

The Connected Business

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Human resources goes technical

The face of HR in a growing number of organisations is a portal rather than a person, writes Paul Taylor

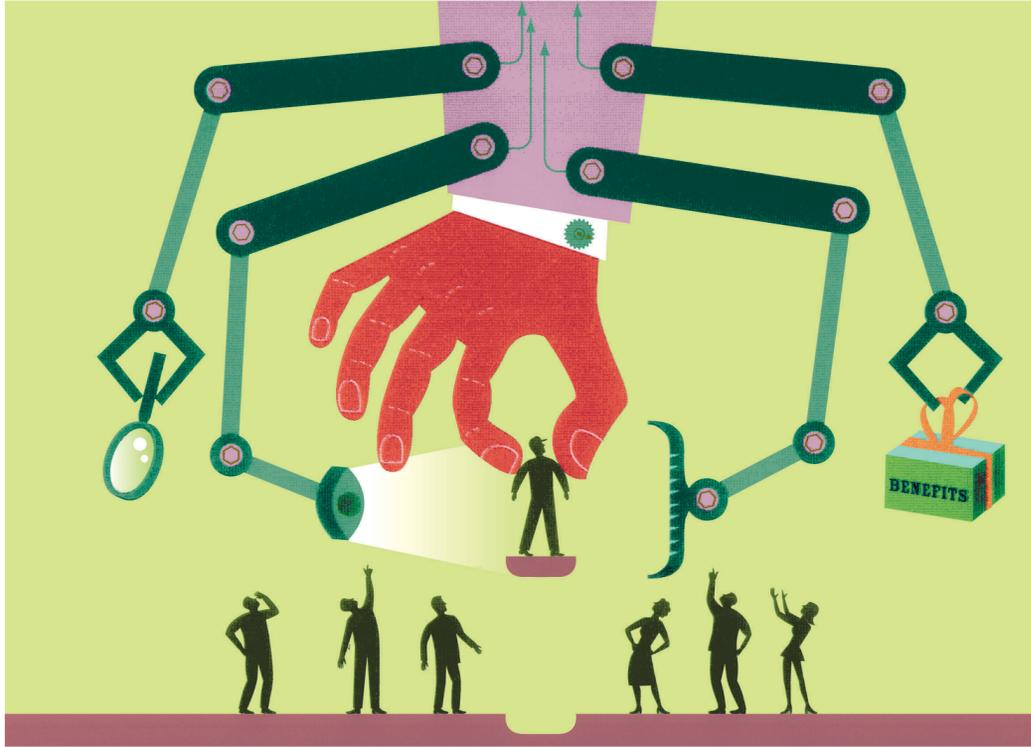
John Sweeney makes no bones about it. "Thirty years ago, HR was a backwater operation," says the human resources veteran who now works at the Society for Human Resources Management near Washington.

"It was totally paper-oriented. In the old days you used to put an [advertisement] in the paper, saying 'we need 10 widget makers or a senior executive', then you would wait seven days and when the mail comes in you started looking through the résumés."

This is changing. "Human resource management is evolving into a more technology-based profession," he notes. "For example, in many organisations, employees now see the face of HR as a portal rather than a person."

Early HR information systems mostly ran on the same hardware as finance and enterprise resource planning (ERP) systems, but today's technology is moving rapidly to web-based systems to deliver data and services such as employee self-service (ESS), online recruiting, web-based training, online applicant testing and benefits management.

"At the centre of a lot of the



work that we do is the traditional information system that still enables us to track employees and categorise information that we need for our clients... [and] that sys-

tem is integrated with our financials," says John Robak, chief operating officer of Greeley and Hansen, an environmental and engineering consulting firm.

Like many companies, Greeley and Hansen has outsourced its payroll function, but Mr Robak says the greatest advance in the past couple of years has been moving benefits adminis-

tration to an employee self-service portal that allows employees access and to make changes securely from any web browser whenever they want.

The portal has proved popu-

lar. "When [employees] are making decisions about their benefits they can sit with their family or their spouse and do it from home, or look at the choices that are available to them and enter information," notes Mr Robak.

But not all employees are familiar with, or have access to, desktop PCs or laptops. Kathy Herndon, an HR information technology specialist with Kimball International, an electronics and furniture manufacturer in Indiana, wanted to introduce a self-service payroll system but faced a problem.

Under Ms Herndon's direction, Kimball had moved from local factory-based HR to a centralised system to make it easier to document compliance with labour laws and other regulations and it had outsourced payroll to ADP, the employer services company.

But there was a problem – many of the factory workers did not have PCs at home. So, beginning in the mid-1990s, Kimball installed self-service kiosks on factory floors to provide employees with access to the ADP system.

"It was a big turning point," she says, but adds that many other manufacturing companies are still struggling to make that transition.

Since then, Kimball has gone further, introducing a centralised online document repository to make it easier for plant managers to access HR documents, and an applicant tracking system that helps the

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Analytics can improve use of money and staff

Data mining

Stephen Pritchard looks at the benefits of combining workforce planning and external information

"HR people tend not to be very analytical; they don't do numbers." This is how one consultant describes his relationship with a human resources director client.

But although heads of HR are often respected for being "people people", the job is increasingly analytical.

HR departments already have access to significant sources of data, especially via companywide back office systems, such as those provided by enterprise resource planning (ERP) software.

But businesses are looking to supplement the basic data, such as the number of people employed and the hours they work, with broader information.

Shops, hotel chains and restaurants are extracting information from tills on a daily, or even hourly, basis.

Analysts can then tie these data to shift patterns, to calculate whether there are enough people on duty, in the right part of the business, at the right time.

Some retailers and hospitality companies are measuring how long customers queue for service; airlines and rail companies are correlating bookings and even timetable information with their HR databases to fine-tune staffing plans.

"In retail and hospitality, there are oodles of data from the 'point of sales' systems," says Barney Quinn, chief executive of Work-Place Systems, a technology vendor. He adds: "HR systems are already good at breaking down a task and working out how long it takes to complete."

"You can put that into a forecasting system, and work out how many shifts the organisation requires."

The results can be impressive: good shift management, for example, could enable a retailer to save as much as 3 per cent on its labour costs.

