Situation – How to transform HR operations by implementing lean principles in Human Resources

“Don’t worry,” the vendor promised, “our technology will increase HR productivity. HR process standardization is built in. Just install our app and get lean process improvement.” The HR team soon saw that the new technology lacked real HR process improvement. That’s because tech vendors define “transactions,” such as résumé intake, as “business processes.” They automate these and call it “process improvement.” But the HR operations team needed true, end-to-end lean process improvement to meet aggressive cost saving initiative goals in the HR department. For example, they needed to increase HR productivity of the hiring process: from recruiting through employee onboarding. And they needed to upgrade service and quality everywhere.

Client Description, Project Scope, Objectives

The HR team reviewed The Lab’s non-technology improvement templates. They saw how these could rapidly achieve their process improvement, HR cost optimization and service improvement goals, within 6 months.

HR operations included 3,000 employees. They served a global bank of 250,000 employees across 50 countries. HR supported the bank from shared service centers concentrated in North America, Europe and Hong Kong.

The implementation effort targeted rapid results, low risk and frugal costs. Pilots for lean HR process improvement began in New York and London. Once proven to increase HR productivity and deliver the planned cost reduction, these were implemented worldwide.

The project began with an 8-week, Phase I analysis of HR operations. This initial phase delivered a self-funding, guaranteed business case and work plan that launched the Phase II HR transformation implementation.

Lean HR Transformation Process Improvement Examples

The Lab implemented over 400 non-technology HR operations improvements. Examples:

Standardized Job Position Descriptions — The Human Resources department previously maintained few centralized repositories of standard job descriptions and struggled with how best to match candidates and positions. For example, a simple IT analyst position had over 40 different descriptions. HR received complaints of mismatch from new hires and the business. The Lab helped reduce total job descriptions. Centralized management was implemented for a standard inventory of descriptions.

Decreased Over-service — Businesses submitted hiring requisitions but later canceled over 25 percent. HR serviced all requisitions. No questions asked. During the HR improvement initiative implementation, process standardization improved requisition coordination. HR and the business jointly evaluated each requisition. This increased operational efficiency for recruiters by reducing the number of unneeded, partially-processed candidates.

Reduced False Complexity — Compensation plans were rarely standardized. Prior acquisitions and business line autonomy created new “one-off” plans. HR administrated these as 500 “unique” plans. But most had only minor differences that created avoidable work. Standardization of admin tasks boosted employee productivity by 25 percent.