



Better Together:
The Shared Future for
HCM and Workforce
Management

> **Why Workforce Management
Should Be a Cornerstone of
Your HCM Strategy**

Introduction

Every human capital management (HCM) vendor offers a case for its approach to the market.

You've heard them all. Maybe the vendor's pitch has been 100 percent about technology, positioning itself from day one as the cloud-based, software-as-a-service choice. Or maybe its angle has been that it's all about the company's marketplace approach and how it was modeled on the Salesforce app exchange. Other legacy vendors have their own approaches. Regardless of the positioning, they all share one key element: they all separate HCM from workforce management.

It's time to go beyond that narrow thinking and embrace an HCM strategy that focuses on your most strategic and important asset — your people — rather than solely on talent management processes. Analysts and industry experts agree.

To stay competitive and drive business growth, it's time to think more strategically about your entire workforce; the practices and processes required to effectively manage, engage, and retain all your people; and the technology that's needed to put your HCM strategy to work. In short, it's time that HCM technology offered a unified system to bring the power of workforce management solutions to the practices and processes involved in executing your holistic HCM strategy.

This e-book explains what that can mean for your entire organization. It also explores how the shared future of HCM and workforce management shifts the focus toward becoming a forward-thinking driver of a holistic HCM strategy to meet more of the challenges that both sides of the equation try to solve for.

“The term ‘human capital management’ (or HCM) represents the entire range of practices and processes for managing people in an organization — which is a superset of talent management.”

— BERSIN BY DELOITTE¹

¹ Bersin by Deloitte. *Human Capital Management/HCM (and Applications Implementation Maturity Model)*, found at <http://www.bersin.com/lexicon/details.aspx?id=12843>

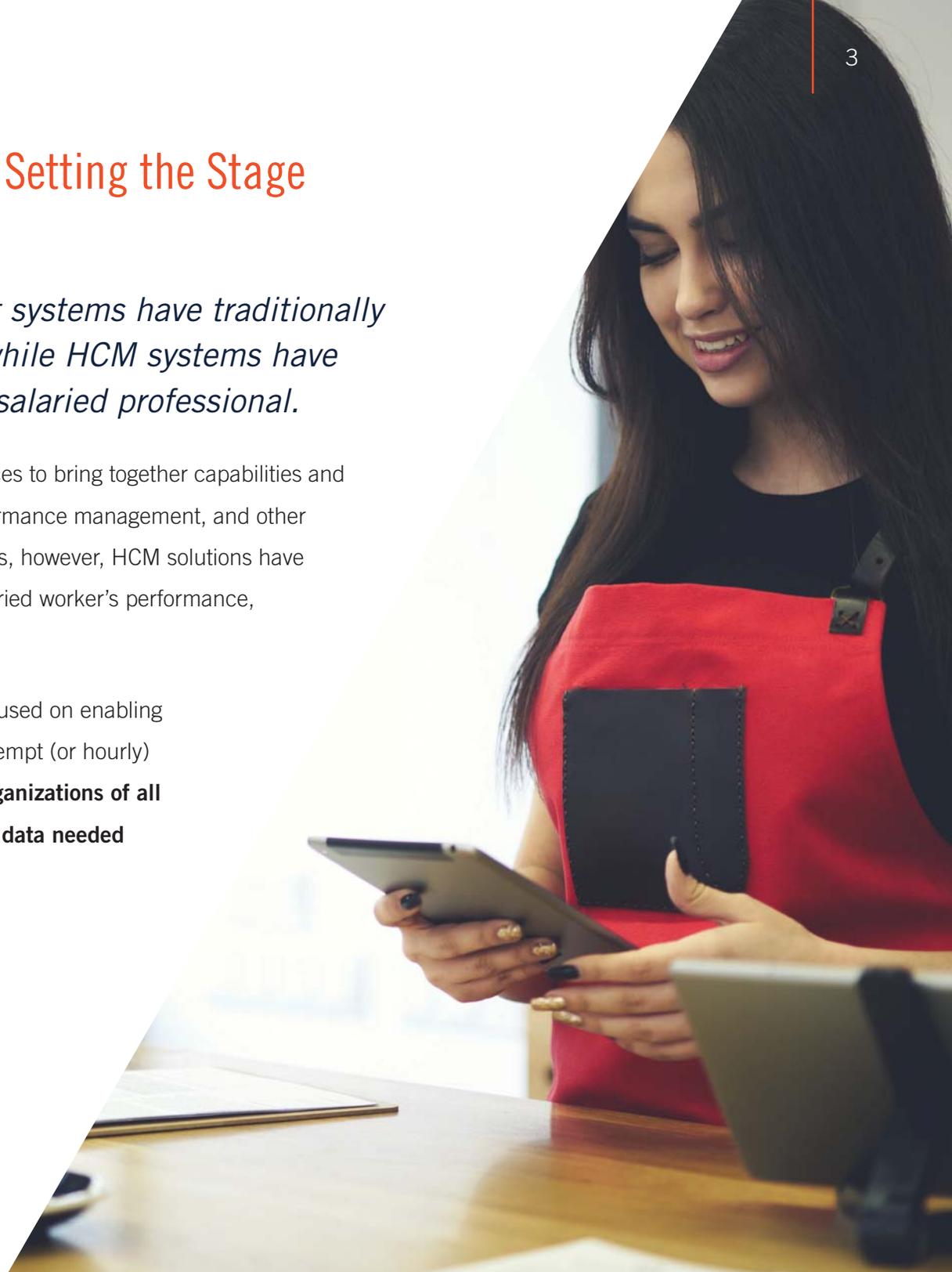
The Need for a Unified Approach: Setting the Stage for a Shared Future

