

Cultures and Personalities



We have often commented on some of the various “service personalities” of providers, and we have catalogued many of those

personality traits. There are certainly some providers that reflect very deep technology skills, such as IBM; others that have outstanding HR process knowledge, combined with excellent consulting skills—examples include Hewitt, Mercer and the newly minted Towers Watson—and still others that deliver volume-driven transactions

superbly, such as ACS and Northgate Arinso.

An equally serious issue lies in the matching of the culture of the client company to the service personality of the provider chosen.

This has proven to be a difficult and treacherous area to get right. Often, the headquarters office recognizes a strong need to standardize and harmonize processes and policies throughout the entire organization. But the ability of the corporate HR leadership to translate that desire into action in the field is not always evident, and that frequently can result in objectives being set that cannot be met by any provider of services.

There are some warning signs and patterns that can help estimate whether stated objectives can become reality.

Companies that have grown by acquisition often have multiple legacy systems and widely differing policies. Those differences may be viewed by the operating divisions as critically important to the success of the division, and many of its business leaders may resist any attempt to standardize.

This type of justified refusal to change will undermine both internal shared-service centers and those owned and operated by HRO providers. No service provider can figure out how to deliver benefits when there are 13 different approaches to pension-service credits in one division alone.

Even if they can eventually figure out how to administer the records and pension estimates, they certainly can't make money with a highly customized setting that's impossible to replicate.

HR executives who are considering shared-service centers or outsourcing should have candid discussions of the level of customized conduct in the company, and those discussions need to be with human resource leaders and business partners in the company.

There is a cost to high levels of customization. That cost is the result of setting up the individual policies and the human resource information technology that is attendant on them, and then maintaining non-standard policies.

The critical question to ask our business people is whether those policy differences add true sustainable value to the company. If they do not, then there is a clear opening to provide pooled services to the company at a lower cost and with higher service levels.

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