Overcoming Human Resources Data Overload

STRUGGLING WITH MANAGING YOUR GROWING STAFF MANUALLY? IT MAY BE TIME TO DITCH THE SPREADSHEET AND EXPLORE THE BENEFITS OF A HUMAN RESOURCES INFORMATION SYSTEM.

"Too much to do and not enough time to do it." Every small business knows that feeling — especially when it comes to managing your employees. As your staff grows, so do your HR responsibilities — and the expensive risks of non-compliance. Burgeoning regulations and a non-stop flow of data are making it increasingly difficult to keep up in areas ranging from accurate wage and hour tracking to performance evaluations.

In the past, companies were often swamped with reams of paper-based data. So business owners were thrilled when options like computer-based spreadsheets came along to help them stay organized — an approach many small businesses continue to rely on today. But they've merely shifted from one type of inefficiency to another.

If you're among those still "managing by spreadsheet," chances are you've discovered the limitations of this approach. It's cumbersome, error-prone and doesn't give you at-a-glance access to the information you need to make smart decisions fast.

The advantages of a systems approach

Just like the systems you're using to manage your cash flow, it makes sense to systematize the management of your people — and your people-related risk. The good news is that the latest human resources information systems (HRIS) are quite cost-effective, putting Fortune 500-caliber management tools within the reach of smaller organizations.

What is an HRIS? In a nutshell, it's a software solution designed to help automate and manage your HR, payroll and personnel-related accounting activities. Choose the right system and you'll gain the ability to better manage your HR costs, plan more effectively, and put your hands on data that can improve your efficiency as well as the quality of your HR decision making.

As you'd expect, most HRIS address basic functions like managing a wide range of employee data and improving accuracy by eliminating duplicate data entry. Many include more advanced functionality, such as automated alerts, access to data via a mobile device, or secure electronic storage of employee-related documents that eliminates the need for paper files. You might even get access to templates that simplify the creation of an employee handbook, for example, or writing a job description for a new position.

> Today's workforce management applications return an average benefit of $7.88 for every dollar spent.
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> Source: *Nucleus Research*

Some HRIS offer additional support services that can help you manage more complex HR functions, such as:

- Compliance with government rules and regulations
- Leaves of absence
- Performance evaluations
- Compensation management
- Secure document storage

Many advanced information systems give managers and employees self-serve access to information about benefits, company policies and other employment-related information. These systems also typically supply detailed HR reports, insights and analyses, some of which are password-protected for various levels of access.

Choosing the Right HRIS

Which HRIS?

Upgrading time-consuming manual HR management to an automated HRIS can be a smart idea. However, for many small businesses, investing in technology can also have its own risks. For one thing, selecting software can be like predicting the future — it's hard to know today what you will need tomorrow. Other factors such as hardware and software costs, data security and ease of use can complicate the decision.
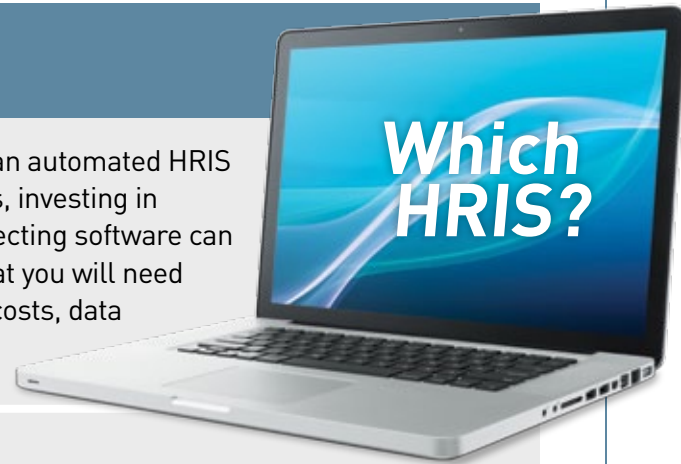
When evaluating various HRIS vendors and options, here's some food for thought to help you choose wisely:

- What types of HR-related information and reports do your company's managers and employees routinely request?
- Which current HR management needs are not being addressed or handled properly?
- How effective is the connection between your HR and your budgeting and planning processes?
- Where do you stand regarding compliance with state and federal laws, rules and regulations, including workers' compensation?
- What current systems (payroll, accounting, etc.) must the HRIS integrate with?
- Do you have a plan in place to compare vendors and functionality?

Once you have a working list of possible vendors and systems, be sure to include the following among your due diligence questions:

- Does the vendor have a nationwide or global presence to keep pace as your company grows? Is their system scalable to fit your needs now and in the future?
- Do they offer mobile system accessibility for on-the-road access?
- Is their system compatible with those you already have in place?
- Can it automate important notifications and reminders?
- Does it include best practices support to help you stay compliant with changing regulations?
- Will the system provide secure storage of electronic employee-related documents?

Talk to the experts, do your research and compare notes with similar-sized businesses to ensure your investment in HRIS technology will pay dividends well into the future.

On-premise versus hosted solutions

Choosing the right HRIS is both an HR and a technology decision. In addition to assessing the kinds of HR capabilities your system must deliver to meet your needs, you have to choose the system that fits your company's technology capabilities.

The idea of installing complicated software on your own server (if you even have one) can be daunting. Do you have the bandwidth? The IT staff? The time and patience to devote to what can be a time-consuming process? Instead, many companies are gravitating toward hosted solutions, also known as Software as a Service (or SaaS) delivery. Users access this type of HRIS via a secure internet connection, leaving the issues of system maintenance, compatibility and upgrades to the vendor supplying the solution.

For small businesses, SaaS has become the delivery mode of choice for many technology purchases because it can translate into major cost savings — eliminating the need for costly hardware purchases, complicated integration and expensive IT support. It also gives you 24/7 access from anywhere; some systems even support mobile access for added convenience.

Choosing your HRIS wisely

These days, there are many HRIS options out there — enough to make you feel like a deer caught in the glare of extremely bright headlights. Instead of giving up and sticking with your inefficient spreadsheet approach, start by defining your high-level needs: What's not working now, and how will the right system help us drive business results?

Then, create a checklist of your system's must-have capabilities. This list will come in handy when you start to evaluate various vendors, making it easy to narrow your options.

> Nearly two thirds of small businesses wished they took better advantage of technology innovations to help manage their business.
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> Source: *Bank of America Small Business Owner Report, 2012*

With the promise of enhanced efficiency and effectiveness, the right HRIS can be the key to improved business operations. Just as technology has leveled the playing field for small businesses in areas like marketing and customer relationship management, a high-quality HRIS can raise your HR systems to a whole new level — and free you up to concentrate on your next million-dollar idea. ■