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WILL HRO BRING GOOD TIMES TO GOODYEAR?

Goodyear hopes that HRO will be a driving factor in its HR success



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WILL HR BRING GOOD TIMES TO GOODYEAR?

THE GOODYEAR TIRE & RUBBER COMPANY HOPES THAT OUTSOURCING ITS HR WILL BE A DRIVING FACTOR IN THE COMPANY'S CONTINUED SUCCESS.

BY ELISA WILLIAMS

The Goodyear Tire & Rubber Company had just 13 employees when it began producing a range of products including carriage and bicycle tires and poker chips in 1898. Today, the largest tire company in the world has 86,000 employees working in more than 80 facilities in 28 countries worldwide. But after decades of financial success, Goodyear, like many other companies in the current economic environment, is fighting for its economic stability. With that pressure in mind, managers throughout the company have been asked to bring down costs in their departments. For HR, which had 200 people working on the Akron, Ohio, campus in 2003, it meant trying to come up with some radically new ideas. Cuts of 5 percent to 10 percent had been made in the past, and the Goodyear HR management team was certain that no more jobs could be eliminated while still keeping needed services. How could they continue to offer quality services at lower costs? The answer: transform the HR function through outsourcing.

"We asked ourselves, 'What can we do to contribute to the turnaround?,'" says Kathleen Geier, Senior Vice President, Human Resources. "We wanted to reduce costs, but we also wanted to transform the way we do what we do."

The problem needed an innovative solution. Geier assigned 12 senior and middle managers to a task force named "Project Inventure" and empowered them to look at all options. The conclusion: the best way to keep service levels high was through outsourcing—not just a few specific services, as Goodyear had considered in the past, but as a big concept.

"When we looked at outsourcing for specific functions such as payroll in the past, it didn't really save us any money," says Geier. "This time, we wanted to accomplish some things, such as a new HR Information System."

Once Goodyear chairman and CEO Robert Keegan had signed off on the task force's proposal for an end-to-end HR outsourcing, it was time to get buy in from the rest of top management. Geier's team made presentations to Goodyear's seven company presidents and nine other functional leaders in one-on-one meetings. ▶

GOODYEAR



RACING TOWARD AN HR WIN, THE NEW GOODYEAR-ACS HR TEAM.

Left to right: Top Row – Bruce Mueller, Managing Director, Global HR Solutions (ACS); Charlie Edmisten, Director of HR BPO and Integration Systems (Goodyear); Kathleen Geier, SVP of HR (Goodyear); Jimmy Buddenberg, Strategic Business Unit Director (ACS); Donald Harper, VP of HR, North American Shared Services (Goodyear); Front Row – Tim Bolton, HR Project Manager (ACS); Laura Domchick, Manager of HR/BPO Services (Goodyear); Cindy Frie, SVP Business and Marketing Development, Global HR Solutions (ACS); Mark Bobes, VP and Goodyear Client Executive (ACS).



HELPING STEER A NEW PATH FOR HR.

Left to right: Laura Domchick (Goodyear); Tim Bolton (ACS); Jimmy Buddenberg (ACS); Charlie Edmisten (Goodyear); Mark Bobes (ACS).

“We wanted to make sure everyone was comfortable and would stand behind the program,” says Geier. There was initial resistance to moving away from the separate HR departments set up throughout Goodyear to a single provider and more automated process.

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“This was sacred territory,” says Donald Harper, VP of HR, North American Shared Services. “It was hard to sell it. People are used to walking into an office and seeing other people.” Harper’s strategy was to remind the employees that while HR personnel go

on vacation or step away from the office, a service provider or an automated system will always be there around the clock.

Only after they received support from Keegan and his leadership team did Geier and her team start the daunting task of finding an outsourcing partner. Geier has

been at Goodyear for 26 years and Harper has been there for 36, so the outsourcing market was new to them. To get them up to speed, they turned to EquaTerra, an independent outsourcing consultant that Goodyear first met at the August 2003 HRO World Conference in New York.

“They helped with the selection of vendors, contract negotiations, legal, and purchasing,” says Geier. “It was worth every penny.” Geier says EquaTerra kept them on track during the negotiations and helped explain the industry and help set their goals.

Goodyear already had a good idea what they wanted to outsource, but EquaTerra helped them prioritize what they were looking for in an outsourcing partner. High on the list was a provider with the capability to work globally, but they were also looking for a good cultural mix. Unlike younger companies, which might be used to a high level of corporate change and employee turnover, Goodyear has thousands of employees who have spent their entire careers at the company.

