

Case Study – Strategic Change Management

Operational Procedures & Practices

Client:

The Corporate Human Resources unit of a large global enterprise with representation in seventeen locations around the world, providing support to more than 25,000 employees

Issues:

The Human Resources function experienced considerable difficulty in retrieving employee information from its major operating units worldwide. A critical Internal Audit review in one of the firm's main offices noted significant inconsistencies in the collection and retention of personnel records, partly due to decentralized filing within each business unit. Information gathering checklists used by Human Resources did not provide sufficient evidence that required employee information setup procedures were followed. At some locations, personnel folder content standards and structure varied among individual folders and between operating departments. After corporate reorganization and several acquisitions, folders for redeployed internal staff as well as newly acquired work forces did not always meet basic information arrangement standards.

At times, administrators of the firm's business lines held on to original personnel data not otherwise accessible to Human Resources. Folders for terminated employees were often sent to storage without sufficient box indexing to facilitate tracking or retrieval. Service vendors also maintained on behalf of the client a range of original documents involving employee benefits, recruiting, and relocations. This information was kept in a variety of formats, databases and locations, raising questions about information protection, privacy, ownership, and availability. In addition, technological advances had moved a significant portion of the firm's employee information into new platforms and formats, leaving older data collections largely in hard copy. Fragmented and dispersed filing conditions made the client's position difficult to support when confronted with employee terminations or litigation, particularly with regard to expatriates where career documentation may have been filed in several different locations anywhere in the world.

Concurrently, new regulations for the retention and cross border sharing of personal data were being introduced in most European Union member countries and parts of the Asia Pacific region. These restrictions affected the company's ability to collect and maintain employee information in regional or globally centralized locations. Anticipated regional changes in Human Resources procedures therefore needed to demonstrate compliance with regulatory requirements in any given location. These considerations would impact directly on the implementation of a standard personnel folder structure and content requirements.

Methodology:

In 2001, the client engaged HMC to analyze present conditions for the collection, retention and dissemination of employee information globally. Also, the firm requested HMC to develop operational or regulatory recommendations to improve internal processes and procedures. This extensive project began at the client's European regional headquarters where Human

Resources maintained more than 7,000 active and inactive employee folders on site. HMC first investigated existing employee information filing requirements, folder conditions and procedures using a combination of staff interviews, random sampling of personnel folders, and meetings with local service vendors supporting the department. HMC then reviewed the structure, electronic forms, contents and reach of the client's global Human Resources Information System. Based on our findings, we proposed the use of a global Uniform File Classification (UFC) system as a guide for restructuring the contents of their personnel folders.

HMC conducted workshops with key Human Resources staff to reach consensus on a final version of the UFC. Separately, HMC also reviewed several implementation and compliance issues with management related to proposed best practices at the headquarters and in some of the client's European units. The Human Resources study continued with visits to several European offices to investigate their filing conditions and practices, as well as the potential applicability of the UFC. In late fall of 2001, HMC extended the same project process to Human Resources operations at the client's North American regional headquarters and some branch offices in the United States. Finally, similar investigations in 2002 were carried out in seven Asia Pacific locations.

Deliverables:

HMC provided the client with a draft global Uniform File Classification (UFC) system as the basis for organizing employee personnel folders throughout its worldwide operations. The UFC structure was easily modifiable to meet local filing requirements. HMC also provided a draft standard checklist for compiling required employee information at the time of folder setup and for ongoing maintenance. In addition, HMC delivered a comprehensive report at the end of each project module covering detailed findings, observations and field notes for each office surveyed. Recommendations and future project steps were outlined as well. Where personnel folders were maintained in hard copy format, HMC presented options for standardized file folder design and supplies. For the North American headquarters, where electronic filing procedures were anticipated, HMC drafted a functional specification for document imaging. Also for the United States operations, HMC presented a flowchart and a spreadsheet showing the distribution and locations of employee information owned by the client but in possession of four independent levels of service vendors without any direct accountability to the firm. Finally, HMC advised the client to keep only such employee information in their personnel folders as could be shared freely between the client's HR units globally.

Results:

The client adopted fully the draft set of Uniform File Classification (UFC) systems, checklists and procedures for use on three continents, becoming the basis for converting about 13,000 personnel folders to the standardized filing structure. At the European headquarters, 7,000 folders were put into the new file folder design and centralized in one file room where file protection and tracking capabilities were introduced for the first time. The client's North American operation created a digital archive containing electronic documents as well as scanned document images out of 4,000 hard copy files. In Asia Pacific, the majority of hard copy personnel folders were either centralized in space saving high-density file units, or placed in locked file cabinets in secure filing areas.