A best practice guide for making a business case for HR technology

By David D'Souza, Head of Engagement, CIPD

Introduction

The future of digital HR is now

Technology is increasingly at the heart of the way we live our lives, inside and outside of work. Our communication, relationships and understanding of the world are all supported and, to a degree, enabled by technology. Whether it is enabling people to learn new skills via their mobile phones or to check their payslips online, we expect remote access and a positive experience.

Our insights and analysis are supported and enhanced by processing power that supplements our own natural cognitive resources. Our capabilities are no longer uniquely human - they are the product of the intelligent blending of capabilities between person and machine. Whilst people are at the heart of business success, it is increasingly true that technology is a key part of the understanding and maximising their contribution. HR needs to be able to spot talent, support people, report and create organisational insights, as well as analyse multiple levels of business and people data to make sure that they are delivering effectively.

The credibility of HR in the future will depend upon its ability to utilise traditional skills in combination with tech capability to deliver enhanced performance. There is no longer an opportunity to opt out of the technology conversation.

Don't get left behind

Despite the massive benefits technology delivers, the average HR department still has some significant distance to cover before it is making optimal use of technology to support and digitally enable their business. There are still too many organisations not making use of all of the tools available to make the most of their salary investment.

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Twenty six percent of respondents to a recent survey still don't use a system for payroll, while significant percentages of organisations don't use technology to support talent management (68%), absence management (48%) or annual leave (47%). Tools are available to predict turnover, perform complex analytics, understand the best combinations of people for project teams and to provide detailed team performance overviews, yet the band of work HR adopts tech solutions for is narrow.

The landscape of HR technology has shifted significantly over the past few years, with improvements in accessibility in terms of cost also being matched (or outstripped) by improvements in functionality. The world we are living in has changed – organisations need to be able to react to changing political climates, economic realities and significant regulatory and legal changes. This means that for an increasing number of organisations there is an opportunity to reconsider their commitment to HR tech, and the value that it can bring in terms of responsiveness and understanding.

To put it more simply: if your organisation's challenges include how to get the best return on investment for its salary investment - and most do - then a regular review of the technology marketplace makes sense. Knowing how to evaluate and then make a case for investment is a key capability for a modern HR professional and one that we can use to showcase commercial capability, as well as effective ways of working collaboratively.

Taking the step to the digitalisation of your HR function

This guide is designed to take you through the basic steps of building a business case that when presented to your C-Suite/Board truly demonstrates the value of investing in a modern-day digital HR function. We will cover several key areas, from the need for clear documentation to clearly articulated organisational problems and working with colleagues to move towards effective sign-off for investment.

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Why is it important to have a business case?

The business case is a key strategic document which addresses the goals of a number of functions, which is why it should be a collaborative and evaluative process designed to arrive at the best solution (or solutions) to address the problems and challenges that the organisation faces both now and in the future.

Commonly in HR, these challenges include:

- Attracting and retaining high potential people

- Talent management

- Fair and effective reward/cost management

- Workforce planning

- Learning and development provision

- Business reporting (turnover, headcount, remuneration)

- Regulatory compliance/risk management

- Providing a better user experience (including mobile access)

Looking at what keeps CEOs awake at night from the Development Dimensions International (DDI) report or even the World Economic Forum report, we see challenges ranging from human capital, customer relationships, operational excellence, building trust, creating competitive advantage to changing from a reactive to a proactive market response or reshaping the organisational culture and the hiring profile.

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The business case, therefore, fulfils the following key functions:

1.Forcing clear evaluation of current and future organisational challenges

Perhaps the most important function of a business case is to force the author(s) to be incredibly clear on the benefits, costs and risks of an investment and why it would make sense in the context of their organisation. Investment in HR technology is far more cost effective than in prior years and far more capable of delivering organisational value, but the decision to invest will normally still be a significant one. As with any decision it should be approached with a focus on understanding what problem the solution is trying to solve and a genuine critical appraisal of all of the options. It is easy to make a business case for greater use of HR technology. A bigger challenge is making a compelling case for the right HR technology to be implemented and integrated in the right way. That requires a greater depth of thinking, diagnosis and critical appraisal. The business plan can be a catalyst for rethinking the way that the HR department and the organisation operate.

