Lessons Learned from Going Global: Two Organization Types Outperform!
Lessons Learned from Going Global Two Organization Types Outperform

Each year, in the CedarCrestone HR Systems Survey, we ask respondents whether they operate in multiple countries—almost half of the respondents do. We also ask respondents to identify their organization type.

This document highlights key findings from our annual survey on Human Resources (HR) technology adoption and the value achieved by these global organizations. It focuses on the lessons learned from the two organization types that outperform. We've developed this material by finding the practices of global organizations where there is a strong correlation to financial results or other metrics that highlight value of HR technologies. While survey data tells part of the story of practices that enable stellar performance, we also provide two case stories to show how two organizations are “going global” with their HR technologies and the lessons learned from their approaches.


“Going Global” with HR Technologies:
Highlights and Recommendations of Organizations Operating Globally Taken from CedarCrestone 2011–2012 HR Systems Survey Result

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Information contained in this white paper was compiled and analyzed by CedarCrestone as part of our commitment to provide knowledge on workforce technologies, trends, and the impact their adoption has on the performance of the enterprise. CedarCrestone encourages customers, media, partners, analysts, and other readers to share the information found herein and to quote liberally from the survey with appropriate credit to CedarCrestone. We request that all quotes and references are credited as “Lessons Learned from Going Global: Two Organization Types Outperform!” on first reference. All subsequent references should read “CedarCrestone’s Lessons Learned from Going Global White Paper.”
1. Introduction

Organizations with operations in multiple countries are highly complex. Different cultures and business customs mean processes are often different across countries. Organizations must deal with barriers such as budget, lack of resources, and cross-border data privacy requirements making standard data handling difficult. Yet some organization types are successfully mitigating these challenges, saving money, and optimizing talent as they “go global” with their HR technologies.

As we look at HR technology adoption and the value achieved by respondents to our annual survey from organizations operating in multiple countries, we find two organization models stand out:

- **Globals** – outperform on financial metrics such as profit per employee and operating income growth. We suggest readers review their cost control measures.
- **Transnationals** – outperform on process maturity, technology adoption, and level of best practice. Readers can learn from their approach to balancing process and data handling standardization with HR technology adoption, innovation and flexibility.

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**Key Themes and Recommendations for Organizations Operating Globally**

**Control costs.** Cost control is top of mind for all organizations given the current economic environment. We see some best practices followed by high performing organizations operating globally that minimize costs: development of an HR systems strategy before you get started, moving to a single instance of the core HR management system, process standardization for achieving efficiencies and cutting costs of operations, data standardization, and moving to shared services supported by manager self service and an automated HR help desk.

**Consider Software as a Service (SaaS) solutions.** While licensed on premise solutions dominate HR technologies across all survey respondents, SaaS as a deployment option is the fastest growing option going forward. Global organizations to date have been slightly less inclined towards SaaS, but the forecast for them is strong and early adopters are achieving benefits. Consider SaaS solution adoption for the value from the reduced need for HRIT/IT staff, faster time to innovation, and improved user experience that drives faster adoption and faster time to achieve business outcomes.

**Optimize talent management with an integrated solution.** A focus on leading-edge talent management solutions that integrate talent management processes is crucial to optimize talent management, to foster innovation, and to drive key business outcomes. Organizations with an integrated talent management solution outperform. Such a solution delivers key business outcomes whether built on a best of breed integrated talent management solution or a talent management solution built on the ERP-based HRMS. Integrating processes and data is what matters!

**Use business intelligence/workforce analytics for competitive advantage.** Enabling an organization to manage with metrics is fast becoming the last remaining way to achieve competitive advantage. Move to adopt technology to aggregate data from multiple sources. Move to adopt dashboards of workforce metrics. Most importantly, move to put these tools and data directly into the hands of managers to support their decision making.

