WHY TREATING EMPLOYEES LIKE CUSTOMERS IS
THE **RIGHT THING** TO DO

By Russ Banham

Every company shares the goal of treating its customers with the utmost respect, putting their interests first and foremost in the scheme of business. It wasn't always this way.

There once was a time when caveat emptor—"Buyer Beware"—was the abiding principle of seller-buyer relations.

Those days are now long gone, and many companies have elevated the customer experience to levels unthinkable a decade ago, cognizant that positive customer engagements drive higher sales and long-term buying relationships. The time has now come for a similar revolution to occur

within the workplace—to treat employees as well as customers are treated. The business results are sure to be just as profound.

Ultimate Software is a case in point. The human capital management (HCM) software provider has predicated its entire business on the concept of putting its employees first, by engaging them productively in meaningful tasks toward

a shared purpose. The company has the same high regard for its customers' employees, designing its leading HCM system not for HR administrators—the case with virtually all other systems—but for employee users of the system.

Why is this important? Because employees can easily and effectively leverage the system to access and assess their core responsibilities and career and work
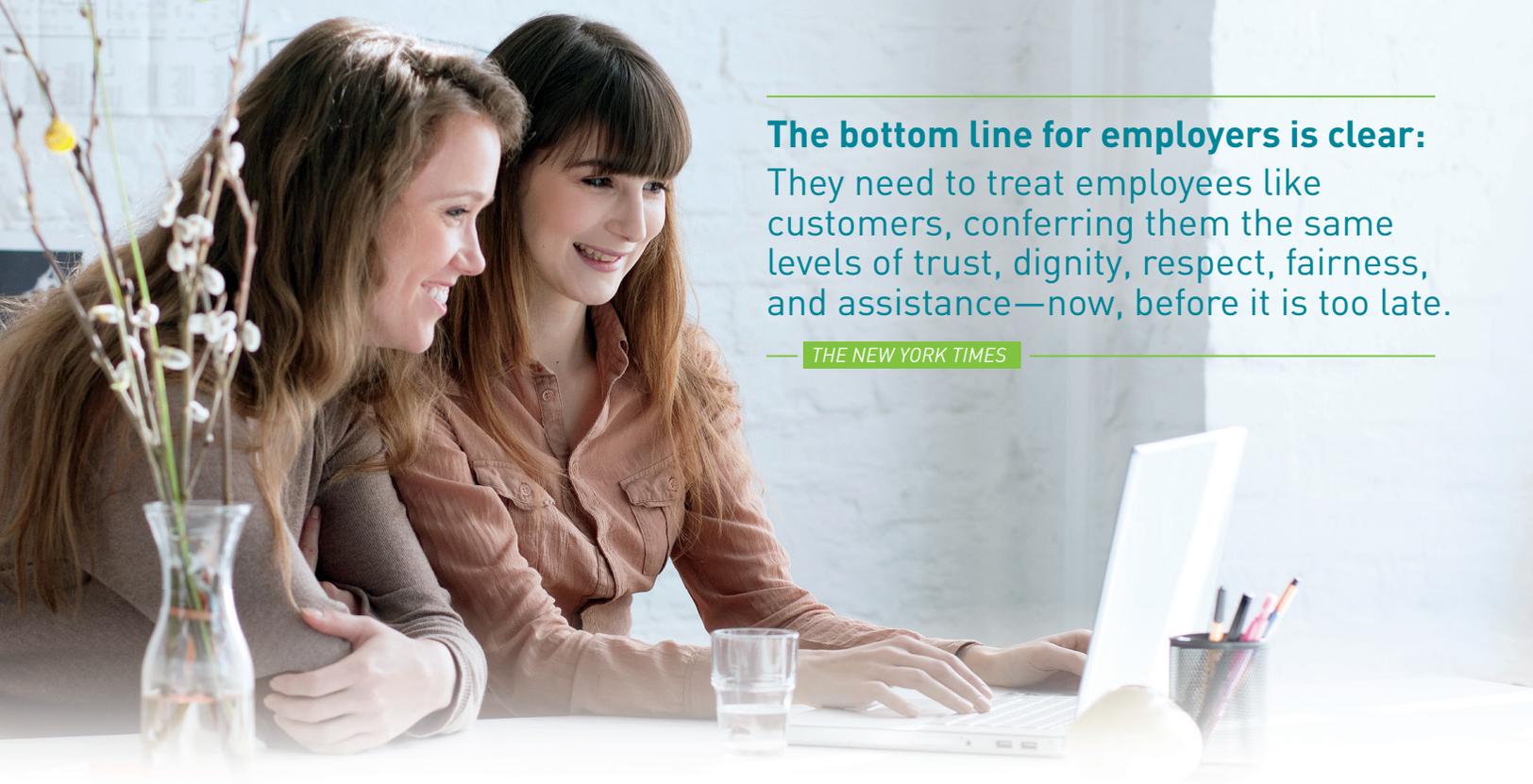
progress, free from the distractions and frustrations typically caused by most HCM systems. At the same time, the system provides employers with detailed insight into each employee's work lifecycle, assisting efforts to distinguish top performers, discern progress toward goals, and pinpoint key employee retention risks. What better way to win the war for talent?

