



PEOPLE &  
ORGANIZATION

# How to create great HR functions

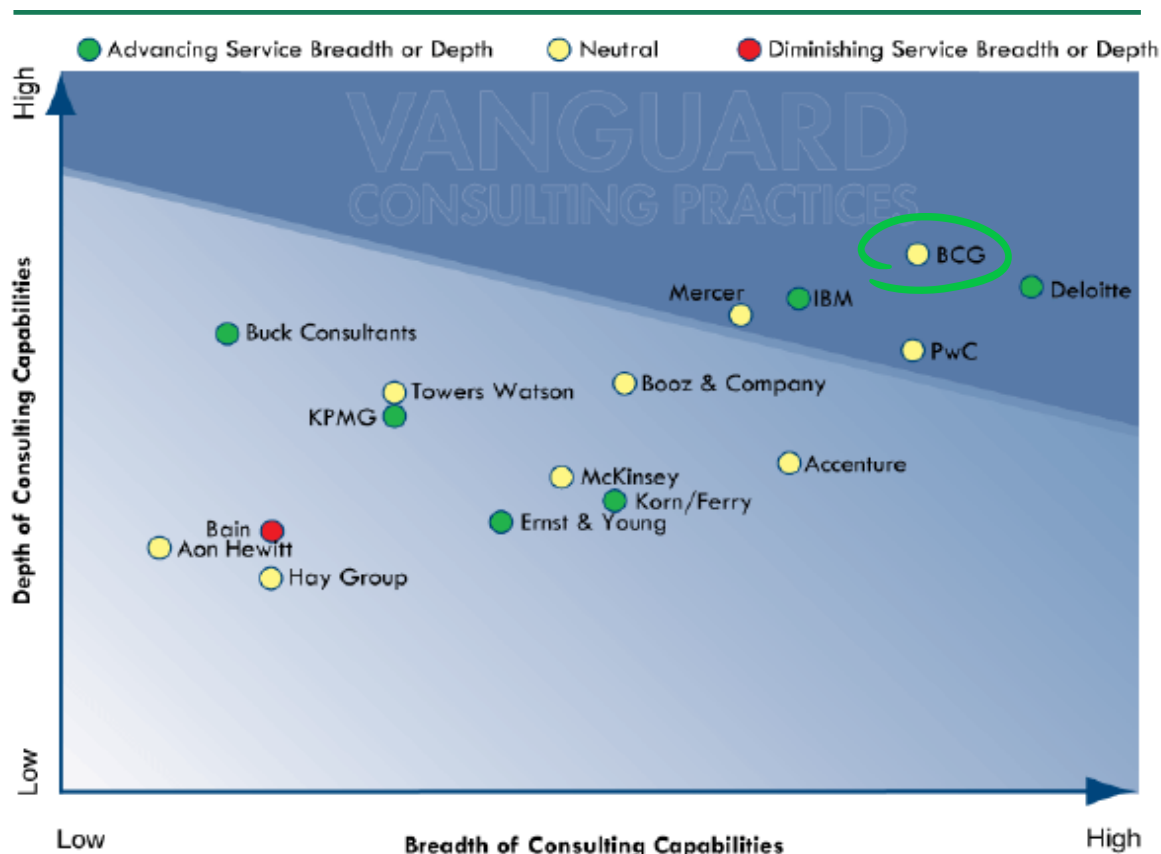
HR Club presentation

May 2015

THE BOSTON CONSULTING GROUP

# BCG rated as highest capable Human Capital consultant

## BCG rated highest in 2013 Kennedy Ranking of Human Capital consulting providers



Source: Human Capital Strategy Consulting Market; Kennedy Consulting & Research Advisory estimates

## Description of BCG by Kennedy

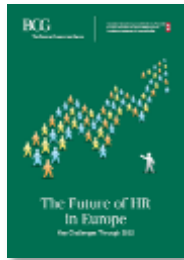
The Boston Consulting Group human capital strategy consulting capability ***combines scientific rigor with a passion for the role that people play in creating value.***

The firm has an extensive toolkit for consulting across the value chain, ***supported by research and thought leadership*** articulating methodologies and philosophies.

BCG's ***reputation for innovation is evident in its Workonomics™ tool***, the first of its kind to measure the economic impact of human capital.

