

Move from  
Operational to  
Strategic HR:  
An HCM Maturity  
Model for  
Business Success



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# Introduction

The relationship between employer and employee is being utterly transformed, and business must adapt quickly if they are to retain their most powerful engine of competitive power – their employees. Changing expectations, a move to more hybrid workplace, and complex regulatory initiatives have put every HR department under pressure to **focus on creating the kind of exceptional employee experience** that attracts, and retains, the very best staff.

Whether your business employs 50 people or 5,000, the need to become more agile, data-driven, and employee centered is at the forefront of **HR best practices**. The industrial revolution of the 18th and 19th century redefined how people worked, and the digital transformation of the last decade overhauled the tools they use. This transformation is even more profound, and is occurring even more quickly, leaving many business and HR leaders unsure of where to start and how to proceed.

**This Maturity Guide outlines a proven approach to maturing HR practices** to help your teams meet the needs of the next decade, and become strategic partners and advisors to leadership, helping transform your business.

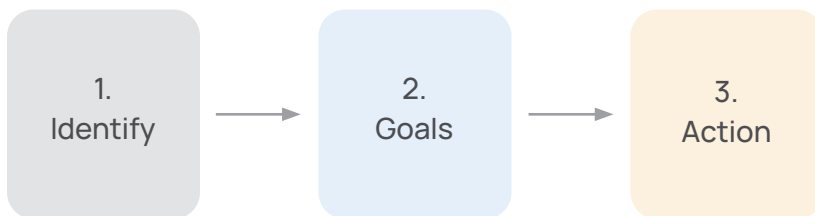


*Whether your business employs 50 people or 5,000, the need to become more agile, data-driven, and employee centered is at the forefront.*

# The Maturity Model

The model provides a common framework to identify how businesses can improve their employee experience using technology and improved process. Based on decades of work with HR departments in businesses as small as only a handful of employees through to organizations of many thousands, we have created a maturity model that reflects the common trends and growth path across many industries, businesses and sizes of company.

No business is going to exactly fit in every step, but the model is broad enough and deep enough to help you do **three important things** for your **business and your employees**:



1. Identify the behaviors and challenges that indicate where your organization stands in its growth.
2. Set goals for delivering a better employee experience and a more efficient HR process.
3. Create an action plan for capabilities to focus on, which will deliver growth and value at every stage.

There is no one-size-fits-all plan for employees or HR process. Equally, it's not possible to simply leap in a single step from the most basic, manual set of HR processes and capabilities to the most mature. Rather, this model will help your team align clearly on where you stand, agree on what is important to your business to deliver a better employee experience, and set achievable, meaningful goals to drive improvement.



## When reading through this model, it's important to remember two things:

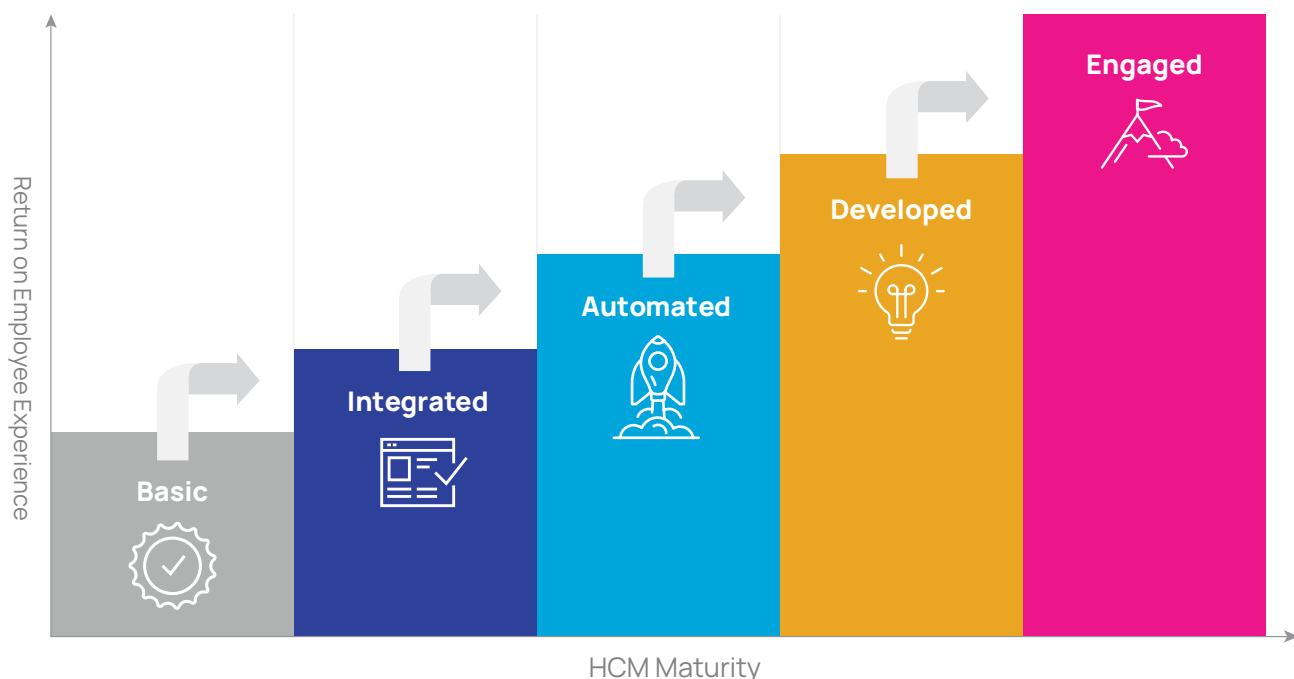
First, "maturity" is a measure of how efficient, effective and aligned the process is with business objectives. Even large, sophisticated businesses, operated by highly skilled and dedicated professionals can have relatively immature processes. Lack of maturity does not equate to a lack of skill, a lack of commitment, nor a lack of maturity on the part of the people involved. Rather, think of the maturity of the process as being defined by many factors, which may be outside of the control of the people involved. A process could also be trapped in an immature phase as a result of historical precedent or stakeholder influence. Whatever the reason, the goal is to move to more mature phases carefully and when the time is right for your business and employees.

