Human Capital Services Assessment Final Report

Kansas State University

April 8, 2013
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I. Executive Summary

Kansas State University (K-State) recently completed an ambitious university strategic plan setting goals for a 2025 vision. As called for in the plan, the university must have efficient, effective, and integrated university HR processes and services that facilitate the recruitment, retention, and development of a diverse, highly qualified, and high performing workforce and place employees in the right position with the right skill sets at the right time.

In August of 2012, Aon Hewitt, a global human capital consulting firm, was engaged by K-State, Office of the President, to perform an overall evaluation and make recommendations for improvement of the university’s structure, operations, policies, processes, procedures, practices, and services related to the recruitment, development, and retention of its human capital. The project was initially launched on September 20, 2012 through a series of organization and planning meetings.

All practices related to the support and management of human capital programs, processes, and practices across the university were in-scope. The current state assessment took place from September through December of 2012.

In total over 200 individuals participated in a qualitative assessment through a combination of individual interviews and group meetings. In addition over 300 staff involved in human capital practices across the university were also invited to participate in a quantitative survey process that gathered data on current costs, headcount, and where individuals spend their time in human capital practices. The results of the current state assessment indicated the following overall themes:

- Many positive elements were identified around responsiveness and caring demonstrated by current teams, efficiency and effectiveness of payroll processing, access to best-in-class technology for core data management, progress increasing diversity, and a positive sense of demand for change across the university.

- Human capital activity is highly fragmented across the university which results in:
  - Confusion about where to go for services and guidance;
  - Significant redundancy in work effort, many manual processes, and significant errors requiring rework; and
  - A lack of integrated connection between and ownership for critical human capital programs and processes.

- Most activities performed are highly administrative and tactical in nature, creating a deficit of focus on needed strategic initiatives and leaving leaders with the feeling of not being empowered to lead. The areas lacking focus include proactive recruitment, learning and development, and talent management.

- Many existing processes are cumbersome and often guided by compliance concerns rather than on the side of process effectiveness. The recruitment process was mentioned most frequently as needing significant reengineering.

- There are some gaps in existing skills and capabilities across the organization related to human capital design and implementation experience.
The numbers of people involved and the overall costs allocated to human capital activity is significantly higher than other organizations.

The current state findings were reviewed by a Core Team of people directly related in human capital processes, an Advisory Group made up of representative departments and colleges/major units across the university, and a Sponsor Group comprised of the President, Provost and the interim Senior Vice President of Administration and Finance.

Specific recommendations were developed by Aon Hewitt and then vetted through the same review groups from January through March of 2013. While there were many areas of opportunity for improvement through the assessment, the recommendations deemed to have the most immediate and critical impact include the following:

- Restructuring of the existing functions performing human capital-related services into a single, unified organizational unit with enhanced skills and capabilities.
- Developing an overarching human capital strategy to define the critical priorities of the function for the next several years, as well as ensure alignment with key human capital components of the 2025 K-State vision.
- Conducting a complete, end-to-end redesign of the hiring process for all faculty and unclassified professionals with associated career paths for advancement in high-priority job families for non-tenure track faculty and unclassified professionals.
- Developing more formalized and standardized compensation structures for faculty and unclassified professionals.
- Providing more automation, including electronic forms, to streamline and simplify existing human capital processes such as consistent electronic time entry and automation of the recruitment process for all staff.

Other recommendations of longer-term nature include: development of standardized performance management and talent management processes, clearer employment policies, and definition of career development paths for unclassified, including non-tenure track faculty and unclassified professionals.

It is recommended that the shorter-term actions be implemented between the remainder of the calendar years 2013 and 2015 with longer-term recommendations being implemented in 2016 through 2018.

The changes recommended are deemed to be significantly transformational and complex in nature rather than mere adjustments, and because of this, there are a number of change considerations that will be important for K-State to consider as it deliberates these recommendations and makes key decision on the actions for moving forward. The following items are deemed to be the most critical in terms of change implications:

- The university’s ability to accept a more consistent, and in some cases, standardized approach to human capital programs and processes. Gaining consistency will mean improvements in effectiveness, but for some may represent a perception of loss in what exists today or in a sense of loss of control in being able to individually tailor processes. Understanding of some sacrifice for the cause of greater good may be difficult for some and will need to be addressed transparently. How the organization will reach compromise in these situations will be a critical an ongoing consideration.
The acceptance of the authority that should be given to a human capital function and its leader. It is not uncommon for there to be some lack of acceptance of the capability, expertise, and authority of a human capital leader, particularly where this role has not existed in the past.

The organization’s commitment to invest in the necessary resources (people and technology) to help drive to the recommended solutions and improve the overall effectiveness of human capital processes. The resources available to support the design and implementation of these recommendations, along with the requisite knowledge and expertise to be creative in the design process and the experience with large scale implementations will be critical.

The ability of the organization to stay focused on these priorities in the face of multiple change priorities that will be required in the quest to meet its 2025 vision. The resources available to support the design and implementation of these recommendations, along with the requisite knowledge and expertise to be creative in the design process and the experience with large scale implementations will be critical.

A formal decision making and governance protocol must be in place to guide the overall development of the human capital function and its associated programs and processes.

The remainder of this report provides significant additional data, findings, and detail associated with the recommendations and change considerations.
II. Background

In August of 2012, Aon Hewitt, a global human capital consulting firm, was engaged by K-State, Office of the President, to perform an overall evaluation and make recommendations for improvement of the university’s structure, operations, policies, processes, procedures, practices, and services related to the recruitment, development, and retention of its human capital. The project was initially launched on September 20, 2012 through a series of organization and planning meetings.

The charge for this study was focused on finding and prioritizing the most critical gaps that the organization would need address over time. These recommendations do not, in all cases, provide for specific solution designs or specific process change recommendations, as this would have required a much more intensive evaluation of data, processes and tools used within those programs or processes for which the time constraints of this study did not allow.

The use of the term “human capital” throughout this report is critical for understanding the rationale for a number of the recommendations outlined herein. The role that intellectual capital must play as a key differentiator between K-State and any other educational institution is hugely important. While the physical plant, equipment and technology that an institution possesses is important to an organization’s status and mission, its intellectual capital and the purveyors of it – its people – could be argued as being the most important asset to the long-term viability and credibility of the organization.

Human capital, as with other forms of assets, requires care and support to maintain. But unlike other fixed assets, the capacities that human beings possess can be developed well beyond their original starting point if the right environment, programs and processes are put in place for people to feel connected, engaged and supported through their work. Thus, the importance of focusing on the ability of the organization to grow and sustain its human capital is the basis for these recommendations.

This report is being provided as final documentation of the processes used throughout the assessment, the results obtained, the issues identified, and the corresponding recommendations for future state actions related to the areas outlined above. The recommendations provided are believed by Aon Hewitt to be the most critical for K-State to enhance the effective delivery of human capital services. These recommendations have been shared with various stakeholders throughout the university and do reflect the input of those groups, but were not substantially changed. The final decisions around which recommendations will be adopted and when will be made by the President.
III. Current State Findings and Observations

A Framework for the Findings

The following aforementioned findings are a representation of both the qualitative and quantitative data gathering efforts. An important input to assessing the overall current state was the K-State 2025 Strategy and Vision. To facilitate the organization of the overall assessment of the current state, Aon Hewitt reviewed the 2025 strategy and vision and determined that there are critical outcomes from a human capital perspective that K-State must achieve. These are illustrated below:

<table>
<thead>
<tr>
<th>2025 Vision</th>
<th>2025 Thematic Goals</th>
<th>Human Capital Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Be recognized as one of the nation’s Top 50 Public Research Universities</td>
<td>1. Research, Scholarly and Creative Activities and Discovery 2. Undergraduate Educational Experience 3. Graduate Scholarly Experience 4. Engagement, Extension, Outreach and Service 5. Faculty and Staff 6. Facilities and Infrastructure 7. Athletics</td>
<td>- Competitive Rewards  - Award-Winning Faculty and Talented Staff  - Highly Engaged Workforce  - Diverse and Inclusive Environment  - High-Performance Workforce  - Leaders Empowered to Lead</td>
</tr>
</tbody>
</table>

In addition to the outcomes above, based on Aon Hewitt’s experience, there are six key factors that are ultimately considered critical for the success of any organization’s human capital-related functions. These factors are illustrated in the following diagram:

Levers to Effective HR
The current state findings are organized around each of the six levers of success as illustrated previously. For each of the levers, there may be either or both qualitative or quantitative evidence to support these findings. A brief summary of each of six areas is as follows:

- **Governance**—the formal processes and structures relating to providing consistent management, cohesive policies, guidance, and authority levels associated with human capital projects.
- **Structure and Role Design**—the makeup of the various human capital functions, the positions in place, and how those positions are organized through formal organization structures and reporting relationships.
- **Program Design**—the outputs that a human capital function produces. Programs include the strategic intentions, policies, tools, and structure that accompany a comprehensive approach to either providing some form of benefit in support of employees’ work or life issues. Examples include compensation schemes, benefit programs, learning and development curriculum, etc.
- **Processes**—the roles, responsibilities, and procedures that demonstrate how a particular process is to operate.
- **Skills**—the knowledge, experience, and competencies that are present among those who have responsibility for human capital activities.
- **Resource Allocation**—how both human and financial resources are divided in support of human capital activities.