2.Helping different business areas/stakeholders to be involved in the process

Business case generation can be an excellent process for building relationships and knowledge of systems across an organisation. This can work in terms of enhancing the profile of the HR team while helping other business areas appreciate the scope of HR's contribution. It helps HR better comprehend the context of the business that it is working within. The greatest obstacle to any project's successful implementation is without a doubt a lack of understanding or commitment.

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The business case can be the mechanism for ensuring that commitment and understanding is present before the implementation phase has even begun with the finance team understanding the potential improvements to reporting, and customer service understanding how better workforce planning can support their ability to smooth out periods of understaffing. Any system is only as good as the integration it has into the organisation and the quality of the information entered into it. Gaining early commitment can help with the eventual return on investment by helping everyone focus on what is most useful to them and the organisation.

3. Providing a record of the process followed and allowing post-implementation review

Organisations need to get far better at evaluating the quality of their decision-making in order to improve it in the future. The nature and depth of the business case creation process can provide an excellent opportunity for future review. Working methodically through the case and how it was created, positioned and evaluated at regular intervals can allow for an excellent case study on decision-making and information gathering. Was the right information collected? Was it presented in a helpful way? Did the reality match the originally-expected outcomes?

4. Providing a clear outline to share with stakeholders of the rigour of thinking and evaluation

A clear business case allows the organisation to progress confidently in the quality of thinking and research that has gone into the process. The role of the business case is to make the sign-off as easy as possible by clearly outlining process and evaluation steps that have been followed and how these align to or exceed the organisation's expectations for a good process in purchasing and evaluation.

5. What is your current context and the context to come (size, need, risk management, insight)?

The organisational context is one of the prime drivers for adoption of a system. Your organisation will have unique needs and it is important to reflect on not only your immediate needs but future needs as well. For instance, if your small organisation is growing rapidly you may have reached the point you believe it is sensible to invest in your first HR system. What should also be influencing your thinking is your future growth plans and what might impact those plans, as that may impact your choice of system.

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If you are confident your organisation might double in size each year for the next three years, you're in a very different place to thinking that recruitment might be slowing. Likewise, your requirements might be very different to an organisation employing thousands of people internationally that wants to focus less on the day-to-day recruiting and payment functions and more on harnessing the benefit of better analytics from their HR system. For the first organisation, the decision-making framework would look significantly different to the second one.

Larger organisations that may acquire others (or those in sectors where acquisitions are a regular occurrence) will benefit from mapping out scenarios for where the organisation might be in three-to-five years and then factoring the relative likelihood of those scenarios into their decision making.

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Building the business case

What is the need?

The business case needs to focus on two key areas:

- **Identification**: What are the business challenges or opportunities that the system could meet?

- **Feasibility**: How likely is it that a system will be able to actually meet those needs?

In terms of identifying needs, it is critical to be measured and realistic about what a system is likely to solve, and also to what extent those problems could or should be resolved without a system. It is very easy to bolster a business case with a wish list of organisational problems, however, in terms of the credibility of the project, it is important to resist that temptation.

It is equally essential to build a compelling case for sign-off, but that will backfire in the long run if savings or improvements are not realised. It is also worth articulating the cost of failing to progress as this can also be a compelling reason to invest. Whether you are at more compliance risk if you don't invest or simply know competitors will be operating with better insight, standing still is rarely an option.

Feasibility is more focused on the likelihood of a successful implementation and needs to take into account organisational culture, current and future demands on time and results from previous implementations. It is possible to identify a system that would benefit the organisation but for it not to be feasible to introduce it at the current time. Reflecting on the practical and commercial challenges of selection, roll out and day-to-day usage can help crystallise what is a practical, useful investment for an organisation and what might be a costly misstep.

Beyond that, the business case will be similar to most organisational proposals and will cover:

- A summary of the proposal

- An outline of the rationale and the process followed in completing the business case

- The financial implications (phased costs and savings). This should also include detailed resourcing costs based upon the complexity and scale of the implementation

- Assumptions made during the proposal

- Options that were actively considered and how choices were made

- Quantification of risk and the opportunity cost (what else could the financial and resource investment be spent on?)

