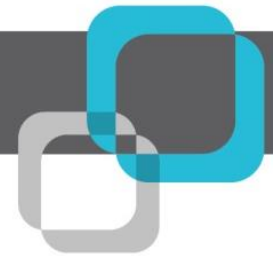


The Blueprint for Improving Service Delivery

Using Workload Analysis to
Improve Service Delivery

Smart. Focused. Done Right.





INTRODUCTION

One of the first questions an organization may ask when preparing to change its delivery model is, “where do we start?” Whether you are considering a shared services model, have implemented a shared services model you wish to improve, or are interested in making other changes to your delivery model and staffing levels, understanding who does what is critical in determining the right solution. ScottMadden recommends starting with a workload activity analysis to gather data to support these changes. The data and resulting insights highlight opportunities, provide evidence to support the changes, and create the foundation for transition plans.

WHY CONDUCT WORKLOAD ANALYSIS?

Workload analysis is an important part of any current state assessment. The workload analysis serves three primary purposes:

- Documents the work being performed
- Identifies who is performing which activities to enable transition planning
- Establishes a baseline from which to compare future changes

The results of a workload analysis study provide a robust picture of all the functions, activities, and processes being performed by an organization and the distribution of work across individuals. In addition, salary data can be incorporated in the analysis to determine the labor cost associated with key functions and processes. Process costs and staffing levels can then be compared to benchmarks to evaluate current performance. In many cases, an organization is surprised by what it finds—certain processes requiring more staff than anticipated or the breadth of employees that spend time performing particular activities.

Another key benefit of the analysis is that you obtain confirmation of employees involved in each process or activity. This often extends beyond defined work groups shown on an organizational chart. If you decide to make changes to these processes, the data you have from the workload analysis will clearly show which employees will be involved, so you can effectively plan for the transition of work.

A third reason for the analysis is the creation of a baseline measurement. This baseline provides data for building a business case to support the changes and also allows you to compare future work activity data to the original organization. This comparison can be used to demonstrate efficiency and cost improvements as a result of the organization’s changes. The analysis will quantify administrative or transactional work that should be reduced in a new delivery model with process improvements, increased automation, and better role alignment.

HOW DO YOU DO IT?

The process for conducting a work activity analysis includes six major steps:



ScottMadden advocates surveying the entire organization to get a true picture of the work. This approach provides better data than a top-down approach, where managers and supervisors estimate how the time of their staff is spent. In the preparation phase, it's important to make sure that staff can recognize terms and activity names. It's also helpful to develop an overall activity map, which can serve as a roadmap for those responding to the survey. Once the survey is deployed, regular monitoring and follow-up can be used to obtain good responses.

Figure 1: Example Survey Interface

Human Resource Activities	Select Yes or No based on work performed		% of Time
1. Benefits	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="text"/>
2. Occupational Health and Leave Administration	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="text"/>
3. Compensation	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="text"/>
4. Diversity	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="text"/>
5. Employee Relations, Labor Relations and EEO	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="text"/>
6. HR/SHR System/End-User Support	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="text"/>
7. Learning and Development	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="text"/>
8. Recruiting and Staffing	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="text"/>
			Total 0

When the data are collected, rules are applied to validate the data, so all employees' time adds up to a full-time equivalent (FTE), and part-time employees' data are adjusted to reflect their work hours. In addition, any data anomalies are identified and addressed by following up with respondents.

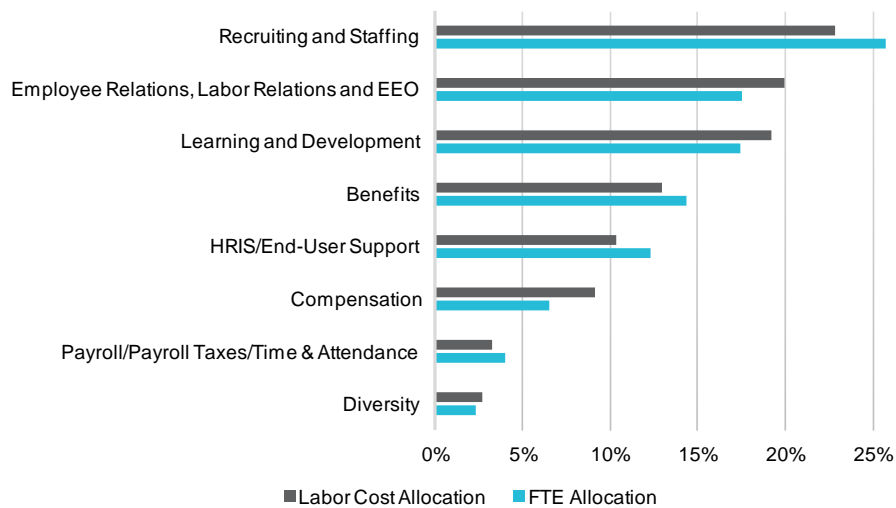
In conducting workload assessments, ScottMadden applies a number of lessons learned from our experience. First, it is important to look broadly. Employees outside of designated jobs may be performing work that relates to the assessment. It is important to survey individuals who may work on a piece of the process, even if it is not their assigned job function or they do not report directly to the organization. Second, we recommend avoiding extrapolation. We have found that significant differences can exist in the distribution of work across organizational units, and extrapolation can distort the true picture of work being performed. Also, opponents to the change are more likely to question the results if broad assumptions are made, rather than collecting the actual data from all staff members. Finally, the activities must be defined in terms that can be recognized by employees, even if they vary from formal process nomenclature. This ensures the survey is user-friendly for your employees. The data can be organized and reported in different terms that are meaningful to leadership, if needed.