Despite the savings, however, businesses are finding it hard to make the transition from tactical workforce planning to giving HR a more strategic role.

"The more sophisticated organisations are looking not at workforce planning but at capacity planning,

working out what the organisation can do, whether with staff, temps, consultants or in partnerships," says Stephen Brooks, a specialist in people management and organisational change at PA Consulting.

To achieve this, companies need to blend talent management and workforce planning data with external sources of information. "You cannot rely just on ERP for that," he says.

This is prompting HR and finance departments to turn to general-purpose business intelligence software and analytics tools.

Vendors such as SAP and

Oracle are adding analytical functions to their core HR systems, and the growth of software as a service is lowering the entry costs of the more advanced HR technologies for smaller businesses. Challenges remain, however.

Access to more data does not mean that the HR department has the right data, and even where companies are using analytics, HR directors and the board are not always ready to act on the results.

Colin Sloman, a partner at Accenture specialising in human performance says: "Some organisations are struggling to capture even basic information around employees and their employment history."

"But others have moved beyond the core HR information systems and are looking at whether they have the talent they need for their future strategies."

HR directors, he suggests, should be more like supply chain or finance directors, who use both historical data, largely from business intelligence systems, and more advanced, forward-looking analytics.

But even where organisations have tried to bring together sources of information, often the IT integration is harder than they expect, say some specialists.

Hosted, cloud, or software as a service-based systems should help but, according to Mike Etting, chief executive of NorthgateArinso, an HR software vendor they can lead to a "spaghetti of integration", with each application creating its own "spaghetti bowl" of data, making them hard to link.

This makes it harder for IT departments to pass the right data to business managers – and for HR professionals to trust the results. And if they do not trust the results, they will not fine-tune staffing requirements.

The cultural barriers to a more data-driven approach to HR can be as hard to overcome as the technical hurdles.

Companies that have installed workforce analysis and forecasting systems for businesses say the impetus for the project all too often comes from the chief financial officer, or from IT, but only rarely from within HR.

"For HR, analytics represents a golden opportunity to say there are better ways to use resources," says Roger Llewellyn, chief executive of Kognitio, a business intelligence vendor.

"They have a chance to go from obeying instructions to contributing to the efficiency of the business."

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The power to do more

The Connected Business

Devices offer fresh routes to the job market

Mobile applications

Organisations are reassessing how they recruit and keep employees informed, reports **Jane Bird**

Criticism of organisations for sacking people by text message has highlighted the perils of deploying mobile phones in human resources (HR).

However, an increasing number of job-seekers are turning to smartphones and tablets to hunt for jobs and submit applications.

HR professionals are beginning to recognise that the speed and convenience of mobile technology make it invaluable for a host of activities in addition to recruitment, such as training, information sharing and performance management.

At Colt, the telecoms company, about 15 per cent of job applicants first get in touch via a mobile device, says Tim Warmath, the company's vice-president for recruitment.

Mobile technology is supplanting traditional routes to the job market, he says. "It began with simple text messages. But now social networks such as Twitter and LinkedIn are being widely used to push out recruitment information and receive responses, with no need for hard copy."

Colt frequently does not bother advertising appointments through what Mr Warmath calls "traditional media", such as print and online publications, job boards, including Monster, and agencies.

"Mobile technology and social networks let us advertise directly and save a significant amount of money. Moreover, we can search internationally."

Siemens views mobile technology as essential to filling the

more than 14,000 positions it has open worldwide, mainly for engineers and IT experts.

Kerstin Wagner, Siemens' head of global recruiting, says: "Because of our target groups, it is a must to develop mobile applications and make information on our jobs, employees and corporate culture easily accessible from anywhere, any time."

Siemens is not abandoning traditional routes, but mobile technology offers a strong additional channel to highlight job opportunities, she says. "And it makes it easier to contact and stay in touch with candidates."

Posting jobs on Facebook or a video on YouTube, helps organisations appear "with-it". Many job seekers have grown up with mobile technology and social networks, so they expect to find them in the workplace.

Organisations can easily look stale if their HR applications have not kept up. "People are accustomed to information being easy to find," says Klaus

Trolle, chief marketing officer of Stockholm-based eMarketeer, an online marketing company.

"They don't understand if at work they have to search out pages buried on an intranet to fill in time cards, check holiday entitlement, or find out about pensions." Yet many large organisations still have intranet-based HR applications that

'It began with simple text messages. But now social networks are being widely used'

are hard to find and to use.

Organisations need to take a more user-centric view, presenting information to staff in ways they want to deal with it, rather than in departmental silos, says Dan Rossner, mobile business expert at PA Consulting Group.

Software to meet such challenges has been developed by

California-based SuccessFactors.

Rasmus Aaen Madsen, the company's senior director of product marketing, says the goal is to bring the benefits of social networking that people have grown familiar with and deliver them to mobile workers.

"If you have to wait for your laptop to boot up and then connect to the internet before you can share 'Just had meeting with prospect X. Does anyone know their CMO who I believe is key decision maker?', then there is a good chance you won't get it done," says Mr Madsen.

"With mobile, you do it in two minutes during the taxi ride leaving the meeting. Quick and easy is vital, and mobile is the way to deliver that."

By speeding up communication, mobiles can help avoid bottlenecks in decision-making. In recruitment, managers often have to approve a hire or rate a person they have just interviewed.

Hiring talented people means responding fast, because they will be in demand from others. "Mobile technology lets managers give their approval on the fly, just by opening their phone," says Mr Madsen.

SuccessFactors has developed recruitment software that lets managers use mobile devices to input simple 'gut feel' feedback on a candidate, with 'thumbs up/thumbs down' icons and '1-5' ratings for various criteria.

Training on the move is also possible with smartphones and tablets, says Rory O'Neill, senior director of business marketing, EMEA, for Research in Motion, which makes the BlackBerry.

But mobile applications must be simple and intuitive. HR systems affect every single employee, most of whom are usually not technical, says Mr Madsen.

"So, making sure systems are 'consumer-friendly' is crucial to adoption."



Faster decisions for training in Spain

Senior managers at Metro de Madrid, one of Europe's biggest underground railways, are often away from the office on business for several days at a stretch, writes **Jane Bird**.

