it serves many functions: performance management, total rewards, benefits, talent acquisition, and so on. These functions have traditionally been managed in a siloed manner, but employees ultimately don’t think of HR that way: They just know they need to get something done, and they expect to do so in a single place. Giving employees access to all HR services through a unified portal is critical to success and can keep that complexity hidden from the rest of the company.

We must improve employee self-service interactions with human-centric, mobile-friendly, and intuitive user experiences. This is what talent expects in the digital workplace. If they don’t find it in your organization, they’ll seek it elsewhere.

The Critical, Strategic, and Technological Enablers of HR’s Digital Transformation
With those two fundamental goals in mind, it’s important to put in place the right technology to enable HR’s strategic vision. As Mercer notes in its report titled “It’s Time for the Next Generation HR Service Delivery Model,” “Too often organizations overlook the functionality required of technology to match their vision.” Here are the four foundational pillars to look for:

1. Workflow Automation
The administrative or operational layer of HR must support a plethora of requests and policies, often on a recurring basis. It’s an indispensable part of the HR function, but it is also one of the most time-consuming. Automating these repeatable processes is a significant step in becoming a more valuable business partner and digital leader.
Early efforts to digitize and streamline these workflows often came up short, especially when they were built on top of platforms developed for departments other than HR. HR portals were supposed to enable this type of workflow automation and self-service but frequently came up light on functionality. Moreover, they sometimes required a level of technical sophistication that’s not typically part of an HR professional’s skill set.

Technology solutions that enable automation are most effective when they include rich functionality built specifically for HR. Today’s tools can do just that, giving nontechnical people easy-to-use, drag-and-drop functionality for creating new workflows when they recognize repeatable processes — no coding necessary.

Workflow automation is perhaps the No. 1 enabler of a successful shared services delivery model.

Automating as many of the standard, recurring requests and transactions HR must handle on a daily basis helps make both HR and employees throughout the organization happier and more productive. Workflow automation is perhaps the No. 1 enabler of a successful shared services delivery model; in fact, the “2015 Annual State of the Shared Services Industry Report” from SSON lists workflow management as the most common enabling technology that shared services organizations plan to deploy in the next three years as part of a broader digital transformation.

You can simplify the transition to a robust, automated layer of the shared services model (Tier 0) with rich, best practice content that’s purpose-built for common HR workflows, such as new-hire onboarding, benefits enrollment and management, and payroll. It’s great when this content comes with ready-to-use, HR-specific templates, but, of course, you’ll want the ability to customize this content to your organization’s specific needs and workflows.

2. Social Collaboration
Technology should enable real social collaboration — not the hand-it-off approach that moves collaboration out of HR systems and into chat, email, phone calls, file sharing, project management, and other siloed tools. This consideration is especially true for HR professionals and the sensitive nature of information they handle, whether in employee-HR interactions or internal HR-to-HR collaboration. The latter often involves working in conjunction with several other departments, too.

Take the case of an office harassment incident. Resolving the case will require several people to work closely together, including the line managers of the employees involved, legal, and the HR representative assigned to manage the case. In other words, the case will have multiple owners. It could even have multiple originators, such as in a situation where more than one employee accuses the same manager of misconduct. You need the ability to bring teams of people together to collaborate and contribute to the case in a single environment, without bumping social collaboration into other nonintegrated channels. This becomes especially important as we consider matters of security, privacy, and compliance.

Yet when we really think about service-oriented interactions where a ticket or case is created, so much of the collaboration happens behind the scenes rather than in an integrated fashion within the ticket or case management system itself. The proliferation of everything from email and instant messaging to cloud services like Dropbox to newer apps like Slack — all amplified exponentially by mobility — has made it easier for people and teams to work from just about
anywhere at any time. But HR needs a single, purpose-built tool that enables social collaboration while ensuring data privacy and supporting its compliance obligations effectively and efficiently.

