



Human Capital Services Assessment Findings and Recommendations

Kansas State University

Prepared by Consulting
Performance, Reward & Talent

Presentation to Kansas State University

AON Hewitt

Topics for Discussion

- Background and framing
- What we did during the study
- What we found and key conclusions
- Recommendations
 - Short-term
 - Longer-term
- Next steps

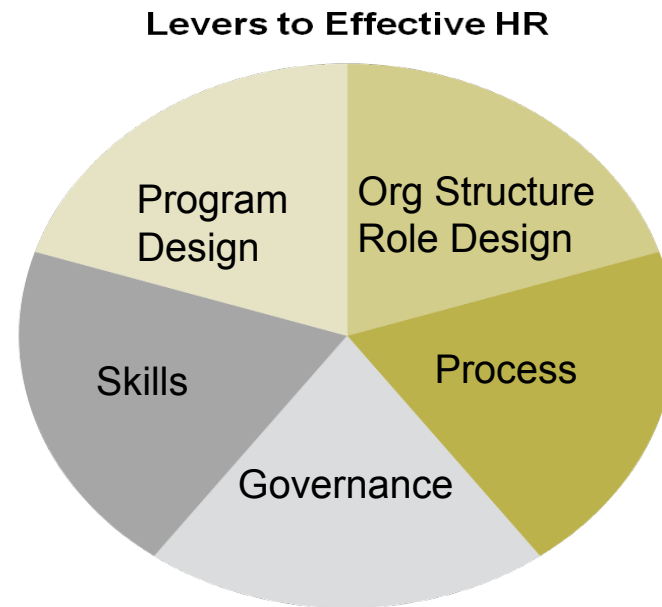
Context for Our Findings

- Aon Hewitt was contracted to do the following:
 - Assess the current state of human capital services at K-State
 - Identify and prioritize areas where gaps may exist in the provision of human capital services
 - Make recommendations on how to improve both the efficiency and the effectiveness of providing human capital services for K-State
- Recommendations provided are those of Aon Hewitt
 - Key decisions about which recommendations are to be adopted will be made by President Schulz
- Our report does not provide specific solutions (e.g., compensation structure or a new recruitment process), but rather recommendations on where we believe the organization should focus its efforts

Background and Framing

The use of the term “Human Capital”

- Intellectual capital is K-State’s key differentiator
- Humans are the purveyors of that capital
- Therefore, human capital is key to K-State’s success in achieving the 2025 vision
- The care and development of these human capital assets – the K-State faculty and staff – was the focus of our study



Study Process

Qualitative Input

Subject Matter Experts and Key Stakeholders

Aon Hewitt conducted interviews, focus groups, and open forums with faculty and staff from across the University community

- **Subject Matter Experts**—offices and people who currently own the design and/or administration of key HC processes:
 - HR Leadership Team
 - HR Employee Relations
 - Classified Employment Services
 - Payroll/HRIS
 - Compensation
 - Benefits
 - Personnel Specialists (2 focus groups)
 - Office of Affirmative Action
 - Individual interviews with Roberta Maldonado-Franzen, Pam Foster, Jaime Parker, Michelle White Godinet
 - Office of General Counsel
 - Suzy Auten (Provost Office)
 - Maria Beebe (International Hires)
 - Ruth Dyer (Dual Career)
 - Susana Valdovinos (Office of Academic Personnel)
- **Stakeholders**—offices and people who use and/or participate in HC services:
 - Open Forums in Manhattan (2) and Salina (1)
 - April Mason (Provost and Senior Vice President)
 - Myra Gordon (Associate Provost for Diversity)
 - Bruce Shubert (VP of Finance and Administration)
 - Faculty Senate
 - Classified Senate
 - Deans' Council
 - Academic Department Heads
 - Budget Officers/HR Officers
 - Department Heads from:
 - Admin & Finance, Beach Museum, Biosecurity Research Institute, Communications & Marketing, Continuing Education, Graduate School, ITS, McCain Auditorium, Office of International Programs, Research
 - Student Life
 - Diversity Point People
 - Under-Represented Groups

