# Proving the ROI of your Workday investment

*What to focus on so you get the metrics you need from your new HCM system*

## Contents

Congratulations! You're live on Workday and all your hard work is paying off—things are going well. Your employees are engaged and adopting the new system. Processes are running smoother than ever before, and you're able to focus less on administrative tasks and more on strategy. Everyone in the finance and HR departments is happy and aligned.

But now it's time to show that the business is really benefiting from the deployment. What are the metrics that matter and how can you show a return? Do you see any concrete results?

Thankfully, no matter where you are in your Workday deployment journey, there are opportunities to demonstrate the value. For example, how much time is being saved by your team now that they don't have to do as much data entry and manual work? Is this reduced manual work having an effect on employee engagement, and is that translating to better customer engagement and profits? Is your data cleaner and easier to use, so you can more easily make smarter decisions? All of these data points will help you build a strong case to justify the investment.

This guide shows you what to focus on so you can more easily prove ROI.

## Finding the metrics that matter

Today's C-Suite expects hard numbers to support their decisions. They're looking for predictive analytics and insights about how your HR and financial data can help the business. Unfortunately, just six percent of human resources departments think they're really effective in using human capital data analytics, according to *The Talent Equation: Big Data Lessons for Navigating the Skills Gap and Building a Competitive Workforce*, a book by Matt Ferguson, Lorin Hitt and Prasanna Tambe.

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The right data will help you make better decisions and allow you to play a stronger role in the company's overall strategic direction because it allows you to provide important insights to the organization. And naturally, having more data to demonstrate your impact is key. That's why a Workday deployment can be so effective for your organization.

According to the IBM® Global C-Suite Study, many chief human resources managers (CHROs) are turning to cloud computing tools like Workday to collect better data and improve the employee experience. Specifically, 66 percent said they are looking to improve data quality and 68 percent of CHROs said they are looking to deliver an improved employee experience.

Before you can measure the success of your Workday deployment, it's important to know what factors about the business you were hoping to change. Data for data's sake isn't valuable, so if you're not looking at the *right* data, then you might think your deployment wasn't really successful. As you consider what your potential measures of success may be, it's important to think about your goals and initiatives. What were you hoping to change? Why did you choose to deploy Workday in the first place?

When IBM deployed Workday around the world in 2015 and 2016, the goal for the project was to make the company a more agile, social and seamless organization. So, when it came time to measure success, IBM used the following metrics to track against its goals: process simplification, process automation, embedded analytics, real-time reporting, increased visibility, time savings, employee self-service, employee satisfaction, mobile enablement and social involvement.

Essentially, these success metrics focus on employee engagement, operational efficiency, and compliance reporting.

These three areas are connected. It starts with creating a great employee experience; one that drives higher employee engage-

ment, higher adoption and higher satisfaction — all measurable to the organization. Creating operational efficiencies enables the finance and HR organizations to scale with growth, allows HR to focus on more strategic activities, and organizations to gain better internal control with fewer opportunities for failure, while delivering lower cost of ownership — all measurable and important to the organization. Finally, mitigating risk is important since finance and HR tasks are highly regulated. You can easily measure and report on your organization's compliance with laws and regulations.

As you're thinking about your own goals and initiatives, consider what your potential measures of success will be, and what data you will need to prove the ROI of your investment. Focus on the lifecycle of your department and your employees as it applies to Workday, and what you can learn at each milestone. For example:

- During the first three months, users are just getting adjusted to the system. Payroll and integration are your top priorities as you work to ensure smooth pay transactions and stabilized integration runs.
- Within six to nine months, you hit your first big employee cornerstone processes. This includes first-time Open Enroll-



**Operational efficiency**

Process simplification    Process automation    Embedded analytics

**Compliance reporting**

Real-time reporting    Increased visibility    Time savings

**Employee engagement**

Employee self-service    Employee satisfaction    Mobile enablement    Social involvement

*Figure 1*: Measures of success for IBM's Workday project.

| First three months | Six to nine months | Nine months | After one year |
|---|---|---|---|
| Top priorities: payroll & integration | Cornerstone processes: open enrollment, merit/bonus cycle, performance reviews | Create and analyze compliance/audit reports, security requests | Analyze data, genuine optimization of Workday functionality, add modules |

*Figure 2*: Milestones in the department and employees lifecycle.

ment, Merit/Bonus Cycle Runs and launching Performance Reviews. Now is the time when you want to start really optimizing the system to get the most out of it.

- Around nine months, you'll begin to create and analyze compliance/audit reports and make requests for security and other enhancements.
- After a year has passed, you have one full year of Workday data. This is where you can truly optimize your Workday functionality and possibly even add additional modules. You can take a deep dive into reporting analytics and begin to ask key questions: What are you really gaining from Workday? What is the true ROI?

