EmploymentHero

The HR Manager's Ultimate Guide to Choosing HR Software

HOW TO CHOOSE THE BEST HR SYSTEM FOR YOUR NEEDS

Contents

Introduction

The humble spreadsheet has long been one of the most utilised business tools across every business department. That's not to say that it is the best option for everything. In fact, these days, the spreadsheet is far from the best choice when it comes to strategically managing the workforce.

If your primary role is HR, your number-one goal is to ensure a productive work environment with happy, engaged workers.

Typically however, endless administration and spreadsheet wrangling end up consuming most of your day, making it nigh-on impossible to focus on the strategic projects needed to position your company as an Employer of Choice.

In fact, if any of the challenges below sound familiar to you, it is likely you're rarely getting to focus on the essential growth and retention of valued employees:

1. I have no dedicated HR resources

In smaller businesses, HR is usually a constituency of one, which means you spearhead recruitment, maintain employee records, handle time and attendance tracking, act as a conduit with payroll/benefits, and drive the performance review process.

On top of this, you need to keep up to date on continuous regulatory changes as well - and we all know how easy it is to miss important updates and changes to legislation that can put your business at risk, when we're swimming in administrative work.

2. I use error-prone paper and spreadsheets

As the bedrock of compliance, accurate record keeping is essential. But spreadsheets and paper-based systems make it super easy to make mistakes, experience version control issues and become exposed to legal issues, without even knowing it.

Compliance Quiz:

Are you at risk of non-compliance? The scary thing is, sometimes you can be, but not even know it!

If you can't confidently answer 'yes' to the following questions, it's a sure sign that you need to take action - and soon.

○ **Employment contracts:** Are your Employment Agreements up to date with current legislation? Have you reviewed them in the past twelve months?

○ **National employment standards:** Are you certain your employees' pay, leave entitlements and other conditions meet minimum employment standards?

○ **Workplace policies:** Do your employees know where and how to access your organisation's employment, and health and safety policies? And do you have records to prove that your employees have read and acknowledged them?

○ **Time and attendance:** Do you keep up-to-date records of every employee's pay and time worked?

○ **Awards compliance:** Are you confident that you are correctly calculating holiday pay, and properly including any bonuses, commissions or other benefits in your calculations?

If you think you may be at risk of making these common HR mistakes, download our Essential Guide to HR Compliance - or better still, get a demo of our software which has built-in features to help keep you compliant.

3. We don't have clear development plans for our employees

Career development is a major driver of employee engagement and productivity. So, it's important to help employees progress in their careers and develop new skills.

Without career development plans or a formal performance management system in place, it's impossible to build a culture of consistent improvement that helps you retain and develop top talent.

4. We've got massive gaps in our benefit offerings

A strategy for investing in talent and building an attractive work culture is needed for small businesses to retain superstar employees. This one is a business killer if not done right.

While it can be challenging to find time to implement competitive employee benefits and drive cultural participation, the lack of these can result in employee turnover. This is a vicious cycle that then creates more work for you and others in the company when needing to recruit and re-train key staff members.

If you recognise yourself and your company in these pain areas (and we're willing to bet that you do), it is time to take care of the big problem, so the little problems can take care of themselves.

It is time to find software that can help.

What can HR software actually do?

One of the benefits HR managers cite when ditching manual processes and spreadsheets in favour of HR software, is just how much time it saves them and the business.

"Employment Hero has freed up precious staff time spent preparing and managing the payroll function. This is particularly important in a small organisation like Intech Credit Union, where resource time is a precious commodity."

- Mark Harrison, Intech Credit Union

"Employment Hero has been one of the best business decisions we have made. By moving to Employment Hero's cloud-based system, we can easily ensure the compliance of all staff and their commitment to our policies and procedures. We've been able to simplify our processes and save time spent on unnecessary HR admin."

- Dee Cooke, Essential Skills Training & Recruitment

"We now have one unified system that eliminates duplication and double-handling. As you can imagine, this has freed up time that we're now redirecting to other areas. For instance, the human resources team can now focus on recruiting high quality staff, placements and staff development."

- Nicholas Luhman, Stedmans Hospitality

But HR software does so much more than just save time. Any system worth its salt gives you actionable business insights that you can use to optimise productivity, and more.

Imagine, just for a moment, if you could do all of this, without adding to your current workload:

- Provide a range of self-service options for employees such as onboarding, updating of personal information, and requesting time off

- Increase data safety and security

- Automate time-consuming HR functions and free your managers from repeatable, manual tasks so they can focus on strategic business initiatives

- Reduce the impact of human error in HR systems

- Simplify the compliance process

- Use HR metrics to study complex issues such as turnover rates and hiring costs without spending days pulling reports

- Improve the effectiveness of performance reviews and manage talent proactively

- Streamline communication and approvals

- Reduce paperwork and increase manager access to stored electronic files

How to know which system is right for you

It is easy to see that developing transparent, simple processes using HR software can help you significantly reduce your admin burden.

