# Next generation of HR
## How to become truly HR Partner for the business?

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# Workshop Agenda

- Introduction: Objectives and workshop agenda, methodology and expectations

- Strategic sense in your company – discussion

- Your company strategy in HR perspective – implications for HR activities

- Introduction to Hewitt HR Excellence model

- Step 1: Define HR Outcomes expected by the business

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- Step 4: HR internal promotion

- Closing remarks

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## Objectives for the Workshop

- Increasing awareness of HR impact on organization value

- Providing and testing a framework for modelling HR function

**Expectations...?**

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# How we are going to work today

**1**

**Top priorities of your company**

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**2**

Strategy implications for HR activities
Exercise: Describe implications for HR

| Company's key challenges | HR Answers |
|---|---|
| 1. | |
| 2. | |
| 3. | |
| 4. | |
| 5. | |

Time: 10 min
Discussion: 10 min

11

**3**

Identify people outcomes from HR in your company

| People Process | Generic People Outcomes | Specific People Outcomes |
|---|---|---|
| Talent Supply | Continuous Supply of Qualified Talent | ............................ |
| Leadership & Key Talent Capabilities | Growth in Key Capabilities | ............................ |
| High Performance | Building High Performance Workforce | ............................ |
| Employment Relationship | Compelling Employment Bond | ............................ |
| People Administration | Operational Efficiency & Effectiveness | ............................ |

25

**4**

**Assess Current Organization**

| Desired Outcomes | Organizational Area of HR | Alignment |
|---|---|---|
| • Text | • Text | •High/Medium/ Small |

32

**5**

**Assess Current Level of Priority Competencies**

| Desired Outcomes | Priority HR Competency | Current level |
|---|---|---|
| • Text | • Text | •High/Medium/ Low |

33

**6**

Define HR priorities (2/2)
Example

| Areas of Focus for 2010-11 | Key Initiatives |
|---|---|
| | |
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# Majority of strategies fail in implementation...
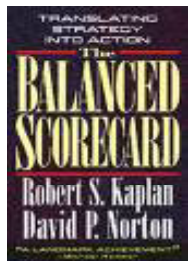
## Strategy Implementation Failure Statistics

*Wharton Business School Press*

". . . Firms in study achieved only 63% of planned benefits of strategy"

*Harvard Business School Press*

". . . 70% of change initiatives fail"

*Robert Kaplan, author of the Balanced Scorecard*

". . . Less than 30 per cent of strategies … are effectively executed"

*McKinsey & Company*

". . . only 23 percent of acquisitions earn their cost of capital"

## Failure is Often Attributed to People and Cultural Issues
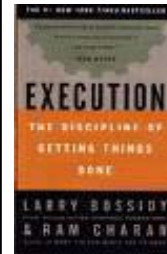
**Larry Bossidy in** *Execution: The Discipline of Getting Things Done*

"Execution doesn't just happen. [There are] fundamental building blocks… the social software of culture change, and the leader's most important job— selecting and appraising people."
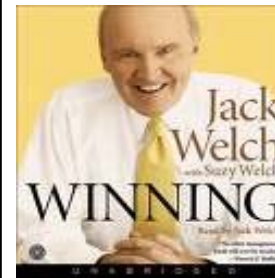
**Jack Welch in** *Winning*

"Hiring good people is hard. Hiring great people is brutally hard. And nothing matters more in winning than getting the right people on the field."

*Harvard Business Review*

"[With] M&A decisions, the softer customer-and people-related issues, so critical to effective integration…can get shortchanged….the primary cause of deal failure."

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# Strategies fail because current organizational capabilities do not fit the new strategy and many of them are HR related