BCG has conducted ***over 1,000 human capital strategy engagements since 2008***, and many clients have published articles in the trade and business press about ***successful human capital turnarounds engineered by BCG.***

# Unique expertise: Creating People Advantage report series as largest annual HR study



**CPA Europe 2007**  
 • 1,355 participants  
 • 27 countries  
 • 102 interviews

17 topics



**CPA World 2008**  
 • 4,741 participants  
 • 83 countries  
 • 220 interviews

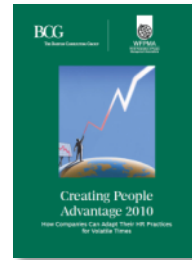
17 topics



**CPA Europe 2009**  
 • 3,348 participants  
 • 33 countries  
 • 109 interviews

21 topics, 4 deep dives

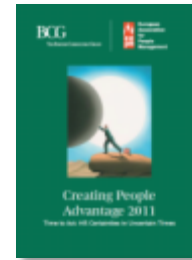
- Sourcing, Development, Affiliation
- Measuring People Performance
- Strategic Workforce Planning
- HR in turbulent times
- Sustainable HR practices



**CPA World 2010**  
 • 5,561 participants  
 • 109 countries  
 • 153 interviews

21 topics, 5 deep dives

- Leadership
- Strategic Workforce Planning
- Managing workforce flexibility
- HR capabilities
- New deal for middle managers



**CPA Europe 2011**  
 • 2,039 participants  
 • 35 countries  
 • 58 interviews

22 topics, 4 deep dives

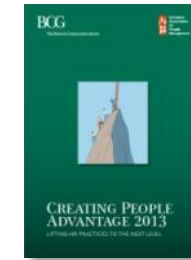
- Talent mgmt./ Leadership
- Social Media
- Diversity
- HR Governance



**CPA World 2012**  
 • 4,288 participants  
 • 102 countries  
 • 63 interviews

22 topics, 3 deep dives

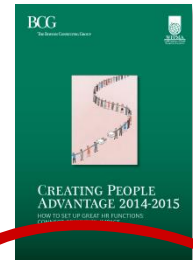
- Global trends for HR in 2012
- Value of people mgmt.
- Sourcing mgmt.
- Talent & leadership
- People mgmt. in fast-growing economies (BRICS)
- Workforce flexibility in a two-speed world
- HR governance



**CPA Europe 2013**  
 • 2,304 participants  
 • 34 countries  
 • 37 interviews

10 topics

- Talent mgmt. & leadership
- HR analytics
- Engagement, behavior, culture
- Performance mgmt. & rewards
- HR communication & social media
- HR operating model
- Training & people development
- Diversity & generation mgmt.
- Recruiting
- Labor costs, flexibility, & restructuring



**CPA World 2014/2015**  
 • 3,507 participants  
 • 101 countries  
 • 64 interviews

10 topic areas, 27 topics, 3 deep dives

- High-performer HR
- HR business impact
- Regional and industry HR topics of urgency

FINANCIAL TIMES



*"The largest competitive study of trends in personnel management of its kind."*

*"I have read dozens of special reports produced by consultancy firms [...]. Most are banal – heavy on data, light on insight [...]. There are exceptions—The Boston Consulting Group and the EAPM."*

