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Picking an HRMS consultant

By AL DORAN

How do you know if you need a consultant for your human resource management system project? Ask yourself these questions:

- Does your company have the internal resources with the time and skill to help decide what your organizational requirements are and how to match them to what vendors have available?
- Are there diverse opinions between management groups on the direction, relative needs and priorities for systems development and implementation?
- Do you have a project manager with the technical and professional knowledge, experience and expertise to guide the system analysis, vendor selection, planning, development and implementation?
- Does your current project manager have the credibility with top management, divisions and departments to ensure ready acceptance of the actions required to select the best system?

It may be very difficult to answer these questions with a simple yes or no. The degree to which these questions can be answered will help determine to what extent the use of a consultant may be required for your

HRMS project. The length of the assignment may range from a few days to several months, depending upon how much assistance you require for the various stages of the project.

Advantages of hiring an HRMS consultant

There are basic reasons why an organization engages a consultant. One is to obtain the benefits of specialized expertise. The installation of a new HRMS, for instance, is typically a once-in-a-decade or generation event for most organizations. Such purchases may well run into the millions of dollars, affect every individual in the organization, and likely commits the company to a course of action for a decade or more. There is little room for error; the job must be done correctly the first time.

It is most unusual to find internal staff with all the skills and experience needed to perform the many functions in such a large and specialized undertaking. There are many consultants, however, who have been through the HRMS selection and implementation process literally dozens of times. They understand the process. They are familiar with the vendors and the ever-changing inventory of products available in the market.

A second reason for hiring a consultant is to gain the benefit of

an objective viewpoint. Even if an organization is blessed with a highly competent, well-rounded staff, a second opinion is useful given the enormous risks involved.

An objective recommendation given by a recognized expert from outside the organization can help resolve the internal and external politics that frequently cloud corporate issues. Although this pressure is not easily defused, competent consultants frequently have better success than internal personnel who have become part of the problem.

There are other reasons for hiring a consultant. Frequently, a large project requires far more personnel than can be spared from day-to-day operations. Rather than adding staff, it may be less expensive to hire consulting services. This has been especially true in recent years with the rapidly rising price of experienced HRMS talent. There will also be a high degree of knowledge transfer during a project where the consultant leaves behind the skill sets required for corporate staff to maintain the system.

What do consultants do?

The list of services available from consultants is long. An organization may want to use only a few

of the services, or get more deeply involved. Typically, the larger the task at hand, the more specialized are the skills and experience required. If the company has a small staff, or assistance is needed in dealing with specific situations, more help may be required. The important point is that the company must determine the appropriate level of consulting involvement. This must be absolutely clear and must be conveyed to the consultant.

Some of the more common HR technology consulting services include:

- Long range strategic planning:** Where is technology for managing human resources going in the institution? How is this function going to further the institution's goals? To whom should human resources and payroll management functions report?
- Completing a systems audit:** What systems are currently in place and are they effective? Quite often a company will have dozens of "black-book" systems being managed on spread sheets, word documents and even index cards. Can all these pieces be replaced by one easy-to-use integrated system that captures data once, closest to the source?
- Current system evaluation:** How

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cost effective is the system? Is the service level adequate? Can growth be accommodated? What changes will be needed to accommodate a new system?

•**Needs assessment:** What new functions are needed? How can the institution take advantage of newer technologies? What are the critical success factors?

•**Business case:** Where will the company receive its return on investment from the purchase, implementation and use of a new HRMS?

•**RFI and/or RFP preparation:** Conversion of operational and management needs into technical terms that vendors can understand and deal with is a special skill. This will provide a common ground for evaluating the responses.

•**Vendor proposal evaluation:** A thorough knowledge of system architecture, features and vendor reputations from past installations is crucial in any evaluation, as is a detailed financial analysis

of the proposals.

•**Final selection:** Develop a "score sheet" from the organization's requirements that will enable the project team to make an informed and objective comparison and decision.

•**Contract negotiations:** What is the vendor likely to give away? Where can the vendor be expected to draw the line?

•**Installation project management:** Even basic contracts do not always run smoothly; an experienced watchdog is invaluable. Implementation of a new HRMS is going to be the biggest cost item. Keeping the project on track is going to ensure that the project is within budget.

•**System acceptance testing:** Designing performance criteria for system acceptance and then making certain that the system performs according to those standards will prevent many problems later on.

•**Education and training:** With a new system, every user will need some training.

•**Organization design:** How many

in-house resources will be needed once the system is installed? How much technical support will be required.

Consultants get involved in most of these issues at various levels. It is up to the organization to determine the level of support it wants and needs. Typically, vendors supply a certain amount of user training for new systems. The consultant, however, can assist in specifying the nature and extent of training when writing the RFP, and can supervise the vendor's performance.

Costs for an HRMS consultant

The use of consultants may at first appear expensive. Today, consulting fees range from \$3,000 per day for a top HRMS management consultant to \$800 per day for an experienced senior systems analyst/programmer with experience in payroll processes. These fees do not include reimbursement for travel expenses and of course do not forget to add on the GST.

The cost of the expert guidance provided by a consultant may well be offset by minimizing the risk of project failure and by realizing the savings to be derived from the system at an earlier date. Just ask your colleagues who did not use a consultant the first time around and most will tell you they learned their lesson and eventually acquired the expertise needed to do a proper job. Most companies do not advertise their failures so you may have to take advantage of networking opportunities to ask the tough questions. The International Association for Human Resource Information Management (IHRIM) often presents "war stories" at conferences and chapter events where people share their experiences in vendor selection and implementation projects.

