

Case Study: E.W. Scripps Blazes Path that Leads to Most Comprehensive Mid-Market HR Outsourcing Deal of Its Kind

EquaTerra Helps Scripps Create a More Strategic and Streamlined HR Operation

At A Glance

Company Profile

The E.W. Scripps Company (Scripps) is a diverse media concern with interests in newspaper publishing, broadcast television, national television networks, interactive media, and television retailing. Scripps operates numerous daily newspapers and broadcast TV stations, as well as Scripps Howard News Service, United Media, Shop at Home and Shopzilla.com.

Services Featured

- Assessment
- Service Delivery & Sourcing Strategy
- Service Provider Selection
- Negotiation & Contracting
- Transition
- Change Management Workshops
- Sourcing Governance

Business Processes Involved

- HR

Executive Summary

In an effort to improve its back office HR operations and gain access to new HR tools and capabilities, E.W. Scripps made a strong internal business case for outsourcing. To help it strategically navigate the outsourcing process, Scripps engaged EquaTerra to advise it throughout the entire sourcing process, from RFP and service provider selection to contract negotiations and governance. Scripps' five-year outsourcing contract is considered the most comprehensive HRO deal for a mid-market company – and has helped to blaze a trail for other companies of this size to pursue outsourcing as a means to become more strategic through streamlined processes and broader access to new capabilities.

Business Challenge

In early 2006, to support its evolution and growth as a diverse media company, Scripps decided to take a more strategic and holistic approach to its HR operations. The company was looking for the best way to utilize its HR department to support the overall business and improve the nature and quality of the services that it provided to executives, managers and employees.

At the time, Scripps lacked advanced recruiting capabilities and learning tools, and it had manually intensive time and labor entry processes. In other words, its HR employees were so immersed in administrative, paper-intensive activities that little focus was spent on strategic efforts that supported the business. Scripps also found that many HR services were not being delivered consistently across the company, so it had a strong desire to better utilize standardized technology and self-service practices.

To address these issues, Scripps decided to make a business case for outsourcing those HR services that would: 1) best meet the evolving demands and challenges of the business, 2) support company growth and, 3) create a scalable infrastructure. Upon evaluation, the core processes that Scripps looked to outsource included:

- HR Administration
- Benefits Administration
- Payroll Administration, including T&A
- Employee and Manager Self-Service
- HRMS Hosting and Maintenance
- HR Knowledgebase

- HR Service Center
- Recruiting (which included Talent Management, Performance and Succession Management, Compensation Administration, and Learning and Development).

Scripps determined that strategic outsourcing would provide the company with access to best-in-breed technologies, industry best practices, and resources with expertise in building, maintaining and implementing HR technologies and processes. The company also knew that outsourcing provided the company with the potential to achieve the future state more quickly and effectively, allowed HR executives to focus on strategies core to driving business success; and provided the flexibility required to meet changes in demand.

How We Helped

Scripps engaged EquaTerra as its strategic advisor to help it navigate the sourcing process, from analysis and documentation of HR processes to the development and issuance of the RFP, provider selection, and contracting support and negotiations. Scripps retained EquaTerra to help with governance and post-deal transition support as well.

Identifying a provider partner turned out to be one of the most challenging processes because Scripps was a mid-market company and few service providers understood how to cater to this market. Plus, most service providers at that time (2006) could not dedicate proper sales resources to mid-market companies. These two factors deterred would-be potential service providers from responding to the RFP. To overcome such challenges, Scripps and EquaTerra had to make a compelling case as to why a provider would want to tackle this project. This included:

- Highlighting the power of the Scripps brand (HGTV, Food Network, etc.);
- Emphasizing that Scripps had clearly made an investment in pursuing comprehensive HRO as it had hired in the previous two years several executives for the express purpose of working on this HR transformation initiative;
- Stressing that Scripps did its up-front due diligence, spending six months prior to issuing the RFP gathering and evaluating data to answer the insource versus outsource question; and
- Expressing complete openness to the platform to be utilized, whether the provider chose to leverage Scripps' existing PeopleSoft platform or preferred to leverage a platform they were already using for other HRO clients.

Once Scripps and EquaTerra had successfully piqued the interest of several potential service providers, the two companies stumbled upon another challenge – lack of provider experience in the mid-market arena. No service provider had a comprehensive formalized approach or offering that catered specifically to the needs of the mid-market community. It then came as no surprise that the providers who did respond to Scripps' RFP were all over the map in terms of being operationally or even conceptually ready to serve mid-market clients. Some providers had the scope but not the pricing schema that would be advantageous to Scripps, and others had the right price point but not the scope. Although Scripps was highly interested in a couple of the providers who made it through the down-select stage, it ultimately signed a five-year HR outsourcing deal with a provider that already had a robust mid-market capability in place and had committed to partnering with companies to help fill in gaps where it was missing the capabilities required by Scripps.

