

Soapbox...

Vendors Slow to Complete Their Hourly ATS Offerings, but There's Still Hope – Rick Fletcher, President, HRchitect

With only a limited number of mature hourly ATS software offerings, this is definitely not a buyers' market, so expect to pay top dollar. But you should yield a huge return on investment by automating your company's hourly hiring management system.

Hourly workers represent a significantly larger class of employees than exempt or contingent employees throughout our country. A June 2004 Aberdeen Group study shows that hourly employees make up approximately 59.6 percent of the U.S. workforce.

At some companies that I have worked with, the hourly employee turnover rate has been three to four times higher than the salaried employee turnover rate. Yet, technology has been slow in coming to support the needs of companies with a high percentage of hourly employees.

Applicant tracking systems have actually been around in one form or another since the early 1960s. These early ATS's were often poorly framed subsystems of an HRMS software suite, usually some form of "brochure-ware" (vendor marketing literature touting features yet to be completed), and at best provided manual entry of data necessary to produce basic EEO reporting.

By the early 1980s, "best of breed" ATS's began to emerge. They were targeted at the professional candidate population and focused primarily on high-volume resumé processing. The early vendors were companies like Restrac (later to become Webhire) and Resumix (later owned by Yahoo! and scheduled to be discontinued this month), who sold their products to the staffing departments in large companies. These vendors often competed based on the value of their proprietary resumé scanning and search technology.

The vendors, for example, would claim that their proprietary technology was smart enough to tell the difference between Harvard University and Harvard, Massachusetts, when searching the text of a resumé. The user interface was built for recruiters and not for hiring managers or candidates. Again, these ATS vendors did not include any specific features for the hourly workforce.

Through my research at HRchitect, I found that Restrac and Resumix had by 1998, in essentially a "two horse race," successfully captured a whopping 398 of the then-Fortune 500 list. This was the

bulk of their combined client list, which had a lesser number of non-Fortune 500 company customers.

With the financial markets flush with venture capital in the late 1990s, and with the advent of web technology and quicker software application development tools, the ATS software market exploded with literally over 100 new vendors—again, almost exclusively competing for the professional, exempt candidate population. The lone shining promise for the hourly employer market was Unicru, which quickly became the "800-pound gorilla" by specializing in hiring management systems for hourly workers.

I'm personally involved in several dozen ATS software evaluations each year. For our clients with primarily exempt candidate populations, I continue to be impressed with the sheer number of robust ATS products that will address the majority of our clients' applicant tracking needs. The top ten best of breed vendors and arguably several of the ERP vendors offer an incredible array of mature features at competitive prices. With more ATS vendors than the market can ever financially support, it is essentially a buyers' market. Once you qualify the vendor's long-term viability, you basically cannot go wrong. Despite my pleas to hire software evaluation consultants, you can throw a dart at the "qualified" vendor list and you will probably meet 80 to 90 percent of your exempt candidate ATS requirements before even considering further configuration or customization. What a country!

However, as I assist our clients that have large hourly workforces in selecting software, I am still amazed at the limited ATS offerings catering to the hourly hiring management system market. Many of the top ATS vendors will argue with me that they handle hourly ATS needs as equally well as they address exempt candidates. However, when you push for specific references such as retail or hospitality clients, they are largely non-existent. By the way, this is not a problem unique to the Talent Acquisition System

software market; an even bigger gap exists in the Talent Management System software market where, for example, few Employee Performance Management products address the talent development needs of the hourly workforce.

Pay Dollar, Expect Good Financial Results

The picture is not completely bleak. There are several software vendors that offer strong hiring management systems for hourly workers, such as ADP, Deploy Solutions, Taleo, and the aforementioned Unicru. These vendors provide hourly candidates with a variety of options to apply for jobs such as the telephone, self-

“If they want to survive the ongoing consolidation that is a direct result of the current buyers' market, ATS vendors will need to expand quickly into other markets. The hourly employer market is more or less begging for their ear.”

service kiosks, or the corporate career site. They also provide sophisticated behavioral assessment tests and the related consulting services to tailor pre-screening questions to meet each customer's requirements. (To be fair to the exempt oriented ATS vendors, don't assume that just because an ATS vendor offers strong hourly ATS features that they handle exempt candidates with equal ease—this has been a longstanding criticism of Unicru, for example.)

Just like exempt candidate processing, there is certainly a list of “must-have” features that are needed to qualify as a “best of breed” hourly hiring management system. Please see the accompanying exhibit (facing page) for a list of these features. Again, the dilemma is that there are only a handful of qualified hourly ATS software applications in the market to address nearly 60 percent of the nation's workforce, when there are literally hundreds of ATS products aimed at other employee classes. However, there is hope! Over the past year, I've reviewed the roadmaps of more than 30 of the top ATS vendors. I give particularly high marks to Ceridian, HRLogix, iCIMS, Kenexa, PeopleClick, Recruitmax, and VirtualEdge for closing the gaps in the hourly features of their ATS's. At the same

time, I have been underwhelmed at the ERP vendors' attention to hourly hiring management systems.

