

How human
capital management
improves your
bottom line



WIPELI

Exploring the value of human capital management

Human capital management (HCM) is a term and concept that has evolved over the decades. Because it's a broad term, different people have different definitions of what it is and what it encompasses.

Regardless of how you define it, HCM is extremely valuable to businesses and organizations, especially when it comes to improving business operations and strengthening your bottom line.

We're going to take you through not only what HCM is, but also what it looks like in practice. How does it add strategic value? How does it streamline processes? Why is it so important to do right?

Let's explore the true value of HCM.

Table of contents

Breaking down human capital management into its essentials

How software fits into the bigger picture

Strategic human capital management

How streamlining human capital management processes improves your business operations

How HCM software makes your open enrollment process so much easier

How to streamline the open enrollment process

The benefits of human capital consulting

The five big benefits of HCM systems

01 Breaking down human capital management into its essentials



Breaking down human capital management into its essentials

In simplest terms, HCM is everything an organization does in relation to its employees — from strategy to processes to the technology used to drive those strategies and processes. Looking at HCM holistically requires all three of these elements to be in place and working together.

When we say HCM is everything an organization does in relation to employees, we do mean everything. HCM covers talent management, learning and development, goals and performance, retirement planning, the record-keeping of employee-related documents, HR compliance, recruiting, benefits, timekeeping, payroll and more.

HCM seeks to connect all of these pieces together not only through technology but also strategy and processes.

How software fits into the bigger picture

If you're a small business, chances are you manage much of that lengthy list with half a dozen or more different software pieces. Timekeeping is separate from payroll, which is separate from benefits, which is separate from the application process, which is somehow separate from onboarding. There are so many specialized technologies out there, yet they don't talk to each other.

This lack of integration creates extra work for your organization. Your staff has to input the same details into different software pieces or pull information you need from different areas. This manual work not only takes time out of their day but also increases the chances of making errors through manual data entry.

A key part of effective HCM is leveraging one integrated software solution that covers the entire employee life cycle. It starts with the application process and goes through the interview stage to onboarding. It includes open enrollment, as well as setting up payroll and timekeeping for that employee. And it saves a huge amount of time in HR compliance, [including Affordable Care Act \(ACA\) reporting](#).

There are other benefits of HCM software, too, like the ability for your organization to become more paperless. And by improving the employee experience by doing things like automating timekeeping, improving open enrollment, and enabling employees to focus on the more strategic elements of their job, you can increase their happiness and thus increase retention.

Strategic human capital management

Technology is just one piece of HCM. There's also the strategic component. Everyone can implement technology, but if you're not using tech strategically, what real use is it? Technology should help you further develop your strategy.

This is especially helpful in assisting you, as a small business owner, in building the culture of your business around what you want your employees to experience. If you want to attract a certain type of employee to work for you, you need a culture that embraces and supports that type of person. You need to tailor your benefits package to attract and retain them.

For example, small business employers looking for tech-savvy employees will want to look at offering a flexible work schedule. And those looking to attract younger employees may want to look at a student loan repayment benefit. Perhaps your employer contribution could put 1% into a 401(k) plan and 2% into student loan repayment, instead of the typical 3% contribution into a 401(k).

And it's not just about benefits. Process-wise, how does it look to the tech-savvy people you're trying to hire if you have an onboarding process that requires them to fill out a packet of paper forms and fax it back to your office? What if you sent them a welcome email with a link to an online onboarding experience and benefits enrollment process instead?

And then, when it comes to the review process, what does that look like for your organization currently, and how effective is it? Do employees meet with their managers often enough to obtain valuable feedback? Do you require them to set measurable goals that [they feel motivated to achieve?](#)

The strategic element of HCM is all about looking at what's important to you and to your employees and determining how best to match that with your culture, benefits and employee experience.

How streamlining human capital management processes improves your business operations

HR leaders know, there are a lot of things to do every day and not enough time to do them. It's easy to focus your attention on the current fire in front of you or get bogged down in tasks that are important yet manual and time-consuming. But this prevents leaders from focusing on the areas of HR that can be more strategically valuable for the business.