Second, we are seeking to improve the "return on employee experience." A good employee experience (EX) delivers many benefits – productivity, creativity and of course retention all improve as employee experience improves. As a result, this model is designed, not simply to improve process efficiency by itself, but to deliver a better employee experience at every step.

# The Five Phases

## Intro into Phases

While there are many nuances and complexities in any business function, and especially so in the complex and rapidly changing world of HR, nevertheless it is possible to break down the maturity of HR into some very broad phases. In this model we have used five phases that align to both the level of maturity of the process, and the capability to deliver a return on employee experience.



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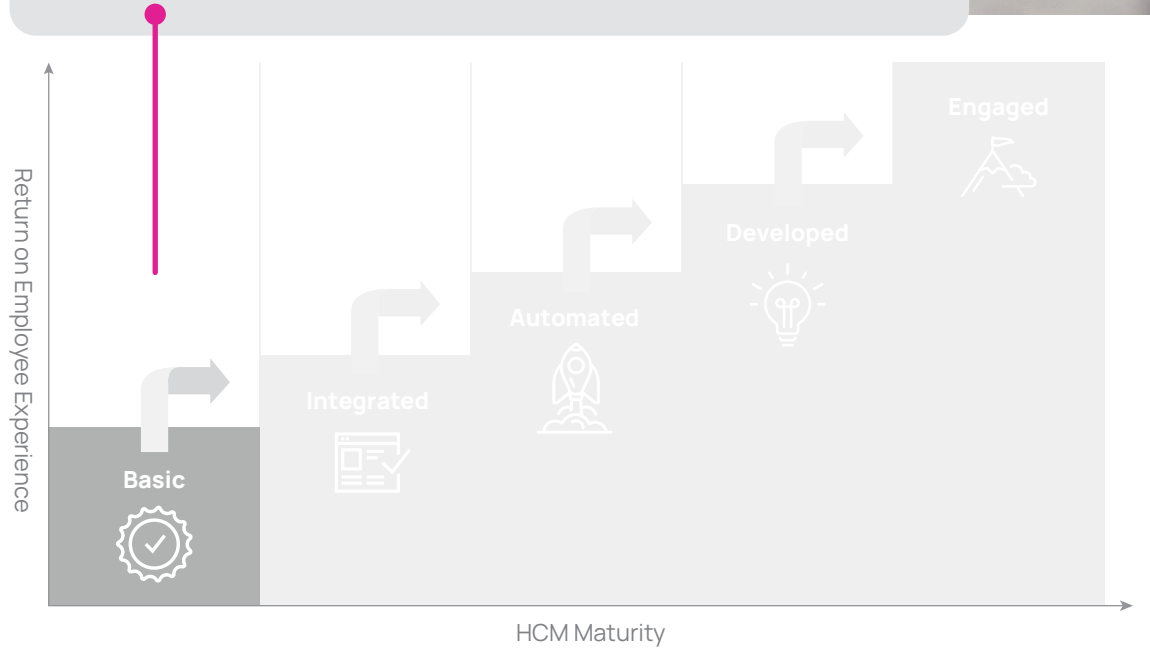
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# Phase 1