NOT JUST NUMBERS

People are the cornerstone of the enterprise, yet employers have progressively treated them in the 21st century as if they were indeed human capital, not actual beings. "Many employers beset by woeful economic conditions went into survival mode, taking their frustrations out on the backs of employees," says John Berry, founder and principal at John Berry Consulting, which focuses on employee experience consulting. "People lost their jobs or feared they soon would. Those who remained were given more work to do, while their salaries stagnated."

In the aftermath of the financial crisis, many companies were forced to restructure operations, rationalize their spending, and downsize the workforce. These difficult decisions eventually paid off. Yet, while company profits and earnings per share have increased as a percentage of GDP in the post-recession era, overall workplace salaries have declined. "Companies have become more expense-efficient, but employees are not sharing in the benefits," Berry says. "This has only added to all their other stressors in the 'always-on' work environment."

He is not alone in this view. "Employees are being asked to do more with the same or fewer resources, and frequently don't find the work they do to be particularly meaningful," says Robert Ployhart, Bank of America professor of business administration at the University of South Carolina. "The lack of job security is another problem, making employees see themselves as 'free agents.' Too much stress on the job, and they're looking to jump ship. Their employers know this, and thus are less apt to make long-term investments in them."

This double-edged sword is apparent in several recent studies of employee engagement. Towers Watson's 2012 Global Workforce Study of more than 32,000 fulltime workers, for instance, indicates that excessive stress and other pressures on the job are adversely affecting nearly four out of ten employees (38 percent). More than half (54 percent) of the stressed-out workers cited concerns about their

4/10 Employees are adversely affected by excessive stress & other pressures on the job

future financial security—obviously no way to ensure a productive work environment.

"Companies are running 21st century businesses with 20th century workplace practices and programs," the study's authors commented. "Many (employees) have been doing more with less—and for less—for over half a decade, and that reality doesn't seem likely to change any time soon."

If it doesn't change soon, employers will lose the current war for talent. While elements like compensation affect employee recruitment and retention, the latter depends on the quality of employees' relationship with managers and their trust in senior leadership, the study attests. Unfortunately, more than 50 percent of respondents believed their organizations' senior leaders did not have a sincere interest in their wellbeing.

30% Of workers in the U.S. feel a strong connection to their companies

52% Of workers in the U.S. don't feel engaged with their work

18% Of workers in the U.S. feel actively disengaged with their work

The State of the American Workplace Report published by polling organization Gallup in 2013 backs up these findings, asserting that only 30 percent of workers in the U.S. feel a strong connection to the companies they work for. Fifty-two percent of respondents said they also were "not engaged" with their work, and another 18 percent stated they were "actively disengaged."

