



THOROGOOD
PROFESSIONAL
INSIGHTS

Chapter 2

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Chapter 2

The new HR model

HR Operating Model

“Companies now are finding that the HR issues are, in fact, center stage to business competitiveness. The intellectual capital, core competencies and organizational capabilities are all the pieces that are central to success.”

ULRICH - ‘HUMAN RESOURCE CHAMPIONS’, HARVARD PRESS, 1997.

Background

The previous chapter has discussed the drivers for the changing nature of HR’s role; the business’ perception of the function, the need to execute strategy and the need for metrics to demonstrate success and targets for the future.

There is a real and frequently voiced view within HR and the broader business community, that HR has not always had the tools to deal with these issues. Where in the past HR has possessed in some part the skills to engage, it has not always given itself the opportunity to do so. Clearly there have been barriers to HR’s effectiveness in the way it was organized and this chapter seeks to examine some of the issues and solutions proposed to tackle these.

Traditionally HR has often held very direct and ‘open door’ relationships with employees. In doing so it has fulfilled an essential gap in the business – the voice or advocate of the employee. It has also filled the role of facilitator and executor of all people related processes, regardless of whether these were necessary or HR was the most appropriate method of delivery. There is now a set of pressures

that are emerging that demand that HR is able to respond in a different way to meet them. The pressures come from differing directions:

From the CEO

- Focus on 'core competencies'
- Companies retrench to focus on core activities
- Creates pressure on HR to 'prove its worth'

From the CFO

- Pressure for cost reduction
- Benchmarking against sector high performers
- Requirement to demonstrate the ROI for HR activities

From line manager

- Support for them to have the autonomy to manage their teams
- Tools to improve the performance of their teams
- Less labour intensive interaction with HR

From employees

- Improving service to employees
- Modern employees act as 'volunteers' and demand high standards of service from HR
- Employees have a new one-to-one relationship with companies

To meet these pressures the HR profession has begun to articulate new ways of creating value through the function. A new model has emerged in recent years that aims to provide HR with the platform on which to deliver its promise. The new model requires HR to position itself to engage with the business at the right levels, in the right ways.

We shall examine the organizational structures that allow HR to tackle the challenges it faces today and the approaches HR leaders have used to deploy these.

The new roles

The above pressures are broadly driven by four themes:

1. Strategic – drive the business strategy forward.
2. Financial – demonstrate functional cost reduction and value.
3. Change – work with and lead the business through change.
4. Performance – improving the performance of individual employees and teams.

HR must organize itself to meet these and demonstrate that it is achieving them. Delivering this clearly has two key components that HR must develop; the skills to achieve and the organizational design to allow it to engage. We shall tackle the new HR skill set within Chapter 6. Prior to this we will consider the new roles and structure that allow HR to take on these challenges.

Moving away from the old model

HR has traditionally delivered its services via a hierarchical model with the following types of activity delivered by all team members:

Strategic	Planning, design tracking, research and strategy development
Execution	Direct contact with HR customers, strategy delivery and process advice
Administration	Co-ordinating and scheduling process execution, inc. data entry and form processing

A recent study of the work performed by HR Managers within a US Insurance company (Global Human Resources, 2000) looked at the types of work completed by managers who were working within the following roles:

Specialist – Focuses on a specific area of HR activity, e.g. payroll, employee relations or HR Information Systems.

Generalist – Traditional HR management roles, focusing on a broad range of HR activities including: legal, policy interpretation and staffing issues.

Administrative – Managing the processes that support people management policies, including payroll, recruitment and on-boarding administration.

The findings were not uncommon in many HR functions in that much of the managers time was taken up with administration activities in support of their roles.

