

Creating the new customer experience – Operational excellence in HR – Global survey 2014. *Keeping pace with changing customer demands / Strengthening the quality and reliability of systems, data and reporting / Securing the people HR needs to succeed*

Delivering more for less What sets top performers apart?



People expect HR operations to provide the same user-friendly experience they have become accustomed to in other areas of their lives. Is your organisation delivering?

Contents

	<i>Page</i>
Overview	1
Compelling user experience: Keeping pace with changing customer demands	4
Applying value-adding workforce intelligence: Strengthening the quality and reliability of systems, data and reporting	8
Sustaining the talent pipeline: Securing the people HR needs to succeed.....	13



Overview:

The rapidly rising bar

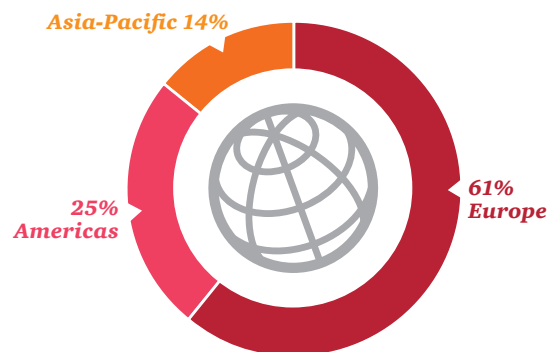
People have become accustomed to the ease, speed and intuition of the ‘Amazon experience’. They now want this in other aspects of their daily lives, including their interactions with HR. Organisations also want HR to inform workforce plans with the same rich data and analytics used in customer profiling and other forms of business intelligence. The credibility HR needs to play a full part in strategic management depends on its ability to meet these demands.

At the beginning of 2014, we surveyed 150 organisations from around the world to find out whether their operational teams are equipped to meet these expectations. Out of the 150, 61% of the survey respondents have their HR operations in Europe, 25% in the Americas and 14% in the Asia-Pacific region. The survey participants represent a wide spread of industries and organisational sizes.

In this report, we look at what marks out the most effective HR operations and what developments are needed to keep up with the constantly rising bar of business demands. You can use the results to measure your organisation against the front-runners and identify priority areas for improvement.

Where we compare top and average performers, we have defined ‘top performers’ as the 10 per cent with the highest user satisfaction scores and lowest HR/transactional cost.

Figure 1: Survey participants’ demographics



Business impact: HR Operational excellence drives business outcomes

What sets top performers apart?



Compelling user experience



Applying value-adding workforce intelligence



Sustaining the talent pipeline

Increase workforce productivity by minimising the time that people spend on operational processes

Improve regulatory compliance through trusted and accessible employee data

Increase workforce engagement through innovative and intuitive technology

Enable new market entry and product development through robust workforce planning

Anticipate talent risks through predictive workforce analytics

Overview:

What sets top performers apart?



1 Compelling user experience

Keeping pace with changing customer demands

page 4

- Systematic approach to gaining feedback about user demands and satisfaction
- User expectations built into performance objectives and measures
- Extensive use of intuitive technology as first point of contact with users
- Plans for continuous improvement are based on clear performance benchmarks and delivered

2 Applying value-adding workforce intelligence

Strengthening the quality and reliability of systems, data and reporting

page 8

- Systems can be quickly updated and flexed to meet changing needs
- Analytics are used and are based on regularly cleansed and reviewed data
- HR staff regularly engage with the business to understand what information would be most useful
- Deployment and investment of resources is based on quantitative analysis of Return On Investment

3 Sustaining the talent pipeline

Securing the people HR needs to succeed

page 12

- Talent management techniques developed for the business are actively applied to HR
- Maximum flexibility across businesses and countries in deployment to meet changing demands and allow HR staff to develop new skills
- Ability to get HR talent in and out of HR operations, at all levels
- Succession plan in place to ensure talent is moved and promoted and to break down organisational silos



Most HR operations are simply looking at doing what they already do a little better. The front-runners recognise the crucial importance of understanding and meeting today's more exacting user expectations. This is leading to a radical rethink of how HR interacts with and supports the business.

1

Compelling user experience: Keeping pace with changing customer demands

Users of HR services are coming to expect they will get what they want, when and how they want it. But few HR operations teams are delivering on this. How can your organisation create the user experience your 'customers' want?

From films to fashion, one click and it is on its way. Online retailers have transformed customer expectations by shaping interactions and product offerings around customers' buying habits and preferences.

