IBM ECM Employee Lifecycle Management
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HR best practices:
Managing employee information
from "hire to retire"

Contents

Executive summary

Human resource (HR) organizations face enormous challenges in dealing with the growing complexity of managing vast amounts of employee information. Large volumes of historical employee documents — such as new-hire paperwork, performance appraisals and confidentiality agreements — reside in folders stored in file cabinets or in boxes in warehouses. Additionally, the processes required to manage employee information throughout the employee's tenure are usually extensive and often inefficient, demanding dedicated resources to maintain. Yet even with sufficient resources, complete and accurate employee information is often difficult or even impossible to locate and retrieve.

Improving HR document and process management can result in significant advantages, especially lower costs, reduced risk, enhanced productivity, and a more comprehensive, reliable and efficient means of managing employee information. Enterprise content management (ECM) can efficiently and securely manage employee-related content, along with associated tasks and activities, for quicker access of employee information, optimized HR processes, and corporate policy and regulatory compliance. Importantly, HR organizations can embark on a progressive adoption of ECM, depending upon their current level of IT sophistication and usage.

ECM and business process management (BPM) can enable HR organizations to better manage the growing number of documents and processes associated with employees throughout their employment tenure. This paper outlines the five progressive stages of ECM adoption within HR organizations and discusses the potential ROI for each of these stages. These five stages are based upon the experience of actual customers in many different industries who have applied ECM to optimize HR processes. HR organizations can use this paper to assess their current state of process efficiency, identify opportunities for improvement and develop a strategy for employing ECM to better manage employee information and processes.

### The evolution of employee lifecycle management

HR organizations need access to all relevant employee documents from a single, secure point of access, rather than searching for it in multiple systems and physical storage areas across the enterprise. Whether it is newly submitted or archived résumés, employee agreements and handbooks, benefits documents, payroll documentation, policy manuals or any other employee-related materials, the information needs to be readily accessible, while being securely managed. By applying ECM and BPM capabilities to HR operations, companies can engage in a progressive strategy for *employee lifecycle management*, whereby the HR department can effectively manage all relevant employee documents and transactions from "hire to retire."

In the evolution of an employee lifecycle management strategy, HR organizations can adopt one or more of the five progressive stages of ECM, depending on the existing state of their HR processes and IT infrastructure. Companies can begin by addressing the cost and inefficiency of managing paper documents by transforming paper files to digital images or representations. After tackling the paper dilemma, organizations can then transition to electronic document management. They can automatically capture documents such as Word, PDFs and electronic forms at the point of creation, manage all relevant employee documents, and make them securely accessible virtually anywhere and anytime via web access. The next step involves combining both structured and unstructured employee information by integrating employee information that may reside in ERP or HR systems to provide a "single view of employee." With integrated employee information, companies can then apply BPM to important HR processes to significantly improve overall productivity of the HR organization through automation. Once these first four stages of managing employee information are achieved, companies are then positioned to engage in ongoing employee lifecycle management by leveraging their existing investments in ECM and BPM.

Stage 1: Eliminate paper

Most HR organizations are buried in paper, and companies that depend heavily on paper documents as a source of employee information can pay a steep price for perpetuating a hardcopy HR environment. Manually collecting, processing, storing and referencing employee information can create sizeable risks, inefficiencies and costs. Administrative overhead, security risks, storage requirements and costs, missing documents, copying and postal costs, and other issues can unnecessarily burden HR departments when solutions and processes exist that can streamline HR operations.