This caused problems when the only way they could access the company's SAP-based workflow applications was via desktop PCs.

Decisions that required their approval, such as investment, expenditure and staff training, were being delayed.

If key people are out of the office when their authorisation is required, the approval process is paralysed until their return, says Nico Wille, technical engineer from Metro de Madrid's IT research and development department.

Now, 50 directors and senior managers with BlackBerrys, can log in to the workflow approvals application via a user-friendly graphical screen on their web browsers.

"The big advantage is that managers can access workflow applications and e-mails, including opening attachments, so they don't need to carry around multiple devices," Mr Wille says.

"Everything is combined in one device with a simple interface that can be used without technical expertise."

The ability to approve last-minute training requests for the company's 7,000 staff has been another big benefit.

Responsiveness on training is essential to the smooth running of trains on the 13 lines and 235km of track.

"It might be that a project depends on a key employee attending a course in Barcelona," says Mr Wille.

Approval would be needed from three to five managers, including the individual's direct boss, the HR manager, and the department head.

"By the time each manager has been able to respond, it might be too late because the course has started."

Now, managers can authorise proposals without delay from anywhere in the world.

Another goal was to ensure that significant upgrades to the SAP software on which the workflow applications are based would be imperceptible to users. Success in this was demonstrated with a large-scale update to the software this year.

In future, the software might be applied to other HR applications such as holiday entitlement and sickness reporting, but these are regarded as less crucial.

"The HR department wanted us to focus on workflows that would really benefit the organisation by enabling faster decision-making," Mr Wille says.

Software highlights stars and slackers

Talent management

Effective tools motivate workers and inform bosses, says **Jessica Twentyman**

Business leaders often say that people are their company's greatest asset.

But as the private-sector job market improves, they will need to back up those words with strong "talent management" strategies, or risk seeing that asset slip through their fingers.

Talent management is designed to help companies attract and keep valuable employees.

An integrated software suite addresses what Claire Schooley, an analyst with Forrester Research, calls the "four pillars" of talent management: recruitment; performance management; learning and development; and compensation management.

Recruitment applications help an employer identify the best candidate for a role and process their application.

Performance management programs enable them to set goals specific to an individual employee's role but which make a direct contribution to company objectives - the launch of a product, expansion into a new territory, or targeting a new customer demographic, for example.

Learning and development programs keep a record of the skills each employee arrives with, plus those they acquire on the job, and set goals that fit an employee's role and ambitions.

Finally, compensation management applications link employees' success in meeting their goals to their pay and rewards.

"Managers need reliable real-time data and pragmatic e-tools to measure, identify, analyse and understand their organisation's people capability - and what capability is needed to compete in future," says Jonathon Hogg, head of the people and operations practice at PA Consulting.

As a result, talent management is a high-growth area of the software industry. In a recent study of 13 vendors, Lisa Rowan, an analyst at IDC, a research company calculated a market growth rate of 41 per cent between 2009 and 2010, "an amazing figure given the lack of growth elsewhere".

In the year to 31 December 2010, two of the leading companies, SuccessFactors and Taleo, reported sales growth of 35 and 20 per cent respectively, and both have annual revenues in excess of \$200m - not bad for relatively young software-as-a-service (SaaS) providers.

So why has talent management software fared so well in recent years? According to Michael Gregoire, chief executive of Taleo, the functions it provides are in tune with board-level concerns in times of economic uncertainty.

"When chief executives find themselves unable to invest in hard assets such as new warehouses or manufacturing lines, their attention tends to be drawn to the workforce as a source of competitive advantage," he says.

"That focus often triggers the realisation that they simply don't have the transparency



Building skills: talent management tools can help companies attract and keep employees

Anita Maric

they need to identify the 'stars' in their organisation, the high-performers who make a measurable contribution to business results and who need to be nurtured, motivated and rewarded for their achievements."

The flipside is that these tools can also be highly effective at helping organisations weed out the slackers, too - although that is not a message that any of the talent management companies is keen to promote.

The performance bent of talent management, meanwhile, keeps everyone in a company focused on its most important goals, says Rasmus Aaen Madsen, senior director of product marketing at SuccessFactors.

Research shows a strong correlation between an effective goal-setting process and an

organisation's financial performance, Mr Madsen says, most notably in reduced operating margins, but also reduced employee turnover.

Traditional human resources management systems (HRMS) do not have this focus. Younger companies have been quick to exploit this. But established HRMS suppliers - such as Oracle and Lawson - are now fighting back.

Meanwhile, Workday, a SaaS provider founded in 2005 by former PeopleSoft chief executive Dave Duffield and chief strategist Aneel Bhusri, is expanding beyond core HR and payroll tasks to include talent management.

"We're the first cloud vendor to put those core apps and talent management together, in

a single system," says Mr Bhusri, chief executive of Workday. "We now see companies regularly decommissioning talent management systems in favour of our more integrated approach."

One such company is Aviva, the insurance group, which is currently implementing Workday applications.

Taleo customers include Hyatt, the hotel group, and IBM, while SuccessFactors serves Kimberly-Clark, the consumer goods company, and American Airlines.

Flagship customers such as these have done much to make talent management software a credible investment and the prospect of big-name client wins continues to fuel competition between the sector's specialists.

The personal at work can be a disruptive mix

Social media

David Gelles gathers advice on how companies can make use of and monitor online networking

There are some companies that encourage employees to have a healthy work-life balance. A happy worker, so goes the thinking, is a productive worker.

Yet, with the rise of social media, there is more personal information about individuals available on the web than ever before.

As a result, the lines between work, and the rest of life have never been more blurred.

This muddling of professional and personal identities can be disruptive in the workplace.

"Social media have had an enormous impact on businesses, from a product perspective and also, in some cases, from a performance management perspective," says Sue Murphy, association manager, of the US National Human Resources Association.

At the most basic level, the HR department needs to make sure employees are not spending all day on social networking sites and frittering their work hours away tweeting and playing games.

management perspective we need to be more diligent," says Ms Murphy.

Even if social media facilities are not being abused in their overuse at work, there is a question over when and whether even sparing use could be deemed inappropriate.

Stories of employees and managers misusing social media on the job have become common.

