

Cost Management for HR Executives

The COVID-19 crisis has amplified the need for companies to better understand and manage costs throughout the organization. Many HR Executives are wrestling with the need to reduce costs immediately and to operate with a stronger focus on their cost management going forward, without having a negative impact on the quality of services they deliver.

HR Executives must take a critical look across all aspects of the HR function and identify areas where costs can be optimized. Doing so will enable more proactive planning for cost reduction opportunities today and in the future, and will allow for more control over the specific changes that must occur.

Jabian has a multi-phased HR Cost Management approach to evaluate all HR capabilities to determine where savings are possible, to prioritize savings opportunities, and to develop and implement action plans to capture the identified savings.

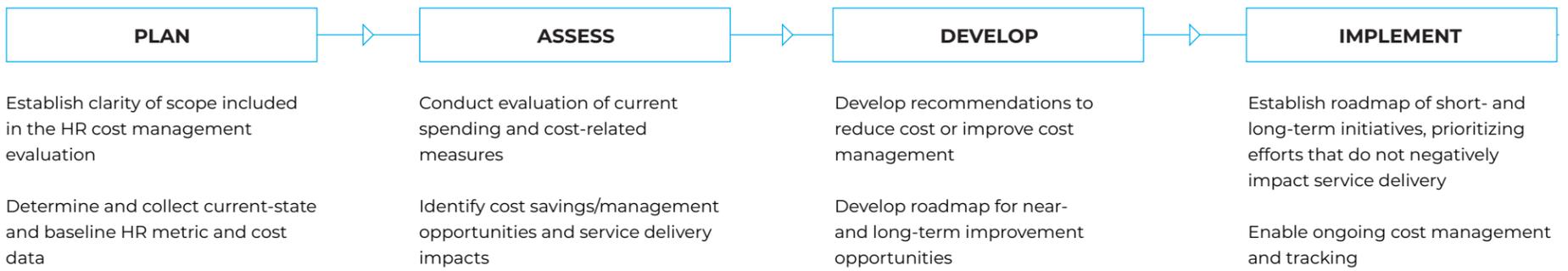
PHASE 1: HR RAPID COST ASSESSMENT

This HR Rapid Cost Assessment identifies the need to dive deeper into your HR capabilities to detect and execute potential cost savings opportunities.

| | | NEVER | RARELY | SOMETIMES | OFTEN | ALWAYS |
|---|---|-------|--------|-----------|-------|--------|
|  <p>HR STRATEGY</p> | How frequently is your HR strategy assessed to determine alignment with overall business strategy? | 1 | 2 | 3 | 4 | 5 |
| | Do I know when to start cost-cutting measures in HR, when to stop, and how deep to cut? | 1 | 2 | 3 | 4 | 5 |
| | Are mechanisms in place to ensure HR costs are measured and managed effectively? | 1 | 2 | 3 | 4 | 5 |
| | Are executives adequately held accountable for controlling HR costs? | 1 | 2 | 3 | 4 | 5 |
| | Are incentives designed to reward those who best manage costs without having a negative impact on HR service delivery? | 1 | 2 | 3 | 4 | 5 |
| | Are HR metrics clearly defined, measured, and factored into performance management activities? | 1 | 2 | 3 | 4 | 5 |
|  <p>HR OPERATIONS & ADMINISTRATION</p> | Do I have a full view of costs: where every dollar is being spent, by whom, and for what? | 1 | 2 | 3 | 4 | 5 |
| | Are HR costs broken down by organizational entity, function, and role? | 1 | 2 | 3 | 4 | 5 |
| | Do I know how much of the HR costs are fixed vs. variable, and how much is committed vs. uncommitted? | 1 | 2 | 3 | 4 | 5 |
| | Do HR systems and architecture provide automation or innovation that are currently untapped and result in manual effort? | 1 | 2 | 3 | 4 | 5 |
|  <p>TALENT ACQUISITION</p> | Are open roles scrutinized for criticality to the business, and are non-critical roles deprioritized? | 1 | 2 | 3 | 4 | 5 |
| | Are opportunities to redeploy talent considered before new roles are opened for hiring? | 1 | 2 | 3 | 4 | 5 |
| | Do we understand the cost associated with recruiting the talent we need for the future? | 1 | 2 | 3 | 4 | 5 |
|  <p>TALENT MANAGEMENT</p> | Have key roles been identified and retention strategies developed for the talent in those roles critical to the business? | 1 | 2 | 3 | 4 | 5 |
| | Is the company's attrition rate at the appropriate level to drive results and innovation? | 1 | 2 | 3 | 4 | 5 |
| | Does our talent strategy provide a motivating path for key talent to grow? | 1 | 2 | 3 | 4 | 5 |
| | Are we leveraging a contingent labor pool effectively and cost efficiently? | 1 | 2 | 3 | 4 | 5 |
| | Is HR managing wellness programs to keep employees physically and mentally healthy? | 1 | 2 | 3 | 4 | 5 |
|  <p>HR POLICY & PROGRAMS</p> | Are there opportunities to centralize sourcing and contracts to improve management of HR vendors (e.g., condense # of HR vendors, renegotiate contracts)? | 1 | 2 | 3 | 4 | 5 |
| | Are our compensation and benefits policies cost effective while allowing us to compete in the market for top talent? | 1 | 2 | 3 | 4 | 5 |