## What to do in Phase 1

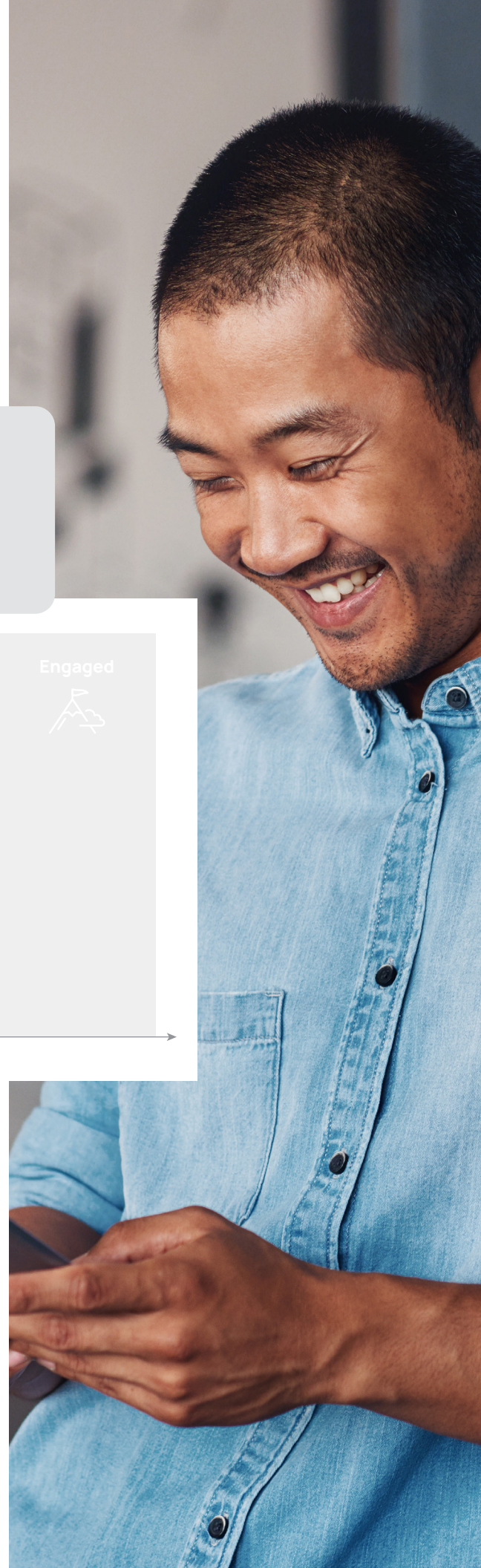
Many companies still operate at this initial level of basic HCM capabilities. The HR processes are highly manual, often managed by a small group of HR people, or for smaller businesses, someone who has a part-time role in HR.

- Process is **difficult** and **slow**
- Data is not used effectively
- Errors are **expensive and frequent**
- **Difficult to manage** and see what's happening



As a result, it can be difficult to deliver reliable and timely results. Errors occur in basic functions such as payroll, tax reporting and benefits administration; errors that can be expensive and deliver a bad employee experience.

Neither manager nor employee is clear on what's happening or when, and it can be very challenging to onboard new employees and retain good ones.



# Phase 1

At this point, you should begin to integrate data and workflows as much as possible. This will enable you to start to get a much clearer picture of your workforce, costs for hiring, retention trends, and so on. Additionally, minimizing the number of disconnected systems and manual processes will help reduce both the time it takes to process basic tasks like payroll, and the number of errors that inevitably creep into manual systems.

This ultimately allows your HR teams to spend less time on working through data issues and correcting problems, and more time on building more efficient approaches to hiring, onboarding and reporting.

While each improvement may seem incremental at first, these first few steps will lay the foundation for far more significant improvements in the future.

