



## The Business Challenge: Globalizing Your HR System and Services

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This article discusses the value, approach, and challenges of globalizing HR Information Systems (HRIS), in order to support a global business strategy and proactively address the needs of an organization operating beyond a single country's borders.

A few key questions before we discuss essential steps in the "Globalization of Human Resources."

1. Does your company do business in more than one country?
2. If operating in more than one country, does HR currently manage its processes locally?
3. Is there a business need and business case to identify and harmonize global processes and reporting?

If your responses to these questions are "Yes," read on!

### Business Perspective

#### Document and Align

From strategic and tactical perspectives, let's assume that Human Resources and HRIS are service organizations, delivering key value to your company.

In most cases, Human Resources is a process-driven organization. Human Resources Information Systems enables and supports most HR processes. Although initially viewed as a technical component of HR, experienced HRIS representatives and teams will also offer guidance for process design, project management, solution design and internal consulting.

#### HRIS-as-a-Service

We can borrow an approach from the IT Infrastructure Library® (ITIL®), the premise of which is to view information systems from the viewpoint of the client, in this case, Human Resources. The ultimate goal is to implement and maintain service management for Human Resources as both an organizational capability and a strategic asset.<sup>1</sup> When viewing HRIS-as-a-Service, it's essential to view processes and systems from the user and stakeholder perspective associated with the business functions, thereby creating value for the HR client.

By documenting HR services and processes in a logical approach, stakeholders can understand what HRIS does and, just as importantly, what it does not do. This methodology creates the boundaries that all parties can understand, appreciate and live within for day-to-day operations, for project planning, for budgeting and for ownership. The value of this approach is to provide clarity and alignment for the providers and consumers of each service.

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- *Benefits*
  - *Compensation planning*
  - *Learning management*
  - *Organization management*
  - *Payroll*
  - *Performance management*
  - *Personnel administration*
  - *Talent acquisition*
  - *Talent management*
  - *Time and attendance*
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Using a service-based approach to Human Resource processes, let's organize HRIS functions into 10 service categories (listed above).

We can define these "services," with sub-services as required. For example, in addition to general Compensation Planning, at a global level, compensation may include process and system support for bonus calculations, stock options, executive compensation and long-term incentive compensation. Alternatively, although the Human Resources and the Sales organization may agree that the Sales organization "owns" the calculation

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of scheduled sales incentive payments, sales incentive calculations are not included in the service description and can be documented under the “what is not included” category and, thus, aligns all stakeholders’ understanding of the compensation planning service.

As a more localized service, time and attendance may be identified as a primary service, but may have three “sub-services,” such as time for payroll, absence management and labor activity tracking. Business groups, locally or globally, may need one or all of these sub-services. In a matrix approach to utilizing this service, a sales organization in Japan may require only absence management tracking, while a global research and development group may be interested only in tracking their activities against research projects. However, a U.S. manufacturing unit may require all three functions to meet legal and policy requirements.

As part of this service methodology, we identify service leads who serve as a “product managers” for the service, ensuring quality, managing service life cycle, and offering preferred options to interested clients. This approach also enables current state process design, and addresses the hardware and software needs, including service and application life-cycle management and direct and indirect costing models.

### **Current State Policies and Processes**

Each HR function should have documented current state processes. This allows divergent stakeholders to review, discuss and ensure alignment across different functional areas, providing a baseline for future-state planning. For example, HR representing Sales and Marketing may have a very different interpretation of a paid time off policy administration from HR representing Manufacturing. Hiring practices may also vary greatly across operating units, sites or countries. Aligning the hiring process in an end-to-end, supplier-to-consumer approach – such as candidate application through onboarding the new hire – is the first step prior to identifying the process requirements and the supporting “tool set” or system(s).

Documenting the policy with current-state processes ensures this alignment. Current-state process design can be documented in a simple Word document, or be developed in a flow-charting model. This documentation can be as informal as “brown paper” taped around a conference room, or workflows using Visio swim lanes or more sophisticated architectural software. The goal should be to ensure that all stakeholders understand and reach agreement on the processes. Documenting this current state offers the additional benefit of closing the gaps between the differences, and identifying opportunities to build standards whenever possible. It’s recommended that process design be completed as “system-agnostic” as much as possible. Consider any system or application a supporting tool set, to be addressed following the process design.