**Focus on change management to achieve alignment and drive value.** A hallmark of best practice firms that are “going global” is a pervasive involvement of all to be impacted by any technology change. They define a vision that communicates value. They gain consensus globally. They establish a global governance structure and form a project management office with staff highly skilled in working globally and empathetic to different cultures. They use global representatives for tasks such as training, testing, or user experience fine tuning. They communicate throughout all stages of their process.
Organizations Operating Globally Are Large and Complex

Global Respondents by Industry and Size*

<table>
<thead>
<tr>
<th>Industry</th>
<th>Total Responses</th>
<th>Percent</th>
<th>Number of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural/Mining/Construction</td>
<td>13</td>
<td>4%</td>
<td>31,472</td>
</tr>
<tr>
<td>Consumer and Other Manufacturing</td>
<td>89</td>
<td>26%</td>
<td>31,012</td>
</tr>
<tr>
<td>Financial Services</td>
<td>40</td>
<td>12%</td>
<td>39,337</td>
</tr>
<tr>
<td>Healthcare</td>
<td>12</td>
<td>4%</td>
<td>24,147</td>
</tr>
<tr>
<td>High-tech Manufacturing</td>
<td>38</td>
<td>11%</td>
<td>29,805</td>
</tr>
<tr>
<td>Other Services</td>
<td>75</td>
<td>22%</td>
<td>25,651</td>
</tr>
<tr>
<td>Retail/Wholesale</td>
<td>26</td>
<td>8%</td>
<td>73,230</td>
</tr>
<tr>
<td>Transportation, Communications, Public Utilities</td>
<td>39</td>
<td>12%</td>
<td>47,316</td>
</tr>
<tr>
<td>Other (Higher Education and Public Administration)</td>
<td>6</td>
<td>2%</td>
<td>33,244</td>
</tr>
<tr>
<td>Total (average)</td>
<td>338</td>
<td>100%</td>
<td>35,633</td>
</tr>
</tbody>
</table>

Compared to the overall CedarCrestone HR Systems Survey respondents, global organizations are much larger (36,618 employees plus contingents vs. 10,118 employees and contingents among non-global organizations). There are significantly more manufacturing organizations among the global respondents and significantly fewer organizations in healthcare, higher education and public administration than the overall survey respondents.

On average, global organizations operate in 29 countries.

Both their larger size, the number of countries in which they operate, and the predominance of manufacturing organizations results in a high degree of complexity that can be and has been successfully impacted by the use of HR technologies and related best practices.

In this report, we share research on organizations that operate in one or more countries outside their headquarter country. One of the organization types is called “Global.” To distinguish between all global respondents and the Global type, we use the following protocol throughout the report:

- A “global” organization is one that operates in one or more countries outside its headquarter country. When we use the term “global,” we refer to all 338 respondent organizations.
- A “Global” organization is one of four organization types (the other three are the International, Multinational, and Transnational types). When the reader sees the term “Global,” we are referring to results just for that specific type.
3. Organizational Types

We use organization type* to characterize global organizations and provide a framework for analysis.

Characteristics of types:

• **Multinational** — highly decentralized, with multiple, independent locations, united primarily through financial reporting to corporate headquarters. Focused on flexibility and local responsiveness.

• **Global** — highly centralized/standardized with major decisions made at corporate and rolled out to local operations. Focused on centralization and efficiency.

• **International** — moderately centralized, leveraging competencies and sharing learning from both corporate and local operations. Focused on learning and sharing.

• **Transnational** — combines aspects of all of the above, leveraging efficiencies, maintaining flexibilities, and sharing learning and innovations worldwide. Focused on efficiency, flexibility, and learning.

The Globals significantly increased from 38% to 43% of respondents from 2010. The Internationals increased from 20% to 23% and the Transnationals increased from 16% to 18%. The Multinationals significantly declined from 26% to 18% of respondents. It appears in this economic climate that Multinational organizations are evolving along a continuum to other organizational models and practices that emphasize cost control, organizational learning, flexibility and innovation.


See also: Beaman, Karen and Alexia Martin, 2009. *Leveraging HR Technology: From Global Savings to Transnational Value*, a collaborative effort between CedarCrestone and Jeitosa Group International.

