



THE COMPUTERWORLD HONORS PROGRAM

CASE STUDY

LOCATION:
*Lansing, Michigan,
United States*

YEAR:
2006

STATUS:
Laureate

CATEGORY:
*Government and
Non-Profit Organizations*

NOMINATING COMPANY:
IBM

ORGANIZATION:

Michigan Department of Civil Service

PROJECT NAME:

HRMN Optimization

Summary

Michigan's Human Resource (HR) Optimization Project was an interdepartmental initiative intended to augment the efficiency and effectiveness with which HR services are delivered by building upon the state's centralized HR system. This initiative resulted in the implementation of an enhanced self-service internet application, centralized data store, multi-tiered service center, and redesign and realignment of Human Resource processes that produced documented savings of \$2 million in the first year. The project remains on schedule to save a projected \$25 million savings over the first five years—while delivering best-in-class service!

Introductory Overview

The HR Optimization Project team was charged with increasing the effectiveness and efficiency with which statewide HR services are delivered. The project was a collaborative effort involving the State of Michigan Executive Office, the Departments of Civil Service, Management and Budget, and Information Technology, the Office of the State Employer, the Office of the State Budget, and the entire community of agency HR management offices throughout the state.

The overall objective was to provide access to HR information that would encourage employees to resolve their own issues, while at the same time making responsive support available when needed. To maximize efficiency gains, a three part approach was used:

- 1) Web based self-service tools were enhanced to allow employees to interface directly with the Department of Civil Service HR system.
- 2) These tools were augmented by an "intelligent" knowledgebase, called MI HR (pronounced "My-HR") Information, to provide tailored employee data based on specified conditions of employment.
- 3) A multi-tiered service center was established to directly support employees and perform routine transactions as required, thereby optimizing HR systems and resource allocations statewide.

This integration of technology and business process redesign was further supported by organizational changes and shifts in process responsibility throughout the state's HR community.



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Recognizing the importance of change management and communication, representatives of the individual agency HR offices actively participated in the design process to assist in identifying the best opportunities for processes to be standardized and centralized within MI HR. For example, transactions selected included aspects of establishing new hire benefits, employee benefit open enrollment, and updates to personal payroll information, as well as other modifications to personal data. All of these are now within the ability of employees to change using self-service or with the assistance of the staff in the MI HR Service Center.

Benefits

The project, completed ahead of schedule and under budget, was predicted to save \$2 million dollars in its first year. The service center has already achieved that objective and remains on target to save a minimum of \$25 million in its first five years of operation. This standardization and centralization of core statewide HR functions is expected to create further advantages for the agencies as the state transitions to a shared services model.

Efficiency gains that have been realized include the freedom for agencies to redeploy staff from administrative and HR support roles to more strategic uses, specifically to help other parts of their agency meet operational objectives. Subject matter experts who remain in the agency HR offices can now shift their attention to specialized tasks that support their department. In general, agencies now have increased resource flexibility allowing them to complete more complex activities with greater efficiency than under the legacy support model.

In researching the benefits of deploying a shared service center, the project team recognized the importance of establishing service level metrics that would be both meaningful and challenging to the customer support staff. In addition to setting clear performance objectives, the team wanted the ability to measure progress and provide for constant improvement of service. It was determined that measurements would be made in close proximity to the calls, in real-time where possible, and would be linked with training and education in order to close the feedback loop between growth and outcomes. By integrating quality assurance software with the entire process, the service center is able to:

- Record incoming calls
 - Track associated transactions
 - Provide managers with live monitoring of calls
 - Use actual customer interactions in training customer service representatives to meet established performance standards
- In addition, once a call is completed confidential quality of experience surveys are sent to every customer. The results?
- An exceptional rate of return for satisfaction surveys
 - 97% of respondents satisfied, or very satisfied, with their experience
 - All cases closed within target time frames
 - An average of 8,000 calls and transactions per month
 - Up to 1,000 calls in a single day during high activity periods, such as benefits open enrollment



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--A call abandonment rate that averages 1%, independent of call volumes

--All calls answered within 30 seconds

--A fourfold increase in the use of enhanced employee self-service, using the internet/intranet gateway

Statistics demonstrate that the Service Center is meeting its objectives and customers say they appreciate the team's hard work.

"The goals of increasing efficiency and saving money, while at the same time maintaining high customer service ratings, required us to fundamentally change the way we deliver HR services in the State" remarked State Personnel Director and Project Manager James Farrell. "In collaboration with our partners in the HR and IT communities, we took this opportunity to streamline business processes and to leverage and apply technology in a strategic manner to meet our goals. With the dedicated efforts of many, we delivered the project ahead of schedule and under budget and are receiving consistently high levels of satisfaction from our MIHR customers."

The Importance of Technology

The technical demands of the HR Optimization Project required the integration of several existing systems and new applications in order to create the most desirable MI HR solution. Content management of the knowledge base information is achieved through an existing Vignette solution and is presented to the employees in a personalized format using IBM's WebSphere middleware. The knowledge base also links employees to the existing HR web portal, Self Service, in order to perform online HR transactions.

