Paycor

How to Build the Ideal HR Team

WITH LIMITED TIME, BUDGET AND RESOURCES

HR center of excellence by Paycor

EXECUTIVE SUMMARY:

In the best of all possible worlds, if money and resources were no problem, what would your IDEAL HR team look like?

The North Star

Wherever you are on the path to building an HR team, it's necessary to have a destination in mind. A framework for how you'll structure and organize your team and what you'll focus on. You may not be able to achieve the ideal overnight, or ever, but every team needs a north star to guide them.

Based on 30 years of working with HR and business leaders, along with lots of interviews and research, we discovered that high-functioning HR teams invest in resources to support these 3 areas:

Talent Management 9
Benefits 16
HR Operations 26

Keep Dreaming, Right?

Let’s Get Real

We can’t answer the question “how many people do I need to create the ideal HR team?”—that will depend on a variety of factors and decisions unique to you, especially as we face new challenges resulting from the pandemic. But, if you’re like most organizations and can’t wave a magic wand, let us suggest how to “hack” your way to an ideal state.

Building an HR Team

HR Director

Who Leads the Charge?

Developing an HR team begins and ends with the Director of HR. This person establishes a true partnership with executives, first by understanding goals and objectives at the highest level, and then by aligning HR to the overall mission.

HR leaders must ensure the team is adequately prepared and supported, either through technology or staff—or ideally both—to find the right people, develop them and create great places to work. Even if you're an HR team of one, knowing where to invest your time and energy will be valuable as you look to improve efficiencies and earn more support and investment from leadership.

Changing Dynamic

The COVID pandemic has changed what we look for in leadership. According to a Paycor survey, 51% of respondents look for different qualities in their HR leader than they did before the crisis. **As a result, HR leaders are adjusting how they lead, prioritizing flexibility, promoting collaboration and practicing empathy.**

7 Qualities that Define a Great HR Leader

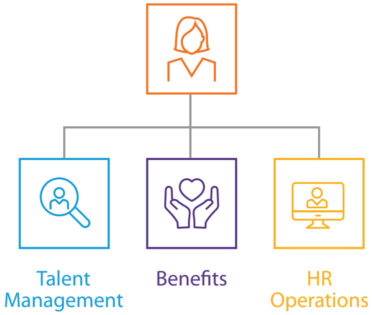
1. Good listener and communicator
2. Composed in emotional situations
3. Analytical, metrics driven
4. Assertive and bold
5. Problem solver
6. Change agent
7. Evokes confidence in others

How to Make It Happen

Your organization may not be able to hire an HR leader today or tomorrow, or you may be the person responsible for leading the charge; either way, **it's critical to align HR's unique capabilities with the company's objectives, goals, strategies and measures.**

If your company has aggressive plans to grow, HR should be focused on hiring strategies, including how to build and maintain a healthy pipeline of talent. But that's just the beginning. There are new FMLA regulations to think about and there are retention and engagement strategies as well. **To make it happen, HR will need expertise in 3 key areas: talent management, benefits and HR operations.**

Critical Areas of Focus



Talent Management

Talent management is the single most important HR function for any organization, because the foundation for overall success depends on finding the best people and giving them everything they need to succeed and every reason to stay.

Benefits

The most successful HR teams use their overall benefits experience as a competitive advantage by offering plans that cater to the diverse needs of the entire workforce. Status quo benefits offerings won't cut it. And with mental health concerns on the rise, HR must consider additional resources that support employees' wellbeing.