Processing paper employee documents requires extensive resources to file and search for documents, and increases the chance of misplacing important documents. Paper also introduces the risk of exposing sensitive information to unauthorized individuals. When employee information resides on hardcopies, two or more people cannot simultaneously access the same information without making copies. HR processes dependent on paper can impede the completion of employee transactions, and involve higher records management and postal costs. In addition to documents for current employees, most HR organizations retain an even larger volume of documents related to former employees. One insurance company estimated that HR files of more than 80,000 former employees equated to approximately 1.57 miles (2.5 kilometers) of files. Companies often retain employee documents longer than legally required, further exposing them to potential risk and ongoing storage and handling costs.
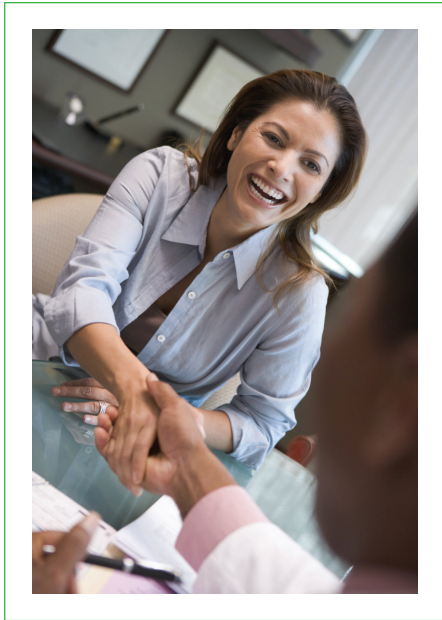
For greater HR efficiency and more accessible employee data, companies can reduce or ideally eliminate employee-related paper by converting paper documents into digital documents through image capture solutions. Documents for current employees can be scanned, indexed and securely maintained through ECM, minimizing storage needs and making these documents immediately accessible by authorized employees such as the HR staff, management, corporate legal personnel and the employee. In addition, the volumes of historical employee documents often sitting in boxes can be reviewed and scanned or even destroyed, in conformance with relevant records retention regulations. Depending upon the volume of documents to be scanned, organizations can rely on in-house resources or can outsource such projects if needed. Then, as new employees are hired, HR teams can scan and store the completed paperwork in an ECM system for maximum efficiencies moving forward.

Transforming paper documents into digital documents is a major advancement in reducing costs and bringing efficiency to the HR organization. However, this is only the beginning. The next stage in the evolution of employee lifecycle management focuses on gaining control over digital employee documents through secure, centralized document management.

Stage 2: Introduce electronic document management

Electronic employee documents take many different forms, such as Microsoft® Word® and Microsoft Excel® documents, e-mails, and Adobe PDF files of photos, résumés, performance reviews and many other document types. In fact, employee information is contained in an increasing number of formats, such as jpg and other multimedia formats for video and voice and in some instances, biometric. In the future, an even larger range of electronic information formats will exist. To make matters worse, HR organizations are challenged to capture, maintain and easily access an increasingly greater volume of employee information due to corporate and legal regulations. Regardless of why employee information might need to be retrieved, rapid retrieval can present real problems, since the many HR documents in varying formats are typically stored in disparate systems and multiple desktops across the organization.

To add to inefficiency, HR organizations sometimes resort to printing electronic documents and storing them in file cabinets, or even printing and then scanning electronic documents. Ideally, a document created in electronic form should be maintained in electronic form. Unless an HR organization has already established a comprehensive strategy for electronic document management, it is unlikely that all electronic employee information is securely managed and accessible from a single point of access.

At this stage in managing employee information, the goals are to replace paper documents with electronic forms or scanned images of the documents, and to maintain electronic documents in their original form. ECM allows for the easy, often automatic capture of electronic documents at the point of creation, via integration with, for example, Microsoft Office applications, IBM Lotus Notes®, and ERP systems, or by monitoring file shares or Microsoft SharePoint® repositories. Electronic documents can be securely stored in the appropriate employee's electronic folder, and if needed, electronic signatures can be captured. Further efficiency can be achieved by replacing paper forms with electronic forms that automatically capture structured and unstructured data, launch or enable participation in a business process and, through careful integration, can even be used to update information maintained in databases and ERP systems.

With all relevant employee documents securely stored through ECM, all documents are available for retrieval at anytime from virtually any location across the organization. Additionally, once managed through ECM, employee documents can be automatically retained as corporate records, allowing the HR organization to maintain the documents securely, yet only as long as legally required. Employee information captured and stored electronically eliminates the need to re-key data, reduces data errors, allows simultaneous access by multiple people, eliminates misfiling, and greatly reduces the need to copy, print and mail HR documents.

Managing employee information in an electronic format allows an HR organization to operate with significantly greater efficiency and reduced costs. Yet even greater efficiency and employee data integrity can be achieved by integrating HR applications and systems with ECM.

Stage 3: Integrate applications

When all employee documents are maintained electronically in a repository, there still remains a gap between that information and employee information maintained in an HR system, which may be a standalone HR system or one of several HR modules available as part of an ERP system. HR and ERP systems were not designed to manage the broad range of electronic documents that exist today. Maintaining employee information in separate systems makes it difficult to synchronize employee information among systems, such as when changes are made to benefits enrollment, employment status and pay grades. Therefore, changes initiated in one system must be manually updated in other systems. This lack of integration and continuity between systems makes it difficult to depend on or even consistently execute processes that involve both systems, and in many cases, the lack of integration prevents employees from being able to initiate or participate in a self-service process. Ultimately, without integrated employee information, it is difficult or impossible to quickly access the needed employee documents and information, because current, accurate information does not exist or is extremely difficult to locate.

