

TECHNOLOGY

Becoming A Supply Chain Manager BY JOHN J. NAIL

You may have missed a news article, coming as it did right after Thanksgiving, that noted changes in how UPS has embedded its processes in the credit card payments of retailers of all sizes. As a result of improved connectivity from Web ordering to its back-end logistics management system, UPS delivered 1 million more packages a day this past holiday season – with the same 50,000 employees as last year. Think of the stunning bottom line implications of delivering 30-40 million more packages with this type of efficiency.

What does this have to do with HR and benefits technology? The answer, which I admit isn't immediately obvious, is – everything. UPS' business model is predicated on managing the logistics in its supply chain and delivering high-quality service at a low cost.

Isn't that what you and your team are tasked with every day – delivering high-quality results on time and on budget with limited resources?

A laser focus on making it easy for your “customers” to access policy and benefits information and conduct transactions online is a critical step to improving your cost structure.

Your “supply chain” isn't retailers and customers, but is actually much more complex and at the same time much less sophisticated and connected. Getting information into your own internal

systems, and correctly out to payroll, 401(k), multiple insurance and health-care vendors, your COBRA provider and possibly

managing all aspects of their business, from schedules to aircraft assignments, and the U.S. military used during the first Gulf War.



an FSA or third-party administrator, is a Herculean task involving information logistics.

Information logistics isn't exactly a textbook HR term, but is a perfect description for the mission of any HR/benefits depart-

The fact that he could find building something as seemingly mundane as HR and benefits software challenging surprised me. When I asked him why he liked his new work, he looked at me quizzically and said that the tasks, though different, solved the same problem – one of business-critical information logistics.

I have never forgotten this exchange because it put into true context for me the real value and importance of properly managing and communicating the entire personnel, payroll, corporate, recruiting, job-related and (most confusing) employee benefits information that HR departments handle every day.

A significant part of your job is analogous to what UPS does – managing information that is

ment. The first time I heard this term was in 1997; it was used by the first senior developer we hired at Employease. In his prior work, Eric helped create the software that many major airlines use for

time sensitive and critical to your organization's success and profitability.

Here's what UPS does so well:

- 1) Promotes its customers success via a strategic focus on becoming more productive and thus more valuable to customers.
- 2) Invests proactively in back-end infrastructure and allows a single point of data entry on a customer's Web site to feed its processes and tracking systems directly.
- 3) Integrates processes with customers and retailers and provides the ability to "self serve" their own needs online, including tracking inquiries.
- 4) Respects its customers' businesses by extending its platform's capabilities to clients for customer services such as automatic shipping and delivery notification.

How do these items translate into the daily grind of providing

strategic HR services to your "customers" (employees) in your paper-intensive, complex supply chain?

First, a customer focus permeates all that UPS does. A similar laser focus, on making it as easy as possible for your "customers" to access needed policy, benefits and other information and conduct transactions online, is a critical step to improving your cost structure and internal satisfaction ratings.

Second, do your vendors show you the same respect that UPS shows its clients? Looking externally to your insurance carriers and other external service providers to provide services online in real time, or at least automated batch updates, should be a critical pre-condition to winning and keeping your business.

Finally, developing a long-term plan to connect your internal and

external systems into one seamless workflow process or supply chain will allow you, over time, to capture your fair share of internal cost reductions and customer satisfaction improvements.

Applying this information-logistics thought process will help you plan more strategically as well as respond tactically to the challenges of the 2004. This new perspective on managing your supply chain will also provide a different framework to use as you evaluate vendors and new technology and internal workflow solutions.

The result will be a significant improvement in the weak links in your own HR and benefits supply chain that allows you to focus more on the strategic HR leadership and value that a 21st century organization demands. ❧

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