HR Operations

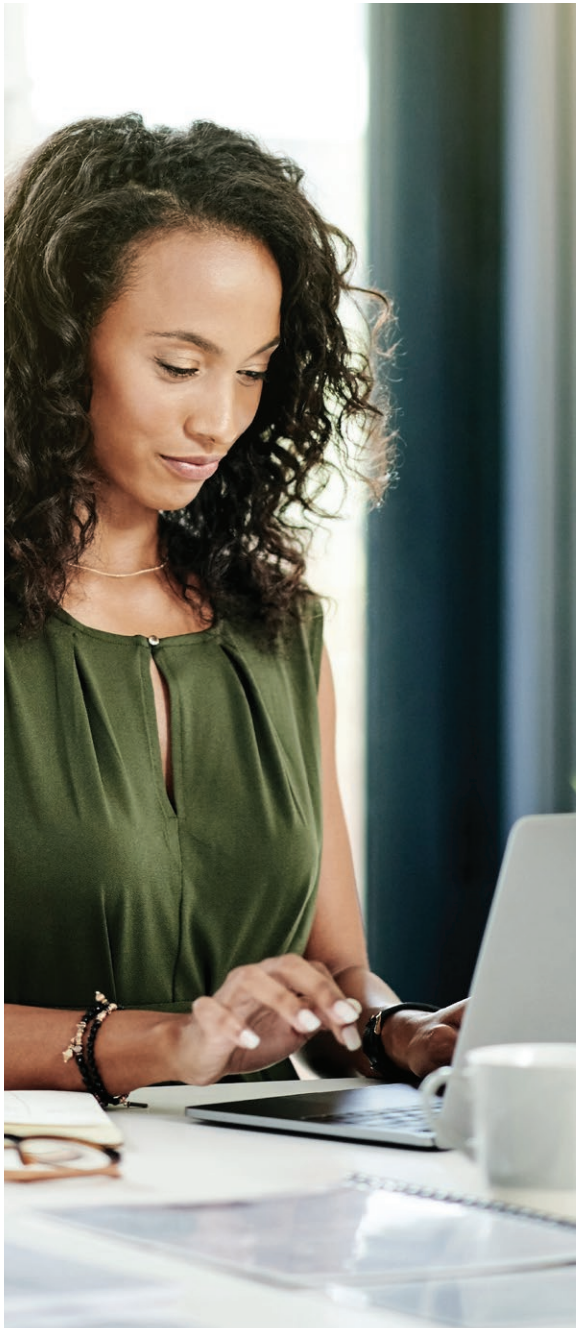
Most of HR's time, and its biggest challenges, come from managing people. The question is: is your time well spent? If you're drowning in manual work or stuck answering the same employee questions day after day, you—and your company—are missing out on the significant upside of investing time and energy into building a great place to work where people show up, make a difference and win together.

Talent Management

Ideal State

Best case scenario, you have the resources to break down talent management into two focus areas: recruiting + hiring and onboarding + administration.

- The recruiting + hiring function builds a candidate pipeline to attract better talent and focuses on hiring for open positions with the right candidates.
- The onboarding + administration function provides the tools, resources and training to help new hires hit the ground running and solidify engagement while creating repeatable processes that ensure compliance.



Recruiting + Hiring: Responsibilities

A Well-Oiled Machine

Your recruiting team is like a sales team. Recruiting should develop a talent pipeline by building a bench of candidates, regardless of openings, to ensure roles can be filled quickly. And just like a sales representative, recruiters should be measured on key performance indicators to support growth and respond to immediate business needs.

Recruiting + Hiring: Responsibilities

Here are just a few of the critical metrics HR should review to understand outages and ways to improve.

	WHAT IS IT?	WHY IT MATTERS:	INSIGHT:
COST-PER-HIRE	Internal + external hiring costs ÷ total hires.	Helps recruiters make smarter decisions, create budgets, reduce hidden expenses and prioritize investment.	Industry benchmark is $4,129, yet more than 20% of organizations don't know their cost-per-hire. (SHRM)
TIME-TO-FILL	# of days to fill ÷ # of roles available.	The longer a position is open, the greater risk for losing quality candidates and impacting productivity.	The average is 42 days but varies across industries. (SHRM)
CANDIDATE PIPELINE	# of qualified candidates interested in a job.	Your pipeline builds a stable army of potential hires whose skills and experience match roles where no immediate hiring need currently exists.	Create an effective pipeline by forecasting # of candidates needed to hire each year, sourcing candidates, tracking referrals and reviewing conversion rates.
SOURCE OF HIRE	% of overall hires from each recruiting channel.	Helps HR determine which recruiting channels are most valuable.	Evaluating hiring sources and allotting budget spend are critical to developing an effective recruiting strategy.
APPLICANTS PER HIRE	# of applicants compared to the # of people hired for the position.	Helps HR determine # of candidates needed to interview for a certain position.	This # will vary depending on employee size, role and brand, but it's the first step to determining the ideal candidate pipeline size that's best for your organization.