But for the first time, authorities are getting involved in deciding whether workers or bosses are in the right. Last month, the US National Labor Relations Board weighed in after an employee was fired for a Facebook posting deemed tasteless by management.

Michael Patrick O'Brien, an employment attorney with law firm Jones Waldo, says this incident was a wake-up call for employers.

"Get legal advice before you fire someone because he or she has posted comments online or communicated with co-workers about working conditions," he says, adding it was important for companies to "update social media policies".

Social media can also prove an asset, and a liability for recruitment. Increasingly, says Ms Murphy, companies are posting job listings on social sites such as LinkedIn, instead of on job sites such as Monster.com.

"It's helping to cut their recruiting costs, and to find more suitable candidates," says Ms Murphy, adding that Craigslist, the online classified advertising site, is not an ideal recruiting venue. "There are some negative sides with some of the Craigslist postings."

But encouraging employees to use



On the move: lines between work and free time have never been as blurred

Alamy

social media to share a job listing among friends and social networks can be useful. "It helps you get your message out," she says.

"There are millions of people on Facebook and Twitter every day. When I started in HR, you would place an ad on Wednesday, it would be in the paper on Thursday, and it would be a week before you had CVs," says Ms Murphy. "Now it only takes seconds."

But again, with so much data publicly available, there is a risk employers will focus on personal information

'When I started in HR, you would place an ad on Wednesday and it would be a week before you had CVs'

when they make hiring decisions, whether it is relevant to work or not.

"The downside of using social media from a networking perspective is that we don't have guidelines for regulating what employers are getting from these social sites," says Ms Murphy.

"If there are photos of them partying, or if they see people that seem to be obese, they are making decisions based on what they see on these sites, which leaves the door open to discriminatory practices."

Even after employees leave the organisation, social media can be integral to an ongoing relationship with the company.

"Employers use it to track their alumni in the press," says Martin Murtland, managing director at for PR and Corporate Communications at Dow Jones, speaking about proprietary software that monitors mentions of individuals and companies across media channels.

"If there's someone you're particularly interested in, this is a way to see what they're saying about the company."

Yet, without guidelines, social media in the workplace can go awry. "You have to be careful about maintaining... neutrality," says Ms Murphy.

She recounts an incident where a supervisor went on to Facebook, downloaded a picture of a male employee who was out with a friend, then sent it out to colleagues saying "look at these two gay boys".

Nothing was done to the supervisor, much to the chagrin of the employee. "His supervisor created a hostile work environment," she says.

The use of common sense is important in HR policies on social media.

"Be smart with what you're saying, be aware of who you're reaching, and if you're going to go looking, be prepared for what you're going to find," says Ms Murphy.

Human resources turns towards technology

Continued from Page 1

company demonstrate compliance with affirmative action requirements and other labour laws.

Other companies, such as Makro the UK cash-and-carry wholesaler, have used IT to transform their recruitment process.

When Nicola Lake joined the company three years ago as head of resourcing, it did not have a recruitment department. "HR at the time basically had a generalist role and dabbled in recruitment," says Ms Lake, who had previously been in charge of recruitment at Atkins, an engineering consultancy.

"So, my brief was basically to set up the recruitment department from scratch and bring to the company a half-decent return on investment."

Until her arrival, recruitment at Makro which has 30 stores and 5,000 employees, had been a rather haphazard affair undertaken mostly at individual store level.

Ms Lake built a small HR team and started examining recruitment processes.

"We were receiving between 200 and 250 CVs a day to an Outlook [e-mail] account, so it was very, very archaic," she says. It took one full-time worker just to sift through those CVs and send them to the appropriate store or the head office.

Makro wanted to improve its image as an employer and introduce a recruitment system that would support its HR strategy of bridging the gap between acquiring and managing its employees.

So, in June last year the company launched a recruitment section on its website and introduced a recruitment system based on software from StepStone Solutions.

The system feeds vacancies posted on the Makro careers website to

LinkedIn, Twitter and the job sites that Makro uses, including Monster and Totaljobs, publicising opportunities to a much wider audience.

It also allows Makro to send job vacancies to traditional recruitment agencies if required, and has proved more successful than Ms Lake expected.

Since it went live, 23,000 applications have been processed via the system, 324 people have been recruited through the website and Ms Lake says it has saved the company more than £750,000 (\$1.2m) in agency fees.

In addition Ms Lake says, "the quality and the calibre of candidates is much better".

The emergence of a number of fast-growing 'talent management' specialist software and IT services companies such as SHL, Taleo and SuccessFactors underscores the rapid changes under way in the HR.

"Human resource information systems have altered how HR services are delivered and managed by organisations," says the Society for Human Resources Management.

"Used effectively, these systems make the HR function more efficient, better informed and able to communicate accurately how it adds value to the organisation. However, to reap the full benefits of implementation, HR executives must combine the best of HR technology with effective management processes, and they must be ready to manage the challenges created."

Scot Marcotte, an industry veteran who works for Buck Consultants, an HR consultancy, goes further.

"We are finding that it is no longer just about efficiency."

"It is all about outcomes: how we can help a business or organisation drive cost-savings and productivity and help plan its resources and talent on a global scale."

The Connected Business | FT Bowen Craggs Index

Be a 'king of content' not a piecemeal relauncher

Analysis of results

David Bowen looks at how successful organisations are in getting their messages across via the web

The devil is in the detail of the FT Bowen Craggs Index. Here are some of the specifics that struck us during our analysis.

Siemens has reinvented the homepage – again.

In 1997 the German group spawned a host of imitators by turning its homepage into a self-contained multimedia microsite, which changed every month to an editorial schedule.

Now it has done something almost as radical by replacing this approach with a series of short films, shot by well-known directors and avoiding obvious marketing messages.

Presumably, it hopes the YouTube generation will take to

it and it provides plenty of icons and links to encourage them.

Will Siemens change the corporate website game again? It is too early to tell, but it is nice to see a huge corporation prepared to take risks.

Then there is confusing the public by a piecemeal relaunch. This approach illustrates the dangers of updating your site bit by bit, as done by Hewlett-Packard and BNP Paribas.

HP has become remarkably muddled, with different templates fighting each other, while BNP appears to have two careers sections – it does not in fact, but there is plenty to baffle jobseekers.