## Current Organizational Capability Cannot Produce New Business Results

- Skills and Competencies
- Accountability Systems
- Motivation
- Information Flows Across Boundaries
- Unwritten Rules of Culture
- Organization Structure
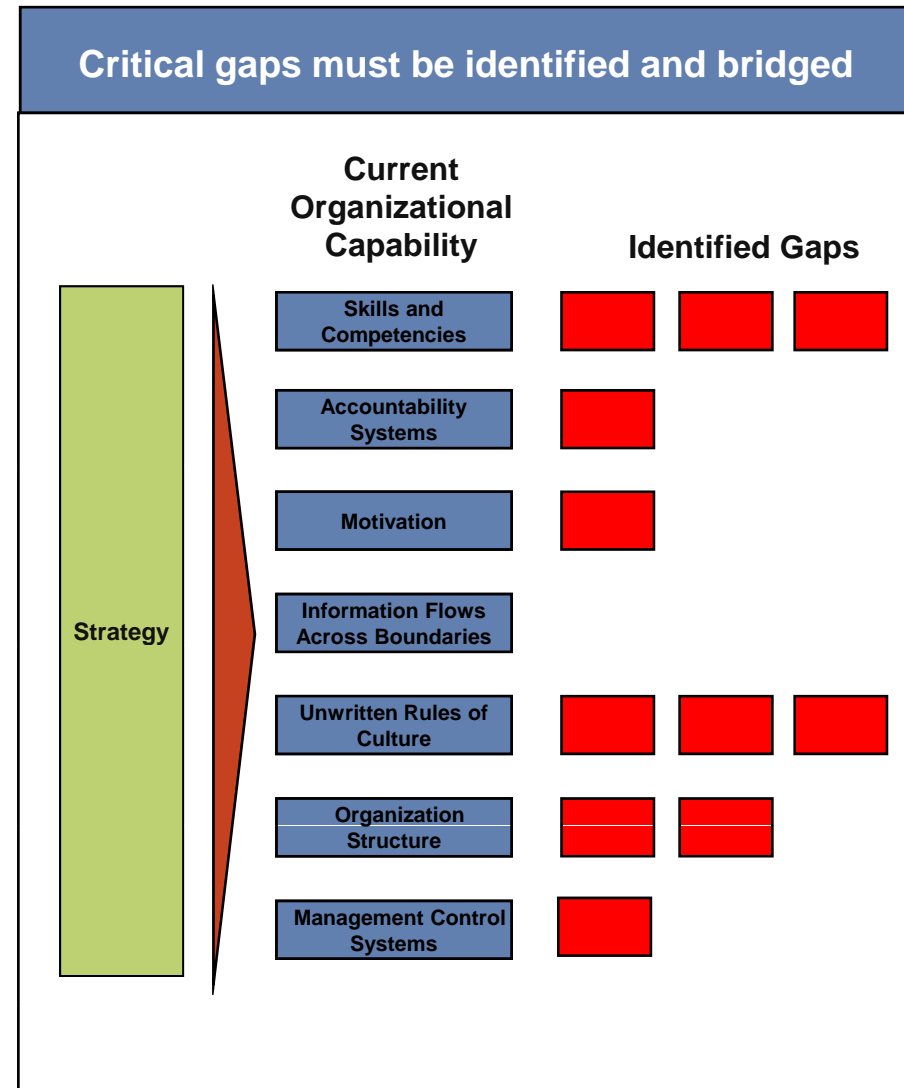- Management Control Systems

Current Organizational Capabilities → Current Business Results

New Business Results

Key disconnect: New business results cannot be generated from the same organizational capability

## Critical gaps must be identified and bridged

**Strategy**

**Current Organizational Capability** | **Identified Gaps**

| Current Organizational Capability | Identified Gaps | | |
| --- | --- | --- | --- |
| Skills and Competencies | ▮ | ▮ | ▮ |
| Accountability Systems | ▮ | | |
| Motivation | ▮ | | |
| Information Flows Across Boundaries | | | |
| Unwritten Rules of Culture | ▮ | ▮ | ▮ |
| Organization Structure | ▮ | ▮ | |
| Management Control Systems | ▮ | | |

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# Key strategic options …

Grow the business **or** Continue towards operational excellence

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# Key questions…

1. **Financial perspective**

   > What are financial priorities of the Company?

2. **Internal Client perspective**

   > Who is the Client of the Company? What does the Client need?

   > Who are other stakeholders? What brand XYZ wants to build?

3. **Operational perspective**

   > What processes are critical?

   > How we should structure organizationally to make them work?

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# Top priorities of your company

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# Strategy implications for HR activities
# Exercise: Describe implications for HR

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# Personnel Strategy

**To execute the business strategy, an organization needs the right capabilities**



**The HR Strategy should define the People Outcomes that it will drive to support the business strategy**

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# HR Strategy: what we are supposed to start from…

**Define organizational capabilities**

> What organizational capabilities are required to deliver on the business strategy and outcomes?

