Digital HR Experience

How an Employee Experience (EX) approach helped *PharmaCorp* improve HR service quality and realize annual time savings worth €8.5 Million

May 4, 2023

By Dr. Timo Tischer

In this article, I will explore an area in which an Employee Experience approach creates high value for organizations: the digitalization of HR.

HR Tech budgets are high and rising. Exact values differ by source, but they can be assumed to be around 10% of total HR budgets. In 2021, organizations invested on average $310 per employee per year, +29% vs. the previous year (Bersin, HR Technology 2021: The Definitive Guide). Given the significant sums of money involved, organizations must ensure that these investments pay off.

Along client examples, I will compare two approaches organizations take: (i) the traditional, process-driven User Experience (UX) approach; and (ii) the human-centric Employee Experience-driven approach. The cases will illustrate why the Employee Experience approach is so essential when digitalizing HR services.

Client Case 1: The Quality of Digital HR Services – Why the (Traditional) UX Approach Is Not Sufficient and the Employee Experience Approach so Important

Traditionally, the business case for investing into digitalization of HR services is realized by reducing HR admin headcount and cost ratio through automation and process optimization. The quality of the digitalized services is measured by UX KPIs like user adoption, the number of HR service tickets, support call volume, or resolution time. This is what I call the UX approach. Let's look at an example from one of our clients:

Client Case "ManuCorp" Part 1: ManuCorp is a manufacturing company with ~15,000 employees. They had recently replaced a paper-based payslip, which was handed over individually by the team leader at the end of a month, by an electronic payslip sent by e-mail. User experience seemed to be positive: There was not a relevant number of service tickets related to payslips, they were accurate and on time.

While the UX of digitalized services may be positive, and implementation may be considered a success – delivered on time, at quality (no increase of tickets requesting support by shared service center), and within budget – this is where the UX perspective ends. But there is more to it. The Employee Experience approach takes a broader perspective on the different needs and goals of users that are impacted by a respective service, and this may change the picture fundamentally. Let's again look at *ManuCorp* to illustrate the implications:

Client Case "ManuCorp" Part 2: Despite the positive UX data, our client realized that employees, specifically production workers, were complaining about the new electronic payslip. We at TI People were asked to identify and solve the issue with our approach to understanding Employee Experience holistically. From the employees' perspective, the payslip is just one touchpoint within the moment 'I get paid'. We proved that while the experience with the touchpoint 'payslip' was positive, the experience with the touchpoint 'manager' within the same moment 'I get paid' was strongly negative, which led to an overall negative experience with 'I get paid'. We identified the root cause: Before the introduction of the electronic payslip, the physical handover of the payslip represented the one time in the month when employees had a longer personal (beyond day-to-day work) interaction with their team leaders. While the electronic payslip in isolation was perceived as 'good', it took away that personal interaction with the team leader. To solve this issue, we worked with employees to design other personal interaction points with the team leaders to make up for that loss, like a dedicated timeslot for a weekly coffee talk. After implementation of these solutions, complaints stopped and overall experience with 'I get paid' went up again. The introduction of the electronic payslip was now a true success, generating efficiencies while no longer negatively affecting the engagement of employees.

Figure 1 compares the original approach taken by *ManuCorp* with the revised Employee Experience approach.

_____

Figure 1: Approaches to Understand the Quality of Digital HR Services
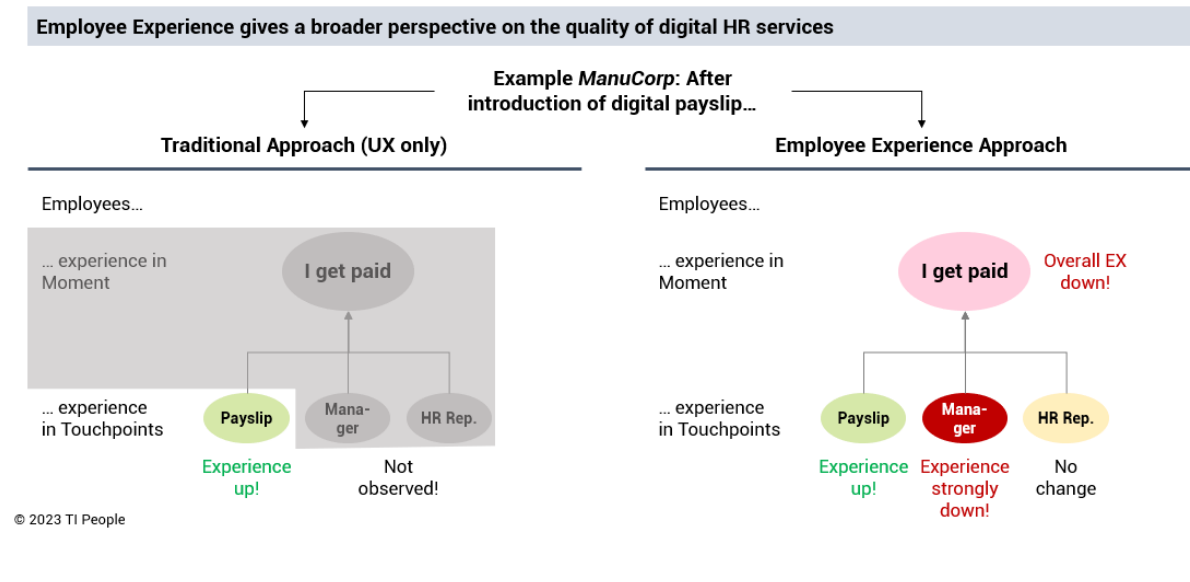
There are two key learnings from the *ManuCorp* case

1. Firstly, only the broader EX perspective on the newly digitalized HR service 'payslip' provided the true picture on the quality of the service. Employees were never dissatisfied with the payslip as such. So after having learned that irritations arose with the introduction of the e-payslip, any isolated improvement activities focused on the e-payslip itself would not have yielded positive results. It was necessary to adopt the Employee Experience perspective to understand and solve for the employee requirements.