## How to measure success

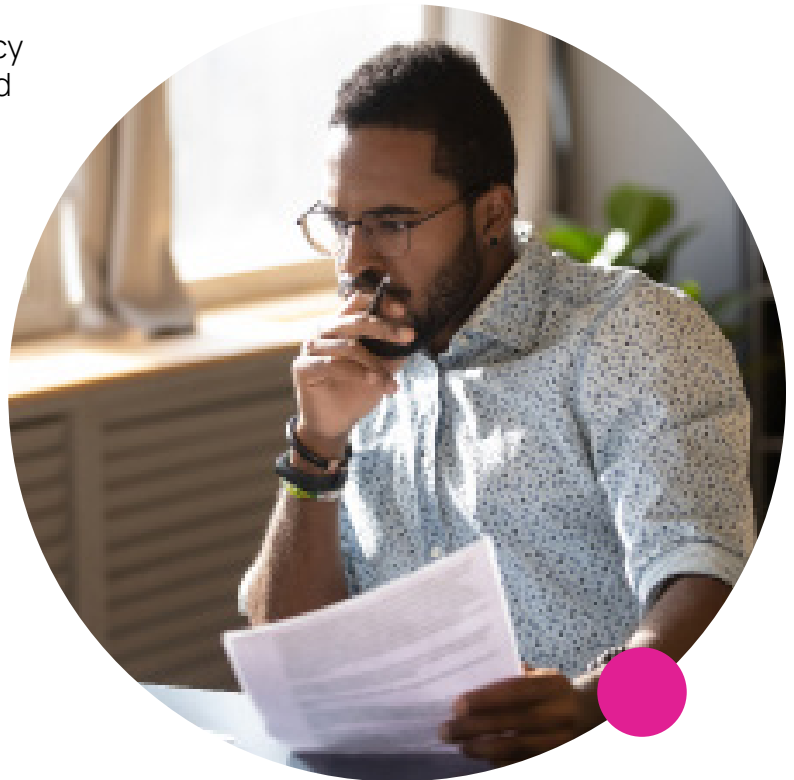
Success in this Phase will be measured in two key areas: reduction in errors within basic processes and time saved in manual tasks. Integrating the elements of your HR processes will immediately start to reduce the effort in remediating small mistakes and will free up your HR team to be able to focus on more significant initiatives.

Therefore, measure success here in efficiency and capacity to focus on better reporting and improved employee experience.

## Where to focus next

Building a more integrated approach to HR processes will simplify and reduce workload. Technology here can be critical to supporting this change – creating a central repository for employee data and the processes that surround it.

Focus on integrating as much as possible – this will reduce errors, streamline workflows and enable you to do more with the same team.

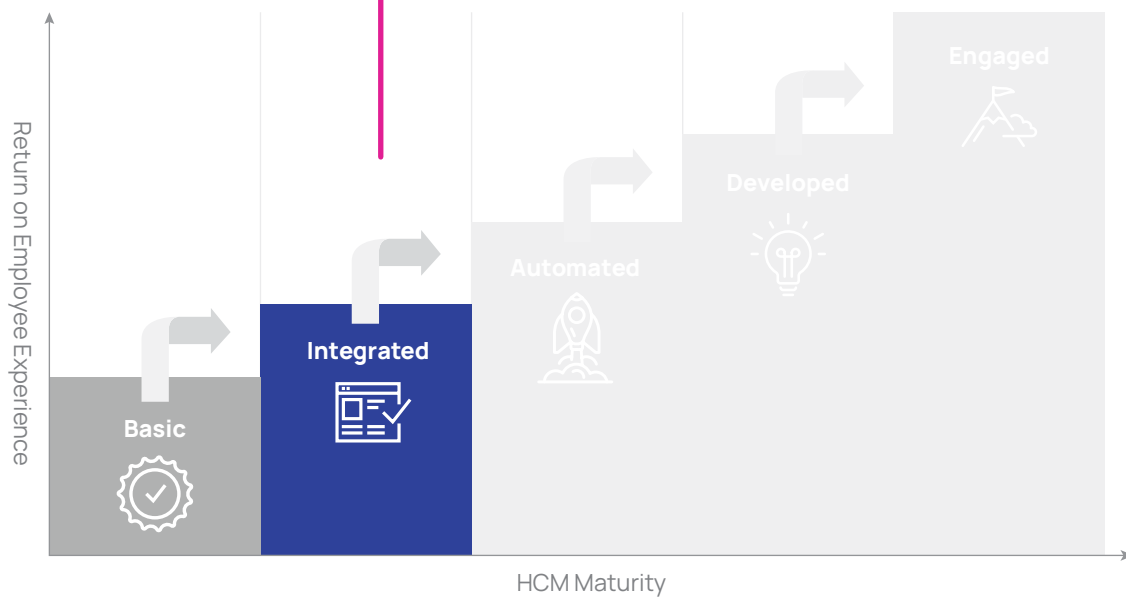


# Phase 2

## What to do in Phase 2

As your HR systems mature, and you are able to centralize data on employees and HR processes, it's now possible to start reducing the effort in delivering HR services by using that integrated platform as a foundation to automate.

