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Choosing A HRIS? Let us help!

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SAGE ABRA
HRIS COST JUSTIFICATION: GUIDELINES AND WORKSHEETS

Success in the human resources profession requires fast and easy access to information -- and that requires an automated HR information management system.

Selecting an HRIS is a major decision. Getting approval for such a system is often difficult. The guidelines and worksheets that follow are designed to assist HR professionals in putting together the facts, the figures, and the presentation to convince senior management that the expenditure for an HRIS makes sense.

An HRIS generally should provide the capability to more effectively plan, control, and manage HR costs; achieve improved efficiency and quality in HR decision making; and improve employee and managerial productivity and effectiveness.

Assessing Needs

The first step in the process of obtaining an HRIS is to analyze your real needs -- not the needs for hardware or software, but your needs as an HR manager.

To start, HR managers should assess and outline how activities currently are being performed within the organization, and, in particular, within the HR department. Questions to consider include:

- What information are people requesting?
- How do you, line managers, the chief executive officer, and the chief financial officer obtain needed personnel information?
- How long does it take you to respond to a new request for information?
- What HR management needs are not being addressed and handled properly?
- How effective is your support to the budgeting and planning processes?
- Where do you stand in complying with COBRA, ERISA, FLSA, OSHA, and other statutes and regulations?
- What tasks are you being asked to do today? How well are you performing these tasks?
- What programs, services, and management support must you provide to help your organization meet its goals?
- What are the major tasks that I intend to accomplish and the results I plan to achieve in order to have a successful HR operation?

Taking a look at each HR functional area can help you to identify what is being done today, what needs to be done, and how you plan to do it in the future.
In answering these questions, think about how an automated process could improve each area. Begin to develop your expectations of what an HRIS should do for your company.

The next step, after clearly identifying and stating your needs in each HR functional area, is to begin selecting and evaluating HRIS. Using a system evaluation checklist can facilitate this process.

- How does the system I want support these plans?
- In addition to the HR function, who else will benefit from the system?

**Building a Case**

Once a needs analysis has been completed, you need to begin putting the facts together in a way that will not only convince senior management that an HRIS is needed, but also win approval for the system you want.

Focus on major organizational goals and issues, not just HR administrative effectiveness. List what you will be able to do with the system that you can't do today.

- What are the strategically important tasks that I intend to perform and the clearly identifiable results or contributions to the bottom line that I intend to make using the system in the next three years?
- In addition to the HR function, who else will benefit from the system?

**Running the Numbers**

When spending decisions are being made, the language that’s best understood is the language of numbers -- specific dollar goals and savings and clearly identifiable bottom-line results. Therefore, it’s important to demonstrate to management how each of these capabilities translates to direct dollar savings and improved profitability.

To provide this information, you need to summarize your organization's current costs and your projected savings in each of the following areas:

- Total payroll costs per year, and what a 1 percent savings would be as a result of better planning, review, and control of procedures.
- Total new-hire costs per year, and what you feel could be saved as a result of improved candidate identification, reduced relocations, and reduced employment agency fees.
Total current cost of turnover (focus on the cost of training each employee and the productivity lost until a replacement comes up to speed, as well as direct replacement hiring costs). Project what you feel would result from better HR management using an HRIS to eliminate some of the causes of turnover.

Total current cost of record maintenance, management reporting, and government reporting. Focus on the total cost of your current system and the savings that will result from replacing manual records with automated records.

Worksheets

The worksheets that have been included are designed to help you pull together the numbers you need.

HRIS EVALUATION CHECKLIST

The selection of an HRIS is a major decision. Making the correct decision will have a long-lasting impact on your organization’s success in managing its human resources.

Persons who in the past have worked with automated systems will find it relatively easy to describe their organization’s HRIS needs, and the capabilities and features desired in an HRIS. A completed Needs Analysis Checklist will help to clearly communicate those needs to prospective vendors. The HRIS Evaluation Checklist presented here is intended to be used as a preliminary evaluation tool for ascertaining the functions and technical specifications of various HRIS and for making a preliminary selection of vendors.

While checklists can be helpful in the evaluation and selection process, it is important to realize that, by their nature, checklists do not provide complete answers. Because the system capabilities and features in this checklist are general in nature, it is essential that, once a preliminary selection of vendors has been made, the specific capabilities of each vendor’s product be evaluated against the organization’s specific requirements, as documented in the Needs Analysis Checklist. Knowing how well and to what degree a system responds to such defined needs is more important than a simple "Yes" answer on the checklist.

Getting Started

The first and most important task in selecting an HR information system is to identify and clearly articulate the real needs that the system must meet. As a starting point in the evaluation process, the following questions are intended to assist you in defining the high-level needs.
1. What are the major tasks to be accomplished and results to be produced using this system in the next six months?

