
By: Larry Dunivan, Senior Vice President, Global HCM Products, Lawson
Executive Summary

Reductions in force. Hiring freezes. Budget reductions. The economic downturn means that the “war for talent” is on hold, and that the focus of HR initiatives has shifted from recruiting new employees to employee performance and development. To keep the staff you have today and increasing their effectiveness and productivity.

To better manage their talent and remain competitive in this kind of environment, organizations are using new solutions to maximize the impact of their employees. They are looking for better ways to tie their workforces to organizational goals and strategies.

While multiple-vendor, best-of-breed talent management modules can help with a specific HR function, they are hard to integrate with each other and existing HR systems. As a result, they are limited in their ability to add real strategic value and often fail to address the most important talent-related questions HR leaders say they need answered.

So where should the market go? If efficiency and automation have been the name of the game up to this point, how do organizations get to the next level? How can they tap into their workforce to achieve specific business outcomes? The answer — and the future of HCM — lies in the three closely related areas of talent management integration, spaces, and information delivery.

About the Author

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Introduction

We all know that people are an organization’s most valuable asset. So it’s no surprise that many organizations, both large and small, are interested in seeking ways to gather actionable data about their people to support strategic business decisions.

But with such a high level of interest in managing talent more strategically, why do so many organizations fail to effectively capture, manage, and leverage the data associated with their workforce?

For many, the trouble begins with the sheer number of different applications human resources departments typically rely on to track “routine” HR activities such as payroll, benefits, and employee records. These systems have traditionally been optimized for automating manual business processes to improve HR efficiency (but not necessarily HR effectiveness or insightfulness). They have been very successful in doing so, but they are weak as strategic talent analysis tools.

In spite of a challenging economic climate, HR leaders are still adding a variety of stand-alone applications to these traditional core systems — applications focused on automating HR processes associated with managing talent, including recruitment, performance management, goal management, compensation management, employee skill development, and succession planning.

However, as Gartner observes correctly, “automation, in this sense, is not strategic.... The talent management and workforce management applications being implemented today provide the mechanisms to operationalize HCM strategies. They do not, however, help organizations make the right strategic decisions and investments in HCM.”

So where is the market heading? If automation has been the name of the game up to this point, how do organizations move to the next level? How can they tap into their workforce to achieve specific business outcomes?

The answer — and the future of HCM — lies in the three closely related areas of talent management integration, spaces, and information delivery.

Talent Management Integration — The Future of Technology

Let’s take a step back and examine more specifically what HR leaders have been saying they mean when they talk about getting more strategic about managing human capital. Lawson recently surveyed 150 HR departments to get a closer look, and found some of the most important questions HR leaders want their talent management applications to answer include:

- Who are my high-potential employees and how do I keep them?
- Where can I find more leaders both internally and externally?
- Are our talent management strategies aligned with our corporate goals?
- Do we align pay with performance?
- Which employees are getting ready to leave?


• Will our compensation plan motivate our people to stay?
• Do we have succession profiles for key jobs? Do they help us recruit, retain, promote, and reward our best employees?
• Do we have a single data source for all information about our people?

With such intense interest from HR leaders in gaining visibility into their talent, it’s no surprise that the market for stand-alone talent management applications has matured quickly. According to the previously referenced Gartner report, however, when taken as a whole, adoption levels of integrated talent management systems are significantly lower when compared to stand-alone investments.

What does this tell you? Clearly, we know that many organizations recognize the need to implement talent management strategies to address their growing business-related issues and objectives. Yet today, the ability to access core HR data and use it effectively through talent management applications varies widely across all organizations, no matter the size.

This accumulation of separate software applications used to manage talent is well-meaning but creates barriers for integrating data, analyzing it, and bringing conclusions to strategic decision making. It’s ultimately self-defeating.

Relying on fragmented legacy systems and “stop-and-go” interfaces will simply not be an option for organizations who wish to remain competitive in the face of these massive workforce changes.

The fact is that there are few ways to easily allow data to flow from one “best-of-breed” application to another; short of a massive (read: expensive) IT effort to integrate the data. Many of these point solutions have unusual and proprietary data structures and architectures that confound even the most clever integration efforts.

Even worse, the resulting overlapping platforms erode data integrity. As organizations battle to integrate data from multiple applications, the complexity overwhelms people and soon budgets are overspent. Companies end up spending more time trying to integrate data than using it strategically.

In the past, the urgency to have this kind of data readily available was not as important, as significant talent shortages in the labor market were rare. With so many more well-educated employees entering the workforce to replace smaller numbers retiring, HR could afford to focus only on optimizing HR processes.