- It's now **easier to understand** the workforce and process basic payroll and HR functions
- Errors are **reduced**
- The **workflows are streamlined** and **faster**



Automation of the many HR workflows that the business must manage enables your HR team to go faster, focus on what really counts and reduce errors even further.

This is especially important in those high-touch HR areas around hiring, engagement and retention, where automated workflows can deliver a more consistent, better employee experience. This can also free up HR team members time, making them more available and responsive.



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## Phase 2

### How to measure success


Success here is measured by further eliminating errors. Your HR team has more time to focus on critical areas like employee engagement.

Managing the workforce is now far simpler as technology that brings together multiple systems allows more automated approaches to complex tasks.

The combination of integrated data and automated workflows presents the HR department with the opportunity to measure more directly the impact of changes in policy and process, and to provide richer insight to business managers on key metrics around their departments.

### Where to focus next

Moving forward, the next areas of focus should include improving day-to-day interactions of employees and your systems, as well as enabling HR teams to prioritize more strategic tasks through automating manual activities. From managing candidate interactions during the interview and onboarding process to simplifying scheduling workflows, automation will be key to reducing the friction in work, freeing HR teams from highly manual tasks that often consume far too much of their time, and ultimately reducing operational errors.



*Automation will be key to reducing the friction in work and freeing teams from highly manual tasks.*



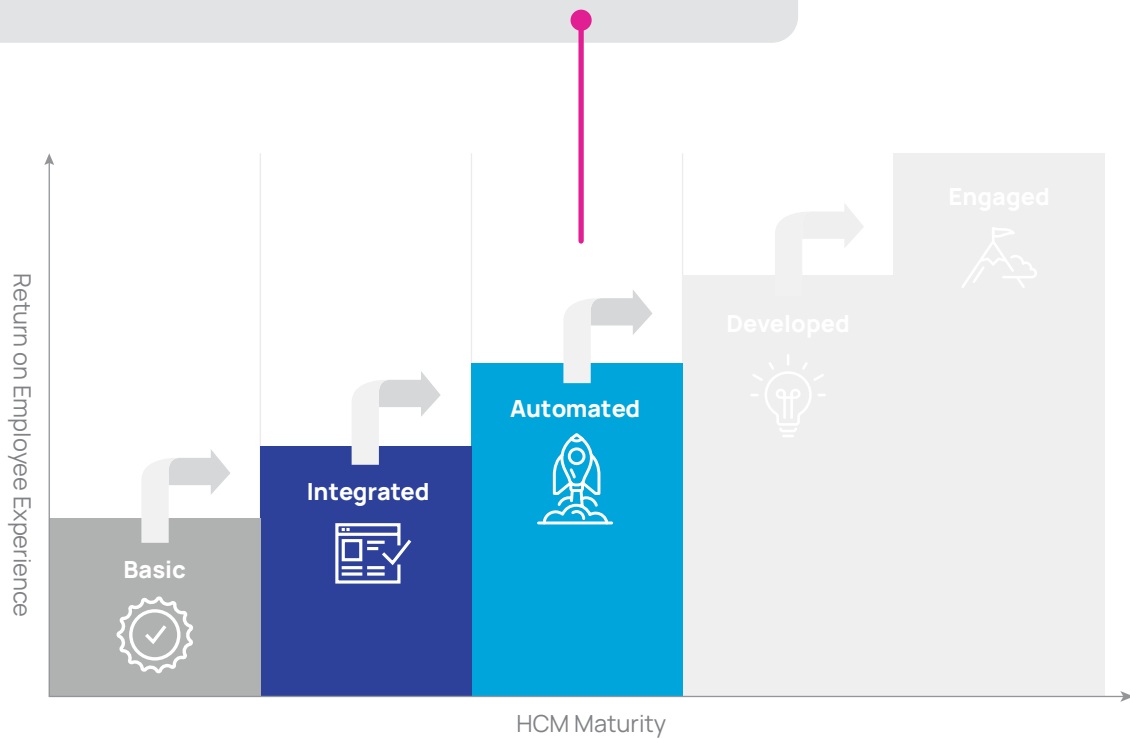
# Phase 3

## What to do in Phase 3

At this Phase, HR processes are now operating far more smoothly. As far as possible, automate HR processes with technology that frees your HR team from the day-to-day, manual tasks that typically consume their time. Implement tools that manage HR workflows, such as onboarding, interactions during hiring, vacation requests, payroll and more.