Constantly with very high and positive echo in international media

# Objectives of this session

---

**Share findings of BCG's latest Creating People Advantage report**

**Discuss how this could be implemented in your organization**

**Answer open questions**

# Agenda

---

## Creating People Advantage (CPA)

How to implement it in your organization

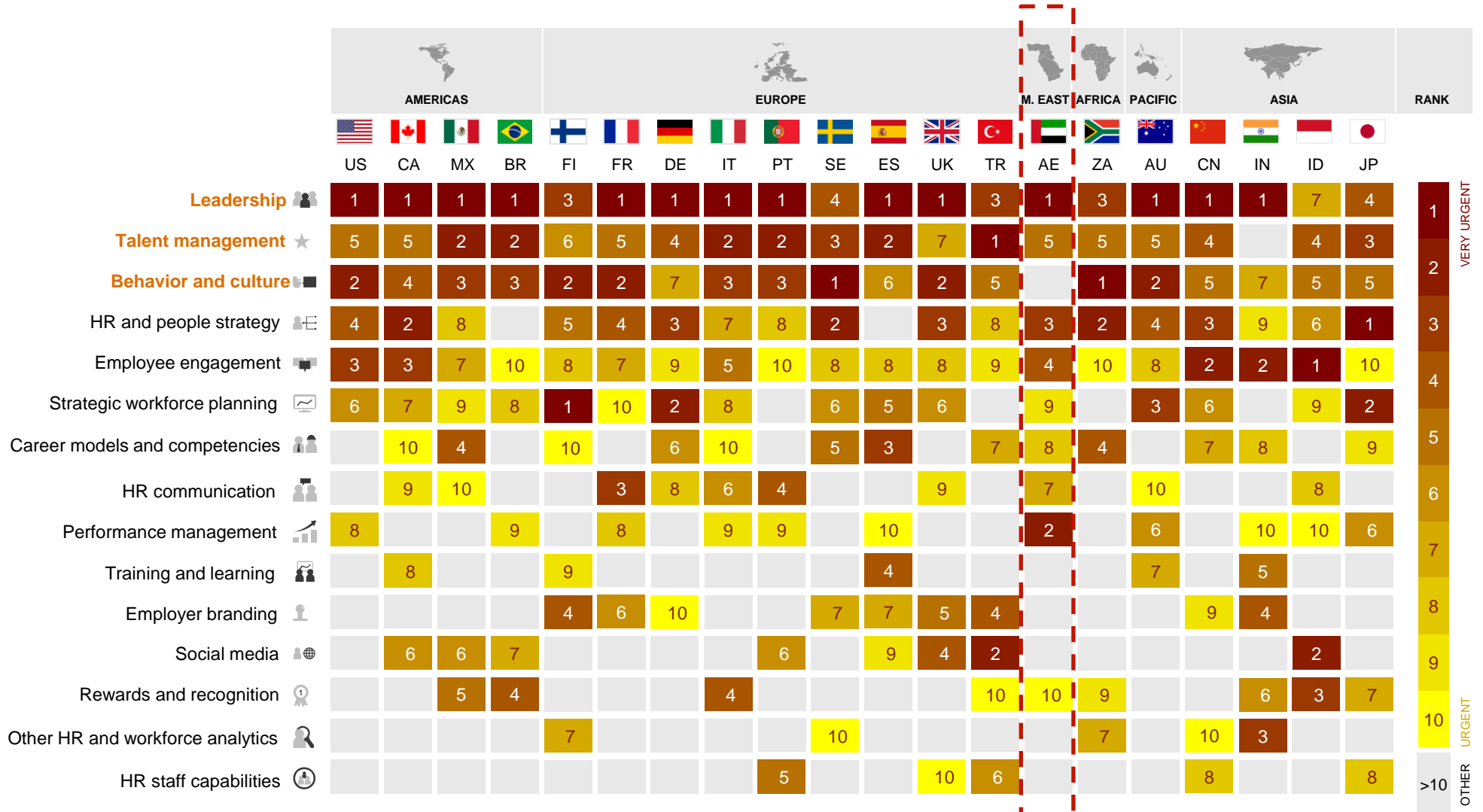
Q&A

# A few take-aways

---

- ✓ **Most urgent** people topics to deal with: Leadership, Performance Management, HR Strategy
- ✓ **Connect:** great HR functions engage internal AND external stakeholders
- ✓ **Prioritize:** align your investments with your priorities
- ✓ **Impact:** steer with a strategic set of KPIs

























# Differences in HR urgency ranking by country



Note: Urgency is defined as the difference between future importance and capabilities, multiplied by future importance

Source: 2014 BCG/WFPMA proprietary web survey and analysis; 3,507 respondents

# Differences in HR urgency ranking by industry

	 CONSUMER GOODS	 ENERGY	 FINANCIAL INSTITUTIONS	 HEALTH CARE	 INDUSTRIAL GOODS	 INSURANCE	 PROFESSIONAL BUS. SERVICES	 PUBLIC SECTOR	 TMT	RANK
Leadership 	1	1	1	1	1	3	1	2	1	1
Talent management 	3	2	2	2	2	1	4	5	3	2
Behavior and culture 	4	3	6	4	5	5	2	1	5	3
HR and people strategy 	2	4	4	3	3	8	3	4	6	4
Employee engagement 	5		3	6	7	6	6	3	4	5
Strategic workforce planning 	6	5	8	5	6	9	8	6	2	6
Career models and competencies 	10	6	5	10	4	4		9	7	7
HR communication 			9		8			7		8
Performance management 	8	10		9				8		9
Training and learning 		8			9	10	9		9	10
Employer branding 				8	10	2	5		8	10
Social media 	7						7			10
Rewards and recognition 	9		7				10		10	OTHER
Other HR and workforce analytics 		9	10	7		7		10		>10
HR staff capabilities 										

VERY URGENT

URGENT

Note: Urgency is defined as the difference between future importance and capabilities, multiplied by future importance

