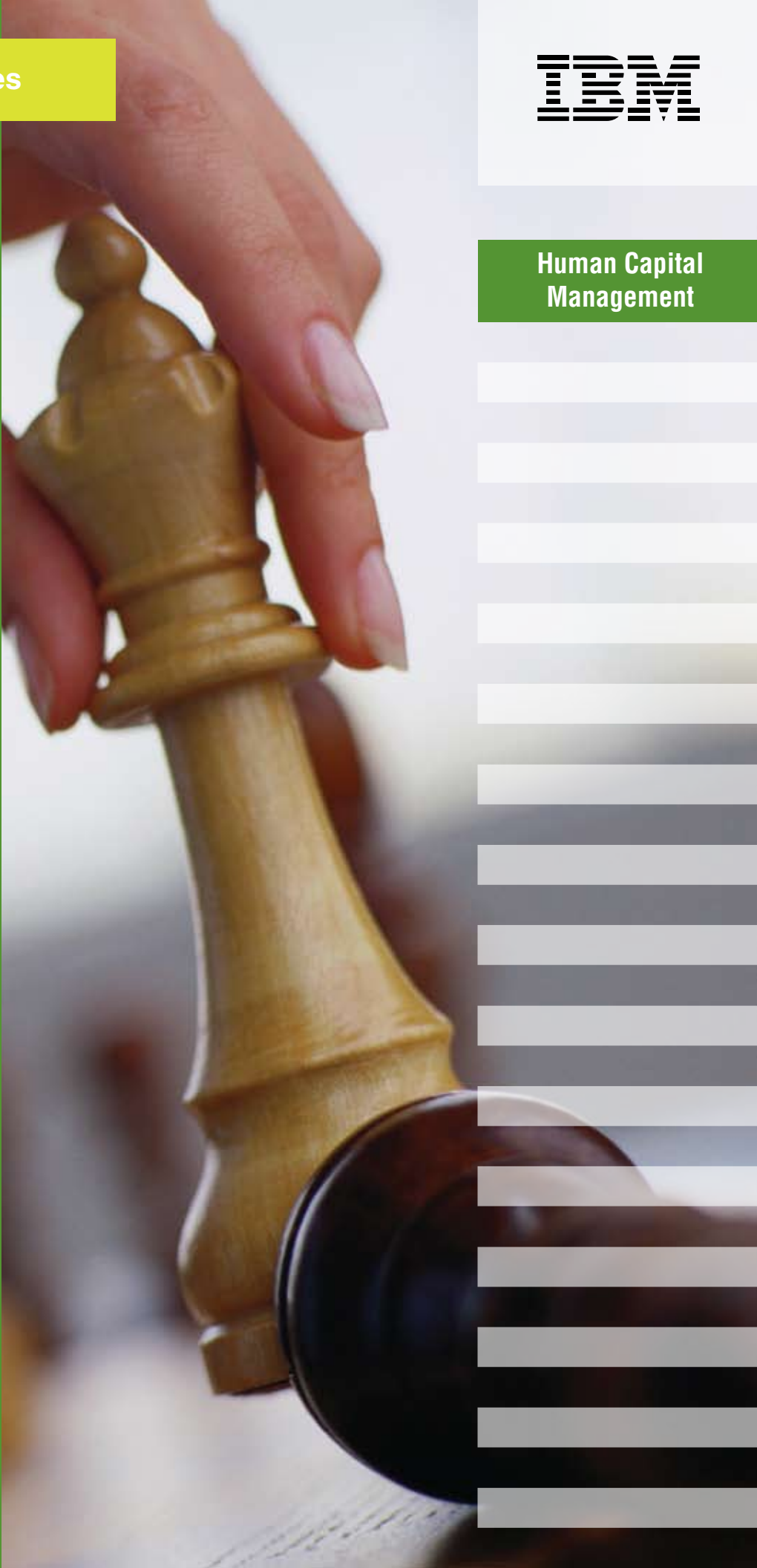


A new approach, a new capability

The strategic side of Human Resources

Human Capital Management



IBM Institute for Business Value

IBM Global Business Services, through the IBM Institute for Business Value, develops fact-based strategic insights for senior business executives around critical industry-specific and cross-industry issues. This executive brief is based on an in-depth study by the Institute's research team. It is part of an ongoing commitment by IBM Global Business Services to provide analysis and viewpoints that help companies realize business value. You may contact the authors or send an e-mail to iibv@us.ibm.com for more information.



