



The Executive Journal™

How to ensure HR is contributing to your business

The phrase HR business partner is now common currency; a quick glance in any 'situations vacant' section in the professional press will reveal a number of posts with this label in the title. It is difficult to determine how many HR professionals actually operate as 'business partners'; probably a lot less than have the title, but does this mean they are actually contributing to business success and if so how do they do demonstrate that contribution or value?

HR provides a service. A service that is often focused on the traditional functions of HR: recruitment, remuneration, learning & development etc and is usually structured along these traditional functional lines.



But who is this service for? If HR is about providing business partners whom are they partnering with?

Of course, the answer to this is line managers. Line managers are by their very nature strategic, they control resources and are tasked with achieving results with these resources. Line managers however don't often have traditional HR activity as their targets; they are concerned with issues such as customer service, quality, costs, profit, shareholder value and market share.

So for HR to influence them, HR must demonstrate a track record in contributing to the things the line is concerned about.

This presents the first of many perceptions problems for HR. Because of its functional structure HR focuses its activity on these functions and then reports on it. Nothing wrong with reporting what you have been doing, except there is often a gap between what HR reports and what the business is concerned with. It is not uncommon for HR to report on issues such as employee attrition as a percentage of total employees, or the number of training days completed in a month or quarter. This reporting to the business influences the perception the business has of HR and for many this is an administration function.

The link between HR activity and business deliverables is often implicit rather than explicit. Even with HR focused on 'talent' the challenge is to demonstrate the value talented individuals make to the business.

So HR must demonstrate its contribution to business metrics. Every organisation measures itself against a basket of measures, the balanced scorecard being perhaps the most famous basket of measures, and business unit managers often own these measures.

For HR to be seen as 'business partner' it must understand the business challenges the line faces before it can talk about potential results. So if HR is talking about employee attrition and the business is talking about cost, HR must demonstrate the contribution employee attrition has on cost.

It is vital if HR is to be seen as a contributor to the business that it sounds like and demonstrates it understands that things that are of importance to the business. HR must move from lagging to a mixture of leading and lagging indicators. This means reporting data that is meaningful and not just available data. A good set of measures for HR to begin to report is things like average cost per employee, average profit/income per employee in addition to its traditional reporting.

In the model for measuring organisational effectiveness Carnell (1990) offered up a way of measuring the organisation in terms of its effectiveness and efficiency by looking at qualitative and quantitative methods.



Often when looking at how HR report itself and looking at what's important to the business it becomes clear the true extent of the gap between HR's reporting and what the business needs, wants and has to hear.

Organisations need the comfort of knowing that their HR function not only understands the business but is aware of the impact of its, HR's, activities on the achievement of organisation strategy and objectives. For some organisations they have decided that the best way to bridge the perceived gap between the business and HR is to appoint their 'business partners' from the line and not from within HR, a damning indictment on the capabilities of their HR functions.

To be seen as true contributors to the organisation HR must align its strategic deliverables what that of the organisation, then decide the activity it must undertake to deliver these strategic deliverables. But this is not just a strategy or structural issue; HR must develop a new or enhanced set of skills that helps the business value the role HR has in the organisation. Skills such as acting strategically, sophisticated influencing and persuasion and relationship management on top of their professional skill set.

So lets look closely some of these key-partnering skills.

If HR personnel are to begin acting strategically it must begin to ask itself some questions. For example, what does being strategic mean? Being strategic means working in the things that matter most to the organisation. In order to achieve this HR must do more of some things, do less of others and do others very differently. This doesn't have to mean fundamental

changes in the structure and content of activity. But it does mean a long-hard look at what and how HR conducts itself.

The rise of Enterprise Resource Planning (ERP) systems is an obvious way in which HR has 'outsourced' some of its traditional activity back to the line and in the process theoretically freed up some valuable time to focus on more strategic activities. When looking at the consequence of the introduction of an ERP system is HR now spending more time on strategic activity or just doing less administration? So is HR maybe doing less of one thing and even doing things differently, but is it doing more of the things it should?