It can be a big challenge taking important but cumbersome processes and streamlining them so that they benefit not just back-office staff but all employees. A common challenge stems from having a paper-based timecard approval process. If you have around 300 employees who fill out timecards, it can take several staff members two entire days to interpret these handwritten cards, fix mistakes and enter the information into payroll. And that happens every two weeks.

Businesses often recognize there's a better way, but they don't necessarily know if that better way is affordable and a good return on investment (ROI). Yet the drag of this manual process on resources — and the potential consequences of not finding a better way — is often the spur that makes a business research, choose and implement an integrated HCM technology solution.

At its simplest, an HCM system allows employees to clock in and out on their computer and for the HR department to download the hours in order to do payroll. You can go from four people and two days of work each payroll cycle to two people and one day of work — while knowing you still have room to tighten up the process and save even more time as you get used to the new system and its features. The ROI and immediate benefits are clear, and it's heartening knowing you can keep streamlining, scaling and improving to boost your ROI even more.

How strategic are your HCM processes?

53%

of HR professionals believe employee engagement increases when onboarding is improved, yet 55% of organizations don't measure the effectiveness of their onboarding programs.

36%

of HR professionals say a lack of technology is the reason they can't automate and better organize onboarding programs.

51%

of employers believe health and wellness benefits are important to maintaining employee loyalty and retaining talent.

89%

of HR leaders believe ongoing peer feedback and check-ins have a positive impact on their organizations.

Source: [Kronos](#), [TalentLMS](#), [MetLife](#) and [SHRM](#)

02 How HCM software makes your open enrollment process so much easier



How HCM software makes your open enrollment process so much easier

One thing we want to take a deeper dive into is the open enrollment process.

All HR professionals know how much of their time open enrollment takes. The process is not only far longer than the average employee realizes but also far more work. But how much time and effort it takes your team depends on how your organization tackles open enrollment.

Consider the typical process: First, you go through your benefit options with your insurance broker and determine if you're satisfied with coverage and service from the current plan year. If not, you request, receive and review bids from carriers — often waiting quite a while for those bids to come back — and select a carrier.

You must then communicate with your employees what's changing and what their options are (as well as answer their questions) and, finally, generate and distribute enrollment forms. You will probably also generate a lot of materials to communicate employee options, such as a list of which providers are in network for a specific health insurance plan.

Then, after employees make their choices, you provide the insurance carrier with the enrollment information and update deductions in your payroll software.

How to streamline the open enrollment process

That's the typical process. Where it gets complicated is in the level of manual work versus automation.

If your employees make their selections via paper enrollment forms, your HR team must use their time to distribute the forms, collect them, interpret employee handwriting and then manually provide the insurance carrier with the enrollment information. Updating deductions is also a very manual process that can lead to errors and time spent either reviewing everything with a fine-toothed comb or doing rework to fix the errors whenever they're found.

With today's technology, an HR team can save days of work by automating many of these processes with an HCM system. Here's how:

1. Remote access

As cloud-based software, an HCM tool lets organizations upload documents into the system, such as the benefits presentation or compliance documents, for employees to access at anytime, anywhere. You can also link to the carrier's website where employees can see which providers are in network.

This remote access allows an employee to sit down with their spouse, look at options and make their elections online. No longer do they have to worry about keeping track of paper or accidentally forgetting their benefits information at the office when they wanted to take it home to review.

An HCM tool also gives them the option to review as much or as little information as they want, since everything is in the system for them to access. Employers don't have to worry about making dozens of paper documents available for each employee.

2. Time savings

Time is one of the most valuable things your team has, and every bit of time you save is time that can go toward more valuable priorities.

Since employees make their selections online in the HCM tool, your team no longer has to spend time collecting forms, reviewing and interpreting them, and potentially hand-keying information into spreadsheets (depending on how you typically deliver enrollment information to your insurance carrier). The HCM software organizes everything automatically, which makes it quick and easy to export selections and other information from the system and upload it into the carrier portal.