It's no secret that workforce management systems have traditionally been focused on the hourly population, while HCM systems have typically been engineered to support the salaried professional.

HCM technology emerged from personnel and human resources to bring together capabilities and data in hiring, payroll, benefits, compensation planning, performance management, and other key functions. Beyond payroll, benefits and basic HR functions, however, HCM solutions have been primarily engineered for programs that focus on the salaried worker's performance, development, and compensation.

On the other hand, workforce management solutions have focused on enabling organizations to manage, schedule, and pay their large nonexempt (or hourly) workforce. **This can be an extremely complex exercise for organizations of all sizes — from simply scheduling employees to capturing the data needed to maintain compliance with:**

- Work and pay rules
- Collective bargaining agreements
- Federal, state, and local labor laws such as FLSA and FMLA
- New legislation, such as the Affordable Care Act



Cobbled-Together: First Attempts to Combine HCM and Workforce Management

HCM and workforce management solutions handle the incredible complexities associated with their different areas of focus. Both are essential to master the many needs of the modern workforce — a population whose demographics are far different from what they were even a decade or two ago, when the concepts of human capital management and workforce management came on the scene.

FOUR TELLING FACTS ABOUT TODAY'S WORKFORCE

60%

Nearly 60% of the U.S. workforce are **hourly employees**.²

> 33%

More than 1 in 3 American workers today are millennials (adults ages 20 to 36 in 2017), and in 2015, they surpassed Generation X as the largest share of the U.S. workforce.³

~9 Million

More older Americans are working: In May 2016, 18.8% of Americans 65 and older — nearly 9 million people — reported being employed full time or part time, compared with 12.8% in 2000.⁴

20-25%

of the U.S. workforce **works remotely** at least part of the time.⁵

² Jenny Lewandowski, *Part I: The New Face of Today's Hourly Worker*, Snagajob | PeopleMatter, February 16, 2017, found at <http://www.snagajob.com/employers/erc/article/part-one-new-face-todays-hourly-worker/>

