

HR Technology Tools: What You May Be Missing

Improving results and lowering costs
with a Human Resource Management System

SAGE ABRA



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Welcome! For more than twenty years, Sage Software has been helping mid-size businesses in all industries choose and implement Sage Abra Human Resource Management Systems (HRMS). Our experience has taught us that human resources managers are juggling many tasks. You need tools that reduce the time you spend on routine administration, so that you can focus on delivering valuable assistance to employees and management. In this paper, we'll explain how technology can free you from paperwork so that you can: create a good work environment; improve employee relations; help employees with training and career development; and assist management in containing costs and improving productivity.

We've distilled what we've learned from our many successful Sage Abra customers and have structured it as useful information you need to know, including:

- What does a Human Resource Management System do?
- How can HRMS reduce routine administration in HR, payroll, benefits, and other areas?
- What bottom line value can it bring to your company?

Why would a software company write a paper that doesn't promote its own products? Because we've discovered that the more people know about HR technology, the more likely they are to choose HRMS products from Sage Software.

Introduction

In many organizations, the HR manager faces a dilemma. You'd like to spend more time truly improving the overall work environment for your employees. You want to help company management find ways to save on workforce related costs, find and hire better talent, and improve existing talent through training and development. But most days, you are stuck doing paperwork.

The routine administration involved in day-to-day HR operations drains most of your available time and energy. Forrester Research found that, on average, over 50% of a human resource department's time is spent processing employee information and answering questions. If you're like most HR managers, you face several business challenges:

- **Succeeding with limited HR resources** – Many small and midsized businesses have limited staff and resources. You alone, or a small team of colleagues, may be solely responsible for benefits administration, payroll, routine HR administration, and more. You need better tools to track important employee information, and to automate HR and benefits transactions so that you can devote more time to your most important duties – employee relations, fostering a good work environment, and providing employees with training and career opportunities.
- **Managing compliance and risk of litigation** – It's difficult to stay on top of the myriad of state and federal workforce laws, regulations, and reporting requirements to protect your company from fines and penalties. You need to communicate with and train both managers and employees so that the company is not at risk of expensive employee lawsuits.
- **Ensuring accurate, timely payroll** – Paychecks that are late or have errors cost your company money, hurt employee morale and undermine your credibility with employees. Federal, state and local payroll taxes are complex and missing the filing and payment deadlines can incur fines, late fees, and an increased chance of audits for your company.

A recent survey by Saratoga discovered that employee compensation, including benefits, accounts for 35% of operating expenses in a typical organization.¹ With so many company resources dedicated to maintaining the workforce, it is necessary to identify ways to improve results, increase efficiency, and lower costs. Human Resource Management Systems (HRMS) help you find such opportunities and capitalize on them.

¹Compensation and Benefit Results from 2005/2006 Saratoga U.S. Human Capital Effectiveness Report, *The Saratoga Review*, PriceWaterhouseCoopers, August 2005, p 2.

The role of HRMS technology

A Human Resource Management System (HRMS) provides an integrated software solution for automating and managing your organization's core workforce administration, including:

- Employee job and personal information
- Government compliance
- Employee benefits
- Attendance
- Payroll
- Recruitment
- Employee development, compensation, and retention
- Planning, analysis, and reporting

A well-planned HRMS can help you:

- Reduce routine administration and paperwork.
- Drive costs out of your business by automating core HR, benefits, and payroll processes for increased efficiency and productivity.
- Increase retention by providing a high-level of service to employees.
- Easily create accurate, timely reporting and analysis.
- Reduce the cost of compliance and risks associated with increasingly complex and burdensome regulations, including the avoidance of fines, penalties, and costly litigation.

Core HR Administration

Implementing an HRMS eliminates much of the routine paperwork associated with HR. An HRMS automates the most manual and time-consuming human resource functions: payroll, new hire processing, benefits and compensation management, employee development, internal analysis and government reporting. This automation frees up valuable time that you can spend on employee relations, compliance analysis, or training.

Without an HRMS, most HR managers rely on paper to manage employee processes. It's a struggle to track employee information via a combination of homegrown spreadsheets and office file cabinets. Hiring information, payroll records, benefit plan elections, and training certifications for a single employee might be stored in four or more different locations. This invites errors, as information becomes lost and outdated. You must replicate each change to an employee's data across several files. It becomes tedious, if not impossible, to create timely reports and analysis.