**Key Themes from the Interviews and the Survey**

As with any assessment of this nature, there is an overarching intent to identify gaps in existing practices that will serve as a basis for recommending impactful change for an organization. While the main focus of this report is on those identified gaps, it is important to also recognize that there are many positive components of the current human capital programs, processes, and resources. Those items identified as being positive contributors for the future of K-State include the following:

- The current Division of Human Resources is perceived as being quite responsive to organizational needs and demonstrating a caring approach to employees and managers across the organization.
- The payroll process functions well with few errors.
- HR technology (the PeopleSoft system) is an up-to-date, market-leading program that has potential for expanded utilization and can serve as a strong foundation for future enhancements to automate processes more completely.
- Compensation data on current pay practices within the higher-education industry is available and maintained on a regular basis.
- The risk of noncompliance associated with many human capital processes at K-State is quite low along with a positive track record of compliance audits and litigation history.
- Many advances in the presence of diversity of faculty, staff, and students have been achieved.
- Faculty and staff who participated in this assessment, have expressed strong awareness and consistency in their agreement on the challenges facing K-State related to human capital, and are eager for improvements to key processes.
All of the above contribute significantly to a strong foundation of basic components that are needed for successful change at K-State.

**Current State Findings—Governance**

For the purposes of this document, the term governance refers to the formal processes and structures relating to consistent management, cohesive policies, guidance, and authority levels associated with human capital processes.

As outlined in the **Current State Findings—Structure and Role Design** section below, governance at K-State associated with human capital programs and processes is highly fragmented and unclear. Significant confusion exists among various groups of employees and people managers as to which resources should be engaged to consult with and/or advise them on key human capital issues. In addition, there is no clear policy or program ownership for many key end-to-end processes across the organization, an example of which is the recruitment process. While there can be different goals across department or colleges/major units, as well as differences in needs among various groups of employees at K-State, the ability to manage an overall strategic approach to the development and deployment of human capital programs and processes is significantly hindered given the current organization structure and alignment of roles, responsibilities, and authority. While the construction of an appropriate governance approach and the organization structure are not required to be one hundred percent consistent, if there are significant disconnects and diffusion of these two concepts, the resulting implications are likely to be significantly disruptive, which is the case with human capital programs and processes at K-State.

**Current State Findings—Structure and Role Design**

Currently, the dedicated and formally identified human capital functions are organized into three separate entities:

- The Office of Human Resources
- The Office of Affirmative Action
- The Office of Academic Personnel

The Office of Human Resources is dedicated to providing both university-wide services, as well as specific services for classified staff roles at the university.

In total, the organizations listed above serve approximately 1,500 classified staff, 1,500 faculty, and 1,700 unclassified professionals—for a total of just under 5,000 non-student employees.

Examples of university-wide services include the functions of payroll, human resources information services (i.e., employee data storage, records management, and reporting), and employee benefits. Examples of services specifically for classified staff roles include: compensation, employee relations, hiring, and labor relations (for unionized staff). The Human Resources function currently comprises approximately 31 staff members. This function reports to the Vice President of Administration and Finance.
The Office of Affirmative Action is primarily focused on providing services university-wide for process and compliance oversight related to the hiring process, managing of employee/organizational concerns related to potential discriminatory actions, development and monitoring of affirmative action plans related to the selection and movement of employees, and monitoring compliance associated with other employee compliance-related concerns (e.g., processes and accommodations related to the Americans with Disability Act). There is currently four staff assigned to this function with the leader reporting to the Office of the President.

The Office of Academic Personnel is comprised of three staff members primarily associated with policy compliance and practices related to faculty and unclassified professionals (e.g., appointment, promotion, and tenure). This office currently reports to the Provost of the university.

In addition to the aforementioned, there are a number of resources including the roles of personnel specialist that are located within university administrative departments and colleges/major units that perform a variety of human capital-related services. Approximately 70 percent of these individuals’ time is spent on human capital-related services, while another 30 percent of time is spent performing other responsibilities related to their respective departments or colleges/major units. The human capital time is comprised of the following sample types of activities:

- The processing of employee-related transactions (e.g., work and/or life events that impact employees such as processing new hires, managing the entry of employee time, reconciling payroll, processing terminations, processing promotions, and transfers, etc.);
- Providing guidance to managers and employees on university employee policies, benefits, and procedures;
- Engaging in search or hiring-related processes; and
- Involvement in employee relations issues and dispute resolution.

These roles of personnel specialists report through their respective college or functional departments.

Structure and Role Design Observations
The following are key observations that were gained through the assessment:

- Role responsibility for human capital-related processes is highly fragmented across the university. This leads to a significant degree of confusion and some overlap in terms of who is accountable and responsible for various activities. There are, in some cases, overlap and significantly unnecessary handoffs between the designated roles and functions primarily as it relates to the staffing process and dispute resolution activities for classified, unclassified professionals, and faculty. In many cases, it was mentioned through the interviews and group sessions, conducted as part of this process, that managers and others are often confused about where to go for services, and there is a lack of clarity about who the appropriate resources are and where the division of responsibility lies. It was reported that employees and some managers will often “shop” various functions or roles to compare/contrast recommended answers to their concerns.
- There is no formalized recruitment function to support the recruitment of unclassified professionals or faculty. In most all cases, candidate sourcing and managing of the recruitment and selection process is left to the departments and colleges/major units. In addition, there are varying degrees of skills and little formal training developed to help support recruitment or search efforts. Recruitment advertising is also highly decentralized resulting in inconsistent leveraging of the K-State employment brand.
which leads to potential confusion among candidates and very likely, redundant costs for the organization.

- There currently are limited staff and resources dedicated to the design and delivery of learning and development programs for employees. The current portfolio of learning activities that are available at the university are not consistently coordinated or administered, making it sometimes difficult for faculty or staff to understand what is available. Additionally, there are no resources dedicated to the design or execution of talent management processes such as conducting talent reviews, identifying high-potential employees, and conducting succession planning, etc. These are typically growing, yet still emerging functions in human capital organizations within higher education that help support the concepts of internal talent development, retention, career pathing, and skill development. Some components of these processes do exist within some colleges/major units or functions at K-State, but there is little evidence of any formalized or university-wide focus on these areas, nor any skilled and dedicated roles accountable for these activities. While some leadership development programming does exist for new or emerging leaders within the faculty ranks, formal development curriculum to develop leaders within the academic setting is missing.

- K-State’s workforce is a dynamic and changing workforce where many activities occur regularly around new hires, terminations, role changes, promotions and other work- or job-related events. For the over 5,000 regular (non-student) employees of the university, there are also numerous life events those employees experience that have implications for their working relationship, status, and benefits associated with the university. All of these activities require significant attention to manage the various transactions and provide guidance and counseling to employees and managers on how to successfully navigate through these events. Over the years, the role of “personnel specialist” has emerged which is a designated role that exists within the departments and colleges/major units to help support these activities. This role of personnel specialist is typically only a part of the role that an individual engages in within the department or college. There are no formal reporting relationships or clear lines of authority established to connect these roles to human capital processes or areas of expertise.

The following chart illustrates the current headcount dedicated to identified roles within the Division of Human Resources, Office of Affirmative Action, Office of Academic Personnel, and the role of Personnel Specialists:

![Chart illustrating the current headcount dedicated to identified roles within the Division of Human Resources, Office of Affirmative Action, Office of Academic Personnel, and the role of Personnel Specialists.](chart.png)

*Source: Aon Hewitt HR Analyzer for K-State, 2012*
Background on Program Design

Formal human capital programs in leading organizations should focus on the following core elements:

- **Talent management**—the ability to identify high-performing, high-potential talent across the organization and have formal programs to assess, develop, and monitor the progression of skills and capabilities across the organization. In addition, leading-practice organizations assess talent across functions regularly to plan for and identify potential internal talent for succession and future developmental experiences.

- **Learning and key skill development**—the programs that support the learning and development of key technical, managerial, or leadership skills across the organization. Often, this involves a combination of formal classroom training, online knowledge transfer, and self-learning and guided learning programs that are more experiential in nature.

- **Talent acquisition**—the process of sourcing, assessing, selecting, and onboarding talent into vacant or potentially opening roles.

- **Diversity**—strategy and programs designed to both acquire and engage a diverse workforce, as well as build a culture of valuing diversity and inclusion.