Quantitative Input

HC Activity Survey

- An online activity survey was sent to 332 HC and HC-related staff across the University
- 197 of the 332 invitees completed the survey, for a 59% response rate
 - The response rate for core HC-related functions was 100%

Other HC Data Collected

- The benchmark survey was used to collect data specific to a 12-month time period from 07/01/2011 to 06/30/2012
- Data collected included expenses related to labor, purchased services, technology, other overhead, and non-labor
- Delivery model and technology information were collected

Support and review provided by:

- Core Team
- Advisory Group
- Executive Sponsors

Key Findings and Conclusions

Key Findings and Conclusions

- Structure, processes and resources are highly fragmented and not aligned
- Recruiting process is in significant need of improvement
- Unclassified staff support is lacking in: 1) compensation process; 2) talent management programs
- Processes are highly administrative in nature and very manual

Positive Aspects to Our Assessment

- HR is perceived as responsive and caring
- Payroll functions well with few errors
- HR systems are up to date and have potential for expanded use
- Compensation market data is up to date and available for use
- Risk of non-compliance is low due to highly controlled processes
- Committed to diversity
- Faculty and staff are cognizant of and in agreement about many of the HC challenges and are eager for improvements to key HC processes

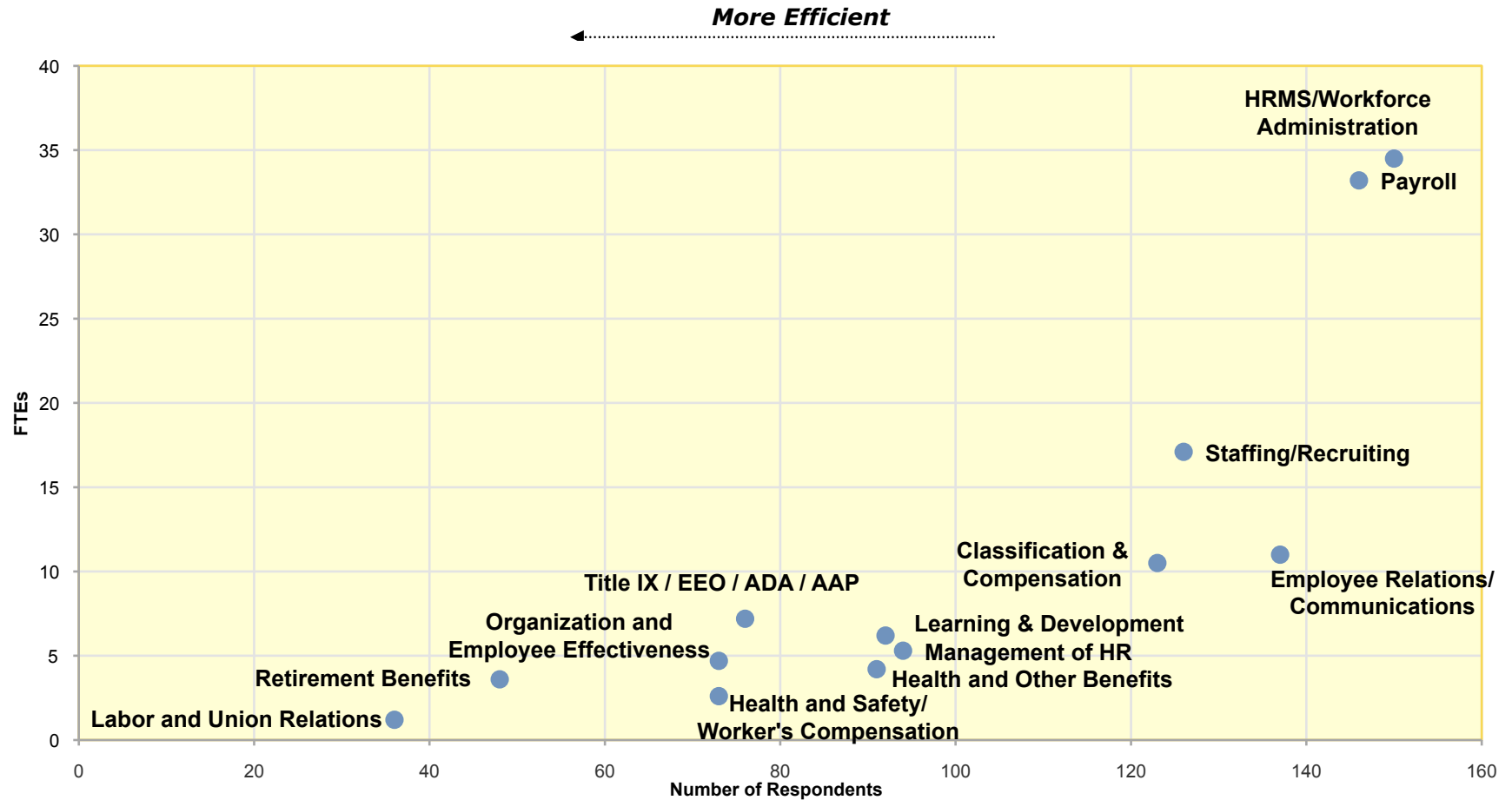
*The basic foundations are laid.
Momentum for change is on K-State's side.*

