

# HR Digital Transformation

## A Business State of Mind

By Steve Bradley



# HR Digital Transformation – A Business State of Mind

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## About this series

I decided to write about HR Digital Transformation primarily because of the many questions I receive about HR technology and what the company should be doing about it.

The fact is companies are always looking for ways to improve productivity and efficiency and generally believe that technology is central to achieving these goals. However, there is constant pressure to evaluate what the company should be

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doing with technology and which areas should have the highest priority. With so much pressure and change, I have witnessed a high degree of “tech fatigue” among business executives.

There seems to be a constant worry about the budget for technology versus the budget for the primary function of the department. There is a tendency with tech to kick the can down the road, and when change is forced, the cost to catch up is greater than expected, resulting in short-term fixes and lack of commitment.

Unfortunately, the pace of technology change is only going to accelerate. So, rather than resist change, the most successful managers and executives will be those who openly embrace it. This requires a paradigm change in thinking. On the budget issue, it should not be one versus the other. It should be one and the same.

Generally, even when change comes faster, it is still evolutionary rather than revolutionary. Managing change requires a constant effort to monitor the current state of technology advancement and to look for obtainable but continuous steps to implement as part of an on-going digital strategy.

The monitoring process requires not only the IT department, which should be charged with the leadership of this strategy, but also technology-minded leaders in all business departments. For smaller companies, the tech-minded business leadership role can be shared or even partially outsourced to a trusted business partner. In fact, regardless of size, having an external trusted technology advisor is highly recommended. This is becoming so critical, that often a board of directors’ position is reserved for such an advisor.

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# HR Digital Transformation – A Business State of Mind (Part 1 of 6)

## What is Digital Transformation for HR?

According to analyst Brian Solis of Altimeter who has researched the topic of digital transformation. His definition is simply “.... the process of changing operational HR processes to become automated and data-driven”

According to Deloitte’s 2017 Human Capital Trends report: “It’s about HR teams taking up the dual challenge of transforming HR operations on the one hand and transforming the workforce and the way work is done on the other.”

The unspoken conclusion in both statements is that the technology itself is driving the evolution of the definition of Digital Transformation. What is possible technologically is constantly expanding, which in turn is impacting its application to drive new HR paradigms and constantly refine the definition.

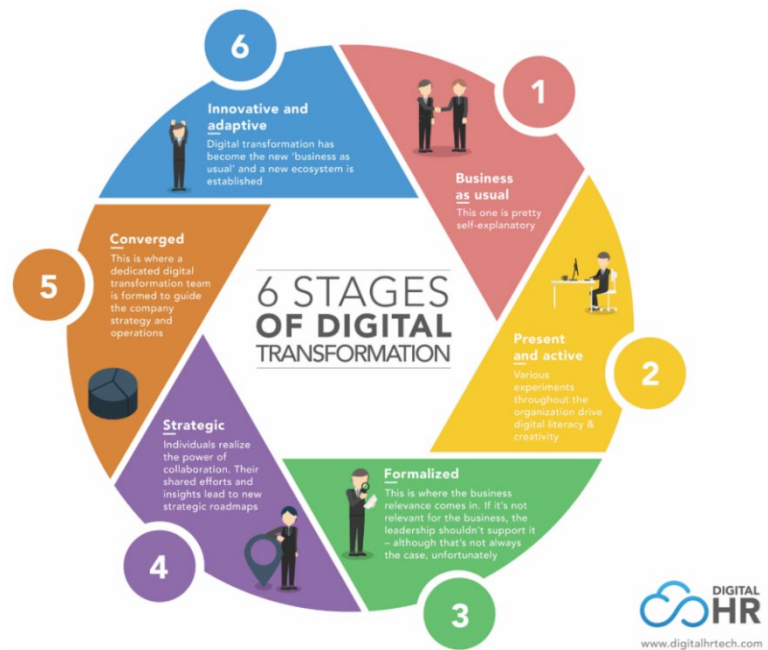
*Digital Transformation is not an end state, but a “state of mind”.*

Digital Transformation is not an end state, but a “state of mind”. It is often described as a “journey” with no end that is constantly evolving, with the understanding that technology is an enabler of business results, not the result itself.

### Journey to an altered state of mind

To illustrate this journey in his report for Altimeter, Solis describes 6 categories

1. **Business as usual** – This one is self-explanatory.
2. **Present and active** – Various experiments throughout the organization drive digital literacy & creativity.
3. **Formalized** – This is where the business relevance comes in. If it’s not relevant for the business, the leadership shouldn’t support it – unfortunately that’s not always the case.
4. **Strategic** – Individuals realize the power of collaboration. Their shared efforts and insights lead to new strategic roadmaps.
5. **Converged** – This is where a dedicated digital transformation team is formed to guide the company strategy and operations.
6. **Innovative and adaptive** – Digital transformation has become the new ‘business as usual’ and a new ecosystem is established.



## Summary

The important takeaway is to understand that while it is impossible to determine the exact moment when an organization achieves HR Digital Transformation and what that looks like, a path can still be charted. Without a concept of the destination, the journey cannot begin (or as paraphrased from Casey Stengel, “If a person does not know where they are going, they will likely end up somewhere else!”).

As certain technological milestones are achieved, the characteristics of the 6 stages of Digital Transformation will be evident because previously defined business goals will also have been achieved. In my opinion, one of the key attributes evident of Stage Six, is the ability to “Thinking Digitally” (the instinctive approach of thinking about how automation can improve efficiency and effectiveness). However, I will also add that an organization does not have to achieve Stage Six to Think Digitally about how to address issues.

*“Thinking Digitally” (the instinctive approach of thinking about how automation can improve efficiency and effectiveness).*



# HR Digital Transformation - A Business State of Mind (Part 2 of 6)

## Why Digital Transformation is Important to HR

### Change is Inevitable and constant

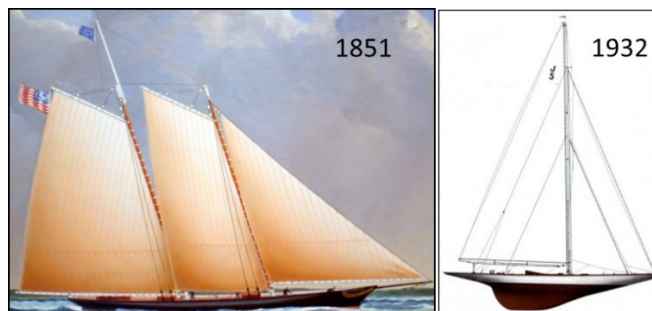
Let's get scientific.

The "Kinetic Theory of Matter" states that all particles that make up matter are constantly in motion.

