



Compensation Management Issues

Insights

For Compensation Managers

Total Solution Focus

Simplifying HR Through Technology

Job Descriptions, Beginning or End of Business Value Discussion?

Job Descriptions

Well crafted job descriptions should communicate:

- Clear and precise definition of position duties and responsibilities
- Specific defining requirements for education, experience and associated environmental aspects.

Agreed, but what is the value precisely?

Our most recent SHRM conference (MO SHRM) was both well attended and stimulating from several points of view. Professional colleagues visiting with us stated a keen interest in job description technology, which we provide. More intriguing was the very consistent tack the conversation took when exploring the objectives surrounding their inquiries.

Short term objectives almost always include:

- Clarifying duties and responsibilities
- Supporting organizational alignment
- Ensuring compliance.

The immediate result is to improve the HR staff efficiency. How much? Our experience and industry studies show that typically HR staff productivity is improved between 2 – 5%. Depending upon your organization's process for defining, approving and annually reviewing (yes, you should be doing this) job descriptions, an additional 2 – 5% efficiency can also be achieved.

Clear job descriptions can lead to an increase in job satisfaction and as a result, a decrease in turnover, however, this may be more difficult to quantify.

Compliance, or more accurately risk mitigation from regulatory action is quite significant even if only assuming time recouped for audit avoidance and/or audit efficiency, and specific time for legal counsel. Any attempt to factor in any damages that might be incurred as a result of legal action would be highly speculative, but a single action would only serve to magnify the potential value.

These benefits are important even at the low end of the ranges. The costs due to the availability of cloud computing are minimal, in the range of less than \$.20/employee/month for a company of 500. And the time to value (TTV), that is the length of time to implement and begin to see results is negligible again due to the technology platform and ease of use. Typical payroll-based HRMS systems run in the \$10 - \$25/employee/month. Shouldn't you consider an investment of about 1% of that cost just for the compliance risk mitigation alone?

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So that efficiency and compliance protection is important, but it must be firmly aligned in support of specific business objectives. Probing for immediate business drivers from buyers of job description technology often surfaces additional needs and concerns in potential areas such as:

- Talent management – improved recruiting for key positions and retention of critical skills
- Performance management – accurately assessing employee contributions
- Training development – defining and instilling core competencies.

Even more important for HR organizations is the increasing importance to clearly demonstrate their impact on bottom line business improvements.

Now consider developing your job descriptions and realizing those attendant benefits, and using the same informational foundation to expand the perception and performance of your HR technology environment. A Job description developed in accordance with a disciplined methodology of measurable factors allows technology to provide a baseline evaluation of that position. Collaboration capabili-

ties enable an organization-wide consensus of relative worth for each position.

With this framework you can now:

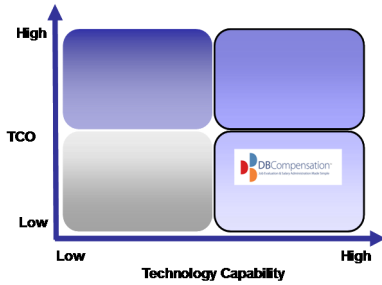
- Intelligently analyze market salary data in the appropriate context for your organization
- Define compensation management strategy and policies integrating business objectives
- Develop performance review and rating processes aligned with compensation management
- Retain critical skills through clear communication of value
- Attract new employees at competitive rates
- Design training programs with clear objectives and appropriate motivation.

The values of these benefits now align and address key business objectives making HR a dynamic corporate resource that:

- Recognizes key sources of competitive advantages within the organization
- Manages the relationship of compensation variables to reduce fixed costs
- Allocates resources to best motivate performance.

Organizations with strategic and aligned compensation grow through:

- Reducing costs by eliminating pay and position creep
- Reducing compliance risk and cost
- Increasing retention of key skills and expertise
- Increasing productivity through new talent and optimized employee communications.



This type of capability for the cost is illustrated here

Again the costs for technology deployment are again minimal due to advanced architectures, seamless integrations with other HR systems and total solution approaches that combine implementation, policy development and employee training into one activity. Your investment depending upon the size of your organization can only be from \$.05 - \$2.00/employee/month. Aren't the advantages worth an investment of up to only 10% of what you might pay for a payroll-based HRIS system?

It may begin with good job descriptions, but where it can lead your organization is up to your vision and commitment to establishing the strategic importance of compensation management and the commitment of your HR organization to delivering it. Choose high value and low incremental system costs to leverage your return on investment.