Decentralized Functions Create Challenges

- At least 332 people across the organization were identified that touch and/or manage a variety of HC processes—mostly college or department-based personnel specialists
- The current functions of HR, OAA, OAP are completely separate in their reporting relationships and often overlapping and/or sometimes conflicting roles and responsibilities emerge
 - There is no clear ownership for the overall recruitment process especially for unclassified professionals and faculty—many departments are left on their own to conduct recruitment
 - Employee job or life events are managed within the departments leading to a number of errors and often late or missing data
 - Employees or managers report they are often confused about where to go for assistance or services

Process Fragmentation Results in Inefficiencies

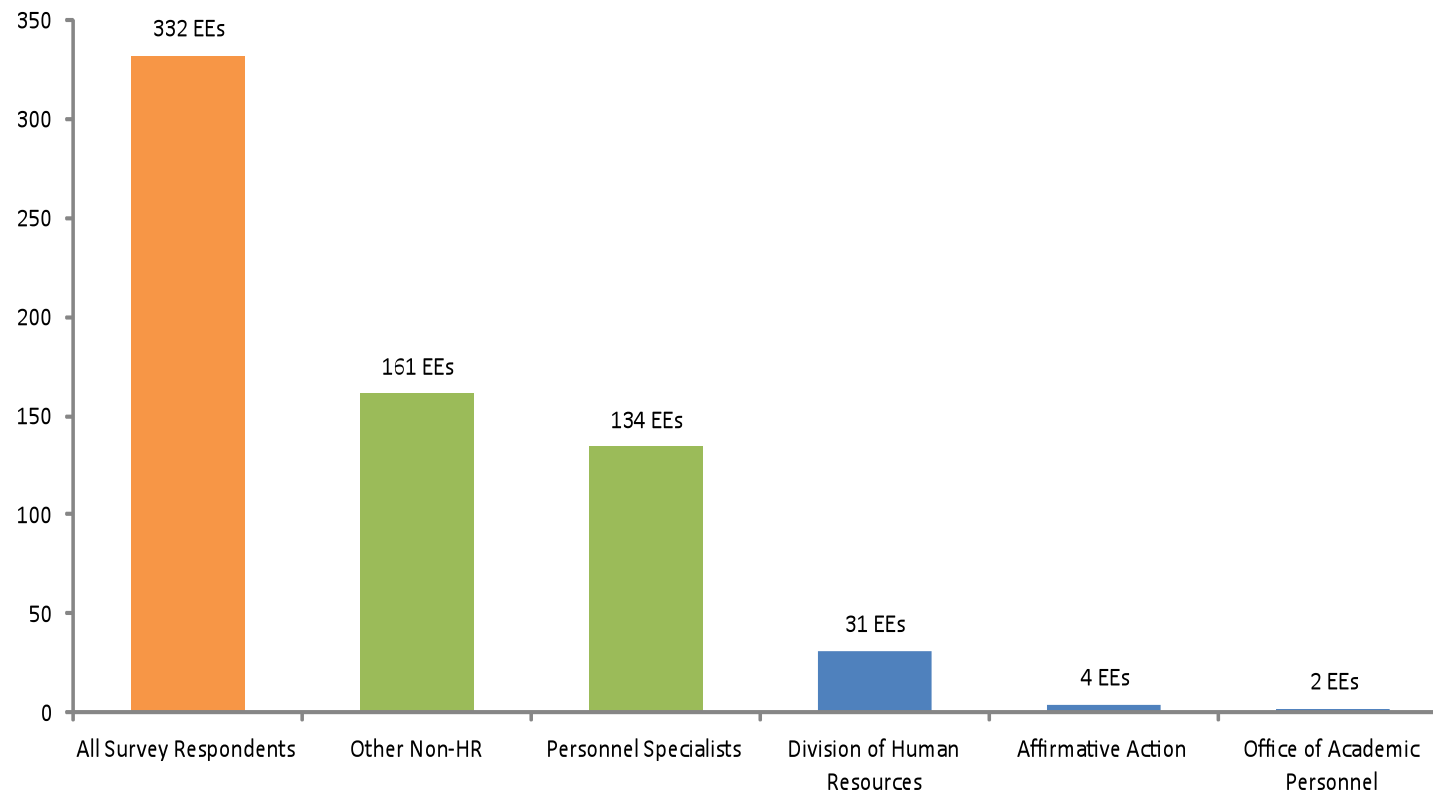
Decentralized processes create significant inefficiencies and errors.



Source:
- Kansas State University Activity Survey/Demographic data

Resources are not Aligned

Of the 332 resourced identified, only 11% are aligned with a designated human capital function. There is little consistency in the leadership and direction of these resources resulting in redundancies and confusion.



