

The Case for Human Resources Software – How to Demonstrate Real Need and Obtain Project Funding

Many small companies do not have a dedicated human resources team despite the need. As a result, HR functions are often added on to other administrative responsibilities. The problem is that all too often employees assigned to these duties do not have time to keep up on the latest local and national HR laws, or attend HR seminars or conferences, which ultimately can lead to costly compliance fines and more work. However, there is a great solution that can make HR management much easier, more accurate, less time-consuming and less expensive – and that's an affordable, automated human resources information system (HRIS) or software application.

Time is Money.

How much time do you spend on attendance tracking, benefits administration, compensation management, leave accruals and human resources functions? Do you have time to be a benefits expert, a COBRA coordinator and an HR administrator? Are mistakes being made, such as the failure to keep complete records? Are benefits not being started or stopped appropriately for new or former employees?

It's no secret that today's human resource management systems can significantly improve your bottom line. By redesigning how your HR department does business and implementing the right system, you can streamline interdepartmental processes and achieve a high return on your investment (ROI). It is important to consider, however, the impact a new system may have on your organization and across the entire enterprise. Be sure to involve representatives from other departments right from the beginning and include them in the decision-making process. Drawing information from many perspectives can help you realize a more accurate vision of your new system and improve the chances of success.

Here are some key points to consider when evaluating an HR system purchase:

Why spend a lot on what you don't need?

Depending on the complexity of the system and the number of employees, the cost of an HR management system can vary greatly. The good news is that you don't have to spend a lot to get a solution that will meet all your company needs. There are many HR systems in the \$5,000-\$10,000 price range that not only include standard HR functions such as compensation and attendance, but also manage and track benefits, regulatory compliance and COBRA. For small companies the price tag could be as low as \$1,000 for the software and about the same for the installation.

Let's face it – most small- and medium-sized businesses use spreadsheets and paper files to track critical employee HR information. Wouldn't it be great to have all of your important employee data in one place? You wouldn't have to sort through various paper or electronic files for employee records, benefits provider or payroll files that you need.

More than just HR functions?

An HR solution can do much more than just help you with all of those critical HR functions. Most complete HR solutions allow you to easily run HR reports, publish up-to-date company directories and include intranet-based employee self-service features, allowing your employees to assist in keeping their personal information current.

Why change now?

Even small companies, without dedicated full-time HR professionals are not exempt from the costly U.S. Department of Labor fines for each day of COBRA (the Consolidated Omnibus Budget Reconciliation Act of 1985) non-compliance. Being able to accurately reconcile benefits provider invoices correctly could save your company a great deal of money – especially if you are inadvertently paying for benefits for non-eligible former employees. A good integrated HR solution could rectify these inconsistencies and more.

Think HR software only affects the Human Resources Department?

HR software can improve the bottom line through enhanced recruiting and retention programs. A well-implemented system can also protect the company from legal action and monetary damages by tracking and adhering to detailed compliance laws. Due to the fact that Human Resources shares information with both Payroll and Finance, the integrity of HR's data directly affects the output from those departments as well.

What next?

Once you believe that that investing in an HR software system is not only a good idea, but an essential one, what is the next step? Well, you may have to persuade your management what you already know.

Build a case for change.

The greatest challenge to implementing an HR management system may not be finding the right system, but convincing your management team that the need exists. While most executives will agree an accounting system is a must-have, the same sentiment does not always apply to HR systems. You're probably going to have to sell the idea of a new system to the rest of your senior management team and they may be skeptical that the investment is really necessary. Additionally, it's important to determine all the ways your company will benefit from the system, both directly and indirectly, and be prepared to explain these benefits to senior management.

Overcoming the Most Common Objections to Change.

Here are some tips to help to overcome some of the objections that you may hear.

It's too expensive.

While some HR software is incredibly expensive, you can actually purchase and implement a fully functional HR system with all the features you need for *less than* \$10,000.

It won't improve the bottom line.

A well-integrated HR system can save you money in a variety of ways. Streamlining your HR department may reduce staffing needs. An HR system lets you track your employee data much more carefully, allowing you to reconcile bills and reduce overcharges. It also can improve both recruiting and retention, reducing the amount of time and money spent on hiring and training new employees.

The whole process is too time-consuming and complicated.

Not all HR systems require several months for implementation and training. There are a number of very good systems that you can have installed, up and running, including staff training, in a few weeks.

You don't really need it.

Actually, you do. Constantly changing government regulations require proactive monitoring and strict adherence; even a single incidence of noncompliance could result in steep fines or legal repercussions. A comprehensive HR system can help your company comply with all federal and local governmental regulations.

Weigh the legal implications.

The need for an HR system goes far beyond increased efficiency. As you know, your company must comply fully with an ever-increasing number of government regulations. If employee issues are poorly or inaccurately documented there can be negative publicity, monetary and even legal repercussions. An HR system can track the status of individual employees, their covered dependents, and any changes to their employment and benefit status that may be affected by federal and local governmental policies.

Consider the benefits of payroll integration.

Selecting HR software that integrates with your accounting and/or payroll system can eliminate redundant data entry and provide consistent information across your organization. An integrated HR system can automatically transfer all existing data from your payroll system into your HR system, eliminating hours of work re-keying employee data and preventing new data-entry errors.

Once you get the green light and a budget, here are some features to look for in a new HR System:

- A choice of database platforms
- Benefits, attendance and compensation tracking
- COBRA support, notification and enrollment
- Applicant tracking and management
- Integrated payroll processing
- Quick implementation
- Easy data-import features
- Industry-standard technology
- Ability to easily customize to fit your business needs
- Scalability to accommodate future business growth

Keep the bells and whistles in perspective.

Remember not to get too excited by a particularly “snazzy” demonstration. The most exciting or well-presented demo is not always representative of the best software; and the most exotic features aren’t necessarily the ones your department really needs. Also avoid confusing the positive attributes of the person performing the demo with the actual attributes of the product. The reverse is also true. Don’t discount a system just because the person demonstrating it isn’t exciting and engaging.

Conclusion

Investing in a human resources system can save you time and money. A complete solution will give you peace of mind knowing that your essential HR data is backed up and stored safely along with the rest of the important financial information on your network. As a result, you’ll spend a lot less time looking for critical data; plus, you’ll be able to take advantage of the comprehensive knowledge of the HR software experts who recommended and built your system through their service and support plans.