> What capabilities does the organization currently possess to enable it to win in the marketplace?

> Which capabilities need to be developed that do not currently exist?

> What are the key roles where these capabilities are needed?

**Define people requirements**

> Translate organizational capabilities into critical competencies needed from employees

> What kind of people does the organization need, and how does it want people to behave in the future so that they get better results than today?

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# HR Strategy – HR functions implications on Company results Define Outcomes that the business is expecting from HR

> Based on the business outcomes and required capabilities, define the people outcomes

> Focus on integrated processes versus HR functional initiatives (e.g., driving high performance versus implementing a new performance management solution)

> Be selective – focus on the outcomes that drive the greatest return (what is the business willing to pay for?)

> Consider and define operating company and/or regional differences in business strategy and the outcomes HR needs to deliver
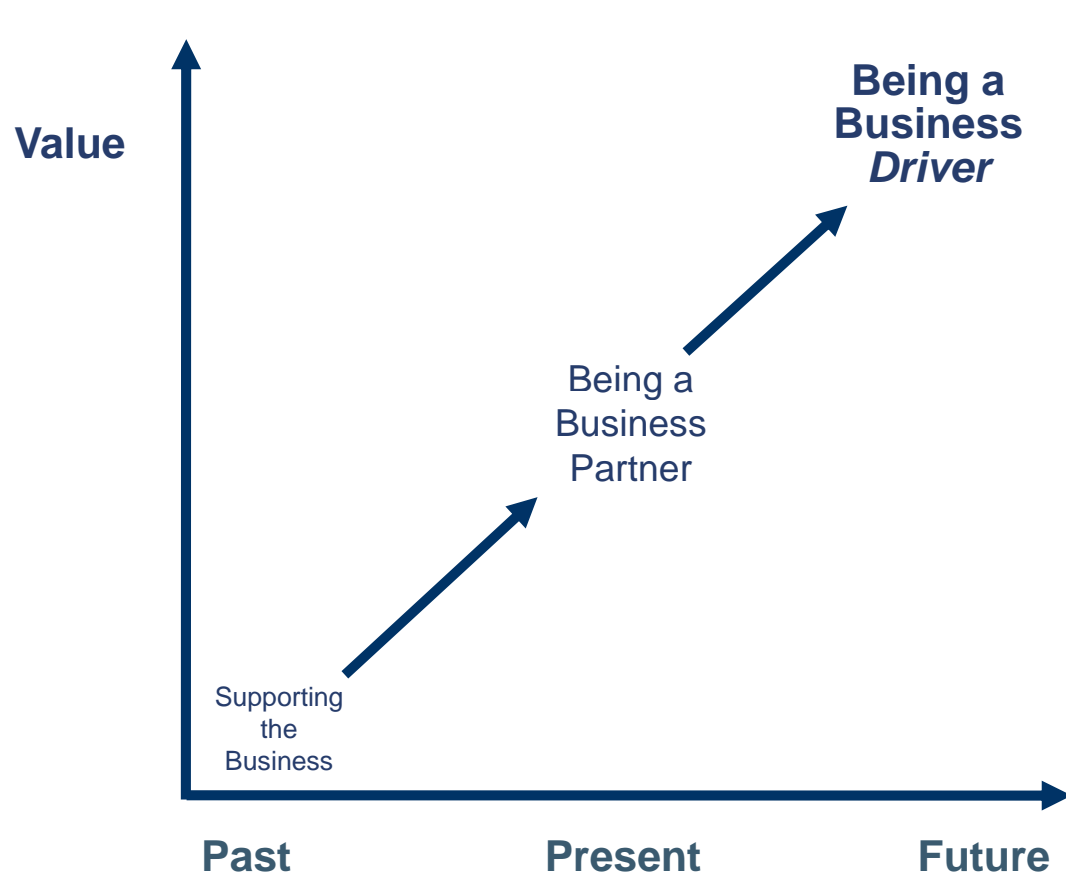
*Example*

Key Business Drivers

Drive organizational growth through innovative products and global markets

Continue to drive operational efficiencies

**Outcomes that HR Delivers**

An increased supply of high performing, qualified talent with the required capabilities

An engaged workforce; a strong bond between the individual and the organization

Competitive people, programs, and HR costs/infrastructure

Reaching the ROI of corporate change events through people

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# Observations about HR

**Observations:**

▸ An HR strategy and plan without metrics is a wish; metrics without strategy is a waste of time,

