HR Optimisation and Reengineering

By Dr Uwe H Kaufmann and Amy Tan Bee Choo

In a world of rapid flux, organisations must change their priorities from a traditional focus on planning and control to emphasise speed, innovation, flexibility, quality, service and cost. The HR team has to demonstrate their commitment to meet these key business drivers.

A major problem confronting HR managers today is to increase line management and employee productivity, provide higher more value-adding levels of HR service and internal customer responsiveness and at the same time reduce costs. What is needed is a HR team that is customer-focused and market-driven in its external relations with customer and process-focused and team-oriented in its internal operations. Only such a HR team can look at the way work is performed across the organisation and seek to make HR processes more logical, effective and efficient. Such an effort is at the heart of HR Optimisation and Process Re-engineering.

What is HR Optimisation & Process Re-engineering

Over the past few years, the term re-engineering has been heavily misused, and simply abused. In essence, HR Optimisation and HR Process Re-engineering is the fundamental rethinking and radical redesign of business process to bring about dramatic improvements in performance. There are four key words in this definition:

> "Rethinking" – it refers to total rethinking. Beginning with the proverbial clean slate and reinventing how you would do your HR work.
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> "Radical" – means going to the root of things and not about improving what already exists.
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> "Process" – refers to a group of related tasks that together create a value for internal customers
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> "Dramatic" – significantly increased labour productivity; simplifying the work; reduced cost; rapidly reduced cycle time; greater accuracy and management of information, reduce non-value added activity in the organisation; creating internal customer and end-user awareness; increased internal customer satisfaction.

HR Optimisation is an important service quality management philosophy. It aims to achieve significant and sustainable improvements in performance by re-engineering and 'co-designing' the processes through which an organisation operates, maximising their value-added content and minimising everything else. This approach can be applied at an individual process level or to the whole organisation.

What HR Process Re-Engineering Is Not

There are many widespread misconceptions about the nature of HR process re-engineering.
- HR process re-engineering is not down-sizing
- HR process re-engineering eliminates work, not jobs;
- HR process re-engineering is not "restructuring" - moving boxes around an organisational chart;
- HR process re-engineering is not automation;
- HR process re-engineering is not re-engineering a department but rather a process in an organisation.

HR optimisation and HR process re-engineering is about re-thinking work from the ground up in order to eliminate work that is not necessary and to find better ways of doing work. HR process re-engineering eliminates work, not jobs or people.

When Is HR Optimisation the Answer?

Practitioners from many different disciplines have been working on improving service quality and business processes. There are warning signs that indicate the need for HR Optimisation:

Explosion of chaos and bureaucracy – in most organisations, HR processes were not designed – they evolved out of the chaos of business – as successful organisations grew, informal work patterns began to break under stress;

Thinking for the internal customers and end users – too many HR teams design processes based on the assumption that they know what's best for the customer;

Automation of existing bureaucracy – the automation of existing processes and procedures reinforces bureaucracy rather than breaks through it;

Bottlenecks and disconnects in organisation-wide HR processes – results in costly and cumbersome processing that create duplicate and inaccurate work;

Elusiveness of accountability – most organisations are structured by function – this makes it difficult, it is not impossible, to establish accountability for a complete business process;

Chaos of downsizing – tasks cannot be processed within their current configuration;

Turmoil of merger and acquisition – creating a newly merged entity – work processes can often duplicate or conflict with each other.

To overcome these issues, you can use HR optimisation and process analysis to systematically capture the problems and their root causes. In doing this, build a compelling business case that challenges the status quo and sell the value of process re-engineering.

Is Benchmarking Useful in HR Process Redesign?

Benchmarking promotes a climate for change by allowing HR staff and employees to gain an understanding of their performance, what their HR processes and practices are achieving now and how they compare to other processes within and beyond their organisation in order that they become aware of what they could achieve. There are four types of benchmarking that can be undertaken by an organisation:

- Internal company data
- Direct competitors
- Non-competitive benchmarking
- Best practice world class comparison

Leading companies are conducting benchmarking on a regular basis and using it as a stimulus to help transform HR and business performance.

Why Process Re-engineering Projects Fail?

The most common reasons for failure are:
- Lack of focus and priority – trying to do too much;
- Lack of strategic relevance;
- Lack of leadership
- Lack of focus on processes;
- Lack of perseverance;
- Placing some aspects of HR activity off limits;
- Lack of planning;
- Lack of effective project risk management;
- Lack of effective change management;
- Ignoring the concerns of your people.

Before an organisation undertakes a HR optimisation project, it is important to recognise the most typical obstacles preventing the smooth completion of the project, for instance:

- Management not buying into the idea;
- No clear owner of the programme;
- Failure to consider end user and internal customer requirements;
- Change of project sponsor before completion of the programme;
- Programme taking too long; loss of interest;
- Not involving the right staff in the HR process re-engineering;
- Conflicting objectives of the organisation;
- Project team not measuring issues it agreed to address;
- Programme causing too much disruption of work; not seen as relevant work.

Requirements of a Successful HR Optimisation Project

There are a number of critical success factors that have been identified by leading HR practitioners:

- Listen to the voice of the internal customers and end user;

- Introduce service quality values and behaviour;
- Recognise and articulate an extremely compelling need to change;
- Start with and maintain executive level support;
- Understand the organisations readiness to change;
- Communicate effectively to create buy-in then communicate more;
- Create a powerful project and internal customer team;
- Use a structured HR re-engineering framework;
- Select the right processes for re-engineering;
- Use consultants effectively to access essential skills;
- Maintain focus on the issues that matter most to the internal customers and end-users; don't try to re-engineer too many processes;
- Maintain teams as the key vehicle for change;
- Quickly come to an 'As-Is' understanding of the HR processes to be re-engineered;
- Position information technology as an enabler;
- Choose and use the right HR process and people outcome metrics;
- Understand the project risks and develop contingency plans;
- Be willing to change – based on customer needs and ongoing feedback;
- Be prepared to learn and continuously improve.

Benefits of HR Optimisation

A HR Executive mentioned to me that after optimising their HR processes they demonstrated to their business their commitment to customer-driven continuous improvement. This success has given the HR team the confidence to stretch further. The HR team has developed new skills in using multi-disciplinary teams; working with a rigorous process and measuring performance to create a lasting capacity for positive change.

About the Author

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