The current economic situation is leading organizations towards HR cost reduction. However talent management and retention must remain a primary concern of smart organizations to fast return to growth. An apparently no-solution trade-off can be addressed by an integrated approach. Aligning the processes with the main business strategy will make the difference between success and failure.

Reduce HR cost...

Ernst & Young’s approach examines levers to reduce the HR related costs.

...and retain talents

Long-term vision is important when introducing cost-cutting strategies. Usually companies cut costs with temporary savings and permanent damage to their corporate infrastructure and culture. When you cut costs without thinking of the long-term gain, you risk driving away key talent. Those costs usually exceed the short-term savings. We focus on ten areas of attention and identify strategic costs you should never include into your cost-cutting strategy.

Identify strategic costs

1. Workforce analytics and planning 6. Performance management
2. Role and competency design 7. Career mapping
3. Recruitment and on-boarding 8. Succession planning
4. Deployment and mobility strategies 9. Learning and training
5. Recognition, rewards and engagement 10. Leadership development

People and business results
Review of HR and finance functions

The first step is a HR Health Check Screening (*)
Conduct a HR assessment and identify areas of strength as well as areas of opportunity within the HR function, assessing the company process and policies towards a valid benchmark of the industry practice.

Governance
► Executive Compensation - Compliance
► Employee Privacy and Data Protection
► Labor law/Collective Bargaining
► Tax and regulatory authority operational requirements
► Health and Welfare policies and procedures
► Employee classification (exempt vs. non-exempt, Independent Contractors, etc.)
► Time and Recordkeeping requirements
► Sub-national/State law considerations
► Global and domestic mobility compliance
► Code of Conduct/Ethics
► Diversity
► Health, Safety and Security

Programs
► Incentive Compensation plans
► Global equity (stock) plans
► Severance programs
► Compensation accumulation
► Non-salary compensation
► Transparency of Pay Programs
► Performance management
► Career mapping, succession planning and leadership development

Policy
► Policies and Procedures
► Recruitment, onboarding and offboarding

Strategy
► HR Strategy, alignment with Main Business Strategy
► Corporate Culture and Social Responsibility

Process
► HR Function Strategy
► Resourcing and On-Boarding
► Talent and Performance Management
► Employee Engagement
► Organization and Talent Strategy
► Learning design and delivery
► Development
► Compensation and Benefit
► HR Area Strategy
► Core HR Workforce and Administration
► Termination and Alumni

Data and Technology
► HR data accuracy
► Workforce analytics and planning
► HR Service Delivery

Organization
► Organizational Structure and Design
► Shared Service Center operation
► Workforce analytics and planning

Performance Management
► Employee Satisfaction
► HR service delivery
► Contract management

Stakeholder
► Employer Relations Data

EY credentials

Actions
► Review of HR and finance functions including process audit and cost assessment.
► Review of opportunities to implemented shared services / outsourcing
► Review of HR and finance operating models and evaluation of options for implementation of shared service HR model across Europe
► Review Client approach to share plan administration with a view to improving process efficiencies and reducing costs
► Cost reduction opportunities within the HR function of €3m were identified. This accounted for 20% of total HR costs
► Organization operating model redesign leading to significant reduction in HR function.
► Achieved high total annual long-term savings, identified potential to develop in-house

Outcomes – financial savings achieved

Levers for change
► Review of non value add activities
► Increased process efficiency
► Move to shared service model
► Implementation of consistent and aligned HR processes including technology solutions
► Process improvement across all share plans
► Streamlining of vendors

(*) These services are provided in agreement with Ernst & Young Independence Policy