People now want this same user-friendly 'customer' experience within their business interactions, including HR. They want HR to make it as easy as possible for them to access services. They also want HR staff to be knowledgeable enough to understand their requests. They do not want to fill out multiple forms or wait days for a reply to their payroll query – were they external customers of the company they would not have to face these issues.

The importance of this customer experience is heightened by the fact that HR is one of the main points of contact between the company and its staff. From recruitment through to leaving the company, these interactions form an indelible impression of the relative professionalism of the organisation and how much employees feel they are valued. If they are dissatisfied, they may simply bypass HR operations when they want to get something done. Or worse, they might look for work at a company with a better level of employee experience.

Moreover, the need to meet these basic expectations for customer satisfaction is the key to taking on more strategic roles within the business such as organisational and capability development. It is often commented on that the principles of Abraham Maslow's identification of the hierarchy of human needs¹ apply just as well to businesses as they do to individuals. Just as people need to be sure they are going to be fed and housed before they seek out love and fulfilment, nobody is going to buy a new car from a showroom that failed to service their current vehicle properly. Similarly, HR will not be invited onto the top table of decision making if employees are not being paid on time or delays in recruitment prevent a company from capitalising on a market opening.

1 Compelling user experience: Keeping pace with changing customer demands

Difference in engagement

So how user-friendly are HR operations? Engagement is a key indicator of customer understanding and responsiveness. Figure 1 reveals the difference in the level of engagement among top performers and the survey participants as a whole.

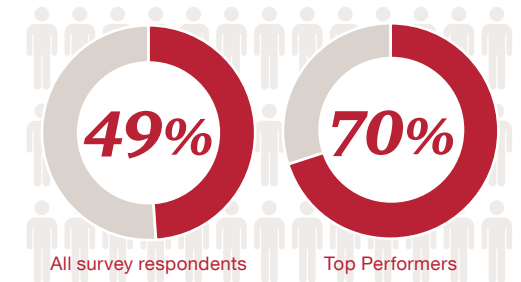
The front-runners are using technology to strengthen interaction, with self-service capabilities providing the first point of contact. They are also looking at new ways to get closer to customers. There is evidence from the survey that high performers are not satisfied and are carrying out detailed analysis of how they engage currently and how technology could enhance this, including cloud and mobile technologies. This is supported by improved online training and support. High performers in the survey also talked about re-negotiating 'core deliverables' and speaking to key members of the business about how to improve the user experience.

Figure 2: Getting closer to customers: Average levels of engagement with customers maturity



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Half of all survey respondents and 70 per cent of the Top Performers report a high level of confidence in the quality and maturity of their customer engagement.



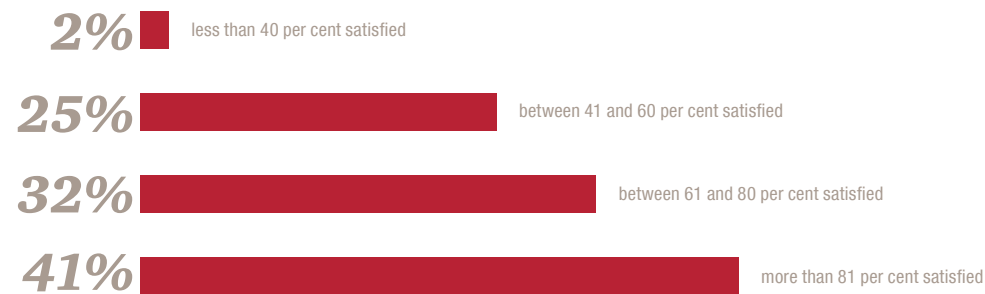
1 Compelling user experience: Keeping pace with changing customer demands

Measurement holds key to improvement

Our survey suggests that many HR teams do not actually know whether they are meeting expectations or not. Over half (61%) of the participants do not include customer satisfaction within their service level agreements (SLAs) and more than a quarter (27%) do not measure customer satisfaction in any way. It is clearly very difficult to be user-friendly without defined customer service objectives or ways of gauging what users think. The low scores for many of the participants that do measure customer satisfaction highlight the room for improvement (see Figure 3).

