Report to the Senior Executive Council, Department of Defense

HUMAN RESOURCES TASK GROUP

Report FY02-1

- **Task 2: Human Resources IT Integration**

December 18, 2002

HUMAN RESOURCES TASK GROUP REPORT
TASK 2

TASK: Human Resource Information Systems (HRIS) Integration in DoD civilian personnel. Specifically, how might the DBB advise DoD to proceed in rolling out a single standard HRIS, replacing 22 non-standardized regional operating systems, in the face of resistance from the Military Services and Defense Agencies which want to maintain systems tailored to their own needs? How can DoD succeed in achieving commonality? Should DoD change their approach? What does private industry do?

➢ DBB HR Task 2 Leader: Bill Phillips
➢ DoD Liaison: Ginger Groeber, Director, Civilian Personnel

PROCESS: The Task Team discussed the operational challenges around the roll out and effective implementation of the DoD Civilian Personnel System, to brainstorm issues and possible solutions, and to identify next steps for her consideration. The intent of this process was to determine if this was an opportunity for the DBB to provide assistance. This was not discussed with anyone from the Military Services or DoD Agencies. My colleague, Bob Bleimeister attended the meeting with me. Bob leads the PricewaterhouseCoopers Consulting practice area associated with HR transformation and related technology applications. He provided commercial best practices experience and perspective on successful HR transformation processes at Ford and Hewlett Packard.

At the heart of the Office of Civilian Personnel's challenge is the fact that, while that organization has the responsibility for the Civilian Personnel System including its code and the associated policies, it is the Military Services and DoD Agencies that "own" the operations and how the system is used to deliver HR services. This has resulted in inconsistent applications of the system throughout the Department and the continuation of operational inefficiencies that the consolidated system was intended to eliminate. To date the Services have worked hard to maintain their operational control, believing that they are in the best position to effectively manage their

civilian workforce. That same approach has resulted in numerous custom applications and business practices that the Services have established as additions or "workarounds" to the Civilian Personnel System. An attempt late last year by DoD to establish configuration control rules and operational requirements was successfully rejected by the Services. It is a classic governance issue, similar to that faced by corporations in their HR transformation initiatives.

For example, to date DoD has been unable to get universal acceptance of the need to transition from the Oracle 10.7 platform to the web based Oracle 11i. Likewise, the Services have taken different approaches to operational consolidation. Some Services have closed regional processing centers to gain efficiencies. Other Services have not. The time has come for DoD to decide how it wants to operate its Civilian Personnel System and get on with the implementation of that decision. It is stated as simply as: Define who is in-charge, characterize the operational responsibilities, and then hold everyone accountable for implementing that decision.

We discussed best practices from the private sector and their potential application to DoD. Best practices typically point to consolidation of policies and practices in a centrally managed HR organization. This is not necessarily the only solution, but the one most organizations have accepted as the best for effectiveness and efficiency. Furthermore, the power of web based tools to enable self-service and greater consolidation of operations is a

powerful motivator for improving bottom line performance as well as improving the service to employees, managers and leaders. We discussed how DoD could take advantage of those best practices, particularly with the conversion to a web-based product like Oracle 11i.

RESULTS: We discussed how DoD might effectively leverage commercial best practices. The objective is to provide adequate and appropriate personnel information for human capital management as well as the pay and benefits processing capabilities necessary for the civilian workforce. Technology offers significant efficiencies that DoD should fully and consistently embrace. Likewise, civilians should be treated the same regardless of the Service or Defense Agency where they work. They do not need to be "managed" by their respective Service or Defense Agency to be treated fairly or appropriately. Likewise, Services and Defense Agencies should not have to control the personnel system to effectively hire, evaluate,

promote, or remove employees. This is consistent with the thought process behind the broader human capital management transformation proposals suggested by the DBB.

DoD has an opportunity to correct the current shortcoming in the Civilian Personnel System business practices, with the upgrade of Oracle 11i. This upgrade should include an aggressive self-service model for administrative processing. The upgrade to 11i has been characterized as offering the opportunity to increase process and data standardization across Military Services and to unwind customizations required in earlier releases. (We did not examine/assess the Oracle 11i capabilities.) Commercial best practices focus on developing a single standard data base instance for the entire enterprise. Ford did this for an organization of 370,000 employees despite a culture of decentralized service delivery and difficult foreign work rule requirements. DoD should also standardize processes, data and user interfaces to support self-service, with the goal of using the web to conduct 100 percent of employee transactions and 80 percent of manager transactions. Following this approach significantly reduces the workload and importance of regional service centers for administrative processing. After Hewlett Packard implemented a strategy of moving 100 percent of HR transactions to the web, HP reduced the size of its HR service center from 180 to 40 staff with no degradation in service. In fact, customer satisfaction actually improved as more self-service was implemented.

Looking at the DoD situation, we offer several suggestions for near term action to address these problems. They are:

1) Clarify Objectives: The vision for the DoD Civilian Personnel System was to provide the best possible HR system for the dollars available. That is clearly not enough of a vision. It does not address any "burning platform" to build on and it leaves to individual interpretation what "best possible" means. Key to this clarification is a review of governance over who will "own the HRIS" and who controls how the HRIS supports delivery of HR services. At the moment these components mean something different to DoD and each of the Services.

2) Establish Real Governance: This should build on the agreed-upon objectives. If it is more important to have Service-focused solutions and applications, then the governance structure should reflect that. If the intent were to build on best commercial practices and to standardize HR systems,

data, and service delivery across DoD, then the governance structure would look very different. At the moment, the governance structure appears ineffective because it looks to straddle both.

3) Build the Business Case: Elements of a business case have been built, however the current program does not have a business case that aligns with program objectives and governance. Many people have different perspectives on the business case for this program, but these perspectives are based largely on personal points of view and not facts. A well-documented business case is needed to support any large-scale change program. It should articulate the value (hard and soft measures) associated with meeting program objectives. It should also identify how that value (realizing the benefits) is to be harvested as the program is implemented. A business case is essential if DoD is going to take advantage of the opportunities web-based tools allow.

4) Manage Change: A stark contrast between DoD and commercial best practices is the energy around managing change for effective implementation and application of new systems. DoD tends to create teams representing all interested parties and then works to establish consensus. Consensus often means everyone gets what he or she wants so no one complains. Unfortunately, consensus can also result in different business practices being tolerated and system inefficiencies being created to support those varying practices. In contrast, best practice change management takes the messages around the business need and builds understanding and acceptance of that solution. It also helps organizations transition to the new practices effectively. Building a change management strategy around the business case is critical and is missing today.

It may seem odd to be considering these key success factors at this point in the system life cycle. However, taking a fresh start makes sense given the upgrade to Oracle 11i and the opportunity to radically change how HR services are delivered (i.e., web-based self service). It is also important to understand that the civilian personal management system provides a core technology foundation to support key strategic programs focused on civilian workforce planning (e.g., Training and Development, Recruiting, Retention Initiatives, and Succession Planning). The question is: Does DoD have the organizational structure and leadership to address the transformational opportunity presented by this program? At Hewlett Packard, HR transformation required the direct sponsorship of its CEO, Carly Fiorina.

The civilian personal system is a strategic tool DoD needs to manage its future. It is an appropriate initiative for the DBB to address further, particularly in the context of the broader issue of the human capital management transformation proposals proposed by the DBB.

Respectfully submitted,

Bill Phillips