Some sites are kings of content. If you have to be stranded on a desert island with only two corporate websites, take General Electric and Google. They have more interesting stuff on them than any others.

GE impresses with videos, its Ecomagination site and its lively GE Reports newspaper-magazine-blog.

From Google.com, find your way to Google.org and see how its technology has been used in Japan, analyse the environment with Google Earth Engine and track disease with Google Flu Trends.

Yet neither site is at the top of the Index because their management is weak – no one is trying to make them work as smoothly running machines.

Sites can also be used as tools to defend reputations. BP.com did not rescue the group's reputation in the Gulf of Mexico, but it must have limited the damage.

Backed by social media and a jointly-run crisis site, it acted as an information machine. It gave a blow-by-blow account of what the company was doing – it provided a mass of practical information: for example, the ability to download a fisherman's claim form in Vietnamese – and it spawned state-specific sites.

It is one of the few aspects of crisis management that BP got right.

More on reputation: General Electric used its GE Reports site to give detail on the Fukushima nuclear reactors in Japan, correcting what it saw as flaws in newspaper reports.

Chevron continued to wage war again Ecuadorians suing it for environmental damage, using its website and YouTube in powerful tandem.

British American Tobacco popped up from the usual lying low approach of its industry with a hard-hitting web film on black-market cigarettes and organised crime.

Investor relations is an area where "we'll use what we've got" seems to trump the more rational "we'll give users what they need" approach.

Innovations driven by supply include a plethora of flashy online annual reports, a surprising development given analysts' insistence that they prefer documents in PDF format.

An example is the technology Microsoft uses to display its earnings announcements.

Moving on to social media, we classified 22 of the 75 sites as "social media friendly".

IT companies have a natural community of experts, so can easily exploit the social media side – see Cisco's Newsroom to see how far that can go.

Elsewhere, most companies limit themselves to displays of icons, plus some Twitter feeds perhaps.

Where there is closer integration, it is concentrated in careers sections, where Facebook's demographic makes it a very obvious choice.

Otherwise, spot Siemens' brave decision to show how many social media comments have been posted about its homepage videos, and Walmart Stores' coverage of social media channels in its search engine.

This last is a significant development – let us see if others follow.

David Bowen is senior consultant for Bowen Craggs & Co.



German innovation: Siemens has reinvented the homepage – again

Sites will become 'suns' with a set of satellites

FT Bowen Craggs Index

David Bowen on the 2011 ranking of corporate websites

Tim Berners-Lee invented the world wide web 21 years ago. Has it come of age?

Judging by the fifth FT Bowen Craggs Index of corporate web effectiveness, the situation is much the same for the websites as it is for the human race.

Some are remarkably mature, most are a bit of a mix, and some are still stuck firmly in adolescence.

If you want evidence that a group's website is an important communication channel, go back to last summer and the Gulf of Mexico.

BP made a hash of its reputation on television, an outlet it could not control. It did well online, because it did control it, and understood how to use it.

BP and the other companies at the top of the Index, are mature users of online communications. Large organisations – in business or not – can learn much from studying them.

This ranking is designed to help them do that.

It covers 75 very large web estates – and their associated social media channels – has taken 1,000 hours to produce, and is backed by 750,000 words of analysis.

It is a highly detailed study of large websites and it has three goals.

First, it aims to help organisations identify where to look for ideas.

Second, it picks out trends in online communications.

Finally, it helps the constituents of the Index – broadly, the largest quoted companies in the world – to see how they are performing against their peers.

The Index is unlike other rankings for two reasons.

It takes a broad view. Rather than concentrating on a particular element or elements, it looks at the



Cleaning up: something BP did get right after the Gulf of Mexico oil spill was its online response

jobs a web presence is asked to do, and how well it does them – this is what we call effectiveness.

Second, our approach is 'expert' rather than 'checkbox': our analysts – experienced in both business and the web – make judgments at every stage (see methodology, right).

It is not a list of the best corporate websites in the world, because the 75 included in the full ranking are the only ones we look at. They are chosen for their market capitalisation, not their online skills. But it is a big enough sample to exhibit a large number of approaches and trends.

Here are some of the most significant ones.

Corporate websites will not die, as some have said; in fact they will become

more important in absolute terms – suns at the centre of a group of planets with names such as Facebook, Orkut, YouTube, Twitter, Android, iPad and iPhone.

The evidence this year is that many more sites are acknowledging this shifting relationship, with social media icons much on display.

Only a handful of companies are moving towards closer integration though.

The average score this year has nudged up, but not by as much as in previous years.

While there has been a good number of relaunches, they have not always been well handled.

Companies that roll out sites piecemeal tend to bring chaos to their web presence.

Corporate websites will not die, as some have said; in fact they will become more important in absolute terms