Each of these events gives you critical information, such as expense alignment as you merge organizations, information about key leaders and talent in your organization to help scale your operations, and the ability to assure your outside auditors that you are in compliance with critical rules and regulations.

For the purposes of this guide, let's look at the ways that Employee Engagement, Operational Efficiency and Compliance Reporting can reveal whether your investment in Workday is paying off.

## Employee engagement

Let's start by focusing on the impact of employee engagement on your company's bottom line. Did you know:

- "Actively disengaged" employees cost the US economy USD 370 million every year, according to Gallup.
- 72 percent of US workers are not engaged in their work, according to Gallup. It's as if they're just sleepwalking through their day.
- 46 percent of new hires leave their jobs within the first year, according to Telework Research Network, and 25 percent intend to leave within a year.
- 75 percent of leaders have no engagement plan or strategy, according to ACCOR, even though 90 percent say engagement has an impact on business success.

On the other hand:

- Organizations with engaged employees see 31 percent less turnover rates, according to Gallup.
- Highly engaged employees are 38 percent more likely to have above-average productivity, according to the Workplace Research Foundation.

- Increasing employee engagement investments by 10 percent can increase profits by USD 2,400 per employee per year, according to the Workplace Research Foundation.
- Companies with a highly engaged workforce improved operating income by 19.2 percent over a period of 12 months, according to Towers Watson.
- 70 percent of engaged employees indicate they have a good understanding of how to meet customer needs, according to Wright Management.

With metrics like those in mind, wouldn't you want to do what you can to engage your employees more? After all, in so many businesses these days, employees are your "product." If you do something to affect employee engagement, the downstream impact on customers can be significant.

IBM Workday Consulting Services' first recommendation is to use Workday to analyze your high touchpoint areas for employees. These areas include:

- Open enrollment
- Merit process
- Time-tracking
- Easy access to information

Besides some obvious questions (for example: Did we make our configurable grid with enough detailed information? Was it an easy transition for managers to complete within Workday? Are we delivering the information in an easy format for managers, and a clean and clear layout for employees to comprehend?), it's important to look at how your employees are engaging with the system, and if they're getting everything they need from it quickly and easily. Is the time to complete tasks shorter now than before Workday? With the constant stress for companies to retain their top talent, it may be a good
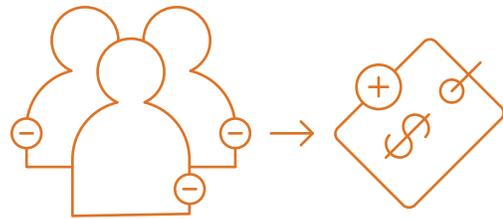


**"Actively disengaged"** employees cost the U.S. economy **$370 million every year.**  – Gallup

idea to develop not just a document but material that drives conversation between employees and managers, or employees and the human resource department.

The Merit Statement is an excellent opportunity for a company to add a personal touch, especially with an increasing number of employees working remotely. Workday provides three Merit Statement options. These statements provide key data points from the recently completed Merit Statements, using Workday reporting and enhanced BIRT functionality. You can also configure a custom, personal statement to communicate more personally with your employees.

For example, before one of our financial clients processed its merit cycle for the second year, it compiled survey data from managers about what improvements they wanted to see from the metrics they received. A common theme was that managers wanted more data than what they already had in their delivered statement. So the company formed a manager user group that worked with the HR team to compile a key data-point wish list. Detailed information for the previous three years of each compensation plan was a must, as well as current market value.
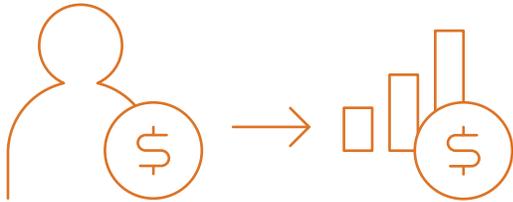
Increasing employee engagement investments by 10% can increase **profits by $2,400 per employee per year.**   –Workplace Research Foundation

As a result of this collaboration, a compensation summary was born—providing a one-stop data shop for managers that informed their conversations with employees. This in turn helped them report up to the C-Suite with relevant data about payroll expenses and employee performance.

Onboarding is another opportunity to make sure your process is up to date. This is the first point of contact that employees have with the organization in an official capacity, and it's where they are first able to learn about and recognize your brand. Have you enhanced your employee-facing dashboards? Added personalized touches? Included a video from the executive team? An internal messaging letter? Have appropriate documents such as employee handbooks been included? Any or all of this can go a long way toward making an employee feel engaged from the start.