Dallas-based ACS fit the bill, with experience in dealing with large multinational clients, such as Motorola and General Motors Europe, plus a corporate culture that meshed well with Goodyear’s. After vetting ten different vendors, a 10-year contract was awarded to ACS that covered a wide range of HR functions, including payroll, benefits, pension, staff recruitment and training, international services for expatriates, and HR information. “They worked with us,” says Geier, “they didn’t just hand us a solution.” Geier anticipates a savings of approximately \$45 million resulting from the partnership as Goodyear HR moves to an outsourced environment.

One immediate benefit ACS has already brought to the table is access to new technology. “We offer ready access to wonderful tools, such as performance management and succession planning, which really help corporations when you’re looking at your employee base,” says Cindy Frie, Senior Vice President

Business and Marketing Development, Global Human Resources Solutions at ACS. Goodyear's existing HR Information System was a Tesseract system installed in the mid-1980s, and updating it would have required a large capital investment that the company simply couldn't justify. "We'd rather spend that money on making and selling tires," Geier says simply, "not on updating our HR technology."

With such a huge international presence, Goodyear is keen to make sure that improvements made in the United States, such as new HR technology systems, have the potential of being rolled out globally. One of the first projects ACS has introduced is an SAP module for payroll that allows Goodyear to use it worldwide. "It's a much better approach than developing a solution for what they are doing in the United States, then trying to roll that out globally—that would have been difficult to move to the rest of the organization," says ACS' Frie.

CLEAR VISION EASES TRANSITION

ACS credits Goodyear's prep work and their partnership with EquaTerra for



STANDING NEXT TO GOODYEAR'S PREMIUM-BRAND TIRES IS THEIR PREMIUM-BRAND HR.

Left to right: Bruce Mueller (ACS); Kathleen Geier (Goodyear); Cindy Frie (ACS); Donald Harper (Goodyear).

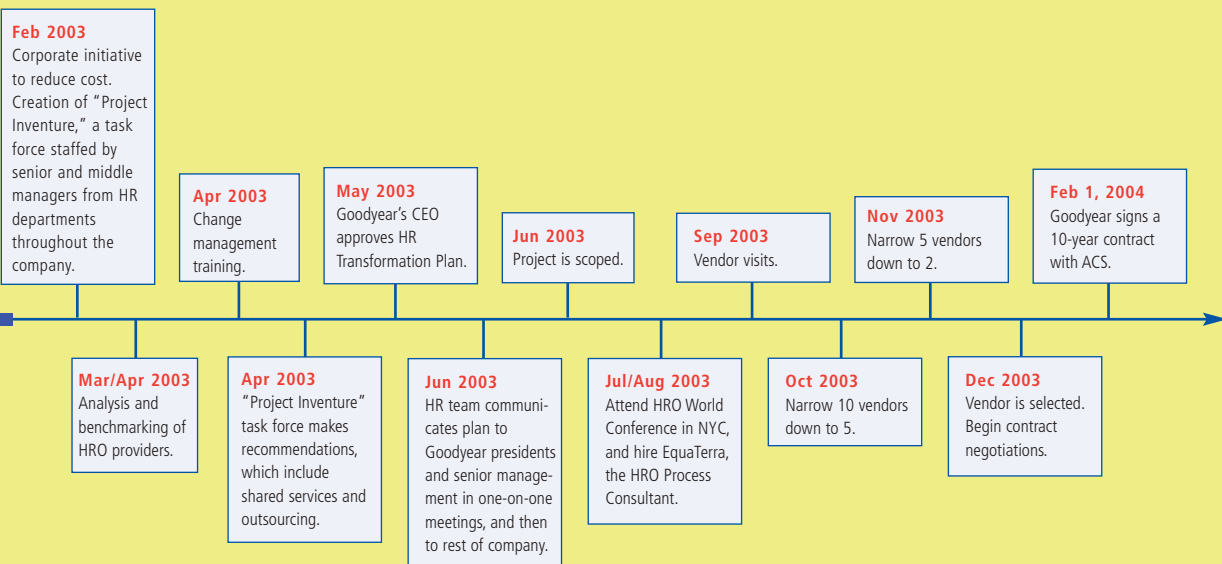
making their job easier in the early stages of the transition. "Goodyear is very steeped in strategy and what they want to accomplish," says Bruce Mueller, Managing Director of Global HR Solutions for ACS.