- **Rewards**—a proactive approach to understanding the competitiveness of rewards (pay and benefits) within a competitive marketplace and deploying strategies and processes to ensure market competitiveness, internal equity, and affordability.

- **Culture and engagement**—developing and fostering an environment where employees will: be attracted to the organization, feel compelled to strive for exceedingly high results, experience alignment between the organization’s stated and realized values and their own values, and be committed to stay.

Current State Findings—Program Design

The following are identified gaps as a result of the assessment of K-State current programming against leading-practice organizations:

- **Talent management**—no formalized, consistent process of executing talent management programs is evident within K-State with the exception of a few departments or colleges/major units who perform a periodic talent assessment or succession plan. University leadership does not have clear visibility into high-performing or high-potential candidates across the university.

- **Talent acquisition**—the hiring of internal as well as external talent is a frequent occurrence across K-State. There are consistent processes for the hiring of classified staff, but unclassified staff and faculty sourcing and hiring varies widely among departmental or college units and is viewed as cumbersome and difficult with little skilled assistance provided other than from a hiring and selection compliance perspective. The hiring process was the most frequently mentioned problematic area within the assessment. Specifically, the following items were identified in the assessment:
  - There is no formal, longer-term workforce planning process whereby future vacancies or future hiring needs are identified, planned for, and sourcing strategies deployed. While there are budget-planning exercises to identify new position needs, these are often short term in nature.
  - The hiring process is quite cumbersome and much more compliance-focused than being focused on proactively sourcing and selecting the best people for open positions. There are no dedicated, skilled recruitment professionals engaged in these activities on a regular basis. Therefore, hiring
is much more reactive and compliance-focused, rather than proactive in locating talent sources, establishing long-term relationships with recruitment sources, and actively searching for commonly open positions.

- The process to receive formal approval for vacant positions was viewed to be burdensome, and often approval levels were viewed to be required and gained at levels too high within the organization.

- With the university’s long-term strategic goals of becoming a top research organization, the recruitment of internationally prominent faculty and staff has become, and will continue to be, more prevalent. There is concern that there is no formal or consistent program for formal sponsorship of permanent residency status for international candidates.

- With each department or college left to its own resources to source candidates, there are no consistent employment branding or advertising strategies in place that promote K-State consistently, and, as an employer of choice within the marketplace.

- The entire length of the end-to-end recruitment and onboarding processes was identified as resulting in longer-than-desired cycle times. There is a perceived negative impact on the overall candidate experience, and as a result, good candidates have exited the process before conclusion.

- Learning and skill development—some training programs have been developed to support specific university learning needs (e.g., basic supervisory training, diversity training, new hire academic leadership skills, etc.), there is no consistent, university-wide learning curriculum. Programs developed have been developed by particular functional areas without necessarily being developed with formal learning program design expertise, and they are often inconsistently offered or delivered.

- Diversity—while K-State has had many visible diversity-related efforts with some strong, positive results, there is a lack of overall diversity strategy with respect to proactive recruitment of a diverse workforce across the organization. There also was reported some inconsistency in the development and delivery of diversity programming across the colleges/major units and departments.

- Rewards—K-State classified employees are governed by a very formal compensation structure as mandated by the State of Kansas. However, since this structure is owned and developed by the state, there currently is no university discretion in managing pay outside these provisions. Formal compensation structures (i.e., position leveling and pay ranges) for unclassified professionals and faculty are nonexistent. This results in significant confusion and inconsistency in the determination of base pay recommendations for new hires, as well as in the ability to administer ongoing pay increases and/or equity adjustments for faculty and unclassified professional staff. While the university does subscribe to some available market-based compensation data, the application of that data in making these key decisions is not effectively used and managed. This has resulted in the perceptions that K-State pays lower than the marketplace, has internal equity issues, and frequently applies the strategy of offering new hires more than they were being paid in previous roles due to the lack of available role-based market data.

- Culture and engagement—there is no formal, university-wide measurement of employee engagement to identify potential cultural or programmatic gaps that may lead to the development of or detract from a culture of an engaged workforce. Some of the factors observed through this assessment that may contribute to less-than-ideal engagement on the part of K-State employees include:

  - While the University Handbook has been developed to cover both faculty and unclassified staff, it is often perceived that policies were written to be more applicable to faculty versus unclassified professionals. There is the impression that some current policies do not recognize the unique
needs of the unclassified professional population. Managers of unclassified professionals are often confused about where to find the applicable policies, as well as how to interpret them.

– There was an expressed desire for more clear and consistent guidelines for faculty evaluation, promotion, and tenure processes. Currently, each college develops its own process and standards for these actions against a set of high-level guidelines, which is perceived to, at times, cause some inconsistency in application across disciplines.

– The lack of a defined set of career paths for unclassified professionals leads to a perception that career opportunities are limited to one’s own current department’s structure, and that movement across the university is somewhat rare.

– Dispute resolution capabilities among people managers across the university vary widely. It was reported that there is often confusion about where to go for assistance and support with dispute resolution. The lack of capabilities was identified as a potential contributor to a higher than desired number of employee relations concerns.

Current State Findings—Process

The quantitative portion of the assessment (data obtained through the activity survey of staff engaged in human capital practices) showed that many processes are highly fragmented. Fragmentation refers to the degree to which processes are disparately managed by numbers of different people or roles. In measuring process fragmentation, the assessment looked at the number of people who stated they spent time on an activity or process and, in turn, how many FTEs (full-time equivalents) are involved in the activity in total.

The following chart represents human capital process fragmentation across 13 key process areas surveyed:

![Process Fragmentation Chart](image)

The processes of workforce administration (basic employee transactions), payroll, staffing and recruitment, and classification and compensation are high-volume activities that are touched by a large number of staff across the university.

Source: Aon Hewitt HR Analyzer Survey results for K-State, 2012
The items highlighted in the previous chart with red circles indicate the areas of concern that are highly fragmented when considering K-State’s results compared with other similar organizations. The time represented in this analysis does not include the time spent by line managers, department heads, or deans engaged in these activities.

While the previous chart displays time spent by functional activity, the next chart illustrates time spent by the focus area of the activity. Focus area is defined as the type of activity in which people stated they are engaged.

![Fragmentation by Type of Activity](chart)

The types of activities that are engaged in by multiple staff members include the administering of programs, providing customer service, and delivering key programs and processes.

Source: Aon Hewitt HR Analyzer Survey results for K-State, 2012

Following are explanations of the focus areas circled in the above chart:

- Program administration refers to any activities that are administrative in nature which includes managing employee work or life-related transactions and processing associated paperwork, maintaining appropriate records and data, processing payroll, etc.
- Non-HR time includes activities that are not typically human capital-related. This item is highly fragmented particularly due to the majority of respondents to the quantitative survey acting as department or college personnel specialists who do perform a variety of other work for their respective functions.
- Customer service activities are those that are primarily focused on answering routine and non-routine questions about policies, processes and procedures, and benefits plans, etc.
- Delivery activities are those that are focused on performing tasks related to executing programs such as recruitment, hiring, learning, and development activities.
The analysis of time also showed which functional processes in which employees participating in the survey are most engaged.

**Percentage of Total Time Spent on Human Capital Functions**

<table>
<thead>
<tr>
<th>Function</th>
<th>Percentage of Time Spent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Classification and Compensation</td>
<td>7%</td>
</tr>
<tr>
<td>Retirement Benefits</td>
<td>3%</td>
</tr>
<tr>
<td>Health and Other Benefits</td>
<td>3%</td>
</tr>
<tr>
<td>Staffing/Recruiting</td>
<td>4%</td>
</tr>
<tr>
<td>Learning and Development</td>
<td>3%</td>
</tr>
<tr>
<td>Organization and Employee Effectiveness</td>
<td>8%</td>
</tr>
<tr>
<td>Employee Relations/Communications</td>
<td>2%</td>
</tr>
<tr>
<td>Labor and Union Relations</td>
<td>1%</td>
</tr>
<tr>
<td>Health and Safety/Worker's Compensation</td>
<td>2%</td>
</tr>
<tr>
<td>Payroll</td>
<td>5%</td>
</tr>
<tr>
<td>HRMS/Workforce Administration</td>
<td>23%</td>
</tr>
<tr>
<td>Management of HR</td>
<td>4%</td>
</tr>
<tr>
<td>Non-HR Activities</td>
<td>1%</td>
</tr>
<tr>
<td>Title IX / EEO / ADA / AAP</td>
<td>5%</td>
</tr>
</tbody>
</table>

Processing payroll, administering transactions and employee data management consume nearly 50% of all time spent on human capital activities.

Source: Aon Hewitt HR Analyzer Survey results for K-State, 2012

The above chart illustrates that most frequent activities are those of processing payroll and managing employee data and transactions (i.e., HRMS/Workforce Administration).