Source: 2014 BCG/WFPMA proprietary web survey and analysis; 3,507 respondents



# Connect, prioritize, impact!



**Connect**

*Engage stakeholders!*



**Prioritize**

*Prioritize your HR investments!*

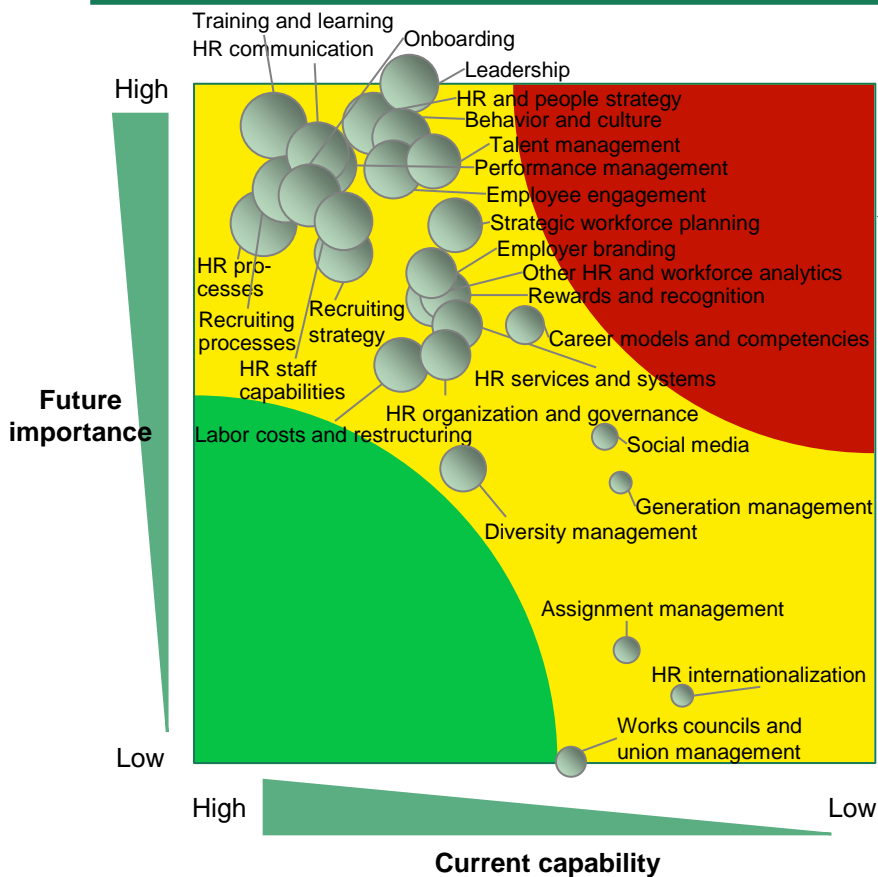


**Impact**

*Use meaningful KPIs*

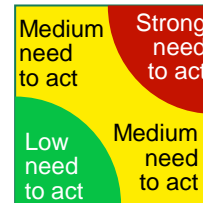
# Misalignment between non-HR and HR respondents: Internal clients see nearly half of the topics in the "red zone"