In the heat of contract negotiations with the selected service provider, another challenge arose. Scripps announced it would be spinning-off some of the company's interests into a new company, Scripps Network Interactive, which would oversee the company's cable lifestyle programming. While an activity of this nature would typically put an outsourcing deal on indefinite hold, Scripps remained steadfast and committed to moving full steam ahead. In fact, EquaTerra was able to assist with contract negotiations and provide ongoing transition support to both companies.

Results

Scripps' five-year HR outsourcing deal enabled the media company to standardize its back-office HR activities and gain comprehensive recruiting capabilities, time and labor automation and HR learning services.

The legal counselor overseeing the deal commented, "Although a variety of point HRO solutions have been available to mid-market companies for a number of years, the Scripps HRO initiative is revolutionary. It is one of the first mid-market comprehensive HRO deals. Working in uncharted territory

at times, Scripps and EquaTerra created a solid framework for identifying and resolving key business issues arising from the evolution of terms and conditions that traditionally cover stand-alone HRO service offerings, to more comprehensive terms and conditions for the mid-market.”

Additionally, Scripps Vice President of HR Operations, Lisa Knutson, commented that Scripps challenged its 130 year-old culture because it no longer wanted a piecemeal HRO approach rather it desired a more comprehensive solution. She said, “It can be a daunting task to blaze new trails for your own organization, while simultaneously nudging the market out of its normal boundaries. Partnering with EquaTerra, Scripps was able to push the envelope and the result speaks for itself. We believe the insightful processes and innovative design that EquaTerra brought to the table will serve as the model for mid-market engagements for years to come.”

Advisor Insights

The EquaTerra advisors that worked closely with the Scripps team on this HRO engagement, in reflection, have provided the following insights and advice:

Mid-market companies should be flexible on solutions and focused on outputs. Scripps and EquaTerra viewed the overall HRO initiative as “HR Remodeling” in that they not only wanted to increase the efficiency of existing processes, but also wanted to add new services and capabilities, e.g. strategic corporate recruitment and talent management. But the companies realized that to keep the expenses down – and to enable the provider to effectively and profitably operate in a one-to-many model – it needed to be very flexible on solutioning and remain focused on the “what” of its requirements and not the “how.” Thus, Scripps learned early on how to let go of being prescriptive on how its services would be delivered and, instead, focus on the service outputs and the qualitative aspects of performance. For example, Scripps completely altered its technology strategy to integrate optimally into the provider solution.

Be patient, as service providers are just starting to provide solutions that specifically cater to the mid-market community. Scripps has blazed a path that will guide other mid-market companies in their outsourcing endeavors. By seeking a comprehensive HR outsourcing solution, the service provider community was forced to better understand what and how sourcing solutions need to be delivered within a mid-market environment. This particular relationship and initiative helped define some of the “templates” service providers can use to create a repeatable solution for the mid-market that will provide the economies of scope and scale to well satisfy both parties.

Mid-market clients should be prepared for less “consultative” and more “prescriptive” solutions.

To make sourcing affordable and attainable to mid-sized companies, service providers are realizing the need to standardize their outsourcing offerings. There is less personalization and consultative services and more standardized processes. If a mid-market company has complex payroll needs, for example, outsourcing may not be the best or most-efficient option. On the other hand, if a mid-sized company can be flexible in how it handles payroll, outsourcing can be an effective solution.

EQUATERRA

Get to what matters.

About EquaTerra

EquaTerra sourcing advisors help clients achieve sustainable value in their IT and business processes. Our advisors average more than 20 years of industry experience and have supported over 2000 transformation and outsourcing projects across more than 60 countries. Supporting clients throughout the Americas, Europe, and Asia Pacific, we have deep functional knowledge in Finance and Accounting, HR, IT, Procurement and other critical business processes. EquaTerra helps clients achieve significant cost savings and process improvement with internal transformation, shared services and outsourcing solutions.

www.equaterra.com

Contact Us

If you would like to know more about EquaTerra, please contact us.

Europe/Asia Pacific
+44 (0) 845 838 7500
infoeuapac@equaterra.com

Americas
+1 713 470 9812
infoamericas@equaterra.com

For all our locations visit www.equaterra.com/locations