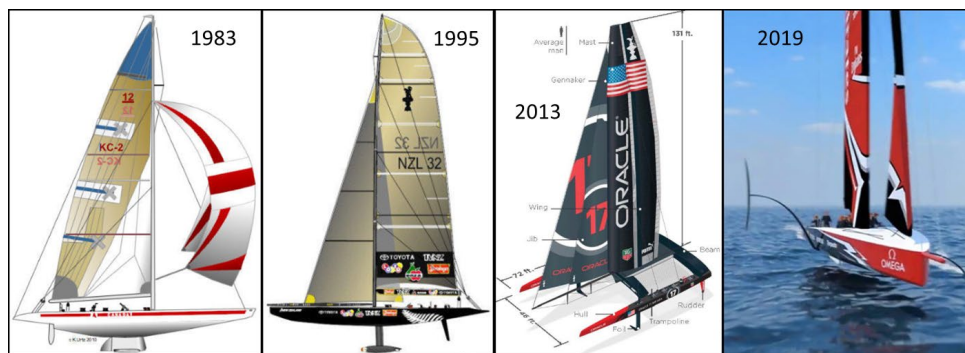
Imagine sitting still in a small raft on the water. The wind, tide or current will still move the raft, but without purpose. Only when these forces are harnessed, is a "**force multiplier**" (a sail, paddle and rudder) added, then the raft can begin to move in a specific direction with purpose.

Since we used the raft analogy, let's stay on that track.

The America's Cup Sailing Race, is approaching 170 years old. For the first hundred or so years, the technology did not change that much. The hulls were still constructed of wood and the sails were still cloth.



Then in the 2<sup>nd</sup> half of the 20<sup>th</sup> century, things started to change...initially with the materials, but later with the instruments. Materials like fiberglass and nylon and polyurethane were introduced that made the hulls stiffer and the sails stronger but also lighter. Racing speeds increased exponentially.



Very late in the 20<sup>th</sup> century, the speed of change, fueled by rapid advances in technology, further increased speeds and maneuverability.

Materials such as Carbon Fiber and sail and hull designs that look more like a jet wing on a catamaran, with stabilizer bars, have made the craft even stronger and lighter and nimble. State of the art instruments, incorporating Artificial Intelligence and Nano Technology have reduced crew requirements by more than half and have allowed them to make last second adjustments based on changes in environmental weather conditions.

### ***The point to be made with HR Digital Transformation – Technology is a force multiplier***

With respect to technology, Moore's Law is the principle that states the speed and capability of computers can be expected to double every two years, as a result of increases in the number of transistors a microchip can contain. Per noted inventor, author and futurist, Ray Kurzweil, "... even if Moore's Law fails in the future, new methods of computing may again set the industry on breakneck development speeds."

Gordon Moore was a co-founder of Intel. According to Intel, Moore's observation transformed computing from a rare and expensive venture into a pervasive and affordable necessity. All modern computing technology we know and enjoy sprang from the foundation laid by Moore's Law. From the Internet, to social media and modern data analytics, all these innovations stem directly from Moore and his findings.

The inexpensive, ubiquitous computing rapidly expanding all around us is fundamentally changing the way we work, play and communicate. The foundational force of Moore's Law has driven breakthroughs in modern cities, transportation, healthcare, education, and energy production. In fact, it's quite difficult to envision what our modern world might be like without Moore's Law

So, in the context of Moore's Law, Digital Transformation for HR is not a choice. It is a business imperative. If transformation is resisted by a company, the world will still change around it and the longer the transformation is delayed, the greater the upheaval will be, if the company even survives.

Don't wait for the fire to know where the fire alarm and extinguishers are located. It is currently estimated that by 2020, 25% of all business apps will not need a screen

or keyboard to operate. To survive, HR organizations (in concert with company executives) need to move in a specific direction with purpose. HR needs a Goal of Digital Transformation and a plan to get there.

*...you cannot run or hide from the advance of technology. The technology itself is defining the new normal.*

### **Summary**

The important takeaway is that as a company and HR organization, it is not possible to run or hide from the advance of technology. The technology itself is defining the new normal. The technology is the primary instigator of employee demands on the business. Thinking digitally, means paying attention to technology to anticipate how it will impact HR and how it will be leveraged to advance the business people processes and increase employee engagement. When a business challenge arises, though the first instinct may be to hire a team to solve it, that will no longer be an option. Thinking digitally also means applying technology to the solution as a first approach.

HR, in concert with a business imperative from company leadership, needs to think digitally.



In the next part of the series, I will discuss the technologies being employed in HR Digital Transformation applications.

*HR, in concert with a business imperative from company leadership, needs to think digitally.*



# HR Digital Transformation - A Business State of Mind (Part 3 of 6)

## Technologies Employed in Digital Transformation

It should not be a surprise that digital technologies have been used widely in business for over 4 decades. They have become especially present with the evolution of the Internet, High-Speed Broadband networks and Cloud-based applications.

In my mind, there are three areas in HR where the following technologies are applied

- Process Automation
- People Analytics
- Personalization

Process Automation has been around the longest and most modern applications are good at this and is ever expanding with smarter applications

People Analytics came later, because we've been able to capture and store much higher volumes of data and more types of data that can give us insights to make better decisions and more efficient processes.

Personalization is not really about process automation, but about using the captured and analyzed data to personalize how individual user engage with or experience the technology.

So, what are some of these technologies? Here are some terms to become familiar with, what they mean and how they are leveraged.

**Process Automation** – Basically any business process or task that was previously done by a human and is now done by a computer and application. In order to accomplish this in even a basic way, the task must be replicable and driven by a standard rule or set of rules. Something as simple as summing a column of numbers in a Microsoft Excel Worksheet is a form of automation. The function had to be programmed. As that technology has advanced, we have been able to make the Summing program richer, by making the data attributes conditional and then having the ability to provide the parameters for each condition. For example, only sum positive numbers, or only sum numbers when a person's last name starts with "B." The capability has advanced to such a state that, with proper guidelines, the computer can build the program on its own. This is called Robotic Program Automation (RPA) which is principally automation of the automation.

*The capability has advance to such a state that, with proper guidelines, the computer can build the program on its own.*

**RPA vs RDA** - Over time, a distinction has evolved with RPA. This is "Attended" and "Unattended" RPA, which is a distinguished by whether a person is involved in the automated process.

- **RPA** refers to an unattended process. Examples would be scheduled processes that run in the background for a business application such as a file creation and subsequent export to another database.
- **RDA** refers to Robotic Desktop or Device Automation and the process is attended, meaning that there is human interaction with or throughout the execution of a business process. A common example would be completing an online form, which based on the data entered by a human, directs the system to flow in various directions or provide feedback to the human such as an error message or request additional input. An advanced example would be voice commands with a device through Amazon Alexa Echo.

**Machine Learning** – This is basically combining sensor data digitally captured from the operation of a mechanical component as input to an RPA task. A program is constructed to execute a specific task when the data collected meets a true or false condition. A common example is that once a car has reached a certain mileage; the system will alert the driver that it's time for service. In advanced scenarios, similar data can be used to initiate or schedule a maintenance service call, helping service organizations better plan their service demands.

**Bio-Metrics** – With respect to business, this is the incorporation of biological inputs or outputs to drive process automation. Common examples of inputs are fingerprint, optical scans and facial recognition to securely identify a user in the process. For output, a car's computer may alert the driver with a warning vibration if the driver is not staying in within the lane markers. For input and output, using voice and audio to interact with a smart assistant.