³ Richard Fry, *Millennials Surpass Gen Xers as the Largest Generation in U.S. Labor Force*, Pew Research Center, May 11, 2015, found at <http://www.pewresearch.org/fact-tank/2015/05/11/millennials-surpass-gen-xers-as-the-largest-generation-in-u-s-labor-force/>

⁴ Drew Desilver, *More Older Americans Are Working, and Working More, Than They Used To*, Pew Research Center, June 20, 2016, found at <http://www.pewresearch.org/fact-tank/2016/06/20/more-older-americans-are-working-and-working-more-than-they-used-to/>

⁵ Global Workplace Analytics. *Latest Telecommuting Statistics*, January 2016, found at <http://globalworkplaceanalytics.com/telecommuting-statistics>

Being able to engage the entire modern workforce starts with understanding all the factors that go into individual and business performance throughout your organization.

It's the first step toward bringing HCM and workforce management together to serve a holistic human capital strategy. The first efforts to develop solutions to meet that challenge have had their ups and downs.

Some HCM solutions that recognized the need to empower a more overarching human capital strategy added workforce management to their suites, but only as a bolt-on offering. The technology is not native, sophisticated, integrated, or intuitive enough to handle the complexity or harness the power of workforce data. Legacy vendors of payroll solutions or other benefits administration have similarly crossed over to offer workforce management tools, but time and attendance is certainly not their strong suit.

Most of these offerings require the user to pull data from various databases and run reports manually — or pay an outside vendor to do it. And while the software may look sleek and user friendly, workforce management data and functionality are most HCM solutions' weakest link. Most HCM solutions that have augmented their systems to provide workforce management tools simply don't have the horsepower, and their teams don't have the extensive product knowledge clients need to realize optimal value from their investment.



There is a better way to capitalize on the mutually reinforcing benefits of HCM and workforce management.

A New Mindset: A Holistic Strategy That Embraces Your Entire Workforce

The need for a truly unified HCM and workforce management system is not just about checking the box or making the numbers simpler. It's about making your people more effective, more productive, and more engaged throughout the employee lifecycle.

“Only **9% of organizations** believe they have a good understanding of the talent factors that drive performance.”

— DELOITTE⁶

It's about using all available sets of data that your organization collects on your people to drive more-informed decisions and improve business performance. It's about looking at the full picture of your organization and using your daily workforce data to shed light on the effectiveness of your overall HCM strategy so you can make course-corrections to keep results in line with expectations.



⁶ John Bersin, Bill Pelster, Jeff Schwartz, and Bernard van der Vyver, *Introduction: Rewriting the Rules for the Digital Age: 2017 Deloitte Global Human Capital Trends*, February 28, 2017, found at <https://dupress.deloitte.com/dup-us-en/focus/human-capital-trends/2017/introduction.html>

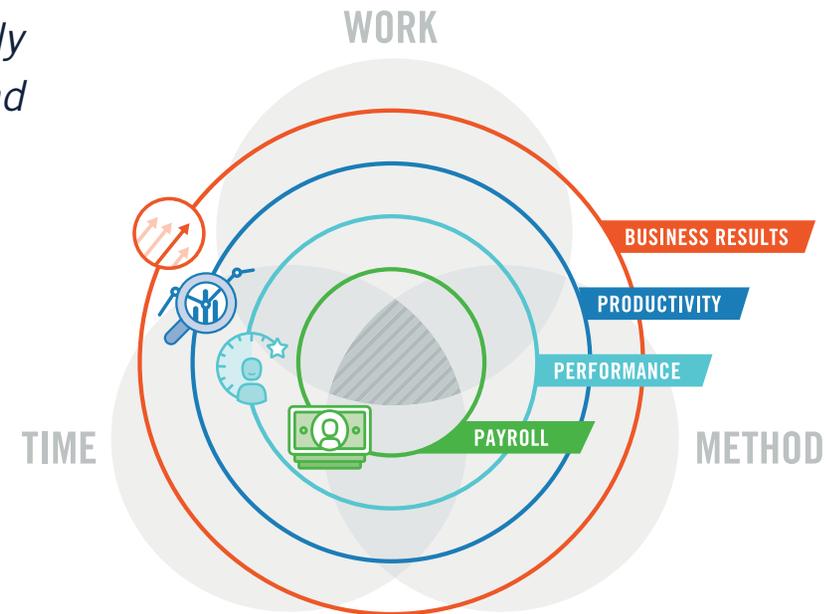
Full Visibility: Bridging What's Getting Done with How It's Getting Done

