# Why HR Technology Matters Now More Than Ever

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At the close of 2019, HR tech was estimated to be a $40 billion-dollar market, with over 4,000 providers in the space. The growth in HR tech over the last ten years was fueled largely by the digital transformation underway in many global enterprises. These HR tech solutions help companies pay, hire, manage, and train people at scale while giving leaders oversight into costs, productivity, and performance.

Small and medium-sized businesses (SMBs), though, face another reality. While SMBs account for nearly half of all payroll expenditures in the United States, their cost concerns and unique needs have made them slower to adopt the kind of HR systems that larger companies take for granted. A 2018 study by Capterra found that 91% of SMB leaders said HR technology was critical or beneficial to their business, yet only 57% were currently using it .[1] (Note the survey solicited feedback from more than 700 U.S.-based organizations with annual revenues of less than $100 million.)

At many SMBs, HR is taken care of by just one person or a very small team. The HR team might not have a legal department to help with compliance or an IT department to support the implementation of a new system. What many people love about working at SMBs is the focus on getting work done and a direct impact on results; they're not necessarily expecting the high-level oversight, advanced technology, and cushy benefits that many Fortune 500 companies offer.

Yet it's exactly that high-level oversight—combined with automation of day-to-day transactions—that HR technology provides. When combined with the support of an expert partner, HR tech can transform a SMB. The right tools can help HR grow into a true strategic partner and help employee relations become more transparent. When a crisis hits, HR technology gives leaders the data, tools, and support they need to make decisions quickly.

In this report, we'll explore the benefits of HR technology for small business in four key areas:

- **People** – how HR tech can enhance the employee experience
- **Data** – how data from HR tech can transform your business

- **Support** – how support from HR tech partners can assist with essential business functions, including compliance
- **Growth** – how HR tech can help your company, its leaders, and employees grow and respond to change.

To conclude, we'll share three case studies we conducted with small business HR leaders to highlight our findings.

# Improve Your Relationship to Employees

Business is all about people. People keep your company running, and without people, there would be no one to buy your products or services. Payroll sits at the base of Maslow's hierarchy of needs: This monetary transfer is essential to the survival of your employees and your company's ability to turn a profit.

The first questions on the mind of any new employee are "How and when do I get paid?" and "When do my benefits kick in?" They want to know exactly when they are expected to show up, and as time goes on, they want to know where they stand with sick days and paid leave. If these questions go unanswered or the information is hard to access, employees end up anxious and worried—which affects their overall employee experience and trickles into job performance.

The 2020 World Happiness Report found that the number of people who reported worry increased by 8-10% from 2010-2019.[2] It's safe to assume that in 2020, the level of worry has increased even more.

## Transparency Improves the Employee Experience

When companies invest in HR tech that gives employees direct access to information about payroll, benefits, schedules, and leave information, they reduce worry. Transparency and any-time access to this basic information create a better employee experience. HR tech systems with mobile-friendly employee self-service help employers build longer-lasting

1  Capterrra, HR Technology Strategy: What Small Business Leaders Need to Know for 2019, December 6, 2018

2  World Happiness Report, 2020

relationships based on trust. Employees trust that they can get the information they want, when they want it. This level of security goes a long way in times of uncertainty.

## Taking Care of Employees

The health of your employees always matters, but health concerns have certainly ratcheted up several notches in 2020. Issues now being managed by HR include transitioning to working from home, ensuring the safety of onsite employees, and managing leave time for ill or quarantined workers. With the leave tracking embedded in an HCM system like Paycor, businesses are better equipped to manage schedules and take advantage of tax credits offered by the Families First Coronavirus Response Act (FFCRA).

When a company takes care of its people, the people take care of the company.

# Decision-Making Based on Data

The insights gained from employee data can help your company manage labor costs and find potential growth opportunities for employees. Not only that, data insights can align your management team and help make smarter decisions. When a proposed initiative triggers controversy, data removes emotion from the conversation.

An immediate view into pay and benefits costs offered by HR systems helps companies stay competitive with compensation and ensures compliance. Performance data helps companies decide who to promote and who to let go. Reports on employee turnover facilitate conversations on how to improve retention. Overtime reports viewed against key business metrics enable managers to determine when overtime is justified and when it's time to hold back.

2020 has proved the need for accurate, easily accessible data. After laying off or furloughing employees, employers will then need to decide who to bring back, and when. To support such important decisions, Paycor created a COVID-19 Command Center[3], which includes a dashboard with real-time data. This tool enables Paycor clients to plan re-opening more effectively and minimize risk by examining metrics about their workforce alongside information on the number of cases in locations where the business operates.

