

What's Love (or Standardization) Got To Do With It?

As with the role love plays in marriage, the role standardization plays in HRM BPO—and its importance—are subject to interpretation. By Naomi Bloom

We're taught that love is a wonderful thing, that it makes long marriages possible, is good for our overall health, and is deserving of tax breaks and legal protections when implemented properly (i.e., according to the prevailing notion of marriage). We're also taught that love can be difficult to recognize, that it's quite possible to fake, that the word is used broadly, and that we are frequently victimized in the search for it.

So what's it going to be? Can too much of a good thing be bad? Is there a way to obtain the benefits of having love in our lives without enduring all the negatives? Is there a happy medium between obsessive, unhealthy love and solid, nurturing love? You bet!

With 10 years of controlled experiments and then 35 years of an essentially happy marriage under my belt, I've learned a thing or two about this subject. But what's love got to do with HRO?

Just as love is always held up as essential to a successful marriage, so is standardization across client organizations held up as essential to successful HRM BPO. But as in love, there are constructive and destructive versions of standardization, and woe be unto a BPO customer or provider who doesn't understand the difference or doesn't seek the constructive version. Right now, standardization, the word, is being thrown around in BPO just as freely as love, the word, is during last call at the local watering hole.

Just exactly what are we intending to standardize? Client business rules? Well, those are already standardized by regulation in many areas, although it's clear that most organizations interpret regulations pretty much as they see fit. But I think we could agree that there's room here for a BPO provider with deep domain expertise in, say payroll, to argue that their understand-

ing and implementation of U.S. overtime pay rules is not only correct, but also required to be standardized.

But what about the unregulated business rules? Is there really a competitive advantage to one organization having seven different definitions of a full-time U.S. workweek ranging from 33 to 40 hours, all of which qualify the relevant employees for full-time benefits? What if a provider only offered three full-time U.S. workweeks, e.g. 35, 37, and 40? Would it really kill its customers and prospects to conform to this expert view of appropriate workweek lengths?

And what about performance appraisal rating schemes? Is there really a need for every organization to invent its own scheme? Is there really a difference in competitive advantage when using a 10-point versus an eight-point versus a 100-point rating schedule? What if a provider with deep domain expertise in this area only offered four performance appraisal rating schemes, each of which had gotten the best assessments with respect to their positive impact on everything from employee engagement to litigation avoidance? Aren't there a lot of prospective BPO clients who would breathe a sigh of relief that someone can tell them the best ways to handle this?

Let's take something more complex, with much more variability (or so it would appear) in current practice and with a much more obvious connection to competitive advantage; e.g., the design of sales incentive compensation plans. Standardizing these designs might seem like a pretty poor idea until we realize that there are clear patterns of good practice across a number of industries and job types. Moreover, when you develop the object model to handle every type of total compensation plan, you can't help notice that all of these plans are built up from a finite set of LEGO-like components, from eligibility criteria (one type of LEGO) to tax rules (another type of LEGO). And even within LEGO types, there

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is a finite set of variations. Why not build a single compensation plan designer tool that has all the LEGOs and allows configuration rather than customization to build nearly any sales incentive plan? Couldn't we pre-configure the most common of these plan designs to ease implementation for our BPO clients?

Even where plan design differences are essential to achieving and sustaining competitive advantage, couldn't we use a standard, very clever, and multi-tenant implementation of the software (aka the payroll) that does compensation plan administration? Shouldn't we be able to process the quarterly sales incentive overrides for multiple clients in a single payroll run? And couldn't we also use a standard, very clever, and multi-tenant piece

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of software capable of determining eligibility, not only for employees against specific compensation plans but also for every type of prospective, current, or past worker for every type of total compensation plan, workforce development product or event, work environment program, sourcing strategy, etc.? Now we're cookin'.

Why on earth would there be different eligibility routines spread across our ERP-based BPO platform? And what about the use of compensation surveys as input to our plan designs? Could an HRM BPO provider make a standard set of the same available to its customers at a group discount? Well, sure.

Now let's get back to the plan design itself. Are there clear patterns in plan design so that providers could support major patterns in a standard way, e.g. to the workflow of compensation planning or bonus awarding? Here, too, are significant opportunities for standardization.

It's clear that our industry needs a much more nuanced discussion of what can and cannot, what should and should not be standardized in the provider's HRM delivery system. The conversation should also be on where in all of this lies the HRM-related competitive advantage for specific organizations and across organizations before we agree or

disagree with the assertion that standardization is good or bad, essential to BPO success or anathema to competitive advantage.

Since I haven't yet read anything sensible on this subject, consider this article a call to begin that discussion. And to get the conversation going, here are some more possible areas within HRM, the HRM delivery system, and a particular BPO provider's service delivery model that might be appropriate for standardization, providing all customers with:

- The same (i.e. the provider's) service delivery model, using the same workflows and related software, the same call center protocols and related software, the same escalation, governance, and contractual reporting along with the related software, across a specified list of very

- granular, properly modeled business events;

- The same HRM delivery system platform literally as tenants in a multi-tenant platform, but with the configuration expected by client and having the look, feel, representation of business rules, and customer configuration of their own HRM process-specific workflows.

- Transformational consulting that helps that customer reduce the complexity and diversity of its HRM practices, policies, and plans—except where that complexity and/or diversity contributes measurably to that customer's competitive advantages.

- Access to proven compensation and/or benefit plan designs, competency models and job descriptions, work environment program designs, and/or workforce development programs from which they may choose to select specific plans/programs/practices to implement for their own use, all of which have been pre-configured by the provider as a part of their "standard" service delivery model.

- Access to benchmarking data of all kinds, from turnover rates to salary survey, from benefit plan utilization rates to absentee data—provided at group discounts where possible.

- Standard self-service content, advisory, and other forms of embedded intelligence across all of the regulated functionality where there are clear patterns of good practice; across all of the

functionality for which that provider's experience across all of its clients suggests the usefulness of this content. (This is another place where scale matters.)

- The same set of periodic reports and pre-defined queries based on regulatory requirements and good practices. Is there really any justification for every company having a different format for its payroll register? For turnover reports? Can you imagine every organization's accountants saying that the balance sheet and income statement have to adhere to a unique design? And here we're not speaking about the published form of these reports but rather the form used by the specialists who work with them most closely.

- The same powerful platform configuration capabilities at the domain model level, so that customers can extend for themselves their analytics, business rules, work flows, etc. within their multi-tenant provider platform.

There are many good reasons for how a specific organization chooses particular combinations of HRM policies, practices, and plans to support the achievement of its business outcomes, and these combinations must be preserved to achieve competitive advantage. But as soon as you recognize the limited number of standard patterns that are used to build up these client-specific combinations—and modeling the domain forces this recognition—it's possible to create an HRM BPO system capable of delivering a wide range of combinations of these standard patterns.

If we're going to succeed in comprehensive HRM BPO—success meaning that providers are profitable, durable, and innovative, and customers are pleased—then we really do need to see the patterns in HRM, build those patterns into standard offerings, and accept that these patterns can be combined in ways that achieve our strategic objectives. If we can't see the patterns, if provider software doesn't make it easy to select, implement, and then change that pattern, if providers don't have enough domain expertise to discuss this subject or can't persuade clients to accept the patterns, then standardization becomes very destructive of value creation. **HRO**

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