

**State of Michigan**

## **HR Best Practices**

**Positioning HR as a Strategic Business Partner  
& Establishing an HR Service Center**

*Jan Winters, Senior Deputy Director  
Michigan Department of Civil Service*

*NASCIO Best Practices Webinar  
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## State of Michigan

- ▶ Approximately 54,000 Employees
- ▶ 11 Bargaining Units (72% of employees union represented)
- ▶ 18 Separate Department Human Resource Offices
- ▶ Department of Civil Service
  - ▶ Central Personnel Agency
  - ▶ Office of the State Employer
    - ▶ Chief Negotiator for the State
  - ▶ Office of Financial Management
    - ▶ Central Payroll for State



## **Background**

*In March 2001, the State of Michigan implemented Lawson's HR Suite, including Employee/Manager Self-Service.*

## **Self Service Use**

- Self Service is adopted by all State agencies during first year
- Basic transactions, including address changes, emergency contacts, email address updates, and annual benefits open enrollment
- Earnings statement, Performance management, W4 updates

## **Next Steps**

- With the Lawson HR system as the foundation, and pushing routine transactions down to Self Service, the State was ready to consider the next logical progression in HR service delivery



## Objectives

*The State of Michigan faced pressures to become more efficient and reduce costs. To address this challenge, a model presented by IBM was selected by the State of Michigan's HR Community optimizing technology, staff and processes. The result was the implementation of the HR Optimization Project.*

### HR Optimization Project Guiding Principles:

- Enhance current HR/Benefits/Payroll practices
- Improve efficiency of routine HR Services

#### Reduce costs

- Design processes to the rule, not the exception
- Leverage current resources
- Evolution, not revolution
- Reduce paper transactions
- Effective, efficient, and employee-focused



## **Project Objectives**

### **Expected Qualitative Benefits:**

- Centralized and standardized delivery of routine HR Services
- Freeing-up of State of Michigan HR experts to work on more complicated/strategic issues
- Measurement of employee satisfaction and other important measures

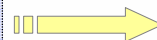
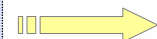
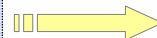
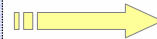


## Project Strategy

***The goal of HR Optimization: To provide a single point of contact for employees to obtain quick and consistent answers to the most common HR questions and issues.***

### Previous Model

- ▶ Information resides in multiple locations on-line
- ▶ On-line HR policy and procedure information written for HR community
- ▶ Support for general HR issues is replicated across all Agencies
- ▶ Agency HR offices handle all activities (strategic and routine)



### New Model

- ▶ Information resides in one centralized knowledge repository
- ▶ On-line HR policy and procedure information written for the employee
- ▶ A single point of contact for general HR support
- ▶ HR offices are able to focus on strategic issues and the HR service center handles routine issues



## **Business Case**

***The State of Michigan estimates it will realize up to \$28 million in savings over 5 years. This is being achieved through an initial 76 FTE reduction and 6% attrition each year for 5 years (62 additional FTEs.)***

### **Initial Investment:**

- Budgeted \$3.2 million for vendor services
- Budgeted \$1.2 million for technology infrastructure
- Budgeted \$200,000 for construction of Service Center

### **Expected Results:**

- An initial headcount reduction of 76 FTE's from SOM's HR departments by close of 2005
- A 6% staff attrition rate per year for the next 5 years
- Continue to provide high quality HR service to the SOM's approximately 54,000 employees



## **Solution Scope**

***The HR Optimization Project was initiated to address the State of Michigan's HR challenges. The project consisted of the following components:***