The FT/Bowen Craggs corporate website index 2011: top 40

2011 Rank	2010 Rank	Company	Construction	Message	Contact	Serving society	Serving investors	Serving the media	Serving job seekers	Serving customers	2011 score	2010 score	Country
		Maximum score	60	48	12	32	32	32	32	32	280	280	
1	2	Siemens	43	41	10	27	22	28	24	22	217	210	Germany
2	2	BP	49	36	10	28	26	21	24	22	216	210	UK
3	1	Royal Dutch Shell	47	37	9	26	28	21	24	21	213	213	UK - Netherlands
4	6	Eni	44	36	10	27	27	24	21	20	209	200	Italy
5	8	Unilever	47	38	8	25	25	20	23	20	206	198	UK - Netherlands
6	4	Roche	39	41	9	22	22	25	23	23	204	209	Switzerland
7	7	General Electric	43	39	8	25	18	21	23	23	200	199	US
7	24	Intel Corporation	47	31	9	25	26	19	22	21	200	189	US
9	13	British American Tobacco	46	36	10	25	25	19	16	22	199	194	UK
9	21	Novartis	47	37	10	19	22	23	19	22	199	191	Switzerland
9	22	Walmart Stores*	47	36	9	20	22	24	19	22	199	190	US
12	18	IBM	39	36	7	23	22	24	24	23	198	192	US
13	18	Chevron	45	38	10	26	24	16	20	18	197	192	US
14	12	Nestlé	40	36	7	25	23	25	17	23	196	195	Switzerland
15	9	AstraZeneca	42	37	9	21	24	20	24	18	195	196	Sweden
15	15	Cisco Systems	36	28	9	24	24	26	24	24	195	193	US
15	9	Procter & Gamble	48	34	7	24	21	21	21	19	195	196	US
18	5	Rio Tinto	43	35	7	23	26	19	20	21	194	201	Australia
19	18	GlaxoSmithKline	46	35	8	24	25	18	20	15	191	192	UK
19	27	Statoil	44	39	3	24	24	22	19	16	191	186	Norway
21	29	Microsoft	36	30	7	18	24	20	27	28	190	182	US
22	13	Coca-Cola*	40	37	10	26	20	20	14	22	189	194	US
22	9	Eon	41	30	8	25	18	24	19	24	189	196	Germany
24	25	Sanofi - Aventis	48	30	6	23	27	20	15	19	188	188	France
25	25	Barclays	39	36	4	21	26	17	22	22	187	187	UK
26	15	Total	41	37	6	26	25	16	18	17	186	193	France
27	27	Commonwealth Bank of Australia	40	33	7	22	22	11	22	25	182	182	Australia
27	22	Vodafone	41	35	3	22	26	14	19	22	182	190	UK
29	49	PepsiCo*	40	34	7	24	20	22	13	21	181	158	US
30	25	Google	32	38	9	19	20	15	24	23	180	188	US
30	34	HSBC	40	30	6	22	22	17	19	24	180	177	UK
32	42	AT&T	31	30	10	16	23	22	24	23	179	167	US
33	31	Johnson & Johnson	39	35	5	23	21	9	19	26	177	179	US
34	36	Philip Morris International	44	33	6	17	19	17	17	20	175	171	US
35	35	Goldman Sachs	39	32	6	23	17	14	22	19	172	172	US
36	36	Royal Bank of Canada	33	26	8	21	21	17	20	25	171	171	Canada
37	31	BHP Billiton	37	30	8	17	23	14	21	20	170	179	Australia
37	28	Hewlett-Packard	25	32	7	26	23	13	17	27	170	185	US
37	37	Merck	38	33	9	16	17	15	17	25	170	170	US
37	39	Toyota	38	34	5	20	19	17	17	20	170	168	Japan

*The 'serving customers' metric is not relevant to this corporate website, so a score has been calculated that does not distort the overall result. © Copyright Bowen Craggs & Co. 2011. Disclosure: Bowen Craggs & Co has acted as a consultant to BP, British American Tobacco, Cisco Systems, Eni, GlaxoSmithKline, Nestlé, Royal Dutch Shell, Procter & Gamble, Siemens and Total in the past 12 months. For a full version of this table showing 75 companies, go to www.ft.com/connectedbusiness. For more detail, including interactive tables and downloadable Excel files, go to <http://www.bowencraggs.com/ftindex>

How the rankings are arrived at

Bowen Craggs has developed a detailed methodology to benchmark corporate websites. The FT Bowen Craggs Index uses a simplified version, writes David Bowen.

The metrics are divided into two groups: overall and specific.

Specific metrics concentrate on how well the site serves groups.

Within the overall metrics, Construction covers navigation and coherence and Message looks at visual and content messages. Contact covers ease of making contact and use of FAQs.

We do not use a checklist approach: our analysts are experts on the corporate web, and ask first what should be provided and then judge how well it is done.

A new review takes 16 hours and is carefully documented. This year we have included an accessibility test developed by Peter Abrahams of Bloor Research, a member of the OneVoice for Accessible ICT Coalition (www.onevoiceict.org)

Companies in the Index are taken from the FT Global 500 2010, ranked by market capitalisation.

We have indexed the top 25 from each of the US, Europe, and the rest of the world. Berkshire Hathaway is excluded, as it does not use the web in a conventional way.

Companies featured last year that no longer fit the criteria are: Abbott Laboratories, McDonald's, Qualcomm, Verizon Communications, Honda Motor, Nippon Telegraph & Telecom, Ping An Insurance, BG Group, Deutsche Telekom, France Telecom and Volkswagen.

About Bowen Craggs Bowen Craggs & Co advises companies and other organisations on their online presence.

It does not build sites, but helps improve their effectiveness. It has worked for a number of companies in the Index but have no interest in marking them up or down.

For more detail, including the full ranking by different metrics, visit www.bowencraggs.com/ftindex



Alan Cane PERSPECTIVES

Got your credit card? And access to an app store over the cloud?

Then why not buy some IT infrastructure to make your job easier, more productive and more creative?

Sounds far-fetched? Not to the likes of David Elton of PA Consulting.

He and his group are keeping a close eye on the way app stores and the cloud are developing in the consumer sector as a model of how they could be exploited in corporate IT.

He accepts, of course, that it is not a working model for business today: "But a lot of it is here and now and that should be changing the way people are thinking about the possibilities."

He notes that businesses are buying hardware, software and computing power through the cloud as a way to purchase IT at higher economies of scale. What they should be doing, however, is thinking about the opportunity for people to use information more effectively.

Brian Solis argues in *Engage**, his introduction to achieving success using the tools of Web 2.0, that businesses are struggling to understand the technologies and platforms associated with social computing and how to

integrate them into the company's existing network of systems and applications.

He writes: "For the first time, new technologies are permeating the enterprise and business structures from the bottom upwards."

"And these technologies precipitate change, carrying the ability significantly to transform business processes and revolutionise marketing, sales, service, production incentives and many other disciplines and divisions in the process."

According to Mr Elton, "Permitting people to buy the IT that they find intuitively attractive has the advantages of lowering costs to the company while allowing them to focus on the value add from the information."

It is, perhaps, no surprise that tablet computers and smart phones are the devices of choice for many employees. They buy them for the home and use them at work.

Of course, this assumes that employees are both willing and able to make use of the information from within and outside the corporation.

This is not necessarily a given, although Mr Elton believes that most employees want to do a good job and would exploit their creativity to the full, given the opportunity.

Information, however, can also be a dangerous commodity, especially if it can be defined as business intelligence – that is, corporate data boiled down to the point where it can be used to

use their sites for recruitment, nor do they use them much for CSR reporting or nurturing a reputation for responsibility.