In analyzing what type of work is performed by various populations engaged in human capital activities, the following results were observed:

**HR Time Spent by Focus**

- **Strategic** = Time spent on Strategy, Program Design, and Consultation
- **Operational** = Time spent on Delivery, Vendor Mgmt, and HR Department Management
- **Tactical** = Time spent on Program Administration, Customer Service, and HR Systems

The majority of time spent for nearly all functions is of a tactical and basic service nature.

Source: Aon Hewitt HR Analyzer Survey results for K-State, 2012
In our qualitative interviews and meetings with various constituents, the following items were observed as it relates to human capital processes:

- When it comes to obtaining information about policies or process, faculty and unclassified professionals are often confused about where to go within the organization for guidance and counsel.
- Related to compensation processes for unclassified staff and faculty, there are no formal guidelines readily available to guide decisions related to pay including the conducting of any regular compensation equity reviews, or, establishing pay ranges or rates for new positions or new hires.
- For classified staff, processes for moving them to unclassified processes are not clear or well understood.
- Most processes are not automated, leading to often confusing and burdensome manual and paper-intensive processing. This is particularly true of the end-to-end recruitment process, time entry and absence tracking. While there are some automated time entry systems installed across the university, these systems are all unique and some do not feed directly into the payroll and human resources data system (PeopleSoft), thus requiring duplicative data entry and error correction.
- There is a perception that the recruitment and offer processes are overly compliance-oriented in their approach and need to be simplified and streamlined.
- There is no pooling of candidates across the university for unclassified staff or faculty. There is no open access to previously identified candidates who could be candidates for other roles and no effective way of sharing candidates through a common database.
- Given the dispersed nature of the personnel specialist roles, there are often varying degrees of consistency in policy and procedural advice and consultation, and transactions associated with employee work or life changes are often incomplete with missing data and/or inaccurate, leading to additional rework by the payroll and HRMS functions within the Division of Human Resources.
- There is a significant backlog in processing tenure and promotion requests for faculty.
- Each department or college is left to design its own performance evaluation process and tools for faculty and unclassified staff and these are often inconsistently applied. A standard performance evaluation process for classified staff does exist and is mandated by the state, but it is often not liked.

**Current State Findings—Skills**

There are some critical skill gaps within the existing organization related to the following areas:

- There is a lack of knowledge and experience across the organization relating to compensation design and job evaluation. Skills that are required are the ability to effectively develop job descriptions, evaluate jobs for appropriate leveling and titling, analyze and leverage appropriate market data to price positions, and develop overall compensation structures.
- There currently are no professional recruiters within the organization supporting the sourcing of unclassified professionals or faculty. In addition, training associated with helping hiring managers and others involved within the search process is inconsistently managed.
- While the Office of Affirmative Action is skilled in handling complaints of discrimination or harassment, there are insufficient resources available to institute additional proactive measures (i.e., training) to prevent future issues of discrimination or harassment.
There is no consistent set of skills dedicated to recruiting diverse slates of candidates. Some departments have focused on these efforts with some success, but it is highly inconsistent across the university.

The skills and experience associated with the design and development of learning experiences (both classroom and non-classroom) is quite scattered across the university, with a lack of sufficiently dedicated staff to perform these functions.

The current staff designated as personnel specialists are not typically trained human resource professionals, and their initial, as well as ongoing training, is quite inconsistent. Given the dispersed nature of these roles, errors in managing transactions are common, as well as divergent advice and consultation often given.

As mentioned earlier in the report, the skills related to dispute resolution vary widely across departments and colleges/major units and there is little formal training for individuals regarding managing these issues.

There is no formal training conducted for managers of unclassified professionals and faculty in conducting effective performance assessments, and so effectively managing issues of poor performance was reported as being lacking.

While some development is emerging for faculty leadership roles, there is no formal focus on leadership development across the university. It is not uncommon for strong technical, individual contributors with recognized expertise within their discipline to be promoted to leadership and managerial roles in the university setting. However, along with those responsibilities come additional requirements for skills that are often not within the individual’s experience repertoire, and therefore need to be acquired through additional learning experiences that today are not common at K-State.

Current State Findings—Resource Allocation

As part of the overall assessment, the overall deployment of both financial and people resources was evaluated. To complete this, costs attributable to the in-scope human capital functions were gathered including labor costs, other internal expenditures, expenditures for external services, and expenditures for technology were collected and evaluated. In addition to the in-scope human capital functions, the labor costs associated with the role of personnel specialists were also included even though the budget for those resources are imbedded within the various departments and colleges/major units where they perform their services.
The following chart depicts the current overall financial expenditure for the above items at K-State as of the calendar year 2012.

### Existing Financial Investment in Human Capital Resources

<table>
<thead>
<tr>
<th>Category</th>
<th>Expenses</th>
<th>FTEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>HR Labor Expense (Base, Bonus, Benefits Load)</td>
<td>$13,903,509</td>
<td></td>
</tr>
<tr>
<td>(Based on Labor costs for 332 FTEs)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Division Human Resources, Office of Academic Personnel, Affirmative Action</td>
<td>$2,551,497</td>
<td>37.6 FTEs</td>
</tr>
<tr>
<td>Personnel Specialists</td>
<td>$2,974,833</td>
<td>72.9 FTEs</td>
</tr>
<tr>
<td>Others</td>
<td>$4,334,960</td>
<td>86.25 FTEs</td>
</tr>
<tr>
<td>Other Nonrespondents</td>
<td>$4,042,219</td>
<td>Approx 132 FTEs</td>
</tr>
<tr>
<td>Vendor, Consultant Expenses, Purchased Services</td>
<td>$557,106</td>
<td></td>
</tr>
<tr>
<td>Training Materials, Travel, Telecommunications, and Other HR-Related Expenses (other overhead)</td>
<td>$67,652</td>
<td></td>
</tr>
<tr>
<td>Technology Capital Expense/Maintenance/Support</td>
<td>$22,257</td>
<td></td>
</tr>
<tr>
<td>Technology expenses in the IT budget include $13,501.81 for the PeopleSoft Recruitment module and $110,597.12 for HCM in FY12</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$14,550,524</td>
<td></td>
</tr>
</tbody>
</table>

1. This includes the labor cost of the non-respondents.
2. The labor costs exclude Personnel Specialists and Others doing Non-HR activities.
3. Have assumed that 50% of their labor costs are related to HR.

Sources:
- Aon Hewitt HR Analyzer for K-State, 2012

There is a total of over $14 million in investment by K-State related to existing human capital-related services. In evaluating the allocation of costs, a comparison was done of the major categories of expenditures (labor, internal, external, and technology) against other leading-practice human capital organizations.

Over 90% of all financial resources are dedicated to the cost of labor including both the in-scope functions and the roles of personnel specialists, while other organizations utilize more external resources and are spending more on technology and automation.
Illustrated through the chart on the previous page is that labor costs count for approximately 94% of the total expenditure of human capital related expense, and there is very little that is spent externally or on technology in support of the organization.

While traditionally it is thought that human capital programs and processes are managed by the three in-scope functions, the reality is that there are significantly more resources engaged when the FTEs of the personnel specialists are included. A typical measure of effective resource utilization in human capital functions is the headcount ratio. The headcount ratio is expressed as follows:

One human capital FTE: the number of organizational FTEs

Thus, the higher the ratio, typically the more leanly staffed the organization is.

The following chart depicts these ratios for K-State in comparison with other higher education institutions:

With the in-scope, core functions along with the role of personnel specialists, the overall human capital headcount ratio for K-State is significantly below (i.e., much more heavily staffed) than other higher education organizations. However, considering alone the dedicated functions of the Division of Human Resources, the Office of Affirmative Action and the Office of Academic Personnel, the headcount ratio is quite high, suggesting that current dedicated staff levels within those functions is inadequate and the organization’s ability to meet its 2025 objectives related to human capital are compromised.
In further evaluating the division of labor costs by activity, the assessment shows that significant labor time is being spent on the most transactional of activities related to the processing of employee transactions and managing employee data, as well as processing payroll. The breakdown of costs is depicted in the chart below.

