

## **Is Everybody Happy?**

**New software helps you manage employee expectations--literally; Web video sells.**

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In the boom times, companies spent lavishly to please employees: from free lunches to massages to, of course, stock options, no expense was deemed frivolous. After all, happy employees were productive employees.

That's still true, but the path to happiness has taken a marked turn. Companies are now eager to strip out distractions, and those efforts go well beyond hawking the office foosball table on E-bay.

One area ripe for consolidation is the raft of so-called workplace performance technologies, comprising applications as diverse as time and expense reporting software, online benefits enrollment, and E-learning systems. Poised to grow to \$20 billion by next year, the software often leads to what Tom Davenport, a partner at consulting firm Accenture, calls "portal proliferation": that is, employees have so many job-oriented software applications on their PCs that they can barely distinguish one icon from another.

To cut the clutter and make the most of those applications, many companies are unifying them under the rubric of employee-relationship-management (ERM) or business-to-employee (B2E) portals, sometimes customizing the content for individual job titles. "An ERM system, if nothing else, is a rationale for thinking about what information is really important [to each worker]," says Davenport.

Hewlett-Packard Co., for example, has sliced the number of internal Web sites it runs from 4,700 to 2,000, and it makes them all accessible from one home page. "All that's different is the employee interface," says Janet Beyers, who helps sell similar projects to other companies as director of HP's B2E services, "but it lets us get a lot more functionality out of the applications we've paid for because they're so much easier to access." Now the portal delivers more than 170 services provided by 50 vendors to HP's 145,000 employees. ERM or B2E projects can encompass more than human-resources or training applications, however--HP is working to add 15 "dashboards" that provide a quick read on the business-performance metrics of most interest to a given department or operating segment.

Analysts say that ERM can yield significant savings. "It costs a Global 500 company about \$1,500 per employee, on average, to hire, train, retain, and manage its workforce," says analyst Rob Maina, who covers the sector for CIBC World Markets. By using an ERM system, those costs can be cut by 25 to 30 percent, largely through shrinking the HR department.

## **The Self-Service Model**

ERM products are built around the idea of Web-based self-service: employees enter or retrieve data with a few keystrokes or mouse clicks instead of queuing up outside an HR office. Unisys inaugurated its move to such a system with an application that is not generally loved by employees: one that logs their hours. "For salaried employees, it doesn't affect compensation," says CFO Janet Brutschea Haugen, "but we're trying to reinforce that there's value to every hour." Given that CEO Lawrence Weinbach sends the CFO an E-mail reminder whenever she's late with her own time log, employees can rest assured that this approach is taken seriously. Unisys has now put everything from benefits to performance reviews online, is tailoring ERM portals by job function, and is implementing a knowledge-management tool that allows employees who work on similar projects "to share information without having to go ask someone," says Brutschea Haugen.

While a move to such a system does entail some culture shock, employees seem to adjust quickly. HP's Beyers says employee satisfaction went from 50 percent to 93 percent a year into the portal redesign. Siebel Systems Inc., which uses the ERM system it markets to broadcast its own executive goals, capture resulting staff goals, and assign bonuses based on meeting those goals, has experienced similar results, says CFO Ken Goldman.

"Before, people said they felt like they were out of touch with the company strategy, and there wasn't great linkage between goals and reviews," he says. "Now we have performance appraisals each quarter, based on documented goals that are constantly being aligned with our strategy."

But with most projects offering little tangible output, CFOs readily admit they are hard-pressed to tack down returns. HP says it invested \$20 million and saved \$50 million in the first year by shutting down call centers, reducing printed material, and freeing up server space. CFOs, though, are aware that assessing the ROI on "employee empowerment" can be difficult. "We think knowledge management is the next generation of productivity improvements, but it's going to be hard to measure," says Brutschea Haugen. That's why Unisys put the knowledge-management projects at the end of its four-year effort to unify applications across the company. "Right now, we're just trying to get to parity by eliminating some of the administrative cost and cycle time," and hoping that knowledge-management pilot projects will shine light on viable metrics.

Skeptics note that the tighter linkage ERM provides between employees and the company can be a double-edged sword. "If your senior executives are visionary and correct about where the market is going," says Davenport, "something like an ERM system can help you implement strategy faster. But if they're wrong, it sends the whole company off the cliff that much sooner."

Enterprise resource planning and customer relationship management vendors see ERM as a logical extension of what they do, but the products are "all a mile wide and an inch deep at the moment," says Maina, adding that as of now, niche players have the advantage. He cites Workscape for online benefits enrollment (a technology he estimates can cut enrollment costs from \$75 to \$15 per employee), Recruitsoft for online job applications, and Unicru for job matches for retail and hourly job candidates as leaders in their specific domains. Makers of portal software tout its ERM suitability, and companies are continually enhancing their intranets to add more ERM functionality, often a mix of homegrown and packaged applications.

## **E-tailing**

### **High Yield for Low-Rez?**

Last year, BMW garnered plenty of attention for a series of Web-based films designed to entertain buyers and win sales. The effort cost a reported \$15 million, much of it paid to big-name talent in front of and behind the camera. Yet even as the auto division readies a sequel, the company's motorcycle unit has decided to take the road less traveled.

Using low-resolution video technology from Vendaria Inc., BMW Motorcycles will eschew high production values in favor of no-nonsense product information. Starbucks, Eddie Bauer, and other companies have taken a similar step, which to some degree is symptomatic of the failure of broadband: with so many consumers still content to log on through conventional phone lines, sophisticated Web-presentation technologies may not be smart investments.

Instead, Vendaria's technology allows companies to present streaming video without performance problems or technical complexities: the software will scan a Web user's computer for browser, operating system, connection speed, media player, and other technical settings, and automatically deliver video in the proper format.

The video it delivers won't win any Oscars. To keep performance levels up at low connection speeds, Vendaria-based video typically features white backgrounds and static camera placement to keep the amount of visual information as low as possible. That's fine with such companies as Bodum AG, the Swiss manufacturer of a line of coffee, tea, and kitchen products. Nils Lindblad, president of Bodum USA Inc., says that simple video demonstrations of the company's products are effective selling tools;

Bodum's online sales are up 20 percent since it added video tutorials, and while Lindblad says it's impossible to know how much of that is directly attributable to video, the company plans to add more video to its site. It will also use the Vendaria technology to provide video tutorials to retailers, sparing it the expense of sending field reps to every retail outlet that offers its products.

Vendaria CEO Scott Ferris says that low-resolution video has applications beyond Web sales. A company could, for example, send a video E-mail (or V-mail) to a new employee, providing rudimentary training so that he or she arrives ready to be at least marginally productive. Bodum, in fact, directs new hires to a Web site that features video walk-throughs of some of its products. The no-frills videos are inexpensive to produce and universally accessible, and Ferris says that whatever may happen with high bandwidth, this stripped-down approach to video will find a multitude of uses. -- *Scott Leibs*