▸ Skills, capabilities, and behaviors will include greater analytics, negotiation skills, influence without power, and courage,

▸ So, despite extensive transformation efforts, HR still struggles to demonstrate its value to the organization

 – HR needs to deliver greater value to the business
    > Create business outcomes
    > Build the right people and organizational capabilities
    > Drive competitive advantage

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# HR Today

**Value**

Being a
Business
*Driver*

Being a
Business
Partner

Supporting
the
Business

**Past**        **Present**        **Future**

Most HR organizations are struggling
to be a business partner.

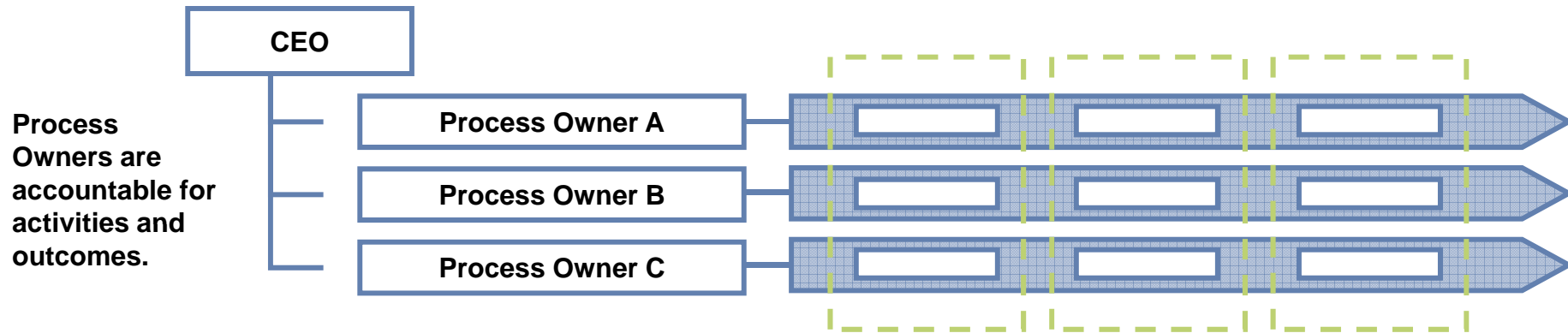We are fighting the wrong battle...we
need to be value drivers.

Value is derived from owning and
being accountable for processes that
deliver business results.

We need to rethink the work of HR.