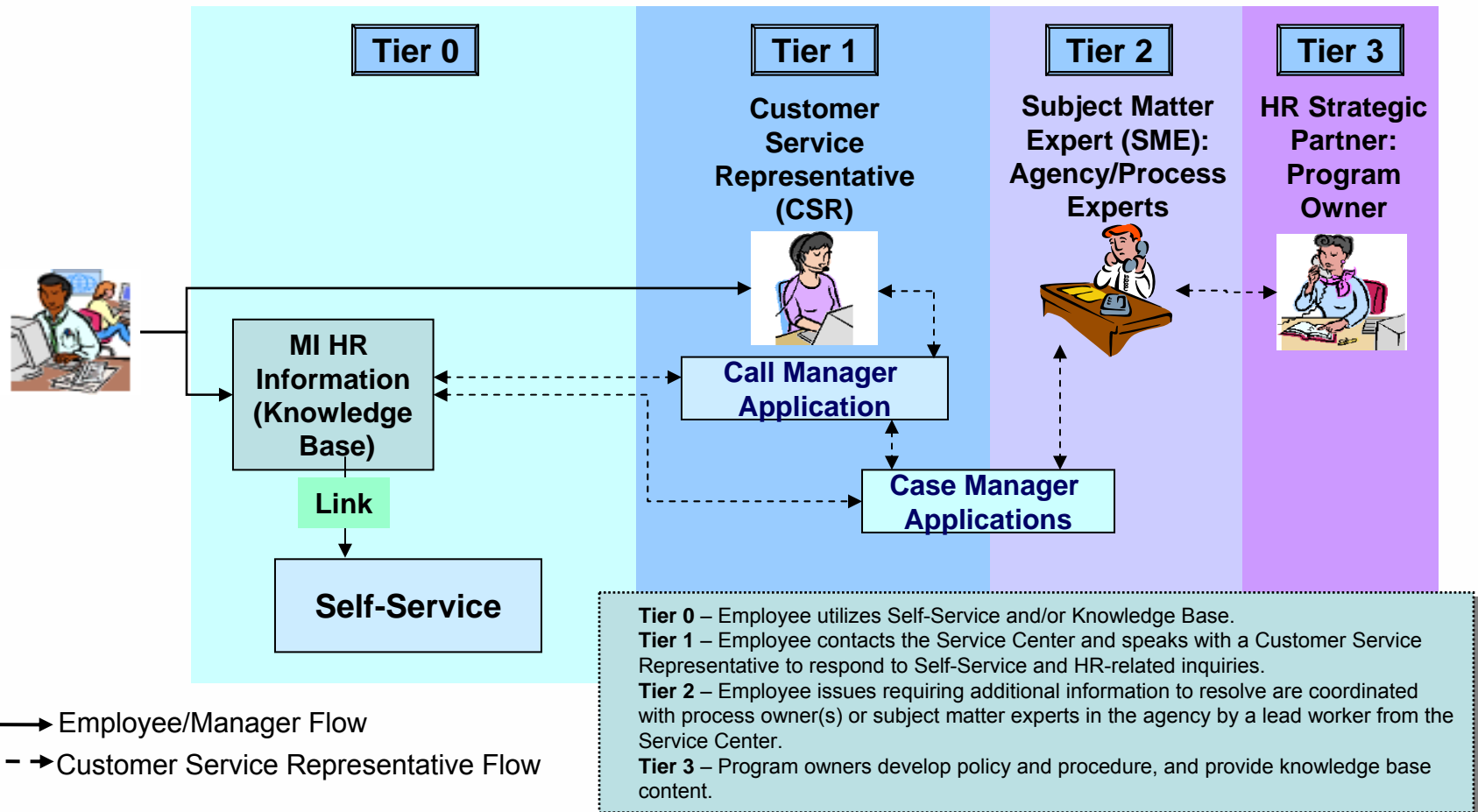
### **HR Optimization Project Scope:**

1. Establish a centralized HR Service Center
2. Launch a Knowledge Base enabling employees to answer their own questions
3. Deploy HR Agent Desktop technology to manage calls and cases
4. Optimize business processes
5. Conduct organizational change

