Systems of Engagement:
The Next Frontier in HR Services

By Marc Solow and Erik Alvarado, Deloitte Consulting, LLP

With technology lowering the cost of personalized interaction, companies are doubling down on strategies of engagement. Instead of focusing on profits from individual transactions, they're working to create ongoing relationships with customers. The trust built up in these relationships then can lead to far more revenue and profits over time. No longer are they anonymous buyers – now they feel connected to their favorite sellers. Customers are more likely to buy across the product portfolio, and to recommend it to their friends.

What if companies could apply that same dynamic to how they treat their own people? We already know that engaged employees are more productive and less likely to leave.[1] And now is a good time for Human Resources departments to make the move. Most of them have already made the underlying technology investments necessary for data management and self-service automation. "Systems of engagement" are the next frontier in HR services.

From Silos to Shared Services

To understand this opportunity, it's helpful to note the concerns important to today's employees. In Deloitte's annual global poll of HR and business leaders, two-thirds of these leaders said they were struggling with overwhelmed staff.[2] A similar number agreed that their work environments had become more complex. It's not just the work itself. On top of all their ordinary responsibilities, employees are also taking more charge of their careers, rather than expecting a long-term, stable, orderly development within a company.

As a result, people are naturally looking for simplicity and customization. They want their interactions to be direct, easy, and personalized, without compromising their choices. Having achieved this ideal from the likes of Amazon and Facebook, they've raised their expectations from the workplace.

So far, Human Resources is falling short. At too many companies, HR's understandable concerns with compliance have led to a blizzard of information and forms to wade through. Nowadays, HR has a lot to offer, but it becomes a net disengager when it overwhelms people with hard-to-navigate technology.

We can see a rising impatience in the C-suite with HR in general. Nearly all of the executives Deloitte surveyed (85%) are looking to transform HR to meet new business priorities. Most say that HR needs new skills and operating models. They're looking for the function to deliver a strategic advantage, especially in recruiting and retaining talented employees. And even HR executives are concerned. Only a quarter feel confident that they are adapting well to employee needs.

While HR is transforming itself in multiple ways, a key element is technology that's intuitive and integrated into the overall experience people have with the company. With this technology, HR can meet the heightened expectations of employees.

Of course, HR has already made impressive strides with technology in the past few decades. A big step took place in the 1990s, when the larger U.S. companies began consolidating HR and other support activities into shared service centers. Instead of each operating unit or division handling employee matters, a centralized office handled everything company-wide, at much lower cost. HR services were among the first to be included, along with Finance and Accounting services. Information Technology, Procurement, Real Estate, and Legal eventually followed, depending on the company.

The creation of this new scale often took place in parallel with the deployment of client-server systems that greatly expanded HR's technological capabilities. This effort picked up steam in the 2000s as companies outsourced many HR transactions to large specialists.

Shared services has become a common model in the 2010s, and companies have leveraged these capabilities to expand on several dimensions. With globalization, they've adapted HR activities to national and regional requirements and customs. They've also moved beyond inquiries and transactions to handle a variety of knowledge-based, specialized services, from talent management to employee relations. Along with this expanded scope, HR has continued to work on its administrative efficiency, especially by shifting the more routine employee inquiries and transactions to self-service portals.

Even so, too many corporate leaders see HR as an administrative cost center, not a strategic partner in dealing with the biggest challenge in many industries: attracting and retaining talented people. It's likely not enough for HR to comply with government regulations or fulfill internal service level agreements. While still concerned about cost, executives are looking for strategic help and innovative solutions from HR business partners. Instead they see managers caught up in delivering services. They want HR to go beyond "hygiene" factors and drive competitive impact.

From Transactions to Interactions

HR can make that switch by better internalizing the needs of the business, by gaining technical depth in the key disciplines of talent management, and by taking its transactions with employees to a new level. HR can free itself from getting caught up in administrative details while also serving employees better.

The path forward should involve looking at employees in much the same ways that companies are treating their favored customers. In this employee-centric approach, companies focus not just at whether its offerings conform to policies and regulations, but also at how employees experience HR. Do all these services draw people more closely into the company – or is it a neutral or negative experience?

Technology makes it much easier to treat people according to all sorts of segments. Instead of a one-size-fits-all approach, HR can deliver the most relevant services through the most convenient channels. The employee is no longer a single entity, but someone with different needs and wants depending on who they are, where they are, and when they are. As employees change from job candidate to new hire to veteran, and from one location to another, does HR treat them much differently? How easy is it for employees to register life changes with their companies, from marriages and births to caregiver leaves?

If companies treated employees like customers, then visitors to the HR portal would see offerings adjusted for their age, time in the organization, position, benefits choices, and perhaps even personal tastes, similar to how Amazon treats its frequent shoppers. The interface would draw on previous choices and other information to predict an employee's likely needs and wants. Relevant information and tools would be front and center or easily searched, so employees wouldn't have to hunt through a variety of options. The resources would also be transparent, so people could learn and decide for themselves, much as they would in working with a Web retailer that enables

customers to "build" their own product.

