





# Transforming the HR function through better business partnering

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### HR has a mission: to be 'high impact'.

#### A new operating model for HR is emerging

What is holding HR back from making the impact the business expects? Three main factors have come out of research carried out by Bersin by Deloitte and our experiences with complex clients in the field:

1. The traditional definition of the business HR role no longer meets the business and workforce challenges of the 21<sup>st</sup> century. Business leaders and sometimes the HR function itself have a dated view of HR's strategic and business potential
2. Business HR roles have often been left to evolve organically in the hope of becoming more strategic merely by centralising some activities within a traditional HR administrative group and implementing HR technology. Changes of this nature, or the use of titles such as HR Business Partner have not provided business HR teams with the tools, training or infrastructure to attain the elusive goal of 'getting strategic'
3. Specifically in Luxembourg, the typically small size of organisations means that local administrative roles are combined with a more strategic role, which further undermines the job content of the business HR professional

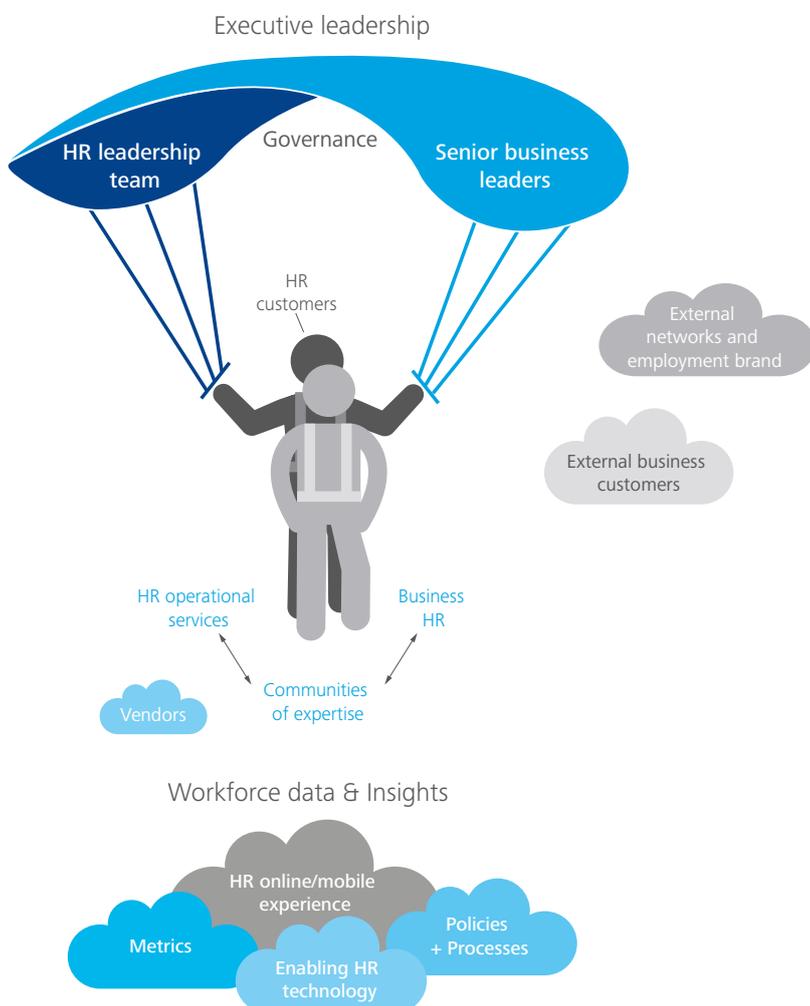
Despite the best of intentions, in many organisations today's HR 'business partners' are yesterday's 'generalists', without much more than a new title, some new automation, and the removal of some administrative work. HR leaders tell us they still find it difficult to drive new outcomes when the HR professionals closest to the business are still doing the same things as before.

One of the major shifts involved in implementing the Deloitte High-Impact HR (HIHR) Operating Model is taking the role of business HR to the next level—creating expert consultants close to the business. Yet, despite the widespread adoption of a business-focused HR role, organisations indicate that they are not achieving the anticipated impact and return on investment from the change. In fact, a large portion of the HR work continues to be administrative and transactional in nature.

The HIHR Operating Model places HR customers in the centre, with business HR positioned closest to the customer to drive strategic business objectives and enhance business performance by working in partnership with leaders of people and the business, applying increased HR agility, flexibility, coordination, networking and alignment.