The service life cycle includes three major stages – service design and introduction (Growth), active and operational (Mature) and decommissioning or retired stages (Decline). Since the service life cycle is dynamic, each stage of the life cycle supports the other stages. Understanding where a service, including processes and applications, reside within the service life cycles provides insight into the application or systems maturity and stabilization, critical to planning future-state requirements needs.

As the service lead can also be viewed as a product manager, this approach supports “marketing” of a preferred system. For example, an operational unit in Spain employs 2,000 employees across Manufacturing, Sales, General Administration and enabling functions, and has a legal and business need to implement a new payroll solution. Human Resources Information Systems has documented all active payroll solutions globally, with application life cycles and related costs. The stakeholder can view these solutions as options, yet the service lead promotes a single or set of “preferred” option(s). This approach gives the service lead the ability to drive the future-state landscape; to encourage the stakeholder community to continually build business process improvements, while simultaneously limiting solutions to a finite number of applications.

Let’s also remember that an application is a “tool set” which can support and enable organizational policy and process changes. As Software-as-a-Service (SaaS) or cloud systems have entered the market in recent years, there is an evolving trend to create “hybrid” solutions. Companies are often testing the cloud concept in a few services, such as talent acquisition, while retaining licensed on-premise applications for legacy, often fully depreciated applications.

Additionally, a service can be identified with potential to be global, regional, local or perhaps “glocal,” with global capabilities, yet a local focus. This service approach to HR processes escalates in value for a company striving to create global standards to manage and measure HR data and processes as consistently as possible.

### **Why Globalize?**

Historically, ERP solutions tended to focus on a company’s primary ownership country, and made some accommodation to expand limited functionality for a finite set of additional countries’ legal requirements. For many companies, allowing HR to run on silo’ed local systems, and feeding head-count data monthly to a limited data warehouse was sufficient. In today’s global marketplace, however, where competition continues to escalate, especially in the emerging markets, such as Brazil, Russia, India and China (BRIC), HR must take the best possible global view in order to support the organization and align policies, processes and talent. This alignment not only supports common values and

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corporate mission, but simplifies architectural landscapes and often consolidates vendors, thus reducing direct and indirect costs.

## Strategic Choices

Following the identification, definition and documentation of HR Services, HR and HRIS should evaluate each service for feasibility from a global perspective. Using this approach to HR processes and applications, focus on those services that would provide the most benefit if globalized, in order to prioritize time, talent, and scope in a project approach. Governance and sponsorship between the business of HR and HRIS is critical to success. The service approach to globalization requires sponsorship and significant change management strategy, driven by a senior HR leader.

Consider the company's mission and HR strategic direction. If acquiring, developing and retaining talent is a priority, consider initial focus on talent acquisition, with performance and leadership training. If priorities include managing total compensation, consider focusing on global compensation planning. For all needs, however, it's recommended to begin with a common and global organization management (OM) hierarchy, which will meet most needs of the corporation, including cross-borders matrix management, and support reporting and transactions. This design may truly require the most time for renegotiation and agreement but will generate the most long-term value, as changing OM also has tremendous long-range impacts to all modules, operations and reporting.

Some considerations when evaluating potential global services and processes include the following:

### 1. Globalizing

- Organization management provides a shared global foundation for all other HR modules and services, while enabling future global dashboard and analytical reporting.
- Personnel administration creates common transaction values while aligning HR processes and employee professional "events," such as hiring, terminating, change in position, promotions and so on.
- Performance management ensures consistent performance and development values, regardless of function or location, and supports common review timelines.
- Compensation management drives total rewards globally, as well as global compensation programs, such as executive compensation, international relocation and long-term incentive compensation.
- Talent management enables using competencies by role or function, not by country, to determine career paths and succession planning.

- Talent acquisition leverages a common front-end approach to brand the organization and create cross-border recruiting programs.
- Learning management supports standard curriculums and course content where feasible, and at a minimum, creates boundaries for learning strategy, with potential to tie learning programs back to performance and development opportunities.
- Time and attendance, often considered a more local service, can align feeds to and from HR and payroll systems, while leveraging continuing compliant approaches to labor management, with workforce planning opportunities.
- Payroll, another global challenge due to local laws, offers the potential to simplify vertical country costs, while common payroll schedules can support true global total compensation analysis.
- Benefits, truly the most distinct service by legal entity or country, offer the greatest potential when smart sourcing benefits administration to a common vendor, with simplified integration landscapes.