3. Security and Data Privacy
Your service interactions must protect sensitive employee and corporate data. If you have a VIP or other unique individual, for instance, there might only be two or three people in your entire organization who are cleared to work on that person’s case. You need a more granular model for managing privacy and visibility of cases, one that empowers HR to protect privileged information. In this scenario, a VIP’s case might still be viewable to others, but sensitive data, such as an address and phone number, would be blocked out.

Information security remains a hot topic, but it’s commonly treated as an IT issue rather than an HR concern. Yet, for the IT department, there often isn’t a lot of inherently sensitive data in its help desk tickets or other internal workflows. Instead, IT is typically focused on managing external risks and threats that could lead to data breaches from outside the corporate environment. This is, of course, an important priority, but HR must handle internally sensitive data on a regular and case-specific basis.

4. Compliance and Auditability
Proper risk management protects both the organization and its employees, and ensures due process in challenging

4 Features of User-Friendly Self-Service HR

HR self-service portals sometimes lack the necessary functionality to be as effective as possible and fulfill automation’s promise of increased productivity and efficiency. This includes the user interface and user experience: If your portal looks and feels like a clunky corporate intranet from the first dot-com boom, it simply isn’t meeting the needs and expectations of a digital workforce. Consider four key fundamentals of self-service done right:

1. Not Just Mobile Friendly, but True Multiplatform
Are your self-service tools optimized for true multiplatform use? This should include both native mobile apps (iOS and Android) and mobile Web (HTML5) access to ensure that your self-service tools are highly accessible and usable across a wide range of device types and screen sizes. Moreover, your self-service tools must offer the same capabilities on any device type, with user experience optimized for the platform, whether it’s desktop, phone, or tablet.

2. Human-Centric Design
Invest in rich content, intuitive design, and easy-to-use features. If your employees can’t or won’t use your self-service tools because of complexity or slow or nonloading features, that’s not their problem — it’s HR’s problem.

3. Make Self-Service Truly Digital
Digitize everything you can with automated workflows and electronic forms. While there may be company-specific workflows where this isn’t possible, keep employees in the digital experience from end to end. For example, don’t ask them to print out a PDF form and fax it.

4. One HR
There should be one portal to go to for every HR request, including employee benefits, total rewards, HR administration, and other tasks.
situations. Siloed communications and tools have hampered proper risk management in the past. That’s another reason social collaboration combined with granular security and privacy controls is so important. Together, they create efficient, readily available information trails for compliance, audit, and legal purposes. This is particularly true because compliance and auditability responsibilities touch so many different areas of an organization; compliance and audit-related work commonly requires interdepartmental collaboration.

There are many scenarios where a centralized, streamlined storage-and-retrieval process is ideal for such purposes, but let’s consider one in particular: A terminated employee has filed a lawsuit for wrongful dismissal. In such situations, HR needs to very quickly be able to pull together all of the communications and other records related to that case for presentation in court or other legal proceedings and show that the company followed the appropriate processes at each stage. This protects the organization, HR, and the employee.

When managing this type of case, or any audit scenario or discovery process, HR must be efficient, organized, and secure. You may be asked to produce forms, documentation, emails, and activity journals relevant to the case — and to do so in timely fashion. It’s important to store this data both centrally and securely, in a way that meets your regulatory and legal responsibilities and also protects the organization and its employees.

Bottom Line
As digital transformation becomes the norm, HR has a vital role to play in streamlining workflows and nurturing the people needed for digital innovation and success. HR has always played a crucial role in fostering the talent that’s working to achieve the greater organizational mission. That’s truer than ever today, and HR is uniquely positioned to unlock the increasing potential for employee productivity and the modern user experiences necessary for the pillars of digital business: customer experience, business-model transformation, employee engagement, and operational innovation.

The right blend of shared services delivery, automation, digital tools, and strategic vision will help ensure that HR leads not just a single digital initiative but an ongoing, company-wide transformation that continuously meets the demands of a rapidly changing world.

Find more information on empowering your workforce and automating your HR process at www.bmc.com/HRcase.