## HR respondents



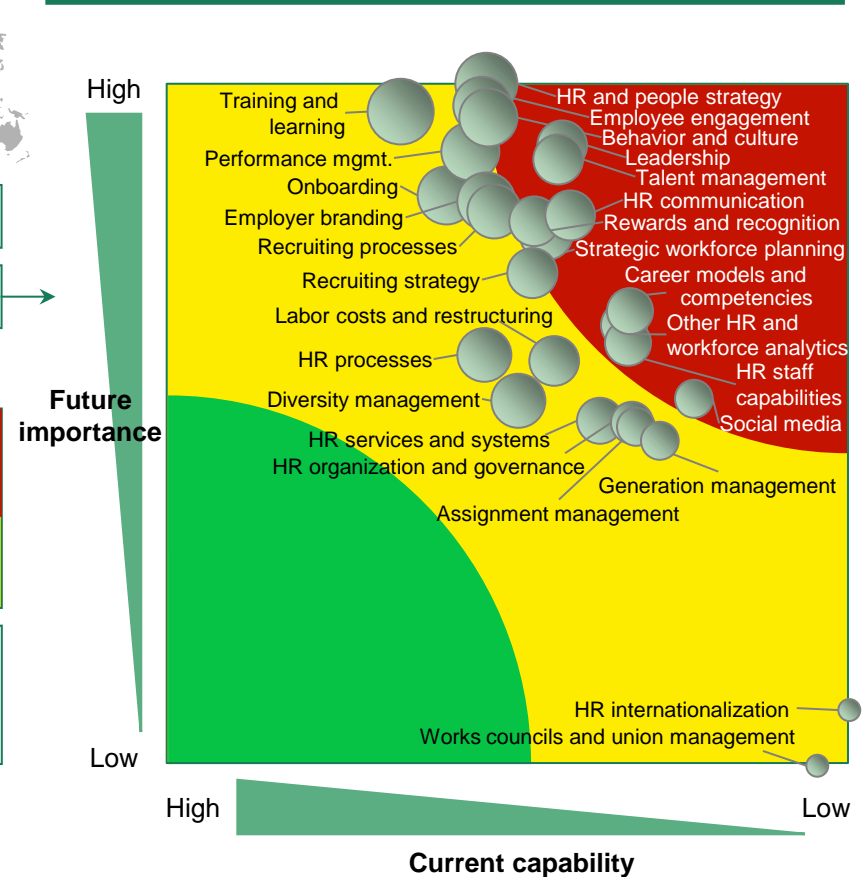
Sample size:  
2,909

Sample size:  
331

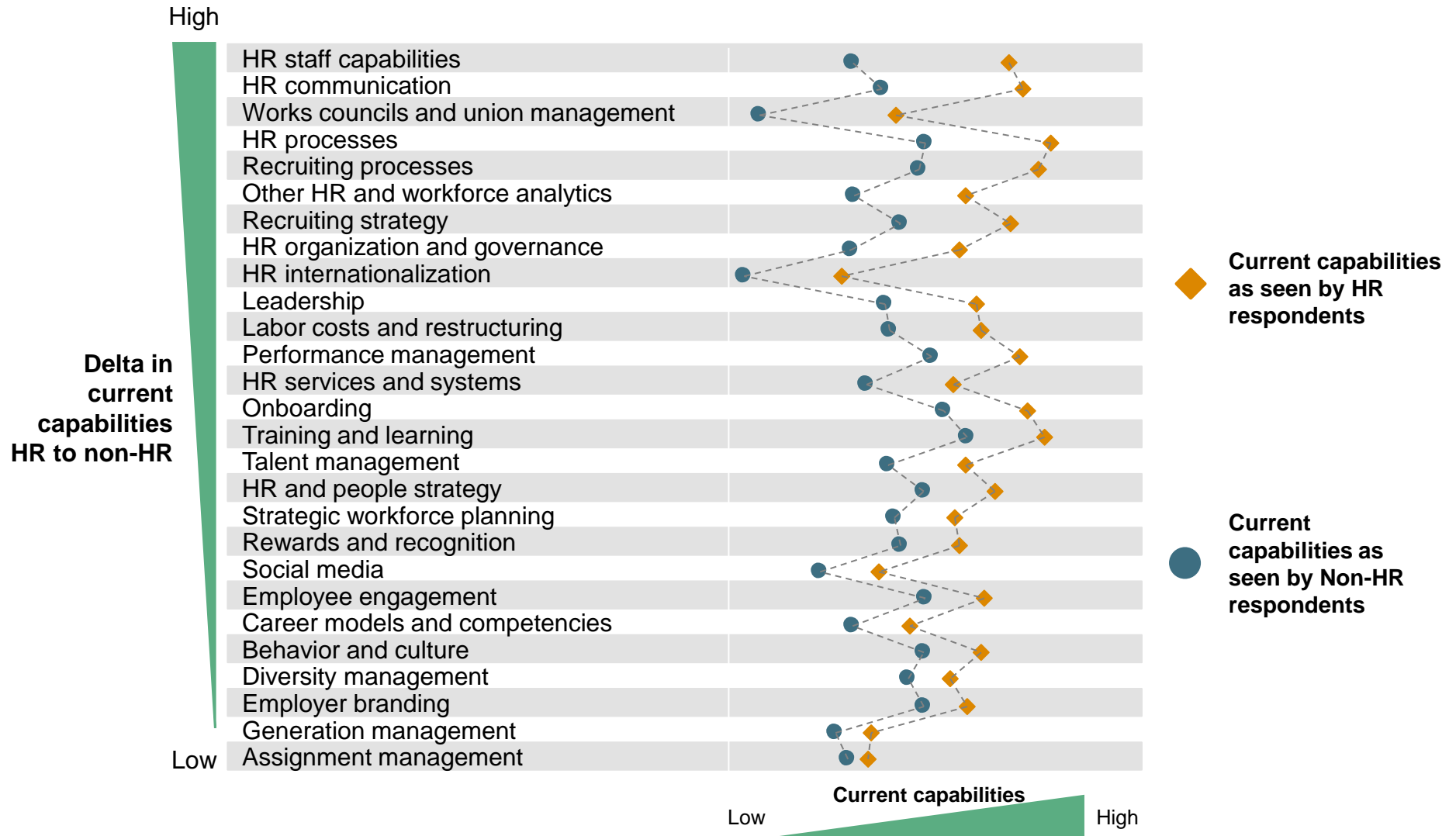


Effort invested  
Low High

## Non-HR respondents



# Capability gaps perceived between HR and Non-HR



# Connect, prioritize, impact!



**Connect**

*Engage stakeholders!*



**Prioritize**

*Prioritize your HR investments!*

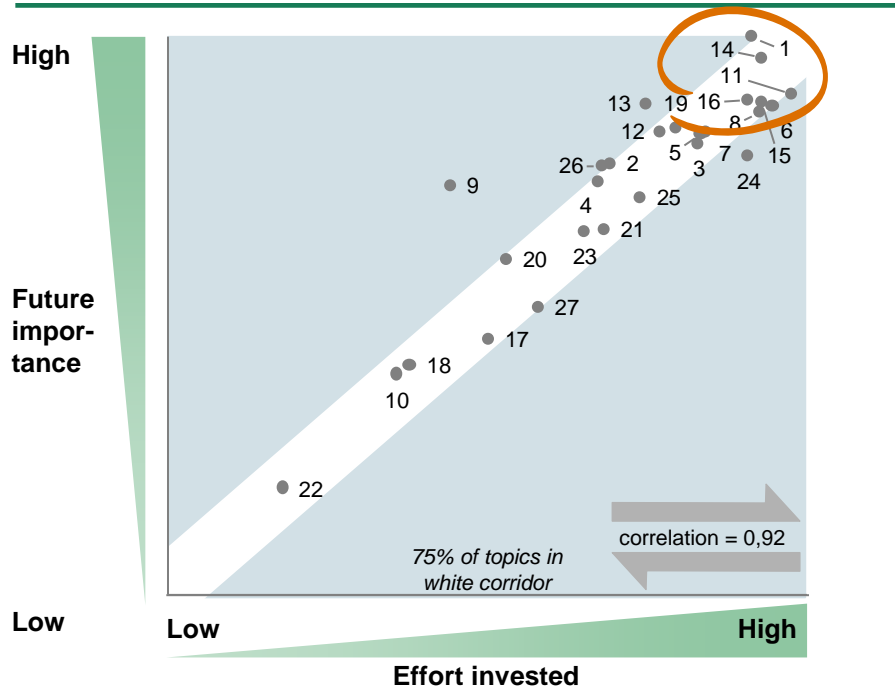


**Impact**

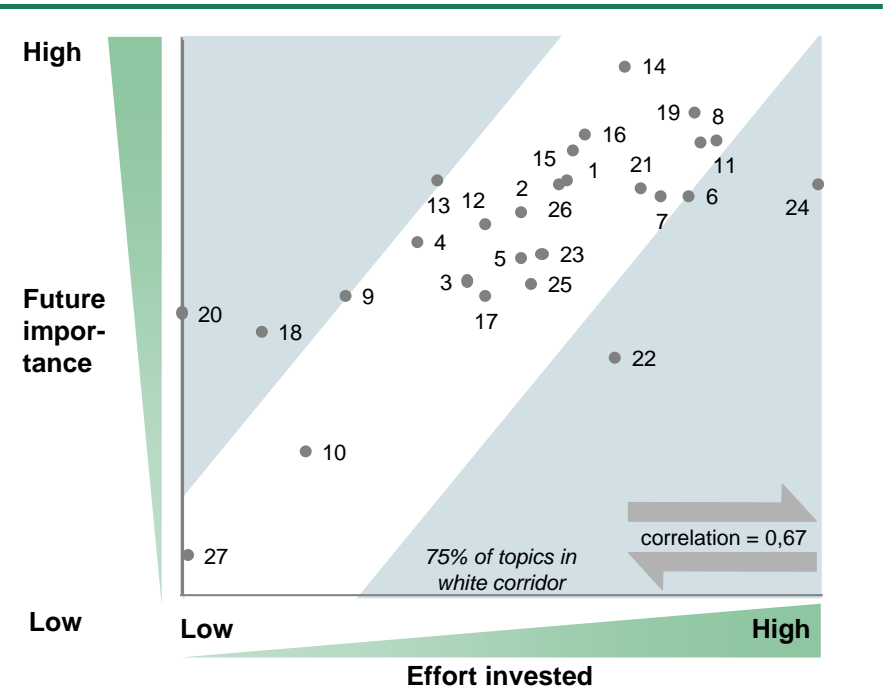
*Use meaningful KPIs*

# High performers align HR investments with future importance

High performers' white corridor bigger for investment and priority alignment



Yet, for low performers' white corridor significantly bigger



1 HR and people strategy	7 Onboarding	13 Talent management	19 HR communication	25 HR services and systems
2 Strategic workforce planning	8 Training and learning	14 Leadership	20 Social media	26 HR staff capabilities
3 Other HR and workforce analytics	9 Career models and competencies	15 Employee engagement	21 Labor costs and restructuring	27 HR internationalization
4 Employer branding	10 Assignment mgmt.	16 Behavior and culture	22 Works councils and union mgmt.	
5 Recruiting strategy	11 Performance mgmt.	17 Diversity management	23 HR organization and governance	
6 Recruiting processes	12 Rewards and recognition	18 Generation management	24 HR processes	

Note: High-performing companies include top 100 companies with highest average revenue change and operating margin over the last two years (2012/2013) of a size of at least 50 employees; low-performing companies include bottom 100 companies with lowest average revenue change and operating margin over the last two years (2012/2013) of a size of at least 50 employees. Urgency is defined as the difference between future importance and capabilities, multiplied by future importance. Corridors contain ~75% of HR topics