**Internet of Things or IoT** – This is the concept of integrating devices with the ability to tap into Internet, often referred to as making the device "Smart" allowing remote communications and control. Good examples are various smart devices in a home that can be remotely controlled to receive a command from a smart phone, such as controlling lights, locks, security systems and thermostats in the home or having the system send an alert to a smartphone to answer the door with a video and voice. A more advanced example would be a military drone operated from half-way around the world. It means being "connected" to the world-wide network and devices at all times.

**Chat Bots and Digital Assistants** – A Chat Bot is an integrated guide for an application to assist the user with navigation and decision support. Typically, the interface is a pop-up assistance that usually requires a typed response. They are called Chat Bots, because the experience resembles texting with a human person, but is actually a simulated interface programmed to respond to key words related to the situation. With newer technologies such as Amazon Alexa or Google Assistant, which can be integrated with business applications, the keyboard is substituted with a voice command. Both technologies can be called digital assistants and are a bridge to full AI.

**Artificial Intelligence or AI** has been a controversial topic ever since the movie 2001 a Space Odyssey in the 1960s. AI is the science of building machine that can fully replicate human thinking and behavior, capable of self-learning and possibly free will. On a more practical level, it's about a computer that is designed to recognize patterns collected from sensors over time so that it can anticipate or predict an effect based on contextual circumstances. Sounds scary, but this technology is already being used in everyday life. The programming that is now going into autos to produce a driverless car is a recent example. Unmanned robotic exploration of the planets in the Solar System, such as robots like the Mars Rover are too far away to send

minute-by-minute commands as in the drone example above. So, these devices have been programmed with RPA AI capability to recognize, through sensors, certain conditions to allow the Rover to carry out its mission. It also uses the sensor data to create new ways to approach various problems on its own without human instruction. It adapts by using data to build its own process.

**Nano Technology** is the science of molecular robotics. It is typically about building a molecular machine programed with a single task. The microscopic machine is referred to as a Nano Bot. A Nano Bot can work as an individual bot, but Nano Bots with the same task are usually deployed in mass acting in concert to produce a Macro effect. Nano Technology is used to alter things at a molecular level. There is a lot of optimism about applying Nano technology to medicine and microelectronics. In business, this might be applied to increase battery life of a mobile device or miniaturize the size of sensors tied to ML or AI.

**Predictive Analytics** - Considering all the previous technologies described, they all have one thing in common...Data. All these technologies are collecting or producing data needed to perform a task. At some point, there is enough data collected over time for the machine to record trends and then to be able

*If you consider all the previous technologies described, they all have one thing in common...Data.*

to develop cause and effect scenarios. To be precise, there are so many data points needed to be able to predict a future outcome, that only recently have computers been able to crunch the numbers. But the use of predictive analytics is becoming pervasive. Probably the most common example is shopping online, where the system is making prediction of what products a shopper is more likely to buy. Or surfing Netflix, which over time, starts to make recommendations based on the subscriber's viewing patterns. However, when it comes to thousands of employees working across a large international organization, the number of data points is much more complex. Organizations are already using this technology to make critical business decisions, and soon that same power will be in every employees' hands.

**Virtual and Augmented Reality** – Virtual Reality is often used to provide training in a safe “simulated” environment. A flight simulator is a familiar example to train pilots. Think of being in a game-like simulation to help provide guidance on how to handle common situations related to the Job or to enforce desired behaviors in social work environments.

Augmented reality is the combining of useful data on the same viewing screen when looking at a place or person or other view. The data is projected on something like eyeglasses or other transparent glass such as a windshield. Fighter Pilots use this technology in the helmets they wear. If you ever watched the “Terminator” movies, you may have seen what is supposed to be the Terminator's view with all sorts of data points being projected to help analyze the situation. There are already 3-D map applications that allow users to add information, so when you mouse over or touch the screen, additional information pops-up on the screen.

To help understand how and in which of the three application categories, I created the following table. The double-checkmarks are used to indicate the primary function of the technology.

TECHNOLOGY	PROCESS AUTOMATION	PEOPLE ANALYTICS	PERSONALIZATION
Robotic Process or Desktop Automation (RPA/RDA)	✓ ✓		✓
Machine Learning	✓ ✓	✓	
Bio Metrics	✓ ✓	✓	
Internet of Things (IoT)	✓ ✓	✓	
Chat Bots / Conversational AI (e.g. Alexa)	✓		✓ ✓
Virtual and Augmented Reality			✓ ✓
Predictive Analytics	✓	✓ ✓	✓

**Summary**

The single common aspect of all these technologies is DATA. Data is collected and leveraged in every case. The quality of the data being collected or produced is paramount to the effectiveness of automation and a consistent result. Effective Digital Transformation depends on good data. This is an important concept to remember as we progress through this series.

In part 4 of the series, I will address how Data is being used in amazing ways to change the way companies and their employees engage. To make this happen, I predict that every medium to large company in the future will have a Chief Data Scientist role. At a minimum, they will employee a person as a Data Scientist or at least have someone schooled in data science on staff who will be responsible for making sense out of all the data points collected by company technology. They will also be a key part of the design of new systems and the configuration to purchased technology. Most modern applications already capture data and provide analytics within the application’s function. However, to truly drive analytics, tools have been developed and are evolving that capture data from multiple sources, including applications, machines, user-experience and more. These are tools of the data scientist.

*I predict that every medium to large company in the future will have a Chief Data Scientist role...  
Data will continue to become the central currency of business success!*

## HR Digital Transformation - A Business State of Mind (Part 4 of 6)

### How Digital Thinking is Changing the Way Employers Engage with their Workforce

How HR can meet the challenges on business being driven by advances in technology?

#### **Employee/Employer Engagement in the Digital Era**

Something funny happened on the way to the future!

In the middle of a presentation, the screen on my desktop locked up so I had to improvise. I got through it but then I emailed a request to a group email account for IT support and no one ever replied. So, I picked up the phone to call someone for help and got voicemail. I left an urgent message, but no one returned the call. Out of frustration, I called my boss for help but only got her voicemail. I sent an email message and got an out-of-office reply. So, I texted her, but she never replied. Then I became really frustrated and ripped off an annoying email and copied everyone. Next thing I know, I get hauled into HR and reprimanded about having a bad attitude. I have learned my lesson. From now on, if I need something, I will do it myself or it does not get done.

Exactly! In the future world, we will have to do more and more things by ourselves....with the help of technology. And that is exactly what the next generation of employees want. Self-reliance through self-service, supported by a system that gives me everything I want or need to be successful. It also happens to be a winning time-saving and cost-saving formula for business.

The next performance review will not come directly or exclusively from my manager. The review will be based on data collected about my work, from hundreds of data points over the year. The system will give me regular reports on my progress and makes suggestions for improvements. Effectively, I will become a data point for the company. As impersonal as it may seem, I prefer it that way, because I can rely on my data and the system to advance me to the next role in the company. I know this, because I do great work, but my boss does not like me personally. The system is dependable, reliable and fair. It does not care about my age, gender, ethnicity, religion, sexual orientation, political persuasion. Only about results and...my well-being.