This will also have the significant side benefit of automatically gathering more data on how your business is operating and the makeup of your employee base.

- **Hiring is improved**
- Easier to plan through **better information**
- **Workforce scheduling** and management are **easier and take less time**



As this information regarding employees will be far better integrated, the HR team will now be in a position to focus on more strategic planning, advising business partners on best practices, and helping to deliver a much better employee experience in which resources and information for employees are readily available whenever they need them.

Simply put, the core HR functions can now be operating efficiently and effectively to meet business needs.

## Phase 3

### How to measure success

The biggest measure of success for businesses at this stage is the increased capacity of HR teams to focus on new initiatives and the ability to scale operations without necessarily hiring more staff. Automated HR processes in areas like onboarding and hiring can significantly reduce the workload for HR practitioners, and because day-to-day processes are automated, there is a lower chance of mistakes that can also consume time and energy to correct.

Additionally, as HR systems are more automated, it is possible to allow far more self-service for employees, who can take more direct control of things like benefits, managing vacation time and so on.

### Where to focus next

Now that many of the core HR processes are running more smoothly, it is time to focus on employee experience and on delivering deeper insight to senior management teams to make better decisions. In the case of employee engagement, offering up additional training courses and using collaboration tools to facilitate engagement between teams has immediate benefits to productivity and fosters a sense of belonging even for remote employees. Tuning benefit offerings is critical and can be more easily achieved to continue to improve the employee experience as a direct result of better data gathering.

In fact, the ability to use information to present analytic, data-driven decisions is a key to invest in, as it allows your business to predict and respond to changing employee needs and business drivers far more quickly than ever before.

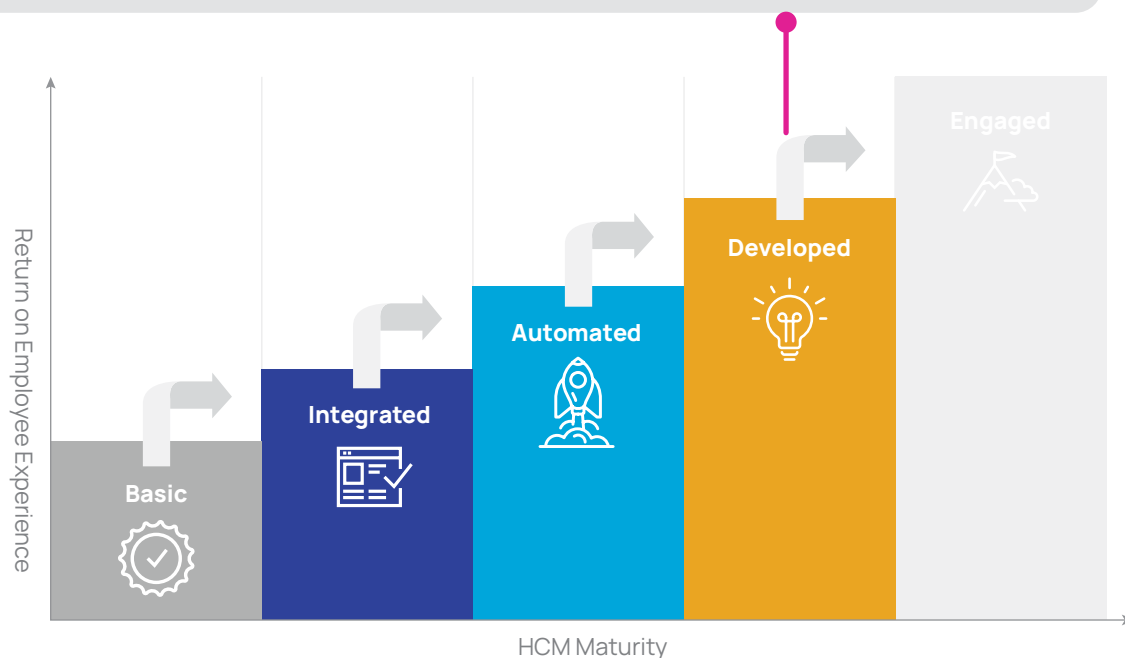


# Phase 4

## What to do in Phase 4

Focusing here on engagement and retention, your business should utilize analytic tools to better respond to changes more quickly, and to make the right decisions to deliver the outcomes you need. For example, it will be essential to use some analytics to identify what factors drive retention in your best employees – compensation, work/life balance, training, career development and so on. Wellness, both financial and personal, have become central elements of the employee experience, and businesses should evaluate which aspects are most important to their teams.

