

HR Six Sigma Case Studies

Project Title		IS Services Provisioning	
PROJECT INFORMATION			
Process To Be Improved	The process of defining, delivering and implementing technology equipment and systems access to meet specific user requirements. Provide new users with all electronic tools and system access necessary to perform their job duties.		
Problem Statement	Many times a new person starts their work without the proper equipment or system access. Our mission is to provide the person with all the tools necessary to do their job on the first day of their job.		
Business Case	We have projected over 40 new hires in the next 6 months. If we were to delay giving people access for 5 days upon joining the company we will lose 200 days of optimum productivity		
Goal Statement	The goal of this project is develop a process, within 4 months, that ensures that that all new employees have all tools necessary for them to perform their duties on the first day of their job.		
Project Scope and Boundaries	We will look at the process of identifying the proper equipment, the lead time available necessary to provide the equipment and the acknowledgement process of user satisfaction. This project will include new employees hired within the US for 4 locations. While these processes should be extendable to other company locations, those locations are not part of this project scope.		
Benefits to Internal and/or External Customers	By providing people the proper equipment and access, they should be able to perform their duties.		
GOAL ALIGNMENT and SUCCESS CRITERIA			
Business Objective (Strategy Plan Goal)	Project Contribution		Success Metric
Eliminate cost	Elimination of wasted time waiting for proper IS tools, services and system access to perform job functions.		Measure days difference between new team member start date & installation help desk ticket close date
BUSINESS IMPACT AND OPPORTUNITIES			
Metrics	Baseline	Goal	Quantification (\$)
Time	New employee receives new systems on the average, 11 days after their start date.	New employees receive all systems setup and security within 5 days of start date.	\$17,000 annually (based upon initial assessment of 80 new employees per year, saving about 2 days of productivity per team member
SUMMARY OF BUSINESS RESULTS			
<ul style="list-style-type: none"> ▪ The average new employee did not have a computer system for the first 11 days after they started. Assuming a new team member without a new computer is only 50% efficient, and that the company hired 43 new employees between February 2004 and February 2005, this translates into about \$73k of lost productivity time. (43 members * 50% efficient * 11 days * \$28.85/hr * 8hr/day * 35% benefits cost) ▪ Measurements after the project implementation show an average wait time for a new team member to receive their computer system and sign-on id is about 3 days. This is a reduction of 8 days. Projecting 80 new hires during the next fiscal year, the projected FY06 cost saving is \$91k, and the annualized cost saving impact is \$99k. (80 members * 50% efficient * 8 days reduced * \$28.85/hr * 8hr/day * 35% cost of benefits) ▪ Not included in these results are internal customer satisfaction with an unmeasured result on employee retention, other departmental resources involved in supporting a new employee before they have the needed IS tools, the cost of duplicated help desk calls or tickets to check on the status of a submitted CSSR, and the internal IS cost to setup temporary systems if the hiring manager did not order a new system with sufficient lead time (usually only done for director level positions and above). 			

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Project Title	Improve New Hire Satisfaction (Reduce New Hire Turnover)		
PROJECT INFORMATION			
Process To Be Improved	Orientation and On-boarding Processes		
Problem Statement	Turnover of managerial new hires exceeds X% within the first two years of employment jeopardizing our success in achieving our strategic objective of attracting, developing and retaining quality people.		
Business Case	<p>Improving new hire satisfaction accelerates new employee engagement and is a critical factor in retaining new employees. Although improving internal customer satisfaction is the primary objective, improvements should also have a positive effect on turnover.</p> <p>Improving these processes will have a long-term impact on our ability to attract, develop & retain quality people) and provide with a more stable bench from which we can achieve the 5 year goal to fill 90% of our openings internally.</p>		
Goal Statement	The goal is to improve overall new hire satisfaction of these processes by 20%.		
Project Scope and Boundaries	<p>The project will focus specifically on improving Senior Professional and Managerial turnover in North America by improving the job specification and selection & assessment processes. In doing so, the Company will realize hard dollar cost savings through reductions in recruiting expenses as well as other related soft dollar costs.</p> <p>In conjunction with the activity previously stated, we will also focus on the identification of quantifiable, hard dollar costs associated with the recruiting, assessment & selection processes for salaried team members in North America. Other costs associated with salaried turnover will also be identified with improved HR practices reducing overall turnover and the related soft dollar costs. This data will be used to determine the true cost of turnover.</p>		
Benefits to Internal and/or External Customers	The Company will benefit from the accelerated engagement of employees, which should positively affect retention and turnover related costs. Internal customers, new hires, will benefit from an immediate affirmation of their decision to join the organization and improved morale through improvements in understanding of the Company and its strategies.		
GOAL ALIGNMENT and SUCCESS CRITERIA			
Business Objective (Strategy Plan Goal)	Project Contribution	Success Metric	
Attract, develop, and retain the resources needed to drive the strategic plan.	Accelerate the contributions of new team members.	Satisfaction levels from employee surveys.	
BUSINESS IMPACT AND OPPORTUNITIES			
Metrics	Baseline	Goal	Quantification (\$)
New Hire Satisfaction Retention Rates	X% of new hires satisfied with orientation and Onboarding process.	X% improvement in the number of new hires satisfied with orientation and Onboarding processes.	Improving new hire satisfaction should accelerate employee engagement and positively affect retention rates. With each incremental improvement in turnover, approximately \$X in turnover related costs are avoided.