These services would be available whenever and wherever the employee needs them – not just when he or she is sitting at her desk on her office computer. At key points in an employee's career and life, "moments that matter," HR would appear not as an anonymous provider of paperwork, but a connected system that quickly takes a time-stressed employee to the necessary information and forms.

As with Facebook, the intuitive, contextualized interface would work seamlessly across devices, including mobile. It would also connect socially, with formal chat groups and ad-hoc venues, so people could share information and insights from colleagues and even experts outside the company.

Most of this activity would happen automatically, in an app-based environment. Yet instead of the drudge of filling out paperwork, employees would feel a sense of interaction with their company. As they search for information and make choices, the portal gets "smarter" about who they are, and offers better choices in the future. With so much automation, HR could now invest in a few employee relationship managers who can expertly offer "high-touch" services to help people in special situations. In every step of their career, the more employees interact with HR, the more engaged they'd likely feel about their company.

Beyond a System of Record

Fortunately, HR is already most of the way along in making this kind of system a reality. Many companies have invested a great deal in HR technology in recent years, which is perhaps one factor in the rising impatience that many executives feel toward their HR colleagues. They've bought one of the several HRIS packages in the marketplace, all of which promise to bring a company's offerings fully into the Web age.

What's missing is the top layer, the part that connects this impressive software with employees. The existing "systems of record" are oriented around data storage and control. The result is a functional but inflexible interface that HR professionals can handle, but that employees often struggle to navigate. Even after training, many of them give up and call HR – taking staff away from their strategic priorities. Some systems are so tightly secured behind corporate firewalls that people can't easily access them outside the office.

To make the final connection to how employees actually live their lives, companies should have a "system of engagement." Built on a customer-service technology backbone, this software can offer an employee-centered, intuitive interface, fully accessible from the cloud. It offers a great deal of flexibility and customization, and includes social media that foster information-sharing and collaboration across the company and beyond.

This software is now emerging. Deloitte's c*link

Endnotes

[1] James Heskett, The Culture Cycle: How to Shape the Unseen Force That Transforms Performance, (*Financial Times Press*, 2011), Chapter 5

[2] For both the general survey and the survey specifically about HR, see Deloitte Consulting, "Global Human Capital Trends 2015: Leading in the New World of Work," 2015, available at:
http://www2.deloitte.com/global/en/pages/human-capital/articles/introduction-human-capital-trends.html

About the Authors

Marc Solow is a director with Deloitte Consulting LLP. He leads Deloitte's HR Engagement Solutions practice, focusing on the delivery of CRM, Portal and Mobile-App-based technology solutions for HR organizations. With more than 25 years of experience in the industry, Solow is an HR transformation thought leader with deep experience and knowledge in HR technologies, shared services, organization design, and change management. He has worked extensively with large, multinational clients to help address their most critical and complex HR-related issues. He is also a frequent speaker and author on HR technology, transformation and shared services related topics. He can be reached at *msolow@deloitte.com.*

Erik Alvarado is a senior manager with Deloitte Consulting LLP, specializing in the design, implementation and management of integrated HR processes, services and technology portfolios for global organizations across multiple industries. His 16 years of global experiences covers HR operations capability assessments to support human capital and business strategies, facilitation of global fit/gap, roadmap and strategy executive workshops, HCM technology vendor evaluations and selection, business process design, and subsequent implementations. He is the former architect and CEO of one of the first integrated talent management software products. He can be reached at *eralvarado@deloitte.com.*

(www.deloitte.com/clink), for example, has now been in use in several companies for the past 18 months, with good results so far. (See case study.)

Conclusion

HR should raise its game in order to maintain its influence and resources in big companies. While some of that will have to happen at the executive level, the administrative side of HR shouldn't stand still. Taking a cue from efforts well underway on the customer side of the business, HR can invest in systems of engagement that improve its efficiency while also serving vital strategic goals.

Exhibits

1. Socially adept HR portals

Systems of engagement such as c*link have the flexibility to mimic social networks in offering multiple channels of information and support.
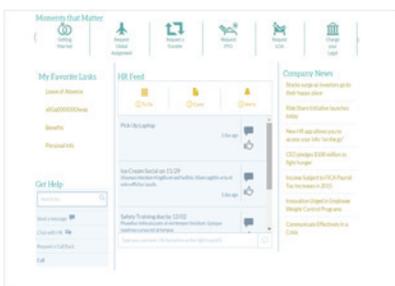
2. Multi-channel Access to HR

Like any self-respecting e-commerce site, systems of engagement work across multiple channels, from desktop in the office to smartphone overseas at 3am.

3. Ready for moments that matter

Caption: Systems of engagement know ahead of time the "moments that matter" for employees and prepare special interfaces to address those questions fully, so busy, stressed employees don't have to call HR.