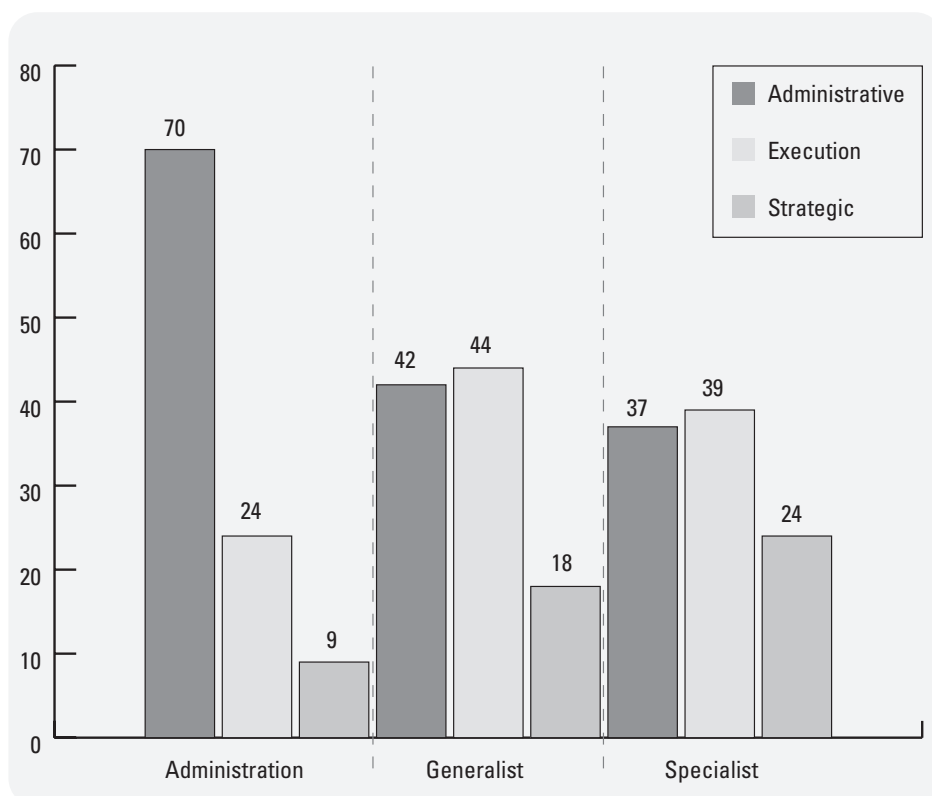


Fig 1: % of time spent on key types of activity in each HR role.

Regardless of the focus of each role, the majority of time is spent completing administration.

For the Specialist – they are not deploying their deep content knowledge and maximizing the development of that in relation to the business needs.

For the Generalist – they are not spending time engaging with the business to ensure the ‘people’ side of improving business performance is covered.

For the Administrator – there are still problems. They are focusing too heavily on the completion of administration type tasks, rather than spending more time on focusing on how to improve their efficiency.

Allowing these roles to support the business more effectively and focusing on delivering the value that HR can create, requires a new view of the structure of HR delivery.

Freeing up HR to deliver

A model has emerged in the last few years that allows us to focus on the four challenges of:

1. Strategy;
2. Financial performance;
3. Change management; and
4. Business performance improvement described above.

This model seeks to focus HR delivery on a framework that promotes specialist knowledge and positions it to deliver on the challenges presented to HR.

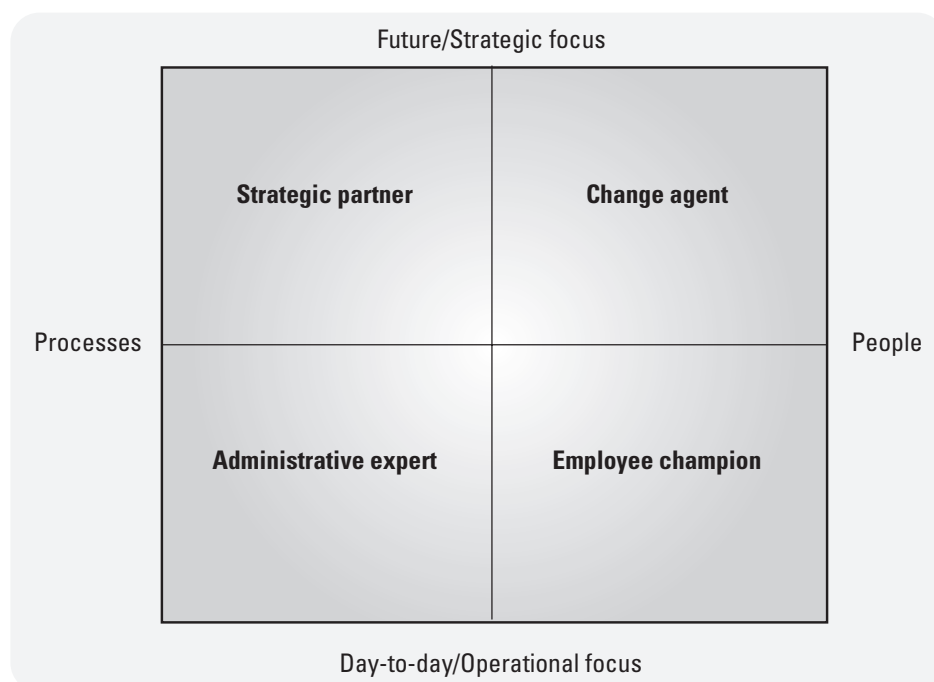


Fig 2: The Ulrich model (Ulrich, 1997)

