

Program Title: HR Optimization / MIHR Service Center
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HR Optimization Project / MIHR Service Center Summary

The HR Optimization Project team was charged with increasing the effectiveness and efficiency with which statewide HR services are delivered. The project was a collaborative effort involving the State of Michigan Executive Office, the Departments of Civil Service, Management and Budget, and Information Technology, the Office of the State Employer, the Office of the State Budget, and the entire community of agency HR management offices throughout the state. The result was the MI HR Service Center.

The overall objective was to provide access to HR information that would encourage employees to resolve their own issues, while at the same time making responsive support available when needed. To maximize efficiency gains, a three part approach was used:

- 1) Web based self-service tools were enhanced to allow employees to interface directly with the Department of Civil Service HR system.
- 2) These tools were augmented by an “intelligent” knowledgebase, called MI HR (pronounced “My-HR”) Information, to provide tailored employee data based on specified conditions of employment.
- 3) A multi-tiered service center was established to directly support employees and perform routine transactions as required, thereby optimizing HR systems and resource allocations statewide.

This integration of technology and business process redesign was further supported by organizational changes and shifts in process responsibility throughout the state’s HR community. Recognizing the importance of change management and communication, representatives of the individual agency HR offices actively participated in the design process to assist in identifying the best opportunities for processes to be standardized and centralized within MI HR. For example, transactions selected included aspects of establishing new hire benefits, employee benefit open enrollment, and updates to personal payroll information, as well as other modifications to personal data. All of these are now within the ability of employees to change using self-service or with the assistance of the staff in the MI HR Service Center.

Having saved \$2 million in its first year of operation, projected savings remain at \$25 million over the first five years of operation based on FTE reductions made possible by the implementation of this project. Routine HR transactions have been consolidated on a statewide basis and processes have been redesigned taking advantage of standardization and the use of technology for handling HR business in a more efficient manner. The project’s success is based on the careful design of, and transition to, an HR service delivery model that encourages customers to rely on web based self service tools, where possible.

HR Optimization / MI HR Service Center Nomination Responses:

1) Brief Description

Michigan's Human Resources (HR) Optimization Project was an interdepartmental initiative intended to augment the efficiency and effectiveness with which HR services are delivered by building upon the state's centralized HR system. This initiative resulted in the implementation of an enhanced self-service internet application, centralized data store, multi-tiered service center (MI HR), and realignment of revised human resource processes that produced documented savings of \$2 million in the first year. We remain on schedule to save a projected \$25 million savings over the first five years of operation.

2) How long has the program been operational?

The MI HR Service Center has been operational since August 2004.

3) Why was the program created?

The MI HR program was created to address a common public sector issue; decreasing revenue streams resulting in greater budget constraints and a smaller workforce being asked to perform an increasing number of tasks. We seized this opportunity to standardize and centralize processes, to leverage technology that increases end-user self sufficiency, and to provide centralized assistance to agency HR offices in order to support more strategic deployment of their staff.

The HR Optimization project resulted in a more complete leveraging of an innovative human resources information system that provides simplified, personalized service to employees that want to access payroll, benefits, dependent and other personnel related information. We now have the ability to manage increased amounts of employee data and efficiently connect employees to the human resource information that matters most to them. Simply, we eliminated as many steps as possible between employees and HR offices and the tools they need to manage their personnel needs.

The state employs over 55,000 people of which 72% are represented by 11 different bargaining units. The organizational structure of the different departments varies greatly, including highly structured, geographically dispersed organizations such as the Department of Corrections, smaller organizations such as the Department of Civil Rights, and organizations with greatly differing mandates such as the Department of Transportation, Department of Natural Resources, or the Department of Labor and Economic Growth. The variety of operational activities performed by these, and other departments, all have at their core one common task; managing their HR needs by operationalizing the Michigan Civil Service Rules and Regulations. Our goal was to drive our own "information revolution" by categorizing and providing web based access to HR information, sorting it appropriate to an individual employee's situation, and delivering it in a manner meeting employees needs while optimizing processes and providing a centralized point of contact (service center).

4) Why is this program new and creative?

While the use of shared service centers is fairly common within the private sector, their use within the public sector, to the best of our knowledge, is far less prevalent. Our objective was to create a multi-channel, single source service center that would provide both 24 x 7 internet access where it would be most useful, and a staffed call center for those employees that either did not have, or were not comfortable with, internet use. The strategic model that we used to organize our objectives was: To have information reside in a single centralized knowledge repository,

To have HR policy and procedure information available on-line and written in common language that an employee would understand,

To provide a single point of contact for general HR support and,

To allow HR offices to focus on strategic issues while the Service Center addressed routine issues.