Figure 1



### Business HR roles

#### New era. New challenges. New business HR role.

Two significant changes differentiate the role of business HR in the High-Impact model:

- First, business HR roles must operate day-to-day as part of the business leadership team and take responsibility for driving and owning business outcomes (Figure 2)

In earlier models, the HR business partner was designed and positioned to be an 'outside' role looking to 'partner' with the business. In High-Impact HR, business HR roles are embedded within the business and work directly with line leaders. Business HR professionals are trained and rewarded to meet business objectives and work on the business agenda. They not only service the business, they also take ownership of real business issues as collaborative members of the business leadership team. In this way, they identify issues, diagnose root causes, provide insights, offer recommendations and deliver solutions to solve some of the most pressing business objectives through the talent lens. Their focus on the business-specific people challenges in the organisation creates a healthy tension or balance between them and the objectives and roles of the HR 'communities of expertise', which push a more standardised, company-wide agenda



- Second, achieving High-Impact HR through business HR roles requires a continuum of business HR roles, thinking more broadly than in the past. Some models suggest establishing 'HR business partners' as the one role that services the business. Our research and experience shows that actually there are two: one to operate on a strategic level and another to operate as an advisor tasked with designing and implementing solutions, collaborating with HR shared services and other specialists available.

Depending on the complexity of the HR service delivery model in a company, we may see a larger number of sub-roles emerging around the business HR job family. Examples can be found in recruitment, where an organisation can have dedicated recruiters embedded in the business, or in training, where specialised development consultants are present within the firm.

- In the High-Impact HR Operating Model, business HR is divided into two primary roles: HR Business Partners and HR Business Advisors. The HR Business Partner primarily focuses on strategic business challenges, while the HR Business Advisor mainly looks after business manager support and development, and the coordination of local HR service delivery. Both roles are closely connected to the Communities of Expertise (CoE) and HR operational services. Together, these two business HR roles are better positioned to provide value to the business by more realistically positioning business HR to provide the wide range of strategic services, consultation and locally-based delivery that businesses require.

Figure 2



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## The HR Business Advisor focuses on local business operations with an eye to manager development, localised solutions and support

### New challenges, new work

Experience shows that business HR can have the greatest impact on business results by:

- Working with line leadership to understand business and talent pressures in detail
  - Translating the business strategy into a business-specific HR approach
  - Shaping global projects and initiatives that are normally CoE driven to address business-specific needs
  - Providing data-driven people and organisational insights for decision-making
  - Developing and implementing a workforce strategy
  - Expanding managers' leadership and management capabilities
  - Creating harmonisation and consistency on how HR is delivered to the business at global level
- Leads initiatives that build trust, employee engagement, leadership effectiveness and workforce productivity
  - Mitigates organisational risk and increases business and HR process compliance
  - Accesses and analyses workforce data to support people insights and recommendations
  - Scans and understands the business environment, sharing insights and trends from the business with HR CoEs and HR operational services
  - Partners with CoEs to implement workable business-oriented solutions that meet the distinctive challenges and needs of the business
  - Collaborates with HR operational services to provide high levels of service delivery

The HR Business Partner works with business leaders and remains laser-focused on strategic business objectives and the most critical business challenges, providing macro-level solutions that have business-wide applications. The HR Business Advisor focuses on local business operations with an eye to manager development, localised solutions and support.

**Working together, they form a stronger Business HR team which:**

- Creates value as human capital experts implement people strategies and solutions to drive business-specific strategy and objectives
- Coaches and develops leaders and managers to deliver people management capabilities
- Diagnoses and solves workforce business problems and challenges

### A new skills profile

A refreshed set of knowledge, skills and capabilities is required for these professionals to thrive; the HR Business Partner has deep expertise in talent strategy, organisational effectiveness, data analysis and business acumen, whereas the HR Business Advisor has functional and broad knowledge of HR practices. Dave Ulrich laid the original foundation for the HR Business Partner skill set, proposing that the HR Business Partner capabilities include: Credible Activist, Cultural Steward, Talent Manager/Organisational Designer, Strategy Architect, Business Ally and Operational Executor.<sup>1</sup> Many of these capabilities are still relevant today, but we have learned that they need to evolve to meet 21<sup>st</sup> century needs. Business HR activities require enhanced skills that include business acumen, data analysis, relationship building, consulting, project management, systems thinking, change management, coaching and collaboration.

