

HRO DATA COLLECTION GUIDE – PREPARING FOR A REQUEST FOR PROPOSAL (RFP)

INTRODUCTION

The HRO Data Collection Guide is presented by the HRO Today Services and Technology Association Thought Leadership Council for Better Practices as a peer-reviewed informational resource to help buyers better understand data collection as part of the HR outsourcing process¹. This document:

- Is not intended to be all-encompassing – needs vary by each buyer's service and organizational objectives (or situation) under consideration, procurement requirements, or specific vendor or service line requirements
- Does not replace the need for an HR sourcing advisor or consultant to assist with the consideration, preparation, and execution of the HRO vendor selection and contracting process
- Provides an overview and structure but is not intended to be a comprehensive list that replaces all elements of an RFP.

Detailed data about current HR costs, activity volumes, service performance, and use of staff resources is an important part of building a business case for the HR transformation process, and this is especially true when considering HR business process outsourcing. The business case should have both a financial and service quality level focus.

- A full year of data is ideal, when available, to use to baseline volumes and activities for most HR services.
- If insufficient data is available, a benchmark or estimate can be offered. It should be noted, however, that when there is missing

or estimated data, RFP pricing responses may change during vendor selection, due diligence prior to contracting, or in the first year of service.

The HRO Data Collection Guide provides an outline of the types of data that will be needed to prepare a Request for Proposal (RFP) that enhances the opportunity for service providers to respond with information that is appropriate and specific to the described business situation and needs.

By establishing a baseline of business volume, service quality and cost, it will be possible to achieve pre- and post- outsourcing contract measurement and monitoring of:

- Total cost of the provision of services
- End-to-end process performance
- Business impact.

For more information on the HR outsourcing process see the HRO Today Services and Technology Association Thought Leadership Council for Better Practices:

- ¹ HR Outsourcing – Making the Decision and Making it Work – overview of the HR outsourcing process from initial decision making to preparing for transition. This document can be found at <http://www.hrotoday.com/association> under the “tools” section.
- ² Service Catalog – detailed listing of the most commonly outsourced HR services with process definitions and key activities. This document can be found at <http://www.hrotoday.com/association> under the “tools” section.

DATA COLLECTION GUIDE

Define Scope

Define the scope of services, systems and processes to be included in the RFP to ensure complete data is collected.

- Most HR services (e.g., benefits administration, payroll, recruiting, etc.) have sub-processes and detailed activities; clarify which will be included for outsourcing and which will be retained in-house. Refer to the [Service Catalog](#)².
- Collect data for the end-to-end process including the components that will be retained to support decision making and pre- and post- outsourcing contract measurement and monitoring.

Data Types

Gather current and available historical detailed volume and activity data for the services under consideration for outsourcing.

HR Services

For illustrative purposes examples for several HR services are included to provide guidance on the type and detail level that will assist a vendor in understanding the current state of the services and provide realistic pricing information.

Workforce, Geographic Locations, Business volumes

- Volume of employees and participants by location/country
- Inventory of languages supported
- Current FTEs providing the services to be included in the RFP, by service line, and location/country. Include full time, partial FTEs, and contingent labor. (For the most

accurate assessment, include “shadow staff” that are known to be supporting the service process[es] even if not a part of the official headcount.)

- Business volumes (number of transactions expected) for each service. This often varies by geography/location and should be documented separately.

Recruiting

- # of requisitions opened per year
- # of internal transfers per year
- # of external sourcing events per year
- Average cost per hire (include cost per hire by type: exempt/non-exempt or management/non-management if available)
- # hires (by country and by level, e.g., non-exempt, exempt, and executive)

Payroll

- # of active employees paid (by payroll cycle; weekly, bi-weekly, monthly, etc., exempt and non-exempt)
- # of year-end forms per year
- # of year-end form corrections per year
- # of tax IDs (by federal, state/provincial, local/municipal)
- # of other activities per year (e.g., manual checks, garnishments, off-cycle pay runs, etc.)

Learning Management

- Provide a complete course list (by delivery mode and length, e.g., classroom, eLearning, instructor-led video/telecom, etc.)
- # of completed course hours by delivery mode
- # of enrollment events (by channel, online, phone, other)
- # of tuition reimbursement transactions
- # of hours of content developed internally (by delivery mode per year)

Reports and Policies

- What types of policies or practices that are globally or locally owned
- Describe flexibility for customization of policy (i.e. local level Vs. corporate)
- # of reports by month (% standard, % custom or ad-hoc)

Systems

- Current systems and software for the requested services
- For each of these list the version, whether proprietary or licensed, if premises-based or hosted (or SaaS) and any associated vendors
- Current system interfaces to be maintained, including any associated vendors or third-party providers
- If seeking to replace any of the systems or software, provide the contract or license end date.

Cost

Cost data is needed for creating the base case for change and for constructing a financial business case if required. Cost data also supports the RFP response review and vendor selection process.

- Current cost data may or may not be included in the RFP. Check with organization

procurement policies, or review with an HR sourcing advisor if used.

Gather cost data for the included services by business unit/location/country.

- Annual labor spend by HR service (wages and benefits)
- Annual systems spend by HR service
- Annual third-party vendor spend by HR service
- Other annual HR operating expenses (facilities, materials, travel, etc.).

For a more thorough assessment include direct costs, indirect costs, and hidden costs.

- Direct costs – labor (wages, benefits), facilities, materials, etc.
- Indirect costs – prorated overhead or other centralized charges such as IT, facilities, corporate charges, etc.
- Hidden costs – some costs are not in the HR organization budget, but are a part of the service operational total cost. For example, IT costs may not be itemized by service, or some payroll costs may be in finance or treasury. Add in the cost of shadow staff, which are full- or part-time FTEs that are not included in the HR budget but perform HR or HR administrative duties.