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Executive summary

“If HR does not force its way into the heart of strategic planning in organizations, it will default to a technical and transactional dead end.”¹

– Helen Drinan, former president and CEO, Society for Human Resources Management

Increased competition, changing workforce demographics and a shift toward knowledge-based work are requiring companies to place an increasingly higher priority on improving workforce productivity. Organizations are now looking to the Human Resources (HR) function to go beyond the delivery of cost-effective administrative services and provide expertise on how to leverage human capital to create true marketplace differentiation. Facing these challenges, many HR organizations have been actively revamping to more effectively deliver the strategic insights the business requires.

Improving the strategic capability of the HR organization is not, by itself, a new idea. Spurred on by leading academics such as David Ulrich and Edward Lawler, organizations have worked for the better part of the last decade to build more strategic capability into their HR departments.² However, the perceptions of many HR personnel and their internal customers suggest that most have not reached this goal. A survey by the Society for Human Resource Management indicated that only 34 percent of executives viewed the HR function as a “strategic partner.”³ A similar study from the Chartered Institute for Personnel Development in the UK found that 56 percent of HR professionals aspired to become

“strategic partners,” yet only 33 percent currently perform this role.⁴ These findings, coupled with our research, suggest that the migration toward a more strategic HR organization remains, for many companies, a work in progress.

Competing in today's environment requires companies to focus on building a more responsive, flexible and resilient workforce. To do so, organizations must do a more effective job of sourcing talent, allocating resources across competing initiatives, measuring performance and building key capabilities and skills. HR organizations that provide strategic guidance on these issues can become proactive drivers of organizational effectiveness, rather than simply a supporter of these efforts.

To better understand the challenges and good practices associated with developing a more strategic HR organization, the IBM Institute for Business Value conducted interviews with 17 companies and tapped into a range of experts who have worked with companies undergoing this type of transformation.

As a result of our analysis, we recommend that organizations focus on three areas to improve their strategic HR capability:

- Enable HR professionals to apply human capital data and information – on par with what the CFO would expect in Finance – to drive business decisions
- Develop a talent model for HR that encompasses the need for new skills and capabilities and is built through improved selection, employee development and performance management
- Build a roadmap for HR transformation that builds momentum and embeds strategic changes into the DNA of the business.

Study background

To investigate how HR organizations are transforming themselves to focus on more strategic issues, we took a three-step approach. First, we reviewed relevant secondary literature to understand existing transformation theory, models and practices. Second, we conducted interviews with academics and experienced practitioners – inside and outside of IBM – who have worked with companies on HR transformation efforts. Third, and most importantly, we conducted interviews with senior HR executives from 17 companies that either have undertaken, or are undertaking, strategic HR transformations. These companies represented a range of industries, including manufacturing, financial services, technology and transportation from across North America, Europe and Australia. For these interviews, we selected companies that previously had addressed the administrative transformation of their HR functions through outsourcing or the use of an internal shared services organization.

Data, data, where is the data?

One of the most important lessons learned from our discussions is the critical nature of data and information in enabling the strategic HR organization. While in many organizations, human capital data remains in the purview of IT architects and payroll providers, our study participants were adamant about the critical need for HR to have access to data and information that is both timely and relevant to the challenges facing different business units. Among the reasons why human capital data and information play such a central role are the following:

Without accurate and reliable human capital data and information, strategic HR professionals cannot make fact-based decisions that provide insights to their business clients

For HR to contribute to higher value issues facing their business units, such as performance and talent management and workforce development, they need to assess the current situation, develop business cases and provide recommendations that can withstand the scrutiny of the larger organization. To accomplish this, they need access to data and information that have the same level of timeliness and validity as those provided to their counterparts in marketing and finance. Further, HR professionals need

to be comfortable that their data is consistent with the data used by their peers in other functional areas to avoid the need to revisit their assumptions and recommendations.