SO WHAT?

While the benefits and approach apply to any function, in this whitepaper, we will highlight results from the analysis of HR workload data to illustrate example outcomes. Applying workload analysis to specific HR areas can yield insightful results and show the distribution of work across HR sub-functions. HR FTE and labor cost allocation data together provide a clear picture of the dollars and the staffing levels across the common HR sub-functional areas. ScottMadden's data show that organizations spend the highest amount of labor dollars on recruiting and staffing and developing and training their employees, which are also the sub-functions with the highest allocation of HR FTEs. Likewise, the HR sub-function with the least labor cost and FTEs is diversity.

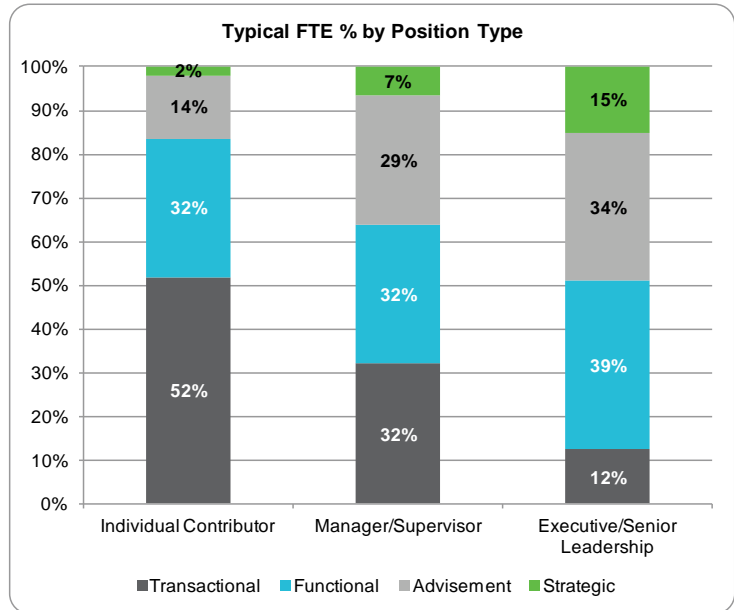
The "optimal" HR workload allocation is unique for each organization. The optimal allocation can be influenced by the size of the organization, the amount of administrative work across HR sub-functions, the alignment with overall organization and business goals, and many other factors. Workload analysis provides visibility into how a current organization is aligned with an optimal state. There are also some interesting differences in HR workload allocations by organization size. We find that smaller organizations allocate the highest percentage of time to three HR sub-functions: recruiting and staffing, employee benefits, and learning and development. Large organizations allocate the highest percentage of time to recruiting and staffing and employee relations.

Figure 2: Typical Distribution of FTEs and Labor Cost across Tier 1 HR Sub-Functions