Most consultants will quote a fixed price, or a range with a minimum and maximum, for performing a specific task, usually with a stated rate per day for extras outside the agreed scope of work. One important implication of this is that the organization and the consultant must agree on the exact scope of work. Negotiating a detailed contract with the consultant is advisable.

Overall, the amount of money spent on the consultant may pale in comparison to the implementation costs and those implementation costs may be much lower if the consultant does a good job and makes sure you find the best fit for your corporate needs. Costs for an HRMS project fall into three main areas, from highest to lowest: system implementation, software license, consulting expertise.

Selecting the consultant

Once the decision has been made to use a consultant, the right consultant must be selected for the project.

Selecting a consultant is not unlike the choice of a hospital and doctor for major surgery, and may be as critical to the life of the company as to the life of the patient. Be careful how you make your choice.

Just as in the case of the patient selecting the hospital, the reputation and capability of the consulting firm is an important consideration. But in the final analysis, it is the doctor who performs the surgery, and so it is with the consultant. He must have the requisite knowledge and experience. For this reason, answers to the following questions will lead to the selection of the right consultant for the project:

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How to find an HRMS consultant

There are a wide variety of sources for finding consultants who specialize in HRMS.

Web-based

IHRIM provides a list of consultants to its members at www.ihrim.org, select Products and Services and sign in. Approximately 80 firms.

•*Canadian HR Reporter* has a Products and Services directory at www.hrreporter.com.

•Dick Frantzreb provides an extensive list at his site, www.hrcensus.com.

•Visit a number of HRMS con-

sulting firms under HR Links at www.pmihrm.com.

Trade publications

•*Canadian HR Reporter* and its *HR Guide*.

•*IHRIM Link Magazine* and its Membership Directory.

•*HRPAO HR Professional Magazine* and its Source Guide.

Trade shows

•IHRIM conference information at www.ihrim.org.

•*Canadian HR Reporter's* calendar section at www.hrreporter.com.

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•What is the consultant's experience in HRMS vendor selection? Does the consultant have the requisite knowledge of computer systems in today's market?

How many clients have been assisted in this area? Is this her main line of work?

•What contributions has she made to the profession?

Do you see her name on a regular basis writing articles for well-known trade publications? Do you see his name speaking at conferences on topics related to HRMS?

•Who are the consultant's current clients and what do they say about her effectiveness as a consultant to them?

This is the most important aspect of evaluating the consultant. Contact her recent and current clients. Discuss the scope of your project and what you expect the consultant to do for you. Find out how well she is doing. Do not limit this evaluation to a few references provided by the consulting firm. Remember, you want all current client references of the consultant who is to be assigned to your project.

Who are her former clients and what do they say about the results achieved? Would they consider her for another assignment? Check with at least two of these references to find out how capably the consultant performed.

It may take some time to talk to the references, but it is time well

spent. Find out how well the consultant worked with all levels of people in the company. Was she a consistently constructive force in the group? Did she demonstrate leadership qualities? Did she help in the development of the organization and the people?

Selecting the consulting firm

Consideration must also be given to the selection of the consulting firm. After all, the undertaking of a major project may not hinge on the availability of a single individual. The depth of resources the consulting firm has will be important if this is to be a large project. The answers to these questions will help in selecting the right firm.

•Does the consulting firm specialize in HRMS or is this a sideline for them?

•How long has the consulting firm been in existence?

•Who are its current clients?

•How many years has the firm served each of the current clients?

•Who are the principals in the consulting firm and what are their qualifications?

In addition to the consultant proposed for the project is there at least one fully qualified consultant in the firm available as backup for the project?

Large consulting firm or small specialized firm (boutique)

Size is not a good determinant of quality or fit. There are advantages and disadvantages to both large and small firms. The per-

sonal attention and commitment that is frequently offered by small firms is sometimes harder to find with the larger organizations. On the other hand, some smaller firms lack the technical depth needed for very large, complex tasks. The big firms have large staffs that usually represent a broad spectrum of technical understanding and experience. Partly because of their size, they tend to operate in a more highly structured and formal manner than smaller firms, and tend to be relatively expensive. Many of the small firms are more specialized. Their approach can be more easily tailored to the needs of an individual institution. These firms are frequently less expensive.

For a large company that anticipates a large project, it often makes sense that they will first consider the management-consulting firm they already have a working relationship with. They may already be utilizing a larger firm for projects related to many corporate issues including human resources (such as, pension or benefits) or for other initiatives, such as financial applications or front-line business applications. If you are already using the services of a consulting firm you trust and they now know a great deal about your business, then you should give a serious look at them first.

As long as that consulting firm can provide one or more consultants who have extensive experience in the HRMS area,

the company may be more comfortable expanding its relationship with its existing consulting firm. However, if that firm does not have someone with expertise in HRMS, you may find that they are willing to subcontract the work to a third party that has the necessary experience in this key area.

In today's world, clients can often get better service, not just more cost effective, but better — from the smaller, boutique consulting firms provided that they select the right consultant for them. A small firm that specializes in just HRMS is going to be focused on this one area and not distracted by other functions they may encounter during the project. Generally speaking, the smaller firms are going to be more up-to-date on the latest in technology options as this is their primary business focus.

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