4.Globals and Transnationals Outperform

In the annual CedarCrestone Survey, we collect the following metrics:

- **Process Maturity** – self-reported score with the higher levels being either effective (aligned, best practice, strategically focused) or transformational (unique, stands above others in industry, contributes to competitive advantage financially and as an employer of choice).

- **HR Technology Adoption** – reports levels of adoption across 30 plus applications in seven categories (see 6. Application Adoption on page 8).

- **Level of Best Practice** – self-reported score across six talent management and analytics processes. In all cases, the highest level of effectiveness is characterized by integration among talent management processes, the core HR system of record and other data sources such as Financials and operational systems.

- **Key Financial Metrics** for the publicly traded organizations, including revenue per employee (a key productivity measure) and operating income growth (a key efficiency measure).

<table>
<thead>
<tr>
<th>Two Organization Models Outperform</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Comparison of Key Metrics by Organization Model Type</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Global</th>
<th>International</th>
<th>Multinational</th>
<th>Transnational</th>
</tr>
</thead>
<tbody>
<tr>
<td>Process maturity</td>
<td>⭐⭐⭐⭐</td>
<td>⭐</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technology adoption</td>
<td>⭐⭐⭐⭐</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Level of best practice</td>
<td>⭐⭐⭐⭐</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial metrics (publicly traded organizations only)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue/Employee</td>
<td>⭐⭐⭐⭐</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Income Growth</td>
<td>⭐⭐⭐⭐</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The Transnationals organization type outperforms other organization models on process maturity (2.3 vs. 2.1 on a 4-point scale), technology adoption (leading adoption in 20 of 34 applications), and matches the Global organization type on level of best practice with talent management and talent analytics (3 vs. 2.8 on a 5-point scale).

The Global organization type outperforms the other types with the highest revenue per employee ($409,155 vs. $380,369 on average) and with stellar operating income growth (28% vs. 8% on average).

In this report, we will focus on best practices learned from how the Globals and Transnationals are structured for service delivery, their approach to standardize processes and data handling, and their HR technologies adoption.
5. Practices to Control Costs

Across multiple dimensions, we find global respondents “true to type” on characteristics such as:

• **Service Delivery Structure** – shared vs. distributed service centers.

• **Employees Served by Service Delivery Technologies** – the number of employees served by HR administrative staff increases with the use of a service center augmented by self service and an HR Help Desk.

• **Process Standardization** – common or somewhat common processes globally vs. disparate processes by region.

• **Data Standardization** – reflects the level of standardization of HR data collection and maintenance into the core HR record keeping system from common or somewhat common data handling across all countries to highly diverse systems and data between countries.

• **Number of HRMS Instances** – while many global organizations have multiple HRMS, even per country, well managed ones minimize their instances and ideally move to one globally.

• **Workforce Managed on a Single HRMS** – for cost control, managing more of the workforce from a single HRMS is best.

### Characteristics by Organization Type

<table>
<thead>
<tr>
<th>Service Delivery Structure</th>
<th>Global</th>
<th>International</th>
<th>Multinational</th>
<th>Transnational</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees Served by Self Service and HR Help desk</td>
<td>85% shared</td>
<td>75% shared</td>
<td>42% shared</td>
<td>74% shared</td>
</tr>
<tr>
<td>Process Standardization (common and somewhat common)</td>
<td>82%</td>
<td>76%</td>
<td>42%</td>
<td>70%</td>
</tr>
<tr>
<td>Data Standardization (common and somewhat common)</td>
<td>88%</td>
<td>90%</td>
<td>55%</td>
<td>80%</td>
</tr>
<tr>
<td>Number of HRMS Instances (average)</td>
<td>2.5</td>
<td>3.1</td>
<td>3.9</td>
<td>3.4</td>
</tr>
<tr>
<td>Workforce Managed on a Single HRMS</td>
<td>87%</td>
<td>85%</td>
<td>69%</td>
<td>80%</td>
</tr>
</tbody>
</table>

The Global type most frequently supports services across the enterprise from shared services. The International and Transnational organization types actually have less shared service centers (1.7 on average vs. 2.3 for the Global type and 2.8 for the Multinational type). However, the Global type makes most effective use of key HR technologies such as manager self service and the HR help desk. **With fewer staff, the Globals serve 11% more employees than the other organization types.**

In terms of **Process Standardization** the Global type most frequently cites common or somewhat common processes, managing more processes the same across geographies (see next page). While not leading on **Data Standardization**, the Globals report the lowest level of **HRMS Instances** and the highest percentage of the **Workforce Managed on a Single HRMS**.