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# Learning from Others

## Process-Based Organizations Drive Significant Results

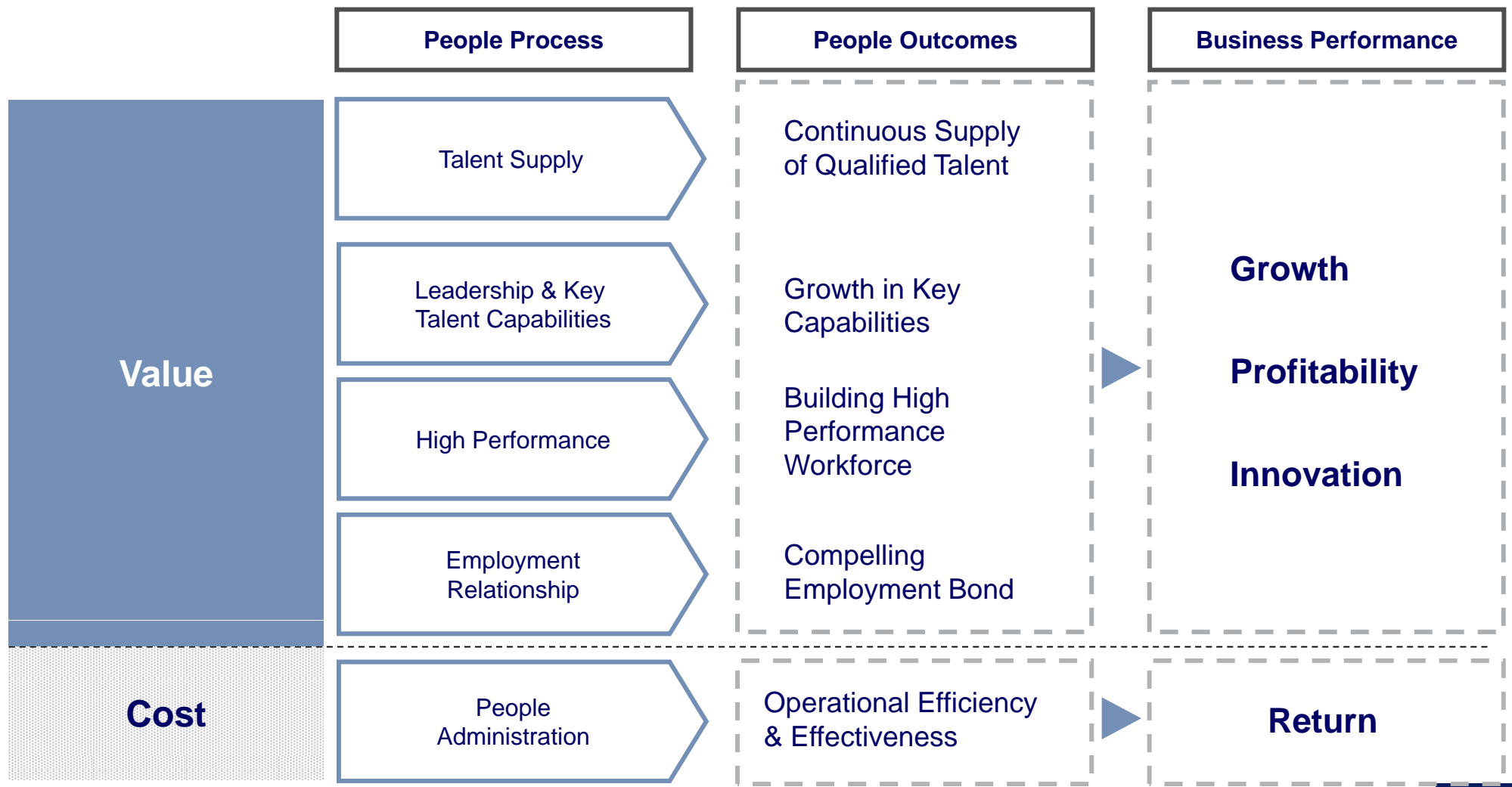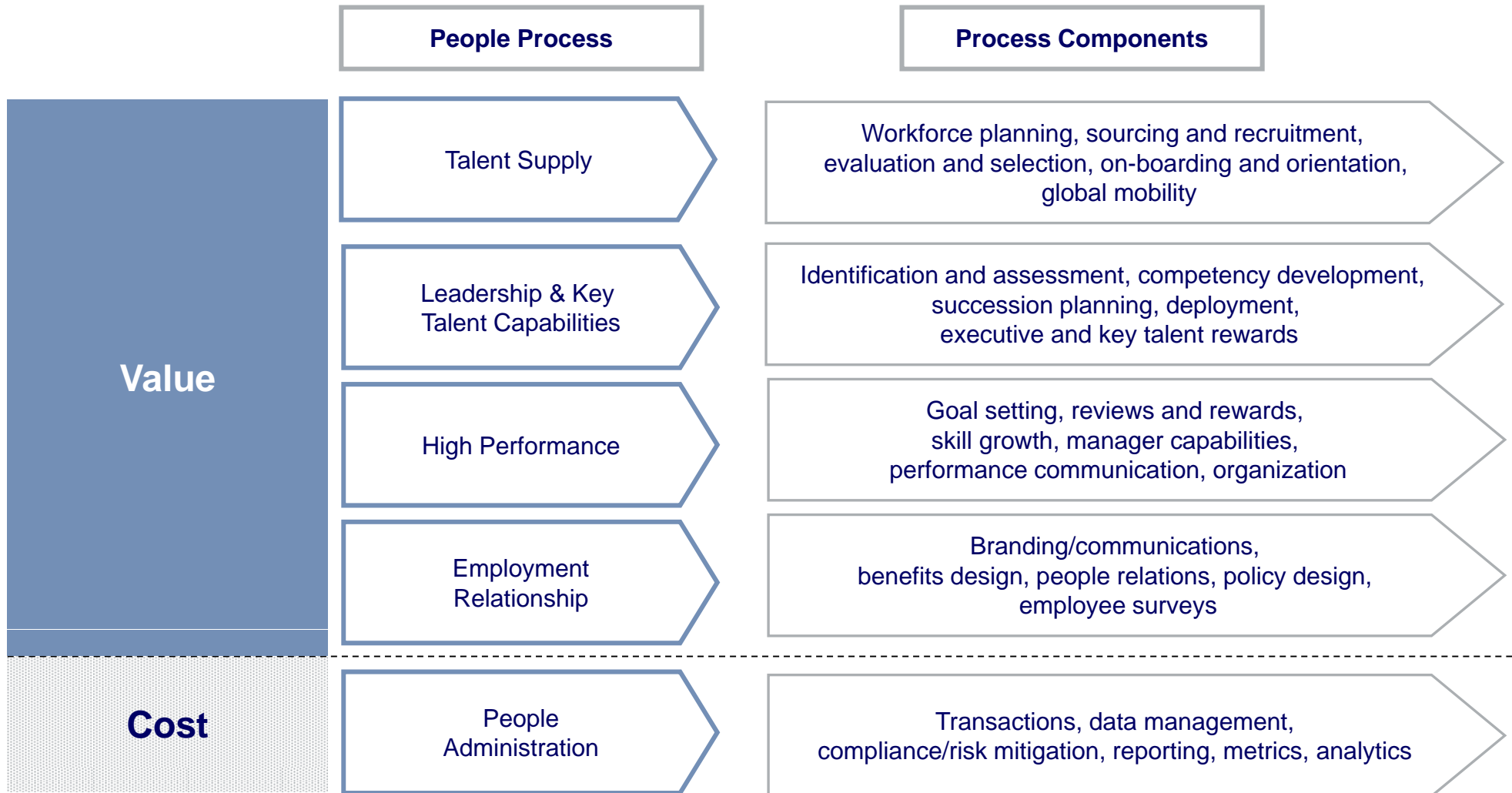> Other functions are successfully organizing by processes and outcomes