HR, at its best, is seen as a function full of 'experts', people whom the organisation can turn to for advice and guidance on employment law, dealing with absence, poor performance, rewards etc.



In moving towards a business-partnering model HR doesn't have to stop providing this expertise, but those who move into a partnering role have to avoid the temptation to solve problems for the business and work with the line in partnership.

This means developing sophisticated influencing skills that are not based on 'expertise' but rather a set of skills that takes time to understand the other person's perspective, that draws out from the business their concerns, issues and feelings, that reflects back to the organisation what they have heard.

This approach to influencing is based on a relationship of openness, trust, support, interested uniting, closeness and sharing. It does however take time and can, initially, be treated suspiciously.

The challenge for many HR departments who desire to work in this way with their organisation is can enough of their HR people work in this way or do these skills exist somewhere else. There are many examples of HR business partners being appointed from elsewhere in the business, as the key skills required are not HR expertise but influencing and relationship management.

Of course in smaller organisations it can be difficult to adopt HR business partnering in its entirety i.e. structurally and behaviourally, so the focus needs to be on developing the behaviours and thinking patterns of a business partner within a more traditional HR structure. Therein lies another challenge.

In order to build and maintain effective relationships with the business, just as in influencing, there are key elements that should be followed;

Managing Impressions

HR needs to manage the impressions it creates with its customers, at all stages and at every meeting. It is important to note any minor as well as major commitments made and to ensure you meet them; to give a time-frame for any actions agreed; to manage your time during meetings well; to be clear about which actions you will take and which the customer is taking; for all written communications to be clear, concise and well presented etc.

By managing the impression HR creates in a proactive way, it will build the credibility of the partner and that of the function. HR will also need to present its colleagues in positive ways, so that when they are introduced to a project the customer has already started to gain a positive impression of them. This will build the credibility of the function.

Managing Expectations

HR needs to manage the customer's expectations of itself and what it will deliver. The customer's level of satisfaction lies in their perception of HR's value and in turn HR's value equals the performance minus their expectation. This means that HR's performance must consistently be greater than their expectation. To achieve this, HR needs to ensure that the demands made of its performance (by HR and by customers) are realistic and achievable. HR then needs to ensure that it meets the required performance standards and, wherever possible, exceed them.

Feedback

HR needs to manage the exchange of regular feedback between itself and its customers. It may be tempting to avoid asking for feedback if there are concerns that the customer is not pleased with the way in which a project is progressing but in doing so HR will miss out on an early opportunity to start changing their perception. Any difficulties, real or perceived, are best addressed early, so that there is time for HR to turn the situation around before the project ends.

Again, it may be tempting to avoid giving the customer some negative feedback about their role in the assignment and their impact on it. However, provided HR has already established a good working relationship with the customer then giving this sort of feedback in an appropriate way often moves the client-partner relationship and the project forward.

No Surprises

HR should ensure, wherever possible, that the customer is kept well informed and that they do not receive any surprises - particularly those of a negative kind. Surprises cause the customer to feel that they lack control of the project. You can avoid them by the regular exchange of feedback and information. Again, it is best not to postpone giving difficult information to the customer. While they remain unaware of the difficulty they cannot take remedial action to address it. While they may find it hard to accept, they will be more likely to respond positively if you can help identify options for moving forward rather than just presenting them with a problem.

HR may also need to offer emotional support to the customer, to encourage them to deal with a difficult situation or to confront people who are acting counter to the interests of the project.

There are many other skills HR must adopt in order to work effectively with its organisation as a business partner, but these offered here are perhaps the most important ones.

Summary

The ability to demonstrate a meaningful contribution to the organisation is vital at all times.

HR at its best is a real strategic contributor but too often HR is seen as an administration function. HR must understand the business it operates in and show how it contributes to the delivery of organisational objectives; otherwise it will always remain a cost-centre and not a value-adding function.

But this means developing and using a skill set that some in HR already possess, some in HR can attain and recognising that no matter how much energy and time you put into this there are some in HR who can't, or won't, act the way HR needs to, so what is to be done with them?

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