### Best Practice Recommendations:

Five practices of Globals contribute to lower costs and the ability to serve more employees with fewer HR administrative staff resulting in a higher ratio of employees served (as shown in the table above) and resulting higher profit per employee and higher operating income growth (see prior page). Consider these practices for cost control:

• **Moving to shared services**

• **Supporting service delivery with employee and manager self service along with an HR help desk application**

• **Process standardization** – do business process improvement work to find true areas where processes need to be different and rationalize if none.

• **Move to fewer instances of the HRMS such that more of the workforce can be managed from it.**

• **And, always when considering new HR technologies, start with a review of your HR application portfolio and the development of an HR systems strategy.**
Processes Performed in Common Across Geographies – we see a trend towards process standardization across geographies, but recognize that in some cases processes will need to vary by country.

- Performance management
- HR recordkeeping
- Compensation
- Data privacy
- Recruiting (talent acquisition)
- Benefits administration
- Compliance
- Learning management (training)
- Payroll
- Succession planning
- Career development
- Workforce analytics/planning

Globals lead in standardizing more of the above processes than other organization types although Transnationals along with the Globals, lead on handling data privacy, learning management, and succession planning.

Transnationals we have seen in the past are typically fast growing organizations that bring new employees on board, or work to use internal talent, but then need to cost effectively manage their learning and development. Standardizing on a learning management solution and standardizing learning processes makes sense. Again, because of the fast growth, these Transnational organizations need to know they have successors available as they grow and expand or lose executives.

Best Practice Recommendation: One axiom is to be “as global as possible, as local as necessary” when moving towards standardized processes.
Global Example: Focuses on Centralization and Standardization to Yield Efficiencies

Global Type Example

 Globals are highly centralized organizations, with standardized processes and technologies. Major decisions are made at corporate and then rolled out to local operations.

The Global organization highlighted in our case has the additional challenge of being very large, with multiple business groups within their own “headquarters” and operating in nearly every region of the world. This increased complexity makes it challenging to implement common standards and common systems across the organization. Nevertheless, they have embarked not only on process standardization but data handling standardization and a move to a single global instance to serve its huge workforce.

This example highlights multiple aspects of the Global organization type: 1) the use of common processes (in this case 1400!) and common data; 2) the standardization of processes and data handling is yielding efficiencies for the organization; 3) a single global core HR system of record, implemented with few customizations, is intended to yield cost savings by replacing multiple customized systems in each region; and 4) adoption of high-profile talent management processes that are core to the company’s culture giving it a competitive, “game changing” advantage.

**Global Core Processes Support Global Efficiencies**

Many of this company’s HR processes are organized into and delivered from global Centers of Excellence at headquarters. Processes such as labor and employee relations, compensation, benefits, staffing (internal and external recruiting), learning, and talent management have been standardized and their management centralized. A team dedicated to documenting processes and driving standardization has identified over 1,400(!) HR processes. There are 40 common global data elements for HR, with further common elements being developed with other areas, such as finance.

**Global Core Systems Result in Lower Costs**

PeopleSoft is currently the HRMS for 95% of the employee population, but on five different instances, one for each region of the world. An initiative is underway to upgrade and consolidate onto one global instance of PeopleSoft 9.1. Core HR, Benefits, Payroll, and portal functionality with employee and manager self service will be rolled out to the entire organization, with more than 80% of the data elements and processes common across the globe. A reason to push to one instance was that current systems were highly customized leading to a higher total cost of ownership. The customizations made it difficult to do reporting and challenging to upgrade to the latest systems with best practice functionality. The benefits of moving to one single instance outweighed the challenges. To mitigate the challenges, HR process reps from around the globe are involved throughout the implementation process, and there is a strong emphasis on change management and training to ensure alignment and buy in to the common processes. The expected results are the flipside of the current situation: a single, standard instance will result in lower ongoing support costs, allow the organization to take advantage of the latest functionality and best practices in PeopleSoft, and make it easier to upgrade in the future with fewer customizations.