Although outsourcing was new to Geier, once she learned more about it, she became convinced of its value to

Goodyear. "Kathy Geier set out a charter in a pretty aggressive timeline and was absolutely unwavering in moving forward," says Frie. "She had an unbelievably clear vision of what she wanted to do, and that team had the authority and the ability to make that happen."

Mueller says, "It's what made the process work. They had the commitment of top

GOODYEAR'S OUTSOURCING TIMELINE





HR LEADERS WHO AREN'T AFRAID TO TAKE NEW CONCEPTS FOR A SPIN.

Left to right: Donald Harper (Goodyear); Kathleen Geier, (Goodyear); Cindy Frie (ACS); Bruce Mueller (ACS).

management, and it really contributed to a successful conclusion." Mueller says ACS was able to help Goodyear's transition team develop a very detailed roadmap so everyone knew exactly what was going to happen, month-by-month, week-by-week, and day-by-day. Geier credits Keegan with the vision and commitment to transform the corporation. "His leadership provided the foundation," she said.

Both Goodyear and ACS also credit a similar cultural fit with easing the minds of employees. Goodyear's HR ranks at the Akron, Ohio, campus have decreased

from 200 to 85, mainly due to the transfer of 100 employees to ACS on February 1, 2004. Under ACS, these employees were still working at Goodyear (often at their same desks and next to their same co-workers) when the changeover took place, but many were worried about the switch. To help ease their concerns about the transition, members of the ACS team spoke about their own personal experiences with outsourcing during transition communication sessions.

"Many of the ACS employees had originally worked for Motorola. They knew the pain, the agony that people were

going through," says Harper. "The process was traumatic and emotional. But the process leaders for this deal were people who could stand up and say, 'I was sitting right where you were a year ago. This is very difficult, but it can be done.'"

ACS says they have found that to be true as well. "It brings it down to a real level," says Frie. "It gave them a sense of comfort that someone has done it before."

Change came to HR employees who stayed at Goodyear as well. Harper knows firsthand that the changes brought about by outsourcing can be scary. When the Goodyear veteran first saw the organiza-

tion chart proposed by the internal task force charged with cutting costs in HR throughout the company, Harper noticed something unsettling: "My job wasn't on it," Harper says. "I said, 'Where's my job?'" His job was gone, but a new one was available—overseeing the division working with ACS. "When employees come into my office and say they are worried, I say 'Tell me about it. I've changed jobs too.'"

The former Motorola/current ACS employees had a positive and often unexpected message for the Goodyear employees: Transferring to an HR service provider can bring new opportunities for career advancement, especially at ACS, which has some 40,000 employees in nearly 100 countries. While the outsourcing did include some job losses among those transferring to ACS, to others it provided an opportunity for advancement that might not have been available within Goodyear.

ACS says staffing the partnership with experienced employees well versed in corporate HR practices is key to their business—ACS employees come from the HR trenches, not a more general consulting background. "The people who are doing this have actually done it before," says Mueller.

Although the concept of outsourcing was initially raised for cost-cutting purposes, Goodyear's HR senior management team is pleased that working with outside experts is providing them with some valuable tools to help with the strategic parts of their jobs. Although it's still a few years away, Geier is hopeful that she is going to get the top item on her wish list by January 2006—a global HR information system where you can push one button and be delivered a wealth of compensation and other information. With nearly four decades in Goodyear's HR business, Harper says he's using tools he never could have had access to before.

"For the first time, we have a quality matrix for HR," Harper says. "We didn't know what that should be." Change can be scary, but it can bring new benefits as well. HRO



MAPPING OUT A PLAN FOR SUCCESS.

Left to right: Laura Domchick (Goodyear); Tim Bolton (ACS); Cindy Frie (ACS); Mark Bobes (ACS).

GOODYEAR'S ADVICE TO HR DEPARTMENTS CONSIDERING OUTSOURCING

- Keep an open mind.
- Bring in outside consultants who can provide industry expertise, neutrality, and the ability to keep negotiations on track.
- Empower employees to make decisions.
- Get support from top management.
- Communicate clearly with all employees.

ACS' ADVICE FOR A SMOOTH HRO TRANSITION

- Set up a team.
- Use an outside consultant.
- Make sure the client gets a solution that is right for their organization.
- Make sure the provider is the right cultural fit.

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