Should they? We would have said the same about some Russian sites two years ago, but both Gazprom and Rosneft now have careers sections. What will they add next?

The lack of movement among Asian sites – not just Chinese but also Japanese and the single Indian representative – is related to these gaps, and must reflect a lack of senior management interest. Social media are hardly touched on, although wildly popular in some countries.

The other Bric country, Brazil, has three representatives – they are characterised by some strong con-

text, social media friendliness, but serious weaknesses in implementation. European companies still dominate the top of the list, though some US sites are closing in.

But too many US companies still view corporate websites as selling and marketing machines. Pickings are slim for other stakeholders.

The Apple and Bank of America sites serve their customers well, but in most other ways are dysfunctional.

This is a shame, because US sites also hold some of the most engaging content.

They understand that websites are a company's most-read publication. Dig around in GE.com or Google.org and you will be fascinated.

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The Connected Business | Focus on The Cloud

Remote access is not a solution that suits all

In-house or off-site

Charles Batchelor says some companies prefer to keep sensitive employee data on the premises

Managing employees depends ultimately on personal judgments, but human capital or talent management software can help.

But once you have decided you need it, you have to choose whether to provide it in-house or buy it in.

Applications can record the skills available in a company (see case study, right), carry out performance reviews and devise training and development plans.

They can also streamline recruitment procedures by taking online CV forms, ask "go or no-go" questions to weed out unsuitable applications and finally draw up a shortlist.

Human capital management systems have traditionally been offered as a module in more broadly based enterprise resource management software that is then managed in-house by the IT department of large companies.

But, as software vendors tailor their offering to the small and medium-sized enterprise sector and purchasing power shifts from IT managers to functional line managers in, say, sales or purchasing, more companies are discovering the attractions of the cloud.

Software-as-a-service (SaaS) is the term often applied to this full-service offering of computer capacity from off-site clusters of

servers, routers and databases.

In-house or "on-premise" management of IT system provides reassurance to businesses concerned about the security of their data, but it can require considerable resources to install and keep systems up to date.

By contrast, capacity rented from a SaaS provider can be rapidly brought on stream, while the hassle of maintenance and upgrades is transferred to the provider.

Some vendors argue that human resources is an area ideally suited to the cloud because, unlike other categories of management information, it needs to be accessed and used by every employee in the company, and not just by specialists in particular departments.

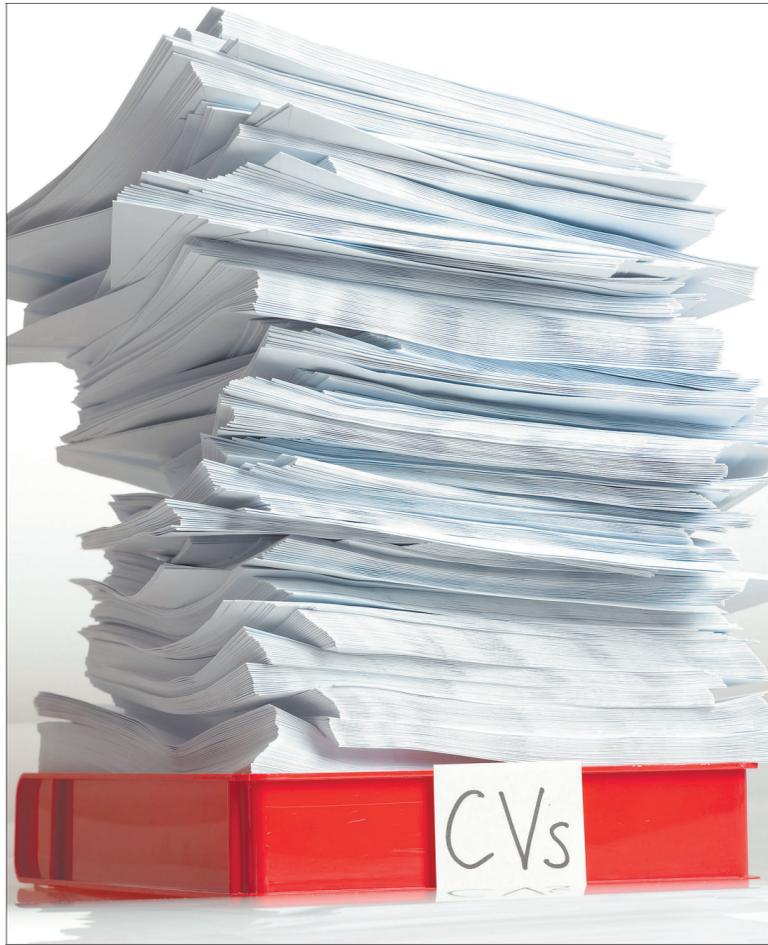
"The finance or supply chain software is used by a restricted group of people, but the HR systems are used by every employee," says Andrew Rodaway, communications director at StepStone Solutions, a SaaS provider.

"An employee will input his performance objectives and training needs into the system and they will be reviewed and agreed by his boss. Employees need access as much as the HR people and management."

For this reason a cloud-based system that can be accessed from any location with an internet connection, including via mobile devices, is much more flexible than one that requires the user to be sitting at his or her desk.

But whether a vendor promotes the SaaS option or not often depends on the company's particular history.

StepStone, founded in 1996, does not have a legacy of offer-



Information overload: software can streamline recruitment by taking online applicant data

Alamy

ing "on-premise" systems to its clients. "The trend is to SaaS-based platforms," says Ralph Brasker, StepStone's head of product marketing.

Chris Taplin, head of pre-sales at SAP UK, compares the "on premise" and SaaS options with buying or renting a house. "When you rent, you can move in quickly but you can't redecorate or knock down walls."

Mr Taplin, whose job is to explain the benefits of SAP's systems to non-technical customers, describes SaaS as "an on-demand offering – what you see is what you get". The on-premise option, on the other hand, can allow a purchaser to

customise the software to make it easier to integrate the human capital management function with other departments.

SAP provides and supports both models, although it started as a provider of on-premise software.