## Data Privacy Is Paramount

When it comes to employee data, companies need to ensure that it is private and protected from internal and external snoops. This is particularly important in small companies that may have sensitive employee information stored on a shared drive or in locked file cabinets.

A Pew study in 2019 found that a majority (79%) of Americans are concerned about the way their data is being used by companies.[4] And they don't feel they're in control: 59% say that they have little or no control over how employers use their personal information. Your employees don't need to feel this helpless; any HR tech system you implement should be secure and have strict access controls for each person that uses it.

Data privacy and security are essential for building trust. Use data wisely; while it can help you make decisions that impact the bottom line, it's also important to use reporting and analytics to create strategies that positively impact people.

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3  Paycor, COVID-19 Command Center

4  Pew Research, Americans and Privacy: Concerned, Confused and Feeling Lack of Control Over Their Personal Information, November 15, 2019

## Technology Support Is Critical for Adoption and ROI

Just as your people help each other get work done to support your customers, your business is also a customer of HR technology companies. Their ability to support your company and your leaders matters. Good HR tech partners will support you in using technology you've never used before and keep you up to date with constantly changing legal guidelines. Because they work with companies like yours all the time, HR tech partners should also be able to educate company leaders on best practices in their respective HR domain.

Adopting new technology isn't always easy. Both leaders and employees can resist change—even when that change creates more convenience and efficiency. An HR tech partner needs to be able to support its customers so they can support their employees and leaders in using the new system.

As managers and HR leaders grow in their familiarity with HR systems, the lightbulbs start going off about the questions they can now ask. But often getting to the answer isn't self-evident. Training and customer service are essential to help companies get the most out of their investment in HR technology.

Legal requirements for employment are constantly changing. Keeping proper records for compliance and knowing how to adapt to changes in healthcare, tax codes, and labor laws is an ongoing challenge. HR tech partners should support compliance by updating their systems as soon as new rules go into effect.

### Responsiveness in Times of Rapid Change

In 2020, the CARES Act and the FFRCA presented companies with new legal benefits and reporting requirements. Within a few days of passed legislation, Paycor offered help on applying for the Paycheck Protection Program (PPP) under the CARES Act, and codes for tracking leave for (FFCRA). In addition to assisting with compliance with the new rules and tax codes, Paycor provided furlough templates and communications guidance for HR leaders.

As work began to open back up, Paycor provided tools for rehiring employees and assistance with creating a safe "go back to work" program. Internally, Paycor adapted to the needs of its customers by restructuring its call center to route calls in a way that would match the skills of the representative to the needs of the caller.

In times of rapid change, teams come together to help each other and listen to each other more than ever—and that extends to suppliers and HR tech partners. Responsiveness supports everyone in business.

## The Right HR Technology Fosters Growth

Growth is more than business growth. It's also how your company leaders grow, how employees grow, and how they all work together to find new solutions to business problems as they arise.

HR tech helps companies grow by giving them data that answers pressing questions, and it helps leaders grow by expanding their ability to make decisions based on analysis rather than conjecture. With performance management tools, employee growth becomes front and center, and companies can make smarter decisions on who to promote internally. This adds up to create a better employee experience where the employees who truly help your company grow are motivated to stay with you longer.

Automating basic HR tasks lets HR staff expand their skills by enabling them to be strategic partners rather than paper pushers. When armed with employee data, HR employees can consult on staffing decisions and be more available to help employees manage their careers Thus, HR staff grow their own capabilities as strategic advisors while helping grow both the business and employee careers.

## Considerations for Evaluating an HCM Solution

*Every salesperson will tell you their HR solution is the best. But how do you decide before you part with your money? Consider these factors as you look at HR tech solutions.*

1. **Know what you need first.** What are your top pain points? Decide what you need first before talking to representatives and have a vision of where you'd like to go. You will likely need an adoption period for each new level of functionality, so it's best to plan out your HR tech transformation over a period of several years.

2. **Look for solutions that can grow with you.** You might not have the bandwidth or budget to add multiple functionalities at once. Some solutions allow you to implement functionality over a period of time as your needs grow.

3. **Ask detailed questions about support and updates.** How often does the solution provider update the software? How does it handle compliance and changes to laws and tax codes? What kind of customer support does it offer? How did the company respond to COVID-19? How responsive was it before that? Look for consistency and thoroughness. Also ask how a provider will support the leaders of your company. Managers, directors and executives in HR and finance will use HR technology every day, so it's important that the software is built with their needs in mind and that ongoing updates help them make decisions and attend to critical business needs.