“The database became one source of truth...they (the HR Business Partners) could be confident in the data...that had been an issue between HR and Finance.”

– Airline participant

HR professionals need data to assess the effectiveness of their own work

HR employees must evaluate two aspects of human capital programs: the effectiveness of design, as well as the execution of those programs. For example, a company that has adjusted to flexible working hours needs to understand what types of questions employees are asking about the program, along with whether the program is having an impact on retention rates of target employee groups. Without either comprehensive case management data from a shared services environment or the ability to produce trend analyses for different employee groups, the HR staff has little ability to go beyond anecdotal evidence – upon which the HR function has long been accused of relying too heavily in its decision making process.

Providing self-service capabilities can enable employees and managers to more easily address their own questions

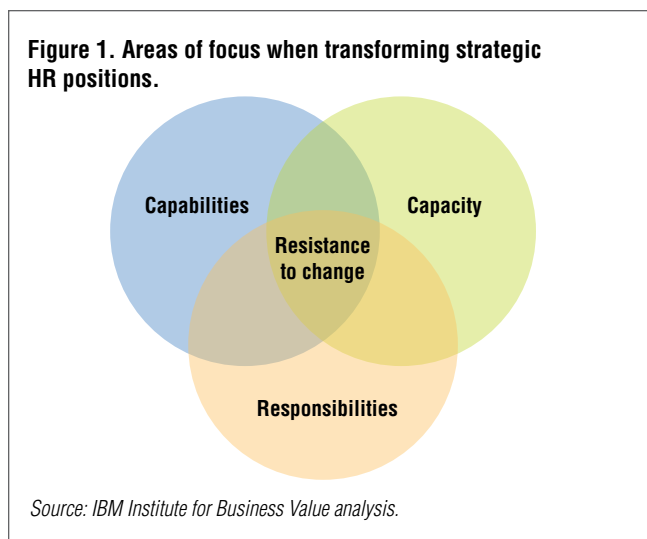
HR professionals are not the only ones who need access to reliable HR data and information. Employees and managers need the capability to answer their own questions regarding basic issues such as payroll, expenses, benefits, vacation, performance ratings and the like. Providing this data and information in an easy-to-use format that is accessible without the assistance of HR professionals enables individuals to quickly obtain answers to routine questions and update changes in their own profiles in a timely manner. Without this self-service capability, HR professionals are frequently bombarded with questions that take away from their time and ability to perform more valuable work.

Overall, the strategic HR professional needs to have access to, and the ability to use, human capital data and information. Much as the Chief Financial Officer depends on a company's cash flow, income statement and balance sheet to make decisions about the financial assets, the strategic HR organization needs the same level of quality information to provide guidance on managing the firm's human assets. However, while many in the Finance organization already have the analytic inclination and experience to transform information into insight, the HR organization, as we will see in the next section, often faces a shortfall in the number of individuals with this key capability.

Building strategic capability: The roles of the HR Business Partner and Centers of Expertise

At the heart of the strategic reinvention of the HR organization are the roles of the HR Business Partner and the Centers of Expertise (CoE). While much has been written about the changing nature of these roles,⁵ we find that organizations continue to struggle with a number of factors (see Figure 1), including:

- Defining the new job responsibilities and performance measures for HR Business Partners and CoE members
- Identifying the capabilities necessary to meet the new role expectations
- Defining the number of individuals needed to fill each of these roles
- Identifying and addressing sources of resistance when HR personnel are asked to focus on more strategic activities.



