

# Co-operative Financial Services

The **co-operative** financial services

*HR Operations improve value, quality and flexibility*

---

## Overview

### Business challenge

With disparate systems and a reliance on manual processes, HR was under pressure to improve value and service. The business also wanted increasing support in attracting and retaining high calibre people, managing performance and developing talent.

### Solution

In partnership with IBM, HR has transformed its operating model, offering self-service access to core HR processes and information, tiered levels of support to the business and a flexible platform for future service improvements.

### Key benefits

- Around 20% cost reduction within the HR Operations department
- More accurate payroll due to improved quality of information
- Robust support for decision-making through reliable management information plus strong analysis tools and reporting
- Platform for introduction of new services such as e-recruitment and performance management systems.

The Co-operative Financial Services (CFS) is a group of businesses that includes The Co-operative Insurance, The Co-operative Investments and The Co-operative Bank. Part of The Co-operative Group, the UK's largest consumer co-operative, CFS has around 6.5 million customers.

Based in Manchester, the HR function at CFS serves approximately 7,500 people mainly located at three major sites in the North West.

Around two years ago, HR was under pressure from the business to increase the value it offers. The business wanted greater support in attracting and retaining high calibre people, managing performance and ensuring talent was developed through appropriate learning opportunities. There was also a drive to reduce costs, improve efficiency and improve quality of service.

## Transformational change

As far as the provision of basic HR services was concerned, CFS had a number of challenges. Its general HR administration system was located in-house while the payroll system was outsourced. The two systems were linked by batch interfaces which impacted the timeliness and accuracy of information, a particular challenge when creating the monthly payroll. There was no self-service access to HR information and details were gathered on paper forms or through emails and then keyed into the in-house system or sent to the payroll provider for keying. Management information, insight and analysis were difficult to obtain and the cost of running the two systems was high.

Kevin Donnelly, Functional Leader of HR Operations at The Co-operative Financial Services says: "We could see ways to incrementally improve service delivery but we wanted to go beyond that and fundamentally transform the provision of HR services to the business. We needed a new systems platform and help from a partner skilled in transformational change. Oracle E-Business Suite offered the functionality we required and is already used by The Co-operative Group. We chose IBM as our partner because the team demonstrated wide experience plus a deep understanding and empathy with our business issues."



---

## Business benefits

- Around 20% cost reduction within the HR Operations department
  - More accurate payroll due to improved quality of information
  - Robust support for decision-making through reliable management information plus strong analysis tools and reporting
  - Increased flexibility in payroll and reward systems
  - Platform for introduction of new services such as e-recruitment and performance management systems
  - Reliable infrastructure means consistent, dependable service
  - Easier integration of services and processes following mergers and acquisitions.
- 

---

*“Our transformation was an excellent example of collaborative working. IBM was fully embedded within my HR Operations team and totally involved in helping us overcome our business challenges.”*

– Kevin Donnelly, Functional Leader, HR Operations at The Co-operative Financial Services

---

## Consultative approach

Improvements at CFS were designed around integrating HR information by bringing payroll in-house and implementing a classic HR model of shared services and tiered levels of support. The model provides self-service access to HR facilities. If people cannot carry out the required actions themselves, a telephone support line offers help and, for really complex or strategic issues, people can work with an HR business partner.

To fully understand detailed requirements at CFS, IBM ran a series of workshops. These explored the needs of the business, analysed where the Oracle solution would meet those needs, where there was a gap and how this should be bridged. The preferred choice was always to change CFS processes, only modifying the Oracle solution as a last resort. Where modifications were necessary, an offshore IBM team based in India implemented them to keep costs as low as possible.

Donnelly says: “The gap analysis workshops run by IBM were really engaging. All the stakeholders were invited, ensuring we captured every perspective, and IBM provided valuable insight into when and how to amend our processes and procedures. I never felt the IBM team were dictating what to do, they helped us to understand the requirements and then make our own informed decisions.”

## Impressive speed

The first phase of the transformation at CFS involved implementing core HR functionality and payroll, with all services hosted and supported by IBM. This was achieved in just 22 weeks, IBM’s fastest implementation of the Oracle E-Business Suite Human Resources Management.

“The speed of the implementation was impressive, but so was the quality,” confirms Donnelly. “Our first payroll under the new solution was the last pay run before Christmas. We prepared our telephone advice line for a large volume of calls but the number we received was actually far lower than for a normal payroll using our old system. This is fantastic testament to the quality of the work.”

CFS had a similar experience when the self-service facility went live. All the processes were implemented in one go and went very smoothly. People had immediate access to the tools they need to manage their own HR data.

## Managing change

The speed and success with which the new HR solution was implemented at CFS is all the more remarkable considering the enormous cultural change and learning curve involved. Fewer people are taking on increased responsibility as the department has shrunk through natural attrition and CFS has reduced its dependency on contract staff.