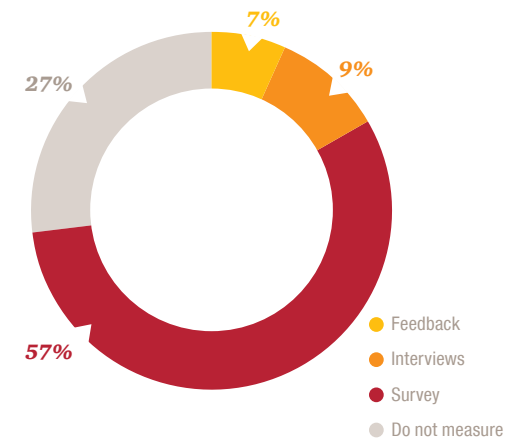
How satisfaction is measured is an important part of improving it. Most survey participants conduct periodic surveys (see Figure 4). While a few go further by carrying out interviews or seeking direct feedback, this is likely to be the most effective way to build relationships with business teams and gain a clear understanding of how their priorities are evolving.

Figure 3: Customer satisfaction levels among survey respondents



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Figure 4: Knowing what your customers think



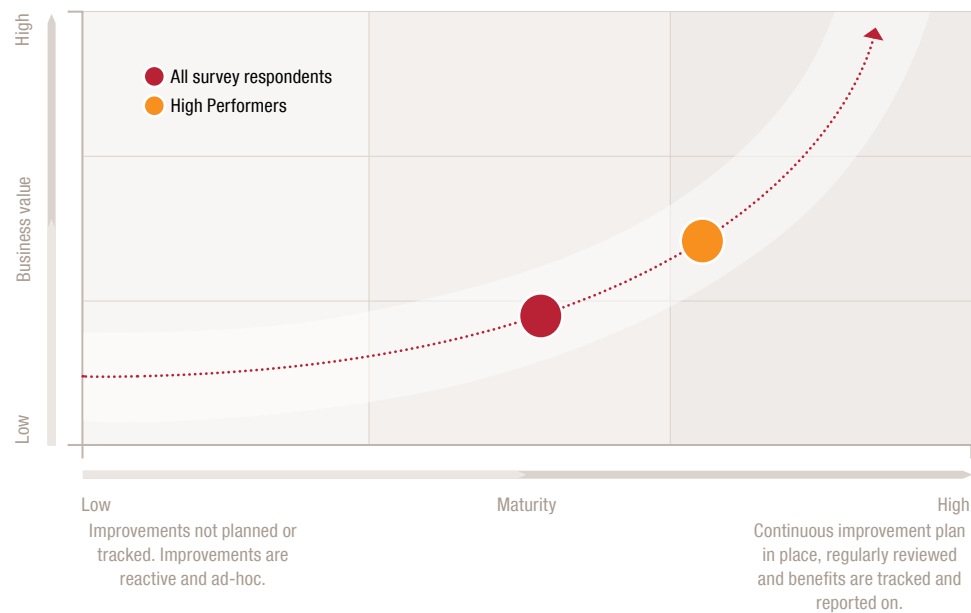
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1 Compelling user experience: Keeping pace with changing customer demands

Continuous improvement

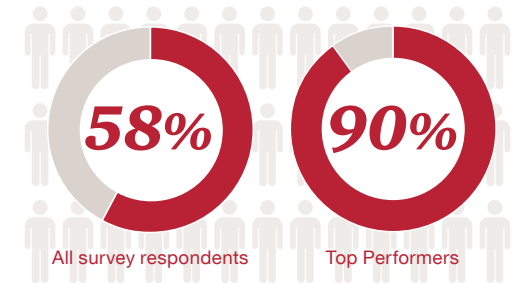
Another important factor in improving the customer experience is having a continuous improvement culture and plan in place. Everyone recognises that delivery and performance need continuous attention. What marks out the top performers is the ability to target areas for improvement through effective measurement (see Figure 5). Operational HR functions without continuous improvement plans, regularly reviewed and reported on tend to achieve lower client satisfaction improvement, and even where improvements are identified, clients without a coherent plan fail to capitalise and realise the full benefits.

Figure 5: Levels of maturity in terms of continuous improvement



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More than half of all survey respondents and nearly all Top Performers report a high level of confidence that they have a culture of high performance and a plan that delivers a continuous improvement.