With automation, the need for double-keying and manual reconciliation is reduced if not eliminated altogether, minimising the potential for errors and allowing those who are managing staff to get on with value-adding activities.

But how do you actually choose a system that is right for you? One that is easy for you to implement, and doesn't interrupt BAU during change-over?

We know - this can be a daunting decision. But help is at hand! This guide will take you through the steps to documenting your requirements, shortlisting your systems and ultimately choosing the right HR system for you and your business.

Ready? **Let's get started.**

Step 1: Document your requirements

It's important that you take the time to fully flesh out your requirements as it will make your buying process easier. It's also important to invest in HR software that not only meets your current needs but will also meet the future needs of the business. So, bear in mind where the business is heading over the next three to five years before you start putting together your wish list.

Then, create a firm list and circulate it among the decision-makers. This prevents the starry-eyed love-fest that tends to happen when you start reviewing what's on the market only to find that your one true love is wayyyyy out of your budget, or doesn't offer compliance to regulations in your region.

Consider the following questions:

- How do you want to improve your HR process?

- What business challenges must the new software solve?

- What new features or functions are you likely to need in the future?

Our tip? Create a (last ever?) spreadsheet. In the far left column, document your *Must-Haves* first. Under that, your *Nice-to-Haves*, including potential future requirements, and under that, leave space for the *Nice Extras this Software Offers* that you hadn't previously thought of. You can fill this out as you go through the demo process.

Meanwhile, label your columns with your shortlisted HR system, and next to each, a score out of ten for how well and easy-to-use its features are in your required, nice-to-have and surprise items.

This makes the whole process much more quantifiable and should result in an easy decision, come the end of the process.

	[HR Sytem 1]	[HR Sytem 2]	[HR Sytem 3]
Must-haves			
List your non-negotiable features that you absolutely must have today.			
[Feature 1]			
[Feature 2]			
[Feature 3]			
[Feature 4]			
[Feature 5]			
Nice-to-Haves			
List the features you'd like to have, but are not deal breakers. Include potential future requirements.			
[Feature 1]			
[Feature 2]			
[Feature 3]			
[Feature 4]			
[Feature 5]			
Nice Extras we hadn't thought of			
List the nice features you discover during demos that you hadn't previously though of. Fill this in as you conduct your demos			
[Feature 1]			
[Feature 2]			
[Feature 3]			
[Feature 4]			
[Feature 5]			

While we're setting up your requirements scorecard, let's just review some of the things you may want to include:

i) Compliance	Score
If compliance is keeping you up at night, look for software that helps you mitigate your risk. This means ensuring your vendor complies with all necessary employment legislation and workplace regulations for your region. This means core functionality should enable the following:	
Secure, self-updating employee records/database	
Secure, permission-based storage of HR documents	
Automated HR workflows	
Easy time and attendance tracking	
Automated benefits administration	
Employee self-service	
Powerful reporting that is easy and quick to use	
Integrated payroll (or a system that integrates with your existing payroll system)	
Applicant tracking and management	

	Score
Onboarding	
Awards compliance	
Benefits administration	
Quick implementation	
Scalability to accommodate future business growth	
If you're hoping to use your HR software in a more strategic way, you should include these items on your must-have list:	
Training and development tools	
Performance management	
Career Planning	
Succession planning	
Sophisticated analytics tools	

ii) Employee Self-Service	Score
Self-service functionality allows your employees to perform routine HR tasks. This includes updating personal details, as well as acting upon HR documents – such as viewing and acknowledging workplace policies. By reducing your employees' reliance on you to perform administrative support tasks, you cut costs and response times while improving efficiency, productivity and compliance. Plus, with employee self-service, your managers can make certain decisions regarding their team, such as approving requests for annual leave or training. This means approvals are more relevant to the person in question, and a lot quicker too!	

iii) Easy Integration	Score
Not all HR software is created equal. To ensure whole-of-business reporting, interoperability between business systems is vital. This goes beyond a simple file export to your payroll system. True system integration means your data can be automatically synchronised between your HR, payroll, time and attendance, accounting, and other business systems. In this way, you can be sure that information is accurate, and updated in real-time across your business systems. This will minimise human errors and enable you to put maximum trust in your data.	

iv) Implementation Methodology	Score
Unless you have one set of remuneration rules for all your employees, you will need some assistance with the initial integration and configuration of your HR software. Without assistance from an experienced team, your implementation may result in undue headaches, project timeline extensions, incorrect compensation or accruals - or ultimate failure because the HR system was not setup properly in the first place. Find out what kinds of implementation support your vendors offer, and the time they predict it will take to get you up and running.	