- A summary of what would happen next on the assumption of sign-off

It is likely that your organisation will have a standard template, but in the event that it doesn't, they are freely available, just one internet search away. The key to the document is to remember that it should be positioned as a transparent and accurate summation of your work, not an attempt to sell a solution into the business. If you have done your work well and the need is established then the solution will sell itself in. Figures should be reasoned (rather than optimistic) and language should be clear rather than technical, so the document is easily understandable and accessible.

What are the options out there and how you assess them?

It's hugely important (if not critical) to complete a review of the whole market to ensure that you end up with the best and most effective solution for your needs. There are a number of surveys and analysts in this space that do some of the hard work for you, all of which can be found with a quick search.

They compare technology solutions and users' experiences. Focusing in on your needs and requirements should also allow you to have mature conversations with vendors. Most vendors will be able and willing to answer questions about their product and also put you in touch with organisations that have benefited from their systems that are of similar size

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or facing similar challenges. These conversations can really help shape your understanding of the market and why other organisations made the choices that they did.

Another good investment of time is attending HR technology and software shows to meet vendors, soak up the marketplace and also meet peers facing the same decisions and willing to share their thinking. Suppliers would definitely have positive exploratory conversations with organisations even where the organisation is clear that it isn't yet ready to commit to a purchase.

Who do you work with and why?

Depending on the size of the organisation you will have a variety of stakeholders and departments who would want to be involved or informed at

different parts of the generation of the business case. At the start of creating the business case, it makes sense to get a group of people together and map the stakeholders, reflecting on what you think their needs are and how they would like to be involved. The next step is to check their assumptions with them and also check for further recommendations of who should be involved. Your goal at this point is to secure early sponsorship from people by involving them, as well as making sure that any areas they are particularly interested in being surfaced are addressed.

There are a number of departments it will be beneficial to have involved. This is good news for the project as the more the case is seen as genuinely being for the business - as opposed to just for HR - the more likely it is to be accepted.
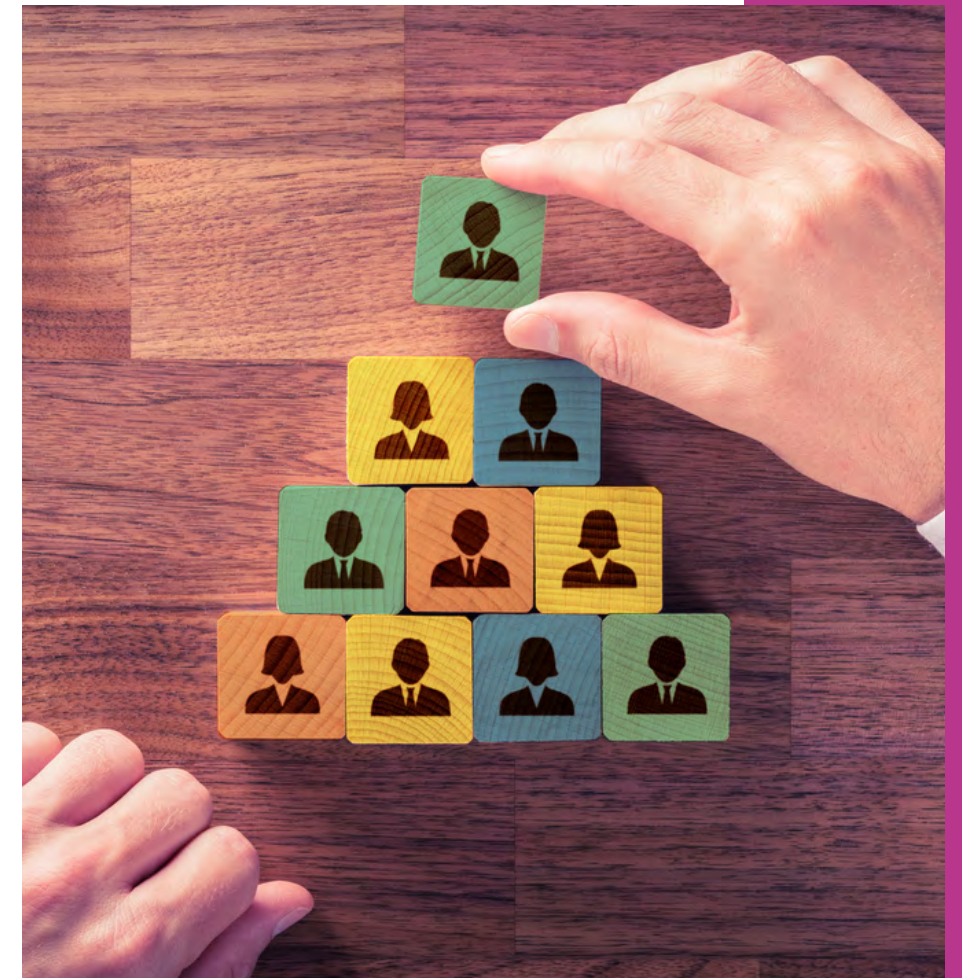
It might appear more complicated or slower to involve multiple stakeholders. However, it is actually just reducing the burden of communication or persuasion which would occur naturally at a later date, by giving people a say in how the business case is shaped from the outset. It also allows you to anticipate problems and challenges and factor solutions into your business case.