### Expenditures by Function

<table>
<thead>
<tr>
<th>Function</th>
<th>Labor Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>HRMS/Workforce Administration</td>
<td>$1,992,782</td>
</tr>
<tr>
<td>Payroll</td>
<td>$1,866,817</td>
</tr>
<tr>
<td>Staffing/Recruiting</td>
<td>$1,240,362</td>
</tr>
<tr>
<td>Employee Relations/Communications</td>
<td>$ 928,918</td>
</tr>
<tr>
<td>Classification and Compensation</td>
<td>$ 754,907</td>
</tr>
<tr>
<td>Title IX / EEO / ADA / AAP</td>
<td>$ 610,610</td>
</tr>
<tr>
<td>Organization and Employee Effectiveness</td>
<td>$ 542,073</td>
</tr>
<tr>
<td>Learning and Development</td>
<td>$ 454,122</td>
</tr>
<tr>
<td>Management of HR</td>
<td>$ 446,908</td>
</tr>
<tr>
<td>Health and Other Benefits</td>
<td>$ 253,428</td>
</tr>
<tr>
<td>Retirement Benefits</td>
<td>$ 243,969</td>
</tr>
<tr>
<td>Health and Safety/Worker’s Compensation</td>
<td>$ 172,732</td>
</tr>
<tr>
<td>Labor and Union Relations</td>
<td>$ 130,489</td>
</tr>
<tr>
<td>Non-HR Activities</td>
<td>$ 104,550</td>
</tr>
</tbody>
</table>

Nearly $4 million is spent on basic transactional processes, whereas the third-leading expenditure is for recruitment and staffing, which was mentioned during the assessment as a process in significant need of re-engineering.

### Summary of Observations from the Current State Assessment

The results from the current state assessment demonstrate numerous opportunities for change. While many issues were identified, some have significantly more consequence and could be determined to be overarching and in some cases foundational to the overall health of a human capital function for K-State. With this framing, Aon Hewitt concluded that the following are the most critical problem statements impacting the university:

- There is a lack of integrated ownership and accountability across the university for human capital programs and processes.
- There are significant gaps that exist programmatically that affect faculty, unclassified professionals, and in some cases, classified professionals including:
  - Compensation structures for faculty and unclassified professionals;
  - The lack of clear policies pertaining to unclassified professionals; and
– Talent management programs and processes including performance management and leadership development for all roles.

  ▪ The prevalence of fragmented and overly legalistic and burdensome processes cause frustration and slow cycle times (e.g., the hiring process).
  ▪ Very decentralized involvement in human capital processes causing confusion, inconsistencies, a lack of accuracy, and duplication across the university.
  ▪ The lack of automation for key, high-volume processes leads to redundancy in effort, inaccuracies in managing data, and significant rework.

In addition to the above, there is the pending issue of current classified employees potentially voting to become university support staff (USS). USS would be an employment status separate and distinct from unclassified employees. Such a change would require significant investment of time and resources to successfully implement the switch. Items that must be addressed per Kansas law include development of personnel policies and procedures such as disciplinary grievance procedures. Other considerations requiring attention include USS participation in shared governance and bargaining with USS employees represented by unions.
IV. Recommendations

This section contains the detailed recommendations made by Aon Hewitt to the various constituent communities (the Core Team, Advisory Group, and Sponsor Group) as a result of conducting the assessment. These recommendations may or may not be adopted in whole or in part by Kansas State moving forward.

Rationale for Priorities

Section III—Current State Findings of this report identified items that are working well, as well as many items that are gaps between leading practices within higher education institutions. As is the case with any assessment of this nature, there are typically more gaps identified than can possibly be filled within a reasonable amount of time and given limited resources to design and implement effective solutions.

As stated earlier in the Background section of this document, the foundation of these recommendations is based on providing a holistic approach to elevating the importance of human capital practices in alignment with the priorities as outlined in the K-State 2025 vision. Therefore, the recommendations presented herein have been deemed by Aon Hewitt in consultation with the Core Team and Advisory Group, to be the recommendations that are the most critical for the future success of a human capital function at K-State.

The recommendations have been divided into two tiers:

- The first being those recommendations that should be accomplished within a shorter-term time horizon, which has been defined as the calendar year 2013–2015; and
- The second being those that are intended to be accomplished in a longer-term horizon which is beyond 2015.

Short-Term Recommendations

The recommendations that are deemed to be of a foundational, and therefore shorter-term need, include the following:

- Restructuring of the existing functions performing human capital-related services into a single, unified organizational unit with enhanced skills and capabilities.
- Developing an overarching human capital strategy to define the critical priorities of the function for the next several years, as well as ensure alignment with key human capital components of the 2025 K-State vision.
- Conducting a complete, end-to-end redesign of the hiring process for all faculty and unclassified professionals with associated career paths for advancement in high-priority job families for non-tenure track faculty and unclassified professionals.
- Developing more formalized and standardized compensation structures for faculty and unclassified professionals.
Providing more automation, including electronic forms, to streamline and simplify existing human capital processes such as consistent electronic time entry and automation of the recruitment process for all staff.

A discussion of specific recommendations for each of the above items follows.

Restructuring a Human Capital Function

While leaders and managers in an organization have an underlying duty to effectively manage the organization’s human capital from day-to-day, having a unit within the organization who is uniquely skilled at developing, deploying and maintaining the tools, programs and processes that provide for the care and feeding of all things impacting human capital is a foundational recommendation of this report.

In order to effectively close the gaps identified through the assessment and provide future human capital strategic and ongoing guidance to the organization, it is recommended that the university combine the functions currently provided by the Division of Human Resources, the Office of Affirmative Action, the Office of Academic Personnel, and functions currently performed by the departmental personnel specialists into a holistic human capital function, under a unified leadership structure. This recommendation includes the following components:

- The appointment of a Chief Human Capital Officer (CHCO) who will lead the integrated function. This position, and the staff it appoints is intended to bring significant expertise to the organization around identifying and providing innovative solutions for the human capital needs across all of the university. This role is envisioned to work closely in counsel with the Provost, Deans and major unit leaders to help drive the human capital needs of the university. Due to the substantive nature of the scope and breadth of human capital responsibilities, it is recommended that the role be a Vice President level position, reporting to the President.

- Realignment of the existing functions (Division of Human Resources, Office of Affirmative Action, and Office of Academic Personnel) into a single unified human capital function. In additional to realigning current functions, it is recommended that new functions be created to provide clearer ownership for key human capital processes across the organization.

- Establishment of a new governance process and procedures for executing any new or revised human capital policies, programs or processes should be undertaken. The intent is to provide for a clear division of roles and responsibilities between the human capital function and the departments/colleges/major units, as well as within the human capital function. Governance should include the definition of key stakeholders for critical types of decisions and what process will be used to solicit input, gain approval, and communicate the overall human capital direction.

The recommended structure has three critical segments that would report to the CHCO. These include:

- Centers of Expertise. These units would be accountable for policy development, program design, process delivery, providing leading-practice and compliance expertise across the spectrum of human capital needs for the university. See the suggested makeup of the centers of expertise on the organization model on the following page. Some of the centers of expertise could, in the final analysis, be combined with others to more fully integrate programs and processes. While most of the centers of expertise would have a solid line reporting relationship to the CHCO, the function titled “Equity and Access” would have for its activities related to the enforcement of compliance concerns as well as its activities associated with conducting investigations of complaints of discrimination, a direct reporting relationship to the Office of the President.
Human Capital Partners. These roles are to be positioned as strategic partners for the various major organizational units across the university to provide expertise and trusted advice to senior leaders (department heads, deans, or others) regarding issues of leadership and organizational effectiveness. These roles will provide expertise in matters of workforce planning, executing against key talent initiatives within the unit supported, conducting analyses of needs, proposing future state solutions for the engagement and retention of key faculty and staff, bringing skills and solutions to engage leadership teams within the unit, and providing coaching and feedback for senior leaders in matters of personal and team effectiveness. While the human capital partners are there to aid and facilitate many people-related processes and help support managers and leaders in their decisions, these roles are not intended to circumvent the key managerial and leadership decisions that should inherently belong to managers and leaders. To effectively support each major unit across the university, it is anticipated that some departments/colleges/major units could be combined to provide support under a single human capital partner. Aon Hewitt recommends that these roles will have a solid-line reporting relationship to the CHCO, with a dotted-line reporting relationship with their assigned unit senior leaders. This reporting structure will be consistent with leading practices and help to drive accountability and consistency in human capital practices.

Human Capital Resource Center. These roles and functions will serve all university employees in the areas of providing information on routine questions related to policy, procedures, or benefit matters; managing all employee data, transactions, and employee records including providing reporting support for individual department data needs; processing of payroll; managing requests for leaves of absence; and administering other human capital programs or processes. It is envisioned that this is a centralized function providing support university-wide.
The chart below is a proposed organization model for the human capital function. This model should not be considered a complete or final organization structure. It illustrates the key functions and activities that would be grouped within a human capital function reporting to the President. It does not necessarily represent all of the positions or titles that would be in the human capital function.

The above chart is intended for illustrative purposes. It is expected that with the appointment of a CHCO, that individual would have the opportunity to shape the organization’s structure and key roles to align with his/her direction and understanding of university needs.