2

Applying value-adding workforce intelligence: Strengthening the quality and reliability of systems, data and reporting

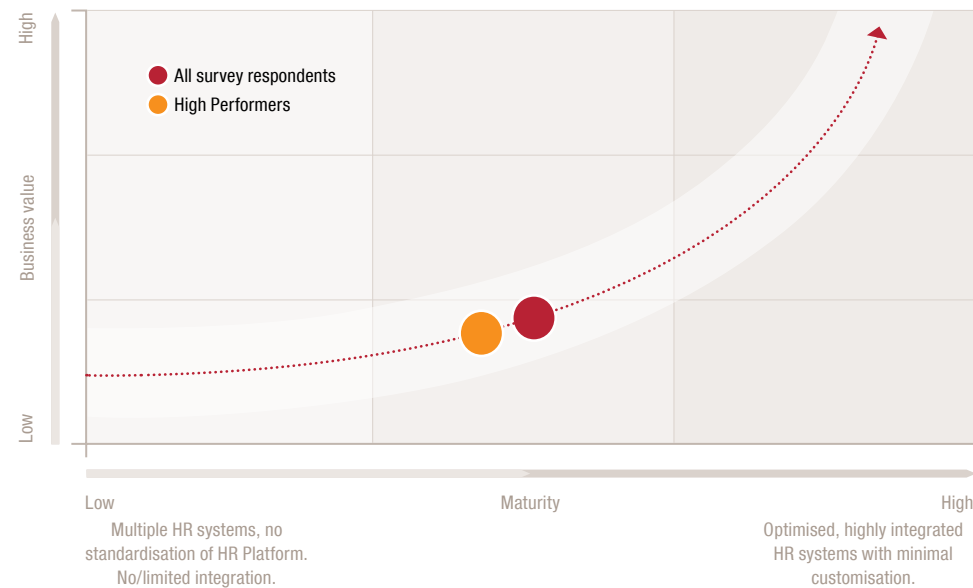
Business leaders are looking to their HR teams to provide both the basic services and the insightful workforce planning needed to meet strategic objectives. Are the systems, data and reporting capabilities in place to deliver the required quality of analysis and insight?

The data collected by HR can provide invaluable information on performance, deployment and recruitment needs. Alongside user-friendly service, the ability to collect, collate and communicate this information effectively is a crucial yardstick against which HR operations are judged by the business.

The data at HR's disposal can also help to improve efficiency and relieve some of the pressure on HR operations itself. If the team is receiving a lot of enquires about a change in policy or legislation, for example, they can post an update on the frequently answered questions page of their portal.

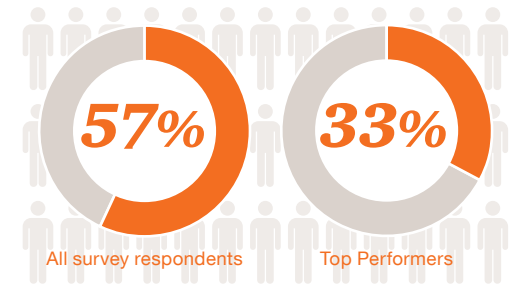
So how efficiently is HR using the data at its disposal? As Figure 6 highlights, many participants are forced to operate with poorly integrated systems. The solutions they use are typically customised to meeting current needs rather than being adaptable to future requirements.

Figure 6: Level of maturity in terms of Systems



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Only 57% of all survey respondents and 33% of the Top Performers report a high level of confidence in the maturity of their systems.



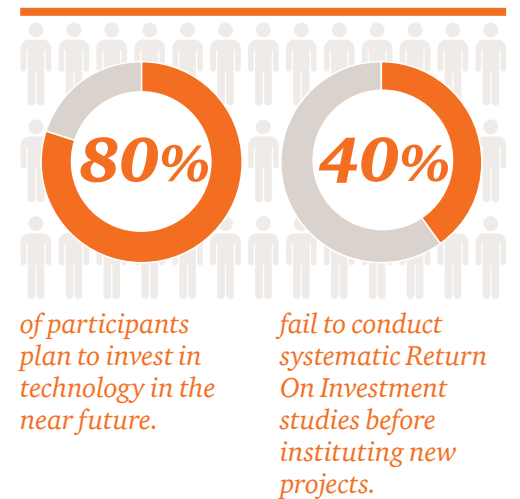
The top performers in the market are able to operate with much more flexible and future-proof platforms. Increasingly we are seeing companies move to SaaS (Software as a Service) solutions. A crucial advantage in today's fast moving landscape is that these solutions can be easily adapted to changing needs. The standard processes and data structures can help to ensure more efficient service and fewer errors. The ease of deployment offered by these solutions also mean that they require less resource to implement.

Interestingly, the top performers rated their systems maturity lower than the overall survey population despite using highly developed and integrated systems like SAP, Oracle and IBM Maximo as well as SaaS solutions like Workday, SuccessFactors, Taleo and Salesforce. Our experience in the market tells us that High Performers often recognise that while systems optimisation and integration is important, there are other equally important factors in obtaining high levels of maturity in workforce intelligence like access to data, its quality and the use of reporting in management decisions.