With only a limited number of mature hourly ATS software offerings, this is definitely not a buyers' market, so expect to pay top dollar. But you should yield a huge return on investment by automating your company's hourly hiring management system. You should be able to dramatically reduce costs in the short run due to reduced time to fill, more accurate assessments of applicants, a reduction in “walk-outs” during the application process, and by taking advantage of Work Opportunity Tax Credit and the Welfare-to-Work tax credits. You should also be able to reduce long term costs by reducing turnover—with better sourcing and job matching—and alleviate false unemployment claims by better tracking of the entire hiring and employment history. Particularly now, with the newly published EEO/OFCCP definition of an applicant, we need to pay stricter attention to all resumé submissions and searches.

Not all employers have recognized the need for a strong hourly hiring management system yet. But as the hourly labor market continues to tighten, employers need to start asking how they can best attract and retain hourly employees. For now, the exempt workforce has the ear of the ATS industry. But, as the growing number of companies that have a significant hourly workforce start to quantify the true cost of not having the right hourly employees in place at the right time, the ATS industry will gravitate toward those prospective customers. The ATS industry has certainly saturated the exempt employer market. If they want to survive the ongoing consolidation that is a direct result of the current buyers' market, ATS vendors will need to expand quickly into other markets. The hourly employer market is more or less begging for their ear.



Rick Fletcher is President of HRchitect (www.hrchitect.com)—a human capital management consulting services firm. Consulting services include: HCM Strategic Planning, Business Process Redesign/Optimization, Software Evaluation/Selection, Implementation, Systems Integration and Adoption. HRchitect has led HCM strategic planning initiatives at FedEx, Perot Systems, Disney, OfficeMax, Southwest Airlines, Raytheon, RadioShack, Blockbuster, The Mayo Clinic, Sprint, and Hyatt. Email: rfletcher@HRchitect.com

ATS Evaluation Guide

Certain features of applicant tracking systems for an hourly workforce are invaluable. The following is a list of questions to ask both the ATS vendor and yourself.

Is the hiring process requisition-based? Does each job opening require an individual requisition, or are the jobs listed from a needs requirement? Can jobs overlap locations and functions?

Is a resumé required? Many hourly workers do not have a resumé. Will the system support an application-based hiring process? Can required information be gathered through a basic question-and-answer section or a simple resumé builder? Consider what information the system may require for future access to review history and reduce requirements to re-enter information for each application.

Will the application history and current hiring stage be viewable by the job seeker? Can the system support sharing this information? Does the company want to share it? It may reduce the number of inquiries regarding an application but may increase the number of questions from the applicant regarding certain steps.

Can the system capture EEO data during the application process? Due to recent OFCCP and EEOC regulations, the definition of an applicant has been changed and now requires more accurate tracking of race and gender. The earlier and more often you request this information, the easier it will be to track and report.

Does the system support WOTC and WTW tracking of hires? Since companies can get tax credits by hiring candidates eligible for the Work Opportunity Tax Credit, does the system help create a WOTC notice during the pre-application process, pre-populate the required IRS documentation, and/or electronically send that completed notice to the State Employment Security Agency?

Are there pre-packaged assessments focused on competencies required for the hourly population? Will the vendor assist in the creation of these assessments if not? Many ATS solutions now include an assessment piece, whether bundled with the system or through an integration with a 3rd party assessor. Is the assessment

appropriate for hourly workers? Such an assessment can reduce the number of unqualified job seekers making it onto the hiring person's desk.

Does the system support form creation and online completion? If the system auto-populates fields on forms where the same data is being entered time and time again, this reduces repetitive administrative tasks. Also, it is easier to share common forms across the business if they're all housed in the same area. If a paper copy form is required due to signature requirements or other company procedures, ensure these forms can be printed from the system and/or scanned into it.

What alternate input devices can be used with the system? Kiosks for on-site application completion, scanning services for electronic entry of a paper resumé, and interactive voice response systems for those who only have access to a phone, are beneficial for capturing all levels of job seekers, from electronically sophisticated to the less experienced.

Is the system multi-lingual? Can jobs be translated into other languages to fully capitalize on non-English-speaking applicants?

Does the system integrate with other company systems the company uses? Integrating HRMS and payroll, e-mail and calendars will reduce the amount of errors due to manual entry, and keep track of all transactions within one place for easy reporting.

Does the system support an on-boarding function? Does it incorporate logistics? Can the system contact Security for badging, HR for orientation and training, and administrators for uniforms?

Can background screening and drug testing be initiated through the system? Has the vendor ever worked with your background investigation service? How are the results captured and reported back?

How easy is the system to use? The system should be advanced enough to provide required functions, but not require significant retraining. Alerts to upcoming events or interviews, links to frequent reports, and a dashboard style setup for quick navigation to the most commonly used functions are helpful for the end-user.