<sup>1</sup> Ulrich, D, et al (2007), "Human Resource Competencies: Responding to Increased Expectations", Wiley Periodicals, Wiley InterScience [www.interscience.wiley.com](http://www.interscience.wiley.com)

Beyond enhancing skills, there is a new way of working for business HR to deliver the value of High-Impact HR:

- **Driving employee and leadership engagement** remains as important as ever. With long-standing studies having proven the link between employee job satisfaction and tenure and customer satisfaction, engagement often remains an elusive goal and, therefore, a critical focus for business HR today and in the future
- **Identifying and growing organisation-specific employee skills** that drive distinct competitive advantage for the organisation in its marketplace and support the continued growth of employee capabilities
- **Moving beyond the four walls of HR and the organisation** to collaborate with business and other support functions, provides insight and understanding around the talent needs and opportunities for a business. Furthermore, connecting and working with professional business organisations, industry associations and the communities local to a business provides a broader market and competitive perspective, creating opportunity for business HR to better meet the complex talent needs of the organisation and enhance its differentiation from competitors
- **Working with a multi-generational workplace** to drive practice approaches to workforce management and work environment design that integrate and balance the often competing needs of the business and workforce
- **Applying social savvy** to harness the power of social tools (both technology and traditional networking) as part of the day-to-day work of helping employees to better connect with each other, their customers and the marketplace
- **Incubating a culture of innovation and customer satisfaction** by driving recognition mechanisms and opportunities for employees across functions to bring forward ideas targeted towards improving products/services, the customer experience and the workplace itself





These new and emerging capabilities and skills are not only being identified from our client experiences; they have also been recognised by thought leaders<sup>2,3</sup>. For those HR organisations looking to innovate and refresh, this new human capital skill profile is a reality today.

### Implementation of business HR

#### Getting it right the first time

The High-Impact HR Operating Model roles for business HR are a next-level evolution, building on the work guided by previous models and research that many organisations have already undertaken. Establishing and enhancing business HR capabilities to achieve High-Impact HR is not an overnight activity. In many organisations it will take a significant effort to create the necessary capabilities, experiences and development opportunities. Moreover, organisations need to consider refreshing recruiting strategies to attract the right type of business HR talent and internal development programmes to build the capability of the new skill sets that are required.

Redefining business HR roles is an excellent start, however, to help maximise the impact, the business HR roles need to be implemented appropriately. Based on lessons learned and diagnostics from multiple implementations, there are activities an organisation can undertake to develop and deploy HR Business Partner and HR Business Advisor roles. These activities include:

- **Driving the right level of localisation** for content and programmes required to achieve the delicate balance between business and enterprise needs. Fully standard for the enterprise is rarely right in an era of mass customisation; however, in most cases, there is no longer any need for business HR to create fully customised policies, programmes, processes and technologies under the banner of 'meeting business needs'
  - **Equipping the organisation with strong project management capabilities.** As companies move from a static organisation to a more agile, project-driven structure, there is an expectation that HR will adopt a similar model. The project management skills will determine how quickly HR can reinvent itself and adapt to changing internal and external factors
1. Gaining executive sponsorship and driving change management throughout the business and existing HR organisation
  2. Getting beyond simply shifting high volume tactical and administrative tasks to traditional shared services and broadening HR operational services to better provide specialised support across processes and allow even greater focus by business HR on truly strategic, business- impacting activities. Having clearly identified business HR roles is only possible if the HR administration role embedded in the business is also plainly defined

<sup>2</sup> Boudreau, J, et al (2014), 'What is the Future of HR', <http://www.workforce.com/articles/20179-what-is-the-future-of-hr>

<sup>3</sup> Ulrich, D, et al, J, et al (2012), 'HR from the Outside In Six Competencies for the Future of Human Resources', New York, The McGraw-Hill Companies

3. Fostering the meaningful involvement of business HR in initiatives from strategy through design as participants in HR Communities of Expertise
4. Increasing adoption of self-service tools to empower employees and managers and motivating business HR to coach managers, while generally move away from involvement in day-to-day administrative interaction with employees
5. Participating in development programmes related to business acumen, data analytics, consulting skills, workforce productivity, leadership development, change management and organisation effectiveness
6. Building a compensation and reward system based on the updated job profiles that is aligned with key success metrics
7. Ensuring a clear governance structure that allows the business HR function to provide feedback to other HR functions, as these represent the real voice of the HR programme customer
8. Optimising and formalising interactions or interfaces between the business HR function and the rest of the HR organisation

Companies that have undertaken activities such as those described above are better positioned to deliver High-Impact HR. Today's HR generalists cannot become tomorrow's HR Business Partners and HR Business Advisors without real organisational change. Organisations must invest time and resources in redefining roles, implementing the required infrastructure, changing their organisational structure, hiring the right kind of talent, providing the enabling tools and developing employees.

### The journey is not over

The HR function has been on an evolutionary journey to create more business value, but the journey is not over. It is time to take the business HR job family to the next level.

If HR is to meet new business expectations and achieve High-Impact HR for their organisations, we must create a new mindset for the whole of HR—and the role of business HR is instrumental in this objective. The business of HR must simply become the business, and the historical HR Business Partner concept that brought us to where we are today will not sustain us tomorrow. The business HR of the future is positioned to turn business challenges into tangible results—becoming the credible, business-oriented solution provider and trusted advisor that organisations require.

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