Implementing a Job Architecture:
Getting the Most from Your Human Capital Management System

A Time of Transformation

Due to the evolving COVID-19 pandemic, hospitals and health systems nationwide continue to navigate a number of financial and workforce challenges. As organizations make plans for financial recovery and operational transformation, there is no doubt that the health care industry is in the midst of significant change. At present, there are many views on the form this transformation may take. Recent news articles and interviews with health system executives suggest a myriad of approaches are likely to be taken during such an unprecedented time:

- Reducing and/or reallocating certain resources to optimize the workforce

- Streamlining management structures

- Accelerating mergers and acquisitions

- Restructuring/centralizing administrative and patient care services to facilitate innovation and deployment

- Standardizing processes to more clearly define roles and responsibilities

- Diversifying health systems through continued entry into adjacent enterprises such as health plans and technology solutions

- Reimagining and accelerating the delivery of care in ambulatory settings and virtually

- Broadening skill sets to facilitate flexible deployment and re-deployment of certain workforces in times of change and/or crisis

Although this journey will look different depending on the unique needs and circumstances of individual organizations, change is well underway. Though the health care industry has been evolving for a number of years, COVID-19 has made the need for transformation more urgent and, in some cases, greatly affected the trajectory of the transformation.

Technology and Transformation

To facilitate transformation, many health care organizations are beginning to migrate from on-premise Enterprise Resource Planning (ERP) and Human Capital Management (HCM) systems to cloud-based platforms from organizations such as Workday, SAP, and Oracle/PeopleSoft.[1]

While the transition has been slow, the need for greater workforce optimization and enhanced processes along with the growing obsolescence of on-premise systems triggered this migration. Organizations making the investment in a cloud-based system report that they are looking to:[2]

- Enhance critical workforce insights through real-time reporting and analytics to facilitate workforce optimization

- Improve administrative processes and implement best practices to allow functions such as finance, supply chain management and human resources to be more strategic

- Align operations around a single system – eliminating a number of disparate applications

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- Streamline transactions as it relates to mergers, acquisitions and organizational restructuring

- Integrate a variety of information sources to enhance data integrity

- Secure best-in-class manager and employee self-service capabilities

- Support compliance and mitigate risk

- Reduce variability of practices across the organization

At a time when hospitals and health systems are looking to restructure, diversify and transform, it may seem counterintuitive to suggest that ERP and HCM systems will be a key part of an organization's transformation strategy. However, David Chou, a prominent health care technology executive and consultant, indicates that "healthcare provider institutions must begin aggressive ERP initiatives" going into 2021 if they want to remain competitive.[3] He notes that many on-premise systems are being sunset as the need to enhance the efficiency of administrative processes is long overdue. Health care organizations have only two choices – carry on with costly and inefficient processes or finally make the investment in ERP and HCM technology to optimize and align operations.

For those who play a critical role in managing the health care workforce, the most important component of an ERP system is its HCM module. An HCM system is essentially a database and group of applications that helps to facilitate the management of an organization's workforce. This often includes compensation, recruitment, learning and development, performance management and payroll functionality. It can either stand alone or be implemented as part of a broader ERP system.

Implementing a Human Capital Management System

Unfortunately, surveys indicate that nearly half of ERP projects fail to achieve the desired outcomes or run over budget and past deadline.[4] While there are a number of reasons for these implementation challenges – the most prominent one is that many organizations are simply not ready or properly prepared.

A successful implementation requires much more than just the technology. Critical to the process is a need for well-defined goals, strong commitment from management and other key stakeholders, depth and breadth of expertise on the project team, open communication and the dedication to instill change.

Also very important, but often overlooked, is *the need to have clearly defined processes and structures prior to implementation.* Foremost, there is little value in implementing structures and processes that are not fully aligned with an organization's strategy. Additionally, with the tight timeframes often set by organizations and their deployment partners, there is usually little choice but to do what is known as a "lift and shift". This refers to organizations utilizing their current processes and simply reimplementing those practices into the new technology platform.

This poses a unique challenge for health systems as few organizations begin the deployment with best practices in place. In fact, many utilize a number of disparate processes, structures and tools to manage human capital. So not only have they failed to implement best practices, they currently have few system-wide practices in place.

A comprehensive review of SullivanCotter's Workforce Insights360™ database, which contains related information from nearly 40 contributing hospitals and health systems, shows that:

- Approximately 25% of organizations have more than 1,900 job titles and have just 5 employees per job title – this number is even less if you exclude nursing and service line jobs.

- From CEO to first line supervisor, the median number of organizational levels is 8. The median number of management job levels is 15 – which includes almost 2 management job levels per organizational level.

- Moreover, 25% of organizations have 20 or more job levels from CEO to supervisor. This level of granularity explains why many organizations have difficulty differentiating management titles and far exceeds the one-to-one relationship between job titles and organizational levels common in other industries.

- In regards to reporting relationships and the restructuring around functional lines, only about 60% of human resources and finance employees report up through the CHRO or CFO hierarchy. For a quarter of the organizations, this number was less than 50%. This suggests that health care organizations remain largely decentralized when it comes to support functions.

While an HCM system can be implemented without aligning important processes and structures, failure to do so prior to or in conjunction with HCM system deployment often leads to sub-optimal outcomes. Not only is the organization failing to secure the type of transformational change that was likely an important reason for the initial investment in a cloud-based HCM system, but the functionality they are getting as a result is often sub-optimal.