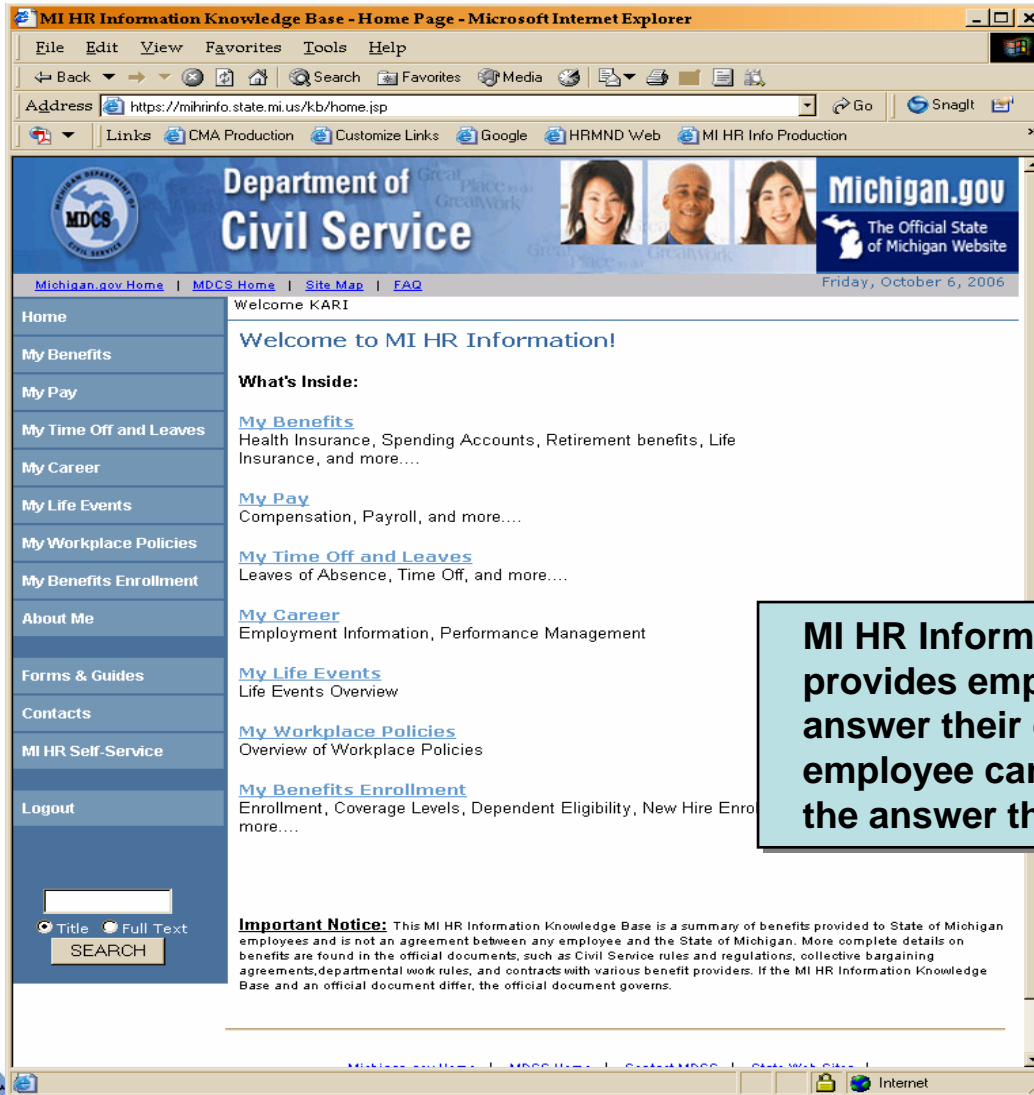


# Solution Component 1 – MI HR Service Center

*The MI HR Service Center model is a 4-tiered structure which supports HR transactions and optimizes HR systems and resources.*



# Solution Component 2 – MI HR Information Knowledge Base



**MI HR Information Knowledge Base provides employees with the ability to answer their own questions. An employee can search for or navigate to the answer they are seeking.**



# Solution Component 3 – MI HR Call Manager (CSR Desktop)

**Employee Information**

**History**

Created	Created By	Employee Last	Employee #	Primary Call Re	Secondary Call	Description	Status	Type	Caller Name
6/2/2006 02:56:04 P	JDAVIS	AAA Caller	999998	Benefits	Dental		Done	Call - Inbound	
6/2/2006 12:15:55 P	TRENDER	AAA Caller	999998	EBD	Other		Done	Call - Inbound	
6/2/2006 09:30:29 A	TRENDER	AAA Caller	999998	Employment Verifica	Third Party Verificat	INDEPENDENT MORT	Done	Call - Inbound	SUSAN S
5/18/2006 05:05:17	JDAVIS	AAA Caller	999998	Referral	ORS		Done	Call - Inbound	
5/18/2006 12:23:53	TRENDER	AAA Caller	999998	Referral	MI HR SC - Fax- Hou		Done	Call - Inbound	
11/16/2005 11:14:29	CSRTEST1	AAA Caller	999998	Enrollment	New Hire	NEW HIRE NOT IN HF	Done	Call - Inbound	
8/1/2004 04:08:20 P	SADMIN	AAA Caller	999998					Marked Overdue	

The MI HR Call Manager enables Service Center CSRs to manage calls and cases efficiently.