To maximize efficiency gains, a solution with three basic elements was designed. The overall objective was to create a source of information that would encourage employees to resolve their own issues. The first element enhanced the web based self-service tools that employees can use to interface directly with our HR system. These tools were augmented by the addition of an additional resource, an “intelligent” knowledge base, called MI HR Information that provides tailored employee data based on certain specified conditions of employment. Finally, we created a multi-tiered Service Center to support employees directly, perform routine transactions as required, therefore optimizing HR systems and resource allocations statewide.

This integration of business process redesign and technology was further supported by organizational changes and shifts in process responsibility throughout the State’s HR community. Focusing on the importance of change management and communication, representatives of the individual agency HR offices were drawn into the design process to assist in finding the best opportunities for processes to be standardized and centralized within MI HR. As noted above, transactions selected included aspects of establishing new hire benefits, annual group insurance open enrollments, updates to personal payroll information, as well as other modifications to personal data. All of these are now within the ability of employees to change using self-service or with the assistance of the staff in the MI HR Service Center.

5) What was the program’s start up costs?

Our budget was approximately \$2.3 million for both state and contractual assistance, which included hardware and training. Physical space construction and maintenance was approximately \$200,000. Based on our research of anticipated contacts and industry standards, it was determined that an initial staffing level including 20 customer service representatives, four subject matter experts, management and support (6 FTEs) was appropriate. At go-live, the vast majority of service center employees were selected from the state’s HR community and redeployed as a part of the initial consolidation.

The hardware and software to support these individuals are included in the cost numbers provided above. Here is a partial list of the production technology related purchases:

- 6 Siebel servers for the application and supporting infrastructure
- 4 Knowledge base application servers (WAS servers/Web WAS)
- 2 Siebel and Knowledge base database servers
- NICE Quality Assurance software and supporting hardware
- 30 desktop workstations
- Telephony equipment (e.g., Avaya Definity G3 switch and MapD board, and supporting hardware and software)
- Supporting routers and switches

Our architecture design calls for high availability failover for all production systems and appropriate testing and development environment infrastructure. Please contact us for a complete review of the technology required.

6) What are the program's operational costs?

Our annual operating budget is approximately \$3 million which includes \$2 million in salary and wage costs and 1 million dollars in technology and systems support.

7) How is this program funded?

This program is funded through the Department of Civil Service Budget and the savings achieved through the reduction of Human Resource Office Positions, which are collected through user fees charged back to the Departments and Agencies affected by the reduction in positions.

8) Did this program originate in your state?

While the concept of a centralized call center did not originate in our state, we believe that our project and implementation approach in terms of conceptual development, planning, implementation and rollout is a model that other organizations would benefit from referencing in similar projects of their own.

9) Are you aware of similar programs in other states?

No.

10) How do you measure the success of the program?

Our success can be measured in a number of ways. First, we consider the program to have been successful in that it was brought online ahead of schedule and under budget. In fact, 65% of the service center customers were provided access to the system ahead of schedule and the remaining 35% were brought online on their scheduled production dates. Additionally, our group insurance open enrollment, the first production content area supported by our customer service representatives, flawlessly handled up to 8000 calls with approximately 6000 transactions performed in the first month, a volume previously handled by the HR offices across all departments.

The continuing success of the program is measured through customer satisfaction and service level metrics identified as critical success factors for the project, and program. These service objectives include percentage of resolution on the first call and response to customer needs inside of thirty seconds. Further success has been demonstrated by the recognition of the quality of service we are able to provide. Quantified measures of our success include statistics such as:

- An exceptional rate of return for satisfaction surveys
 - 96% of respondents satisfied, or very satisfied, with their experience
- All cases closed within service level target time frames
- An average of 8,000 calls and transactions per month
- Up to 1,000 calls in a single day during high activity periods, such as benefits open enrollment
- A call abandonment rate that averages 1%, independent of call volumes
- A fourfold increase in the use of enhanced employee self-service, using the internet/intranet gateway

Finally, the fact that we have been able to transition to a centralized model, save \$2 million in our first year of operation as projected, reduce the overall number of HR positions and exceed quality targets, all serve as indicators that this project was well planned, effectively designed and carefully executed, resulting in a best in class Service Center.

11) How has the program grown and / or changed since its inception?

As we have gained experience with the processes planned for MI HR, we have transferred additional support capability and responsibility to the center. Support for employee inquiries related to a statewide dependent audit and responses to retiree benefit questions including implementation of Medicare Part D coverage are examples of added responsibilities. We have also begun to explore the use of electronic document management within the service center, pilot testing a post process document storage and retrieval system so that it can be included within processes, where appropriate. This pilot has allowed us to deploy additional technology in a well defined production environment which will in turn allow us to identify new process efficiencies that will ultimately lead to simpler data management and make access to information faster and more seamless.