Around the world, the situation is even worse. The New York Times recently stated that the proportion of employees feeling engaged at work in 142 countries was a dismal 13 percent. Work for many employees, the newspaper stated, "is a depleting, dispiriting experience, and in some obvious ways, is getting worse."

If it gets worse, company survival is at stake. The Gallup study emphasized that organizations with more engaged employees have better odds of achieving the outcomes their organizations want, such as greater customer engagement, quality work, and employee retention. For example, companies with high employee engagement scores experienced 147 percent higher earnings per share compared with companies with low scores. The converse stands in sharp relief.

The bottom line for employers is clear: They need to treat employees like customers, conferring them the same levels of trust, dignity, respect, fairness, and assistance—now, before it is too late.

REALIZING THE PROBLEM
HR consultant Josh Bersin, founder and principal of Bersin by Deloitte, Deloitte Consulting LLP, has studied the increasing disengagement of employees with alarm. "Nearly every company I talk to cites it as a big problem," Bersin says. "They're aware their employees are overwhelmed by work. They know they must create a more meaningful and humanistic work environment. They want to build a better employee experience—to make work

and their organizations magnetic and irresistible. They just don't know where to start."

Bersin cited research by the firm indicating that 79 percent of businesses in today's dynamic, growing economy are worried seriously about employee engagement and retention—their number two concern after "leadership." Sadly, only 8 percent have developed and implemented programs to address the problem. "We have to remember that employee experience and engagement is all you really have in a business," he confides. "Our

research shows that creating the right management and work environment to drive engagement is not simple, but it warrants very senior attention."

The reasons why are made clear in a 2013 survey by The New York Times and Harvard Business Review of 12,000 white-collar workers. The study points to clear productivity and retention benefits when employees feel engaged, valued, and appreciated for the work they contribute; when they have the opportunity to focus on their most important responsibilities and not be distracted by more mundane tasks; and when they are liberated to do more of what they do best and enjoy the most.

Such employees are three times as likely to stay with their organizations. Just freeing them from distracting tasks that unnecessarily absorb their time and shift

32% of organizations have consistency across their HR processes

8% of companies have integrated their payroll management system with their talent management system

their focus away from more important responsibilities increases retention by a factor of 63 percent. Merely giving employee teams a common coffee break will increase their efficiency by 8 percent, the joint study informs.

Prof. Ployhart agrees with the study's findings. "People simply perform better when they can work efficiently and purposefully, focusing on getting more work done at a higher level of quality and in less time," he says.

Bersin also confirms the value of treating employees in ways that make working more satisfying and meaningful. "The work environment, management practices, career development, and work processes all contribute to positive employee experiences or detract from them," he says. "What is important is to view all these employee experiences from an holistic standpoint."

WHEN WORK IS NOT WORK

So how can employers create a working environment that produces a positive employee experience? The Towers Watson study offers this recommendation: "Effectively enable employees with internal support, resources, and tools."

The latter is especially critical, particularly to newer employees hailing from the Millennial Generation born between 1980 and 2000. These individuals have grown up with the Internet, social media and mobility. Their smartphones are populated with page upon page of apps. Surveys indicate they want to work in jobs that are meaningful and for companies that are technologically proficient.

What role can an HCM system play in these regards? The answer is a big one. Think about it: An HCM system should be designed for employees, it should be an effective tool to communicate with peers and colleagues, it should inform on perceived skill gaps, and it should be a guide to training and other educational resources. For a job to be meaningful, the employee needs to be able to assess his or her realization of personal work goals. For a company to be perceived as technologically proficient, it must provide employees with an HCM system that gives employees what they need.

Many HCM systems today fail to provide such positive employee user experiences. For one thing, most systems are fragmented—only 8 percent of companies have integrated their payroll management system with their talent management system, according to Ventana Research.

A 2013 study by Aberdeen Group affirms that a mere 32 percent of organizations have consistency across their HR processes. The problems created by disjointed systems are acute. "There is no centralized place to pull data from the different systems to get a clear, detailed view of an employee," Berry explains. "Ultimately, it becomes so difficult to find what you need that people simply give up."