So the next step in the progressive adoption of ECM in the HR organization is to combine both structured and unstructured employee information with the goal of providing a single view of the employee. Structured information is maintained in databases and ERP. Unstructured information is found in documents such as résumés, applications, acceptance letters, certifications, licenses, medical records, salary reviews, patents, stock grants, pictures, direct deposit forms, beneficiary forms, W-4 forms, and countless other documents depending upon industry and governmental requirements.

Integrating both structured and unstructured employee information to provide a single view of the employee can offer distinct opportunities for business improvements and process efficiencies. An HR organization can leverage the strengths of both ERP and ECM systems. An ERP system can manage structured employee information and transactions, while ECM solutions manage the corresponding unstructured employee information. Through careful integration, information contained in one system can be used to update information in other systems, thereby providing automatically synchronized information that is consistent across applications.

Integration also allows HR organizations to provide a single point of secure access to all relevant employee information. A secure self-service portal can deliver integrated employee information from various systems and present it to appropriate HR personnel, managers and employees based on user role and document type. Additionally, employees can initiate or participate in updating personnel information or reviewing or validating changes that have been made to employee records.

By integrating employee information from multiple sources, HR organizations can ensure that employee information is synchronized across applications and readily available to all users. Additionally, company-specific processes can be designed and implemented using BPM and ECM to further improve HR productivity when processing employee information. The proper application of BPM can significantly improve an organization's ability to capture, manage and retain relevant employee information.

Stage 4: Automate processes

In spite of using electronic documents for employee information, many companies still rely on manual processes to manage employee information and employment transactions. Typical manual processes include employee hiring, performance reviews, annual benefits enrollment, and status changes such as promotions, medical leave, vacation and retirement. With manual processes in place, employee skills can be unnecessarily wasted on administrative tasks. Also, manual processes are particularly inconsistent, resulting in inaccurate and incomplete information, along with an inability to track and audit these processes. Manual processes can take excessive time to complete, which can cause further delays in other processes dependent on the completion of manual HR processes.

The next step in improving efficiency, lowering costs and decreasing risk within the HR organization is the application of BPM to critical or high-volume HR processes. Applying BPM to HR activities can enable an organization to eliminate inefficient, manual processes that waste valuable employee time. BPM can provide consistency in executing business processes, and ensure that processes are executed according to industry or governmental requirements. BPM can automate the capture, review and management of employee information.
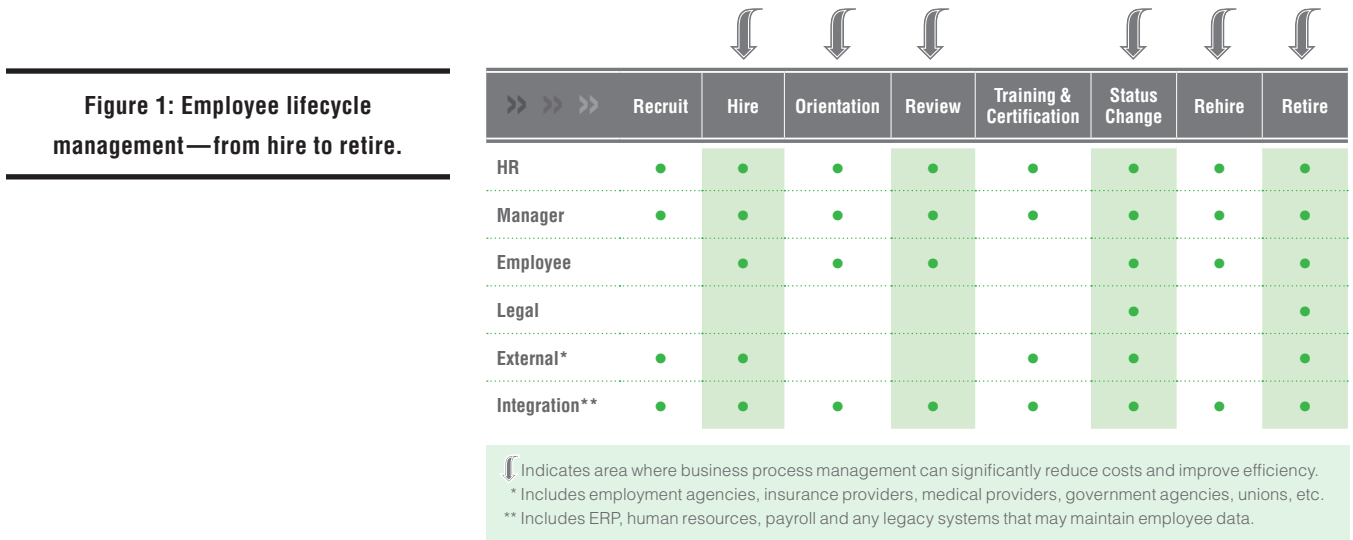
Through BPM, HR organizations can deliver a greater degree of employee service, and can accommodate corporate growth or increasing workload without hiring additional staff. Departments can track the status of an HR process and escalate the process if any delays or problems exist. Operational efficiencies are improved with the ability to audit business processes and provide performance metrics. Because BPM processes can integrate with ERP workflow, HR organizations can manage business processes that are external to the ERP system. Furthermore, BPM enables incorporating electronic forms to automatically capture structured and unstructured information as well as dynamically drive a business process based upon the data captured by the electronic form. In many instances, capturing information via electronic forms is far more efficient than entering information via the awkward and convoluted interfaces of ERP or legacy HR systems.