*What Employers want – Efficiency, Productivity, Safety, Scalability and Retention*

*What Employees need – Opportunity, Empowerment, Personalized Experience, Trust and Lifestyle*

Though being a data point may seem cold and impersonal in the preceding scenario, it's important to know that the system can also be designed to serve the well-being of the individual worker. Those data points being collected about each worker will also allow the system to know when a vacation is in order and assist with booking the travel. It will encourage good eating habits

and make it easier for one to get the good stuff and harder for the bad stuff. It will help with managing a student loan refinancing. It will recommend, based on income, debt and other data to buy a home or rent an apartment and assist with financing options and insurance.

Don't believe me? When is the last time you had someone type a letter for you, get your coffee or book your business travel? Self-service is here to stay.

### **So, what do Employers want, and Employees need?**

- What Employers want – Efficiency, Productivity, Safety, Scalability and Retention
- What Employees need – Opportunity, Empowerment, Personalized Experience, Trust and Lifestyle

For Employees, it's not just about compensation and benefits. **Employee Experience** is now more important!

### **How technology can be applied to address employer goals:**

**Efficiency** – A process driven by technology, whether in whole or in part with tasks that are assisted by the system or completed entirely by the system. The higher degree of system participation, the faster the process will be completed and the simpler it will be. In any task where a decision point is reached, either the system will complete it or provide a limited number of options that are ranked as most relevant.

**Productivity** – Simply put, the more tasks done by the system, the less time is spent on non-productive activities, which allows the user to focus on the more strategic, critical and likely rewarding activities of the role. Here again, the system is helping to redefine the role.

**Safety** – Not only will riskier physical activities be done by machine or system to create a safer work environment, but decision guidance in applications will pre-select the best options and result in better outcomes. Both humans and machines will learn from this interaction. The feedback to the system will continue to improve outcomes and making a major mistake much less likely. This will reduce stress on both the employee and the employer, adding to an improved work environment.

**Scalability** – It is predicted that for every human job replaced by technology, two new human jobs will be created. However, finding technically skilled labor is and will continue to be a challenge. Alternatively, tasks completed by technology for all practical circumstances are infinitely scalable. Technology can allow a company to scale its production and services exponentially faster than reliance on human labor alone. Examples are everywhere. Amazon is a prime case study with their highly robotized distribution centers. Even a small company's ability to scale will significantly increase its chances of survival.

**Retention** – When a company finds and develops a high performing workforce, they want to keep it for as long as they can to insure their return on the investment (ROI). Studies show that Identifying and hiring the "right" employees for a company is the first key step to insure retention. Technology will be instrumental in identifying and screening for the best employees for the business.

## How technology can be applied to address Employee goals:

**Opportunity** – From an employee’s point of view, opportunity is relative to their individual life-to-date experience. For most of us, opportunity in a job typically means growth; that is growth in knowledge, new skills, compensation, responsibility and satisfaction. Studies indicate that most employees are not high risk-takers. Job satisfaction can be more about learning new skills than

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compensation. Technology allows a company to make opportunity predictable. As an employee, knowing what career opportunities are available and having a charted path to get there is not only predictable for the employee but also for the company. For the employee, predictable opportunity reduces stress and creates a high-level of satisfaction (and retention). Stockholders love predictability too.

**Empowerment** – A sense of empowerment comes from both freedom and control, meaning a feeling of being empowered is derived from one’s ability to make informed decisions and have some influence and sense of ownership in the job role. Technology can provide data and guidance to make effective decisions more likely and create a safe environment for innovation and idea sharing. But empowerment also means control over one’s personal life, and company technology can impact that in a positive way as well by using an employee’s company profile to contribute to the employee’s wellbeing.

**Personalized Experience** – The crossroads of the job and personal needs is unique and largely situational for every individual. There are not enough HR Generalists or Business Advisors to meet the individual needs of every employee. In the near future, given enough data, the right tech will get very close to filling the gap. What any individual employee needs to reduce stress in the workplace will be analyzed and predicted by their profile and current conditions. Artificial Intelligence can be applied to prescribe assistance and recommendations that can relieve stress. Just as medicine is looking to DNA and molecular biology technology to create personalized treatments or cures for disease, so too can technology help companies create personalized work experiences to reduce stress and maximize productivity and, yes, improve job satisfaction and retention.

**Trust and Lifestyle** – A recent study by PWC on retention analytics found that an employee who has a high degree of job satisfaction, has lower stress and is more productive and happier away from work. At work, employees also tend to be more social, more sharing of ideas and better teammates. It’s also not surprising then that there is higher trust of the employer with personal career and personal data. A company’s ability to support an employee’s healthy lifestyle first requires and understanding of the employee and then the ability to encourage and reward individuals with timely targeted recommendations. This level of understanding and analysis can only be achieved with technology.



## Summary

I thought it would be good to summarize this chapter with a story. This is the story of Chris (I chose a gender-neutral name so the reader could fill in that part).

A young professional, Chris, recently married and is about 10 years out of grad school in the workplace. Chris is looking to move to the state of the spouse to start a new family in a more family-friendly neighborhood. Chris just submitted an online application to an employer Chris has been following through a social site. A day earlier, a requisition for the job was initiated by a hiring manager where Chris applied. Based on a preferred set of criteria, the system scanned hundreds of applications and provided the top 5 candidates out of several hundred, which included Chris.

How does it know what to scan for? It knows because the company's technology first built a requisition automatically based on job position requirements stored in the company data base as well a general data about the profile of employees that are more likely to be successful with the company's culture and industry. For example, these attributes could include the success rate of graduates from certain schools.

Then the system, with assistance of a chat bot, walked the hiring manager through a process to refine the criteria, which allowed the manager to add and edit the weighting of the most important attributes. Once applications and resumes were scanned, the system also searched the internet for social sites the candidates may have participated in, did a high-level public background check, reviewed education records, and more. Now the Hiring Manager can spend most of their time talking to highly qualified candidates, including Chris, spending more time on qualitative issues in interviews to determine cultural fit and more tacit aspects of the best candidates. Of course, Chris received several automated notifications and requests for more information, including permissions and links to record an online video and a behavioral survey.

Chris was impressed with the efficiency of the process. Once Chris was notified of being selected for the next phase, shortly after, Chris received a personal call from the hiring manager with warm congratulations of being selected and a request for an in-person interview. After several more steps, an employment agreement was negotiated, including moving expense reimbursement.

Based on Chris's profile already in the system, the system sent suggestions to Chris for places to live that would meet Chris and the family's budget. Not only did the company provide health benefits in the package, the system provided many additional voluntary options to consider. The system knew that Chris and the family would first be moving to a new apartment, so it recommended apartment insurance at a company-negotiated

*Digital Technology has produced amazing results for the workforce and the company.*

low rate. Chris is still paying off a student loan, so the company system automatically provided the names of several companies that could help refinance the student loan at a much better rate. "Wow," Chris thought, "I

haven't even started, and this company already knows me."