New HR responsibilities

In recent years, companies have often retitled their HR generalists as “Business Partners” in an attempt to connote a closer and more strategic working relationship between the HR department and the operating units. However, for many companies in our study, the very nature of the work of a Business Partner has been redefined. For one, much of the answering of routine questions and processing forms has typically been moved to a shared services group. At the same time, a significant amount of the front-line employee relations work was also transferred to a combination of line managers and dedicated shared services personnel. For some organizations, these changes eliminated up to 70 percent or more of the workload of the traditional HR generalist role.

In its place, HR Business Partners were generally asked to take greater accountability for more strategic tasks that need to be accomplished over a longer time horizon. These could include activities such as: consulting with business unit leadership on a new productivity initiative; rolling out a new competency framework; developing a talent capacity plan for a new product or service launch; and developing a three-year labor outlook for an emerging set of skills and capabilities. These activities are designed to look beyond employee transactions at how the business unit can make the best use of its current and future human capital resources.

For individuals working in CoE, the focus shifts toward playing two roles: thought leader and integration manager. As thought leaders, CoE personnel need to be responsible for designing HR programs and processes, identifying and applying good practices from outside the organization, monitoring program effectiveness, and providing subject matter assistance to Business Partners and shared services personnel. In addition, CoE personnel need to manage the relationships with outsourcing vendors for their particular discipline, including the monitoring of service level agreements and conducting root cause analysis to address ongoing issues.

New capabilities

Based on the new tasks of the HR Business Partner, study participants identified five key capabilities that are needed to make a strategic contribution to the organization: *analytical skills*; *business acumen*; *consulting skills*; *change leadership skills*; and *the ability to share knowledge across the HR organization*.

HR Business Partners need *analytical skills* to develop evidence-based recommendations and effective business cases. They must understand how data flows through various HR and financial systems, and how to obtain and analyze human capital data that supports their recommendations. HR Business Partners also need to be proficient in developing models and scenarios that determine the cost and impact of changes in HR policies and procedures. Participants in our study found that they were unlikely to have sufficient depth in these skills within their own HR organizations and considered them among the most difficult to develop.

“We haven’t worked with our Business Partners on how they access and shape the data into something useful... they don’t even have access to the system. Being able to use and analyze the data is a competence [we are] lacking right now.”

– Engineering company participant, just starting its HR transformation

HR Business Partners also need *business acumen* in the form of understanding their business unit’s strategies and operations. To serve as true advisors to the business, they must understand the dynamics of their industry, as well as the day-to-day activities performed by different functional units and how individuals within the units are evaluated. They also have to understand the needs of customers and partners to better see how their human capital decisions impact stakeholders beyond the organizational boundaries. Many organizations reported that this in-depth knowledge of the business was often in short supply within their HR groups. As one HR executive from

an insurance company commented, “We said to people, ‘Can you tell the story? You have to know the market and the business.’...even [so], I still have only a dozen people who can do it. This does not come easy to an HR person.”

HR Business Partners will have to serve as lead advisors to their business units on human capital issues. To do so, a number of *consulting skills* are essential, including the abilities to build trusting relationships with senior executives, diagnose organizational problems and determine root causes, develop recommendations and business cases, and create action plans. Further, they must have the strength and conviction to deliver difficult messages to senior leaders, even if those messages may prove to be unpopular.

HR Business Partners also need to be effective at *driving change* through the organization. This includes soliciting and initiating participation from individuals within the business unit to support change efforts, aligning recognition and performance measurement systems to support desired activities, and effectively communicating with multiple stakeholders. As one engineering services company commented, “We’re looking for people who are proactive and can make an impact on people.”

HR Business Partners not only need to provide expertise to the business units they support, they also should *share knowledge across* the HR organization. One way to do this is to regularly connect with peers in other business units to share relevant practices, while another is to work with individuals in the CoE to pass along new learnings. One banking organization developed a “Business Partner Forum” to share information and best practices. According to the leader of the transformation program, Business Partners are charged “not only [to] come and listen, but to take [information] back to their management teams and get the message out there.”