What's more, a fully integrated HCM software solution will also automatically update deductions in payroll, saving even more time.

Also consider that some of your employees may have health concerns in their family, and they depend on good, thorough information on what health plans will cover and cost. If your team cannot organize and get this information out in a timely manner, it could lead to employees making a rushed choice at the last minute and then needing to go back and change it later. An HCM system keeps you organized and gives you the time you need to collect and present the necessary information to employees.

3. Increased security

You can also save time at the start of the open enrollment process. A quality HCM system allows you to set security levels based on individuals and groups, limiting their access to certain pieces of information. This means you can give your insurance broker access to your HCM system without worrying that they'll be able to access more confidential information. They can then pull the census information they need to go to bid, saving your team from spending the time needed to gather that data.

4. Total compensation reports

An HCM system also gives your organization an easy way to share total compensation information.

Many employees are unaware of how much their employer contributes to the cost of their insurance, paid time off, retirement plans and other benefits. They don't have the compensation information to see beyond the paycheck they receive. Recently, more employers have begun distributing this report (which is quick and easy to do with an HCM system) and even using it as part of the annual review process to help employees understand the full scope of their benefits.

5. Health insurance eligibility tracking

Under the Affordable Care Act, employers are responsible for tracking when a part-time employee becomes eligible for health insurance. While open enrollment is a once-a-year event, part-time employees could become eligible at any time — it all depends on the hours they're working.

An HCM system can monitor these hours for you. It can even allow you to set up an alert when an employee is getting close to being designated full time, which means you can either adjust their hours or prepare to offer them insurance.

On the flip side, an HCM system will let you know when a full-time employee's hours drop below full-time standards and they become designated as part time.

6. Morale and retention

The benefits provided by an HCM system can actually boost morale in your organization. On the HR side, your staff is saving a lot of time they can now use to focus on more strategic projects. Being able to tackle more meaningful work, as well as gain the peace of mind that they're not at risk of making errors by having to do a lot of manual work, helps with retention.

On the employee side, having a streamlined, online open enrollment process also makes their lives easier and, in a way, increases retention. Many employers tell their employees that they are their most important asset, but how do they show it?

Having a well-organized, thoughtful and effective open enrollment process is one way an employer can demonstrate commitment to employees. Open enrollment means making very important, personal decisions, and having the right information and a clear process is crucial.



03 The benefits of human capital consulting



The benefits of human capital consulting

When it comes to human capital management, taking a big-picture view is important, but this can be difficult when you're in the middle of everything. And it can be tempting to just focus on the technology side of HCM.

But evolving your culture to align with your goals means taking a hard look at how you currently do things and if there's another way to do them.

When we're brought on in a consulting role, our goal is to ask leaders critical questions and then use the answers to guide an evolution of culture using the technology, strategy and process elements of holistic HCM.

It doesn't always take the form you might think. A lot of our clients using paper timesheets can really benefit from using an automated timekeeping system, but there's more to the switch than just gaining time savings and greater visibility. Every decision you make, especially with compensation and benefits, has a big effect on employees.

For example, if an employee is used to filling out their paper timesheet with 8:00 a.m. when they typically arrive between 8:05 and 8:10, how will switching to an automated system affect them? If you have the system clock them in to the minute, they might feel you don't trust them to get to the office on time and that you believe they've been stealing time from the company. But if you choose to have the timekeeping system round punches up or down to the nearest five or even 15 minutes, could that have a negative morale effect on employees who typically get to the office before 8:00?

Compensation and benefits are such a personal experience for employees that even the most seemingly minor details can have unexpected consequences if not considered and communicated properly.

To be successful, you must transition your technology implementation from a plug-and-play project to a strategic project that better aligns your decisions with your culture and desired employee experience.

The five big benefits of HCM systems

As you leverage additional features of the integrated HCM system, you can discover a whole range of benefits to your business, especially when it comes to improving business operations. Five really stick out – and they can apply to the majority of organizations who implement an HCM system.