How times have changed:
• Research shows that many thousands of employees leave the U.S. workforce every week
• The news about the growing unemployment rate is a concern to all of us
• The Corporate Leadership Council believes we can expect to see 33 percent annual turnover at executive levels within the next five years, with more than 76 million Americans retiring in the next ten
• And the American Society for Training and Development indicates that only 46 million will enter the workforce to replace them
In the current economic climate, it’s all about making rapid, well-informed decisions about your workforce. Aligning people with business objectives. Identifying, developing, and retaining the best and brightest. Relying on fragmented legacy systems and “stop-and-go” interfaces will simply not be an option for organizations who wish to remain competitive in the face of these massive workforce changes.

It’s more important than ever that HR leaders have automated access to core employee and candidate data. Even more important, they must be able to leverage that information in talent management applications that ensure that the right people are being hired, developed, and retained to execute the organization’s distinctive strategies.

**Organizations with integrated talent management systems — systems that help them make the smartest decisions about their people — position themselves for greater organizational success.**

Using modern technologies to align talent management practices with business objectives creates a “bridge” between process and strategy that is critical to an organization’s competitiveness and profitability. An integrated talent management approach gives an organization the ability to tie together employee system-of-record data with higher level talent management and workforce management applications. An integrated system helps organizations to move beyond automation, using analytics to leverage data more effectively and make informed decisions in support of business objectives.

This approach also allows organizations to update employee data automatically across the entire system, reducing the number of audits and controls necessary to ensure data integrity. And that translates into more time for HR professionals to act like true knowledge workers and keeping the busy work to a minimum.

In addition, successful talent management systems include competency models that help measure the skills, knowledge, attributes, and behaviors that define employee success in particular roles, and link these measurements directly to an organization’s values. This is important, as it gives HR leaders the ability to build success profiles for each position within the organization, allowing them to quantitatively measure what “good” looks like.

With an integrated system, HR leaders also can use core competency data across all dimensions of talent management, allowing them to:

- Recruit for desirable behaviors because they know which consistent attributes produce high performers
- Measure performance based on characteristics that are tied to competencies correlated to desired organizational outcomes
- Encourage those behaviors by rewarding people who demonstrate them
- Look for people to move to new jobs who demonstrate attributes that describe great performance in the target positions
- Train employees who have a gap in critical knowledge, skills, or abilities that define success in a position
The bottom line is that if people really are the most significant competitive differentiators in many organizations, then it follows that organizations with integrated talent management systems — systems that help them make the smartest decisions about their people — position themselves for greater organizational success.

Defining Spaces – The Future of Process

Of course, assuming integrated talent management system is the way to go, let’s rethink how people interact with it. Here’s where the much-hyped concept of Web 2.0 can be put to practical use in the enterprise.

But first, what is Web 2.0? It’s looking beyond the Internet as a simple platform where software exists, and building applications and services that leverage the unique features of the Internet to bring people and information together, like social networks and wikis. It’s unlocking information that used to reside in silos of functional rigidity, and allowing users to interact and gather information when and where they want it.

More than most areas of the enterprise, HCM needs interoperability and interactivity of web content to create a truly effective talent management platform.

For software vendors, this creates an opportunity to engage employees where they are interacting that ultimately drives more strategic use of information for business decisions. And where they are, in general, is connected online, both within and beyond the formal confines of an organization’s official IT environment. More than most areas of the enterprise, HCM needs interoperability and interactivity of web content to create a truly effective talent management platform.

Instead of sitting in board rooms or chatting at the water cooler, many employees today are using instant messaging, blogs, wikis, or all different flavors of social networking platforms to interact with their colleagues and glean information and knowledge.

In this same way, integrated talent management systems can leverage Web 2.0 tools to create a defined but flexible and personal “space” for each employee. A place where employees can interact with information creatively, giving them nearly ubiquitous entry points into the system that are tailored and customized to their own preferences and ways of working.

Let’s contrast this information-empowered, Web 2.0 work space with what software vendors traditionally provide. The premise behind the now standard self-service applications is that “there’s a place employees need to go to do something.” Need to request vacation time? Go to the company intranet. Need to complete a performance review? Visit the HR portal to download the proper forms.

Some organizations aren’t even this sophisticated. Simply walking down the hall to the HR manager’s office to submit a job requisition for a vacant position is very commonplace. Likewise, polling business group leaders via email to ask if anyone has the skill sets and competencies to lead a new project is an often-used, generally ineffective way to answer a pressing business question.
Now there is still a place for company portals. But what people need is more than just a portal grouped by function and processes because portals take people out of their normal workflow. They need an integration platform that allows them to take action without going somewhere else, in the space where they want to do their work. They also need easy access to contextual data to efficiently complete their tasks.