Identify the global core HR Services, then circle back to address local requirements as exceptions. Expect to deal with your legal representatives locally and globally, especially as this is your first effort to manage HR data globally. With your user community, document and be firm regarding "global standards" and consider all other requirements as change requests, to be evaluated and confirmed with the business owner(s). Consider categorizing these exceptions to the global standards in the following prioritization:

1. Legal and compliance,
2. Business needs and policies, and
3. "Nice to Have" (otherwise known as the "we've always done it that way" syndrome).

With the advancement of cloud-based HR systems, the globalization of HR becomes theoretically simpler from the user access and system management perspective. A system is managed by, or in partnership with, a vendor, outside the traditional, on-premise application model. Repeatable process, upgrades, and integration evolve into vendor standards and internal technical resources can manage the vendor or re-focus on more strategic initiatives.

Globalization of HRIS implies simplifying integration points between fewer systems. Let's remember, though, that globalization is an evolving process and a best-of-breed approach often means that multiple systems may support common global processes. A company may establish a single global HRIS for OM and personnel administration, along with performance management, compensation planning and talent management. However,

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the company may identify a different vendor to support cloud-based talent acquisition or learning management. The longer-term value of globalizing payroll, time and attendance, or benefits may mean local applications continue to run for these services. This means that a strong data integration model must be considered from the outset of all decision-making, with the primary goal to reduce redundant data. Therefore, identify and map master data at service and field levels. Include data mapping to multiple local HR systems and non-HR systems, such as finance or customer relationship management.

## How Do You Define Success?

### Fast forward to post-implementation.

What does success look like, as defined by the global sponsor and leaders? Tracking backward, each organizational change should map to a targeted business process improvement. These may include the following direct and indirect results:

- Alignment of HR processes;
- Common HR terms globally;
- An understanding of similar and divergent policies by HR process;
- Documentation of local compliance requirements;
- Streamlining landscape architecture, thus reducing the number of applications and interfaces;
- Consistent field values and processes for transactional processes, such as hiring, termination, change in position, which results in:
  - “One version of the Truth,” resulting in consistent global reporting for standard HR data such as head count and turnover;
  - Establishment or acceleration of employee and/or manager self-service for identified processes; and,
  - Managing employee and manager talent performance, competencies and succession consistently, while leveraging the diversity of a global workforce.

As a final caveat, what should we not expect from globalization of HR and HRIS?

Sponsors should not expect:

- To shut down all local systems as part of Globalization (Phase 1) – Remember that globalization is usually an evolving approach, requiring a multi-phased project or program based on HR and business priorities.
- Extensive, quantifiable reductions in costs and head count – Many legacy systems are fully depreciated or built internally so direct costs are often minimal or difficult to measure. Head counts are often shared across functional areas for smaller countries, so the

best savings may be through labor arbitrage.

- To reduce integration points initially – The hybrid approach to best-of-breed or a multi-year project plan to align systems means that more interfaces may be required to support master data management during the interim phases.

So, the next time you find yourself in an elevator with your CEO or your CHRO, what will be your “one minute marketing speech” for proposing globalization of your HR services and, ultimately, your processes and systems? Some suggestions include:

- “What if we could...create one global system of record for Human Resources, across all geographies, legal entities and employee types, even mapping to cost centers and head count budgeting?
- What if we could...combine core HR data with total compensation data and talent data to deliver the best leaders, while managing one of our most important business costs – our employees?
- What if we could...harness our people data so comprehensively that we could not only report on the core data but also deliver trending dashboards and predictive analysis to support business needs?
- What if we could...align our HR taxonomy and processes globally to create power teams and programs regardless of geographic boundaries?”

With a global HR system and harmonized processes around the world, the what-if can become a reality and deliver significant competitive advantage. Taking a business-like approach to that globalization is one of the keys to ensuring a smoother and sustainable path to the goal.

## Endnotes

1 BMC Software White Paper, Best Practice Insights, Focus on ITIL Service Strategy, 2011.

## About the Author



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