---

## Solution Components

### Services

- IBM Global Business Services
    - Human Capital Management
    - Strategy and Change
    - IBM Business Consulting and Oracle
    - Application Management Services (AMS)
  - IBM Global Technology Services
    - Applications on Demand
  - IBM Global Delivery
- 

*“... by reducing the cost of HR service delivery we’re having a positive impact on the bottom line which, in a co-operative organisation, benefits members and our chosen charities.”*

– Kevin Donnelly, Functional Leader, HR Operations at The Co-operative Financial Services

---

## Transformation at a glance

Under increasing pressure to reduce costs, improve quality of service and provide greater support to the business, HR worked in partnership with IBM to transform its operations. Radical improvements were designed around integrating HR information using Oracle E-Business Suite and implementing a classic HR model of shared services and tiered levels of support. These transformations have resulted in lower costs, more accurate information and increased flexibility.

---

Donnelly was also very conscious of the fact that people within the wider business might resist the introduction of self-service HR functionality. They may feel they were being asked to take on parts of the HR role. “IBM helped us identify where the resistance to change might lie – both within our own department and the rest of the organisation – providing regular advice on how to communicate and work with our colleagues to illustrate the benefits of what we were trying to achieve.”

“Our transformation was an excellent example of collaborative working,” continues Donnelly. “IBM was fully embedded within my HR Operations team and totally involved in helping us overcome our business challenges.”

## Improved satisfaction

Following implementation of its HR solution, CFS has an extremely reliable infrastructure on which to deliver consistent, dependable services. System integration has resulted in far greater accuracy in the monthly payroll and, combined with giving people responsibility for their own data, has improved the quality of all HR information.

Driving out paper-based processes has removed costly administration from the HR function. The overall cost of system ownership has also fallen because HR now has only one system to support and maintain rather than several. Overall CFS has seen a reduction in operating costs in the HR Operations area of over 8% in the first year. Reductions are expected to increase up to 15-20% in future years as the new technology is embedded.

Reaction to the changes has been extremely positive throughout CFS. From a management point of view, the transformation in the availability and accuracy of information offers far better support to decision-making. “We no longer have to spend time patching information together from various systems. Everything is held on our Oracle databases and we can extract information, manipulate it and produce reports very easily,” confirms Donnelly.

Flexibility has also increased. Cut-off periods for entering information into the payroll system have been reduced and HR can provide more options to the business in the way people are paid and rewarded.

“I’m convinced there are other less obvious benefits,” says Donnelly. “If we provide high quality HR services, we support people in their jobs and ultimately this impacts customer service. Plus by reducing the cost of HR service delivery we’re having a positive impact on the bottom line which, in a co-operative organisation, benefits members and our chosen charities.”



## Enabling environment

HR is now positioned to improve the service it offers to the business even further and is beginning to investigate learning management, e-recruitment and performance management systems – the tools the business needs to attract, retain and develop talented people with the right skills.

Having recently merged with Britannia, the benefits of the HR transformation have been brought into sharper focus. “Twelve months ago, merging with another business and integrating HR services and processes to deliver a joined up HR function to the new organisation would have been incredibly difficult. Now we’ve got a really firm foundation on which we can build and flex as necessary. We’re in a much stronger position to handle mergers successfully,” concludes Donnelly.

## For more information

To learn more about IBM Global Business Services, contact your IBM sales representative or visit: [ibm.com/gbs](http://ibm.com/gbs)

IBM United Kingdom Limited  
PO Box 41  
North Harbour  
Portsmouth  
Hampshire  
PO6 3AU

Tel: 0870 010 2503  
[ibm.com/services/uk](http://ibm.com/services/uk)

IBM Ireland Limited  
Oldbrook House  
24-32 Pembroke Road  
Dublin 4

Tel: 1890 200 392  
[ibm.com/services/ie](http://ibm.com/services/ie)

The IBM home page can be found at [ibm.com](http://ibm.com)

IBM, the IBM logo and [ibm.com](http://ibm.com) are trademarks or registered trademarks of International Business Machines Corporation in the United States, other countries, or both. If these and other IBM trademarked terms are marked on their first occurrence in this information with a trademark symbol (® or ™), these symbols indicate U.S. registered or common law trademarks owned by IBM at the time this information was published. Such trademarks may also be registered or common law trademarks in other countries. A current list of IBM trademarks is available on the Web at “Copyright and trademark information” at [ibm.com/legal/copytrade.shtml](http://ibm.com/legal/copytrade.shtml).

Other company, product and service names may be trademarks, or service marks of others.

References in this publication to IBM products, programs or services do not imply that IBM intends to make these available in all countries in which IBM operates. Any reference to an IBM product, program or service is not intended to imply that only IBM products, programs or services may be used. Any functionally equivalent product, program or service may be used instead.

This case study illustrates how one IBM customer uses IBM and/or Business Partner technologies/services. Many factors have contributed to the results and benefits described. IBM does not guarantee comparable results. All information contained herein was provided by the featured customer and/or Business Partner. IBM does not attest to its accuracy.

IBM does not provide legal, accounting or audit advice or represent or warrant that its products or services ensure compliance with laws. Clients are responsible for compliance with applicable securities laws and regulations, including national laws and regulations.

This publication is for general guidance only. Information is subject to change without notice. Please contact your local IBM sales office or reseller for latest information on IBM products and services.

© Copyright IBM Corporation 2010. All Rights Reserved.