Role-based applications are a start, and the idea of spaces is certainly linked to an employee’s specific role, but it goes much further than that. If I’m a business-level manager overseeing a group of five people, I have dual (and intertwined) responsibilities – driving business results and managing my team. I might do most of my work via Microsoft Office. If I need to conduct a performance appraisal, or look across the organization for talent, or understand who on my team has completed the latest set of training courses, is it convenient for me to leave my Microsoft® applications and log into a different system to find this information? Of course not.

But what if this information was easily accessible to me through Microsoft Outlook? I could drill into my Contacts list, and instantly see a graphical depiction of my employees’ workload capacity, skills and competencies, and completed training certifications. Notifications could be delivered to my Tasks list informing me two of my employees have reviews coming up in the next month, and that based on historical appraisal information, one may be ready to be promoted. I could also search across the organization by competencies to find the right individual for a new project. And the best part is, I didn’t need to think about where the information is coming from. The integrated talent management system automatically ties into my “space” and allows me to do my job more effectively.

Some organizations already are creating unique and creative touch-points between their talent management systems and employees’ social networks to recruit new hires.

Let’s compare that scenario with the possible “space” needs of an HR generalist. HR professionals may want to work in context for some tasks, but some of their duties also include more sophisticated analysis across a broader employee population to find talent based on different competencies and skills. They also may need to tap into the company’s database of job candidates to fill a vacant position. In this case, an interface directly into the talent management system may be more suitable, because this is their primary role. This happens to be their space.

We can even extend the concept of spaces beyond employees or the HR staff. Some organizations already are creating unique and creative touch-points between their talent management systems and employees’ social networks to recruit new hires.

Imagine someone visiting an employee’s Facebook profile, and seeing a recruitment widget posted on their page advertising several open positions at your firm. With one click of a mouse, the friend is seamlessly taken into your company’s recruitment site, where they apply for the position. And, since the talent management system tracked the click from the employee’s Facebook profile, that employee might be eligible for a referral bonus if their friend is eventually hired.
As the security of social networking platforms improve, vendors are exploring more advanced functionality as well, such as giving employees the ability to update work profiles and competencies from their social networking profile page. Further down the road we will need to increase the mobility of these applications as an increasing amount of work is done using Blackberry and devices other than traditional PCs.

**Choice - The Future of Delivery**

A lot of attention has been paid recently to enterprise software delivery models as some organizations, especially small- to mid-size companies, explore alternative models of software deployment and payment, such as Software-as-a-Service (SaaS). Done right, these approaches may deliver simplified installations and upgrades, less administration, and reduced upfront costs.

In fact, according to a recent report from Forrester Research, the HCM market is seeing the highest adoption level of SaaS overall, even outshining CRM applications. HR applications — especially talent management — are the leading category in the adoption of SaaS, growing 14 percent annually. In fact, these on-demand applications are in use by 54 percent of North American enterprises, based on Forrester survey data. ²

Considered in isolation, SaaS looks like a no-brainer, but it’s not. True SaaS models limit or do not permit customization. That’s one reason why the traditional on-premise model dominates for core HRMS systems. On the other hand, SaaS can make it easier for organizations to keep up with the latest technologies to keep HCM processes agile.

**At the end of the day, customers buying talent management solutions want choice.**

Plain and simple, while the future looks favorable in HCM for SaaS, this isn’t the whole picture. And it’s certainly not what may be right for every organization. The benefit of the SaaS delivery model is real, and customers will continue to opt for it in large numbers. It’s paying the license forever that doesn’t resonate. At the end of the day, customers buying talent management solutions want choice.

If outside companies deliver great value managing the environment and application, why would they want to do it themselves? But when the software takes hold in the company and offers mission-critical benefits, the value of having an ownership stake in that product will be beneficial. From a cost perspective, because they can pay for just the portions that provide ongoing value, organizations will reap a more attractive long-term return on their investment.

Whether it’s pure SaaS, on-premise, managed services, or a hosted solution, there are more choices for organizations, and more options to weigh. This will likely only increase as time goes on, and organizations find benefits in deciding how they want to license their software, where they deploy it, and which talent management applications they choose.

Case in Point: Lawson Best-of-Suite Integrated Talent Management

As part of its overall Strategic Human Capital Management system, Lawson Talent Management offers advanced tools to help organizations meet their increasingly challenging workforce needs. The suite’s global capabilities allow organizations to configure and tailor their core HR processes, even when those processes vary from country to country or industry to industry.

The (Lawson Talent Management) solution delivers actionable content to the spaces where users work, leveraging user preferences and their knowledge of the tools they use every day whether they are

- Managers working with mail and scheduling tools like Microsoft Outlook
- HR professionals using Lawson Human Resource Management and Lawson Talent Management modules
- Employees using online collaboration tools like Facebook

What’s more, Lawson Talent Management is offered in pure SaaS; on premise, managed services; or a hosted solution, giving organizations more choices for implementation.