Systems investment

More than 80% of participants plan to invest in technology in the near future. While most top performers in a comparable survey we carried out in 2013 were simply looking at upgrades², a far greater proportion is now opting for wholesale change.

HR operations face competing calls on resources. The ability to measure performance and benchmark it against peers can provide a more informed and systematic basis for judging what should be the priorities. It can also gauge the return once these new developments are in place. It is therefore surprising that nearly 40% of participants fail to conduct systematic Return On Investment studies before instituting new projects.



² Get ready: Shared services are back
(<http://www.pwc.co.uk/human-resource-services/publications/get-ready-hr-shared-services-are-back.jhtml>)

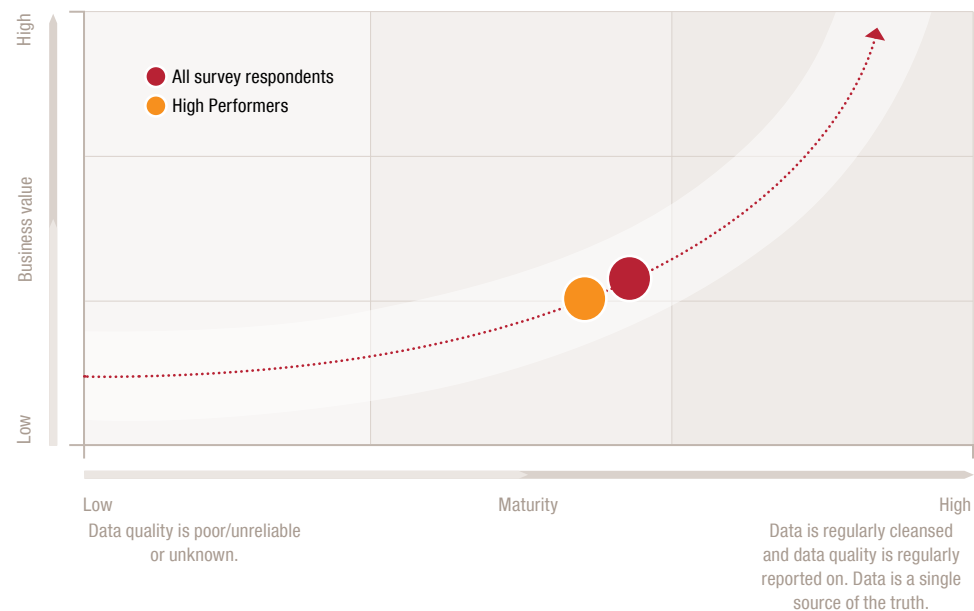
Data quality and reliability

In many cases, the necessary data is being collected. Figure 7 reveals a reasonably high level of confidence in HR data. But only about a fifth (19%) of the survey organisations have the data cleansing and quality review processes in place to assure the business that data is reliable and offers a consistent 'single source of the truth'. Without this, the data can be fragmented and lack integrity.

The survey highlighted little difference in data quality maturity between the top performers and overall survey respondents. Both groups reported a high confidence with their data.

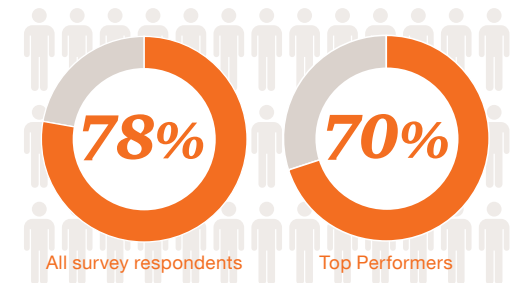
Business value can only be increased if the underlying data has the confidence of the business. Workforce analytics and insight are highly dependent on addressing this.

Figure 7: Levels of maturity in terms of Data Quality



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The majority of survey respondents report a high level of confidence in the maturity of their Data Quality.