An HRMS improves accuracy and saves time by helping you keep all employee data in one place. It also provides standardized-processes that you can adopt, giving your organization more structure than you may have previously enjoyed. Because the data in an HRMS is centralized, there is no need to duplicate the data in order to use it for multiple tasks. An HRMS standardizes many HR administrative processes, including: adding a new hire; promoting, disciplining, transferring, or terminating an employee; tracking Family and Medical Leave and Leave of Absence; assigning or changing benefits; changing salary or grade of an employee; safety reporting, and more.

An HRMS enables you to:

- Track important employee information including employment history, skills, licenses, certifications, and continuing education or training data, so that you can help employees with career development.
- Record employment status, EEO, FLSA, and I-9 data as well as other information you will need to demonstrate compliance with various hiring and discrimination laws.
- Manage performance and compensation information such as job definitions, reviews with documentation, employee ratings, salary ranges, pay grades, compa-ratios, and incentives such as bonuses or stock plans.

Creating timely, comprehensive reports for management becomes easy with an HRMS. Most contain a number of pre-defined standard reports, as well as a custom report writer. Security features, such as audit trails, allow you to control and monitor who has access to sensitive employee data, or who has changed data in the system.

Benefits Management

HR professionals spend up to 30% of their time on routine benefits administration. If your company offers multiple benefits such as health, life, and disability insurance, you have to set up and administer plans with multiple insurance carriers. When you expand your HRMS to include benefits management functionality, it simplifies benefits set-up, administration, and enrollment for improved efficiency and accuracy.

Inside your HRMS, you'll be able to define benefit plans, and enter employee dependents and beneficiaries. You can track and monitor employee elections, and calculate employer and employee contributions for benefits. When employees leave your company, you can track COBRA enrollments, coverage details and payment history, as well as issue HIPAA certificates of coverage.

Attendance

Accurate attendance information is essential to managing workforce costs, and processing accurate payroll. With attendance tracking and analysis capabilities of an HRMS, you can pinpoint trends in absences and identify areas for improvements. Reports from your HRMS will demonstrate attendance histories and allow you to analyze reasons for absence, and opportunities to improve attendance levels.

An HRMS allows you to easily set up any number of employee attendance and time-off plans. It will track and report on vacation, personal, illness, jury duty, bereavement, and FMLA time-off. You will be able to incorporate a range of accrual methods and frequencies, and accrual levels. You can monitor carry-overs, as well as calculate and report attendance balances.

Payroll Processing

Accurate paychecks play an important role in employee satisfaction. Although you may not personally be responsible for payroll processing, there's no doubt that payroll and HR functions are highly inter-related. That's why an HRMS with integrated payroll functionality can offer your organization many advantages.

An HRMS automates payroll processing and helps keeps your company in compliance with the latest government regulations for withholding, filing, and depositing taxes. That's important because filing an inaccurate tax form or missing a deadline for federal, state, or local payroll tax deposits can result in steep penalties. With payroll and HR data stored in the same database, you reduce unnecessary paperwork. Changes made to the HRMS database reflect in both payroll and HR systems. This eliminates errors and the need for duplicate entry of employee, pay rate, benefits, and deduction information.

Compliance Management

Government laws and regulations form an increasingly burdensome and complex compliance environment for most employers. While the following is not a comprehensive list, important legislation that may pertain to your workforce includes:

Equal Employment Opportunity Act (EEO)	Sets reporting and record keeping requirements for employers to demonstrate compliance with EEO rules.
Fair Labor Standards Act of 1938 (FLSA)	Requires employers to maintain records of employment and earnings.
Family and Medical Leave Act (FMLA)	Requires documentation to track employee FMLA requests.
Occupational Safety and Health Act (OSHA)	Requires employers to maintain records for all workplace accidents, injuries, and illnesses.
Health Insurance Portability and Accountability Act of 1996 (HIPAA)	Requires group health plans and insurers to furnish a "certificate of coverage" to provide documentation of the individual's prior creditable coverage.

Most of the regulations above involve significant information tracking and reporting requirements. Mistakes can lead to penalties and fines from the government, as well as expose your company to the risk of costly employee lawsuits. An HRMS will track the necessary information to comply with record keeping requirements and can generate required reports in the specified formats. Regular legislative and compliance updates from your HRMS vendor help keep your organization in compliance with changing tax and employment laws.