v) Service and Support	Score
It's important to make sure that the vendor of the HR software you choose is a big believer in customer service excellence - but don't just take their word for it. Find out what training and support is included and ensure the support hours they offer reflect the Australian working day. Scan through testimonials and customer reviews for how they treat their customers.	

vi) Usability	Score
Usability is a major factor influencing the return on investment. The HR software must be intuitive and easy to use. Otherwise, it'll be difficult to persuade your workforce to adopt it. The easiest way to check for usability is to take a free trial, and have a number of key users demo of the software for themselves.	

vii) Mobility and Accessibility	Score
These days, it's so important that the solution you choose allows you and your workforce to access it on the go, whether at the office or beyond. This generally makes a cloud solution much more attractive than an on-premise option. It also means you should check out compatibility with mobile devices or availability of a usable mobile app.	

viii) Security	Score
HR data is highly sensitive, so it's critical that HR software offers bank-grade security features. Opt for software that includes encryption and dynamic role-based security to protect the data from external threats as well as unauthorised internal users.	

ix) Analytics	Score
Look for HR software that delivers all your reporting needs, and one that allows you to create reports on the fly. Reporting tools should give you a complete picture of your company's people and provide you with the data you need to participate in strategic planning, without you having to dig for days. Ideally, you can evaluate trends, examine benefit programs, assess talent management needs and plan and budget for the future, all at the press of a button.	

x) Affordability	Score
Affordability often comes hand-in-hand with cloud HR software as it enables you to take advantage of scalable pricing. Plus, the cloud helps eliminate the costs of expanding infrastructure and overcomes the need for downtime since everything is run with the latest updates in the cloud. This allows your business to adapt quickly by adding new applications or storage as and when you need it. All without having to purchase and manage servers.	

xi) Australian	Score
The HR system you choose should comply with Australia's employment legislation. It's important that any new workplace regulations are reflected in the HR content.

These are just some of the major things to consider when pulling together your requirements. When you think you've got them down, you can move on to the fun bit - researching and shortlisting your vendors! | |

So now you have your requirements checklist. What next?

Now it's time to see what's out there. Here are some useful steps to getting a comprehensive view for due diligence.

Step 2: Research and shortlist the HR systems that best meet your needs

A good online search should give you an idea of the number of local and suitable vendors around. HR peers are also a great source of advice in this area. Remember to compare at least three platforms, checking each against your must-have requirements.

When you've identified potential software (because it ticks all your boxes), start contacting the companies to request software demonstrations. Use this stage of the process to drill down and explore the functionality in depth. Also, remember to ask for a demonstration of things you want to do in the system - to check how easy (or otherwise) it is to use.

Remember at this stage to invite key decision-makers, users and stakeholders into the meetings. Consulting your key users in the process ensures you've got buy-in, but it also makes your decision a whole heap easier.

To save you time in this process, we've drawn up a list of top HR functionality offered by Employment Hero, which you can use to compare Employment Hero against other cloud HR options.

	Employment Hero	Vendor 2	Vendor 3
Compliance			
Compliant employment contract templates Updated to stay compliant with the most recent Australian employment legislation	✓		
E-signature For employment contracts and other HR docs	✓		
Standard HR letters and notification templates Eg. letter of resignation, notification of pay increase, probation period, etc.	✓		
Compliant with Australian legislation	✓		
Workflow Enforce compliance through rules-driven processes (eg. automated approvals, reminders, escalations, etc.)	✓ Standard Package		
HR knowledge base specific to Australian legislation	✓ Standard Package		
Policy templates Eg. harrassment, social media, code of conduct, etc.	✓ Standard Package		
Policy distribution and acceptance tracking	✓ Standard Package		

	Employment Hero	Vendor 2	Vendor 3
Onboarding			
Letters of offer Prepared, sent, and received automatically and digitally	✓		
Employment contracts Option to create or use compliant templates	✓		
Electronic signatures Offers accepted online	✓		
New employee onboard status Tracked in real-time, with the ability to send reminders	✓		
Paperless onboarding	✓		
Rehiring processing Easily process employees who rejoin the business	✓		
New employee onboarding checklist	✓ Standard Package		
Induction content Eg. Company values, company handbook, welcome video	✓ Standard Package		

	Employment Hero	Vendor 2	Vendor 3
Performance Review			
Develop cascading goals KPIs and business goals	✓ Premium Package		
Review periods Reminders and structured plans	✓ Premium Package		
Employee performance review templates	✓ Premium Package		
Rating scales To identify areas where employees are excelling or need improvement	✓ Premium Package		
Employee and/or manager ratings	✓ Premium Package		
Performance reviews Customisable review components (eg. values and goals), and automated performance review workflows (eg. when self-assessment is complete, it is automatically sent to the manager, and the manager is asked to fill in their assessment)	✓ Premium Package		

