



Working Group: HR Transformation

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Participating Organizations:

Boeing
Cornell University
Ecolab
General Electric
Hewlett Packard
Enterprise IBM
ING Bank
Mastercard
Novartis
Procter & Gamble
Shell

Key Takeaways:

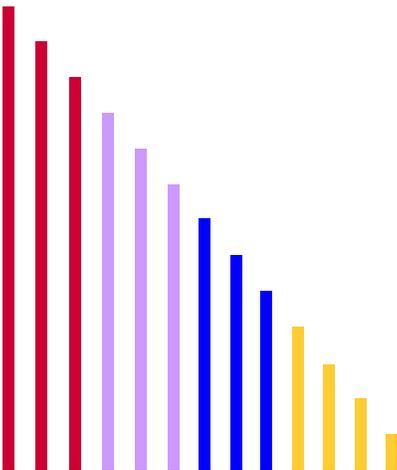
1. HR can deliver increased value to the business by focusing on issues more critical for business outcomes and continuity.
2. It's important to continue looking at new technologies that can enhance the effective and efficient delivery of HR service that enhance the employee experience.
3. HR function must look to enhance the coordination between HR Business Partners (HRBPs), Centers of Excellence (CoEs), and Shared Service Centers.
4. Key capabilities of HR leaders continue to change and evolve, and companies need to look to identify how to develop these effectively.

In this working group, we had a robust discussion on how the HR function can improve its ability to create value for the organization. There was a strong focus on both improving the employee experience and doing this in a way that is more cost effective for the organization. Participants discussed a number of key issues from choices on what is important to deliver, how the structure of the organization needs to work better to deliver effective HR, key underlying challenges that make it more difficult for the HR function to deliver value, key ways to enhance coordination between the separate parts of the HR system, and key competencies for HR leaders. Below, we provide an overview on some of the main points of the meeting.

Key Challenges That Make it Harder For HR to Deliver Value to the Business

At many organizations, the pressure of the HR function to increase and demonstrate its value-add to the business has increased. As with many of the supporting functions, CEOs and senior leadership teams are looking for the HR function to more effectively drive value to the business. The group identified a number of underlying challenges that make it more difficult for traditional HR functions to deliver consistent quality.

- Rapidly changing business environments require agile solutions and faster speed of solution delivery. Unfortunately, traditional HR processes and change efforts have been geared more toward repeatability and consistency, annual cycles, and more deliberate, planned change efforts which makes speed and flexibility difficult.



- Reduced budgets to support the function makes it difficult to invest in new technologies and solutions that might modernize the delivery of HR.
- Silos between HR Business Partners, Centers of Excellence, and Shared Service Centers mean that solution implementation may be unevenly delivered across the organization, reducing the effectiveness and efficiency of the solutions.
- Globalization and diversification create business complexity in terms of required employee capabilities and behaviors, employment regulations, and national cultures, which increase the challenge of identifying best fitting HR solutions. Companies struggle with the choice to either create and deliver to a global standard (efficiency) or create localized/customized solutions for unique business or employee group.
- Rapid changes in technologies that are used in HR, service delivery models, and the need to deliver more strategic solutions to support changing business models has led to wide scale changes in the underlying required skills and capabilities of HR leaders (both for business partners and centralized COEs and shared service centers); and many companies are struggling to attract, develop, and retain HR leaders with these skills and capabilities.

How Can HR Increase Positive Impact on the Business?

In response to the above challenges, the group identified a number of actions, practices, tools, or approaches for how HR has increased impact on their organizations.

- *Start with a focus on business strategy and direction.* While it sounds simple, many of the participants noted that they have had the most impact when they start with identifying key business challenges or changes in business models/strategies and work backward to identify key employee requirements/gaps and then develop HR solutions to close the gaps. This business-outcome-first approach helps to reduce the tendency to create HR programs and practices that are geared toward supporting HR.
- *Doing less with less.* While many HR functions and leaders have looked to do more with less (budget, headcount, etc.), it seemed clear that this approach often led to less effective solutions and lower value to the company. An alternative approach is to identify where the HR function will invest time and resources and what aspects of HR delivery to stop, reduce, or outsource. This approach requires definitive choice on what are the key aspects of the HR system to focus on that are likely to have the greatest impact on overall value creation for employees and the organization as a whole. This helps the company both create value by decreasing costs but also increase value by delivering better and more effective solutions in the aspects of HR that are most critical for business success in its organization.
- *Use of design thinking or agile methodologies.* Both approaches, either individually or in combination, help to improve the speed of change in HR solutions and changes and approaches to identifying key challenges, and designing innovative solutions. Design thinking is a useful approach to layout solutions with users' needs in mind, bring in new viewpoints that help to better define problems, identify underlying root causes, and increase creativity in generating potential solutions. Further, by involving end users in these processes, design thinking speeds up change implementation, increases acceptance and support for the change, and builds awareness and acceptance that the solution will continue to evolve and improve over time with continued input from end users.
- *Effective use of technology.* Multiple participants identified novel uses of artificial intelligence, machine learning, and robotics (i.e., chatbots) that have enabled them to deliver better services to managers and employees and that have enhanced the delivery of HR and/or had positive impact on the employee experience. For example, companies identified use of technology to drive career advice to employees, push information to managers on when and what conversations to have with individual employees,