These components are integrated with an IBM configured Siebel application that is used by contact center staff answering phone calls from employees. The Avaya telephony system provides typical telephony menus, queuing of calls and basic information regarding 'hot topics' to assist in answering frequently asked questions before the caller is placed in a queue. The Siebel application provides the contact center with the ability to create, track and resolve calls and cases. The NICE call monitoring and recording system provides quality assurance and staff training for phone agents. In order to provide the most accurate and up to date information, the system retrieves information from the existing Lawson Human Resources Management System daily.

The MI HR solution also provides standard reporting and metrics for continuous improvement of the service center and the customer service representatives

"This project is an excellent example of creatively using a myriad of technologies to satisfy a pressing business need. The technical team understood the problem we were solving, stayed focused, and delivered," added C. Douglass Couto, Agency Services Information Officer.

"We did use best-of-breed technology but one of the most critical factors in the project's success was the business commitment received at all levels," commented David Gilliland, Technical Project Manager.



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Originality

While shared service centers are fairly common within the private sector, they are far less prevalent in the public sector. Understanding the opportunities created by implementing centralized call center facilities, the team's objective was to create a multi-channel, single source service center that would provide continuous internet access where it would be most useful, coupled with a staffed call center for those employees lacking comfort with or access to the internet. The strategic model used to organize objectives included creating:

- 1) A single centralized HR knowledge repository
- 2) On-line availability of HR policy and procedure information in easily understandable language
- 3) A single point of contact for general HR support
- 4) Process realignment that allowed individual agency HR offices to focus on specialized strategic issues while the service center addresses routine issues.

Success

The project, an intensively collaborative effort, moved from design to operation in just over one year, delivering the planned services ahead of schedule and under budget. The success of this project will continue to pay dividends regardless of variations in budget and resource environments. Project success was built in part by establishing a foundation of trust and opening new lines of communication between central and agency HR offices. The collaborative relationships nurtured by project teams continue to add value by supporting employees who require specific subject matter expertise within today's tiered support model. As experience is gained with this model, additional processes may be transferred to MI HR, and as all parties become comfortable with the new processes, success will breed greater success.

When presented with the increasingly common challenge of achieving greater results with fewer resources, the Optimization Project team and MI HR staff created a unique and highly effective solution. Rapidly and under close scrutiny, a shared service center was designed and built, processes reengineered, and a complete solution implemented and deployed on time and under budget while achieving or exceeding all savings objectives.

Business requirements were identified, collaborative relationships were established, and innovative solutions were applied, resulting in a new and widely accepted method for meeting employee's HR needs without sacrificing quality. The MI HR is one of the first HR shared service center implementations of its kind within U.S. state and local governments.

The project team has shared its experience, and model for success, with other state and government groups through presentations at conferences such as the Annual NASPE conference and the Lawson Customer User Exchange. These venues have provided opportunities both to talk about the HR Optimization process and to receive input from other business sectors regarding their experiences. This type of contact has even led to international interest in the MI HR service center. For example, in March of 2006 project team members will be hosting a delegation from Singapore.

Lisa Evani, Assistant Technical Project Manager on the HR Optimization Project recently not-



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ed, “The project has been a great success. In addition to the fact that the project was delivered within the schedule, within scope, under budget, and achieved its first year’s projected savings, I can attest to the system’s convenience, accessibility, and efficiency. I regularly use the MI HR Knowledge Base to find answers to my own HR questions. I appreciate having the information available at my fingertips any time of the day. It’s also comforting to know that there is someone available to assist me when I am unable to find the answers myself.”

From crystallizing a project vision to creating a world class project team and delivering a call center solution meeting all defined critical success factors, this project has achieved its goals by all technical measures. Ultimately however, it has been the balance of transitioning to centralized services that take advantage of economies of scale and the ability to deliver the responsive customer support that employees expect and deserve, which has been the greatest measure of the project’s success.

Difficulty

With any redesign process, the greatest challenges are presented by change. The HR Optimization project faced change in all three traditional project areas – People, Processes, and Technology. The team first asked people about what they did and how it could be done more effectively. Redesign processes were then married with technology that was new to the conventional HR environment.

Most challenging of all however, was navigating through this process with people who knew that in many cases success would impact their own jobs. Working with representatives from the agency HR offices, the project team identified target processes and procedures and designed new ways to redistribute tasks so that position costs could be saved in accordance with budgetary requirements.

In all, 76 full-time equivalent positions were eliminated from human resources areas across the 18 agencies in the first year of operation. This goal was met without terminating employees. Through attrition, an additional 62 positions and the associated budget will be eliminated over the next four years.

Employees in eliminated positions were given the first opportunity to fill MI HR staff positions, both to ease the transition to a centralized process and to take advantage of their institutional HR knowledge. A new customer service classification was created and a best practice review was completed to build selection criteria that would match the best candidates with the new positions needed to staff the service center.

Working with the HR community and relying on subject matter experts, the project team analyzed, redesigned, tested, and reviewed all process proposals. Where optimal, technology and automation were incorporated to achieve maximum gains as the service center came on-line.

“This was a great opportunity for IBM to implement what is historically a hosted solution, in an onsite environment,” explained Adam Jelic, IBM Business Consulting Services Project Manager. “We knew that we faced a number of unique challenges with this project. The state’s focus on communications and their comprehensive change management plan allowed us to overcome the often overlooked and critical challenge of effectively managing the cultural change.”