Agenda

1. Background and the drive to transformation
   Understanding the model and how to get it to work
   Where to start on the journey of an HR transformation?
Origins of the ‘Ulrich Model’

- HR emerges into the modern organisation with the formation of the first ‘Personnel Department’ in NCR in 1901
- Development of the discipline influenced by the early management theorists ad civil rights (Mayo, Owen, Fayol etc.)
- Late 80s Ulrich starts researching HR from the perspective of customer satisfaction and skills required in HR
- 1997 publishes ‘HR Champions’
- 2005 publishes ‘HR Value Proposition’
- Currently ranked as one of the 50 most influential management thinkers by HBR
The drivers for HR transformation in business today

**Business pressure to...**

- Adjust HR strategies to high cost / low cost markets
- Simplify HR policies and standardise HR processes
- Enhance leadership
- Build and manage capabilities globally (e.g. mobility) and locally (e.g. Emiratisation)
- Drive higher levels of productivity and performance

**HR Function Impact...**

- Re-deploy HR resources to support business performance and improvement
- Ensure co-ordination and consistency through common processes and approaches across functions or national/cultural boundaries
- Create meaningful management information – enterprise-wide; by group or business unit
- Reduce cost through greater operational efficiency and economies of scale
Year on year the focus on HR cost and HR service quality continues to become more pronounced.

- Eliminate distraction of administrative HR work
- Improving Quality of HR Service
- Standardised HR Processes
- Changing Organisational Behaviours
- Improving Quality of Workforce information
- Facilitate Mergers and Acquisitions
- Improving Service and Support
- Acceptance by business as strategic partner
- Other

Source: HRO Effectiveness and HR Service Delivery 2012
Progress to becoming a ‘Strategic Partner’

- **“Reporter”**
  - Interaction: As Requested
  - Product: Facts
  - Viewed as: Supplier
  - Means of Influence: No Influence
  - Value Add: Data
  - Viewpoint: Functional
  - Stake: No Stake
  - Direction: Exclusively Historical
  - Stance: Detached

- **“Analyst”**
  - Interaction: As Needed
  - Product: Processed Information
  - Viewed as: Specialist
  - Means of Influence: Information
  - Value Add: Mostly Functional
  - Viewpoint: Little Stake
  - Stake: Mostly Historical
  - Direction: Evaluative
  - Stance: Detached

- **“Advisor”**
  - Interaction: On Retainer Basis
  - Product: Sounding Board
  - Viewed as: Providing Assessments
  - Means of Influence: Leans toward Functional
  - Value Add: Mostly Functional
  - Viewpoint: Balanced
  - Stake: Mostly Historical
  - Direction: Helpful
  - Stance: Evaluative

- **“Advocate”**
  - Interaction: Proactive
  - Product: Council
  - Viewed as: Suggesting
  - Means of Influence: Commentary and Advice
  - Value Add: Strong Stake
  - Viewpoint: Mostly Forward Looking
  - Stake: Mostly Historical
  - Direction: Supportive
  - Stance: Evaluative

- **“Partner”**
  - Interaction: Always Involved
  - Product: Sharing the Lead
  - Viewed as: Peer
  - Means of Influence: Influencing
  - Value Add: Exclusively Business
  - Viewpoint: “All in”
  - Stake: Strong Stake
  - Direction: Exclusively Forward Looking
  - Stance: Supportive
Agenda

1. Background and the drive to transformation
2. Understanding the model and how to get it to work
Where to start on the journey of an HR transformation?
There are some fundamental and common issues that arise when implementing the model

1. Understanding the boundaries in the model and the role of each part
2. The role of the business partner and how to ensure that it has credibility
3. Sizing of the business partner role
4. Activities of the Centres of Expertise
5. Structure and contribution of the shared services
6. Perceptions of individual contribution and place in the HR hierarchy
7. Ownership of the end to end service – who owns the customer experience
Understanding the Model
The design needs to be simple and rigorously applied

<table>
<thead>
<tr>
<th>Role</th>
<th>Business Partners</th>
<th>Centres of Expertise</th>
<th>Shared Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operational and strategy support</td>
<td>Knowledge / Skill Leadership</td>
<td>High quality cost effective services</td>
<td></td>
</tr>
<tr>
<td>Define</td>
<td>Design</td>
<td>Deliver</td>
<td></td>
</tr>
<tr>
<td>Site or Business Unit</td>
<td>Global</td>
<td>Regional</td>
<td></td>
</tr>
</tbody>
</table>
Understanding the Model
Requirement for commitment and adherence the principles of specialisation

Integrating Functions

**SHARED**
- HR centre of expertise
  - subject matter expertise
- HR centre of scale
  - administrative efficiency

**BUSINESS UNIT**
- Unit HR support
  - customer relationship management
- Local HR service
  - where geographical considerations rule

Technology Platform
- consistent, integrated data

- Simplify
- Standardise
- Share
- Source
Understanding the Model
What does the best practice model of HR look like?

Best Practice HR model...

... and on top of this a Group HR role:

Group HR with responsibility for:
- Overall HR strategy
- HR policies and process standards
- Group HR initiatives.
Understanding the Model
Clear roles and responsibilities across operating relationships

The HR Strategic Partner perspective
- Deliver HR input for strategic analysis to business management at group and business unit level
- Translate strategic choices into HR consequences
- Translate strategy into operational HR actions plans at group and business unit level
- Define HR service needs
- Monitor progress and deliver HR management reporting.

