HR Transformation

A High-level Introduction

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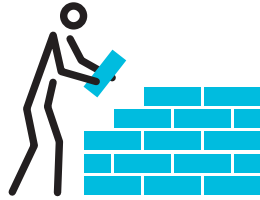
Keep an outside-in perspective

HR transformation doesn't mean redesigning HR for the sole purpose of redesigning HR. **A true HR transformation adds value to the business.** Design HR *so that* it helps the organization deliver on promises made to customers, investors, and other stakeholders.

Design HR for efficiency and effectiveness

1. Essential work should be designed to drive cost savings through operational efficiency

Create **efficiency** by:

- Continuous improvement
- Rationalization
- Standardization
- Optimization
- Globalization

2. Strategic work should be designed to increase the impact of key business capabilities

Create **effectiveness** by:

- Accessibility
- Customization
- Flexibility
- Simplicity
- Connectivity
- Adaptability

HR strategy and structure should match the strategy and structure of the business. HR strategies and practices should be customized to fit the logic of the business and to build the capabilities your business needs to succeed. Form follows function.

The decisions of what to standardize and what to customize are key to an effective HR organization design.

Results from Round 8 of the HR Competency Study gives clear direction to guide HR Transformation by clarifying how to focus the HR department and champion clear business capabilities that distinguish your organization in the eyes of customers and investors.

BUSINESS CAPABILITIES

HR COMPETENCIES

RESULTS

HR DEPARTMENT

E

C: 48.3%

A: 3.5%

D

B: 48.2%

HR Transformation Model

Four Elements of HR Transformation.

1   What are the key external trends and external stakeholder requirements for the business?

2   What are the future business needs and critical capabilities?

3   How do we best organize HR work to meet current and future needs of the business ?

4   How do we develop HR professionals to have the greatest business impact?

1. Collect outside-in data

1 BUSINESS CONTEXT

Goal: *Create a shared understanding of the "outside-in" business context.*

Typical activities include:

1. External stakeholder interviews and assessments
2. Media and analyst communication scan
3. Data collection and analysis of other key trends (demographics, technology, political/social, economic, etc.)
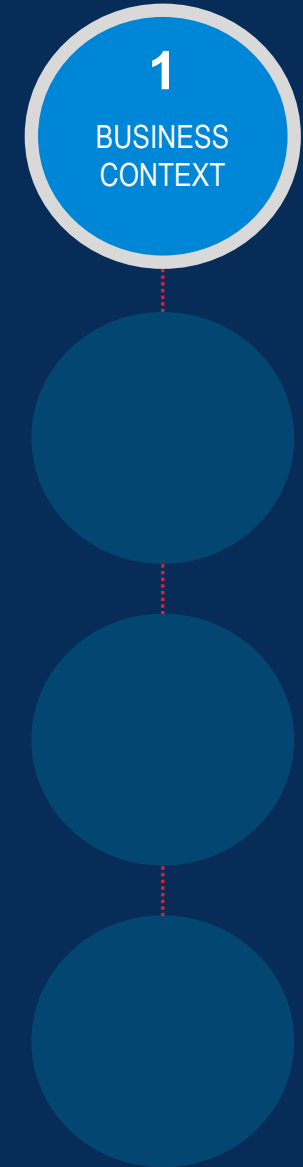
2. Identify business capability needs

Goal: *Understand "inside-out" perception of the HR department's strengths and weaknesses and identify the critical capabilities and business drivers that must determine HR priorities.*

Typical activities include:

1. Conduct executive interviews and online diagnostic audit
2. Establish design objectives and measurement strategy
3. Develop the HR strategy & HR design roadmap

2
OUTCOMES

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3. Organize the HR work

Goal: *Identify the key roles, processes, and structure for the HR organization to best meet business needs.*

Typical activities include:

1. Identify all HR outputs and deliverables
2. Determine strategic impact of each HR output and deliverable
3. Create/design macro HR work processes
4. Design work groupings and new structure
5. Identify key roles
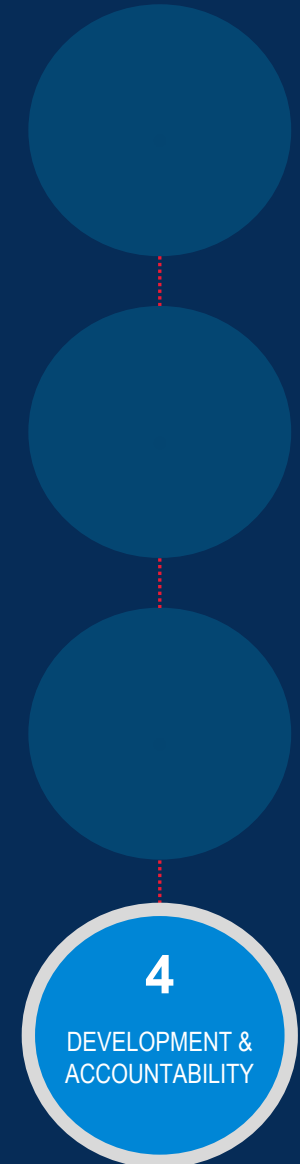6. Build transition plan

3

HR REDESIGN

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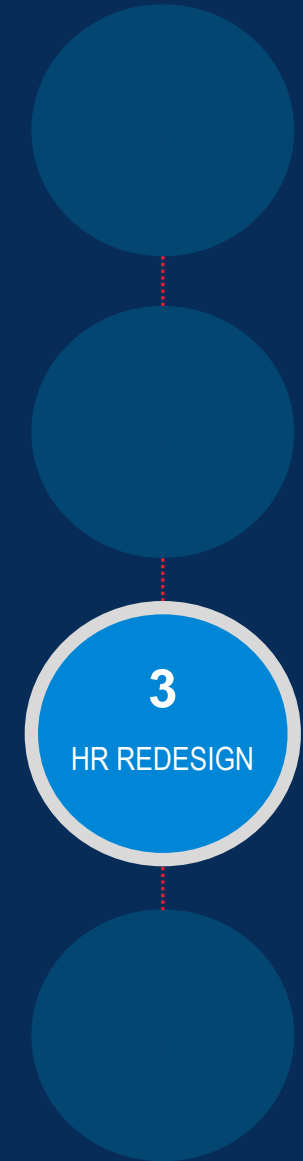
4. Develop HR professionals

Goal: *Strategic development of HR leaders and professionals that is designed to facilitate success.*

Typical activities include:

1. Assess current HR skills
2. Identify people for key roles
3. Develop HR professionals
4. Measure progress

4

DEVELOPMENT &
ACCOUNTABILITY

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5 Keys to HR Design

1. Essential work should be separated from strategic work—when these are marbled together in one role, neither is done well.

2. Organize essential work to maximize efficiency.

3. Organize the strategic work for maximum leverage and responsiveness to the business.

4. Make the HR organization follow the logic and structure of the business organization.

5. HR efforts must align with the key capabilities of the organization.