1. Time savings

Although we touched on it already, the time savings are truly significant. In the example of how you can go from four team members spending two days on payroll, bimonthly, to two team members and one day, you're basically going from 64 staff hours dedicated solely to payroll to 16 hours, with potential for more improvement.

The HCM system provides further time savings when it comes to ACA reporting. It can take over 100 hours every January to become compliant, but after you implement the HCM system, those 100 hours get drastically cut down to eight or fewer hours.

With so many staff hours gained back, you can be more strategic and choose to work on projects that add more value. For example, you could add new employee benefits and make changes to your retirement plans – two things a lot of businesses have on their list of things to do but often can't find the time to start, and two things that add a lot of value to an organization.

2. Fewer mistakes

Every time you handle a piece of information and rekey it into another system, the chance of making a mistake goes up exponentially. For example, when you pull reports, you probably have to pull information from multiple systems, take those spreadsheets and merge the information together manually. If you go back and review the information, you'll probably find you made some typos or other errors. It's just so easy to mis-type something when you have to manually re-key information – especially large amounts of information.

However, an HCM system limits the amount of manual processes you have to undertake, which means vastly fewer chances to make errors and, of course, less time spent reviewing information for errors.

3. Less paper

An HCM system keeps the majority of your information electronic, so you end up using far less paper than before. It's not only better for the environment but also good for attracting and retaining employees who are more passionate about the environment. Furthermore, it saves you money.

For example, if your company spends half a day printing paystubs, folding them, putting them into envelopes and distributing them to employees, that's a big amount of paper you're using. The HCM system can eliminate this entirely, as employees can access their paystubs through the system. The money and time you save by doing this is considerable. Not to mention it also eliminates the chance of accidentally putting two paystubs in one envelope.



4. Better decision-making

Having all of your information in the HCM system allows your department to be more strategic in your projects, but it also allows your management to make better, faster decisions, as they have access to more information and reports than previously.

It also allows you to make better decisions about hiring within your department. Baby boomers are retiring in great numbers, and if someone retires who had a lot of manual duties, you may not have to dedicate a new person to those tasks because you can automate them with an HCM system.

Building capacity on your team without adding new employees is hugely beneficial. If you don't have to rehire for specific positions, or you can hire someone for a more strategic position with more challenging and meaningful work, you add greater value to your organization.

5. Happier employees

With the time-sheet automation, employees and managers don't have to take the time to manually fill out timesheets and then inevitably answer questions from HR about their handwriting. The convenience is a big benefit for them. The HCM system also puts meaningful information into their hands when they want it, from the hours they worked to details about their benefits, so everyone is happier all around once they get used to using the new system.

It also allows HR staff hired for specific skills to actually utilize those skills instead of spending time on manual and repetitive tasks like keying new-hire information into various systems and filing W4s and other employee-related documents that are now being completed and stored electronically by the HCM system.

Your people can do more meaningful work because of an HCM system, and because they're happier and more engaged in their work, you're more likely to retain them, as well as attract any new hires you may need. When the labor market is tight, that's a huge benefit.

Let's talk about your human capital management processes

Are your HR team members dedicating days of work to manual open enrollment processes? Are your employees frustrated with the amount or clarity of the benefits information you provide?

And when you look at the whole of your HCM processes, what are you doing today that you could automate and clean up? What could work better for your department and your organization as a whole?

HR managers today are far more strategic than in the past. They're thinking about their organization's culture, how engaged employees are and how they can retain them and improve wellbeing. This holistic look at human capital management brings the added value to your business that can help you continue to grow and meet overall goals.

At Wipfli, we understand the challenges created by standard HCM systems and processes. Many of our professionals have lived the life of an HR leader before coming to Wipfli, and they understand your challenges on an incredibly deep level. They also know how an HCM system and a strategic approach to HCM can benefit you.

Our firm's mission is to create lasting, positive impact, and we can help your organization save time and money, increase engagement, build strategic benefit plans and streamline processes.

Wipfli can take your organization's HCM to the next level. Contact us at HCM@wipfli.com to start the conversation or visit wipfli.com/HCM.