In Aon Hewitt’s view, this proposed model represents a significant departure from the existing structure not only in terms of its integration, but also in terms of introducing some significant new roles. Some of these new roles represent the need for significant new expertise that does not exist within the university today and may require the hiring of talent. Some examples of these roles include the areas of compensation, talent, learning and development, and the roles of some business partners.
Human Capital Strategy

To guide and align the efforts of the human capital function with the K-State 2025 vision, it is recommended that a long-term human capital strategy be developed. This strategy should outline the overall outcomes and desired states that the university wants to achieve as part of its 2025 plan, focus on critical programs and processes that will drive those outcomes, and outline specific actions for the long term. This strategy should become the core focus against which all future human capital initiatives are evaluated to ensure that the appropriate focus is maintained, the right priorities are established, and resources allocated as needed to meet the strategy’s objectives.

A human capital strategy should be a jointly developed effort between key members of the human capital function and key K-State stakeholders to ensure alignment with 2025 priorities and gain acceptance and buy-in from all involved. A strategy should not be a static document that never changes (as might a mission or vision statement which is part of a strategy), but should reflect the annual, ongoing needs of the university. It is not intended that all foreseen needs for the long term can be met through one strategic exercise as various conditions including the regulatory environment, state concerns and issues, student and faculty makeup, growth projections, and funding will inevitably change. Developing a living, working document that can be refreshed and evaluated every few years is key to keeping a strategic exercise valid and well focused.

Hiring Process Redesign

Another key recommendation for the short term is to conduct a thorough, end-to-end review of all of the elements associated with the hiring process. Many concerns were raised through the assessment about the hiring process being overly cumbersome and highly compliance focused. As part of the structure recommendation above, the new function of talent acquisition is intended to be in place to ultimately be responsible for facilitating the end-to-end selection and hiring process. To enable this, the organization would need to be infused with external recruitment professionals who have demonstrated experience in both higher education, as well as general industry-leading practice recruitment efforts. Ultimately, the new Talent Acquisition function would be responsible for the following:

- Identifying the overall needs, both occurring through planned vacancies, as well as unanticipated openings and planned future growth needs for the university.
- Determining effective sources for potential recruitment of the required expertise and for diverse candidates, and maintaining ongoing relationships with any external organizations or potential recruitment sources to promote K-State as an employer of choice.
- Developing standards and potential sources for recruitment advertising and establishing and ensuring the appropriate utilization of effective branding methods to attract candidates to K-State.
- Establishing effective screening, interviewing, selection approaches, and tools to support hiring managers and/or search teams and conducting training and providing support to involved parties throughout the screening and selection process.
- Utilizing effective technology to support the automation of the recruitment and hiring processes wherever possible.
- Ensuring that diverse slates of candidates are provided whenever possible.
Facilitating the overall process while maintaining an appropriate focus on issues of fair treatment and equal opportunity legislation compliance.

Maintaining appropriate data on all potential applicants, and former applicants, so as to expedite the process.

To accomplish the process redesign, it is recommended that the following steps be taken:

- Identify an overall owner for the effort, preferably an individual who will ultimately have a stake in new Talent Acquisition center of expertise.
- Appoint members of the design team, members of review teams, and ultimately, the key sponsors who will approve the results from the redesign effort.
- Develop a project charter and plan with clear goals, milestones, roles, and responsibilities.
- Leverage all of the existing data from previous study groups around this process and integrate those perspectives.
- Identify the core and most critical elements of the existing process that act as barriers to an efficient and effective process beginning with identifying a potential opening through the actual onboarding of a new hire.
- Conduct recruitment process redesign workshops to identify best solution processes that can overcome the barriers.
- Document the processes and tools required to make the necessary changes.
- Allow for key stakeholders to interact with and comment on the key recommendations.
- Present final recommendations to key sponsor stakeholders for implementation decisions.
- Ultimately, educate all end users on the use of the new processes and tools.

The goals for the recruiting and hiring process redesign should be conducted with the following key principles in mind:

- Determine which roles should effectively be involved in the process, what the specific actions and decision rights are for each role, with the intent towards driving to a bare minimum, the number of handoffs from role to role and eliminating potential bottlenecks in approval or review authorities;
- Look to eliminate steps and processes that do not add overall value to the effectiveness of the process;
- Identify key opportunities for automating existing manual steps to help push process steps through to completion with accuracy and without rework; and
- Overall, keep in mind the candidate experience, the needs to improve cycle times and the ability to improve the overall effectiveness of candidate sourcing, assessment, selection, offer and on-boarding steps.

Compensation Structures and Career Paths

Achieving market competitiveness of employee compensation is a critical goal to not only attracting, but also retaining critical staff and faculty. To attain this goal, it is recommended that K-State embark on a formal process to analyze existing pay, identify key issues, and establish an ongoing mechanism whereby compensation can be effectively administered to achieve both external competitiveness as well as
internal equity. Without effective compensation structures, ongoing market competitive reviews and pay administration guidelines, it becomes very difficult for any organization to ensure these goals.

As part of this recommendation, it is advised that K-State institute the following:

- Establish an overall project manager for this compensation effort (either internally or externally) who can devise an appropriate process and project plan, assemble the necessary team members, and garner the necessary review and support from leaders of both unclassified professionals as well as faculty.
- Determine an appropriate governance model to involve the right parties in review and approval of key recommendations for change.
- Gather existing data on all candidates who were lost due to pay challenges including data on salaries, pay history, existing titles, and job descriptions.
- Conduct leadership interviews (and possibly focus groups) to solicit feedback on comparator peer groups, desired degree of competitiveness and transparency for the new structure, desired mix of pay (base pay, incentives, etc.), desired degree of differentiation based on performance factors, etc.
- Analyze existing job documentation data and determine the extent to which job descriptions need to be updated and/or recreated.
- Develop appropriate formats for documenting job descriptions and train representative departmental members in gathering appropriate data to complete job descriptions where required.
- Identify appropriate sources for compensation market data and secure access to those sources.
- Establish benchmark jobs for conducting a market analysis and extract the relevant data from the market sources and conduct the market analysis.
- Use the findings from the market analysis to prepare preliminary compensation structures for both unclassified professionals as well as faculty (recognizing that those structures will likely need to be different).
- Prepare an analysis of cost implications from the market data and the new compensation structure, including the number of staff that falls above or below the range maximums and minimums. Develop transitional plans to address the migration to the new structures and any significant cost issues that may result.
- Engage key stakeholders and sponsors in reviewing and commenting on the data, and provide forums for making the appropriate decisions.
- Develop and execute an overall implementation and communication strategy and rollout plan that addresses key stakeholder concerns and questions about the new structures and processes.

An important consideration to this recommendation is the impact of any decision to transition current K-State classified positions into an unclassified compensation structure. If this does become a reality, the proposed process for developing compensation structures may have to be staged differently than suggested here.

Concurrent with the development of compensation structures would be to also define career paths for what would be determined to be critical positions for growth for the university (e.g., research professors or information technology roles). It will need to be determined how career pathing would be staged and for which roles/job families career paths would be developed initially.
The recommended approach for establishing career paths includes:

- Charter a steering committee and other stakeholder groups who will need to participate in providing input to the overall process. University leadership will need to determine the ultimate decision and governance structure for the initiative’s outcomes.
- Utilize the job documentation data collected through the compensation structure analysis, the first step is to identify common similarities around role expectations, impact of responsibilities, and experience or education requirements to determine an architecture for what is commonly referred to as job families (jobs that are very similar in scope, responsibility, impact, and experience) and determine appropriate common levels within those job families.
- Test the designed architecture by utilizing a sample of existing employee background data for each job family and overlay existing employees within the draft architecture to determine whether the movement within families and levels could effectively be applied.
- Recognize that all existing university roles may not fit neatly into the designed career architecture, and determining the implication and communication strategies associated with those to whom the new approach may not apply.
- Review the outcomes and develop overall recommendations to be presented to key stakeholders for comment and senior university leadership for final decisions.

Automation

The fourth key recommendation is for K-State to provide greater automation of key processes. The recommendation includes automating the following:

- Processes that currently require paper or online forms to complete an employee transaction. While an inventory of these forms hasn’t been conducted, it was apparent through the assessment that there are a number of processes (samples include new hire paperwork and departmental transfers) that would benefit by automating the collection of key employee or organizational-based data at the source (the department) by providing electronic forms that are ultimately once entered into the system, routed for approval and update the existing human resources information system—PeopleSoft—with the appropriate data without manual intervention or re-entry of data.
- Selecting and implementing one standardized time entry system across the university for both nonexempt employees and exempt employees (who enter time away from work only). This would provide for one-time entry by the employee or the department’s designated representative, route that time for appropriate approval, and directly feed PeopleSoft for payroll purposes without manual intervention or re-entry of data.
- Developing and implementing an appropriate applicant tracking and recruitment process management software that can automatically track all applicant data through the recruitment process and, upon hire, transition that data directly into PeopleSoft without having to complete many of the existing forms that are required for onboarding a new employee. The university currently has purchased a license for a module within PeopleSoft that can perform many of these functions. It is recommended that a gap analysis be conducted between what the redesigned recruitment process requires and what this PeopleSoft module can provide to determine whether this model or other externally purchased software could be implemented to significantly streamline the new hire process.