Here new roles are mapped out for HR. Each role combines to focus on delivering improvement within the function and within the business.

Through this model HR can tackle its challenges in a holistic way. HR is able to tackle the strategic issues by having a Strategic Partner who clearly focuses on them. Through an Administrative Expert, the function is able to demonstrate it is supporting the financial goals of the company by focusing on having an efficient and high quality service. The function is also able to focus on the employee relationship and improving employee capability, by the establishment of the Employee Champion role. Finally, the Change Agent role allows the function to meet the challenges of the changing business environment and positioning the business to execute strategy.

METAPHOR	ROLE	ACTIVITY	DELIVERABLE
Strategic Partner	Management of strategic resources	Aligning HR and business strategy	<i>Executing strategy</i>
Administrative Expert	Management of firm's infrastructure	Re-engineering process	<i>Building an efficient infrastructure</i>
Employee Champion	Management of transformation and change	Listening and responding to employees	<i>Increasing employee commitment and capability</i>
Change Agent		Managing transformation and change	<i>Creating a renewed infrastructure</i>

Through demonstrating its control of internal efficiency and quality, the HR function can build the credibility to support its right to engage with the business in the other areas.

“Basic transactions are a measure of you as an employer and your employer brand”

DOMINIC MAHONY, HR DIRECTOR, UK – TUI

Fulfilling the roles in HR

With the organizational model established to meet the challenges, we must now address filling them to enable their delivery. Much discussion on the development of the 'HR Business Partner' (HR BP) role has focused on strategic delivery. To take this view ignores the holistic approach, established prior to this, as essential to meeting the challenges of the future. The HR BP will need to operate in a number of areas, supported by additional parts of the HR function and wider business to take on the challenges described.

The model must approach each quadrant of HR's delivery model and fill it in the most effective way. Each sector requires different skills to be effective. The pull of inappropriate activity in each area must be removed. The following model aligns our delivery approach with the roles necessary to deliver.

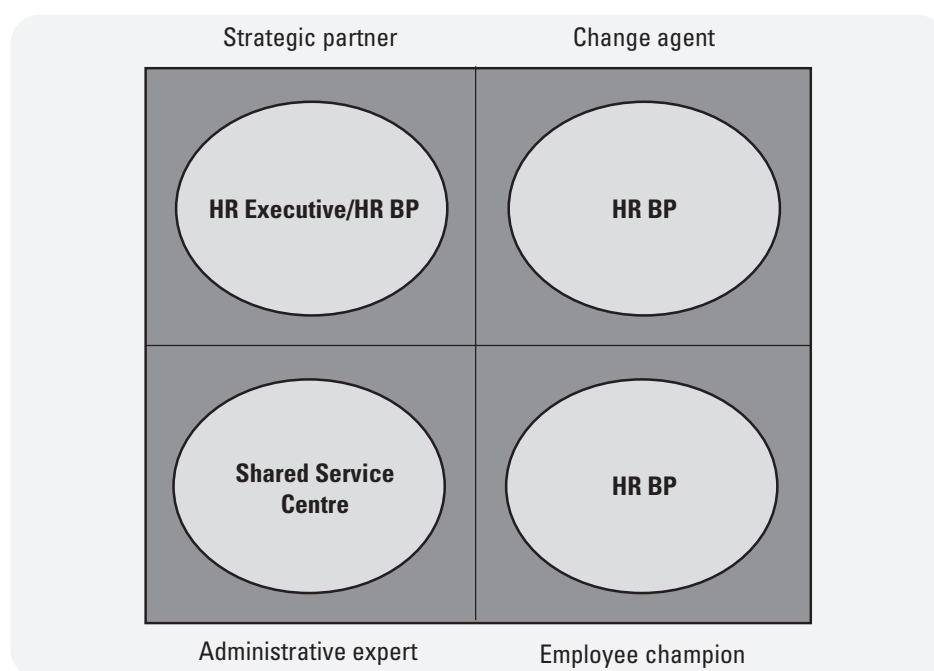


Fig 3: Roles in the Ulrich model

Each sector requires a distinct skill set that we shall consider later in the report. We shall at this point examine the nature of each role and how they interact.