How to Get There: Recruiting + Hiring

How to Get There:
Recruiting + Hiring

How Paycor Helps

Recruiting: Optimize your remote recruiting process by focusing on key metrics, like time-to-fill, candidate pipeline and more. Stay in touch with candidates throughout the process with texting and capture manager feedback with interview scorecards.

Where Does the Buck Stop?

If you can't answer this question, you're headed for trouble. Many smaller organizations share the recruiting function across several people, with managers of other departments left to do much of the recruiting. HR can prevent a haphazard process by owning the recruiting function. **With clear ownership, HR can assess the current state of recruiting, apply metrics to test and learn, align with the hiring manager and share results with leadership.**

Your Secret Weapon

Not everyone has the luxury to hire, and that's perfectly OK—adding headcount isn't the end all be all. In fact, with recruiting technology, you get the best of both worlds. The right system can vastly improve how you find talent AND relieve much of the administrative burden. The right recruiting technology should also take the guesswork out of the hiring process. Look for a solution that provides the data and reporting you need to identify top candidate sources and discover bottlenecks in the hiring process.

How to Get There:
Onboarding + Administration

Ideal State: First Impressions Mean Everything

Filling out W-4s and reviewing policies are necessary components of any new hire process, but onboarding involves so much more than paperwork. Nearly 30% of new hires quit within the first 90 days because of a poor onboarding experience—so don't underestimate the importance of making it a priority from the start.

Responsibilities: Who Leads the Way?

HR and hiring managers should work together to define a consistent, repeatable onboarding process that prioritizes 4 things:

1. Rules & regulations
2. Expectations
3. Culture
4. Connection

KEY ONBOARDING METRIC

New Hire Retention Rate

If new hires are looking for greener pastures within the first few weeks of employment, it could signal trouble with your onboarding program. Calculating new hire turnover at various increments (one week, one month, two months) can help provide insight into what's causing employees to leave. Are they not the right candidate? Or did a lack of training during onboarding contribute to a poor experience?

How Paycor Helps

Onboarding: If your workforce reports to different locations, it's even more important to get onboarding right.Make the process more engaging and meaningful, eliminate hours of manual admin and view and sign documents electronically.

How to Get There: Onboarding + Administration

The One Thing That Gets in the Way of Onboarding

The #1 onboarding mistake organizations make is that HR and frontline managers get bogged down with manual, administrative tasks which take their focus away from giving employees the training and introduction they need to be confident and productive.