Through eliminating paper documents, introducing electronic forms and documents to replace paper, integrating ERP and ECM systems to provide a single point of secure access to employee information, and implementing proven BPM practices, companies can achieve greater control of employee information and processes critical to efficient employee lifecycle management.

Stage 5: Manage the employee lifecycle

Many aspects of the employee lifecycle involve processes that are burdensome. Especially when the volume of employee transactions is significant, the ability to eliminate manual tasks such as filing, copying and mailing documents, and instead automate these and other processes can significantly reduce the cost and improve the efficiency of managing employee information and transactions.

By applying the concepts for managing employee information in the previous four stages, companies are equipped with the infrastructure that enables an HR organization to manage the employee lifecycle from "hire to retire," as illustrated in Figure 1.

Figure 1: Employee lifecycle management—from hire to retire.

	Recruit	Hire	Orientation	Review	Training & Certification	Status Change	Rehire	Retire
HR	●	●	●	●	●	●	●	●
Manager	●	●	●	●	●	●	●	●
Employee		●	●	●		●	●	●
Legal						●		●
External*	●	●			●	●		●
Integration**	●	●	●	●	●	●	●	●

Indicates area where business process management can significantly reduce costs and improve efficiency.
* Includes employment agencies, insurance providers, medical providers, government agencies, unions, etc.
** Includes ERP, human resources, payroll and any legacy systems that may maintain employee data.

Employee lifecycle management enables the HR organization to securely manage all relevant employee documents that are associated with an employee's tenure in the organization. HR can maintain consistency in capturing and retaining vital employee information throughout an individual's employment. For many HR functions, such as hiring, orientation, reviews and retirement, BPM can provide additional efficiency and consistency in execution. Ideally, a combination of ECM and BPM integrated with HR systems can enable the HR organization to engage in highly efficient, end-to-end employee lifecycle management. By taking an employee lifecycle management approach, organizations can implement automated processes and achieve tangible operational benefits for each phase of employment, including:

- ***Recruitment*** *– Allow résumés submitted by web, fax, e-mail and mail to be automatically captured and routed to the appropriate HR employees and hiring managers for review. Provide a collaborative environment for managers to comment on particular strengths, weaknesses and skills of specific candidates. Enable managers to initiate hiring processes via submission of electronic forms.*
- ***Hiring*** *– Automatically generate offer letters, benefit plans and company policies, and automatically send these documents to candidates. Maintain copies of offer letters and automatically create electronic folders for employees upon acceptance of offers. Capture and retain copies of employee acceptance letters. Coordinate provisioning of resources such as site assignments, phones, computers, e-mail, network IDs and tools for employees with appropriate departments.*
- ***Orientation*** *– Automatically generate all documents and forms that new employees are required to review and sign. Enroll employees in orientation classes, provide employees with orientation materials, and automatically capture and retain documents and forms as corporate records.*
- ***Reviews*** *– Automatically initiate review processes by electronically sending employees and managers necessary review forms and materials. Remind employees and managers of deadlines, and escalate to appropriate management if deadlines are not met. Automatically retain relevant review documents as official records. Update HR systems with any changes in employee status such as promotions and salary increases.*
- ***Training and certification*** *– Schedule any required training and document the results of training sessions. If certifications are required or recommended, capture and retain a record of certifications achieved.*

- *Status changes* – *Automatically initiate processes pertaining to changes in benefits, employment status, office location, terminations and other employee status modifications. Capture and retain any documents or electronic forms associated with status changes. Integrate HR systems with other ERP applications, and potentially integrate with insurance and medical benefits providers, government reporting bodies and others.*

- *Rehiring* – *Accelerate the rehire of employees by gathering and updating information and performing the required processes. Minimize the burden on the HR staff by requiring employees to provide any updates via electronic forms. Capture and retain updated information as corporate record.*