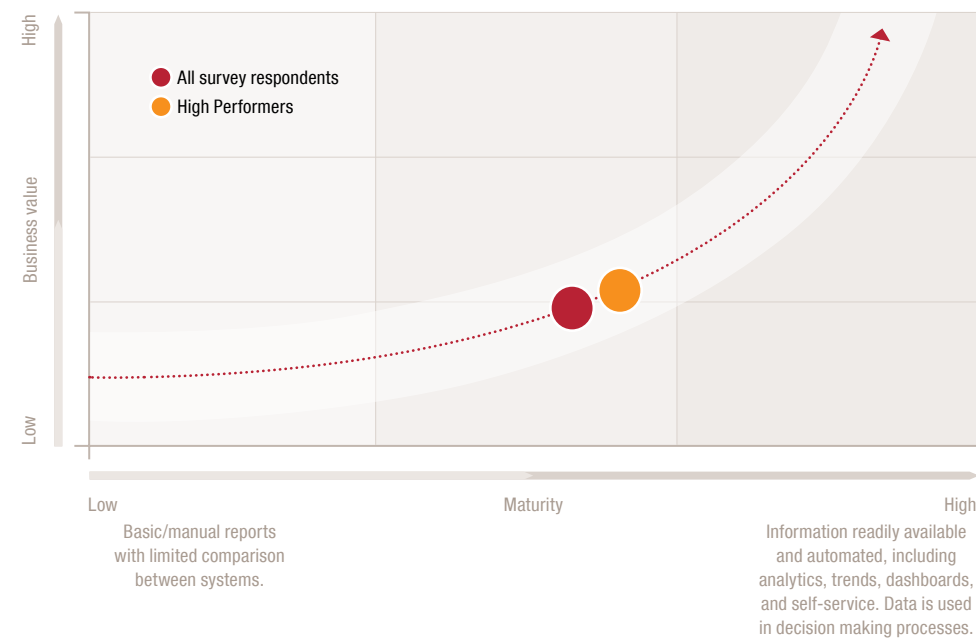


Good practice we see in the market highlights the need for corporate data standards that underpin data integrity and improve the efficiency of the reporting process. With efficient procedures in place to ensure that data is reliable and fit for use, HR teams can devote more time to analysing the data and providing insight.

Value of reporting

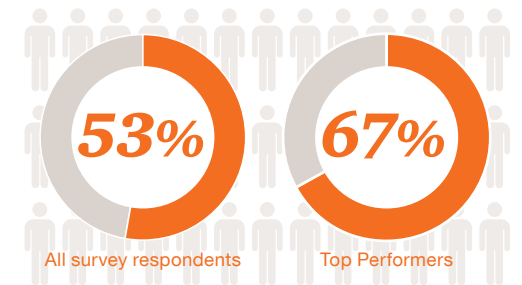
Confidence in data is not matched by the quality of the management information (MI) it generates (see Figure 8). The survey indicates that many HR teams are finding it difficult to bring all the data together and turn it into actionable MI.

Figure 8: Levels of maturity in terms of Management Information



Operational excellence in HR – Global survey 2014

Almost half of the survey respondents reported they did not feel confident with the maturity of their Management Information.



2 Workforce intelligence: Strengthening the quality and reliability of systems, data and reporting



Through PwC workforce analytics and Saratoga workforce analytics our experiences with leading organisations clearly demonstrates the growing adoption of analytical skills and capabilities in hiring and sourcing decisions for HR staff, including the development of dedicated workforce analytics as a centre of excellence.

(<http://www.pwc.co.uk/saratoga/hr-and-business-capability-in-data-measurement-and-analytics.jhtml>).

So what is the most effective way to convey what is likely to be complex and wide-ranging MI? The benchmark for top performers is being able to develop real-time dashboards to bring workforce analytics to senior management's fingertips. Initiatives to help improve accessibility and flexibility include making HR services available through tablets and mobiles and moving the technology platform onto the cloud.

Crucially, the efficiency of the systems, data optimisation and reporting are critical success factors.

3

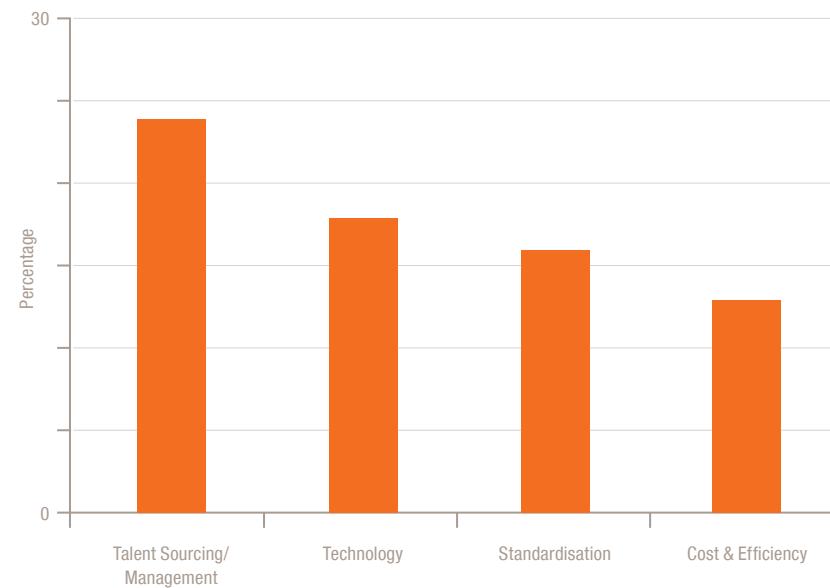
Sustaining the talent pipeline: Securing the people HR needs to succeed