> Motorola's Government Electronics Group has **reduced cycle time by 80 percent, reduced late deliveries by 30 percent, and improved supplier quality performance by a factor of 10**

> General Electric's Salisbury Plant **improved productivity by 50 percent, reduced manufacturing cycle from three weeks to three days, and reduced customer complaints from 2 percent to 0.2 percent**

# How HR can help…
# Personnel Strategy implication on Company results

| People Process | People Outcomes | Business Performance |
|---|---|---|

**Value**

- Talent Supply → Continuous Supply of Qualified Talent
- Leadership & Key Talent Capabilities → Growth in Key Capabilities
- High Performance → Building High Performance Workforce
- Employment Relationship → Compelling Employment Bond

▶ **Growth**

**Profitability**

**Innovation**

**Cost**

- People Administration → Operational Efficiency & Effectiveness

▶ **Return**

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# Personnel Strategy implication on Company results(value and costs): Key processes and it's elements
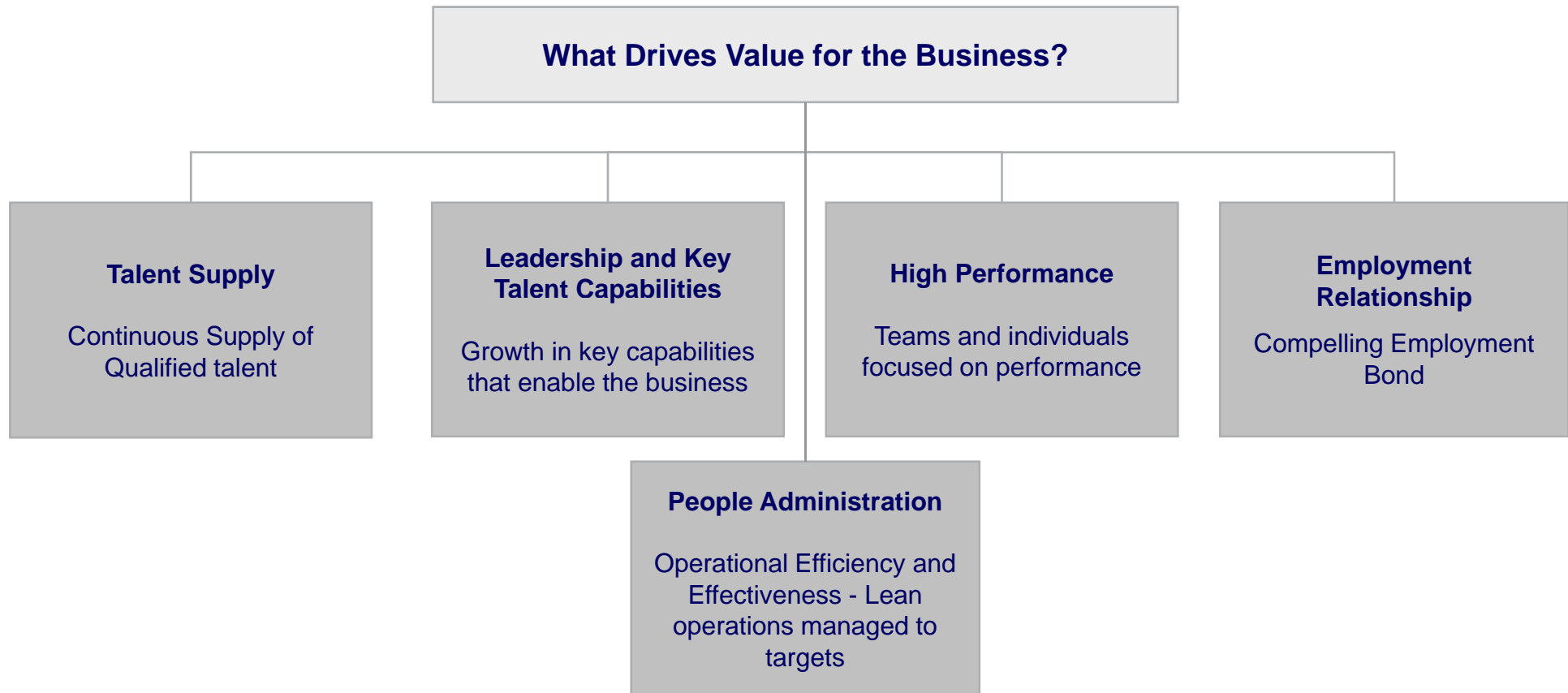
| People Process | Process Components |
|---|---|
| **Talent Supply** | Workforce planning, sourcing and recruitment, evaluation and selection, on-boarding and orientation, global mobility |
| **Leadership & Key Talent Capabilities** | Identification and assessment, competency development, succession planning, deployment, executive and key talent rewards |
| **High Performance** | Goal setting, reviews and rewards, skill growth, manager capabilities, performance communication, organization |
| **Employment Relationship** | Branding/communications, benefits design, people relations, policy design, employee surveys |
| **People Administration** | Transactions, data management, compliance/risk mitigation, reporting, metrics, analytics |

**Value**

**Cost**

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# Integrated, End-to-End Processes Drive Results
## *Talent Supply Example*

| Workforce Planning | Candidate Sourcing | Assessment and Selection | Onboarding and Orientation | First Year Performance |
|---|---|---|---|---|
| Clear, articulated vision of the talent demand/supply impacts on business strategy execution | Deliberate and targeted sourcing strategies | Competency- based predictive processes to ensure successful hiring decisions | Formal plan to place new hires on a success trajectory | Tangible positive impact on bottom-line company performance |

**Leading Practices**

| | | | | |
|---|---|---|---|---|
| • Planning keyed to short-term and long-term business goals | • Farming for critical roles vs. hunting for speed for high volume roles | • Differentiate assessment tools for key/critical roles | • Begin onboarding process as soon as candidate accepts | • Clearly defined performance goals |
| • Comprehensive inventory of incumbent workforce skills and understanding of gaps | • Deep relationships with diverse talent sources | • Invest in training and coaching to develop managers' assessment skills | • Strong orientation process to learn about the business and the work | • Frequent assessment and performance feedback |
| • Predictive workforce analytics | • Mindset that everyone in the organization is a recruiter | • Create a compelling and seamless candidate experience | • Support network to assist with learning about the business and role | • Assess first year engagement |

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# Identify people outcomes

**What Drives Value for the Business?**

**Talent Supply**

Continuous Supply of Qualified talent

**Leadership and Key Talent Capabilities**

Growth in key capabilities that enable the business

**High Performance**

Teams and individuals focused on performance

**Employment Relationship**

Compelling Employment Bond

**People Administration**

Operational Efficiency and Effectiveness - Lean operations managed to targets

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## Organizing HR area

1. What are organizational design principles for HR organization?

2. Who are your Clients? What needs do they have?

3. What are key services that your Clients need?

4. How should we divide responsibilities for processes and their elements to increase Client satisfaction?

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# Organizing HR area

**What are the design principles for our HR organization?**

Supporting questions:

- Do we know who is currently responsible for what elements of the HR processes? (RACI)

- Do we know who is responsible for the results (people outcomes)?