- *Retirement* – *Initiate retirement processes and provide documents and electronic forms for retirees to review and sign. Coordinate any benefit changes with medical and insurance providers, and coordinate any status changes with government agencies. Industries being impacted by an "aging workforce" need to efficiently manage the retirement of hundreds to thousands of employees.*

Applying ECM to the challenges of managing the growing number of documents associated with employees provides a single, secure point of access that allows authorized persons to easily access the information relevant to a particular employee. Different security levels can be applied to individual documents to enforce confidentiality, and different user access rights can be assigned to internal persons such as HR staff, managers, employees and legal personnel, as well as external persons such as recruiters, insurance agents and medical providers.

Solving employee information management dilemma: A case study
A leading branded foods company encompassing many well-known consumer brands found in 96 percent of U.S. households has a significant presence in commercial food products and ingredients. The company is one of the nation's leading specialty potato providers to restaurants and other foodservice establishments, and is comprised of several key operating segments, including Consumer Foods, International Foods, Food and Ingredients, and Trading and Merchandising. The company employs approximately 24,500 employees in its U.S. operations, and approximately 13,000 of the employees are party to collective bargaining agreements. It also has an international portfolio of 40 global brands offered in 110 countries.

Challenge: Managing employee information

Managing the volumes of paper documents and personnel transactions associated with tens of thousands of employees was previously very inefficient for this leading foods company. With more than half of the employees members of the United Food and Commercial Workers Union (UFCW), it was imperative that the company establish a consistent means of managing all employee information throughout the tenure of employment.

Solution: IBM ECM and BPM

The company already had a significant investment in IBM FileNet® – part of the IBM ECM platform – when it implemented an HR application to assist in managing employee information. The application was based on IBM FileNet Business Process Manager and IBM FileNet eForms products which were integrated with the PeopleSoft HR module. Information captured via e-forms could be shared with PeopleSoft, and vice-versa, as e-forms can access employee information maintained in PeopleSoft HR to automatically populate e-form fields. Additionally, employee information in both PeopleSoft HR and that captured via e-forms can be used by BPM to direct the processes involved in performance reviews, salary increases, hiring, transfers, promotions, retirement, training and compliance.

Results: Reduced risk and improved efficiencies

This high-profile foods company experienced the immediate benefit of eliminating the risk and inefficiency of managing paper employee documents. The capability of electronic forms to verify data fields, provide auto completion functions, obtain information from existing data sources and guide users in the entry of employee data enabled the company to more quickly and accurately process employee transactions such as hiring, changes in pay, transfers, terminations and retirements. Many of the tasks and processes that had solely been the responsibility of the HR organization were transitioned to employees using a self-service model, allowing employees, managers and supervisors to initiate processes without the intervention of the HR organization. Because all e-forms are managed centrally, the company was able to quickly modify the e-forms and instantly have the changes available in any of the business processes that relied upon the e-forms.

Additional considerations

An added advantage of applying ECM practices for managing employee information is the ability to automatically retain certain documents necessary to meet the requirements of corporate policies and industry regulations. In addition to managing all employee information, the HR organization is tasked with providing or publishing an increasing amount of corporate information such as policies, procedures, business conduct guidelines, benefits information, links to external services or benefits providers, forms, career planning, financial planning and retirement planning. This information must be consistently accurate, in concert with industry, regulatory and governmental guidelines, and frequently tailored to regional, cultural and language differences. Increasingly, the information that HR publishes must be retained as corporate records in the event that any such information is requested during future litigation. The ECM and BPM capabilities that enable efficient employee lifecycle management can serve as a foundation to manage the creation, review, approval, publishing and retention of corporate information, thereby obtaining greater return on these investments.

Conclusion

The document- and process-intensive nature of the typical HR organization is causing many companies to identify new opportunities for HR efficiencies. Significant benefits can be achieved by applying ECM and BPM capabilities to the business practices of the HR organization. Through the HR best practices outlined in this paper, including the five stages of ECM adoption within the HR organization, companies can engage in a progressive strategy for employee lifecycle management. By implementing these innovative HR strategies, HR departments can efficiently and comprehensively manage all relevant employee documents and transactions from hire to retire, resulting in improved productivity, reduced risks and lower operational costs.

For more information

To learn about how IBM ECM, BPM and Employee Lifecycle Management solutions can help you manage your employee-related documents and processes while greatly improving HR operational efficiencies, please contact your IBM representative or IBM Business Partner, or access IBM Employee Lifecycle Management information at: **ibm.com**/software/ecm.

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