Evaluating the value of HR activities:

**HR Costs: $182,500 per year**

* Lost Time Costs (LTC) - $150,000
* EE/HR transactional time - $20,000
* HR resume processing time - $12,500

As the head of HR – you have been asked to prove the department’s value to Company Canada.

Items to consider:

* + What is the HR value related to each cost?
  + How do each of these transactional cases add strategic value?
  + What recommendations would you make to improve the cost/value relationship HR provides to Company Canada?

Use the storytelling cycle to provide a thoughtful HR response:

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| **Step 1 - DEFINE** | |
| Scope: Identify the population and time frame for analysis | * **Population:** Company Canada employees * **Time frame:** Annual analysis |
| Problem: Brief description of the problem | * Need to demonstrate the value of the HR department to justify costs and ensure alignment with strategic goals. |
| Terminology: Explain key terminology | * **Lost Time Costs (LTC):** Cost associated with lost productivity due to HR-related activities. * **EE/HR Transactional Time:** Cost incurred due to employee and HR time spent on transactions. * **HR Resume Processing Time:** Cost of time spent on processing resumes. |
| Measurement: Identify what will be measured to understand the current situation | * Measure the current Lost Time Costs (LTC), transactional time, and resume processing time. |
| Desired outcome: Identify the desired outcome | Demonstrate strategic value to justify HR costs and find areas to improve cost-value relationship. |
| **Step 2 – ANALYZE** | |
| What do the numbers mean for each case? | Case 1:  Lost Time Costs (LTC): $150,000 per year. Meaning: Significant productivity loss that needs mitigation. |
| Case 2:  EE/HR Transactional Time: $20,000 per year. Meaning: Cost from employee and HR time on transactions. |
| Case 3: HR Resume Processing Time: $12,500 per year.  Meaning: Cost of time spent processing resumes. |
| What is the total cost? | $182,500 per year. |
| What do the numbers mean overall? | Total HR-related cost is significant, highlighting the need for enhanced efficiency and strategic alignment to maximize value. |
| **Step 3 - RECOMMEND** | |
| Identify options | 1. Automate HR processes to reduce manual time. 2. Implement training programs to improve efficiency. 3. Introduce HR software for better resume processing. 4. Streamline HR procedures to minimize lost time. |
| Identify the recommendation | * Option 3: Implement HR software for resume processing and automate transactional tasks. |
| What are the risks if recommendation not accepted? | * Continued high costs without improvement in productivity or strategic value. |
| What are the risks if recommendation is accepted? | * Initial investment in software and potential resistance to change. |
| How will the recommendation create HR value? | * Reduces resume processing time and transactional costs. * Enhances HR efficiency and strategic contribution. |
| **Step 4 - DECISION** | |
| Based on the recommendation, identify the decision that must be made | * Approve the implementation of HR software and automation tools. |
| Who needs to make the decision? | * HR Head in collaboration with the executive team. |
| What approvals need to be in place? | * Budget approval from the finance department. * Approval from the IT department for software implementation. |
| **Step 5 - ACTION** | |
| What happens next: What is the plan? | * Develop a project plan for implementing HR software. |
| Identify budget | * Estimate based on software costs and training. |
| Identify time frame | * 4-6 months for implementation and training. |
| Identify who needs to be involved (approvals, vendors, implementation) | * HR team, IT department, software vendors, finance team. |
| Identify scope | * Company-wide implementation affecting all HR processes. |
| **Step 6: CLOSE THE LOOP** | |
| Identify how all of the previous steps will achieve the desired outcome | Regularly measure efficiency gains post-implementation. Track reduction in LTC and transactional time. Report improvements to the executive team to highlight HR value. |