On the other hand, with a unified, end-to-end HCM system, the functional heads and line-of-business leaders can

quickly access a wide range of employee information, since this data has been normalized in the same format. The productivity of managers also increases, as they can easily and quickly navigate a single system with a common format, rather than get lost in the maze of menu sequences, access protocols, and passwords.

This ease of use is a breath of fresh air, making the process a pleasant experience. "With a unified HCM system, it becomes much simpler to gain visibility into employee skills, ideas, and work progress—to look at an employee through his or her work lifecycle," Berry adds.

Another problem with many HCM platforms is that they were built to address HR administrative tasks instead of how employees would use the system. To create an employee-centric platform requires knowledge of how workers use the system, but most providers have not invested in the ethnographic studies informing these user experiences. Consequently, employees flail away—trying to assess their work progress, look at the value of their 401(k) plans as they plan their futures, and identify other work opportunities at the company.

Such challenges are not employees' alone. Employers also struggle—to distinguish top performers, manage

succession planning, gauge employee goal completion, and evaluate retention risks. Having a unified, end-to-end HCM system designed for the people who use it is a significant step toward alleviating these and other pain points.

To design its cutting-edge HCM solution, Ultimate Software employs a staff of ethnographers, whose job is to closely study the interactions between people and technology, often on a one-on-one personal basis. Their work has assisted

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CECILE LEROUX

the design and development of HCM technology that's centered around the needs and expectations of individual employees. Ultimate's solution meets employee needs because it was designed for them. The system understands their requirements for immediate access to personal information and work tasks. It empowers employee users to focus on their core responsibilities, eliminating complexities and frustration.

Imagine: The first day at work, the HCM system welcomes you and introduces you to your team. The customary paperwork is simple—the system takes you through

a timeline of tasks and allows you to complete and sign all forms online. The HCM system now has the first pages of what will become your history. Network social connectivity is instant—within minutes of sitting down at your desk, colleagues know who you are and you know them. You are ready to work.

For employers, the value is multifold. The system guides companies to recruit and retain the right people. For instance, each employee is represented in a single

file over the lifecycle of that person. Instantaneous information is available on the worker's goal-oriented performance—comparing this with other team members, pinpointing areas of improvement, and offering targeted career development opportunities. This is real employee lifecycle management. Leadership attributes, management capabilities, and even a particular employee's retention risks are clearly illuminated.

Best of all, the system helps employers treat the workforce with the dignity, trust, and respect they deserve—from

the moment they are onboarded. "If you put your employees first and foremost so they have great experiences, they become more engaged, satisfied, and productive," says Cecile Leroux, vice president of product strategy and product management at Ultimate Software. "This is how we treat our own people here at Ultimate. Not only do employees stay with our organization, they tell others about their positive experiences, opening the door to us to recruit other top performers just like them."

The alternative is an HCM system that focuses on HR administrative and compliance tasks on a separate basis rather than supporting the needs of the employee and managers. When employees are unable to get answers to questions, are unable to examine their progress toward team goals, are unable to effectively collaborate with team members, and are unable to assess their contributions to the overall success of the organization, their motivation falters, closely followed by their productivity.

Certainly, employees want more than this in an HCM system or in an employer. "People want performance management to be a continuous and collaborative process, and they want to ascertain at any time their progress toward completing goals," says Leroux. "Managers want to be able to take corrective actions quickly. And often they can't when critical information is buried somewhere in a report that requires digging through a mountain of data."

When this insight is immediately available or accessible, "an employee feels a powerful sense of ownership of his or her career," she adds.

Using Ultimate Software's HCM solution, employees can easily visualize through the use of graphics where they stand toward attaining particular goals. Employees in a customer service position, for instance, can see their progress toward increasing customer references on their mobile devices, and track this metric over time. Managers can similarly use the tool to compare and contrast the progress of different team members, uncovering challenges that may require additional mentoring

and training, as well as previously unidentified opportunities like a potential future leader suiting the company's succession management objectives.

