

Alignment Is Key to Growth

Transformation is only achievable if performed from within. Identify all resources performing HR work to minimize duplication.

By Rosemary Collins



Rosemary Collins leads TPI's CHRO Services team in North America. She can be reached at (703) 303-4114 or at rosemary.collins@tpi.net.

Nearly three out of four senior business leaders believe that human capital and talent are paramount to the success of their organizations, according to a recent global survey by Deloitte and the Economist Intelligence Unit. Unfortunately, only eight percent express confidence in the way their company manages its talent. How can HR transform to deliver service and capabilities to support aggressive business growth while developing the critical human capital base?

The first step toward effective HR transformation entails understanding the business strategy and operational priorities. HR strategy is most effectively developed as an integral part of the overall business strategy, taking into account workforce trends and how HR can help the company create value. If the transformation roadmap is unaligned with corporate strategy, individual business units are likely to develop their own HR strategies, leading to duplication of effort, confusion among managers and staff, and higher HR costs.

The HR service delivery model should be designed to achieve the goals and objectives of the entire organization. This includes prioritizing the investment in services delivered internally by business-unit aligned HR business partners, within centers of expertise by an internal shared services center, or by an external service provider (outsourcing). Quite often, outsourcing the transactional work is seen as a way to help transform the retained HR team and free up this group to use new skills to partner and support the goals of the entire business organization. But even after the service provider proves it can deliver on its promises, the biggest organizational hurdle is sustaining the ongoing support required to execute the corresponding staff transition plan.

TRANSFORMATION FROM WITHIN

Some HRO projects are sold internally on the premise that transformation is a capability that HR service providers bring to the organization. A well-managed HRO engagement can result in both improved service delivery and cost containment. Yet most HRO initiatives focus on transactional components such as employee records management, payroll, or benefits administration, falling short of transforming the retained team into a more strategic, consultative organization.

When organizations fail to execute on the staff transi-

tion plan, shadow organizations form to duplicate the outsourced HR functions. Now the service provider and the client are both performing this work, and no one is engaged in the new work assignments. No one in the retained organization stuck in an operational role can simultaneously assimilate strategic tasks such as designing talent development programs to drive better business results.

To keep the transformation on target, HR leaders must identify all resources currently performing HR work, allocating the work between retained and outsourced staff. Plans must include an organizational design for the retained work, including required skills, thus aligning existing retained staff to new job descriptions and skills requirements and providing the training to deliver these new HR duties.

The following metrics are some of the means by which HR transformations may be evaluated by executive management sponsors:

- **More sophisticated workforce planning.** HR leaders spend more time thinking about growth and expansion into new market areas. HR is able to support business managers by studying the talent-development implications of penetrating new markets or globalizing a new product line.
- **Improved retention rates of key talent.** With increased focus on developing succession plans, compensation programs, and managerial talent, the organization's talent should be more inclined to stay with the company.
- **Higher employee engagement evaluations.** Studies show that a more engaged workforce delivers higher productivity and better overall financial returns to the organization.

No matter how well crafted, the HR transformation plan has no chance of achieving its objectives without executive support and team buy-in. There is much at stake, and not just for the sponsoring executives or for the employees and staff within the business. In cases where HR transformation fails to take hold, the HR department itself loses business credibility. In organizations where HR fails to establish itself as a strategic business partner, management and staff generally lack competitive talent management programs. Workforce planning tends to be less strategic. That's why HR transformation must succeed in order to provide the underpinnings for overall business success. **HRO**