- Do we know who are internal Clients are? Do we know who serves what internal Clients in what area? Do we know if our internal Clients are satisfied? If not – what are the symptoms and causes?

- Do our Internal Clients rather have single point of contact or do they prefer to be served by many functional experts?

- How do we co-ordinate knowledge flow in our HR organization?

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# Organizing HR area

**HR Excellence Processes:**

1. Talent Supply

2. Leadership and Key Talent Capabilities

3. High Performance

4. Employment Relationship

5. People Administration

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# Evaluate the current alignment with the expected people outcomes

**Assess HR processes and organization**

- To what extent are HR programs and initiatives linked through integrated processes that drive the desired outcomes?

- What is the distribution of roles and responsibilities in the processes?

- In what areas we are aligned, in what we need modification?

- What HR organization will help us deliver expected people outcomes?

**Assess HR programs**

- Name all systems, HR practices functioning in your company

- To what extent are HR programs currently designed with a clear link to the desired outcomes?

- Do the HR programs reflect best practices in critical areas?

**Assess Current HR Initiatives**

- To what extent are current HR initiatives alignment to desired outcomes?

- What initiatives are more critical than others?

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# Most HR Functions Suffer Some Degree of Process Fragmentation

| | Recruiting | Learning | OD/Leadership | Remuneration & Benefits | HR Business Partners |
|---|---|---|---|---|---|
| **Talent Supply** | • Sourcing<br>• Screening<br>• External Vendor Management | • Skill Gaps<br>• On-boarding and Orientation | • Evaluation Tools<br>• Competencies | • Market Pay Levels | • Workforce planning<br>• Interviewing |
| **Leadership & Key Talent Capabilities** | • Sourcing | • Skill Development | • Leadership Development<br>• Succession Planning | • Executive Rewards<br>• Pay Branding | • Deployment<br>• Mobility<br>• Leadership Engagement |
| **High Performance** | | • Skill Development<br>• Managerial Capability | • Gap Assessment<br>• Performance Coaching | • Pay Differentiation<br>• Incentive Programs | • Team Building<br>• Goal Setting |
| **Employment Relationship** | • External Branding | • Career Development | • Employee Surveys | • Benefits Design<br>• Base Pay Positioning | • Employee Relations |

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# Assess Current Organization

| Desired Outcomes | Organizational Area of HR | Alignment |
|---|---|---|
| • Text | • Text | • High/Medium/Small |

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# Assess Current Level of Priority Competencies

| Desired Outcomes | Priority HR Competency | Current level |
|---|---|---|
| • Text | • Text | •High/Medium/ Low |

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## Organizing HR area: Getting it done

1.  Are there any modifications required in the way we are organized today? In what areas? What should be the directions of changes?

2.  Are there any visible gaps in our functional competencies?

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# Step 3: Defining HR implementation priorities (1/2)

**What actions should be implemented in first place on the observation result basis?**

> Define areas in which discrepancy between As-Is and To-Be state is the biggest

> Define areas with biggest impact

> Define critical actions to be taken?

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# Define HR priorities (2/2)
# Example

| Areas of Focus for 2010-11 | Key Initiatives |
|---|---|
|  |  |
|  |  |
|  |  |
|  |  |

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# Defining HR promotion actions in the Company

Step 1: Defining Client groups and i ascribe roles:

• Decision Makers,

• Sponsors,

• Clients,

• Users,

• Participants.

Step 2: Define, what they can gain, or what they can lose in results of HR actions

Step 3: Define actions which can help get their commitment

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# HR internal promotion: Action plan

| Interest group | What gains? | What losses? | What actions we should take to get commitment? |
| --- | --- | --- | --- |
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# Closing remarks

- **What I have learned from the workshop?**

- **What I liked the most in the workshop?**

- **What actions I will take?**