## Solution Component 4 – Business Process Optimization

*This list represents those scope areas where the MI HR Service Center provides transaction services to employees. The scope of the Knowledge Base is broader and more comprehensive.*

Benefits		Payroll	HR Activities	
<b>New Hire Setup</b> <ul style="list-style-type: none"> <li>• Medical</li> <li>• Dental</li> <li>• Employee Life</li> <li>• Dependent Life</li> <li>• AD&amp;D</li> <li>• Healthcare Spending Account</li> <li>• Dependent Care Spending Account</li> <li>• Vision</li> <li>• Savings Bonds</li> <li>• LTD/STD</li> <li>• Deferred Compensation</li> </ul>	<b>Open Enrollment</b> <ul style="list-style-type: none"> <li>• Medical</li> <li>• Dental</li> <li>• Employee Life</li> <li>• Dependent Life</li> <li>• Healthcare Spending Account</li> <li>• Dependent Care Spending Account</li> <li>• Vision</li> <li>• LTD</li> </ul>	<b>Payroll Updates</b> <ul style="list-style-type: none"> <li>• Miscellaneous Deductions</li> <li>• W4</li> <li>• Deferred Comp</li> <li>• Savings Bonds</li> <li>• SECC</li> </ul> <b>Separation Payoff</b> <ul style="list-style-type: none"> <li>• Non-career / non-benefits eligible employees only</li> </ul>	<b>Personal Data Modifications</b> <ul style="list-style-type: none"> <li>• Birth date</li> <li>• Disability</li> <li>• Ethnicity</li> <li>• Gender</li> <li>• Veteran</li> <li>• Current Name</li> <li>• Former/Maiden Name</li> <li>• SSN Update</li> <li>• Address Information</li> <li>• Home/Work Telephone</li> <li>• E-mail address</li> <li>• Supplemental Address Information</li> <li>• Residence City</li> <li>• Emergency Contact</li> <li>• Auto Deposit (Not Direct)</li> </ul>	<b>Employment Verification</b>  <b>Process Level Changes</b>  <b>Certification and Applicant Pools</b>



