

IF YOU THINK
ADDING A NEW
HRIS IS DIFFICULT
FOR YOUR FIRM,
IMAGINE WHAT IT
WAS LIKE FOR
AMERICA
ONLINE. HERE'S
HOW IT WAS
SUCCESSFULLY
DONE.

Case Profile: A New HRIS For AOL

THE SOLUTION: A TOP-NOTCH HRIS SYSTEM

Mark Stavish, vice president of human resources, was charged with managing AOL's rapid growth. He needed to free HR from its administrative burden so that it could focus on being a strategic business partner. With less paperwork, HR could spend more time helping to define the direction of the company. As the company continued to grow, it also needed to continue to build a shared mind-set (a "small company mind-set") among all employees.

AOL is successful because it offers a product that makes people's lives easier. The Internet provides people with a "virtual world" that they can go to no matter where they are, 365 days a year, 24 hours a day. Stavish wanted AOL to provide this same kind of service to its own employees. His strategy was to provide AOL's employees with a "virtual HR."

By using network technology, AOL could give employees direct control

over HR-related transactions. A virtual HR would provide superior employee/manager self-service, streamline processes and eliminate paperwork, and, most important, free HR to fulfill its role as a strategic business partner.

AOL's HRIS team selected PeopleSoft for its HRMS system. With a "skeleton" HR staff and a growing employee population, AOL chose to outsource its payroll (ADP), leveraged AOL technology to create its own internal area to communicate information, and turned to the Internet for assistance with benefits. By using the Web, AOL could reduce HR paperwork and keep all employees connected. The vendor's program served as a hub of information, with multiple systems including outsourced payroll, a stock management system, HR online, and a Web-based benefits enrollment system. (See Chart A.)

RAPID IMPLEMENTATION METHODOLOGY

The AOL team needed a methodology to organize and facilitate the process of making this "virtual HR" a reality. It chose Rapid Implementation Methodology, developed by Maximum Potential International. R.I.M. is a comprehensive, yet simple, methodology for handling multiple steps of a project (or, in this case, multiple projects) simultaneously.

R.I.M. provided the AOL project team members and consultants with the tools they needed to perform their jobs, and with a roadmap that directed them through each step of the project, from the initial planning stages to production (see Chart B, page 36).

1. BRAINSTORMING

The project began with a Joint Application Design (J.A.D.) session—a brainstorming session where sponsors and project planners together determined the goals and objectives of the project. The J.A.D. session got everyone involved in the project so that questions could be answered and expectations measured. This upfront planning and partnership with the executive sponsors



shaped the direction of the project. A prioritized list of phased milestones/project deliverables and dates was agreed on at the conclusion of the J.A.D. session.

2. PROJECT PLAN

The project plan that came out of the brainstorming session was the roadmap for the entire project, specifying the what (tasks), the when (estimated dates), and the who (resources). R.I.M. specified the how (toolkit: matrices, benchmarks, charts, quality controls, etc.). With this plan, the AOL team tracked the progress of all the projects, noted any deviations from the plan, anticipated future problems, and corrected delays before they had a severe impact (such as coming up with a plan if, for example, the interface between the

Web and the vendor wasn't ready on time). The project plan also supported communication with AOL's business community, technical community, and project sponsors. All involved were aware of the major deadlines and knew their responsibilities.

3. BUILDING BLOCK THEORY

With R.I.M., the America Online team took advantage of work performed

4. RAPID REENGINEERING

With R.I.M., the project team carried out continuous engineering/reengineering. This allowed the team to solve problems at the earliest possible point, keep all simultaneous phases of the project moving, stay on track with interim goals, and greatly minimize the risk that progress on the project would have to be put on hold at any point while an entire reengineering process was carried out.

5. FIT ANALYSIS

Instead of looking for gaps and places to spend money, AOL's team found the best "fit" between the old system and the vendor, while also going through the acceptance testing of the new system. R.I.M. provided the necessary benchmarks.

AOL'S HRIS TEAM CONSISTS OF HIGHLY COMPETENT "INTERNAL CONSULTANTS" THAT HAVE BEEN TRAINED IN R.I.M. STRONG "SHARED" LEADERSHIP PROMOTED SHARED OWNERSHIP, WHICH GREATLY ENHANCED THE PROJECT'S SUCCESS POTENTIAL.