Each state-of-the-art component of the HCM solution is integrated as a unified whole and is entirely user-centric. For example, Ultimate Software's payroll and compensation functionality were built for two constituencies—for employees who needed to fully understand their compensation and the factors that drive it, and for managers who wanted to easily navigate payroll allocations. Why such keen focus on payroll? "Our data indicated that payroll is one of the most commonly used pages on an HCM system," says Pat Pickren, senior director of product management. "We took its development very seriously."

Before designing key compensation components, the company's ethnographers studied how people perused their payroll. This work guided software developers in designing the HCM system. "Everything employees are apt to access related to payroll is right there, such as quick links to W-2 forms, direct deposits, and tax withholding changes, Pickren says. "Each item

also is available to them using their mobile devices."

POWER OF POTENTIAL
Ultimate Software's HCM solution mirrors the employee lifecycle by dividing the career needs of employees into three unique configurations—Discover Your Potential, Unlock Your Potential, and Fulfill Your Potential.

The first configuration is addressed by Ultimate's recruiting solution, UltiPro® Recruiting. Candidates interested in a particular company provide basic information, such as their education, what they would consider to be their basic competencies, and their notions of the ideal job. UltiPro then responds with relevant opportunities within the organization that would be the best match for candidates. In some cases, they are surprised to learn their skill sets are better aligned with positions they did not originally consider.

Once the employee discovers his or her potential, UltiPro enables new employees to "unlock" it as soon as they are hired. New employees may be introduced to a mentor within the company, can view learning opportunities relevant to their

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roles, and can easily connect with their team members. With regard to the latter, the system enables new hires to instantly view their existing LinkedIn connections who work within the organization. This feature helps produce feelings from day one of being part of a community.

As employees grow with the organization, UltiPro offers many ways for them to "fulfill" their potential. For instance, they can access constant and continuous feedback about their progress toward goals. If an employee discerns slow progress, applicable training or mentoring may be offered. If the employee is interested in other career opportunities that might be available in the organization, this information also is accessible. Employees become more motivated and engaged because the HCM solution mirrors their work lifecycle.

At the same time, employers are able to detect specific issues related to employee retention. The solution features two unique offerings, called the UltiPro Retention Predictor™ and the UltiPro High Performer Predictor™. These features indicate which employees are most likely to become high-performing individuals, as well as all those who may be at risk of leaving the organization. Each employee receives a score that is derived and quantified by statistically-proven algorithms. Armed with this knowledge, the employer can take corrective actions on a far timelier basis to thwart a potential defection. With regard to high performers, this insight is invaluable.

Recruiting is another key component of the system. This functionality also was guided by ethnographic studies; in this case, personal interactions on how people look for work were studied. Ultimate Software's ethnographic team

conducted dozens of interviews with job hunters and visited 12 of these individuals' homes to watch them in this effort. Their observations were provided to the recruiting solution's software designers. The overarching goal was to provide a simple and enjoyable experience that treated the job candidate with respect for their time, while establishing clear expectations of what it would be like to work for the employer.

Above all, the unique HCM solution fosters a culture that the company truly does put its employees first and foremost by treating them as they would their best customers. Since the system is the primary means of "touching" the employee on a day-to-day basis, it constantly reinforces the organization's employment values and regard for people-centricity and productive, meaningful experiences.

The point resonates: Employees are human beings before they become human capital.

These features are perfectly aligned with the recommendations of academics and consultants. As Prof. Ployhart puts it, "To retain the best and brightest employees and ensure they are engaged and productive, they need to know that their experiences matter."

This philosophy is central to Ultimate Software. On the wall above the company's main office is a quote from Scott Scherr, founder and CEO: "The true measure of a company is how it treats its lowest-paid employee."

The point resonates: Employees are human beings before they become human capital.

Russ Banham is a Pulitzer-nominated business journalist and author of 23 books, including The Ford Century, his centennial history of Ford Motor Company. His next book, Higher: 100 Years of Boeing, will be in bookstores in August 2015.