## **Solution Component 5 – Organizational Change**

***An organizational change strategy was established to effectively manage change with the HR Agency Departments.***

### **Overall Organizational Change Strategy:**

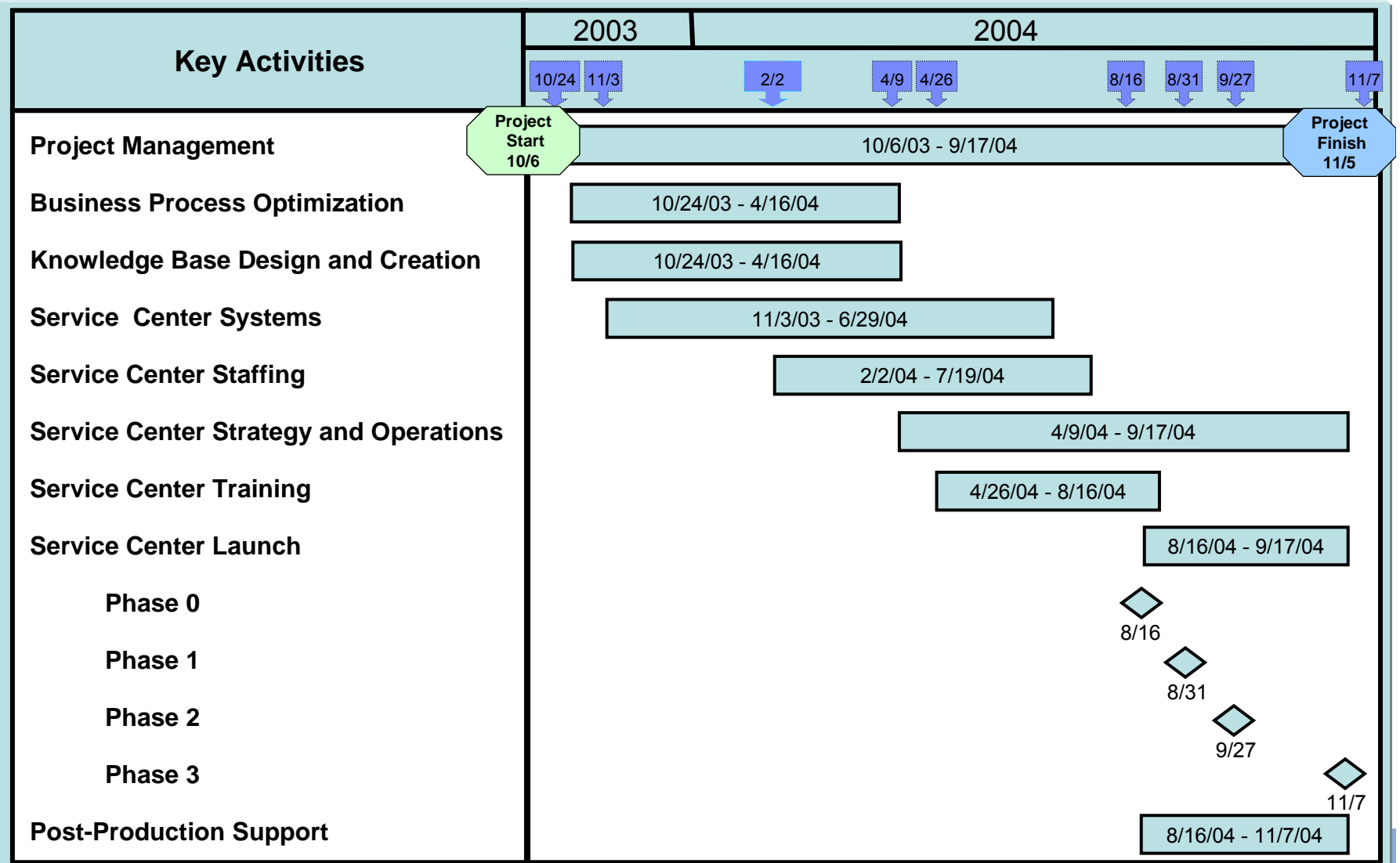
1. Involve HR community in the development and implementation of the project.
2. Change management/communication for HR offices:
  - Conducted special informational and change management/career planning meetings for affected employees.
  - Committed to give HR employees priority for jobs in the Service Center.
  - Provided support and training to Agency HR offices during the transition.

### **Change Management/Communication for Employees:**

1. Established Department communication liaisons.
2. Developed general awareness campaign.
3. Identified when employees would go to the MI HR Service Center for assistance and when they should go to their HR office.
4. Created training/information on how to effectively use and access the Service Center, Knowledge Base, and Self-Service.

