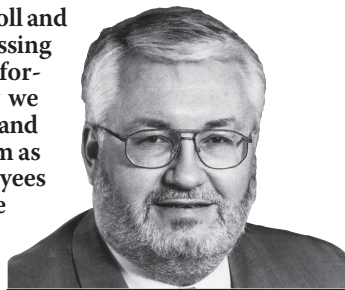


## Advantages to integrated HRMS

**Question:** My organization uses payroll and HR from one of the big payroll processing firms. We also use specialized performance management software. Now we are thinking about applicant tracking and maybe a learning management system as well, and we would like to have employees and managers access the data. We are looking at specialized systems but it has been suggested we should get one comprehensive system. Are there advantages to one integrated HR system?



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TOUGHEST HR QUESTION

**Answer:** An organization's needs for information management systems evolve, usually in a delayed parallel with the growth of the organization; growth in size, complexity and over time.

HR (and usually management as a whole) tires of merely having a data bucket and begins to want more information, and then more integrated information. The tendency is to acquire targeted functional systems — applicant tracking, for example — to meet a very specific problem.

And many HR organizations go through an evolution in computer systems. They begin with a payroll service and as HR needs develop, they get various HR functionalities from the same vendor and use Word or Excel files to compensate for missing pieces.

There is no order to the acquisition of these systems; it is a response to whatever the organization's hot spot may be. It could be staffing issues that generate the purchase of an applicant management system.

So, what happens? Whether the hot spot is resolved or not, the organization tends to move on, with the rationale: "We recognized a problem, we acted to resolve it, it is better (though not as good as we needed) but, instead of continuing to work on it, we have a more immediate problem."

And that could be a training issue that triggers buying a learning management system. Or the decision to begin a more formal performance

appraisal process leads to licensing a performance management system. And through all of those system additions, payroll continues to use the existing payroll provider.

The problem with this approach is it touches on periodic functional/operational hot spots instead of considering the human resource management information needs of the entire organization. Yes, there are terrific specialty software products out there, and functional HR staff (like staffing or training) want the best tool they can get to help them solve their problems.

So what's wrong with that? Lots.

HR data should be managed in an integrated manner. It should be collected once, as close to source as possible, and then managed to ensure it is made available as required within a strong framework that ensures privacy and security. If it is not, imagine the chaos that will lead to a lot of duplication and critical gaps. What are the business risks of bad, missing or contradictory data?

How does that happen when your organization is operating multiple HR systems, each targeting a different functional area? There will be considerable data duplication that raises the awkward question of which data is right, wrong or most current. IT can manage the technical interfaces of one system to another, to another, to another — but the cost of staying on top of several software packages, all with their

own schedules for updates and bug fixes and testing, is far more expensive than you might imagine.

Worse, it is not just the technology that has to be managed. The data should be managed in an integrated manner. Who is responsible for that? The functional subject matter experts (SMEs). And who are the SMEs? Well, staffing would be the primary SME for a staffing system, but the data needs to integrate with each of the learning/performance/benefits/compensation/health and safety/labour relations systems. Oh, and with the payroll system too.

Do all of these systems define each data element the same way? What does "shift" mean? Or "work day"? Or "a date"? And all of those functional links have to be tested by the SMEs.

Then there are those endless blame-pointing emails/phone calls/meetings where one vendor's customer support hotline points at another vendor's product as the culprit, and so on.

One vendor means one technological approach. It means one planned set of updates/bug fixes/new version releases. It means a common data dictionary. It means one database (or at least it should). It means one set of security rules/profiles for users. It means one help desk. It means one contract and service-level agreement instead of three or five or more.

Then why don't organizations jump into buying integrated HR systems such as a human resource management system (HRMS)? Acquiring it all costs more than getting pieces one bit at a time. It takes more co-ordination and co-operation (and may mean a loss of control). Many people worry it means they will be forced to compromise their requirements for other functional areas. It will take longer to select a new system. It will take longer and be complicated to implement it. (I'm sure there are more reasons.)

Let's consider these objections:

**It costs more than a piece at a time:** True. But add up the cost of all the pieces and, more importantly, the costs of functional and technical management (interfaces) and support and the larger investment will pay off. If the organization can't afford it, there are creative solutions.

**It requires more co-ordination/co-operation and less control:** Yes. But you should be managing the data in a co-ordinated fashion anyway. Control? It shouldn't be about that. Data and information should be an organization-wide asset.

**It forces you to compromise:** Maybe, but doubtful. Most good, integrated HRMS offer all of the functionality to be found in specialty functional packages. And if something really needed isn't there, the vendor can add it.

**It requires more time to select:** Yes, again. But what a great opportunity — to sit together and consider the integration of the data and information requirements of HR (and payroll and time management). And it will take a lot less effort than working to resolve systems and data conflicts arising from multiple systems.

**It requires more time and effort to implement:** Yup. And worth every dollar and minute. If a critical business deadline requires some piece first, work it out.

In summary, unless the organization has serious cash flow issues, take the integrated route. The final result will cost less and offer far more in integrated data and reliable, actionable information about your HR.

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