

How Human Resources keeps its seat at the table

Insights from the 2006 IBM Human Resources Summit

“Right now, globalization has created an absolutely screwed up, crazy world for an HR person – nothing has been more challenging.”

– Session participant

The preceding quote reflects a common sentiment among HR professionals. Faced with new sources of competition and new opportunities for growth, organizations are looking to the human resources function to address two critical needs.

First, the HR function must be able to deliver strategic insights to business units, enabling the organization to more effectively source, evaluate and motivate employees in an increasingly turbulent business environment.

At the same time, HR needs to continue to provide administrative services that are reliable, cost-effective and responsive to the needs of business units around the globe. In today's business climate, it is no longer sufficient for the human resources function to excel in just one of these areas; HR

must perform both roles effectively to contribute to the long-term success of the organization.

This perspective shaped a series of discussions that took place in March 2006 with more than 25 senior HR executives from around the globe. Over four days, HR leaders from various industries, including utilities, financial services, retail and government – to name a few – engaged in a dialogue to share insights and best practices on a variety of topics. These included issues such as changing workforce demographics, the role of workforce analytics in developing strategic insights, and the structure and competencies of the HR function of the future.

Across industries, changing business conditions, demographics and globalization have raised the need to understand and manage the dynamics of talent, from sourcing to resource management to recognition systems. To allow HR to focus on these more strategic issues, the next generation HR organization must promote the use of shared services and employee self-service to move away from its traditional role of answering questions and resolving disputes.

Further, the HR organization needs to work more effectively with other vendors in its extended enterprise, providing the tighter coordination that is needed to deliver administrative services. Finally, HR needs to look inward at its own talent model, to help ensure that its employees have the capabilities, skills and confidence to provide strategic guidance to the business.

The roundtable participants highlighted the clear need for the HR function to focus its limited time, energy and resources on four critical areas:

- Understanding the impact of both globalization and changing workforce demographics on the supply of talent
- Determining the drivers of employee retention and developing strategies for retaining top performers
- Engaging with the corporate strategy process to determine the need for critical skills and capabilities
- Balancing the supply and demand for talent on a dynamic basis within and across business units.



Switching hats: Implications for the next generation HR organization

For the HR organization to take on these new responsibilities, it must be able to shed some of its more routine tasks and revamp its internal capability. Many organizations have moved to using outsourcing vendors to perform routine administrative tasks, while others have continued to retain these activities in a shared services environment.

In either case, session participants were clear that for the profession to move forward, some of the current roles, responsibilities and capabilities need to be transformed. Key steps toward achieving this include:

- *Getting out of the business of “answering questions,” shifting to dealing with issues that are more strategic.* Spend less time managing routine transactions and interactions that too often fill the days of HR professionals. Place the nexus of addressing administrative issues in one place (either physical or virtual). Track employee inquiries to determine whether HR policies and procedures are easy to understand and apply, and whether they need improvement. At the same time, increase the availability and use of employee and managerial self-service.

- *Developing relationships across organizational boundaries.* More and more, companies are looking to outsiders to take over administrative components of the HR function – particularly non-core tasks such as payroll and benefits administration, as well as employee service center management, recruiting, compensation administration and HR data management. It is increasingly important to view these companies as part of a larger extended enterprise.
- *Building capability in the HR talent pool.* Improve or acquire the skills needed for a greater strategic orientation in several ways: bringing in professionals from outside the company; attracting existing employees from outside the HR function to join the HR team; providing education to existing HR professionals; and fostering opportunities for outside development.

To prosper in a new environment, HR professionals need a more strategic perspective on their services and capabilities. The window for evolving into a more strategic HR organization is now – miss it, and more than the power and prestige of the HR function will be at stake.

About the author

Eric Lesser, Associate Partner, IBM Institute for Business Value.

To request a full version of this paper, e-mail us at iibv@us.ibm.com

© Copyright IBM Corporation 2006

IBM Global Services
Route 100
Somers, NY 10589
U.S.A.

Produced in the United States of America
05-06
All Rights Reserved

IBM and the IBM logo are trademarks or registered trademarks of International Business Machines Corporation in the United States, other countries, or both.

Other company, products and service names may be trademarks or service marks of others.

References in this publication to IBM products and services do not imply that IBM intends to make them available in all countries in which IBM operates.