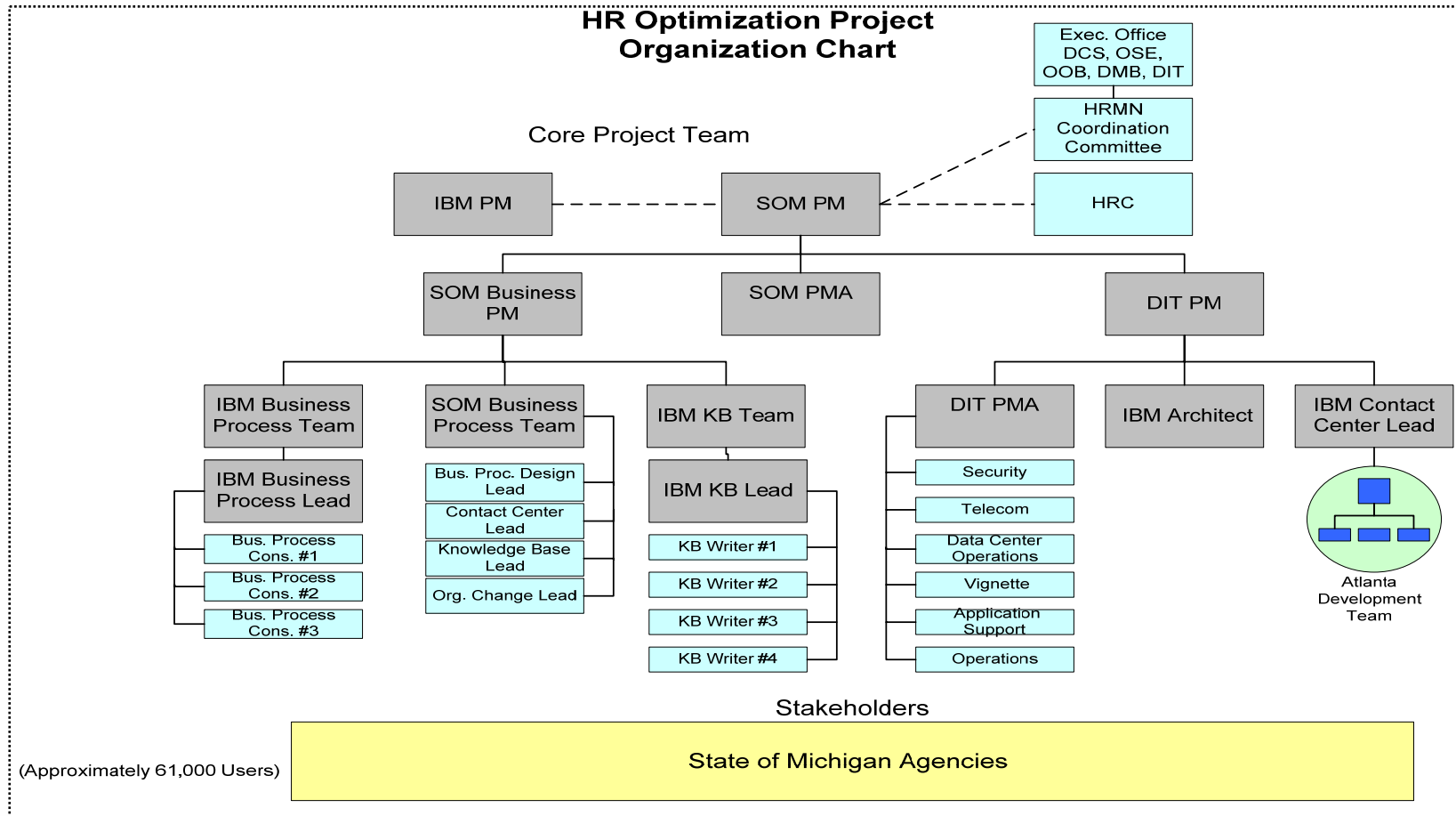


# Project Schedule – State of Michigan and IBM



# Project Organization

*The State of Michigan project team had 27 resources and the IBM project team had 45 resources assigned to the project.*

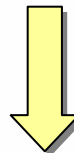
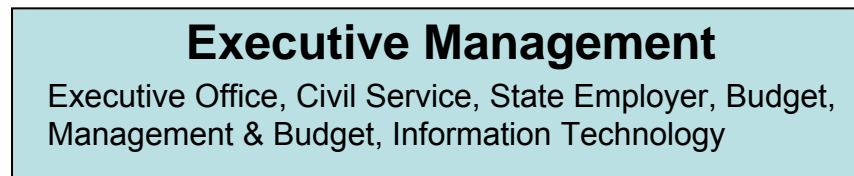


## Project Governance

*A Project Governance model was established to provide executive sponsorship from a cross-organizational perspective.*

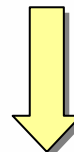
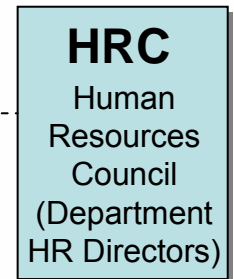
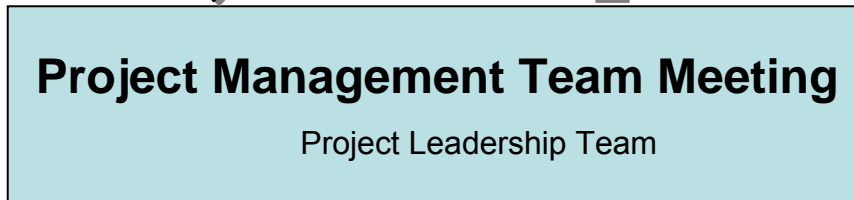
*Bi-weekly Status Meetings*