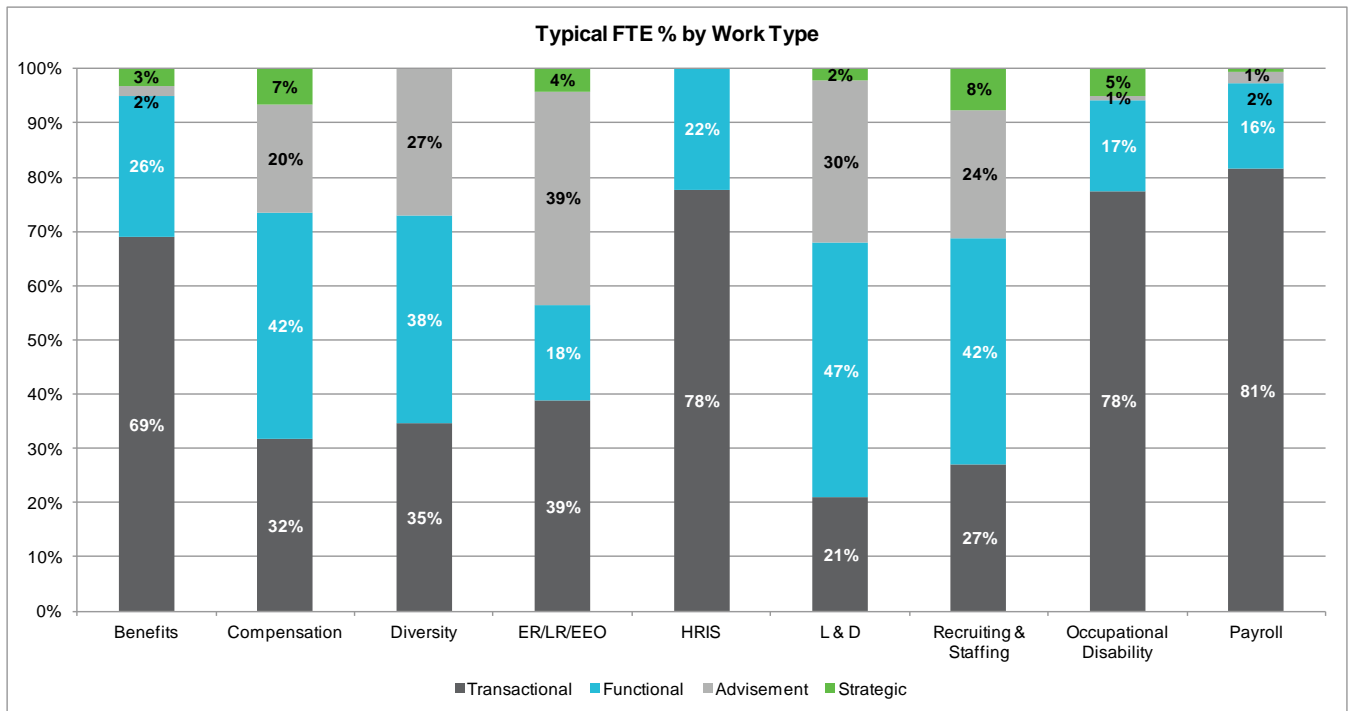


With an organization's workload data systematically analyzed, it's easier to identify employees' involvement in activities and look for patterns that can help companies improve processes or pinpoint areas where labor-related savings can be found. A broad distribution of process involvement across employees can highlight opportunities to reduce handoffs and consolidate work. Likewise, identifying role or work misalignment can produce impressive financial results and higher effectiveness.

Misalignment of position types with the nature of work is a common finding from the analysis. The average distribution of type of work should align with skill sets for the position types. We expect that executive or senior leadership positions have more strategic and advisement FTE percentages allocated, compared with non-leadership positions. As it turns out, typical transactional and functional percentages for managers and supervisors and senior leadership positions indeed represent opportunities. In an HR organization without shared services, senior leaders typically spend 12% of their time on transactional or administrative work, while managers and supervisors spend nearly one-third.



The patterns found using workload analysis can also help to establish a baseline measurement for comparison with future workload data. The amount of administrative work across HR sub-functions, for example, is an important indicator of potential improvement of effectiveness and labor-related cost savings. Recruiting and staffing, employee and labor relations, learning and development, and employee benefits are the top four highest staffed sub-functions, accounting for 75% of the total FTEs. Among these four sub-functions, transactional work is heaviest in benefits, with 61% of labor costs spent on this type of work. Work considered functional in nature is highest in developing and training employees, and advisement work is highest in dealing with employee relations. Finally, strategic work is highest in recruiting and staffing. If we focus on the distribution of administrative activities, we see the top four sub-functional areas that contain the most transactional work are payroll, occupational disability, HR information system (HRIS), and benefits. This distribution is also related to an organization's size. Larger organizations allocate relatively fewer FTEs in strategic and advisement work, while smaller organizations tend to have more FTEs working on transactional services.



Indicators like these are important in evaluating the effects of organizational changes as well as competitiveness of certain business cases. In the workload analysis report, results related to such indicators are presented so management can identify where there is the most opportunity.

CONCLUSION

Workload analysis is an effective way to capture the current level of effort and cost associated with key processes. Other benefits of the approach include identifying all process participants to enable transition planning and establishing a baseline from which future changes can be compared. The analysis often yields surprising results that are important inputs to any change in organization or delivery model.

ABOUT SCOTTMADDEN'S CORPORATE & SHARED SERVICES PRACTICE

ScottMadden has been a pioneer in corporate and shared services since the practice began decades ago. Our Corporate & Shared Services practice has completed more than 1,100 projects since the early 90s, including hundreds of large, multi-year implementations. Our clients span a variety of industries from entertainment to energy to high tech. Examples of our projects include business case development, shared services design, and shared services build support and implementation.

ABOUT THE AUTHORS

Karen Hilton (karenhilton@scottmadden.com), partner, and Min Qin (minqin@scottmadden.com), research analyst for the corporate and shared services practice area, are located in ScottMadden's Raleigh office.