For individuals residing in the CoE, study participants identified a different set of required capabilities: *deep functional expertise*; *the ability to partner with internal stakeholders*; *process design and stewardship*; and *large-scale project management*.

CoE personnel must possess *deep functional knowledge* and an understanding of leading practices within their particular disciplines. Because the CoE serves as both the developer and arbiter of HR policy, individuals working in this area must apply technical knowledge of their discipline and understand its application to the overall business. As one banking organization noted, “I expect the CoEs to focus not on best practices, but next practices...they need to be the ones supporting the [Business Partner] to make sure that forward thinking is getting implemented at the ground floor.”

In the more collaborative environment that characterizes transformed HR organizations, individuals working in CoEs need to *partner with others across the organization* to design and implement effective policies. As one banking organization indicated, “I want [the CoEs] to work with the shared services group as it relates to changing policies and procedures...there is more collaboration [required] to reach out and work as a team on things like surveys and talent management.” CoE personnel might be called to work with Business Partners to design programs addressing business unit needs, to work with shared services to implement cost-effective HR programs that reduce employee confusion, or to connect with line managers and employees to periodically assess the value of CoE programs and services.

As leading corporations become larger and increasingly global in scope – often through merger and acquisition activity that brings together disparate processes for similar activities overnight – *the ability to create common, institutionalized process activities and metrics* is vital. At the same time, CoE personnel must have the flexibility to identify appropriate regional or business unit variations and determine how those modifications need to occur. As one technology company explained, “One of our central principles was going to more of an ‘architect and distribute’ model; with centers of excellence architecting how we do things and then distributing [information] out to the regions. We want 80 or 90 percent commonality, with 10 to 20 percent specialization for regional differences.”

As the HR organization becomes increasingly strategic and vital to overall business operations, CoE personnel must be capable of *managing larger projects* that involve stakeholders from various parts of the business. As one insurance company noted, “There are certain big projects the CoE [is] still running. You have to determine the projects where you work with the line and where you work more with the Business Partners.” For many organizations, this includes overseeing multiple vendors providing external services. To keep these projects on track, they must develop detailed action plans and regularly track progress against those plans, as well as manage budgets and associated financial systems. Finally, they must communicate progress to key stakeholders on an ongoing basis.

Figure 2. Summary of HR Business Partner and Center of Expertise capabilities.

<i>Key capabilities of an HR Business Partner</i>	<i>Key capabilities for individuals working in a Center of Expertise</i>
<ul style="list-style-type: none"> • Analyze human capital data to solve business problems • Understand the business and determine human capital requirements • Act as a consultant to senior management • Drive change through the organization • Share and leverage good practices 	<ul style="list-style-type: none"> • Deep functional expertise • Ability to partner with internal stakeholders • Process and program design and stewardship • Large-scale project management

Source: IBM Institute for Business Value analysis.

Providing the right level of support to the business

One of the common questions asked by organizations is, “How many HR personnel do we need to support the new organization in the transformed HR model?” Our study found that companies did look at traditional benchmarking ratios obtained through a number of consultancies and third-party providers. For example, a recent study of 20 U.S. companies by the PricewaterhouseCoopers/Saratoga Institute indicated a median ratio of one HR Business Partner for approximately 1000 employees.⁶ However, companies are only using these ratios as a very rough approximation in determining the appropriate level of HR Business Partner staffing.

Instead, IBM study participants used a series of criteria to evaluate the appropriate level of support – including the strategic intent and complexity of the business unit, the strength of existing management, the maturity of employee and managerial self-service tools, and the geographic spread of employees within the unit. Each of these variables can significantly impact the required number of Business Partners. For example, a business unit that is poised for significant growth in an emerging market may require additional Business Partners to support an employee population that is new to the organization and requires greater “onboarding” and training assistance. Similarly, an organization with experience in successfully implementing employee self-service technologies may need fewer Business Partners to answer routine inquiries.