*Approval for Items that Impact Project Timeline and Budget*



*Weekly Status Reports*

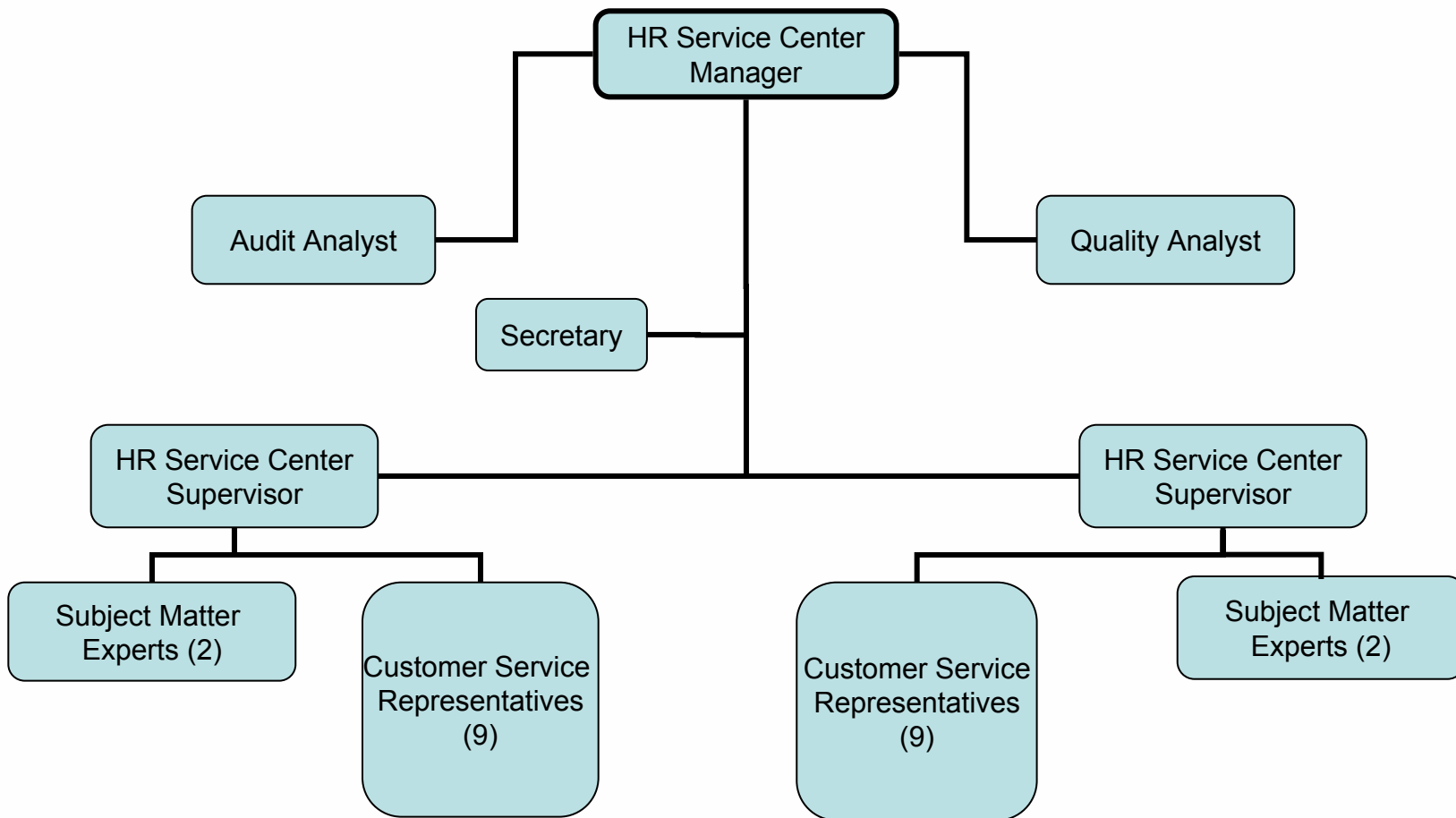
*Detailed Project Status Sessions*



*Daily Project Involvement*  
*Issue Resolution*



# MI HR Service Center Organization



## **MI HR – Personnel**

### ***Service Center Management Builds a New Team***

- ▶ **Provided first-cut opportunity to HR Community**
  - ▶ Hire those familiar with transaction and culture of State Of Michigan workforce
  - ▶ Reduction in HR work force
- ▶ **Screening for New Employees**
  - ▶ Customer service experience
  - ▶ Human Resource or Benefit experience
  - ▶ High Energy/High volume experience
  - ▶ Worked within a structured environment
  - ▶ Quota based environment
- ▶ **Significant Investment in Comprehensive training**
  - ▶ Wrote a complete training manual of transaction processing
  - ▶ Instituted written and verbal testing
  - ▶ Three weeks of class room training on test environments