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SUMMARY OF BUSINESS RESULTS	
X% improvement in percentage of new employees satisfied with the orientation and on-boarding processes. Based on best practices and customer feedback, developed & implemented enhanced processes including induction, orientation, on-boarding & exit interviews.	

Project Title	
Reduce Time to Hire	
PROJECT INFORMATION	
Process To Be Improved	Salary Recruitment and Selection Process for both internal and external hires
Problem Statement	Need to reduce the amount of time it takes to fill open requisitions. Currently all areas of the organization are resource constrained. This contributes to turnover, which consequently increases the problem.
Business Case	The organization is currently resource constrained and facing a future supply shortage of skilled professionals as the Company grows in the midst of an overall economic recovery. Failure to meet our professional staffing requirements will affect our ability to meet our strategic goals. Improving Time-to-Hire metrics will contribute to accelerating achievement of strategic business goals.
Goal Statement	The goal is to reduce the time-to-hire for professional salary positions by 10% by the end of this calendar year.
Project Scope and Boundaries	Will look at elements of the recruiting process to include staff planning, recruiting, assessment, selection and placement. The process window addressed will be from the time a signed requisition is received in Human Resources until an offer is accepted by a new hire.
Benefits to Internal and/or External Customers	Salary Recruitment and Selection Process for both internal and external hires

GOAL ALIGNMENT and SUCCESS CRITERIA		
Business Objective (Strategy Plan Goal)	Project Contribution	Success Metric
<i>Attract, develop, and retain the resources needed to drive the strategic plan</i>	<i>Will accelerate the placement of qualified resources where needed to accomplish corporate objectives</i>	<i>Time-to-Hire will be based on the actual time from receipt of requisition to successful placement.</i>

BUSINESS IMPACT AND OPPORTUNITIES			
Metrics	Baseline	Goal	Quantification (\$)
<i>Time-to-Hire Cost-to-Hire New Hire retention Source Effectiveness Recruitment Activity</i>	<i>Current Time-to-Hire baseline estimated at 89 days per Applicant Tracking System Report (Needs to be validated)</i>	<i>A 10% reduction in average Time-to-Hire by December 31</i>	<i>Based on the formula: Annual Revenue Divided by total number of employees Divided by 250 days = Daily Revenue per employee. A 10% reduction in Time-to Hire would yield \$1563/ day * 9 days could have yielded a \$14067 cost opportunity per Requisition</i>

SUMMARY OF BUSINESS RESULTS	
The total cost impact or profit opportunity related to the reduced Time-to-Hire for these requisitions in comparison to a baseline of 79 days using the profit calculation of \$35/day equates to \$67,270.	

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Project Title	Benefits Cost Reduction		
PROJECT INFORMATION			
Process To Be Improved	Employee Wellness		
Problem Statement	A medium sized manufacturer was forecasting a significant change in their ability to maintain exiting benefits levels due to projected benefits costs increases. Benchmarking had shown that cost sharing or plan changes did not actually reduce costs. Employee Wellness programs were the only initiatives that have shown the ability to actually reduce or maintain benefits costs.		
Business Case	Employees at the firm did not have any premium cost for their benefits, a situation which the business owners did not want to change. This level of benefits was a clear advantage in the labor marketplace and was a long time commitment for the company. At the same time, profit margins were being squeezed due to increased competition and materials costs increases.		
Goal Statement	Maintain or reduce the overall cost of employee benefits without changing the premium cost to employees.		
Project Scope and Boundaries	Implement a wellness program. Assess the drivers of benefits costs and implement long-term solutions. Involve employees. Maintain self-funded status of benefits programs.		
Benefits to Internal and/or External Customers	Maintain profit margins. Maintain employee's cost of benefits.		
GOAL ALIGNMENT and SUCCESS CRITERIA			
Business Objective (Strategy Plan Goal)	Project Contribution	Success Metric	
<i>Reduce costs</i>	<i>Improve the Wellness of employees to maintain benefits at an affordable level.</i>	<i>ROI on the Wellness Program</i>	
BUSINESS IMPACT AND OPPORTUNITIES			
Metrics	Baseline	Goal	Quantification (\$)
Wellness ROI Employee Satisfaction and Involvement Health Risk Factor Reduction	<i>Previous year benefits claims and Health Risk Assessment results</i>	<i>Maintain or reduce benefits costs</i>	<i>Internal Rate of Return that meets or exceeds the company's hurdle rate for investment</i>
SUMMARY OF BUSINESS RESULTS			
After the first year of the Wellness program, benefits costs declined allowing the company to maintain benefits at no premium costs to employees. Significant reduction in health risk factors identified in the HSA. 99% employee involvement. Attendance improved. Return on the investment in Wellness exceeded the company's IRR standard.			