Sources of resistance from HR personnel

“My own HR people, hands down, were the biggest challenge. They liked what they were doing... They didn’t like numbers. They didn’t like seeing the organization as their client... They weren’t open to change... They weren’t very analytical.”

– Insurance company participant

Any time a large organization attempts to alter existing social contracts that have taken root, there will be stakeholders who resist that change. In the evolution of the Business Partner role, we observed three specific sources of resistance: *codependency; a lack of analytic skills; and lack of a “burning platform” to incite action.*

Many so-called HR Business Partners remain comfortable providing short-term answers to line managers, who in turn, appreciate this individualized service. Indeed, the need to “provide service to the business unit” has historically been defined as providing rapid answers to routine queries. According to several individuals we interviewed in the study, this often leads to an unhealthy *codependency* as business unit executives become reluctant to go to the shared services centers for assistance, and the HR

professionals continue to spend significant amounts of time addressing administrative questions. This symbiotic relationship, as several participants indicated, crowds out time and energy that HR Business Partners could use to focus on more strategic issues.

“Some Business Partners were afraid that by not providing (administrative) answers, they were losing their credibility with their business unit clients. We needed to give them incentives to work the right way.”

– Energy company participant

In some situations, we found HR Business Partners to be uncomfortable *using analytic approaches* to develop insights and build business cases. As one insurance company described, “My own HR people, hands down, are the biggest challenge. They liked what they were doing...they didn’t like numbers...they weren’t very analytical.” While training and coaching opportunities can address these skill gaps, our study participants were clear that not all professionals had the interest or inclination to work in a more quantitative environment.

Simply reorienting existing work arrangements and relationships takes a significant amount of effort. *Without a clear, compelling reason to change* (a so-called burning platform), these efforts can stall. Study participants highlighted the importance of not only explaining to people the rationale and benefits of change, but also the consequences of not changing. One participant described how the head of HR told his direct reports, “If you haven’t transitioned that (administrative process) over, you better hurry up. And if I come to your shop and find out you’re doing it yourself, you won’t be working here anymore.”

As companies moved much of their administrative work to shared services centers and outsourcers, the need for larger, dedicated teams within Centers of Expertise often diminished. In many cases, the remaining individuals within the CoE found themselves hesitant to fully accept the new strategic HR model for a number of reasons. These

included having *less direct access to internal customers* and having *fewer staff to accomplish their work*.

For many study participants, personnel within the CoE found the need to work more closely with their HR Business Partners and shared services personnel to be a significant change. In the past, the CoE often worked directly with business unit executives to design and deliver HR policies and procedures. Also, they tended to work directly with line managers and employees to gauge reactions and respond to inquiries about HR programs.

In the new HR model, CoEs are now being *asked to work through HR Business Partners* to determine business unit needs and *collaborate with shared services* to determine the effectiveness of HR policies and procedures. These changes, which represent somewhat significant departures from past practice, often caused resentment among CoE personnel. An airline company reported, “[CoE personnel] didn’t understand the new three-pronged approach to HR and that they were supposed to do policy and then hand it over to shared services...so they struggled with the new concept.”

“We still have people who like to be experts and tell others what to do, and to tell the business line managers what to do, not to work with them as Strategic Business Partners.”

– Insurance company participant

CoE personnel, whose organizational stature was previously determined by the number of “bucks and bodies” (budgets and headcounts) under their control, often *resisted surrendering the associated prestige and job security associated with overseeing large departments*. In many situations, projects once easily assigned to CoE staff needed to be completed by outsourcers who required special agreements – or even contract modifications – before assuming additional work. As a consultant who works frequently with HR transformation indicated, “For bigger projects, the CoE needs to phone up your

outsourcer and list it as a project. Many (HR) technical experts find it difficult to operate in this model. They have lots of angst and hard times. They need to be able to do it on their own.”