4. **Consider how a solution handles data ethics, privacy, and compliance.** Ensure that you will be able to limit access to specific information and reports. If a solution uses AI or an algorithm, ask how that algorithm accounts for bias. Also check to make sure that the provider will help you with compliance in every location that you operate.

5. **Check for experience with companies like yours.** Look for customer references with companies your size and in your industry with similar challenges. Ask to speak directly with references so you can have candid conversations.

## Learning in the Flow of Work

The transformation of 2020 has set in motion a huge growth in learning. Learning today is not just about formal training programs, but "learning in the flow of work." This kind of learning has been supported by Paycor's Coronavirus Support Center,[5] an online resource that offers tools, templates, and webinars from experts to help SMB leaders learn and grow through the crisis.

2020 is likely to be remembered as one of the greatest learning experiences of our lives. With HR technology and an open mind, we can learn more about people, business, the economy, and how to make our companies more enduring in the future.

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5  Paycor, Coronavirus Support Center

# Paycor Brings Digital Transformation to Dayrise Residential

The implementation of Paycor has transformed the recruiting and HR operations at Dayrise Residential, a company that manages 75 residential communities spread across Texas, Georgia, Illinois and Arizona.

Prior to implementing Paycor at the beginning of 2019, Dayrise contracted with a professional employer organization (PEO) for its HR services, and HR Director Mary Sheets was the one-person HR department for the 450-person team at Dayrise. "We didn't know what problems we were having prior to coming on board with Paycor because we didn't know a solution existed," Mary said.

Before Paycor, the entire application process was paper-based. Property managers scanned in applications for Mary to process and scheduled interviews manually. Mary then scheduled the background and drug screens. With Paycor Recruiting, the process has been digitized, saving countless hours of time and keeping candidates up to date on their standing in the hiring process. Additionally, analysis of application and job board data helped Dayrise pinpoint seasonal hiring trends as well as pay and benefit discrepancies in certain markets.

Paycor's time tracking feature helps local managers handle overtime budgets more efficiently. By matching monthly overtime reports to business metrics such as apartment turnover, managers are equipped to adjust overtime allotments, and justify overtime expenditures to investors. This form of labor cost optimization has been revolutionary for Dayrise. As Mary pointed out, without this data, managers would have no way of seeing such patterns.

The digitization of leave tracking for PTO and FMLA has also reduced Mary's workload and provided greater transparency for managers and employees. Before, Mary was the primary point of access, which was not ideal for a growing organization.

"Now, leave information stays within one system and everyone who needs to access it – including employees –has access to it."

Mobile access to benefits and pay information has been a significant benefit to employees. "Many of our employees are not computer savvy and live on their mobile phones," said Mary. "Our maintenance workers are in units all day. Now they can get paystub information, a policy report, or look someone up in the employee handbook without having to come into the office to access a computer." Paycor also gives leasing agents immediate access to commission payouts and helps Dayrise HR communicate news such as company events and open enrollment.

Back at corporate headquarters, Paycor has transformed Mary's role. She used to spend most of her time on transactional work. Now that implementation is complete, she is now helping Dayrise transform its HR operations. She recently hired a coordinator, which gives her time to work more closely with leadership. "Our leadership team is asking different questions now because they know that we have more data," she said. "I'm giving them the tools that they need to make sure that they're leading the company in the right direction."

In response to workforce issues related to the COVID-19 crisis, Mary's team has benefited from the new leave tracking codes within Paycor as employees take coronavirus-related leaves of absence. The support offered by Paycor's webinars, letter templates, and other resources have helped upskill the team on employee communications while keeping them up to date on current legislature. "This pandemic hasn't been easy on anyone," Mary said, "But the Paycor system has helped us manage and get through it."

# The Kendall Group Modernizes HR Operations with Paycor

The Kendall Group is a Michigan-based wholesale supplier for electrical, lighting, automation, pipe, valve and fitting (PVF), steam, and instrumentation industries. A 100% employee-owned company, Kendall employs more than 1,200 people across its six divisions at locations in six states.

Since bringing on Paycor in 2015, The Kendall Group's HR operations team has been working on transforming into a virtually paperless model. The company continues to expand the items stored electronically with the tools provided by Paycor. HR generalist Joyce Stull, who has been with Kendall for 20 years, is looking forward to the day when a room full of file cabinets is not necessary.

Surprisingly, some employees were resistant to direct deposit when the company switched to Paycor. Now, the employees love it. With the use of Paycor's employee self-service, employees can access their pay, benefits, and performance information at any time. "It's the little things that have made a big difference for us," Joyce said.

