



## **When It Comes to Recruiting Technology, Human Resources and IT Are a Match Made in Hell**

The workforce-management team usually wants the most user-friendly solution. The IT people want the one that's easiest to integrate. Unless a strong business case is made for the best-of-breed product, IT usually wins out.

*By Samuel Greengard*

You think a congressional debate can be contentious? Try finding a recruiting application.

"It is not unusual for human resources, the IT department and corporate executives to have entirely different ideas about which system is best and what approach to take," says Ed Newman, president and founder of The Newman Group, a Phoenixville, Pennsylvania, consulting firm.

While human resources may view functionality, speed and performance as key factors, the IT department is more likely to regard compatibility, ease of integration and its ability to support the application as the most significant issues. Executives, on the other hand, often prefer to leverage a company's existing enterprise technology investments. Not surprisingly, cost and compatibility often win out--with the organization opting for the more basic functionality that comes with an enterprise resource planning module or human resources management systems. A niche or "best of breed" solution is viewed as a luxury.

The end result? An organization can compromise its ability to achieve recruiting success. "It is possible to wind up with different factions that do not understand the functional and strategic issues," explains Tedd Long, managing consultant and director of HR technology at Findley Davies, a Toledo, Ohio, consulting firm. Ultimately, "a company can spend a lot of money and time putting an application in place that isn't right for its needs."

Too often, he says, workforce-management executives begin a selection process on their own--without consulting other departments or divisions. By the time others find out what is being proposed, there's resentment over not being involved in the selection process, and an adversarial relationship develops. Even worse, key factors in the decision-making process--technical, practical and strategic--wind up receiving too little attention. Although functionality and strategic issues are important, a company should not base a decision solely on these factors, Long says.

### **The payoff**

Although the IT selection process has always been a hotbed of conflicting ideas, opinions and approaches, the factors leading to disagreement have increased in recent years. Prior to the 1990s, organizations had fewer choices to ponder. Typically, they bought a mainframe and built custom applications to run on it. Although various departments, such as human resources, provided input, it wasn't possible to heavily customize applications to fit specific needs and scenarios, Newman points out.

The situation began to change in the 1990s, when client-server applications emerged. Later, the Web opened up even greater opportunities to create highly flexible and highly customized systems. As finding and retaining talent became increasingly important, many companies began to look at recruiting systems to turbocharge their capabilities. Not only could these systems process applications electronically and store them in a vast database, but they also could analyze all the résumés and pinpoint the top candidates quickly.

Today, many companies find themselves with recruiting software that came with an SAP, PeopleSoft or Oracle implementation. Although an organization can achieve considerable cost-savings using the software, it often comes at a price: a 6- to 18-month lag in features and performance compared to top-tier, best-of-breed applications. "Many human resources professionals feel that they're at a disadvantage without leading-edge functionality," Long explains.

For many companies, figuring out the ROI of these technologies is a complex equation. A top-of-the-line, best-of-breed product might cost \$50,000 for each site license--\$1 million for 20 users, for example. Although a PeopleSoft, SAP or Oracle applicant-tracking system often comes with the core ERP product, it might not provide the level of functionality a company requires.

It's important to calculate not just the cost but also the value of a faster or more robust system--what it's worth to have recruiters spend less time on administrative tasks and more on recruiting. Freeing up time to do more recruiting--and having a system with faster and better search capabilities--can ultimately lead to better hires. The value of better hires is also tough to quantify, but is often associated with higher productivity and lower turnover.

Companies typically expect to achieve an ROI on a system within 18 to 24 months (though many aim optimistically but unsuccessfully for 6 to 12 months).

### **A "love triangle"**

At Southern Company, an Atlanta utility and electrical distributor with more than 26,100 employees and \$11.2 billion in 2003 sales, putting an effective applicant-tracking system in place was a top priority. Just over four years ago, the company began examining software packages in order to provide relief for recruiters, who found themselves increasingly burdened by the high volume of résumés streaming in. Southern Company receives upwards of 150,000 applications each year for 1,800 to 2,500 open positions. "Finding the right candidates from such a large stack of applications is an enormous challenge," says recruiting manager Eric Muller.

The HRMS staff began investigating software applications and examining how the firm could consolidate and unify existing systems. After extensive analysis and discussion, executives opted to use an existing PeopleSoft applicant-tracking module to manage the process. Muller describes the decision as a "love triangle"--with IT, HRMS and an executive team all stating different preferences and desires. "Ultimately, the decision was a compromise for everyone because there were three different agendas involved."

According to Muller, the experts in human resources technology would have liked to use a best-of-breed approach; this would have given them the functionality they wanted. Their first preference would have been a combination of Hire.com and PeopleScout, which is used to track phone interviewing and scheduling. Hire.com was being used as the Web-based front end, but human resources wanted to use the product to manage the whole recruiting process. From the beginning, IT wanted to maximize the existing investment in PeopleSoft and minimize implementation and integration issues.

### **Put it through a test**

Building a solid business case is key, Long says. When workforce-management executives spend their time building a strong case for a particular system and the ROI it can provide, they're much more likely to receive the system they desire. "Sit down and compile a list of functional requirements up-front. At that point, it is possible to make a more logical and compelling argument to IT and an executive team," he says. "Simply creating a matrix of functional requirements and comparing best-of-breed and enterprise vendors allows everyone to view information in a useful way. It is a much stronger and more persuasive argument than simply saying, 'It's less expensive' or 'It's better.' "

Johnson Controls, a Milwaukee manufacturer of automotive systems with sales of \$22.6 billion in 2003, has taken the process a step further. As part of its evaluation process, it conducted usability sessions with suppliers as well as a group of recruiters and managers. "The usability analysis proved invaluable in our selection process and served as a necessary step in change management," says Carol Willenbrock, executive director of human resources. She says that it allowed human resources and IT to get closer to the potential products and identify the strengths and weaknesses of each.

In the United States, Johnson Controls uses PeopleSoft 8.3 for human resources, payroll and benefits administration. However, it opted to go with a Recruitsoft package to manage applicant tracking and hiring. From the beginning, human resources and IT worked together to analyze and evaluate vendors and packages. In fact, IT conducted its own technical study of various programs--looking at such factors as user interface; process efficiencies; ease of use for recruiters; ease of use for job-seekers; system reliability, performance and security; configurability versus customization; and the vendor's financial standing and reputation for customer support. In all, the company examined 70 factors.

The end result was a process that allowed all key players to provide input, and enabled the company to make a decision that seemed to work best for everyone. Johnson Controls hopes that the recruiting system, scheduled to go live in the early fall, will help the company achieve significant cost gains and operational efficiencies.

### **Team effort**

Newman believes that as recruiting evolves into highly focused talent acquisition and human-capital management, workforce-management executives will have to work closely with other departments, including IT and finance, to choose systems that keep the company competitive on the labor front. "HR will not have carte blanche decision-making ability," he says. "The CIO and CFO play an increasingly key role."

Although some compromise is unavoidable, Newman believes that workforce management can sway the decision-making process and help executives focus on key strategic issues. "By putting a formal selection process in place and conducting a detailed analysis," he says, "it is possible for a company to make a selection based on its underlying business requirements."

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