Timing: Determining the appropriate sequence, speed and scope for change

In addition to changing roles and responsibilities, we found that study participants learned a number of important lessons regarding the sequencing, speed and scope of their transformation efforts. Among the critical findings were:

- The planning of the new strategic HR model needs to occur concurrently with development and implementation of the administrative changes in the HR organization
- Many companies took an aggressive restaffing approach to verify that HR personnel in strategic positions had the right experiences and capabilities to do their jobs
- While a significant number of changes need to be made in the first 18 months of the transformation effort, longer-term change often required two to five years.

Most organizations we studied focused on developing their new strategic HR model while they were building their administrative infrastructure. On the administrative side, developing shared services organizations for administration and employee servicing, implementing an Enterprise Resource Planning (ERP) system, providing basic data warehousing functionality and delivering basic employee self-service functionality were all seen as critical components to enabling a more strategic HR organization. Without them, strategic HR personnel would not have the time, resources or information to develop insights that would provide value to the business.

As the administrative infrastructure was being built, companies simultaneously took the next steps in redefining the new strategic HR workforce and organizational model. Staffing, for example, involved assessing competencies of existing HR personnel and selecting individuals for new roles, both from within and outside of the HR organization. As part of the new design, education was developed to close any significant skill gaps. At the same time, articulating new performance measures and goals helped to keep HR employees focused on desired activities.

Most companies in our study took an aggressive approach in putting new personnel into strategic HR positions. We found that the degree of aggressiveness was linked to several primary drivers, with more aggressive organizations usually transforming HR as part of a cost reduction movement or the need to align with other organizational units also being restructured. By contrast, slower, evolutionary changes tended to occur in organizations that were focused on improving HR service levels and upgrading HR capabilities.

More aggressive organizations tended to fill their redefined HR positions by conducting competency assessments of existing personnel and filling positions from the top down. In these situations, anywhere from 50 to 100 percent of HR positions changed hands, while headcount was reduced between 25 to 50 percent.

Their less aggressive counterparts replaced existing positions only through attrition and less than 20 percent of positions within the HR function changed at all. Furthermore, in these cases, less than 10 percent of positions were eliminated. While companies managing attrition through an evolutionary approach may have encountered less active resistance to change, most companies reported that it was extremely important to staff strategic HR positions properly from the beginning. As one insurance company indicated, “You need to take drastic measures early with the HR BP organization. Don’t kid yourself that people who have never been strategic are going to become strategic. Make your bold moves early.”

Any significant change at a large organization requires visible, tangible action to let personnel know that the old order has been undeniably changed and a new paradigm has taken its place. Study participants consistently cited the first 18 months of a change initiative as the window for enacting significant change. Beyond this point, study participants noted the difficulty of maintaining senior management attention. Further, they indicated that employees can only tolerate the associated disruption and uncertainty for a limited period of time before morale begins to falter.

However, to truly saturate an organization’s DNA with new ways of working, study participants recognized that longer-term cultural change needs to continue long after the initial 18-month window. To sustain desired change over the long term, HR organizations must reinforce behaviors through a number of performance review cycles, holding to the needed changes while allowing individuals to have time to adjust to new roles and responsibilities. In doing so, HR leaders must continually foster working relationships, and clarify roles and responsibilities among HR Business Partners, shared services and the CoE.

Recommendations

Based on our discussions with senior HR executives, companies should focus on three areas as they work to upgrade the HR function’s strategic capability:

- Enable HR professionals to apply human capital data and information – on par with what the CFO would expect in Finance – to drive business decisions
- Develop a talent model for HR that encompasses the need for new skills and capabilities and is built upon improved selection, employee development and performance management
- Build a roadmap for HR transformation that builds momentum and embeds strategic changes into the DNA of the business.

Enable HR personnel to apply human capital data and information

As our findings suggest, human capital data and information are the lifeblood of the strategic HR organization. Organizations looking to use data and information to build fact-based decisions need to do the following:

- Verify that the data sources used by strategic HR personnel are of high quality and consistent with other reporting systems.
- Teach Business Partners and CoE personnel how to translate human capital data and information into compelling recommendations to the business. HR Business Partners need to use basic analytic tools and statistics, both to develop hypotheses, as well as to incorporate data into compelling presentations.