2. What are the tasks and results to be accomplished using the system in the next two years?

3. What results will this system produce for the operational management of the organization over the next three years?

**System Functions and Technical Capabilities Checklist**

This checklist provides a high-level overview of the extent to which various systems address the functional needs of personnel/human resources departments. As vendor demonstrations are conducted, it is essential to review the depth and quality of the solution provided within each functional or technical area of the HRIS.

Vendor responses to those questions regarding the manner in which a specific capability is provided should be indicated using the codes below. Other questions requiring a specific answer should be answered with the information requested.

**Code/Meaning**

A. Provided in the basic system  
B. Provided in an available optional module  
C. Simple, non-technical user modification  
D. Intermediate, moderately technical user modification  
E. Advanced, complex, technical user modification  
F. Vendor-provided modification required  
X. Not covered  
N/A Not applicable or unnecessary to automate

Indicate the extent to which the following capabilities and features are provided in the basic system.

**Integration Modules**

__________ HR module  
__________ Payroll module  
__________ Benefits management
Training and development administration
Recruiting/ Applicant module With Resume Scan
Organizational Charting solution
Attendance/ Accrual module
Succession Planning module
Position Control
Employee Self-Service (web enabled?)
ASP version (Application Service Provider, or hosted version of software)

**Payroll**
Level of integration HR module with Payroll
Ability for HR to integrate with Service Bureau payrolls

**Alerts (Automatic Email notification)**
Automatic email notification process
Can end user set this system up themselves based on action or data related information?
Are the Alerts standard or can they be changed/modified by end user?

**Employment and Staffing**
Tracks I-9 compliance
Administers new-hire processing
Administers termination processing
Maintains skills inventories
Tracks internal/external work experience
Tracks status history (leaves of absence, layoffs, etc.)
Administers requisition fulfillment
Requisition costs, source, recruiter, etc.
Job applied for, date, cost
Locates qualified internal candidates (ie. Previous employer, work experience, qualifications, etc.)
Tracks external job applicants
Interview/ contacts Tracking
Transfer Applicant information to HR module (ie when applicant hired)
Resume importing
Resume importing with key word ability
Job Board Gateways – relationship with Job Boards (eg. Monster.com, hotjobs, etc.)
Monitors position control and budget data
Administers succession plans
Facilitates career and position planning

**Position Control/Succession Planning**
- Position Expense and Headcount Tracking
- Track by Employee, Job, Dept., etc.
- Track Past, Present, Future Incumbents
- Identify Back-up Candidates

**Employee Self-Service**
- Online Open Enrollment (Benefits)
- Online Life Events – Ability to change benefits online during each event (eg. Marriage, New Baby, etc.)
- User-Define Access, Security, Business Rules
- Submit Paperless Changes
- Update Personal Records
- View Other Information
- Can end users setup customized pages and links to other pages and web sites (eg. Benefits Provider’s web sites)?
  - Can end users setup customized pages linking them to company documents (eg. Company Handbook)
- Manager self service – Can managers view/or change direct reports information online?
- Manager self service – What type of information can managers view and/or change?
- Update Personal Records

**Compensation**
- Administers salary change requests
_________ Creates salary change history
_________ Tracks unlimited salary change history
_________ Stores and reports on W-2 and other payroll earnings
_________ Tracks salary change forecasts
_________ Tracks unlimited performance evaluation history
_________ Administers bonus plans
_________ Administers stock-option plans
_________ Evaluates/grades jobs
_________ Tracks job descriptions

**Benefits**

_________ Administers benefit plan participation
_________ Employee Benefits Statement
_________ Integration with Benefits Providers
_________ Tracks benefit plan eligibility
_________ Calculates benefit coverage amounts
_________ Calculates employee contribution amounts
_________ Calculates benefit premium payment amounts
_________ Tracks benefit plan participation history
_________ Produces employee benefit statements
_________ Administers COBRA eligibility and participation
_________ Interfaces with third-party administrators for 401(k)/pension
_________ Tracks 401(k)/pension plan investments
_________ Administers flexible benefits
_________ Produces flexible benefit enrollment forms
_________ Administers flexible spending account balances

**EEO/Affirmative Action**

_________ Prepares EEO-1 (or applicable) report
_________ Generates promotion and transfer analysis
_________ Creates pay equity analysis data
_________ Creates utilization analysis data
_________ Supports source-of-hire analysis
_________ Generates termination analysis

**Training and Development**
Administers training enrollment
Tracks training class participation
Tracks training costs
Main Curricula Library
Update employee qualifications
Evaluates training requirements
Generate notices, certificates, reports
Schedules unlimited courses and sessions

OSHA/Safety/Industrial Health
Tracks first reports of injuries
Calculates sick time use and leave balances
Identify summary OSHA information at a glance?
Prepares OSHA 200 report
Generates illness and injury data
Tracks individual safety history
Maintains safety training record
Tracks medical and rehabilitative activities
Calculates costs associated with illness and injury
Monitors workplace hazards
Monitors hazardous exposures

Employee and Labor Relations
Maintains union rosters
Tracks seniority rankings
Generates job opening notices
Supports bid/bump process
Tracks grievances
Calculates impact of negotiable alternative scenarios

System Requirements, Features, and Capabilities

1) What hardware is recommended or required to operate the system?
2) What is the anticipated cost of the hardware, using industry standard suppliers?
3) What local area networks are fully compatible with the system?
4) What is the maximum number of employee records that the system will handle efficiently?