When another of our clients first went live with Workday, it had a simplified onboarding process. But shortly after, the process was revamped for both managers and employees. The HR team worked with managers, and the top request was for them to receive the new employees' t-shirt sizes before their first day of work. By making this a task for the recruiter to gather during the hiring process, then relay to managers after the offer was accepted, employees are able to receive their uniform on their first day of work, and feel like a part of the team sooner. These special touches help unify the HR team within all levels within the organization, and increase employee engagement right from day one.

## Operational efficiency

Consider the operational efficiencies that are created with process automation. Simplification creates operational efficiencies. And when employees can do things faster, it creates higher engagement. Likewise, mobile access creates both higher employee engagement and operational efficiencies. Self-service with no manual workaround creates operational efficiencies.

How can Workday help your business expand the strategic scope of the HR function and improve your organization's operational efficiency? For starters, its best-in-class services typically reduce reliance on the IT function, increasing the speed with which teams are able to get previously time-consuming tasks done. Increased mobility gives employees information and insights, when and where they're needed, which aids in the decision-making process.

For example, Workday can help you reevaluate your current operating procedures. Are you running your processes in a streamlined and productive order for HR, managers and employees? Is there a cohesive process for all parties to interact in a successful, practical manner? Since Workday is focused more on process than it is on transactions, the deployment of the tool offers a great opportunity to reevaluate current HR processes and take advantage of best practices to drive important change across your organization.

Later, with a year of tenant data, you can run optimization reports and tests to monitor whether you're performing day-to-day activities at a higher operational efficiency. Are you allowing your HR teammates enough opportunity to focus on more strategic activities? This will allow the organization to gain better internal control with fewer opportunities for failure. Examples include running business processes in a timely fashion. Answering questions such as: Why is it taking us 15 days to complete a hire? Where are we having delays within our process? Are we displaying necessary information for managers and executives by way of dashboards or reports? Do we need to further automate expense reporting?

There's also candidate flow: Where do your prospective employees come from? Workday can help you determine where and how to invest money. If you're not getting enough candidates from certain desirable sources, perhaps you should invest more there? You'll have data to back up that decision. And with it, you can decrease the time to fill a position and possibly the cost of hire.



Companies with a highly engaged workforce **improved operating income by 19.2%** over a period of 12 months.    – Towers Watson

Many of our requests revolve around reporting needs. For example, a client contacted us concerning their benefit billing reports. They created reports to meet initial billing data, but these were time consuming and were taking almost three days a month to complete the billing process. We assembled almost 20 benefit billing reports and now it only takes the client a half day to process their billing.

In another scenario, one of our clients had in-house software for calculating payroll proration. When going live, they didn't want to integrate this into Workday. IBM Workday Consulting Services determined what was needed for the calculation and assembled a reporting team that built Workday reports with the necessary data to meet the specific needs of the client. This was a better calculation for Payroll compared with the previous system, and made for a more fluid, more efficient process.

All of this speaks to operational efficiency, something that can be improved by making the most of Workday functionality.

## Compliance reporting

Finally, when reporting on performance, time tracking and other human capital metrics, it's important to be mindful of compliance standards, and to ensure that they are being met within all organizational roles. Given that HR roles are highly regulated, mitigating risk should be a top priority within all organizations. If need be, are you prepared for security audits? Is your system configured for the Affordable Care Act (ACA)? These are important considerations for determining the success of your Workday deployment.

There are multiple ways that compliance comes into play with Workday, especially if you're trying to report on your workforce. For example, one client needed to share specific infor-

mation with key members within the organization. The problem was that sharing this information would have exposed other details that needed to stay private and protected. Instead, a weekly report was created that only a primary member with security access could see. That output would then be delivered into employees' drives using through integration. This provided access to the necessary data, while at the same time maintaining current security details for these members and not compromising other processes.

Paying attention to compliance and security issues gives the C-Suite confidence that the risks of the wrong information being made public are minimal.

## Conclusion

When proving the ROI of Workday, following best practices is key. The first step is to identify your goals and desired outcomes, and outline your roadmap. Pinpoint your key problem areas and know what is attainable for the current year or a later time. Then, work toward achieving those goals so you can build on your successes in the next year.

By outlining your organizational goals and coordinating them with your Workday solutions, you and your HR team can anticipate a higher success rate—with many ROI data points to share with your C-Suite.

## For more information

To learn more about IBM Workday Consulting Services, contact your IBM sales representative or visit:
**ibm.com**/workday

Boutique experience.
Global scale.