PHASE 2: POST-ASSESSMENT APPROACH ON HR COST ASSESSMENT

After the initial assessment, a thorough analysis of your HR capability areas is required to determine how and when to act on potential cost savings measures. While the HR Rapid Cost Assessment may provide companies what they need to initiate a cost takeout program in-house, others may require additional support. Jabian is prepared to partner with these companies to evaluate HR programs, costs, metrics, and value provided across all identified areas. Jabian will develop a robust roadmap of prioritized short- and long-term cost savings opportunities.



HOW JABIAN CAN HELP

Jabian can help organizations evaluate cost reduction and cost management opportunities within your HR functions. Our assessment approach enables us to partner with clients to create a roadmap to implement, either with or without Jabian's support.

COST REDUCTION TRIGGER

Has the COVID-19 crisis triggered the need to explore cost reduction or cost management opportunities within your HR organization?

Jabian is an expert at partnering with clients to identify and deliver short- and long-term cost reduction goals, while minimizing the impact on the quality of services delivered.

PHASE 1: HR RAPID COST ASSESSMENT

Assess your HR capabilities with the HR Rapid Cost Assessment to identify areas of savings.

HR Rapid Cost Assessment

PHASE 2: HR POST-ASSESSMENT

Client-Guided Solution: Jabian provides the client with a high-level summary of short- and long-term cost savings and cost management recommendations.

Jabian Support Solution: Jabian partners with clients to develop recommendations and execute implementation plans to achieve identified short- and long-term cost savings.



HR Cost Reduction Recommendations



THE VALUE OF HR COST MANAGEMENT

During these unprecedented times, HR Executives must be proactive in identifying opportunities to better manage the costs of their HR organization. By implementing Jabian's multi-phased HR Cost Management approach, you will be best positioned to:

- + **Control your own destiny:** By taking a critical look across all aspects of the HR function and being aggressive in identifying areas where costs can be reduced or better managed, you will be more targeted in your cost-reduction efforts and avoid a broader cost-reduction efforts that results in negative impacts on the business.
- + **Maintain quality of service delivery:** Understanding where savings are most feasible allows HR Executives to balance cost-reduction efforts with the goal of limiting negative impacts on the ability for HR teams to serve as more strategic business partners delivering high-quality and efficient services.
- + **Increase data-driven decision making:** Traditionally, HR organizations are less metric-driven than many other organizational functions which increases the challenge of making data-driven decisions around managing/cutting costs.
- + **Improve ongoing HR cost management:** By being strategic and thorough in this assessment process, HR Executives will be able to reduce costs today while improving their ability to better manage HR costs and justify HR spending after this crisis.

ABOUT JABIAN

Jabian Consulting is a strategic management and technology consulting firm with an integrated approach to creating and implementing strategies, enhancing business processes, developing human capital, and better aligning technology — ultimately helping clients become more competitive and profitable. Jabian blends functional expertise, industry knowledge, and senior experience to think strategically and act practically. It's a Strategy That Works®.

For more information, visit www.jabian.com