- Work toward achieving high adoption of employee and managerial self-service tools to build consistency in employee data and reduce the volume of questions Business Partners face. To do this, increase marketing and educational efforts on rollouts of applications that receive high volumes of employee traffic.
- Leverage employee contact center case management data to evaluate HR program clarity and effectiveness.

Develop a talent model that can deliver higher value services

Given that many organizations have notable shortages in the skills needed to provide more strategic services, we see five potential options for closing the gap:

- *Bring in HR professionals from outside the company* – A number of study participants recognized the need to hire outside HR professionals to attain the next level of strategic capability. While recruiting experienced talent from the outside can bring instant skills and capability, there is typically a lag time between finding talent in the outside market and getting them up to speed in their new positions and environment.
- *Attract employees from within the company, but outside the HR function* – Many firms discovered that the talent they need exists within the organization, but outside the HR function. For example, given their knowledge of the business and their comfort with analytics, finance and audit personnel were identified as potential candidates for HR advisory positions. However, study participants recognized the need for such individuals to rapidly come up to speed on the fundamentals of HR management to be effective in their new roles.
- *Provide education to existing HR professionals* – Continuing education was also viewed as critical to building the capabilities of strategic HR staff. In one organization, a structured set of distance learning modules was developed, addressing business skills, global resourcing strategies, industrial relations and analytic decision making. It required that all HR staff at a certain level complete each of these modules and pass certification exams. Other study participants used outside training courses to improve the ability of their HR staff to think strategically and provide consulting services to their internal business unit clients.
- *Support individuals as they perform their new jobs* – Providing mentoring to individuals as part of their day-to-day activities was also considered essential. For example, in one organization, HR personnel were encouraged to come together and present analyses to one another before presenting them to their business unit clients. Consistent coaching and mentoring allows individuals to receive feedback on their newly directed capabilities – quickly addressing questions and reinforcing positive actions. However, this ongoing support needs to be combined with clear performance goals and targets that focus strategic HR professionals on new achievements and away from their former administrative activities.
- *Foster participation in outside development activities* – Identifying opportunities beyond the classroom for HR professionals to broaden their skill bases was also seen as an important development step. For example, sitting on the boards of not-for-profit and community organizations was seen as a valuable way of obtaining business experience. Not only were individuals able to develop new skills, these opportunities were recognized as a way for individuals to bring new ideas and practices into the organization.

Regardless of which combination of these skill-building options is followed, project leaders must provide ongoing communication and mentoring of HR staff to build buy-in for the changes underway. This process cannot be overlooked, as consistent reinforcement and support can reduce the risk of individuals slipping back into old, undesirable work habits. Ongoing communication is vital – both with senior leadership to maintain buy-in and key stakeholders to avoid political maneuvering.

Build, then follow a roadmap for HR change

Given that transforming large, complex HR organizations can be difficult, organizations need to craft a thorough roadmap. To begin, the HR function should establish the primary administrative building blocks – including shared services, a standard data platform and employee self-service tools – while, at the same time, formulate plans to upgrade strategic HR capabilities. These building blocks help provide strategic HR personnel with the right data, time and resources to provide the necessary services to their internal clients. The transformation of the administrative side of the HR organization can be achieved through internal transformational activities or through partnering with an outsourcer.



While developing the administrative infrastructure, organizations need to build a model for the new strategic HR workforce, determine the HR competencies needed to enable that model, and create the supporting education and performance measures to make the model successful.

To build success within a relatively short window, it is critical that individuals with appropriate skill levels fill key strategic positions within the HR organization. Often, this requires difficult choices regarding the number and types of people in these key roles. To create momentum and early wins with the business units, it is necessary to make significant changes to key roles, responsibilities, performance metrics and developmental requirements early in the process. While it may take time for these early strategic changes to fully take root, they can help business units reap larger dividends down the road.

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