Source: 2014 BCG/WFPMA proprietary web survey and analysis

# Connect, prioritize, impact!



**Connect**

*Engage stakeholders!*



**Prioritize**

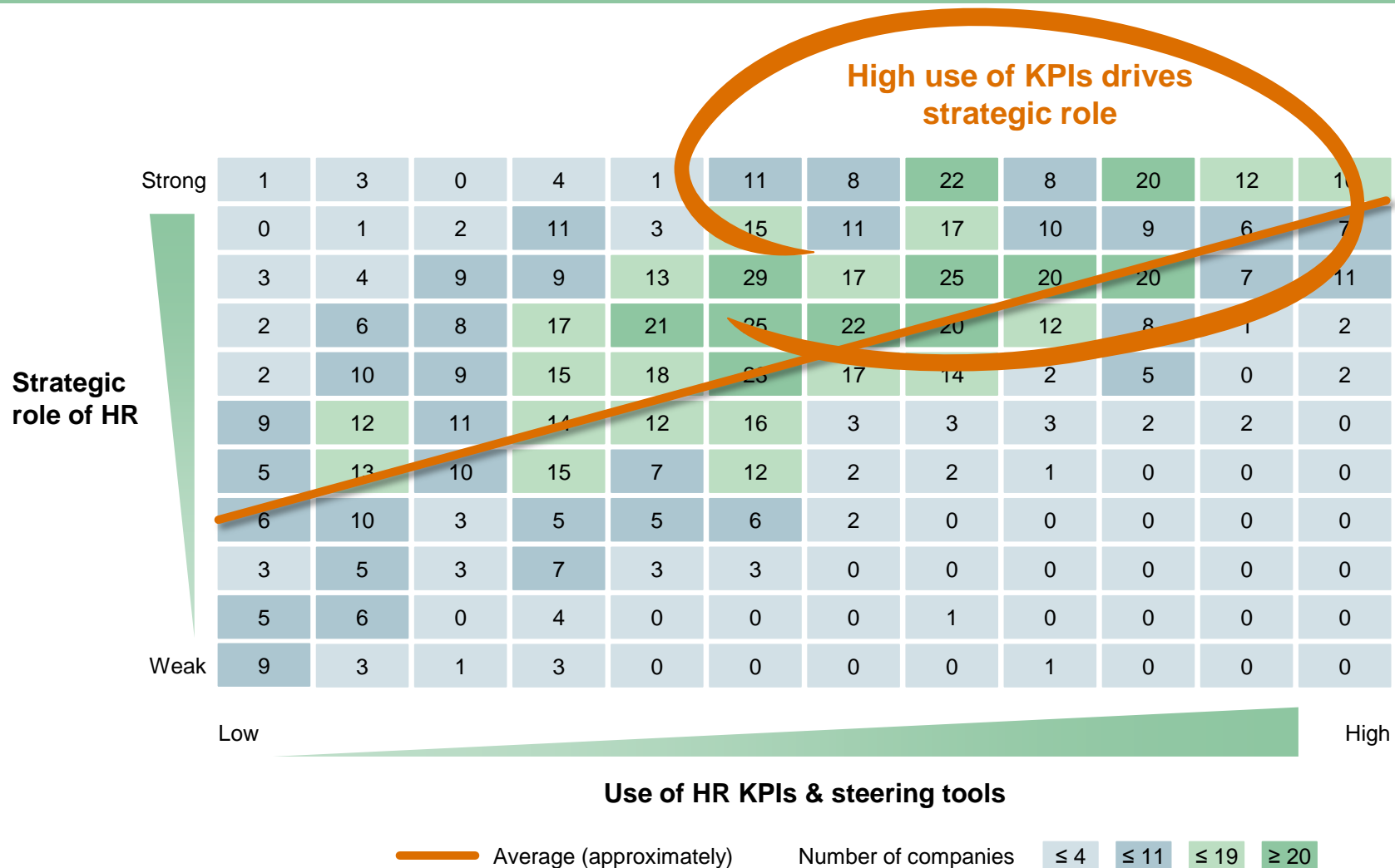
*Prioritize your HR investments!*



**Impact**

*Use meaningful KPIs!*

# HR KPIs and steering tools drive the strategic role of HR

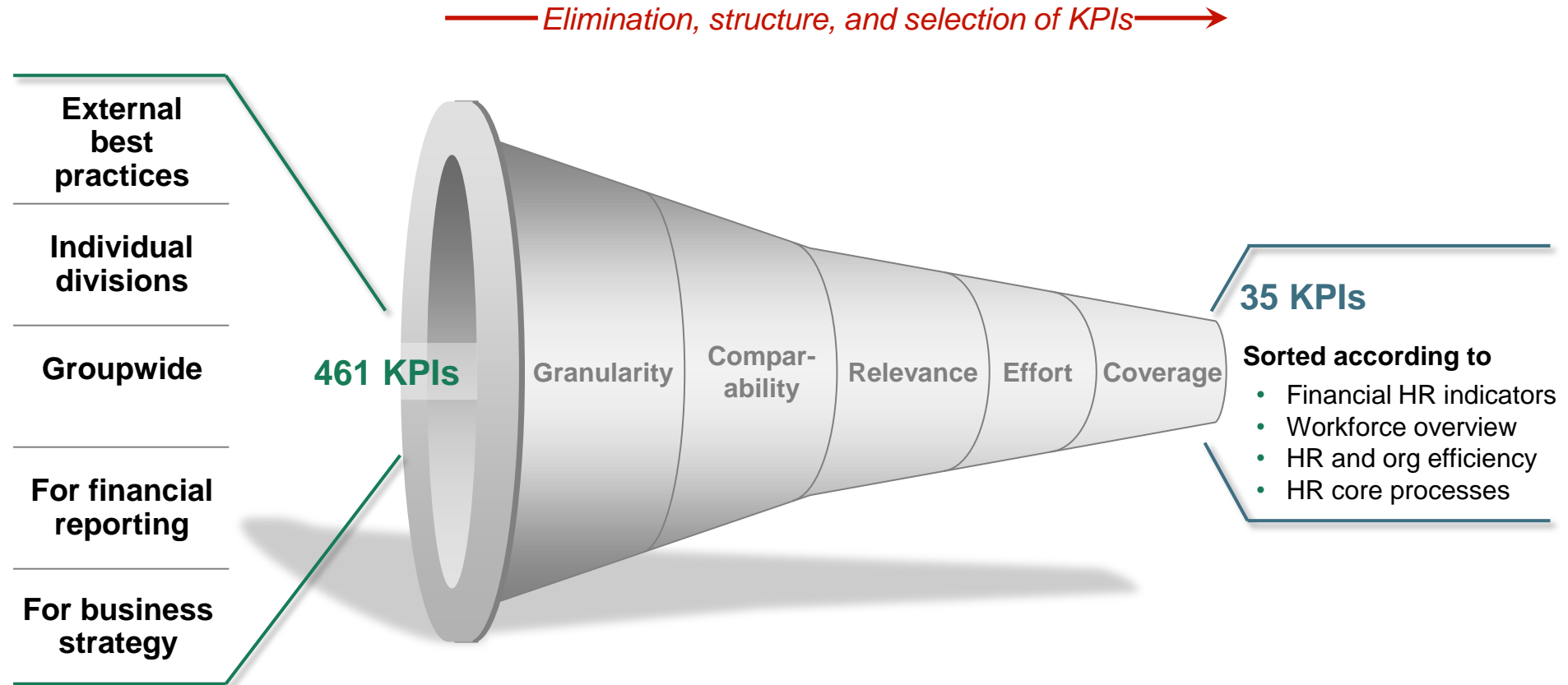


Note: Use of KPIs and steering tools is measured by the average score in survey questions concerning workforce productivity and FTE/personnel costs; Strategic role assessed by the average score in questions concerning HR's role in the company; 979 respondents to this section