Recruitment Process is in Need of Repair

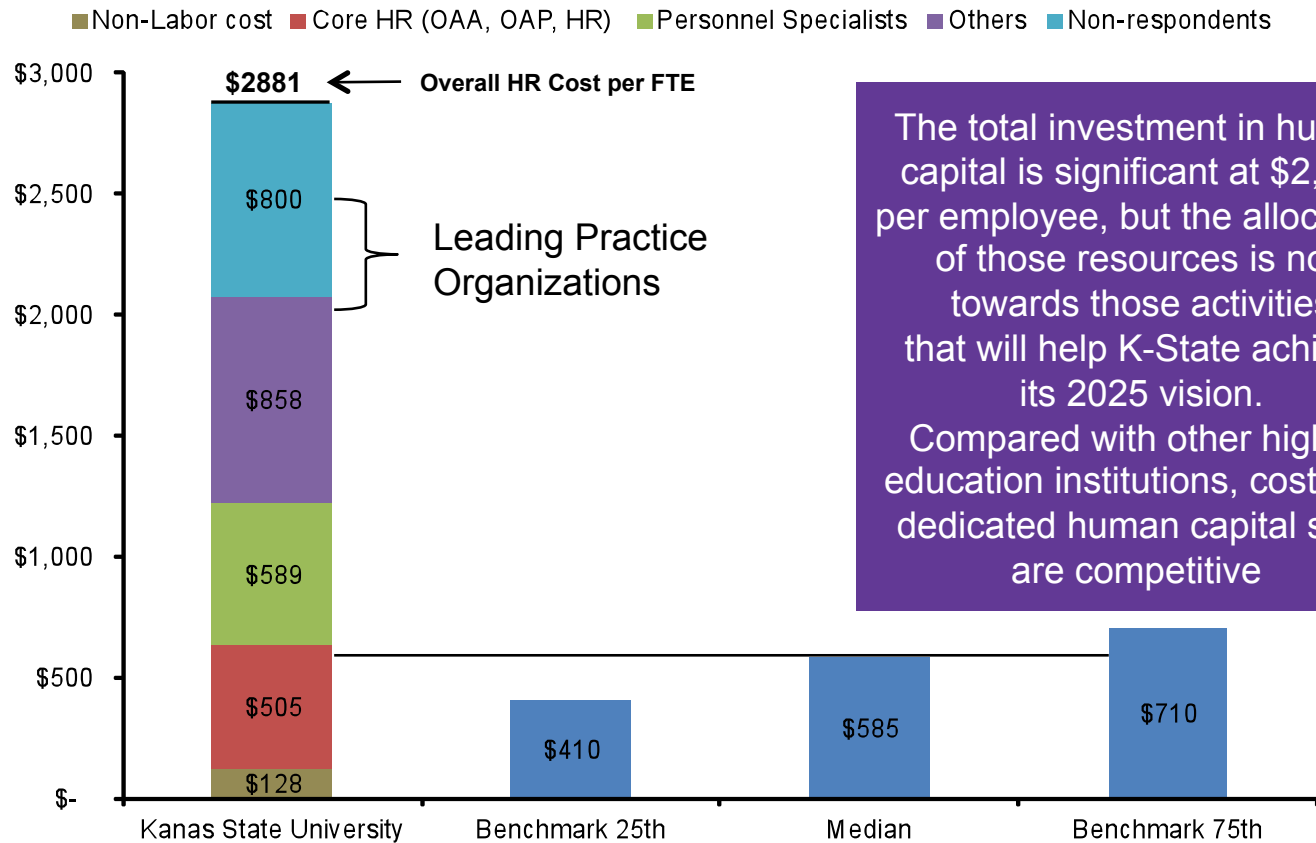
- Many reported that the recruitment process is highly inefficient
 - There are highly administrative, compliance-oriented steps
- There are no clear dedicated resources to support the end-to-end process
 - For unclassified professional staff and faculty, departments and colleges are left on their own to source and screen candidates
- Vacancy and new position approvals are reported to be complex and time consuming and need to be streamlined

Unclassified Staff Lacks Support

- There is a void in many current programs and processes required to support the K-State workforce
 - Compensation structures for faculty and unclassified staff are not well defined
 - Market data does exist, but is not fully leveraged
 - Other gaps exist in looking at talent management programs including:
 - No consistent performance management processes across K-State
 - No clearly defined career paths for unclassified professionals
 - Talent reviews and succession plans do not exist across the organization
 - While some pockets of staff training does exist, there is no evidence of a clear learning curriculum and no currently dedicated resources to training design and deployment