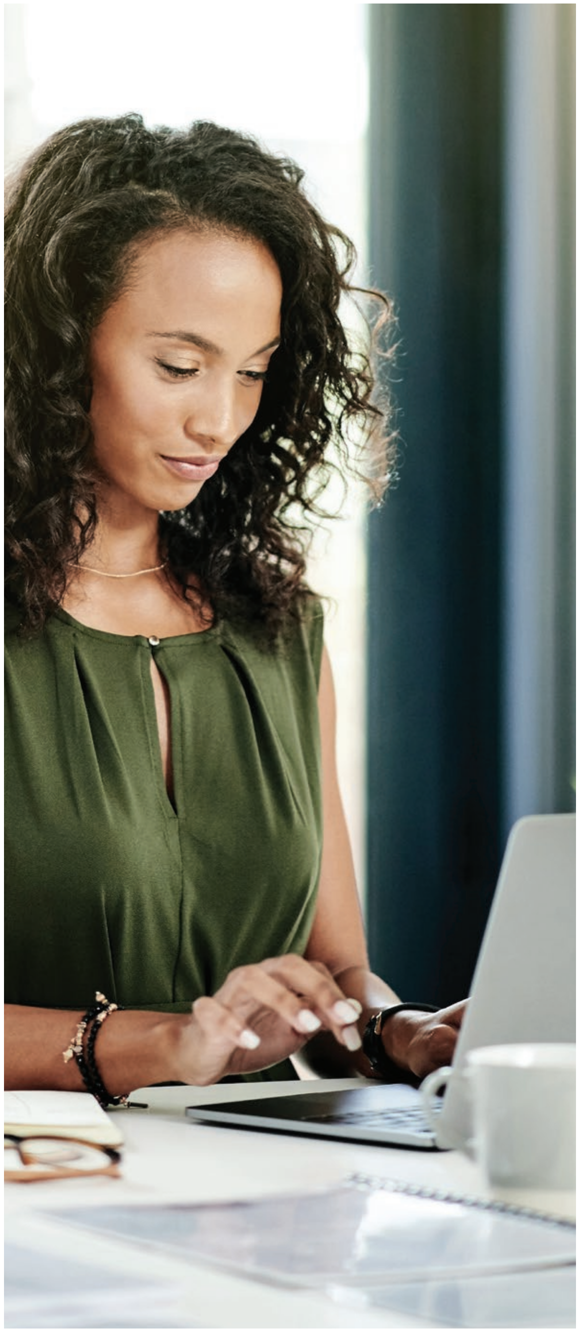
Kiss Paper Onboarding Goodbye

The most impactful resource you can devote to onboarding is investing in technology that reduces paperwork, mitigates compliance risk and accelerates new hire productivity.

Benefits Administration

Ideal State

Benefits administration is all about HR leveraging benefits as a competitive advantage to recruit, engage and retain top talent. But that's only part of the story. Labor costs are often a company's greatest expense. Managing these costs aren't always seen as a primary function of HR, but we believe that's a missed opportunity. HR can offer a unique people-centric view of the business that can aid Finance's efforts to reduce costs and improve productivity.



Benefits: Responsibilities

Win the War for Talent

The benefits leader is responsible for the overall design, implementation, communication and administration of the organization's health and wellness programs. According to Glassdoor, 57% of job candidates report benefits are among their top considerations before accepting a job. Status quo, cookie cutter benefits packages won't work. **The key to a successful benefits program is removing the manual burden of tracking plans and executing enrollment by hand so the benefits leader can create a benefits program that appeals to a diverse workforce and entices new talent.**

Benefits: Responsibilities

Here are just a few of the critical metrics HR should review to understand outages and ways to improve.

	WHAT IS IT?	WHY IT MATTERS:	INSIGHT:
BENEFITS COST PER EMPLOYEE	The total annual cost of an employee's benefits ÷ # of employees.	Helps employers evaluate costs.	The most successful HR teams are evaluating benefits packages to not only control costs but differentiate in the marketplace.
PARTICIPATION RATE	The total # of employees ÷ benefits plan participants.	Indicates the effectiveness of benefits offerings, education and communication strategies.	Unused benefits can be costly for employers, so finding which resources aren't being utilized can impact the bottom line.
BENEFITS SATISFACTION	The overall effectiveness of benefits plans.	Knowing benefits satisfaction can help you attract quality candidates and retain your top people.	Surveying employees is a great way to determine which benefits are most coveted.

How to Get There: Benefits

How to Get There: *Benefits*

Buried in Paperwork?

If benefits administration relies on manual processes, HR will have little left to educate and guide employees through the fear and anxiety that comes with open enrollment. And adding more staff to manually fill out forms isn't the answer. You need technology to eliminate the admin work so you can help guide your people through this time of uncertainty.

Talk to the Right Broker

Because so much knowledge is needed to prescribe the right plans for both the organization and employees and resources are few, HR is at a crossroads. That's why they're turning to benefits brokers for help. The right technology and the right partner can be a game-changer for HR, simplifying your job and providing a broker with the valuable information they need to best advise your organization.

How Paycor Helps

Benefits: The right solution will give you insights into your benefits spend and can even benchmark your data against the competition.

Labor Costs

Ideal State

A recent Paycor survey found 40% of business leaders agreed that HR and Finance are working more closely together as a result of the pandemic. However, each discipline has a slightly different take on how effective this new degree of collaboration has been. There's a disconnect, especially at the extremes, between disciplines about how HR contributions are perceived. HR leaders believe their programs and initiatives impact the bottom line, but Finance isn't as convinced. Paycor's point of view on this age-old question is clear. HR is sitting on a goldmine of data that, properly leveraged, can have an enormously positive impact on the bottom line.