The stakeholders to normally involve are:

- **IT Director or CIO.**
  They will have a keen interest in how the systems meet their requirements and integrate with other systems. They will also have an excellent

understanding of the procurement process and common issues. Typical questions from IT will revolve around security, support requirements, contract structure and any compatibility issues with other systems. Involving IT early on in the process can save on significant costs and queries later in the process.

- **FD or CFO.**
  It is likely that any investment will be one of the larger ones that your HR department will make during the financial year. Your finance area will want to satisfy themselves as to the outlay being prudent and the process being well managed. As with all areas, it is also an opportunity to involve them in the process and get them excited about the potential benefits and changes to ways of working. The key areas of concern here are likely to be contract structure, financial impact and any integration with other systems which will improve business insight or reporting.

- **CEO/MD.**
  The CEO is unlikely to require or expect much involvement unless the organisation is of a size that warrants this being considered a major

workstream. It is, however, sensible to agree with them what they would like to be kept updated on and if they have any clear objectives that they would like met. It is also worth outlining improved reporting capabilities to the CEO/MD as this is likely to be an area that will support their insight into performance.

- **Legal, Risk and Compliance.**
  This is to ensure that data protection standards are adhered to and there are no risks which might have a material impact on the organisation which haven't been identified. These functions will also be interested in security and any areas that impact regulatory or legislative commitments.

Finally - and perhaps most importantly - there is a role to play for a representation of less senior employees and a range of management within the business. If you want a clear understanding of

business processes and their current shortfalls, then speaking to teams across the business can raise awareness of your resolve to fix them and give you a far better understanding.

Consulting with end users (self-service or in HR) on what would really make a difference for them gives you a real opportunity to shape your thinking around not just functionality but user experience. It also helps to turn the system into their system rather than HR's system.

How to approach sign-off

It is likely, however, that there will still be outstanding questions for people - or ones they have just thought of - and understanding the meeting is part of an ongoing dialogue rather than a one-off is key. If you need to get back to someone with information, for them to be comfortable with progressing, then it's more important to confidently say 'I can get back to you with that information' than it is to attempt to answer defensively on the spot. Maintaining positive stakeholder relationships and trust is more important to the overall process than the cost of a few days while final questions are resolved.

Getting sign-off for a proposal can seem stressful, but if the plan has been well-structured and thorough, then the first phase of hard work is behind you. If you have managed your stakeholders and communicated effectively throughout the process then the content won't be any surprise to the decision makers and it is likely you will progress positively to the next phase of working in partnership with your vendor towards an effective implementation.

Conclusion

Producing a business case is a complex and lengthy task, but can set the groundwork for not only reasoned investment in an organisation's people but also better working relationships. It is just the start of a process, but as with building anything over time, the foundations are the most important part.

About David D'Souza

David D'Souza is the CIPD's Head of Engagement and a respected speaker and blogger on progressive HR & business practice.