Owen Brangwyn, a product manager at Infor, a supplier of human capital management software, says his larger customers, many in the retail sector, prefer their systems to be in-house, in part for security.

The human resources field involves a great deal of sensitive data about employees, including payroll and bank information that some companies prefer to

Profile Baker rises to challenge of rolling out information on employees' skills

Lantmännen Unibake, a Danish supplier of fresh and frozen bakery products, has often had to make use of expensive outside consultants to carry out special projects.

But since it signed up last year for a cloud-based human capital management package from StepStone Solutions, it has found many of the skills it needs for such projects among its nearly 4,000 staff members spread over 19 countries.

Faced with a special project that needed to be carried out at the company's Horsens head office, the chief financial officer searched the company's online skills database and found a female employee in Norway with the required expertise.

She was able to carry out the work from Norway, but gained the satisfaction of having worked on a head office project.

"In the past, people would have explained their career expectations to their local manager who would have written it all down," says Johan de Prijck, corporate HR director. "The people with the information would not have known about the opportunities. Now, what comes up between the manager and the employee is owned by the company."

For an international company with operations in Europe, the US and Russia, exchanging staff information between offices was a challenge.

StepStone's talent management software, which covers recruitment, performance and learning management, and career and succession planning, has meant local information can

be made available across the group.

Unibake expects that better management of staff information will allow it to fill 80 per cent of vacancies internally by 2013.

At present, about 40 per cent of senior positions are filled from inside the group, while the percentage of blue collar vacancies filled in this way is lower.

The reduction in the cost of recruitment, including fees paid to headhunters and the training of outside recruits are expected to lead to a saving of €450,000 (\$650,000) a year – a drop of 15-20 per cent.

An important element of the

'Now, what comes up between the manager and the employee is owned by the company'

system that has been adopted by Unibake is the self-service facility. This allows staff members to maintain their own skill profiles, which can then be viewed by human resources teams throughout the group. Mr de Prijck says he is happy to hand over the computerised element of human resources management to an outside provider that operates the system remotely. "We are not systems inventors," he says. "We are buying a service and the knowledge."

Charles Batchelor

'The finance or supply chain software is used by a restricted group of people but the HR systems are used by every employee'

keep on their own premises. Nonetheless, Mr Brangwyn believes the cloud option "will gather momentum. Infrastructure improvements will put the security question to bed."

But companies with a big investment in their own IT departments are less likely to make the move to the cloud.

They may feel happier keeping control of their own data, rather than watch it disperse to a remote location in a jurisdiction, such as the US, where the authorities may decide there is a public interest in disclosure.

Whichever model a company chooses, it will need a system that is responsive to the rapidly

changing needs of the recruitment market.

"Recruitment is a dynamic area," says Mr Brasker. "You need to act fast to attract and retain talent."

Companies that are slow to filter responses to vacancies and pass them on to the relevant manager will miss the best applicants, he warns.

"The developers of apps for mobiles and internationally qualified sales people are so connected that they are gone unless the company responds quickly."

"You can't wait for someone to come back from holiday to deal with an application."

Web recruitment speeds up the delivery of good workers

Case Study UPS

The logistics group is embracing social media, reports Alan Rappeport

UPS, the parcel shipping group, has moved aggressively into the world of social media as a method of hiring.

It is steering away from old-fashioned print job advertisements in favour of interactive and trackable online tools.

This approach to recruitment is typical of the latest trends in human resources strategy.

The group maintains an active presence on Facebook, Twitter and LinkedIn and uses text messages and online tracking tools to keep in touch with applicants and target potential employees.

"We certainly think that there is going to be a shift away from traditional job boards to a social media paradigm," explains Matt Lavery, UPS corporate talent acquisition manager.

Use of social networking at UPS to find and keep in touch with job applicants reflects a wider trend.

According to Jobvite, a social recruiting software company, 83 per cent of US companies will recruit via social networking websites this year and 46 per cent will invest more in social recruiting.

The shift at UPS has been gradual but significant.

In 2005, the group was spending 90 per cent of its recruitment advertising budget on print media, local and cable television and radio outlets.

The following year, it decided to centralise its job advertising budget and re-evaluate how it looked for workers.

Old media methods were not proving very fruitful and the group was having more success through niche websites.



A new route: 97 per cent of the UPS recruitment budget is allocated to social media

Getty

So UPS hired an advertising firm to boost its online presence and worked to develop "organic" growth in its number of Facebook and Twitter followers.

With jobs increasingly in demand, its following grew rapidly, as applicants jumped at the chance to receive instant feedback and responses.

For example, in March UPS posted an employment opening on its Facebook page for a freight forwarding account executive position in San Diego.

When a job seeker inquired about openings in Mesquite, Texas, UPS responded within an hour with a list of openings in the state and explained the online application process.

By last year, less than 3 per cent of the UPS recruitment budget was spent on old media and 97 per cent was allocated to social media.

The investment has brought good returns.

In 2010, UPS hired 955 employees whose applications had come through social media channels, including 45 from

Twitter and 226 from Facebook.

This marked a sharp increase from 2009, when the company hired only seven people via Twitter and 12 through Facebook.

UPS says the cost of finding a successful applicant through social media is about \$60 to \$70 a hire, compared with \$500 to \$600 a hire, using print advertising.

Beyond the cost savings,

'We certainly think there is going to be a shift away from traditional job boards to a social media paradigm'

social media helps UPS target potential applicants and provides useful demographic information.

The group can see which websites its Twitter followers are coming from and use that knowledge to decide where to target advertising campaigns.

Meanwhile, on Facebook the group knows that 55 per cent of its 15,000

followers are men, 95 per cent live in the US, and 76 per cent are between the ages of 18 and 44.

For more senior-level hires, the company uses LinkedIn, which allows it to scour CVs according to specific criteria.

One drawback to social media is privacy concerns among job applicants, who fear that personal information that can be found online might become detrimental to them professionally.

But in spite of its growing reliance on social media for hiring, Mr Lavery notes that UPS does not use such web sites to perform background checks on applicants.

Instead, the group continues to do standard criminal background checks and use research tools such as Lexis Nexis to vet candidates.

"We have consciously taken [social media in background checks] out of play, because we don't want to make a bad hiring decision based on a bad picture or comment," he says.

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