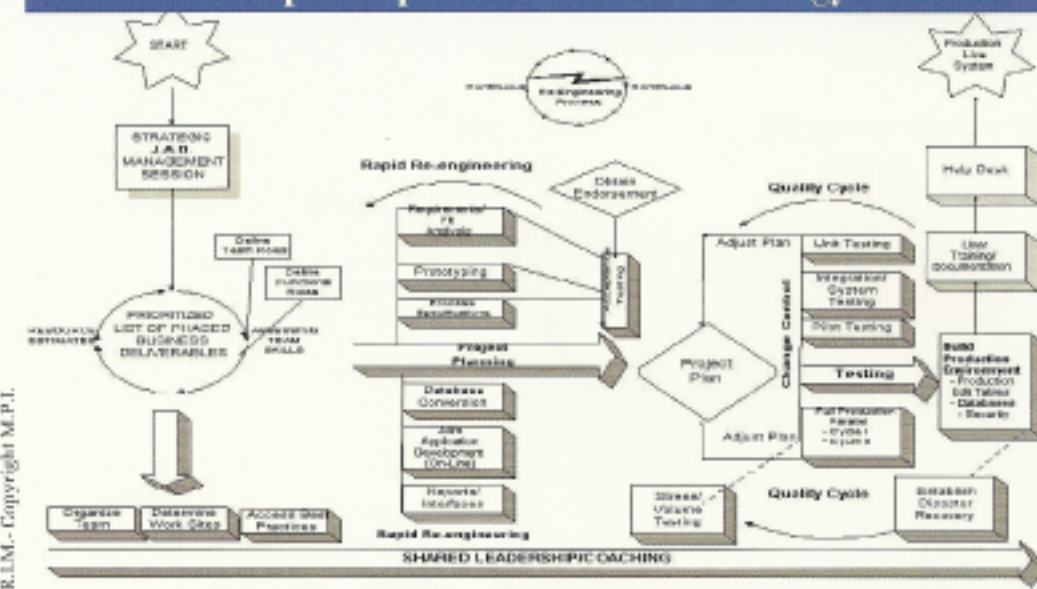
Web and the vendor wasn't ready on time). The project plan also supported communication with AOL's business community, technical community, and project sponsors. All involved were aware of the major deadlines and knew their responsibilities.

6. QUALITY TESTING GATES

Perhaps the most vital component of an implementation, testing should be carried out in a phased approach with several distinct levels or "quality gates": acceptance testing, unit testing, stress testing, string or integration testing, pilot (Cycle I and Cycle II) testing, and production parallel (Cycle I and Cycle II) testing. Reconciliation and



Rapid Implementation Methodology



R.I.M. - Copyright M.P.I.

Chart B. Implementation methodology, used throughout the implementation, took the project team from the beginning planning stages to the final production stages. This total implementation chart provides a graphic view of the major components of implementation.

Virtually everyone has discovered the Internet and the Web. People enjoy surfing the Internet. With just a few points and clicks, they can breeze through today's news, check their stocks, buy airplane tickets, and get instant messages from friends and business colleagues. The Internet is a great way to obtain information quickly, and it's a lot of fun.

As a result of the rapid expansion of the Internet, the well-known Internet provider America Online (AOL) has experienced tremendous growth over the past few years. In July, 1994, AOL was a Virginia-based company with 400 employees, 900,000 members, and \$100 million in revenues. Just three years later, AOL is a multinational company with 12 locations and 7,500 employees, more than 8 million members, and 1997 gross revenues projected at \$2 billion.

Of course, this kind of growth brings challenges for a company's HR, Payroll and Benefits departments. Managing the benefits plans of 400 employees is quite different from enrolling and managing the benefits plans of 7,500 employees.

AOL/PS HUB

HRIS / Benefits Data Flow Model

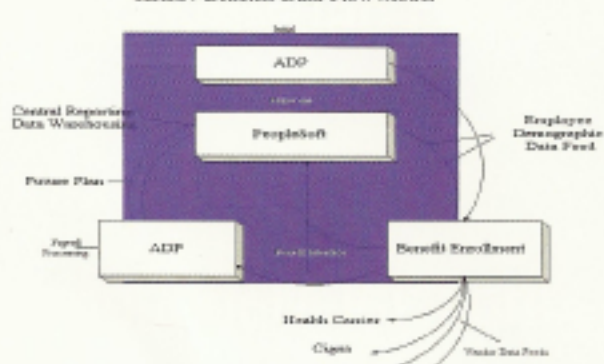


Chart A. AOL's solution to its rapid growth was to build an HRIS system with PeopleSoft as an information hub, with multiple systems including outsourced payroll (ADP) and Web-based benefits enrollment.

AOL'S "VIRTUAL HR" IS SUCCESSFUL BECAUSE IT MAKES ITS EMPLOYEES' LIVES EASIER.

verification should occur throughout the testing cycles. High-volume and stress testing were especially important for AOL because of the performance issues associated with the Web component. Lesson learned: If you have multiple types of computers (i.e., PCs and Macs), make sure that both can use the Web. Test the performance on both, since browsers may act differently on these two platforms.

7. KNOWLEDGE TRANSFER

Throughout the project, AOL employees worked hand-in-hand with the consultants in order to achieve maximum

knowledge transfer. AOL's HRIS team now consists of highly competent "internal consultants" that have been trained in R.I.M.

8. SHARED LEADERSHIP

Strong "shared" leadership, a key success factor built into the R.I.M. strategy, promoted shared ownership, which greatly enhanced the project's potential for success. AOL team members, executive sponsors, con-



Chart C. AOL leveraged its own technology to create an internal HR area to communicate information (policies, procedures, answers to frequently asked questions, training schedules, etc.) to its employees.

sultants, and the third-party vendors all played a part in leadership.

Mark Stavish's vision became a reality. His HRIS system was developed in record time, and it came in under budget! Using R.I.M., the AOL team was