**Global Talent Management Culture**

HR has identified some talent management processes that are seen as core to the company’s global culture. These are high-profile processes, with a lot of senior management involvement, and therefore need to be highly tailored to the company as they provide competitive advantage. To date, most of the systems that support these processes have been built in-house, for areas such as performance management, compensation planning, and employee and labor relations. When a process is not considered “game changing,” the requirements are fewer and therefore a more standardized solution, such as a SaaS solution is often a good fit. Regardless of the system used, these talent management processes are common across the organization. These home-grown or SaaS solutions are integrated through a data warehouse and middleware for reporting.
6. Application Adoption

For the most part, organizations operating globally are “at market” with application adoption with all survey respondents. They do, however, lead in the adoption of service delivery applications—especially with manager self service and workforce lifecycle management (a technology primarily used to facilitate onboarding—a process that when standardized reduces costs of this process globally). Leadership in these two areas makes it evident that organizations operating globally are making it easy and cost effective for managers to manage their workforce and for the organization to manage bringing new employees on board.

Transnationals, overall, lead in almost every category of HR technology adoption we track, highlighting their focus on efficiency through using technology in place of labor.

Globals also lead in two categories: adoption of service delivery applications and strategic use of social media (specifically wikis to support collaboration). These two areas support an efficiency focus.

Transnationals make effective use of technology to drive best practice processes and standardized data structures, crucial to achieving efficiency without a highly centralized organizational structure and without a lot of staff. Along with the International organizations, they put a strong emphasis on developing their talent and are more aggressive adopters of Talent Management technologies.

Globals excel in providing cost effective service delivery to employees and managers. We saw earlier that these are the organizations that do so with the fewest HR administrative staff. With social media, Globals lead in their adoption of wikis and knowledge management tools to support collaboration across global teams, necessary to reduce the costs of travel and communications.

**Best Practice Recommendations from Transnationals:** Aggressively adopt talent management and business intelligence technologies as well. Drive standard processes and data handling globally for associated processes to increase efficiencies across global operations.

**Best Practice Recommendations from Globals:** Continue to embrace employee and manager self service, move to shared services with as few service centers as possible, use an HR help desk application and associated technologies to standardize key processes, and adopt wikis to support collaboration globally.
Transnational Type Example

Transnationals are focused on leveraging efficiencies, maintaining flexibilities, and sharing learning and innovations worldwide. They are characterized by their hybrid approach of standardizing systems and processes while collaborating with operations outside of headquarters to adopt their best practices.

Our Transnational case study is no exception, with many common global processes and systems and strong emphasis on talent management using innovations started in countries outside the headquarter country.

While this organization was hard hit by the recent economic decline, its financial performance has again turned positive—more than average. Clearly its attention to talent, leveraging of best practices, its innovations, and change management, contribute.

Transnational Example

Focus on Efficiency, Flexibility and Learning

<table>
<thead>
<tr>
<th>Company Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Industry</strong></td>
</tr>
<tr>
<td><strong>Size</strong></td>
</tr>
<tr>
<td><strong>Complexity</strong></td>
</tr>
<tr>
<td><strong>Systems</strong></td>
</tr>
</tbody>
</table>

Efficiency

At the core of its workforce technologies is one HRMS instance for all employees worldwide. The common HR system helps to drive global processes and a consistent data model throughout the organization, including record keeping, global performance management, compensation, and succession planning processes. With a globally agreed upon data structure, a common set of reports is available to all parts of the organization. To increase efficiency of its HR service delivery model, employee and manager self service are emphasized, especially in processes where timeliness is critical. Currently, 60% of employees and 100% of managers use self service processes.