Impact of an HRMS to the Bottom-Line

The cost savings associated with HRMS reach into many areas of the business. Savings can be defined and measured. It is possible to realize a quick return on your HRMS investment, often in less than fifteen months.

An HRMS positively impacts the bottom-line through:

- **Standardized processes**
- **Increased productivity**
- **Direct cost savings**
- **Better compliance**

An HRMS provides everything you need to be an effective HR manager.

An HRMS provides standard processes that you can use for all your key HR activities. It also organizes all important employee, benefits, payroll, attendance, training, and recruiting information in a single integrated software system, so you never have to spend time hunting for key data.

With an HRMS, you can achieve more in less time.

With an HRMS, you will spend much less time on data entry, routine administration, and reporting. You will eliminate duplicate data entry as information flows across the system. These efficiency gains help you deliver a higher level of service to employees.

Reducing routine HR administration achieves direct cost savings.

HRMS helps drive down costs by automating HR, benefits, time and attendance, and payroll management, allowing you to identify areas of overspending, reduce errors, and improve productivity.

HRMS helps your company achieve compliance and avoid lawsuits.

Regular legislative updates, automated record keeping, and specialized reporting help your company stay compliant with government regulations. By ensuring organized, centralized data and thorough record keeping, an HRMS helps avoid fines, penalties, and threats of lawsuits.

Getting Strategic with HRMS

As your company grows, you may find that your human resource automation needs change. That's the great thing about HRMS – it's easy to expand the system and add capabilities. You can start with the functionality your company needs today, then add additional functionality later.

Employee Self-Service

Providing your employees with access to their own benefits, personnel, and paycheck information is a great way to reduce routine administration. Employee Self-Service (ESS) solutions allow employees and their managers to view, create, and maintain their information using a Web browser. Self-service is a good way to let employees find answers to questions about paychecks and benefits, as well as update information such as contact information or dependents. ESS reduces your paperwork burden, while retaining your ability to control and approve processes. You can use ESS technology to create a communications portal that distributes key information about company policies and benefits to your entire workforce.

These time-consuming HR tasks are perfectly suited for employee self-service technology:

- Payroll distribution
- Benefits enrollment
- New employee "onboarding"
- Employee information updates
- Manager notifications
- Employee notes
- Performance reviews
- Job and pay information
- W-4 elections
- Training
- Company communications
- Recruiting

Benefits Enrollment Automation

An HRMS with online benefits enrollment enables employees to self-enroll in benefit programs, review their benefits data, and report life event changes over the Internet or a company network. The system prompts employees to choose plans based on eligibility criteria and helps them compare costs and coverage. You can monitor the status of the enrollment in real-time. When open enrollment is over, your HRMS produces detailed cost projections and other reports. Taking benefits enrollment online reduces the paper and manual data entry, can shorten the open enrollment period, and reduce the cost of open enrollment.

Recruiting Automation

With an HRMS, you can standardize your processes for recruiting and ensure that every candidate for employment at your company is tracked, responded to, and treated the same. Automated recruiting features enable you to create and track job requisitions, and track applicant data from application through hiring/rejection. For each applicant, you can track his/her progress as well as drug screenings and pre-employment tests. For applicants who are hired, you can create employee records using the information stored in your candidate tracking. Make sure your recruiting solution can help you take advantage of online recruiting methods. Online recruiting can help you fill positions more quickly and reduce your cost per hire.

About Sage Software

Sage Software supports the needs, challenges and dreams of nearly 2.8 million small and midsized business customers in North America through easy-to-use, scalable, and customizable software and services. Sage Abra HRMS business is an important part of Sage Software's growth, and contributes the company's HR and Payroll domain expertise. Sage Abra is the integrated HRMS component of Sage MAS 90, Sage MAS 200, Sage MAS 500 ERP, and Sage Timberline Office, and other well-known Sage ERP and accounting systems.

Sage Software is a subsidiary of The Sage Group plc, a leading global supplier of accounting and business management software solutions and related products and services for small and midsized businesses. Formed in 1981, Sage was floated on the London Stock Exchange in 1989 and the Group now has 5.5 million customers and employs over 13,900 people worldwide.

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