Workforce management captures that elusive and previously hard-to-quantify space between tracking employee work and understanding overall business performance.

It shines a light on what type of work your people are doing, when they do it, and how they do it. When overlaid with payroll, performance, productivity, or business results — data that's in the wheelhouse of HCM solutions — workforce management yields strategic insights about how your organization can optimize your employees to achieve better business outcomes.

If your organization relies on siloed workforce management technology, your managers can't take full advantage of the data at their fingertips. For example, a retail store manager needs to make sure the store has an adequate number of employees to work on a Friday night — the busiest shift of the week. But even more important, that manager wants to make sure the scheduled employees are likely to (1) show up and (2) perform well.

To get those results, the store manager uses her organization's workforce management solution. She looks at the available employees and determines which ones to schedule based on cost, seniority, skills, and attendance record. But to ensure that these employees are also some of the strongest performers, she needs to see performance history during peak hours — a function provided by HCM solutions. Without that insight, the manager is basing her scheduling decisions on incomplete information — a drawback that could negatively impact sales results.



A combined workforce management and HCM solution gives organizations a full picture of their entire workforce.

A Single Source of Truth: Workforce Management as a Critical Component of Total HCM

Truly integrated workforce management and HCM provides your organization with a tool that's crucial for efficiency and accuracy — a single employee record.

With a centralized repository, authorized users across your organization can access all the available workforce data in one place and see how it all works together for a single source of truth. A unified platform for the entire workforce can give you a competitive edge by enabling a more complete understanding of business performance.

With integrated workforce management and HCM technology, your HR leaders can work “smarter” to cohesively carry out their many responsibilities:

- Driving performance and engagement
- Optimizing resources
- Developing and retaining talent
- Mitigating risk
- Managing compliance
- Processing payroll accurately and efficiently

When workforce management works with HCM, your organization has a well-oiled machine working in the background. Where capacity planning and management were previously clunky and inefficient, your users now have the data and insights they need to be more effective in their roles.

Most important, when workforce management is part of a unified HCM solution, it doesn't complicate routine tasks, frustrate users, or lead to disengagement, but rather works seamlessly with established business processes.

Gain an Advantage: Strengthen Your Total Talent Strategy with a Unified Solution

For optimal business performance, your organization can no longer merely balance HCM and workforce management solutions in separate silos. You need a solution that unifies the two and capitalizes on their mutually-reinforcing capabilities.

A unified system is a win-win for everyone. For your employees, it helps meet growing expectations for fulfillment, autonomy, and engagement. Your organization, meanwhile, has transparency into the “people levers” that drive business performance.

With an integrated workforce management and HCM solution, your organization can better build and execute your total HCM strategy. Determining the right mix of employees for optimal performance requires data from HR, benefits, payroll, and timekeeping. You need to be able to understand your total cost of labor and exactly how many full-time, hourly, or salaried employees you need to meet business goals — all while staying on budget.

Without a single solution that addresses your entire workforce, you can't get an accurate picture of performance. If any of those pieces of data are taken away, the overall strategy suffers. Talent strategies supported by unified workforce management and HCM technology help create the competitive advantage and return on investment businesses like yours are trying to achieve.



With an integrated workforce management and HCM solution, your organization can better build your total HCM strategy.