Role of the HR Business Partner

The role of the HR BP is one that has started to become more prevalent in companies today. When implemented completely it represents a real shift away from the Generalist HR Manager role.

HR Manager

Package £55k plus car and benefits

Reporting to the HR Director

Requirements

- CIPD qualified
- 7-10 years generalist experience
- Experience in;
 - recruitment
 - employee relations
- Some experience of policy development
- An assertive style
- Communications skills

"For a global sector leading organisation"

Group HR Business Partner

"We'll look to you to develop and implement policies that encompass everything from pay and benefits... and the effective use of SAP"

"Whilst an advantage, a **CIPD qualification is not essential**. Far more important is your experience of thinking for the longer term and translating strategies in to policies and practices"

"So expect to draw on your... talent for diplomacy as you travel to sites across the country, **building relationships with key stakeholders**"

Fig 4: A comparison of job adverts for a Generalist HR Manager and a Group HR Business Partner (People Management, 2003)

The HR Business Partner role is closely aligned with the business. As can be seen in the above recruitment advertisements, the role is far more actively engaged with the business. The Group HR Business Partner role sees HR travelling out to business units, developing an indepth understanding of the businesses needs and objectives. Whilst there is still the need to deploy a broad HR technical knowledge, the key outcome is the effective application of policy advice, influencing skills and deep understanding of how the application of proven technology can assist the delivery of the businesses strategy.

In a recent US study, HR was perceived as being at its most effective when it engages with the business on HR BP model, as it is closer to the business, its goals and issues.

LAWLER AND MOHRMAN, 2000

This pulling together of all the available tools at HR's disposal lies at the heart of the role and presents some very real challenges for HR.

AVERY DUFF, GLOBAL HR DIRECTOR, EMI MUSIC, NOTES:

“you (the HR BP) need to be equal to or better than the best people on your bosses’ team, understanding how each area makes money or adds value”

To achieve this, individuals in the role need to overcome a number of issues.

- They must have the credibility to engage with the business.
- They must be accepted into the management team in order to understand its objectives and provide direction.
- They need a deeper skill set than the technical one previously held by HR (e.g. legal and process compliance).
- They must be able to access the right technical and administrative support to enable it to deliver.

These issues point to the heart of the HR BP role. This requires a supporting infrastructure of expert knowledge and efficient administration to allow that detachment to take place. The following sections of the report examine the other key component parts of that support.

RUSSELL MARTIN, HR DIRECTOR AT PRUDENTIAL UK NOTES:

“The issue of preventing the HR BPs ‘going native’ is key. As they do so, the HR function begins to lose its integrity of strategy and thinking. This also represents a real risk in that it can be viewed by employees as compromising the role of HR as ‘Employee Champion’. HR becomes too closely aligned with ‘management’.

What does this mean for the line manager?

The delivery of the new HR model has to look outside the HR function for support. Much research has focused on the need for line managers to 'own' their people issues. They are closest to the issues and are often the face of the company to their teams. As such, there is a compelling argument for providing line managers with the skills and tools to improve their 'people skills'. A study in the pharmaceutical industry found that employees in this knowledge intensive industry were more likely to leave a company to follow a good line manager than for more money (Arlington et al. 2001).

In addition, the intervention of HR in staff relationships with line managers and HR process transactions, is often a source of significant inefficiency in an HR function.

Examples of intervention by HR of limited value:

- HR staff passing CVs to managers who are recruiting.
- HR spending time dealing with minor disciplinary issues where the process and facts are clear.
- HR involved in keeping vacation logs and conducting return to work interviews.

It would often be quicker and more efficient for HR to step out of the process and allow the line manager to deal directly with such issues. In this section we shall look at the role the line management community has to play in delivering a new model for HR.

The role of the line manager

The line manager at each management level has a key role to play on delivering the new HR model. The depth and scale of their role varies across each of the quadrants of HR activity. The model below highlights the scale of line management involvement in each of HRs roles.