Before Chris started, more system communications invited Chris to join a video conference call for orientation, including many of the Chris's new teammates. Chris met Sally, the orientation guide from HR, who provided lots of useful information and guidance.

Within the first 30 days after beginning the new job, Chris attended many useful online orientation sessions and online training. Chris met with the assigned mentor who will be guiding Chris during Chris's first year with the company. Chris quickly felt comfortable and was able to be productive almost immediately. Chris was particularly excited when chat bots showed up on the company systems, which were able to speed requests and provide online guidance through new processes. Just recently, the company introduced voice-assisted processes and search. Not only is Chris able to simply ask for help of information, but Chris is also able to use any mobile device and be unchained from the desk and office. "Amazing!" Chris thought. "I hardly need a keyboard anymore."

Since joining the company, Chris has never been more productive or happier, and the company is very pleased with Chris as well. Most of Chris's work colleagues feel the same way. They share their work and lives inside and outside of the company. They are all true believers. They are proud of their work and the company and promote the company to others every chance they get. Digital Technology has produced amazing results for the workforce and the company.

In Summary, Chris's company could someday be yours.



# HR Digital Transformation - A Business State of Mind (Part 5 of 6)

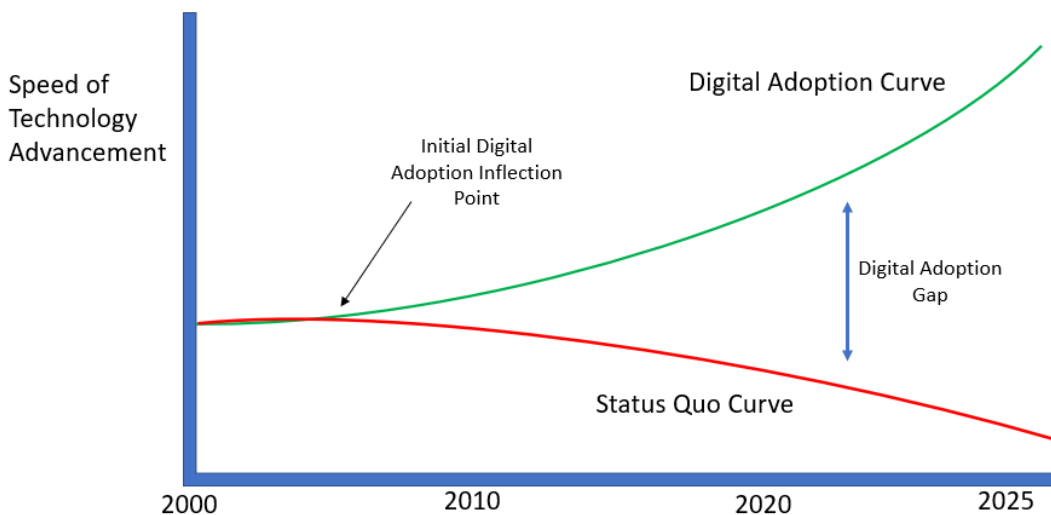
## Getting Business Support for HR Digital Transformation

### How to reach the goal when the goal posts keep moving

At the speed of Digital Technology advancement, this is how most of us feel, and it is frustrating. However, if you are in business and want to stay in business, there is no choice but to adapt.

But here is the good news.

There is a threshold of advancement that when reached, the ability to keep up with technology advances will be much easier than if delayed.



Once commitment is made to the initial investment, or the “Initial Digital Adoption Inflection Point”, a launch platform will be created that allows further expansion and makes adoption of technological advancements easier to achieve. Otherwise, the “Digital Adoption Gap” will expand exponentially and the financial investment to effectively start over could be insurmountable. Furthermore, the level of change will also be more drastic and costly, potentially causing high turnover to re-staff or train existing resources.

The other good news is, while the HR department may not be focused on Digital Transformation, the IT department has most likely been plotting this for some time. This means the HR team will have a willing ally to promote its project.

*Once commitment is made to the initial investment, or the “Initial Digital Adoption Inflection Point”, a launch platform will be created that allows further expansion and makes adoption of technological advancements easier to achieve.*

And the good news keeps on coming! Even if the IT department is pre-occupied with other projects, most of the new digital technology applications are Cloud-based, so system infrastructure is not as big an issue as it once was. And, the configuration of the

applications does not require complex programming skills.

In my personal experience, I have had many customers who received only minimal help from IT. They were able to work with the system integrator, take training from the app vendor and together design, configure, test and deploy the applications with the HR staff. Of course, it helps to have a few members of the HR team who are tech savvy, willing and enthusiastic to work with the new applications. This is important, because after the system is implemented, it is these team members who will likely be responsible for extending the platform features and functions.

So, it is likely that the company is already thinking about or engaged in digital transformation projects. The IT department is HR’s friend, and there is a reasonable chance HR has resources in the existing department to lead the effort. If the HR resources are not available, then this must be a critical planning factor in business case development.

So, what is holding business executives back from funding HR’s technology project?

The number one reason we hear from IT Departments about HR Departments requesting spend on technology is the lack of a business case, a strategic charter and an execution plan.

### **What every business needs and how the promise of HR technology has thus far fallen short**

According to David Ulrich, co-author of the book [HR Scorecard](#), what is always missing in these scenarios is that the “C” suite needs to understand that HR can’t be reduced to the same quantitative formulations that operating departments can.

HR adds value THRU what it does for the rest of the company much more so that what it does “for/by” itself.

Neither is it merely qualitative especially now with the 5 generations currently sitting in the workforce – they each have wildly different needs to reach job satisfaction and “stay”. Left to most (former finance/sales) CEO/COO/CAOs it is “give me A program” to get them to stay and deliver.

Hence the need for HR to partner with each operations department to show their impact on what that operations department’s ROI will be.

HR will need the support of the business executives if Digital Transformation is to be funded. To do this, HR needs to think like the business and be aligned with business goals. Investors and business owners want certainty more than anything else. There are 3 important factors to keep in mind in soliciting support:

- HR must be able to clearly articulate the value to the business
- The need must be realistic and pragmatic but also have a sense of urgency to act
- Business leadership must already be supportive of digital thinking, otherwise approval will be harder to achieve, and more education will be required.

So, what are the expectations of the business for the future of HR and what is the expectation of employees for the business?

The business needs to execute well on the business strategy. Based on 2014 research by Steven Hunt, PhD, at its core, every business needs to do three things to succeed:

- Defining Business Strategy – Determining what is required to succeed (which is the business purpose and objective)
- Managing Assets – Securing the capital and the resources required to support the Strategy
- Driving Business Execution (BizX) – Building and Managing the Workforce to effectively leverage company Assets to deliver Strategic objectives.



Essentially, how I interpret this is that no matter how great the business strategy is, unless the workforce is fully aligned with the business strategy, the business will likely fail. BizX is the most important factor in the formula and, in its role as the curator of the workforce, HR is a critical partner in the success of the business. Steven Hunt posits three guiding responsibilities that fall mainly to HR to lead:

Achieving a high level of Business Execution requires the business to excel in 3 ways:

- Increasing workforce performance
- Attracting, developing and retaining high-performing employees
- Identifying, and addressing low-performing employees

Steven Hunt goes on to identify 6 categories of Business Execution Drivers to support the business strategy:

- Alignment** – Are our people Focused on things that impact the delivery of the Strategy?
- Productivity** – Are people doing what we asked them to (or something else)?
- Efficiency** – Are we using our people efficiently?
- Sustainability** – Are we able to maintain stable, consistent performance over time?