Although highly recommended as an important best practice, it may not be feasible for some organizations implementing an HCM system to have all their processes and structures harmonized and defined at the outset. The implementation of an HCM system is a journey that provides the ability to strengthen and refine current processes and structures or develop new ones.

However, there is one area that all organizations should prioritize – their job architectures.

The Importance of Job Architecture

Job architecture refers to an organization's framework for defining and cataloging jobs – the output of which is its library of jobs.

For many HCM systems, ***the job architecture and database are the hub around which critical functionality is built***.

Studies show that 75% of organizations that have implemented a new cloud-based HCM system have also developed a new job architecture before, during or after deployment.[5] This not only reinforces how critical a well-defined job architecture is to this process, but also highlights the fact that most organizations do not already have the appropriate structures in place to maximize value from the deployment of a new HCM system.

How an organization defines the job architecture influences how many jobs it has and how the roles are defined. It will affect what type of reporting and analytics are available and how workforce data is accessed by executives, managers and employees. It will also impact how human resources programs are designed or can be deployed. The structure of this database and its content are critical to optimizing the functionality of an HCM system.

The table below reflects the type of information frequently housed in this database and its linkage to important human resources processes:

Job Records

Process Linkages	System Attributes	Record Content
• Work Leveling • Workforce Distribution • Compensation Analytics • Reporting and Analytics • Market Benchmarking • C&B Eligibility • Job Posting & Recruitment • Requisition • Performance Evaluation • Compensation • Regulatory Reporting • Grade Profiles • Succession Planning • Career Development • Learning Management	• Job Code • Job Title • Job Family Group • Job Family • Job Level • Grade • Management Level • FLSA Classification • EEO Classification	• Salary Structures • Market Data • Job Responsibilities • Work Experience • Competencies • Skills • Languages • Education • Training • Certifications

To optimize the deployment and eventual utilization of the job catalog within a cloud-based HCM system, organizations must consider the following:

1. Cloud-based HCM systems are configurable – not customizable

Hospitals and health systems coming from an on-premise environment are accustomed to doing just about anything they want. When developing new attributes, for instance, they often write elaborate scripts to create custom workarounds. Cloud-based platforms are not intended to work this way, however. They are built upon best practices that the technology provider applies to all users and work best when one understands their parameters and builds their job architecture and job content around those parameters.

2. Manager and employee self-service requires consistency and ease-of-use

Several HCM systems highlight manager and employee self-service as a cornerstone in their value proposition. This creates a challenge for organizations that lack transparency in their job architecture and compensation programs.

If these self-service capabilities are enabled:

- A simple and intuitive organizing principle must be developed so managers and employees can search, query and request reports

- Inconsistencies should be resolved to eliminate any potential confusion and enhance the usability of the information

- Content must be widely available and regularly maintained to allow managers and employees to make appropriate decisions within a self-service environment

Organizations implementing a cloud-based HCM system with manager and employee self-service capabilities would be wise to resolve all of these challenges before going live to help ensure the organization can "hit the ground running."

Timing

If a redesign of an organization's job architecture is required, it is best to do so before undertaking the HCM system deployment. However, if that is not feasible, developing a new job architecture concurrent with the implementation work is possible and can be done without negatively impacting the implementation schedule.

Organizations that decide to do this should consider the following:

1. Build your project plan around the milestone dates provided by your deployment partner. These are generally non-negotiable as the deployment costs are based on meeting these deadlines and any work needs to be completed within this timeframe.

2. Consider adopting an established job framework. This will help to ensure alignment with the market, reduce the time required to develop the job architecture, and decrease the burden on the human resources team.

3. Prioritize the work and focus only on what is necessary to accomplish before going live.

For organizations that have already implemented a new HCM system and are seeing the consequences of not having harmonized or rationalized job structures, it can be difficult to know when to do the work. There may be fatigue from having recently gone through a large HCM system implementation or unease regarding additional change. Both are reasonable concerns. If significant change is not possible, organizations may consider modifying the attributes used to organize jobs in the HCM system rather than completely restructuring the job framework and compensation systems. While more significant action may be necessary in the long-term, small or modest changes in the structure of the job catalog can enhance value and functionality.

Conclusion

While some organizations may decide to implement a new cloud-based HCM system simply because they are phasing out their current platforms, most who embark on this journey are looking to secure greater insights in order to optimize their workforces, improve critical support functions and enhance organizational efficiency. Ensuring that best practices, effective internal structures, and technology-enabled processes are in place is the surest path to success.

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[1]As Healthcare Turns to ERP, It Also Turns to the Cloud, Brian Eastwood, HealthTech, November 9, 2018.

[2]Getting the Most from Workday: It's Not Just About Configuration. Darrell Cira and Susan Lokker, WorldatWork Training Course, October 2017.

[3]Don't Sleep. Healthcare CIOs Must Step Into 2021 Now. David Chou, Forbes, May 21, 2020.

[4]ERP Software: Facts and Stats, Elizabeth Quirk, ERP Solutions Review, April 18, 2019.

[5]Hidden Challenges of Implementing a New HRIS on the Total Rewards Function. Darrell Cira, Rob Heir, Patrick Bostrom, Steven Seykora, Presentation at WorldatWork National Conference, May, 2015.