Lawson Talent Management includes six robust applications, which are strong on their own but derive their full benefit from horizontal integration with other HR applications, as well as vertical integration with a seventh application — the core HR system of record — Lawson Global Human Resources.

Global Human Resources

Lawson Global Human Resources, the centerpiece of Lawson Talent Management, acts as an organization’s HR system of record, collecting, maintaining, and tracking information about people and the ways in which they develop, maintain, and terminate relationships within an organization. Whether the people are employees, contractors, or volunteers, this application provides critical answers associated with relationships and work assignments.

The application helps simplify key human resources processes and can support highly complex, multi-national, and matrixed organizations. It includes three elements critical to establishing and managing an integrated talent management system:

- **Competency Architecture** helps organizations build success profiles for jobs and job families, those attributes, knowledge, skills, and abilities that employees demonstrate in completing their day-to-day work. HR executives leverage competency data across the value chain of a relationship with an employee – from hiring decisions and goal setting, to measuring performance and developing and improving skills, even identifying future positions for which an employee would be a viable candidate.

- **Organizational Structure** helps HR executives manage and maintain the organizational structure without the need to tie lots of data to individual employees. Make a change in the structure, and the system makes the change for all affected employees.
• **Supervisor Structure** simplifies the manager-to-employee collaboration that is foundational to the talent management process. Employees may have “many-to-many” reporting relationships that are dynamic, fluid, and constantly changing. This module tracks who reports to whom and how they collaborate across a broad range of organizational activities. Lawson Talent Management, empowered by self-service between the manager and the employee, makes it possible for multiple managers and employees to work together on such key talent management activities as performance evaluations, succession planning, and goal management.

**Talent Acquisition**

Lawson Talent Acquisition drives integrated recruiting and onboarding to help organizations track, maintain, and manage candidates. It is tightly integrated with the Competency Architecture, automatically screening candidates based on position profiles. From first contact to first performance appraisal, this application responds to key talent management questions related to finding, recruiting, and retaining high potential employees.

**Goal Management**

Lawson Goal Management helps employees and managers collaborate to identify, manage, and maintain goals, whether they deal with performance, incentive compensation, professional development, or the organization as a whole. Goals can be cascaded from top-level organizational strategies throughout the employee base, then personalized for each employee or role. C-level executives can see, at a glance, how many employees have goals that help meet core organizational objectives. This module responds to talent management questions like “Are our talent management strategies aligned with our corporate goals?”

**Performance Management**

Lawson Performance Management uses information in Lawson Competency Architecture and incorporates goal information and user-defined content about what good performance looks like to help organizations identify and reward high-achieving employees.

**Compensation Management**

Lawson Compensation Management includes salary planning, awarding, and incentive compensation. It maintains pay levels that current, prospective, and contingent employees might expect while simultaneously managing payroll costs. The module helps manage an employee’s total compensation, including pay-for-performance, salary planning and administration, as well as reporting and analytics. It makes it possible for HR leaders to provide data that can leverage compensation programs that motivate employees to stay.

**Succession Management**

Lawson Succession Management provides organizations the ability to establish, drive, and manage succession programs, answering the key talent management question: “Do we have succession plans for all of our key jobs?”
The plan leverages the success profile for the job, allowing organizations to measure the extent to which an individual has the potential, readiness, or fit for a target position. It helps evaluate current and prospective employees, and includes “always on” listings for target positions, a list of high-potential candidates, and gap analyses of talent profiles and future position requirements.

Learning and Development

Lawson Learning and Development helps HR leaders design development plans — based on employee, management, and strategic planning inputs — and link such activities to employee competencies and skills and to the organization’s strategic goals.

Conclusion

HR leaders have a bright future, filled with challenges and opportunities. And it’s being driven by organizations that recognize their people are the key to their success. Making the commitment to a successful talent management strategy can be daunting, but the benefits and competitive advantages are too great for most organizations to ignore. Tomorrow’s successful companies will:

- Prioritize talent management initiatives
- Commit to integration as the key to a successful HR program that includes talent management
- Recognize that while best-of-breed solutions can solve a problem, a fully integrated talent management solution is not necessarily one of their strongest features
- Understand that employees will increasingly require organizations to cater to their unique styles of working and preferences, and such requirements will be better answered with the adoption of talent management systems and strategic use of information for business decisions
- Analyze the software delivery options available to them, recognizing the long-term benefits, and drawbacks, of each model

Strategic human capital management solutions, like Lawson Talent Management, should offer advanced tools to help organizations meet their increasingly challenging workforce needs, including their ability to identify and develop top talent and emerging leaders. All modules are integrated with each other and with Lawson Global Human Resources, the HR system of record. And it offers choice in working spaces and in implementation options, including (but not limited to) SaaS.
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