Resource Allocation and Investments are Misaligned

Workforce FTEs: 5,051
 HC Expenses: \$14,550,524



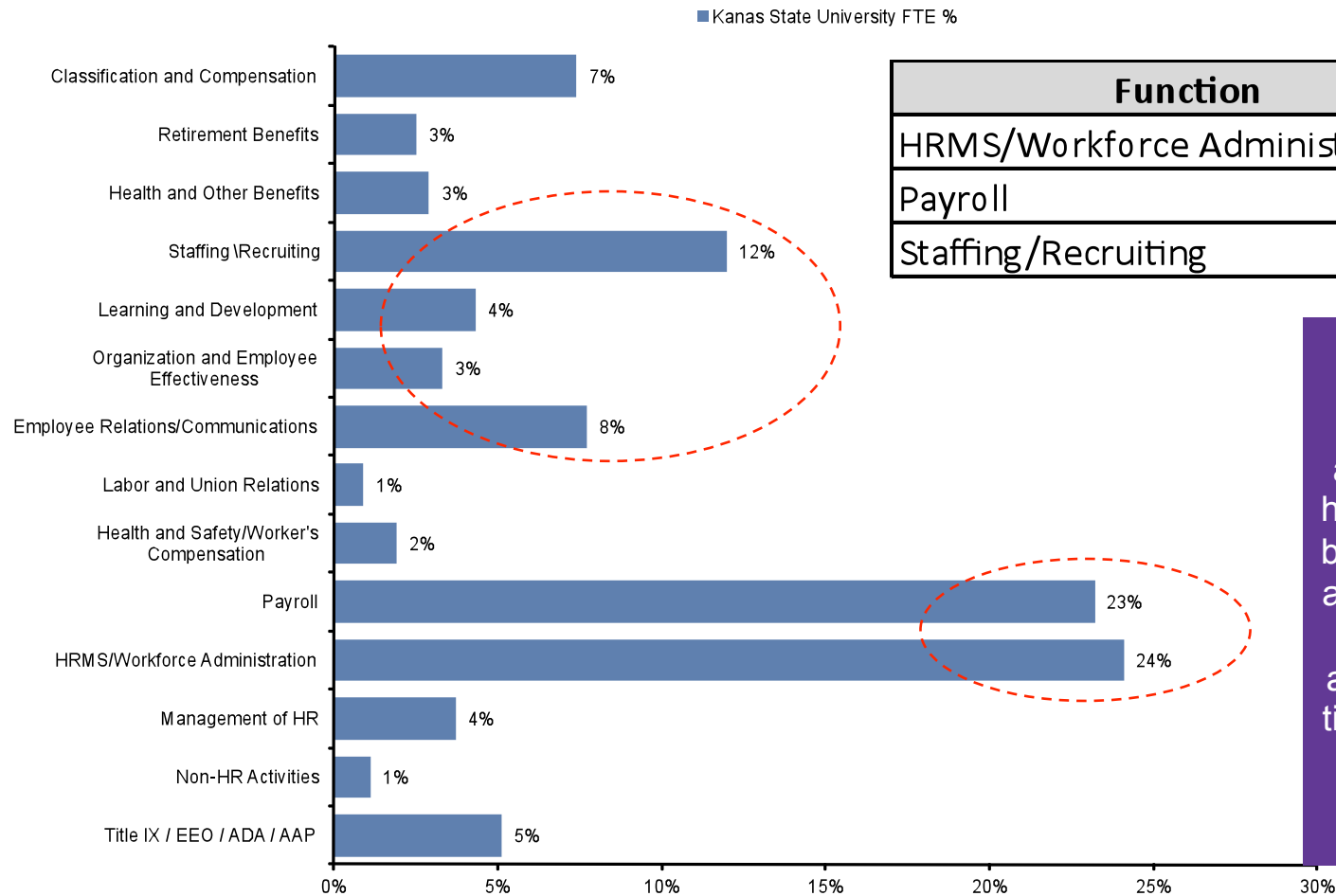
The total investment in human capital is significant at \$2,881 per employee, but the allocation of those resources is not towards those activities that will help K-State achieve its 2025 vision. Compared with other higher education institutions, costs for dedicated human capital staff are competitive

The labor costs exclude costs of Personnel Specialists doing Non-HR activities

Source:

- Kansas State University Benchmark Workbook data
 - 2012 Aon Hewitt Higher Education HR Effectiveness Study
- Consulting | Performance, Reward and Talent
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Proportion of Time Spent is Highly Administrative



Function	Labor Costs
HRMS/Workforce Administration	\$ 1,992,782
Payroll	\$ 1,866,817
Staffing/Recruiting	\$ 1,240,382

Payroll and HRMS/ Workforce Admin time and costs are especially high. This is largely driven by the time spent entering and processing time-and-attendance data and new hires. Whereas time spent on more value-added activities are well below norms.