So, What's the Problem?

- HR teams still spend too much time on transactional HR functions, logging into multiple systems, toggling between spreadsheets.
- HR often doesn't have the tools they need to access, much less interpret, data. Your HCM platform has to make it easy to not only find the data but also separate the signal from the noise.

Labor Costs: Responsibilities

Unplanned Overtime Is a Big Problem

One of the biggest challenges CEOs and CFOs face is controlling labor costs. A quick way for HR to add value to the organization is to examine the impact labor expenses have on your business. Start with overtime. It's one of the main reasons labor expenses are off the charts. Then look at your scheduling process. By drilling down into key labor metrics across your business, HR can detect problem areas and optimize it to reduce unplanned expenses.

70% Is a Big Number

According to the Bureau of Labor, 70% of businesses' compensation costs are attributed to wages and salaries. If you don't have meaningful, actionable data on your biggest expense, you can't impact your bottom line.

Labor Costs: Responsibilities

Here are just a few of the critical metrics HR should review to understand outages and ways to improve.

	WHAT IS IT?	WHY IT MATTERS:	INSIGHT:
TOTAL LABOR COSTS	The combination of salaries + wages paid to employees + payroll taxes and benefits.	Reducing labor expenses can significantly impact the bottom line.	Evaluating labor costs by location, month and annually can uncover problem areas.
OVERTIME COSTS	The expenses resulting from work performed outside the typical workday.	Hidden costs like unplanned overtime and ineffective employee scheduling cause labor to rise.	Drill down into overtime expenses by month, manager and department to find where hidden costs lie.

How to Get There: Labor Costs

How to Get There: Labor Costs

Partner with Finance

When HR aligns with Finance to make labor costs a shared responsibility, HR can analyze pay practices to ensure the organization is offering competitive pay ranges and effectively managing overtime expenses. Sounds good in theory, but how do you access the key metrics you need? With the help of HR technology.

Avoid Blind Spots

HR technology, specifically time and attendance tracking, scheduling platforms and data analytics tools, can prove invaluable when evaluating and projecting out labor expenses. Not only can an accurate time solution alert you when employees approach overtime, but a scheduling tool allows you to better organize and track schedules, so you have more insight into hours worked.

How Paycor Helps

Time & Attendance: Take control of labor costs by monitoring the hours your employees work.

Scheduling: Organize your team and communicate critical scheduling information in real time.

HR Operations

Ideal State: The Pulse of the HR Department

People are the heart of every organization, so creating a place where employees show up, make a difference and win together is an important responsibility of any HR team. But creating a culture that appeals to multiple generations doesn't happen overnight. HR must capture, analyze and share data across 4 key areas that influence every aspect of the business from recruiting and retaining talent to implementing new benefits and employee rewards.

- Performance
- Employee Experience
- Learning
- Compensation

HR Operations: Responsibilities

The Domino Effect

Gallup's annual survey of engagement continually finds that only 1/3 of employees are engaged at work. Herein lies the problem: When employees are disengaged, they tend to disrupt morale. That's why it's critical that HR teams shape the employee experience by listening to, developing and supporting their people.

51%

of employees are not engaged and,

even worse, 16% are actively disengaged.

(Gallup)

HR Operations: Responsibilities

Here are just a few of the critical metrics HR should review to understand outages and ways to improve.

	WHAT IS IT?	WHY IT MATTERS:	INSIGHT:
RETENTION RATE	# of employees employed for a given time period ÷ # of employees hired at the start of that period.	Analyzing retention by department and manager can help pinpoint problem areas.	Conduct exit interviews to understand what's causing employees to leave.
TURNOVER RATE	# employees who leave during given time period ÷ average # employees.	A new employee can take nearly two years to reach the same level of productivity as an existing staff member.	Examining turnover trends will allow HR to prevent problem areas from becoming larger issues.
NET PROMOTER SCORE	Rating system to determine employee loyalty and engagement.	Measuring how employees feel about your organization allows you to take action and make improvements.	Learning what makes promoters tick will enable you to build the right engagement strategies.