- Management has a **better understanding of risks** and **opportunities**
- **Offer** attractive **benefits** and manage them **more easily**



This can also be an excellent time to implement in-house training and development tools to present learning and career opportunities for your employees. For example, in the recent *isolved "Voice of the Workforce report,"* 55 percent of employees would like their employer to support professional development by providing educational opportunities through an LMS." Lastly, looking closely at the data you are gathering through your automated processes, and using some analytic tools, should help you identify what benefits are more valuable to your employees and how to improve your offerings to attract and retain the best teams.



## Phase 4

### How to measure success

Success here is measured in the ability to identify trends in your employee base early, to predict the likely outcome of changes you make, and to respond more rapidly to changes in business needs. Your employees should have more access to both core HR processes through automated tools and should be able to better collaborate with each other, as well as identify and meet training needs more easily.

Simply put, your employees should be more empowered, and better engaged, while your HR team and business leaders will have access to more insightful information to make data-driven business decisions. Your HR function is now more agile, and data-driven, and therefore able to predict, and meet, your business needs more rapidly than ever before.

### Where to focus next

At this point your HR team is operating close to industry best practices. Processes are automated, employees are empowered and feeling more engaged, and your HR teams are able to focus on new initiatives.

This is the point at which your HR function is changing fully from an operational function to a strategic driver of the business.

Better able to connect data to business outcomes, the HR team must continue to partner with internal IT teams and technology suppliers to further engage employees with even greater self-service capabilities. They should also focus on delivering deeper insight to senior management on business strategy, based on their ability to better track and manage the full employee lifecycle, as well as presenting forward-looking projections—based on reliable modeling—for the outcome of operational changes in future capacity to meet business goals.



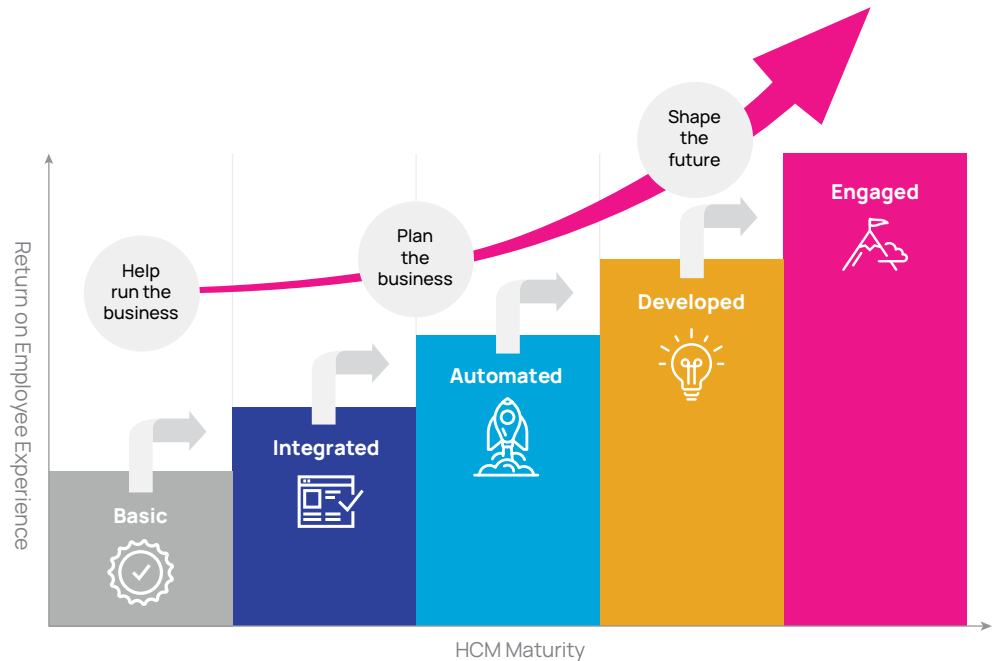
# Phase 5

## What Phase 5 looks like

At this stage, the HR function is fully engaged in doing what it does best – informing the essential link between business goals and employee experience.