- Scalability** – Do processes support a steady supply of talent to execute our strategies?
- Governance** – Is anyone in the company doing something that creates significant liabilities to the company (security, compliance, risk management)?

Steven Hunt also provides a managerial guide to achieving BizX success for these drivers that I prefer to call the “4 Rs”

**Employ the Right People**

- Hire workers to support business strategies and who stay to realize the ROI

**Focus people on the Right Things**

- Make sure workers spend their time on things that support strategies

**Ensure people do things the Right Way**

- Recognize high performers and address low performers

**Give people the Right Development**

- Provide employees with development opportunities aligned with business objectives

Statistics show organizations spend an average of 50% to 70% annual expense maintaining the workforce (Human Capital). According to recent study from Paycor, the same companies spend only about 15% of their time managing the workforce. This indicates just how impactful BizX can be on business success or failure.

*It’s not just about people, it also about the tasks that applications perform. Try substituting “Applications” for “People” in the 4 Rs.*

Steven Hunt’s conclusions seem to be logical and practical and I very much support his research. However, Steven’s book was last published in 2014 and written before that. The Apple iPad was first introduced in 2012, the same year that Facebook went public. My point, as previously stated, technology moves very fast and in 2019, one very important aspect of the 4 Rs has changed. It’s not just about people, it also about the tasks that applications perform. Try substituting “Applications” for “People” in the 4 Rs.

I have worked with hundreds of HR departments, and I can say confidently that most are understaffed, underfunded and overworked. Business leaders like to use phrases to describe their HR departments as “lean and mean”, “highly efficient and productive,” and they often are, but only in the tasks they are charged with. Most HR Department would like to do much more. The problem? According to Steve Browne, author of HR On Purpose: Developing Deliberate People Passion, “HR departments continue to practice transactionally (task perspective) rather than being strategic.” As a result, there is seemingly little or no interest by the business to support HR with more funding to support HR business initiatives. So, when new business acquisitions, mergers or initiatives arise, just when HR’s support is truly needed, HR is ill equipped to respond.

Even when companies have HCM applications to support the business, the actual performance of such apps fall well short of expectations. When reviewing the 4 Rs in the context of an enterprise business with 1,000 employees or more and an HR staff of maybe 5 to 8 HR professionals where two thirds focus on payroll or compliance, scalability is effectively impossible.

A single HR administrator focused on the needs of hundreds of employees, can only address the high-risk issues, which are almost exclusively on-demand. Another useful analogy is that if HR is always focused on treating the sick employees, they never have time to focus on prevention.

One of the chief mediation strategies is to leverage an HR application is the distribution of various tasks to all employees via self-service portals. But getting compliance can be daunting. And spending time on the data and analytics to understand where and how to prioritize is most often one of those “when-I-can-get-to-it” tasks. The chief reasons for low expectations are centered mostly on:

- Not having enough automation in process steps
- Self-service processes are too complex and vary too much across the business
- Lack of communication or too much of the wrong communication to assist with user compliance and engage often with employees
- Not having the correct HR organizational structure to support the applications
- Improperly implemented or unmaintained systems constantly break causing more problems than they solve.
- No one dedicated to data and analytics
- Lack of support and alignment with executive leadership

Each of these reasons is a BizX deal breaker that can prevent the business from success.

### **Getting the business to support HR Digital Transformation**

A strong argument for a digital transformation projects obviously includes a strong financial incentive and promise of further opportunity. However, I believe it must also have a strong vision. It should tell a story that extends and builds on the founders’ vision. Always make it sound more expensive to achieve than it is, and how it will save the company from competitive extinction. Sounds dramatic, but it works.

Every company is different, so the amount of effort invested in a business case should be commensurate with scope of the project. It is important to have reasonably accurate details, but don’t sweat the details or have too

many. Keep it big picture at first, because, in my experience, every initiative starts with a vision and evolves through several iterations to become an executable plan. Each iteration can be an approval milestone that builds on the previous as the plan takes shape.

Most importantly, the team that crafts the plan needs to think like business owners, so they are more attuned to unintended consequences of any recommendation. Put on your CEO hat and think digitally. Here are some practical steps to gain the approval of business.

*A strong argument for a digital transformation project obviously includes a strong financial incentive and promise of further opportunity. However, I believe it must also have a strong vision. It should tell a story that extends and builds on the founders’ vision.*

- **The Story** – Craft a brief story of the vision for HR Digital Transformation. It should start as a casual conversation with a trusted advisor and graduate to a top executive who is willing to put their sponsorship behind the effort and include an Executive Summary Proposal to further explore the project.
- **The Strategic Charter** - State the business issues or opportunities to be addressed.
  - Should state the expected business benefits
  - Should include financial consequences of not acting
  - Should include a high-level roadmap
  - Should state the guiding principles of the project
- **Business Case** - Steps to Build a HR Digital Transformation Business Case that addresses the vision and the Charter objectives, should include:
  1. Enlisting an advisor to help make the exercise can go quickly
  2. Calculate the available project team hours available for the project after all mandatory HR and HRIS work is completed.
  3. Re-State the business objectives and where they impact HR (the sub-category of challenge)
    - State the impacts, both positive & negative, for the internal customers (both revenue and expense departments)
    - Be certain to emphasize any regulatory requirements being served
    - Be certain to explain the expected next steps beyond this project
  4. If possible, place a financial and HR Labor impact on each issue / opportunity (this is usually a factor of how much labor would be spent on each task area annually), if distributed to users, or if automated.
  5. Think Digitally – apply a possible digital solution to each challenge and calculate the reduction in HR hours effort, then apply a financial savings.
  6. If this is a major transformation, get some advice on how the go-forward HR Organization should be reorganized and staffed (this can be an important factor in achieving ROI). There is a reasonable chance the current staffing model of the HR Organization will need to change to support and extend the new technology, including new roles and new skills.
  7. If technology is to be purchased,
    - Invite vendors to provide an RFI (not an RFP – an RFI is less formal and less effort for the vendors which they will gladly respond). Application vendors are also very forward looking so they may see a digital solution not yet considered. This will help you significantly narrow the field of vendors you will ask to respond to an RFP.
    - Seek advice from other companies with similar projects (the vendors will provide company names)
    - Build a rough effort on the application and infrastructure costs (IT and Finance can help)
  8. Estimate the one-time implementation cost and ongoing maintenance and extensions to apply to the digital solution over no more than 3 years. 2 years is better (at this stage, ROI on a Digital investment should be very quick, often less than a year). Consider an RFI to vendors for consulting estimates, including timelines and internal project staffing requirements. Use the same approach for technology vendors to gather information and narrow the field for the RFP.
  9. Evaluate the project contextually on the business, to determine if there are other initiatives or projects with impacts (e.g. where resources are already or may committed).