Implementing new software can often be a time consuming and expensive proposition. However, with the extremely manual processes that exist across the university today and with the evidence from this
assessment that over three million dollars is currently being expended on managing people transactions and processing payroll, there is likely a significant financial business case for implementing such automation enhancements.

**Short-Term Recommendations Implementation Roadmap**

As mentioned earlier in this report, the anticipated time frame for implementing the shorter-term recommendations was from the remainder of 2013 through 2015. To illustrate the proposed sequencing and timing of these recommendations, see the following chart which indicates the staging of the short-term recommendations by calendar year.

**Implementation Roadmap for Short-Term Recommendations**

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Qtr 3</td>
<td>Qtr 4</td>
<td>Qtr 1</td>
</tr>
<tr>
<td>1. Human Capital Structure</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appointing CHCO</td>
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<tr>
<td>Appointing Other Key Roles</td>
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<tr>
<td>Establishing Governance Procedures</td>
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<td></td>
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<tr>
<td>2. Human Capital Strategy Development</td>
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<tr>
<td>3. Recruitment Process Redesign</td>
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<tr>
<td>4. Salary Structure Definition</td>
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<tr>
<td>Career Path Definition</td>
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<tr>
<td>Career Path Rollout</td>
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<tr>
<td>5. Automation of Processes</td>
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<tr>
<td>Electronic Forms</td>
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<tr>
<td>Time Entry</td>
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<td></td>
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<tr>
<td>Recruiting</td>
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</tr>
</tbody>
</table>

**Longer-Term Recommendations**

Recommendations that include additional important items, but that were not considered as critical as the shorter-term recommendations include the following:

- Establishing more standardized performance management and talent management processes and tools for faculty and unclassified professionals;
- Developing clear and unique employment policies for all faculty and staff that pertain directly to the uniquenesses of each employee classification; and
- Continuing the definition of potential career paths and other talent management programs all faculty and staff classifications.

Each of the above recommendations is discussed in greater detail below.
Standardized Policies, Programs, and Processes

A key precursor to developing more standardized performance management, career paths, and employment policies is the establishment of an overall compensation structure for the various populations. Compensation structures and compensation evaluation processes will often provide some important components to understanding the needs related to performance management and career paths. Having well developed job documentation is one of the most critical elements to these processes.

Performance Management and Talent Management

Some of the critical factors in determining an appropriate performance management process include:

- Defining the ultimate goals that having a performance management process should achieve.
- Developing a key understanding of what expected performance truly means.
- Determining what components will be a part of the overall performance assessment, potentially including:
  - Goal setting at the beginning of the performance cycle;
  - Through-the-year opportunities to keep performance dialogue ongoing;
  - The appropriate cycle for evaluating performance;
  - What inputs will be received as part of performance evaluation (e.g., employee self-assessment, multi-rater assessments [performance assessments by colleagues, peers, other internal customers, external stakeholders, direct reports in the case of managerial employees] or other data) and the level of transparency that will be available to the individual being assessed;
  - The components of the evaluation itself (e.g., performance against goals, performance against key job criteria, performance against pre-defined behavioral expectations, performance against the impact of measurable results) and whether there is a need to vary those components based on the type of role;
  - Whether there will be a standardized performance rating systems (e.g., 1–3 scale, 1–4 scale, 1–5 scale or others);
  - How performance will be documented;
  - Guidelines for managers on how to deliver performance feedback;
  - Reviewing the overall approach with the function of Equity and Access, as well as the Office of General Council to identify any compliance or fair treatment concerns; and
  - The types and nature of the communications and education materials or forums that should be designed to implement the process.

It is recommended that the performance management design process again be a collaborative effort between key members of the human capital function and key stakeholders to represent a variety of the needs of various types of roles across the university.

In addition to performance management, additional programming is recommended to help support the ability of employees to advance their career and professional skills, as well as provide for enhanced mobility across the university. Some of the common talent management programs that are recommended be put in place include:
A talent review process whereby key roles across the university (those that will have the most major impact on the 2025 vision) are identified, and an evaluation conducted of the depth of skill that currently resides within those positions. Identifying individuals with potential for advancement to higher-level roles (additional steps on the career paths) will be critical, as well as a standardized process and tools for evaluating potential and creating career development plans.

Succession planning to understand key leadership roles across the university and determine whether there are ready-now or ready-later successors available within the university for key roles. This assessment serves as a foundation for future staffing and development plans that can be established to close any unforeseen gaps for both the short term as well as longer term.

Developing and delivering a learning curriculum which supports the ongoing learning needs of the most critical populations.

As these programs develop and are designed, there are likely to be significant opportunities to automate core tools to help support these programs; therefore, a continuing focus on developing additional automated solutions is recommended, where appropriate and feasible.

**Employment Policies**

It is recommended that the university review, evaluate and redevelop appropriate policies that will apply clearly to each distinctive classification of employees. The recommended steps to accomplishing this include:

- Reviewing the current University Handbook policies and determining which policies either need clarification or re-development for non-tenure track faculty or unclassified professionals.
- Researching other external organizations’ approaches to policy development and determine if there is need for additional policies or guidelines.
- Determining where there are clear new policy needs versus where there are needs for additional guidelines to clarify the application of existing policies.
- Assembling a cross-functional team representative of a variety of roles across the university to provide guidance and input into the policy needs and the draft policy content.
- Publishing draft policies for transparent review by key stakeholders.
- Presenting final recommendations for policy or guideline content to the appropriate senior leadership for approval and revision.
- Determining the appropriate rollout strategy, communication vehicles, and/or educational forums that may be necessary to ensure successful implementation.

**Career Paths**

Based upon the staging decisions outlined in the short-term recommendations, additional work would continue in the longer term to provide career path designs for the rest of the unclassified staff and non-tenure track faculty.

** Longer-Term Recommendations Implementation Roadmap**

With any of the design efforts outlined in this section, its important to consider the overall implementation strategy as to whether a full, university-wide implementation would be relevant and adopted or whether a
staged or pilot-style approach would be more effective to measure impact and make improvements over time. This overall implementation strategy will have a significant impact on any design and implementation approach.

For the purposes of illustrating a recommended timeline, it has been assumed that at least some form of pilot or test approach would be applied. The following chart illustrates the staging of longer-term recommendations within the context of calendar years.

**Implementation Roadmap for Longer-Term Recommendations**

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance Management/Talent</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management Design</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Performance Management Pilot(s)</td>
<td></td>
<td></td>
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<tr>
<td>Performance Management Rollout</td>
<td></td>
<td></td>
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<tr>
<td>Talent Management Program Rollout</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employment Policy Design</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Career Path Design (continued)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Career Path Rollout</td>
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</tbody>
</table>
V. Requirements for Moving Forward

There are several critical components to be considered when evaluating these recommendations for implementation. First, there are a number of items that will need to be addressed related to the impact of these recommendations on the ability of the university to absorb change. A second consideration has to do with providing effective governance throughout the design and implementation processes. Each of these three components is discussed in some detail in the following sections.

Change Management Considerations

Through the conducting of the assessment and in Aon Hewitt’s discussions with many constituent groups, there was a clear and expressed strong desire to see change happen. While that momentum is a positive signal for the adoption of the proposed changes, there will likely still be many additional hurdles to overcome as the design of the specific solutions unfolds and the impact of the solutions becomes more clear.

The most critical potential barriers to adoption of the changes include:

- The first addresses the university’s ability to accept a more consistent, and in some cases, standardized approach to human capital programs and processes. Many differences exist today across the university not necessarily because that was the intended outcome, but because there was a lack of consistent direction, guidance, and ownership for some of these processes and programs. Gaining consistency will mean improvements for some which will be positive, but for others, may represent a perception of loss in what exists today or in a sense of loss of control in being able to individually tailor processes or provisions to meet a perceived unique need. Understanding of some sacrifice for the cause of a greater good may be difficult for some and will need to be addressed transparently. How the organization will reach compromise in these situations will be a critical and ongoing consideration.

- It is not uncommon for there to be some lack of acceptance of the capability, expertise, and authority of a CHCO, particularly where this role or its equivalent in level hasn’t existed in the past. In many organizations this may be difficult for some leaders who may have historically been used to making decisions or feeling they have the power or authority to “trump” others’ decisions when previous roles haven’t been perceived to be at an equivalent level.

- The resources available to support the design and implementation of these recommendations, along with the requisite knowledge and expertise to be creative in the design process and the experience with large scale implementations will be critical. When facing major transformation efforts, many organizations suffer from a lack of effective project management and future insight due being burdened by past experience and overwhelmed by barriers that may have existed in the past. The competencies of creative forward thinking and the endurance required to move towards a goal will be critical. To overcome this, many organizations will hire new resources or engage external expertise to support the project management efforts. These will be key considerations in implementation planning for K-State.