5) Is the system written in a commercially available relational database, or is it written in programming language(s)?

6) What is the estimated processing time to generate a standard 10-field employee roster listing, including age, annual salary, and years of service, for 500 employee records?

**Fields**

1) How many named, predefined fields are in the standard system?

2) How many named, predefined fields are there when all modules are included?

3) How many user-definable fields are in the standard system?

4) Can the non-technical user easily create new fields, in addition to the user-definable fields?

5) What training is required to create totally new fields?

6) Can the user modify:
   - Field names?
   - Field lengths for on-screen display purposes?
   - Field lengths for reporting purposes?
   - Create multiple versions of the same field with differing field lengths for reporting purposes?
   - Field edits and validations?
   - Screen prompt/display name?
   - Column headings for reports?
   - Alpha/numeric characteristics of each field?
   - Required/optional characteristics of each field?
   - Display format/output conversions for fields?
   - Set default values for fields to simplify data entry?
   - Inactivate unnecessary fields?
   - Reactivate fields not previously used?
   - Connect fields to tables?

**Tables**

1) How many tables are provided in the standard system?
2) Can a non-technical user easily add tables to the system?
3) How much training is required to add a table to the system?
4) Can table characteristics be modified by the non-technical user?
5) Can a non-technical user easily add fields to a table?
6) Can table contents be accessed using a "hot" key and reviewed in a "pop-up" window during data entry without interrupting the data-entry process?
7) Can tables be updated during data entry?

**Reporting Capabilities**

1) How many standard reports are provided with the standard system?
2) Can a non-technical user easily modify the standard reports?
3) Can the sorting and selection criteria for standard reports be changed by the non-technical user when the reports are run?
4) How many sorting and sequencing levels may be defined for a report?
5) How long would it take a non-technical user to add two new fields to a standard report and delete one existing field?
6) Is there a fully prompted report writer that allows a non-technical user to easily create new reports?
7) Does the report writer allow the non-technical user to "point and pick" fields for the report and to create the selection of records for the report?
8) How many files can be accessed on a single report?
9) Does the system provide the ability to develop matrix-style reports with user-selected statistical data in each matrix cell?
10) Can the system produce mailing labels in any format?

**System Functions**

1. **Utilities**
   
   
   
   Report Writer
   
   Import Capabilities
   
   Export Capabilities
2. Interfaces

- Payroll
- General Ledgers
- Time & Attendance
- Benefits Administration
- 401 (k)/Retirement

Security and Audit

1) Can a unique security profile be established for each user?
2) How many unique user security profiles can be established?
3) Can each individual user be restricted from:
   - Specific records or groups of records?
   - Specific fields of information?
   - Specific commands?
   - Specific files of information?
   - Specific screens and menus?
   - The ability to update tables?
4) Can the non-technical user easily define what fields will be subject to audit tracking?
5) Does the system validate data as they are entered for consistency with other data?
6) Does the system display descriptive error messages whenever a data entry or operational error occurs?
7) Can the non-technical user easily modify "help" messages?
8) Are automated back-up procedures included to prevent loss of data?

Utilities and Other Features

1) Does the system automatically build historical records as changes are entered?
2) How many historical entries may be maintained for any single field?
3) Is there an "import and export" utility to allow movement of data between systems?
4) Does the system incorporate a built-in word processor?

5) Will the system internally merge data into form letters and documents, or must the information be "exported" to another system?

6) How many days of training are required to achieve normal operating efficiency?

7) Can the non-technical user easily modify screens and menus?

8) Can the non-technical user easily create new screens and menus?

9) How much training is required to create new screens and menus?

10) Are all system features and utilities fully documented?

11) Is the documentation indexed?

12) Is technical information (e.g., field names and definitions; database file structure) documented in the user’s manual or in an appendix?

**Costs**

1) What is the price of the recommended basic system?

2) What is the price of any recommended module(s)? What, if any, additional costs are there to meet the needs described?

3) What is the cost for first-year maintenance?

4) What are the costs for first-year training and implementation support?

5) What are the costs for anticipated customization?

6) What are the estimated recurring annual maintenance and other costs after the first year?