10. If not already there, focus on getting to the Digital Adoption Inflection Point first.

- **High-level Execution Plan:**

1. Summarize the pros / cons, expected ROI and HR's (and IT's) recommendations. I think PowerPoint is still the best tool for presenting the executive summary.
2. Make sure to consider small or less costly alternatives that can at least get to the Digital Adoption Inflection Point
3. Get the business READY for the project BEFORE it begins. There are 6 areas to consider, even before the product is acquired and the implementation project starts. I have a planned article about Readiness, which will provide key recommendation to help avoid common project mistakes. See Part 6 for an overview.

## Summary

Getting the support of the business means treating the task like any other business proposition. The value must be demonstrated. Creating a convincing plan is the easy part. However, it may be much harder to convince the business that HR can lead and execute the plan. Leading the organizational change that may be required of HR means willingness to make hard and sometimes difficult decisions and a realistic self-assessment. Does HR have the right structure and team to be able to carry it off. Will HR be ready to think digitally and lead the organization through a successful transformation project.

In the final segment of the series, we will examine the steps that HR should take to be ready for transformation.

*Creating a convincing plan is the easy part.  
However, it may be much harder to convince the  
business that HR can lead and execute the plan.*

# HR Digital Transformation - A Business State of Mind (Part 6 of 6)

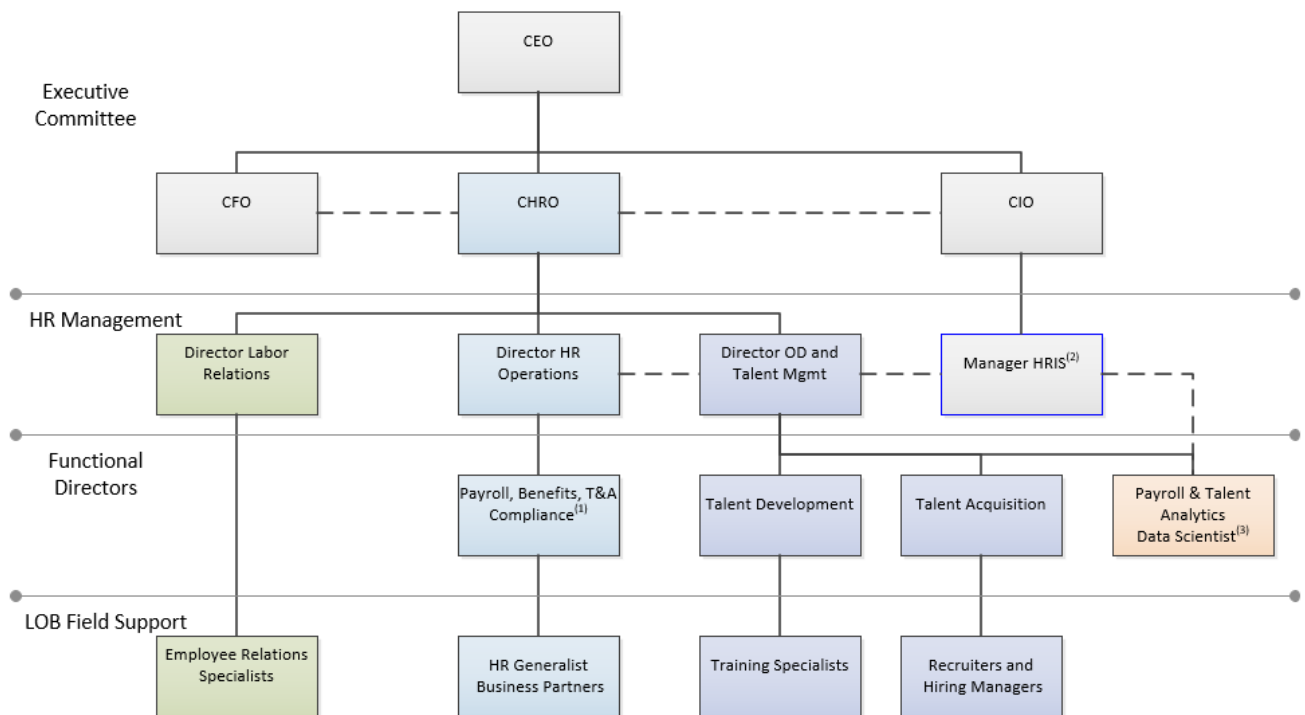
## After Project Approval – Getting HR Ready

### A view of the HR organization that thinks digitally

*There is no better time for an HR organization to re-think its role and staffing model than when implementing an advanced digital technology.*

I am often asked about what roles makes up a digitally thinking HR Organization. A few years back, I drafted the diagram below for a customer. As far as roles go, I have only updated one role name, which is the Data Scientist. Other than that, in a

very simple model, not much has changed functionally for over a decade. Of course, in small organizations, one person may play multiple roles, and in very large organizations, some roles may be further subdivided. But generally, the diagram is presented along functional responsibilities.



(1) Payroll is often an accounting function reporting to the CFO, the person data for it is HR  
 (2) The HRIS role also often reports to the CHRO  
 (3) HR Data Scientist role may operate more like an HRIS role, reporting to IT but dedicated to HR

What the diagram does not reflect is that all roles need to be owned by persons who think digitally. From the CEO to the CHRO and all functional levels, all HR organization employees need to be reasonably tech savvy. They need to be at ease with using not only desktop computers but also mobile devices. They need to embrace technology and be partners to the business and technology advisors to those in the company who are less savvy.

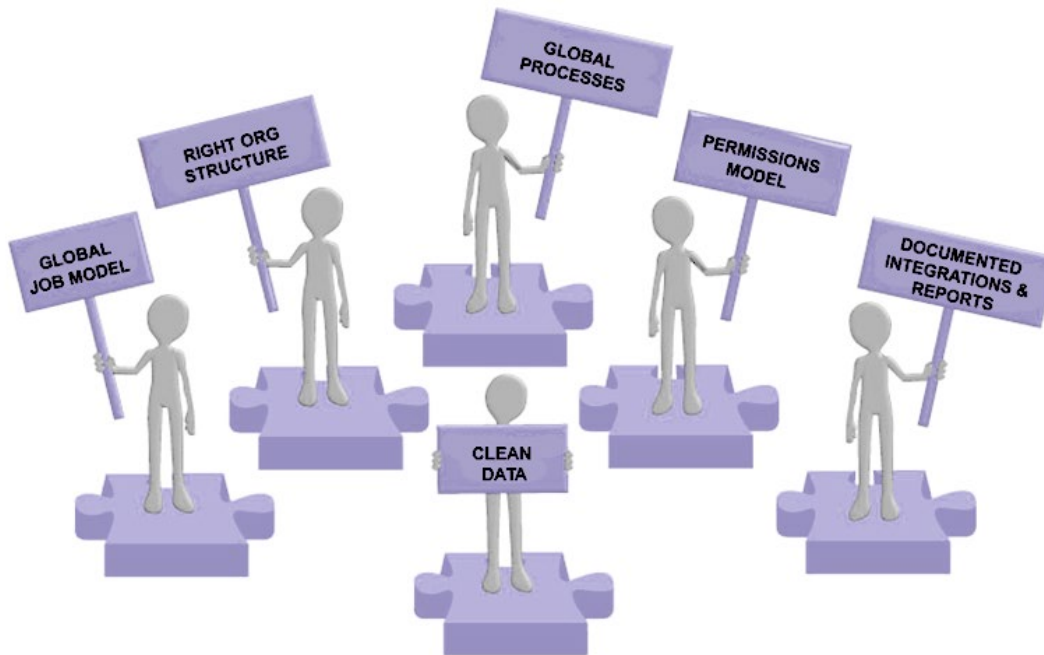
If not, then there is a risk that tech savvy users in the company will have less respect for HR and more likely to thwart processes with workarounds or non-compliance.