This excludes time spent by Personnel Specialists on Non-HR activities

Source:

- Kansas State University Activity Survey

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Recommended Priorities

Context for our Recommendations

Three important human capital considerations for K-State

1. Focusing holistically on the needs for human capital will be critical for K-State to reach the 2025 vision
2. Providing integrated and strategic leadership for human capital services is needed to achieve success
3. Imbedding human capital thinking and approaches into the “DNA” of all critical leadership decisions is an important component to growth

A key to success is recognizing and elevating the important role that human capital plays in K-State's future

Realign and Rebuild Structure

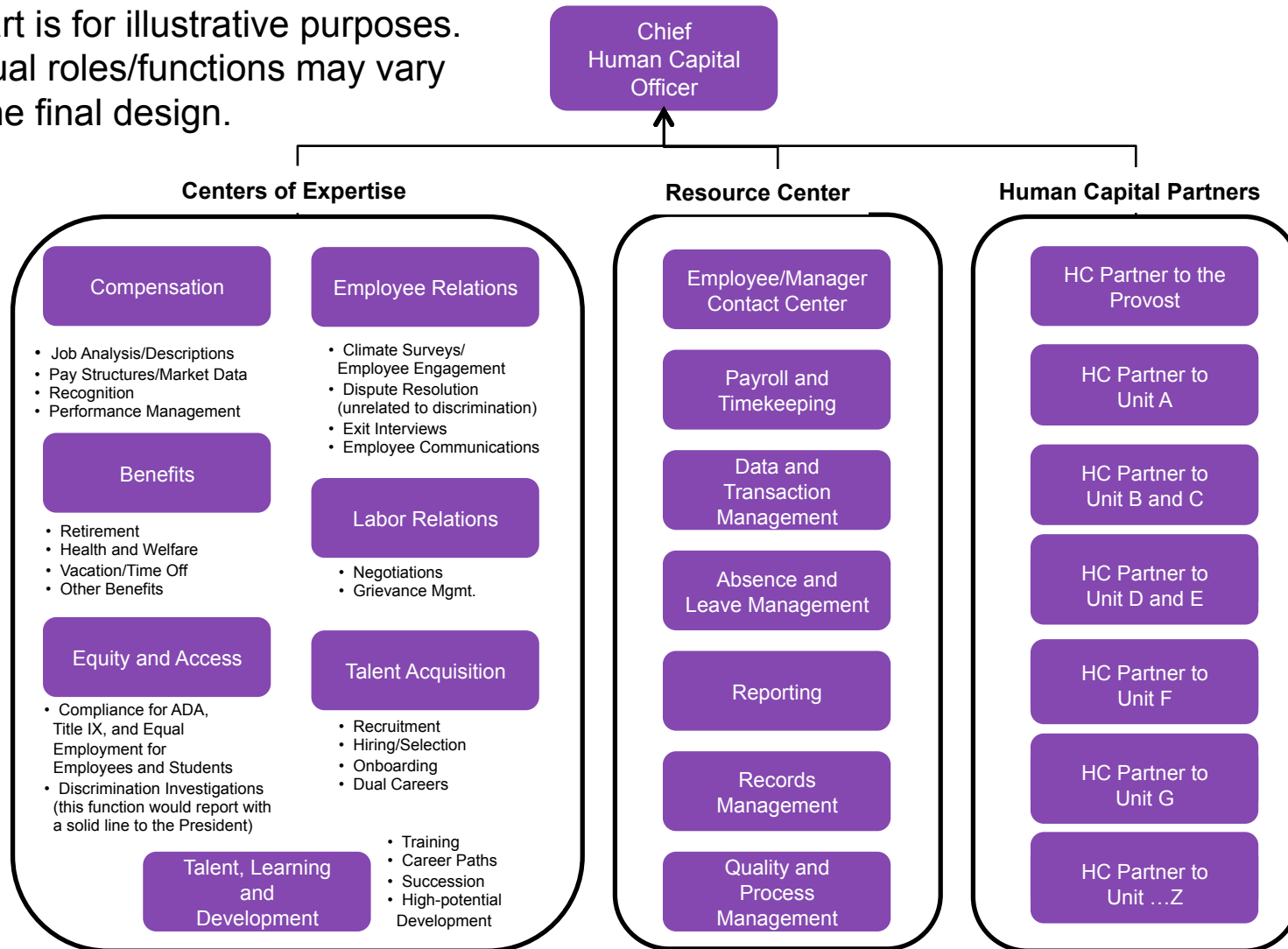
Specifically, we recommend:

- Bringing all current functions together into one Human Capital Function
- Provide strategic leadership for the function at the Vice President level to help address human capital needs at the cabinet level and imbed those needs in leadership decision making
- Restructure existing roles and responsibilities to gain more end-to-end process ownership and greater efficiencies
 - E.g., recruitment and who handles what, as well as the process and controls need to be re-thought holistically
 - E.g., workforce administration and customer service activities could be centralized and significantly streamlined to eliminate multiple touches and inefficiencies
- Invest in critical skill sets that are not present at K-State today
 - E.g., compensation design expertise, talent management processes, professional recruiters, employee and leadership development

We believe these changes can be achieved by reallocating existing costs and building a much more efficient and effective Professional human capital support model

Recommended Organization Model

Chart is for illustrative purposes.
Actual roles/functions may vary
in the final design.



Redesign the Recruitment Process

- The current process is highly fragmented and should be redesigned with a clearer set of roles and responsibilities
- Professional recruiters should be introduced to help facilitate a quality process and improve speed to hire
- The organization should re-evaluate its current “compliance-oriented” focus and determine core processes that will enable effective and fair recruitment, versus those that hinder speed and effectiveness
- Academic selection is different and will need special processes to manage, but the recruitment process could be significantly aided through professional recruitment resources
- Hiring approvals could be streamlined to provide better accountability and speed to the process

Recruitment was the process we heard about most from the stakeholders as being quite broken

Provide Programmatic Support for Unclassified Staff

- There is not a direct responsibility today for the care and development of faculty and unclassified professionals
- A direct responsibility in the new structure should exist for providing support to all roles in the organization
- Not only is HC support required, but HC programs must also be built to support these critical roles. Four in particular should be paid attention to including:
 - A compensation structure including position leveling and title consolidation for faculty and unclassified professional staff
 - A defined career path that crosses departments and functions
 - A clear set of employment guidelines, e.g., promotions and job classifications , pertaining to unclassified professionals
 - A consistent performance management and pay-for-performance process across the university

One-third of K-State's workforce does not fit into the historical HC structure and thus, falls through the cracks

Automate People Management Processes

- Automation of key HC-related processes will go a significantly long way to help improving overall data quality and efficiency. Examples include:
 - Recruiting and applicant tracking
 - E-forms for processing transactions and for new hire onboarding
 - Time entry
- Some investment will be required to implement the above, but there is likely a strong business case for the investments through reduced labor costs

Over \$900,000 in labor cost is being spent on time and attendance data entry and processing, and over \$500,000 in processing new hires, both of which are very manual processes

Shorter-Term Recommendations

Implementation Roadmap for Short-Term Recommendations

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

Longer-Term Recommendations

Implementation Roadmap for Longer-Term Recommendations

Recommendation	2016				2017				2018			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
Performance Management/Talent Management Design												
Performance Management Pilot(s)												
Performance Mangement Rollout												
Talent Management Program Rollout												
Employment Policy Design												
Career Path Design (continued)												
Career Path Rollout												

The Challenges of Change

These recommendations signify ***transformational***, not ***incremental*** change. Some challenges of these changes include:

- The ability to adapt to a more standardized set of processes, e.g., recruitment and performance management
- Acceptance of the position and authority of a Chief Human Capital Officer
- The resources and skills necessary to stay focused on the detailed design and implementation processes
 - Pending decisions relating to the classified employee structure will pose additional resource challenges
- Recognition that legislative and funding scenarios can change
- The overall ability of the organization to absorb multiple changes including these recommendations along with the K-State 2025 goals
- The need for clear governance and concise decision making throughout implementation