The HR Service Provider perspective
- Deliver excellent service at lowest possible costs
- Deliver agreed services and products
- HR service provider can be in-house function or be outsourced
- Performance criteria and standards are in both cases the same. Internal service provider is considered and managed as if it is an external party
- Sharing at site, business unit and group level.

The HR demand manager perspective
- Translate service needs into requirements for internal and external HR service providers
- Develop service catalogue: Standardise demands
- Select HR service providers and procure services
- Develop service level agreements
- Manage the service management organisation and manage supplier relations
- Monitor progress service delivery and deliver HR management reporting.
The Role of the HR Business Partner
Example the approach that Unilever took to address the challenges

Unilever’s Model for Business Partners

- Create generic Business Partner roles with clear scope of responsibility
  - Local administration not performed by central shared services – mainly position management
  - Organisation Design – headcount, changes, exceptions affordability
  - Organisation Effectiveness – talent management, succession, learning, leadership development
- Avoid creating ‘junior’ and ‘senior’ Business Partner roles
  - Only one role of business partner, not senior and junior roles – avoiding a second class role within HR
  - Drive out duplication of administrative work that must be done in the shared services team
- Flex the model but maintain the principles
- Demands of each role are different
  - Demands of the role vary based on workforce and span of control
  - More capable business partners are given the bigger, more difficult and more critical roles
  - Size of the roles based on affordability and benefit to business, not ratios.
The Role of the Centres of Expertise
Combine policy and product development which is released in to the business

- The Centre of Expertise develop can develop policy, process and services for the likes of:
  - Recruitment
  - Development
  - Leadership
  - Training
  - Pensions
  - Payroll
  - International
  - Occupational Health
  - Policy & Strategy
  - Reward
- However, increasing focus on combining topics to have fewer COE teams

- COEs tend to be scoped around core global business areas that are designed by the COE and delivered to the business
- There is a geographic/business unit dimension to some organisations. Some processes, such as talent management, can be global. Others are more local, such as compensation and benefits.
- Process related people have tended to move towards the service organisation, with the Expertise Teams retaining people that work on policy.
- COE teams can contain HR Business partner / regional process leaders and technology process leaders
The Shared Service
The shared service is fundamental to making the model work as a whole

Target resolution rates

<5%

5-10%

20-40%

40-70%
Treating the HR function as if it were an external service provider helps ensure clear purpose and accountability

- Set clear expectations and service level agreements between customers and HR
- Reinforce the separation of roles within the HR model
- Encourage the use of robust contractual management tools e.g. service catalogue

### Ranking of service requirements for HRO providers

- Consistency of performance—no surprises: 83%
- Accuracy: 79%
- Fast, first-time problem resolution: 66%
- Process efficiency and speed: 61%
- Positive feedback from employees and HR staff: 49%
- Uptime—reliability: 45%

Source: Fidelity investments 2010

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**HR Service Catalogue Customer segmentation**

<table>
<thead>
<tr>
<th>Customer cluster</th>
<th>Definition of customer segment</th>
<th>What matters to these customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank X employee users</td>
<td>Associates and managers within all Bank X business units and subsidiaries</td>
<td>Availability, speed and reliability of service</td>
</tr>
<tr>
<td>Bank X business users</td>
<td>Bank X managers and executives across all Bank X business units and subsidiaries</td>
<td>Accuracy of data, speed of response and availability of service</td>
</tr>
<tr>
<td>HR2RE</td>
<td>HR Business Partners and specialists in the SSC who provide HR services to users and business customers. To do so these internal HR customers require data, tools and policy and process expertise</td>
<td>Ability to meet deadlines and project management capability</td>
</tr>
<tr>
<td>External</td>
<td>External customers include Ministry of labour, Emirates Institute of Banking and Finance, Emiratisation authorities, GPSSA</td>
<td>Compliance with statutory and regulatory requirements</td>
</tr>
</tbody>
</table>

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**Service description**

- Benchmarking compensation of HROs
- Setting and managing service level expectations
- Agreeing and communicating service design, scope and objectives
- Developing and managing strategic and tactical plans
- Delivering service and measuring against expectations

**Process mapping**

<table>
<thead>
<tr>
<th>Process area</th>
<th>Description</th>
<th>Details</th>
<th>Customer</th>
<th>Performance indicator</th>
<th>Data requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation</td>
<td>Benchmarking</td>
<td>Benchmarking</td>
<td>Customer</td>
<td>Performance indicator</td>
<td>Data requirement</td>
</tr>
<tr>
<td>Recruitment</td>
<td>Process mapping</td>
<td>Process mapping</td>
<td>Customer</td>
<td>Performance indicator</td>
<td>Data requirement</td>
</tr>
<tr>
<td>Training</td>
<td>Training management</td>
<td>Training management</td>
<td>Customer</td>
<td>Performance indicator</td>
<td>Data requirement</td>
</tr>
<tr>
<td>Development</td>
<td>Development management</td>
<td>Development management</td>
<td>Customer</td>
<td>Performance indicator</td>
<td>Data requirement</td>
</tr>
<tr>
<td>Performance</td>
<td>Performance management</td>
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**Set clear expectations and service level agreements between customers and HR**

**Reinforce the separation of roles within the HR model**

**Encourage the use of robust contractual management tools e.g. service catalogue**
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3. Where to start on the journey of an HR transformation?
Seek first to understand before trying to be understood
In closing

"However beautiful the strategy, you should occasionally look at the results."

*Winston Churchill*