How to Get There: *HR Operations*

How to Get There: HR Operations

Helping Employees Grow

Organizations have modernized their performance management process, replacing the dreaded annual review with more dynamic and engaging coaching sessions. Fast forward to today, and performance management is once again under the microscope as organizations are adopting a more agile approach to mitigate workforce disruptions and changing goals resulting from the pandemic.

How is HR Adapting?

Collaboration is key. HR and managers must work in lockstep to offer ongoing, meaningful coaching conversations. Just like professional athletes, dancers or singers, employees need consistent feedback and coaching. It starts with HR training managers on how to have more engaging conversations. Not every organization can invest in this type of training, so a performance management solution can be a vital resource to support your workforce.

Lean on Technology

Like Onboarding, your HR team will be responsible for working with hiring managers on best practices and process for coaching and developing employees. But to get performance right, look to invest resources into technology.

How Paycor Helps

Performance: Improve the quality of work by creating moments of genuine dialogue and coaching. Allow employees to feel heard and help them better understand what they need to do to succeed.

How to Get There: HR Operations

Listen & Take Action

Employee engagement surveys provide valuable information and data to help HR understand your people. Not only can you identify how they're are feeling about their role and your organization, but by giving them a voice you're ultimately establishing that you value their input which only enhances their level of engagement. Because employee feedback influences all aspects of the business from online employee reviews that impact potential candidates to new hire referrals, it's imperative that HR invests the resources needed to not only capture and analyze the data, but take action.

Go Beyond the Average Survey

Companies often use annual surveys to measure feedback, but because they're conducted at such a large scale, they take a lot of time to prepare and analyze. HR teams are turning to pulse surveys which are conducted more regularly than traditional methods, but without losing any of the depth of insight. Natural Language Processing makes this possible by analyzing an entire batch of written responses instantly to discover pain points and identify areas of strength.

How Paycor Helps

Pulse Surveys: Go beyond the average employee engagement survey by gathering and converting employee feedback into real insights so you can identify trends like turnover or low morale before they become problems.

How Paycor Helps

Learning Management System: Deliver mobile-friendly learning with social capabilities on one platform. Easily create custom programs and offer workers self-paced options for maximum flexibility.

How to Get There: HR Operations

Help Employees Develop No Matter Where They Are

An essential part of HR operations is investing in resources to support employee development. Strong training and career development opportunities can raise profitability and dramatically increase retention rates. This is a big deal, especially when it can cost 6 to 9 months' salary to identify, recruit and onboard new staff.

Here's the thing: while the labor market has changed, the reality of work hasn't. To succeed, businesses still need engaged employees who stick around. And this requires training: **91% of employees think about career development and training when they are deciding whether to stay in a job.** (MetLife Survey)