	Employment Hero	Vendor 2	Vendor 3
Reporting			
Workforce snapshot reporting Real-time dashboard on things like gender diversity and employment status	✓ Standard Package		
Timesheet reports	✓ Standard Package		
Leave reporting Calendar view of who is on leave in your team	✓ Standard Package		
Audit trails Granular tracking (eg. number of new starters, terminated employees, changes in bank details)	✓ Premium Package		
Custom Reports Export a report of any fields in the employment file	✓ Premium Package		

	Employment Hero	Vendor 2	Vendor 3
Employee Self Service			
Employees can access and update the following on their own and without contacting HR:	✓		
Personal details (eg. address, emergency contact)	✓		
Bank details	✓		
Tax declaration and superannuation	✓		
Passport and visa details	✓		
Licences (eg. driver, forklift)	✓ Standard Package		
Leave requests Employees can request leave based on a forecasted leave balance	✓ Standard Package		

	Employment Hero	Vendor 2	Vendor 3
Workplace Health and Safety			
Incident reporting to identify any possible OH&S issues	✓ Standard Package		
Medical disclosure for pre-existing injuries, illness, medical conditions or allergies and prior workers' compensation claims	✓ Premium Package		
Time and Attendance			
Timesheets Line-based or weekly entry automatically sent to the appropriate manager	✓ Standard Package		
Rostering Smart rostering that allows you to assign skills, input availability, and allow the system to recommend the right people for each shift.	✓ Premium Package + payroll		
Award interpretations Enforce various work rules to each employee's start and stop times so that they can be automatically interpreted into each individual payroll element	✓ Premium Package + payroll		

	Employment Hero	Vendor 2	Vendor 3
Other			
System Integrations	Payroll integrations include MYOB, Xero, and KeyPay		
Service and support	Employment Hero offers free support in the implementation process during AEST business hours, so that you can hit the ground running sooner.		
Compliance	Kept up-to-date with latest Australian employment laws		
Security	Employment Hero runs on Amazon Web Services technology which is backed by AWS's 99.99% uptime service level agreements.		
Mobility and accessibility	Free mobile app available for all users, including employees. Access the Purchase Power Survey to get best employee benefits or approve leaves – all in few quick taps. Android & ios ready.		
Usability	Employment Hero is intuitive and easy to use. And if you get stuck, there are heaps of training docs online.		
Scalable pricing	Affordable pricing that scales to your business needs. All the way from fremium to $1 or $8 per employee.		

Remember to keep filling in that all-important spreadsheet with your comparison information as you go, and by the end of your demo you should have a pretty good idea of which vendor will deliver the goods.

Step 3: Pre-qualify your best-fit vendors

Once you're ready to shortlist your top fits, ask for some references. These can help you to understand the warts-and-all experiences of the system, instead of just what you've been shown. They can also help you plan efficiently for implementation and uncover any watch-outs for deployment.

Typical questions you should ask a vendor's referee include:

- What other HR systems did you consider?
- Why did you decide to go with this system?
- How easy or difficult was the implementation process?
- Was the project completed on schedule?
- How long did it take for your employees to get up and running on the new system?
- Would there be anything you'd do differently now that you know how to onboard onto the system?
- How was the quality of the training and support?
- Have you had any major problems with it since you implemented it?
- Does it work the way you expected?

Be sure to listen to the answers you are given and compare with other responses you receive from other referees.

Step 4: And the winner is....

Now you've done all of your due diligence, the fun part is choosing the system that is right for you!

Remember to check all the fine print in your contracts to make sure there are no cheeky hidden costs.

Then, tell your vendor the good news and find out when you can get some implementation resources, and what your first steps are for deployment.

Conclusion

If you've had it with spreadsheet wrangling (or worse - a clunky legacy system) - and the errors and risks that plague them, then it's time to look for software that is built with your specific needs in mind.

There are now some amazing all-in-one solutions that offer nearly everything you need to manage your people along with the services and ongoing support to help you become an employer of choice.

With these complete HR solutions, you'll be able to streamline HR processes, enhance productivity, increase efficiency, lower costs, and empower employees.

Plus, now that you have cloud options with flexible pricing, secure data, and all of the functions you need, there really is no excuse not to be strategic in your HR practices.

Go on, become an Employment Hero, and put your HR fires out, once and for all.

Free Demo

Employment Hero offers an all-in-one solution to remedy common HR pain points. Free yourself from endless HR admin, and instead, spend time on HR initiatives that will really set you and your business apart.

Want to see how Employment Hero can help you?

Request a demo

http://bit.ly/EHDemo