chatbots, and algorithms to enhance the applicant/job seeker experience.

- *Improved coordination between HRBPs, COE, and Shared Services.* Better coordination enhances design and delivery of more effective solutions and can reduce waste and repetition that leads to cost savings. More in this challenge can be found below.

How Can Silos be Reduced Between HR Business Partners, Centers of Excellence, and Shared Services?

One aspect to this question is how to improve the extent to which HRBPs can leverage CoEs for high impact solutions that drive better talent and engagement solutions to support business outcomes. A second aspect is to improve the extent to which CoEs partner better with one another and with shared services to deliver comprehensive solutions that drive corporate wide initiatives that deliver better business outcomes. Based on the discussion and examples shared from the group, there seem to be a number of underlying principles to help improve coordination and collaboration between the three groups.

- Company-wide mission or direction – clarity on key priorities and what areas to work on and what areas not to work on create areas of focus where all there can concentrate on solutions and work together towards collective outcomes.
- Approach larger issues with teams drawn across the three groups so that solutions can draw on the insights and expertise of each unit from the beginning of the project.
- Corporate complexity matters. Driving corporate-wide solutions that can be delivered at a global standard through shared services and/or a COE and co-designed by the three groups are more likely when there are jobs or employee-groups that are shared across business units and regions or where there are high similarities in models across business units and regions. For example, a company could create a global leadership standard on behaviors that cut across units and regions or could create global skills and experience tracks for programmers across groups and locations.
- Incorporate design thinking and the voice of the end user early in the process to be able to build in small differences across persona groups or design single solutions that work across groups. This approach may also improve change and communication strategies for process roll out.

Competencies Required to Deliver Better Results For the Business

While not exhaustive, the group identified a number of key attributes/competencies for HR leaders that are critical for more effective delivery of value to the business.

- *Analytical skills* – particularly in the form of asking better questions that can be answered with data, interpreting and building insights off of metrics and results of data analyses, and putting insights from analytics into action (i.e., solution design).
- *Strategy and business models.* While the need for work acumen has long been identified as critical, the group noted that understanding new and increasingly complex business strategies and models are the most critical aspects of business awareness.
- *Understanding of macro changes.* In addition to strategy, HR leaders must also be better informed of key macro changes in the world (e.g., consumerization, new technologies, social movements) and develop a point of view on how these may impact the organization as a whole or impact individual business units. HR leaders should be comfortable in pushing leadership teams to be having discussions and making decisions based on the potential impact of these macro factors on the business.

- *Agile and Innovative.* This may include building specific knowledge of how to use tools such as agile construction or design thinking.
- *Influence and partnering.* In particular, HR leaders need to be able to share their points of view on strategy, business directions, talent challenges, diversity, etc., in a way that enables better business outcomes. It's important to be able to make other leaders listen and understand implications.
- *Coaching.* Increasingly, HRBPs need to be able to help rapidly develop leaders and improve their performance through coaching, giving difficult feedback, helping to develop action plans, etc.
- *Courage and difficult conversations.* Often leaders in the HR function need to be able to push back on line leaders around decisions that might negatively impact organizational culture, could negatively impact key aspects of the employee experience, may lead to negative politics or team dynamics, etc. HR leaders need to have the understanding of when to speak up, how to speak up to be effectively heard, and when the issue isn't as critical.
- *Digital and technology.* CoEs and shared services leaders in particular need to understand the state of the art of technologies applicable to HR delivery, make choices on which add greatest value to the business, how they will integrate into the overall HR system, and connect with human-delivered aspects of the HR process in question.

This Summary Report was prepared by Chris Collins for participants of the HR Transformation CAHRS Partner Working Group.

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