2. Secondly, organizations should prevent these issues from arising in the first place. When digitalizing HR services, it's essential to reflect the broader needs and goals of employees and managers in the service design. This requires, for example, workshops with employees to understand the ecosystem of the service, i.e. which moments are impacted by the service, in which of these moments does the service have high impact on the moment experience, and what are the needs and goals regarding the service.

Next, I will share a case of a client that fortunately did this 'upfront homework'.

Client Case 2: How the Employee Experience Approach Prevents Failed Investments

Client Case "DrillCo": DrillCo is an offshore drilling company with >60.000 employees. A key employee group at DrillCo is highly skilled engineers. It is essential that DrillCo continually recruit young engineering professionals to sustain and expand innovation. DrillCo had planned to make their recruiting of new engineers more cost efficient by replacing their face-to-face job interviews with an automated video interviewing tool. However, DrillCo is continuously measuring Employee Experience, i.e. they understand the quality of experiences in moments along the employee lifecycle as well as in the touchpoints within each moment. Looking at the data, they found that within the recruiting-related moment 'I have my job interview', the touchpoint 'Interviewer' was rated extremely positive (>95% satisfaction). Through analysis of the free text comments, they understood the reason: Engineering candidates were interviewed by the experienced engineers already working at DrillCo. Candidates placed significant value on this interaction with many stating it as a point of differentiation for the company. Many shared the sentiment "Just having this conversation with my interviewer was worth the application irrespective of the outcome".

Had they implemented that automated video interviewing tool, DrillCo would have destroyed a big selling point in attracting the best engineers. Fortunately, applying the Employee Experience perspective, DrillCo realized this threat in time – and they decided against implementing that video tool.

I believe that this was the right decision. While it is unclear whether the video tool would have realized cost efficiencies it certainly would have reduced the quality of the interviews. This would have resulted in lower quality new hires and an extended time to fill open positions (with a global average cost per vacancy per day of about €340 this can quickly add up to high numbers).

Hence, Employee Experience should be a central element of HRIT vendor selection, digital HR service design, and service quality management. It also offers an important element to look at HR service cost, as I will further show in the third client case.

Client Case 3: The True Cost of Digital HR Services – Why Time Is Such a Precious Currency

Employee Experience should be a central element when looking at the true cost of digital HR services. 'Time' is the key word here – time of users, but also of those involved in supporting users in troubleshooting when issues arise. Let's look at a client example to illustrate how an HRIT business case can fail if employees' experiences are not considered.

Client Case "PharmaCorp": PharmaCorp is a multinational pharmaceutical company with around 50.000 employees. With implementation of a SaaS HCM system, PharmaCorp had introduced several manager self-services (MSS). But managers didn't understand why they were supposed to take over some of these services. They were also finding it difficult to locate the access point for certain services. And finally, the system itself wasn't configured in a way that made it easy for managers to go through the workflows. As a result, PharmaCorp's monthly HR service tickets skyrocketed by

+700% and resolution time went up from days before the MSS were implemented to months afterwards. Managers turned to their HR Business Partners for support, taking their capacity away from more strategic business consulting. In summary, besides general frustration about the situation, all parties involved were losing significant time:

- *Managers were figuring out how to run the services and reaching out to HR service representatives and Business Partners for support*

- *HR Business Partners were supporting managers*

- *HR service representatives were solving the tickets*

Jointly with PharmaCorp, we took several steps to solve the issue. Here are some examples: Together with managers, applying a human-centered approach, we designed several system improvements, like a single access point for all services, or streamlining of single workflows. We also created clarity for managers when to involve HR Business Partners (and when not to). New communication measures helped to generate understanding for the reasons and even benefits of MSS with managers. As a result, the managers' adoption of MSS increased and requests for support went strongly down again. Feeling the enormous pain in large parts of PharmaCorp at the beginning and realizing the relief at all parties involved when the solutions were implemented was truly impressive: The initial setup had consumed a big piece of organizational capacity and focus, and releasing it led to a leap in productivity.

Caution should be exercised in basing a business case on the costs of time spent by managers, HR Business Partners, and HR service representatives on MSS before their improvement because realizing them as cost savings would require laying off the respective people. However, to give you a sense of the value of the solutions to the organization: our conservative estimate showed yearly time savings through the solutions worth around €8.5 Million. When thinking about the true cost of services, the time spent is a factor that is not taken into consideration traditionally but makes a strong case to adopt an Employee Experience perspective.

Summary and Final Remarks

If there's a simple take away from this article, it's this: An Employee Experience approach broadens the view on digital HR services and provides a more realistic picture in two key areas:

1. Service Quality; and
2. Service Cost

I am writing about digital HR services in particular because Employee Experience is still mostly owned and driven by teams within HR. It seems natural to start at a closely related area. But this shouldn't be where it stops. Naturally, EX is of central importance for non-HR services and systems and the outlined broader perspective on service quality and cost should equally be applied inside and outside of HR. UX and efficiency alone is not sufficient to make digitalization of services successful; an Employee Experience focus is needed. Please contact us at TI People to further dive into the topic.