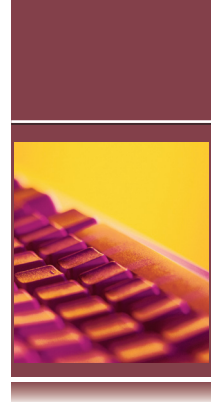

From the Editor

By Karen V. Beaman



Although he died at the beginning of the Industrial Revolution, Oscar Wilde could have been thinking of corporate bean counters when he said, “What is a cynic? A man who knows the price of everything and the value of nothing.” Throughout the 20th century, the traditional business focus was on tangible assets and the hard costs of doing business. Successful businesses knew exactly what their capital costs were and could calculate fairly accurately what an investment in equipment, real estate or other tangible assets would return, and what competitive advantage such investments would produce. When technology burst on the business scene in the early 1980s, it was viewed in much the same manner—what is the return on investment and will it give us a competitive edge?

What corporate bean counters have long under-valued are people — not because they didn’t think people were important to the success of the organization, but because they didn’t know how to value them. People were viewed as a necessary cost of doing business, not as a competitive advantage, and certainly not as an asset. But the traditional competitive advantages (access to capital and technology) have gone away, and the successful companies in the future will be those who understand the true value of their people and how to consistently and accurately measure it.

The theme of this issue is Valuing HR Technology and the articles are focused on how people, coupled with the right technology, can positively impact the bottom line. Segolene Finet writes “Valuing e-HR—Remembering the People,” our first feature. She reports on the proceedings from the IHRIM Europe 2003 Conference and summarizes the extent to which e-HR systems are powering innovative human capital management (HCM) practices. She writes that there is still plenty of scope for enhanc-

ing e-HR solutions to meet the needs of today’s businesses, particularly in the area of alignment.

Our next feature is written by Haig R. Nalbantian, Richard A. Guzzo, Dave Kiefer and Jay Doherty and is titled, “Play to Your Strengths: The Last Asset.” The article is adapted from the first chapter of their book, *Play to Your Strengths: Managing Your Internal Labor Markets for Lasting Competitive Advantage*. The authors believe we are on the edge of a revolution in the way human capital is seen and managed. There are now scientific measures to predict the impact of human capital on future results with reasonable confidence. Business models and human capital strategies must match — and if they don’t, failure is all but guaranteed.

Drawn from his 35 years of work in the HR area, Al Walker writes about the problems and issues encountered in installing and maintaining HR systems in his article, “Seven Deadly Sins.” The author is quick to point out that the “sins” we commit in our HR work are not on a par with “the” seven deadly sins, but they can contribute to the failure to achieve the results we want or expect in our technology projects.

In his article, “HR Technology: Aligning and Establishing Value,” Marc Miller presents the results of a 2003 survey of large global organizations conducted by The Conference Board. The survey shows that companies have had some small degree of success in specific components of utilizing HR technology to generate strategic information in support of their overall HR strategies and in support of the overall corporate goals and missions, but the specifics of value creation has not yet taken hold as a key role of HR.

Pricewaterhouse Coopers and ADP recently conducted a study to measure the total cost of ownership (TCO) associated with in-house payroll and HRIS. Greg Secord, in his article, “The Empirical Case Against In-House HR Software:

Uncovering the Hidden Costs in Your HRIS” provides the results of the survey and tells us that the study suggests that executives need to re-evaluate their methods of calculating TCO, re-evaluate the useful life of their systems and evaluate the alternatives.

As always, our departments provide a diversity of content from Bob Stambaugh’s view of how shortsighted companies are when they calculate ROI, to John Sullivan’s comments on how cost-cutting can lead to serious “collateral damage.” William Ravestein, Stephen Troutman and Gerald Falkowski provide us with the program management office concept, which provides a framework for managing teams operating in large, complex projects.

Internationally, we get an in-depth look at the Personal Information Protection and Electronics Documents Act from Canadians Brian Kimball and Ian Turnbull, plus “The Facts, Complexities and the Future of HR Outsourcing in Europe” from Andrew Kris and Luca Segantini.

We hope you enjoy this month’s collection of articles and we look forward to hearing your suggestions and comments.

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