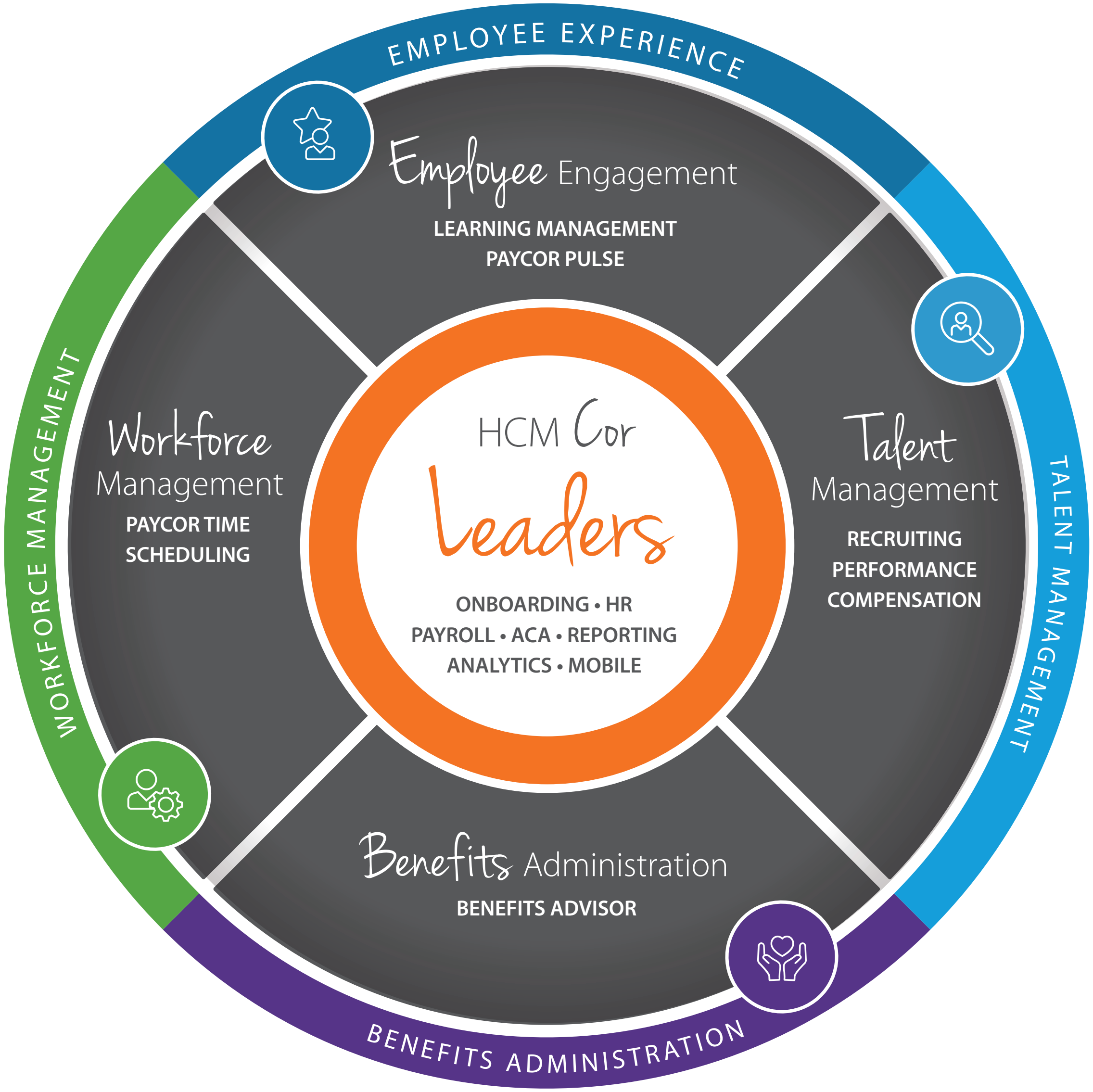
How to Get There: HR Operations

Paint the Whole Picture

Effective compensation management is one of the biggest drivers of engagement and retention. Yet, some confuse compensation with salary. While salary makes up a large part of total compensation, bonuses, health and life insurance, vacation, stock options, retirement savings plan contributions and pension plans complete the entire package. By providing a big picture of your company's contributions, employees can easily see how much you're investing in them.

How Paycor Helps

Compensation Planning: Take the complexity out of planning and drive recruiting and retention by managing all aspects of compensation in one system.



EMPLOYEE EXPERIENCE

Employee Engagement

LEARNING MANAGEMENT
PAYCOR PULSE

TALENT MANAGEMENT

Talent Management

RECRUITING
PERFORMANCE
COMPENSATION

BENEFITS ADMINISTRATION

Benefits Administration

BENEFITS ADVISOR

WORKFORCE MANAGEMENT

Workforce Management

PAYCOR TIME
SCHEDULING

HCM Cor
Leaders

ONBOARDING • HR
PAYROLL • ACA • REPORTING
ANALYTICS • MOBILE

How Paycor Helps

Paycor builds HR software for leaders. Our Human Capital Management (HCM) platform modernizes every aspect of people management, from the way you recruit, onboard and develop people, to the way you pay and retain them. But what really sets us apart is our focus on business leaders. For 30 years, we've been listening to and partnering with leaders, so we know what you need: HR technology that saves time, powerful analytics that provide actionable insights and a Personalized Support Model. That's why more than 40,000 organizations nationwide trust Paycor to help them solve problems and achieve their goals.

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