Empowered with automated processes that de-couple HR practitioners from time-wasting manual tasks, and with access to deep analytical insight, the HR team is now a strategic advisor to the entire executive team and board.

- **Basic HR**  
Core HR  
Payroll  
Basic time management
- **Integrated Administration**  
Benefits administration  
Applicant tracking & compliance  
Automated time management
- **Automated Management**  
Automated onboarding & offboarding  
Workforce scheduling
- **Employee Development**  
Learning & skill development  
Performance management
- **Optimized Engagement**  
Career growth  
Succession & workforce planning  
Organization-wide skills identification and planning



Employees are engaged and empowered to manage their employment, and to develop their careers. Further, they are connected both to each other through collaboration tools, and to the overall goals of the business through clear, measurable goal setting.

As employees become more deeply engaged, they are better connected to business goals that drive the right outcomes. They are more likely to stay with your business, reducing costs and downtime, and they are better able to work together to solve business problems faster and more effectively. This delivers a meaningful return on employee engagement that drives business success.

Overall, the HR discipline, at every phase, is more agile, more data-driven, and more employee centered, which ultimately translates to a more engaged, better trained workforce, and meaningful competitive advantage in the market.



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# How isolved Helps at Each Phase

Regardless of where your business lies on the maturity curve, isolved offers both technology and services to help you deliver the business outcomes you need, and to improve the efficiency and effectiveness of your HR processes.

**At Phase 1**, we recommend evaluating core HR technologies delivered through isolved People Cloud to integrate data stores and functions such as payroll and HR management. This will enable you to reduce errors and time-consuming processes that are often error-prone.

For areas where your business may not have HR skills and tools, isolved People Services (our HR outsourcing or HR augmentation services) quickly deploy trained staff to add to your team, manage projects and deal with complex problems.

**At Phase 2**, when it's time to focus more on automation, isolved People Cloud can easily connect your core HR functions to the rest of your HR tasks; automated hiring, onboarding, workforce management, scheduling and so on. isolved People Cloud also presents employees with more self-service capabilities from their desktop or mobile devices, making it easier for them to manage their own employment and benefits.

**At Phase 3**, the ability to augment automated process with tools such as isolved Predictive People Analytics will give your management teams powerful insight, easily, into your employees, and both the costs of running the business and the capability to meet future challenges. This insight presents data-driven opportunities to improve the employee



*isolved offers both technology and services to help you deliver the outcomes you need.*

experience through offering benefits that matter, and isolated People Services can help you more easily manage those benefits without the need to continue to hire new staff.

The learning and collaboration tools within isolated People Cloud open the door for training and skills development as well as better teamwork and knowledge sharing within your business, all of which empower and develop your employees and engage them better.

**At Phase 4**, isolated People Cloud and isolated People Services will continue to let your HR department become more agile and data-driven and will present predictive analytics to shape your business strategy, engagement opportunities for employees within the community through tools such as isolated Giving & Volunteering, and ultimately enable your HR team to be a strategic agent of change, rather than an operational cost center.

**By Phase 5**, isolated technology and services are a core element of your capability to deliver rapid response to changing business needs, and ultimately drive competitive differentiation in the market. Your employees are engaged, empowered and focused on solving the most pressing business challenges, collaboratively, and with access to the tools and information they need. Your senior management has access to the data they need to make better decisions, and to identify gaps and opportunities in the employee skill set for the future. And your HR department is transformed from an operational function to a key driver of strategic insight.

# What the Future May Hold

The future for HR is one in which HR leaders occupy a central, strategic role in helping their business navigate the rapid changes in the workplace and employee expectations that have already started to reshape the workplace.

The HR team of the future will be able to be far more agile in responding to changes, able to make rapid, data-driven decisions, model the outcome, and provide strategic guidance to business leaders.

Ultimately, the combination of technology, in-house expertise, and added HR augmentation services will help the HR team of the future navigate a far more complex set of challenges, more easily, and with greater focus on delivering an exceptional employee experience.

While most businesses are still in the early stages of maturing their HR processes, all can benefit from incremental improvements: reducing workload, simplifying processes, and empowering employees to take greater ownership of their work. Every step is important, and each improvement presents an opportunity to reduce the disruptive manual tasks of the past and allow HR professionals to focus on what they do best, connecting a highly motivated and engaged workforce with the strategic goals of the business for the future.







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