The survey raises questions about whether the effective talent planning HR has developed for the business is being applied within its own operations.

Proverbially, the cobbler's children have no shoes. It would appear that HR operations face similar trouble. Participants see talent sourcing and management as their biggest challenge (see Figure 9). Strengthening the HR talent pipeline, especially HR operations, can often lose out to other priorities within the organisation. Systems rather than people have also tended to be the main focus of investment within HR.

Figure 9: Biggest challenges facing HR operation

What are the main Operational HR's challenges today?



Operational excellence in HR – Global survey 2014

Top performers are beginning to address the talent gap by looking more closely at employee engagement and succession planning. Top performers also deploy staff resources more flexibly, which allows people to move quickly from one system or assignment to another (see Figure 10). The other key benefit of this flexible approach is providing more varied opportunities, which helps to motivate and retain key people.

The leaders are looking outside of HR at operational management roles that may have implications for HR professionals.

Figure 10: Levels of maturity in terms of flexible use of resources



Operational excellence in HR – Global survey 2014

3 Sustaining the talent pipeline: Securing the people HR needs to succeed

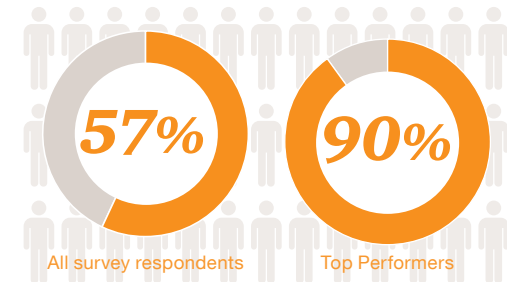
Top performing organisations are successful at acquiring and retaining talent. They have a functional succession plan in place to ensure talent is moved and promoted.

Successful organisations are able to get HR talent in and out of HR Operations, at all levels, to ensure variety of expertise and career paths offered to its employees. Equally, they ensure a variety of expertise in the team by hiring HR Operations managers with varied backgrounds.

Integration of HR Operations staff with the rest of HR is key: participation, visibility, parity and engagement are top on the priorities list. HR Operations staff should not be seen as separate.

This is quite often now seen as a critical part of an organisation's back office and 'group services' capability which opens up alternative career opportunities for HR, and for leading organisations, an opportunity to utilise investment and operating models constantly across the organisation.

More than half of all survey respondents and nearly all Top Performers report a high level of confidence in the maturity of their flexible use of resource.



¹ The Future of Work: A journey to 2022, http://www.pwc.com/en_GX/gx/managing-tomorrows-people/future-of-work/journey-to-2022.jhtml

4

Conclusion

Business impact: **HR Operational excellence drives business outcomes**

What sets top performers apart?



Compelling user experience



Applying value-adding workforce intelligence



Sustaining the talent pipeline

Increase workforce productivity by minimising the time that people spend on operational processes

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Anticipate talent risks through predictive workforce analytics

The Future of Work

HR has been perceived by many as a passive, service-oriented function. But given the demands of tomorrow's workplace and business environment, we believe HR is at a crossroads and will go one of three ways:

- With a proactive mindset and focused on business strategy, HR will take on a new wider people remit incorporating and influencing many other aspects of the business.
- The function will become the driver of the corporate social responsibility agenda within the organisation.
- The function will be seen as transactional and almost entirely outsourced.