One weak spot in the company’s efforts towards standardization is its mixture of ERP-based and best-of-breed systems coupled with a high degree of customization. For example, its learning solution is so customized that it is now difficult to upgrade to the most current release. This older version of the software is in turn more difficult to integrate with the PeopleSoft HRMS system, creating a gap in the integration of the global learning process with performance management and succession planning processes. This may drive the organization to remove the current SaaS learning management solution and transition to the ERP-based solution.

While the company has been largely successful in implementing global processes, country barriers create issues. For example, data privacy regulations limit the information that can be shared from some recruiting and talent processes. Due to large variations among countries, it is also cost prohibitive to move payroll and time management to common systems.

Flexibility

As is typical for Transnationals, corporate headquarters doesn’t always drive new or improved processes, but a central office does drive standards and consistency around information and structure, enabling global reporting. For example, a new global onboarding process came out of China, and recent changes to an employee recognition program were driven by European offices, all using the common data model from headquarters.
Also indicative of this company’s flexible, yet efficient approach is its service delivery structure. As is best practice, the company does have a shared service center for many processes, including project management services, expatriate services, payroll, and on boarding. Yet, there is still a demand from employees for face-to-face contact with their local HR department, so there are also HR staff distributed throughout the organization who serve as day-to-day contact people and data stewards.

Looking forward, the company is increasingly incorporating social media and mobile tools into its HR technology roadmap, providing even more options for access and collaboration.

**Learning and Innovation**

This company stands out for its best practice global talent management processes based on talent profiles. Each employee's talent profile includes education and career history, learning, and mobility preferences. These talent profiles are accessible by managers who can do full-text searches to identify internal resources for openings. Succession planning is pervasive, with thousands of succession plans for managers, high potentials, and critical roles. Managers have access to metrics around these plans, such as the effectiveness of succession plans. Talent profiles are also developed on external candidates as potential successors. In addition, compensation processes leverage best practices of embedded analytics to allow each manager access to the information they need for better compensation planning and modeling.

Throughout the implementation of these global processes and systems, the company has maintained a strong emphasis on change management. A system is never rolled out without a comprehensive communications and training program that pays attention to the culture of each country. During the recent rollout of new talent management processes, change management accounted for nearly half of the budget!

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**Best Practice Recommendations:**

1. Move to a single system of record to manage as much of the workforce as possible using standardized data and processes to reduce costs, drive global efficiencies, and support global workforce reporting.

2. Innovations can come from any region, not only corporate, and should, to foster continued transformation and workforce optimization.

3. Don’t underestimate the need for and budget for change management. This organization allocates up to 50% of its implementation budget to change management.
7. Consider SaaS

Across all survey respondents, for all HR technology applications we track, licensed on premise solutions are the dominant deployment approach today (79%). All organizations operating globally use licensed on premise solutions more frequently at 84%, having some concerns that SaaS solutions will not fit their global requirements and their cross-border data privacy requirements.

However, the deployment approach with the highest forecast growth for globals is SaaS; growing from 18% in 2011 to a forecast 27% in 2012, a 50% growth forecast across all applications. The adoption of a SaaS HRMS is currently 11% among all globals with a forecast growth of 109%. Both the Global and Transnational types indicate even stronger interest.

One of the primary value propositions for SaaS comes from the reduced need for Human Resources (HRIT) and Information Technology (IT) staff needed to manage HR technology deployment, development, and maintenance.

While we do not have sufficient data to report from the large organizations with a SaaS HRMS, among the few large organizations that are using a SaaS HRMS, we see early indications that their HRIT/IT staff is about a third the size of those with a licensed on premise HRMS.