There is no better time for an HR organization to re-think its role and staffing model than when implementing an advanced digital technology.

### **Get ready before you start the implementation phase of the technology**

After more than 1,000 HR technology implementation projects over the past 15 years, I am convinced that the number one reason why the projects fail as often as they succeed, is “Readiness.” Whether moving from manual or legacy technology, being ready for the change is key to success.

I have boiled this down to 6 key categories of readiness. These 6 categories are technology agnostic but are best suited to contemporary highly digitalized process solutions, primarily Cloud-based with a modern Web / Mobile user interface (UI).



They are:

1. **HR Organization Structure** – This may be the most important, which was discussed earlier in this segment. Align the HR Organization and Project Team structure for the technology and digital transformation. Ensure you have the right and adequate resources in the right roles. This is critically important to support the solution after Go-live.
2. **Global Job Model** – Must have a suitable job structure ready to support the effort, so it will be possible to implement the application in a reasonable amount of time with a job structure that is advantageous for the selected technology but also aligned with the business. This will accelerate the project, reduce implementation costs, lower risks and increase the quality of the outcome.
3. **Global Digital Business Processes** – Should have global business processes in place that are highly efficient and suitable to leverage the digital application BEFORE you begin configuration. Try to achieve 80% global to 20% local.

4. **Permission Model** – Items 2 and 3 are typically required for a practical permissions model to control and maintain the new processes, based on the Organization and Job structure. A sound model will maintain the integrity and efficiency of the processes
5. **Integration and Reporting** – Know and thoroughly document the integrations and reports needed to support the new solution. Conduct a WRICEF (Workflow, Reporting, Interfaces, Conversion, Enhancements, Forms) analysis early and determine all integration platforms/methods used for each interface. This is critical to success.
6. **Data** – Develop a detailed plan for the migration of historical data. Consider data migration tools to assess the quality of the data and what data cleansing or homogenization is required. This is one of the most important time savers and budget control items.

### **Rightsizing the project**

The recommendation is that once you have project approval, start the readiness program. This can be done while you are evaluating technology vendors or immediately after selection, but at least 4 to 6 months BEFORE you kick off the technology implementation phase when the costs rapidly accumulate.

Always do the HR organization self-assessment first. If personnel changes are required, as much time as possible is needed to get the project team in place. As always, seek an external advisor experienced in the program.

The fact is, HR will often not have the resources they truly need for the proposed digital transformation project. It was Secretary of Defense under President George W. Bush, Donald Rumsfeld, during the Iraq war who said, “As you know, you go toward with the army you have, not the army you might want or wish to have at a later time.” It’s a reality we must accept. However, rather than risk failure for the larger project, take smaller steps that are best combination of business value and smartest leverage of the team resources available.

For example, the available team may be under-resourced to tackle a core HR transformation, but is well staffed with an excellent training team and leader. So maybe a Learning Management System (LMS) would be the better first choice. This is why an early self-assessment of the proposed project team members is so important.

*Get the business READY for the project BEFORE it begins. There are 6 things to do, even before the product is acquired and the implementation project starts.*

At my current company, I led a team who developed a program to address the 6 categories. We developed tools and accelerators to facilitate the effort. I plan to dedicate an upcoming article that will explore this program in more detail.

### **Summary:**

Business decisions are made by persons paid to make them. They involve an evaluation of Alignment, ROI and Risk. Too often, the C-level executives are not equipped to make digital transformation decisions that significantly impact the success of the business and need to rely on their executive staff and external consultants for advice. One of these is HCM technology, which I have experienced is often underestimated for its ability to positively improve business operations and advance business results. As a result, HR projects are not given the

attention and support they deserve. So, it is even more imperative that the CHRO is a driver of digital change, able to articulate a vision that is aligned with the business and focused on ROI and Risk Management.

From my POV, there are a lot of amazing things happening in technology and, I for one, want to be part of that journey, rather than languish among those resistant to change who will still benefit from it, but not influence it. You don't have to be the pioneer to be an influencer but be willing to adopt what the pioneers are inventing to avoid extinction. Businesses know this, and they know how to evaluate, measure ROI and risk in order to adopt new technology. And because they do this as a standard course for every department, HR leadership must also take up this task for HR.

These same leaders also know that the organizational model of the past will hold the company back unless they change.

*...the HR team can adapt and change and embrace the technology. They just may need to be pushed a little. That is Digital Leadership and that is Thinking Digitally!*

For Example, the founder and Chairman of SAP, Hasso Plattner, insists that SAP needs to transform if it doesn't want to fall behind. "There are cultural changes coming," Mr. Plattner said at an SAP-organized event in Orlando, Florida in May 2019. "We have to change how we work, and we have to use new talent." This may explain why there's been a recent exodus of several top managers, most of them 20 plus-year company veterans, and SAP has offered voluntary leave and early retirement packages to some 4,400 staff, a watershed moment at a company that has been a stable employer for decades. SAP demonstrates that change is arguably less painful than failure to act.

My final view on HR organizational change is that team members are never too old to adopt technologies. My 86-year-old mother recently learned how to text on an iPhone, and it has opened a whole new world to her (which is unfortunate for me, since I am constantly bombarded with questions!).

The point is, the HR team can adapt and change and embrace the technology. They just may need to be pushed a little. That is Digital Leadership and that is Thinking Digitally!

This is final segment in my HR Digital Transformation Series. There is much that I did not cover and weeds that I did not get into. However, I hope it has been thought provoking and I hope it has been informative!

I do plan to continue to comment on the subject and the technology as it evolves. I do expect that I will be asked about specific market solutions, but I decided not to comment on any vendor products in this series. I thought it would be prudent to keep that view vendor agnostic to get the word out.

However, I do have an opinion and may comment in future writings.

I look forward to your comments and extensions of this discussion. I am sure I will learn something from the feedback.

*About the author:*



*Steve Bradley is VP and Director for the Cloud HCM Practice at Birlasoft. He has over 20 years of HCM technology experience – and founder of two HR service companies, SystemLink and Learn2Perform. He is a frequent speaker at conference events and advisor to organizations of all sizes on the topic of HR Digital Transformation, HCM Technology and HR Organizational Change in a technology age.*