## **MI HR – Standard Operating Procedures**

### ***Service Center Management Builds a New Business Paradigm***

- ▶ **Capitalize on technology; reduce time, redundancy and error**
  - ▶ Create paperless escalation process
  - ▶ Provide first contact solutions while speaking with employee
  - ▶ Eliminate paper confirmations, letters, receipt notifications, calls
- ▶ **Remove barriers that produce drag in paper processing**
  - ▶ Batch incoming work by transaction type
  - ▶ Track distribution and completion of work
  - ▶ Set standard turn around expectations
  - ▶ Write Standard Operating Procedures for all center operations
- ▶ **Evaluate performance in consistent and timely manner**
  - ▶ Nice Software/Evaluate, track, and train
  - ▶ Audit analysis of transactions/Evaluate, track, and train




# MI HR Survey

**Department of Civil Service** Michigan.gov

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Thank you for taking the time to complete this survey.  
Your input is valuable to us.

All surveys and comments remain confidential.



**MI HR Service Center**  
"Yes, I can help you with that!"

- My issue, question, or concern was resolved to my satisfaction.**  
Strongly Agree       Agree       Disagree       Strongly Disagree
- The service representative demonstrated a positive, helpful attitude.**  
Strongly Agree       Agree       Disagree       Strongly Disagree
- The phone call was handled in an appropriate time frame.**  
Strongly Agree       Agree       Disagree       Strongly Disagree
- I have confidence calling MI HR Service Center for future HR questions or concerns.**  
Strongly Agree       Agree       Disagree       Strongly Disagree
- Given your recent experience with MI HR Service Center, rate your overall satisfaction of our performance:**  
Very Satisfied       Satisfied       Dissatisfied       Very Dissatisfied
- Do you have any comments or suggestions you would like to share?**

**Name (Optional):**  
First Name   
Last Name

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## **Project Results**

*There were many challenges with the HR Optimization project; however, the project team delivered high performance results.*

### **Project Challenges:**

- Significant organizational change
- An aggressive schedule and a fixed budget
- Complex technology
- Remote sub-teams

### **Key Project Accomplishments:**

- High performing project team culture
- Project was delivered ahead of schedule and under budget
- Design specifications were achieved
- Service Center launch was successful
- Organizational change strategy was managed successfully
- Agency-phased rollouts were completed earlier than planned
- Agency headcount reduction occurred ahead of schedule
- 100% e-HR system availability since launch
- Transition from the project team to the operations team was successful
- Executive Sponsors were very satisfied with Project team's performance (SOM and IBM)



## **Business Case Initial Results**

***The State of Michigan achieved the headcount reduction ahead of schedule and below budget while maintaining high quality service.***

- ▶ Vendor services were completed under budget at \$2.9 million
- ▶ All initial investment estimates were completed on budget
- ▶ Headcount reduction (76 HR staff) occurred ahead of schedule
- ▶ On-schedule for future staff attrition plans
- ▶ Additional scope was handled (Open Enrollment)
- ▶ Service Center metrics:
  - Cases handled and closed within the targeted timeframes
  - Over 7,000 calls per month during off peak times
  - Up to 1,000 calls per day during open enrollments and other key times
  - Calls answered within 30 seconds
  - Call abandonment rate averaging 1%
  - Over 8,000 transactions per month
  - Self-Service utilization at four times greater than before the Service Center opened
  - Overall customer satisfaction and accuracy rates over 96%



# Questions & Answers

David Gilliland, Michigan Department of Information Technology

Lisa Evani, Michigan Department of Information Technology

Suzanne Olivier, Michigan Department of Civil Service

Jan Winters, Michigan Department of Civil Service