**Best Practice Recommendations:** If your organization is due for an upgrade or may be considering a new HRMS, consider a SaaS HRMS solution for the following advantages:

- Fewer HRIT and IT staff are needed to manage HR technology deployment, development and maintenance
- Rapid implementation times, near elimination of upgrades, and significantly lower ongoing support costs lead to a lower total cost of ownership.
- More frequent upgrades ensure your organization will always be on the leading edge of best practice processes.
- Most SaaS solutions have an improved user interface, making adoption among employees and managers easier. Strong adoption makes it further possible to achieve the value from these solutions.
8. Optimize Talent Management

We ask survey respondents to characterize their talent management efforts by selecting one of four options that most closely represents the status of talent management processes and associated automation at their organization. The focus may be:

- Talent transaction efficiency focus
- Talent process effectiveness focus (not integrated)
- Integrated talent processes and systems
- Fully integrated talent decision support in the hands of business users.

As few have evolved to that highest level, for this section, we’ve combined the last two to show the impact of an integrated talent management effort.

We also track adoption of an integrated talent management solution. Respondents self-report they have such a solution, plus we validate that at least two talent management solutions are from the same solution provider.

Organizations with an Integrated Solution Outperform

The Global Organization Type Leads with its Integrated Talent Management Effort and Results

Integrated Talent Management Characteristics

<table>
<thead>
<tr>
<th></th>
<th>Global</th>
<th>International</th>
<th>Multinational</th>
<th>Transnational</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrated talent management effort</td>
<td>★</td>
<td></td>
<td></td>
<td>★</td>
</tr>
<tr>
<td>Integrated talent management solution in use</td>
<td>★</td>
<td></td>
<td></td>
<td>★</td>
</tr>
<tr>
<td>Financial metrics (publicly traded only)</td>
<td>★</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue per Employee</td>
<td>★</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Overall, 28% of organizations operating globally report their talent management efforts are either integrated, in terms of processes and systems, or fully integrated where the rich talent decision support capability from the process and system integration is placed into the hands of business users. Globals and Transnationals reflect higher adoption of such integration (35% and 33% respectively).

72% of organizations operating globally have an integrated talent management solution in place compared to 66% for all survey respondents. The Transnational and Global organization types report the highest usage (76% and 73% respectively).

While all organizations operating globally with an integrated talent management solution outperform those without by 17% higher revenue per employee, the Global type has the highest revenue per employee ($451,621 compared to $350,872—28% higher). Transnationals also outperform the average ($427,462 compared to $350,872—22% higher).

Organizations with talent management processes and applications integrated with each other, to a core HRMS, and to a data warehouse, outperform!

Best Practice Recommendation: Optimize the performance of your talent by implementing an integrated talent management solution. Move the focus of your talent management efforts towards more true process and solution integration. An “off the shelf” integrated talent management solution can be either from a best of breed provider or can be a talent management solution on the same platform as the underlying ERP/system of record. Integration of processes and data is what matters!
9. Adopt Business Intelligence

The CedarCrestone HR Systems Survey tracks nine business intelligence (BI) foundation tools such as an HR warehouse, reporting and visualization tools, and middleware applications. We also track workforce optimization applications that enable organizations to strategically plan and optimize their workforce. Finally, we review the primary delivery approach for reporting and metrics on a continuum from HRIT/IT and analysts running and distributing metrics to having a full-fledged BI solution with multi-sourced data used to create dashboards/reports, all put into the hands of managers.

When we focus on organizations operating globally, we find slightly higher adoption levels than with organizations operating in a single country. We also find a three-year forecast growth trajectory of 117% vs. less than 100% overall! Certainly, these global organizations need these technologies to handle their complex, multiple region reporting needs and to optimize a global workforce by having metrics for decision making by managers that cover all workers in all countries.

As with most of the HR technologies we track, organizations with any set of technologies outperform those without. This holds true for BI/analytics as well.

