Measuring the Performance of your HR Shared Services Center

November 1, 2012
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About Dovetail

Case Management • Knowledge Management • Employee Self Service • Analytics

SaaS-based HR Service Delivery Solution

#dovetailhr
About SSI (www.hrssi.net)

Consulting ● Research ● Education ● Collaboration

- Work with clients to design, implement and optimize HR shared services

- Concentrate on the application of lean systems thinking

- Manage the largest LinkedIn group for HR shared services professionals, the HR Shared Services Network (HRSSN)

- Administer the most comprehensive survey of HR shared services operational practices (stay tuned)

- Sponsor collaboration events throughout the year, including the annual HR Shared Services Executive Retreat
Poll Question

• Are you currently measuring the performance of your HR SSC?
  – Yes, we measure how we perform based on meeting SLAs
  – Yes, we’ve identified KPIs and measure performance based on those areas
  – Yes, we measure performance based on peer benchmarks
  – No, we know what we would like to measure but are not currently measuring
  – No, we are not currently measuring performance
Recurring Questions

Metrics?

KPIs?

ROI?

Peer Benchmarks?

Good News

You *can* measure shared services value

Bad News

The most (only) valid measure of performance is your own rate of improvement

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Theoretical Basis

Real Performance Improvement Requires Improving the System

Cost, Service and Quality are Mutually Reinforcing, Not Trade-Offs

Continuous Improvement vs. Targets

Measure the System as a Whole

Theory of Constraints

“TLS”

Six Sigma

LEAN

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Measure the Performance of the System as a Whole

Process A throughput = 500 grains/minute

Process B throughput = 1,000 grains/minute

Process C throughput = 300 grains/minute
“Customers don’t buy quarter-inch drill bits, they buy quarter-inch holes.”

Theodore (Ted) Levitt (1925 – 2006)
Harvard Business School
Cost, Service and Quality are Mutually Reinforcing, Not Trade-Offs

Pick 2

Cheap

Fast

Good
Cost, Service and Quality are Mutually Reinforcing, Not Trade-Offs
Continuous Improvement vs. Targets

Problems with targets:

• Usually arbitrary (even if negotiated)
• Drives snapshot mentality
• Can lead to mediocrity
• Encourage data manipulation (i.e., fixing)
• Typically measure service activities rather than outcomes
• Drive reductionist thinking
• De-emphasize partnership
Value-Based Measurement
### Step 1: Translate service activities into Customer Value Statements

<table>
<thead>
<tr>
<th>Service</th>
<th>Customer Value Statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment Life Cycle Event Processing and Inquiry Support (new hire, transfer, job change, term, status change, etc.) Includes tools required to complete transactions (MSS/ESS)</td>
<td>Accurately depict the scope of service being provided in HRMS for downstream interface transmissions, reporting and payroll processing in accordance with the applicable submission cutoffs.</td>
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<tr>
<td>Domestic Relocation</td>
<td>Relocating employees with appropriate information and assistance to assist in the timely and accurate fulfillment of relocation benefit entitlements.</td>
</tr>
<tr>
<td>Global Relocation</td>
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</tr>
<tr>
<td>Expat/Input/Visa Administration and Customer Support</td>
<td>Employees working in a foreign host country (including U.S.) with capable assistance and compliant worker documentation consistent with the timing of their work assignment</td>
</tr>
</tbody>
</table>

**Customer Value Statements:**

- Accurately depict the scope of service being provided.
- Reflect what the customer is willing to pay for.
- Contain no verbs.
Step 2: Create an inventory of ways to measure the degree to which each customer-valued outcome is achieved

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<tr>
<th>Employment Life Cycle Event Processing and Inquiry Support (new hire, transfer, job change, term, status change, etc.) Includes tools required to complete transactions (MSS/ESS)</th>
<th>Accurate and up-to-date employee and position data available in HRMS for timely interface transmissions, reporting and payroll processing</th>
<th>Data Accuracy: Number of off-cycle payroll adjustments due to inaccurate employee/position data as a percentage of total off-cycle payroll adjustments</th>
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<tr>
<td>Update Timeliness: Number of hours/days to process a non-MSS personnel event from the time/date the request is received</td>
<td>MSS Utilization: Number of personnel event changes processed via MSS as a percentage of total personnel event changes that can be done in MSS</td>
<td></td>
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Step 3: Use the 3V model to determine which measures qualify as performance metrics

**Valid**
- Operational scorecard
  - Limited by focus

**Viable**
- Operational measures
  - Limited by time and resources

**Vital**
- Customer scorecard
  - Limited by customer need
## Outcome-Based vs. Activity-Based Measurement

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<th>Pros</th>
<th>Cons</th>
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<td><strong>Outcome-Based Measurement</strong></td>
<td>More direct reflection of customer value</td>
<td>May not be able to measure performance at individual or team-specific level</td>
</tr>
<tr>
<td></td>
<td>Measures performance of the system as a whole vs. parts</td>
<td></td>
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<tr>
<td><strong>Activity-Based Measurement</strong></td>
<td>Can measure performance at individual or team level</td>
<td>Positive activity performance may not equate to positive customer outcomes, and thus perceptions</td>
</tr>
<tr>
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<td>More directly observable in terms of behaviors than outcomes</td>
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## Typical Metrics and the 3 Vs

<table>
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<th>Metric</th>
<th>Viable</th>
<th>Valid</th>
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<td><strong>Data Accuracy:</strong>  Number of off-cycle payroll adjustments due to inaccurate employee/position data as a percentage of total off-cycle payroll adjustments</td>
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What Dovetail can do for HR SSCs

Self Service Portal
- Search knowledgebase, contact HR 24/7

HR Generalist
- Audit Trail of Employee Interactions, Find Answers

HR Specialist
- Add knowledge/policies, Run reports

Business Partners
- Run Reports, Make Adjustments

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Upcoming Webinars

Visit www.dovetailsoftware.com/hr-webinars to REGISTER:

• Twitter? I’m in HR. Why would I need that?
  – Tuesday, December 11th

• 10 Ways HR can Leverage Twitter in the Workplace
  – Tuesday, January 8th

Featured Speakers:

**Dwane Lay**  
Head of HR Process Design  
Dovetail Software  
@DwaneLay

**Jonathan Brewer**  
Director of Awesome  
BTC Revolutions  
@houseofbrew