Based on a recent whitepaper on the Future of Work published by PwC, in the "Blue World", HR will be using advanced analytics to predict future talent demands and to measure and anticipate performance and retention issues. To read more about the "Blue World", "Green World" and "Orange World" visit the Future of Work website (http://www.pwc.com/en_GX/gx/managing-tomorrows-people/future-of-work/assets/pdf/future-of-work-report-v23.pdf)

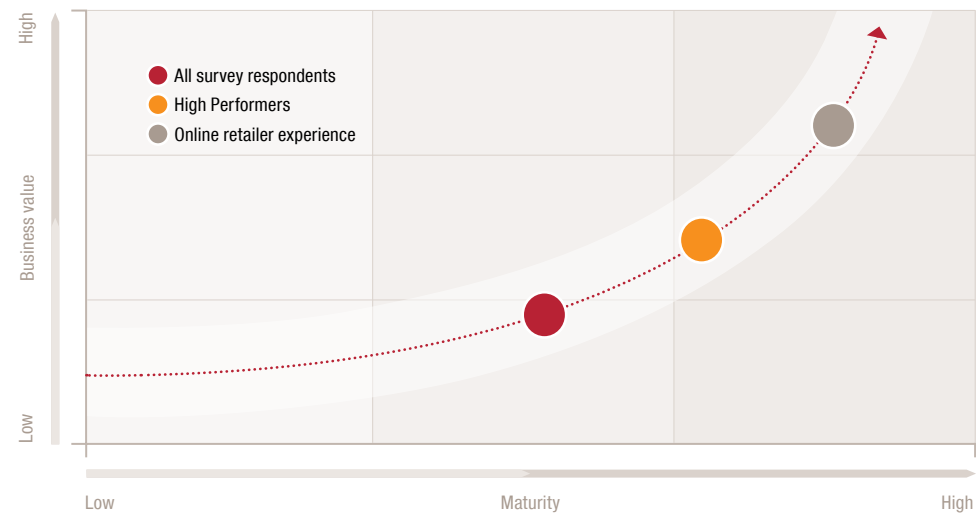


Raising your game

If we draw together all the differences between the top performers and the following pack there is one common theme – customer focus. Most HR operations are simply looking at doing what they already do a little better. The front-runners recognise the crucial importance of understanding and meeting today’s more exacting user expectations. This is leading to a radical rethink of how HR interacts with and supports the business.

Yet even among the highest performers, the creation of a compelling customer experience is still work in progress. Few if any could offer the user experience that modern online retail websites deliver as routine. This is the yardstick by which HR as a whole will now be judged. This is the key to being taken seriously as a valued business partner.

Figure 11: Room for improvement



4 Conclusion

The findings of the survey highlight three key questions your HR operations team will need to address to make sure it is meeting this rising bar:

1 Do you know how to engage more closely with your customers?

- Employ robust tiered delivery model (e.g. intranet, first level point of contact escalated to specialist teams). This reduces the operating cost and standardises the customer experience. What delivery model are you using?
- Support customer engagement with technology. For example, self-service as first point of contact improves the customer experience and reduces the operating costs. Could your technology be doing more to support the customer experience?
- Adopt a systematic approach to gaining feedback about user demands and satisfaction. This will provide the information needed to improve. How do you collect systematic feedback?
- Target areas for improvement through effective measurement, and regularly review, track and report on benefits. How do you ensure benefits are realised?

2 Are you able to cut through the fog of data in order to deliver real insights for your business?

- Marketing insight and analytics should be readily available to the business so it can be used in decision making processes. Does data drive your decision making process?
- Regularly cleanse data and report on its quality to ensure data is reliable. What are you doing to ensure that your data is robust? Use data from a 'single source of truth' to avoid data becoming fragmented and to ensure its integrity. Does your data come from a single source of truth?
- Have optimised and highly integrated systems with minimal customisation, so you are ready for what the future might bring. Is your technology solution right for today and flexible enough to deal with future demands?
- Conduct systematic return on investment studies to ensure you are investing in the right projects. How do you ensure you are investing your resources where they will be most effective and where they will add the most value?

3 Are you attracting and retaining the right people and do you know how your talent needs are going to change?

- Deploy staff effectively to better meet demand and ensure your staff get a broad experience. Are you managing your staff flexibly? How are you ensuring your staff develop a broad range of skills and experience?
- Apply the same rigour to internal HR talent management as you do to talent management in the wider business. This will ensure you get the best out of your people. Do you know how to get the best out of your talent?
- Are you integrating your HR operations staff with the overall HR and the rest of the business to ensure you give your employees the ability to move internally?



The most effective HR operations are developing the experience and services needed to meet changing customer demands and delivering the talent insights needed to take the business forward. They're using this record of excellence as the foundation for HR's increasingly important role within the strategic management of the organisation.

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Design Services 28678 (06/14).