Use Business Intelligence/Workforce Analytics for Competitive Advantage
Both the Transnational and Global Organization Types Lead with Adoption of BI/Analytics

### BI/Analytics Adoption Characteristics

<table>
<thead>
<tr>
<th></th>
<th>Global</th>
<th>International</th>
<th>Multinational</th>
<th>Transnational</th>
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</thead>
<tbody>
<tr>
<td>Business intelligence foundation tools</td>
<td>★★</td>
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<tr>
<td>Workforce optimization applications</td>
<td>★★</td>
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<tr>
<td>BI solution with multi-sourced data</td>
<td>★★</td>
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<td>★☆</td>
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<td>Revenue per employee</td>
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As with other HR technology adoption, both the Transnationals and Globals lead. The Transnationals lead with their adoption of Business Intelligence (BI) foundation tools (53% overall vs. 40% for the other three organization types). Globals, however, most frequently have one key foundational tool—middleware (39% vs. 25% for the other three types). Middleware technologies enable them to aggregate data from multiple sources. Global types are also slightly ahead of others types with their adoption of workforce optimization applications—workforce analytics, predictive analytics, and workforce planning (17% vs. 13%).

One of the key findings from our overall survey results is that those with best practice BI/analytics delivery approach outperform on revenue per employee—a key business outcome. Two characteristics of this best practice are that multi-sourced data is used to create dashboards and reports and that data is put into the hands of managers for decision making support. Globals slightly lead in adopting this best practice (7% vs. 6% for the other organization types).

However, it is a few Transnational organizations (n=5) that outperform financially with their approach to business intelligence and workforce analytics by 44% (revenue per employee of $607,901 vs. $422,456). Key to their success is that they have enabled their managers with direct, hands-on access to decision-making tools.

**Best Practice Recommendation:** Move to adopt middleware to aggregate data from multiple sources. Move to adopt dashboards of workforce metrics. Most importantly, move to put these tools and data directly into the hands of managers to support decision making.
10. Focus on Change Management

Moving to a single system of record for the entire global workforce, standardizing performance management processes and associated automation, or implementing a reporting and metrics approach globally is difficult. With any technology, organizations cannot just “launch and forget.” You can’t just “go live” by configuring the technology. You must also drive the highest level of user adoption to achieve the highest level of business value.

People resist change and this resistance is further exacerbated by cultural biases in global organizations. Yet these organizations are succeeding in “going global.”

Our Transnational case story highlights one such organization. Its critical success factor is change management. According to this organization, half of its budget is spent on change management!

While that amount may seem extreme, implementation budgets need to include adequate budget and time for change management activities. Organizations can dictate a solution is used, but driving business value requires an ongoing campaign of change management to ensure adoption and achieve value.

Change Management Practices of Organizations Adopting Global Solutions

Some of the hallmarks of organizations “going global” are that they recognize the need to:

- **Define a vision** of what “going global” means and articulate the value.
  
  Our executive sponsors provide clear communication on direction and the business reasons for the global project.
  
  It’s all about letting people know What’s In It For Me.

- **Gain consensus globally** on the vision, the HR technologies to be implemented, and on the implementation approach. Organizations must involve representatives from all regions or countries. Respondents recognize there will always be resistance and mature organizations realize they must prioritize change management and dedicate appropriate resources and budget.
  
  Our CEO is involved and speaks about the global effort in “all hands” meetings.
  
  Instead of a top-down approach, change is supported “regions-up.” (This comment from a Transnational organization.)
  
  We use local HR business partners and train them to be agents of change.
  
  We make sure to assign back-up support for people seconded to the effort.

- **Establish global governance structures and form a project management office**
  
  Strong project management skills are needed and a strong team with empathy for different cultures is used to drive change. Regional people are given a level of project management training. We have a structured planning process we adhere to.

- **Use global representatives for training, testing, and user experience work.** Change management is so much more than communications and training. Consider also having your local country people involved in fine tuning the user experience.
  
  China is the first country we will move to our Global HR Platform and China is leading the change management efforts.

- **Communicate, Communicate, Communicate**
  
  We communicate about the project before it is started and on an ongoing basis. Our projects begin with a change management perspective and planning.
  
  We communicate with employee newsletters, posters, training webinars, games, quizzes. We use the technology such as social media and learning management to spread the word.
ABOUT CEDARCRESTONE

CedarCrestone delivers industry-focused client success by providing management consulting, technical, and managed services for the deployment, management, and optimization of business applications and technology.

Corporate Office
1255 Alderman Drive
Alpharetta, Georgia 30005

www.CedarCrestone.com