- Given the nature of K-State as a public entity and being subject to future legislation and funding scenarios, the prospect of future budget cuts at the state and/or federal level may significantly impede the required progress in human capital programming.

- The nature of these recommendations requires some significant transformation, not mere incremental change. The ability of the organization to absorb multiple changes, while at the same time, striving to
realize the goals of the 2025 vision will represent significant, repeated change over the next few years. Commitment and stick-to-itiveness will be tested, yet required.

Design Implementation and Governance

The implementation of these recommendations needs to be thought of as a long-term effort, with key milestones, decisions, and goals. While project management of the various elements will be key to getting the work done, having effective decision-making processes can either greatly speed up, or slow down, initiatives of this nature.

In considering the issues outlined in the Change Management Considerations section above, one of the most critical challenges facing any organization undergoing transformational change, is a system of formal, decision-making processes and protocols to ensure progress and forward movement. In any change effort, there are multiple roles that various constituents will be asked to play throughout the process. Typically, there are four types of roles:

- First, are groups responsible for taking specific actions around planning and managing key activities (e.g., project managers).
- Secondly, there are parties who are requested to provide direct input and opinions. It needs to be clear that while these parties’ opinions and ideas can greatly help influence the outcomes, they are not deemed decision makers.
- Other groups may simply need to be informed and updated on progress, key decisions, and/or provide reactions to key components, but are not regarded as major influencers of the process.
- Finally, there are those that will be accountable for key decisions. These individuals need to be identified early, their commitment to this role gained, and provided with some clarity around how key decisions will be addressed and facilitated to conclusion (e.g., consensus decisions, influenced decisions, or democratic decisions are various models. There will likely be different levels of decisions that need to be made and should be made by different levels. Outlining the key decision rights (i.e., which group is responsible for which type of decision) for any party involved of the design and implementation efforts is recommended to be an early decision for K-State.
Recommended Project Organization and Governance Structure

The following chart depicts a recommended governance structure for the human capital design and implementation initiative:

1 = Ultimate decision authority
2 = Limited decision rights
3 = Advisory
VI. Appendix

Assessment Methodology

Data Collection Approach

An approach was developed to conduct the assessment that contained two critical components:

- Gathering of qualitative information through interviews and focus groups with key constituents across the K-State community; and
- Gathering and reviewing quantitative data which included an electronic survey of K-State employees who perform human capital-related activities across the university, as well as the review of documents pertaining to human capital-related policies, processes, organization structures, role definitions, and other documents available through the K-State website.

Further details on both the qualitative and quantitative data-gathering activities are contained later in this section.

Project Participation and Governance

The overall assessment initiative was governed by three key governance groups:

- The Core Team—responsible for day-to-day operation of the project and its processes, arrangement for interviews and meetings with key constituents as part of the data gathering process, reviewing and commenting on the data collected and the insights and observations of the consultants, reviewing and helping to shape the recommendations, and the potential implications of those recommendations. Participants included:
  - Jackie Hartman, Office of the President
  - Lynn Carlin, Office of the Provost
  - Lindsay Chapman, Office of the General Counsel
  - Gary Leitnaker, Division of Human Resources
  - Roberta Maldonado-Franzen, Office of Affirmative Action

- The Advisory Committee—a cross-university representative team involved in reviewing the data from the current state assessment, the findings and recommendations, as well as a draft of this final report. Participants included:
  - Joe Aistrup, Associate Dean and Professor, College of Arts and Sciences
  - Royce Ann Collins, Associate Professor, College of Education
  - Lori Goetsch, Dean, K-State Libraries
  - Annette Hernandez, Administrative Specialist, K-State Salina
  - Priscilla Roddy, Assistant Dean for Administration and Finance, College of Veterinary Medicine
  - Zelia Wiley, Assistant Dean, College of Agriculture
The Sponsor Committee—senior leadership of the university who reviewed and provided comment on the current state data and future state recommendations and implications. These individuals included:

- Kirk Schulz, President
- April Mason, Provost
- Cindy Bontrager, Interim Vice President Administration and Finance

The Core Team met weekly throughout September 2012 through March 2013 and engaged in a number of multiple-day workshops to provide input into the overall project, review and comment on the data collected, as well as help shape the recommendations and final report. The Advisory team met twice, once in November 2012 and again in February 2013 and the Sponsor Committee met multiple times in December 2012, February 2013, and March 2013.

Qualitative Data Collection

Information was gathered through individual interviews and group meetings of: 1) HR subject matter experts—those that provide HR-related services throughout the university; and 2) other stakeholders—those who utilize HR services and/or those who participate in key human capital-related processes. A listing of all individual participants and groups are outlined below:

<table>
<thead>
<tr>
<th>Subject Matter Experts</th>
<th>Stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>HR Function Leadership Team</td>
<td>Open Forums in Manhattan (2) and Salina (1)</td>
</tr>
<tr>
<td>HR Employee Relations</td>
<td>April Mason (Provost and Senior Vice President)</td>
</tr>
<tr>
<td>Classified Employment Services</td>
<td>Myra Gordon (Associate Provost for Diversity)</td>
</tr>
<tr>
<td>Payroll/HR Information Systems</td>
<td>Faculty Gordon</td>
</tr>
<tr>
<td>Compensation</td>
<td>Academic Senate</td>
</tr>
<tr>
<td>Benefits</td>
<td></td>
</tr>
<tr>
<td>Personnel Specialists—individuals within departments or schools who perform various human capital-related activities; 2 focus groups</td>
<td>Budget Officers/HR Officers</td>
</tr>
<tr>
<td>Office of Affirmative Action</td>
<td>Department Heads from:</td>
</tr>
<tr>
<td>– Individual interviews with Roberta Maldonado-Franzen, Pam Foster, Jaime Parker, Michelle White-Godinet</td>
<td>– Admin &amp; Finance, Beach Museum, Biosecurity Research Institute, Communications and Marketing, Continuing Education, Graduate School, ITS, McCain Auditorium, Office of International Programs, Research</td>
</tr>
<tr>
<td>Office of General Counsel</td>
<td>Student Life</td>
</tr>
<tr>
<td>Suzy Auten (Provost Office)</td>
<td>Diversity Point People</td>
</tr>
<tr>
<td>Maria Beebe (International Hires)</td>
<td>Underrepresented Groups</td>
</tr>
<tr>
<td>Ruth Dyer (Dual Career)</td>
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<tr>
<td>Susana Valdivinos (Office of Academic Personnel)</td>
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</tbody>
</table>
The interviews and group discussions were centered on gathering people’s perceptions of the current human capital programs, processes, and services, as well as asking about current and/or future unmet needs that might exist. In total, over 200 individuals participated in this data-gathering effort between September and November of 2012.

Quantitative Data Collection
The components of the collection of quantitative data included the following:

- An online survey of individuals primarily engaged in human capital activities, inquiring about where actual work time was spent on which activity.
- The collection of various components of cost data currently allocated to human capital processes through the currently designated functions of Human Resources, the Office of Affirmative Action, and the Office of Academic Personnel.
- A review and assessment of currently published and available policy and process documentation available on the K-State website.

In addition to the above items, there were a few other reports that were supplied by K-State that included:

- The Report on Hiring Process Assessment Focus Groups;
- The Unclassified Professional Task Force Report and Recommendations;
- The Faculty Compensation Task Force Report; and
- The K-State 2025 Strategic Plan.

The online survey was sent to 332 human capital-related staff across the university. There were a total of 198 responses for an overall response rate of 60%. Of the responders there were:

- 37 or a total of 100% of the current state, dedicated human capital functions (Human Resources, Office of Affirmative Action and Office of Academic Personnel) responded; and
- 161 others, including individuals from various departments and colleges/major units acting as leaders integrally engaged in human capital activities and roles identified as “Personnel Specialists” (those that have other K-State functional responsibilities, but who perform a significant amount of human capital-related activities).
The focus of the quantitative survey was to assess how much time individual respondents spent on human capital related processes across their typical work year. There were a total of 260 various activities included in the survey that were organized in the following manner.

Illustration of the Qualitative Survey Structure

In the left column of the diagram above, are represented 13 functional areas typically covered by human capital functions. The right column illustrates the types of activities that each question in the survey was attached to. The middle column highlights a few sample questions from the survey where participants were asked to identify how they spent their work time. Highlights of the qualitative survey are included in the Current State Findings section earlier in this document.
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About Aon Hewitt

Aon Hewitt is the global leader in human resource solutions. The company partners with organizations to solve their most complex benefits, talent and related financial challenges, and improve business performance. Aon Hewitt designs, implements, communicates and administers a wide range of human capital, retirement, investment management, health care, compensation and talent management strategies. With more than 29,000 professionals in 90 countries, Aon Hewitt makes the world a better place to work for clients and their employees. For more information on Aon Hewitt, please visit www.aonhewitt.com.