For a company with long employee tenure and a preference for promoting from within, digital performance management helps in several ways. Paycor's performance review solution helped The Kendall Group streamline its process -- moving from an entirely paper-based process to one that is 100% automated. Employees and managers now have complete visibility and access to performance-related information at any time, eliminating the need to request paper files.

"People feel more empowered," said Joyce. "Managers also enjoy the convenience of being able to access performance information on their computer or tablet."

The Kendall Group acquired two companies in 2018-2019, and Joyce managed payroll for the three companies across three different payroll systems until switching them to Paycor for 2020. Now that payroll is streamlined, she's looking forward to helping managers improve how they manage overtime costs and giving upper management more detailed employee-related data and insights.

# Paycor Helps Lighthouse Youth Services HR Team Become True Business Partners

Lighthouse Youth & Family Services (Lighthouse) is a non-profit based in Cincinnati, Ohio that works with children and families in crisis. The 400-employee organization offers mental health services, early intervention for babies and toddlers, foster care assistance, juvenile justice, and residential services with life skills assistance for young adults.

When Debbie Fisher, senior director of human resources, joined Lighthouse in 2014, the organization had recently switched from ADP to Paycor for payroll and time. Since then, she has overseen the roll out of additional Paycor functionality for HR, benefits, recruiting, and compensation/performance management.

Prior to the implementation of Paycor, most HR functionality was paper-based, and the team was organized by HR functionality, with individuals responsible for each area (such as recruiting and employee relations). Now the four-person HR team is organized with one HR business partner for each business group. "Taking away the paper administration allows them to focus in," said Debbie. "The employees know who to go to" she continued, and her team can be more helpful "because they know the ins and outs of the program."

This team structure, in conjunction with Paycor HR systems and self-service access, has enabled managers to hold people more accountable. "HR is no longer considered a black hole," she said. Less time spent retrieving documents and answering basic questions means more time spent solving employee issues and helping people grow. "We do less hand holding now," she said. "We can be there for advice and discussions."

The specialty functions still exist on the HR side, but in a smaller way. For example, one person with a background in benefits prepares all the materials for open enrollment and oversees the setup of benefits in Paycor. "We divide and conquer for specialty aspects or special projects," Debbie said.

Some of Lighthouse's facilities require 24/7 coverage, and Paycor's time functionality helps forecast and spot gaps in coverage that need to be filled. Time and Attendance also makes it easier for employees to use flextime and manage overtime. The visibility into hours worked makes it easier for managers and employees to communicate about hours so that managers can ensure coverage.

On the reporting side, Debbie's team runs numerous custom reports that uncover insights on topics like turnover, internal mobility, and compensation. One custom report helps the team keep track of credentials and licensures that have expiration dates to ensure employees don't lapse.

Overall, Paycor helps create consistency for employees across all Lighthouse programs. With reduced transactional workload and fewer one-off exceptions to manage, HR can better address employee concerns and help managers develop staff—which in turn helps employees provide better assistance to the populations Lighthouse serves.

## About Josh Bersin

*Josh Bersin is an internationally recognized analyst, educator, and thought leader focusing on the global talent market and the challenges impacting business workforces around the world. He studies the world of work, HR and leadership practices, and the broad talent technology market.*

*He founded Bersin & Associates in 2001 to provide research and advisory services focused on corporate learning. Over the next ten years, he expanded the company's coverage to encompass HR, talent management, talent acquisition, and leadership.  He sold the company to Deloitte in 2012, when it became known as Bersin™ by Deloitte.   Bersin left Deloitte in June 2018, but he continues to serve as a senior advisor and contributes to major research initiatives. He also sits on the board of UC Berkeley Executive Education.*

*In 2019, Bersin founded the Josh Bersin Academy, the world's first global development academy for HR and talent professionals and a transformation agent for HR organizations. The Academy offers content-rich online programs, a carefully curated library of tools and resources, and a global community that helps HR and talent professionals stay current on the trends and practices needed to drive organizational success in the modern world of work.*

*Bersin is frequently featured in talent and business publications such as Forbes, Harvard Business Review, HR Executive, FastCompany, The Wall Street Journal, and CLO Magazine.  He is a regular keynote speaker at industry events around the world and a popular blogger with more than 700,000 followers on LinkedIn.*

*His education includes a BS in engineering from Cornell University, an MS in engineering from Stanford University, and an MBA from the Haas School of Business at the University of California, Berkeley.*