He was recently described by Workplace Insight magazine as "One of the UK's most influential HR and workplace commentators". David has curated two bestselling HR books as well as being a regular contributor to a number of HR publications.

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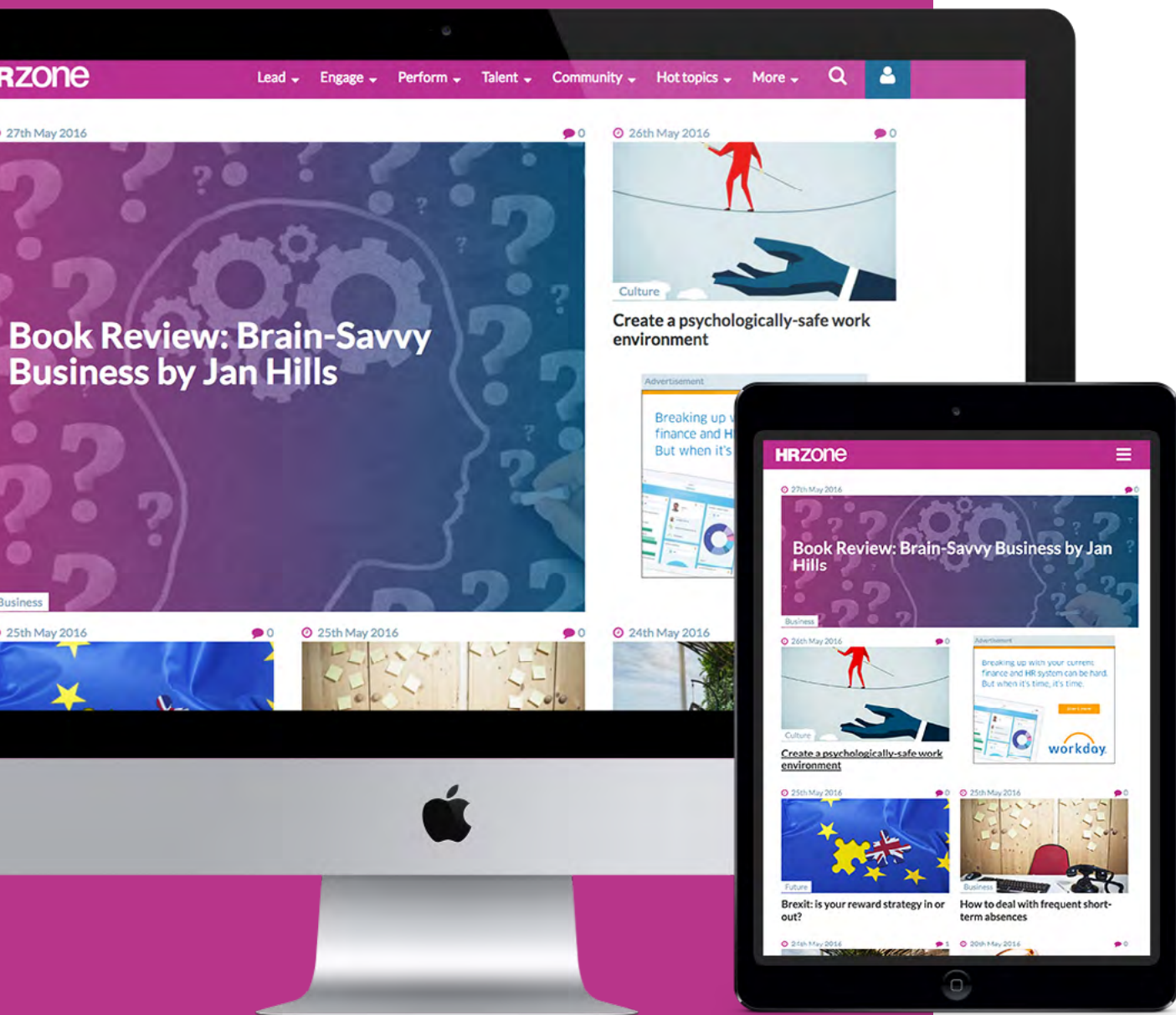
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