Where the Rubber Meets the Road: HCM and Workforce Management Working Together

Employee engagement is a hot topic in the worlds of HR and performance management today — and for good reason. Engaged employees are more willing to go the extra mile, so they are good for the bottom line. With a holistic HCM strategy, organizations can think differently about driving engagement. After all, the scores tell only half the story.

Consider this example. A plant manager may get a report from HR that 88 percent of his employees responded to the engagement survey and reported being highly engaged in their jobs. This manager is confused because, in reality, he has been experiencing ongoing issues with employees calling in sick, showing up late, or clocking out early. Despite the glowing reviews from the survey, the organization is actually falling short of productivity and profitability goals. So where's the disconnect? Overall engagement scores are high because the employees are satisfied with their jobs and the organization. But perhaps issues with a front-line manager or a piece of equipment are causing them to call in sick or arrive late, which then affects productivity and, ultimately, profitability. A unified workforce management and HCM system with a single employee record would contextualize the engagement scores as well as the productivity numbers, helping the plant manager identify areas for improvement and take appropriate corrective action.



In another example, a combined workforce management and HCM solution allows an organization to use employee demographics to support operational performance.

A manager may realize that his division has multiple employees who are regularly late for work and struggle with individual performance scores — creating poor overall business performance. An HCM system provides the data needed to identify the issue, explore root causes, and put a plan in place to rectify the problem.

As the manager begins to evaluate the data, he realizes that the frequent offenders all live 15 miles or more from the worksite. Understanding the root cause for this unusually low productivity, he is now empowered to seek a range of solutions — whether it's tailoring the recruiting strategy, adjusting workday start times, or simply having a conversation with the employees about their commuting experience.

A unified system empowers your organization to notice gaps, link relevant employee data together easily, and make informed, timely decisions that engage employees and drive business performance.



Employees Benefit, Too: Drive Engagement with Unified HCM and Workforce Management

Business leaders and operational managers aren't the only ones who need a unified HCM and workforce management system.

Employees today want control over their work-life balance and expect a consumer-grade experience from their workplace tools. That's why your organization needs to empower employees with the right technology to manage their own day-to-day work environment if you hope to keep the workforce engaged and fulfilled.

For example, a restaurant employee realizes she can't make her shift tomorrow night. She can request a shift swap in a unified HCM and workforce management system, opening the opportunity to other employees that may want to pick up the extra hours. The ability to request the swap and communicate with the shift manager about the change in availability from any computer or mobile device gives her flexibility and control in managing her time. This empowerment leaves the worker feeling more engaged and fulfilled on the job.

HCM can provide those tools, but without a unified solution, your organization is missing an opportunity to maximize engagement. Combining workforce management with HCM gives employees greater transparency into their schedules and greater ability to submit time-off requests, swap shifts, communicate with managers, and track their performance — all while providing HR and managers the data they need to make informed decisions, increase efficiency, and drive employee engagement.



Make Workforce Management a Cornerstone of Your HCM Strategy

Today, business success starts with thinking more strategically about managing, engaging and retaining your entire workforce — both hourly and salaried — and leveraging the right technology to effectively execute that kind of holistic HCM strategy.

This requires a unified HCM and workforce management platform that draws data and metrics from the functions that traditionally lie in the purview of workforce management solutions and applies those insights to enhance the practices and processes in an HCM strategy. Take away any of those pieces, and the overall strategy suffers.

Your people are your organization's most valuable and strategic asset. Implementing holistic HCM strategies using technology that integrates workforce management and HCM solutions can put your organization on the path to increased efficiency, higher employee engagement, and improved business performance.

ABOUT KRONOS

Kronos is a leading provider of workforce management and human capital management cloud solutions. Kronos industry-centric workforce applications are purpose-built for businesses, healthcare providers, educational institutions, and government agencies of all sizes. Tens of thousands of organizations — including half of the Fortune 1000® — and more than 40 million people in over 100 countries use Kronos every day. Visit www.kronos.com.

Kronos: Workforce Innovation That Works™.



www.kronos.com