Source: 2014 BCG/WFPMA proprietary web survey and analysis

# Best practice HR analytics: Lufthansa consolidated

## 461 KPIs to just 35





# Agenda

---

Creating People Advantage (CPA)

**How to implement it in your organization**

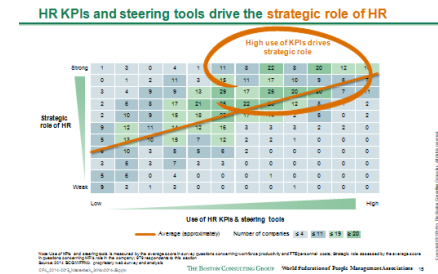
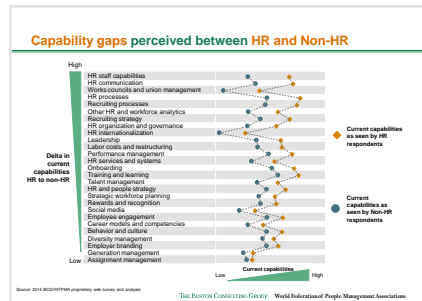
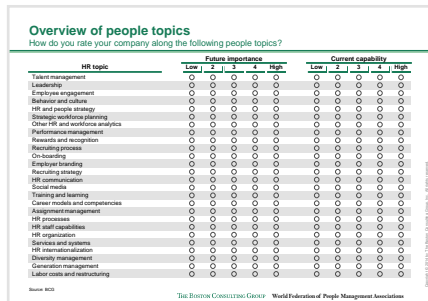
Q&A

# Three key steps to implement report findings in your organization

## Run your own HR survey

## Invest in key gaps

## Attach KPIs to show progress



### Key steps

- Create websurvey based on template (2 minutes to fill)
- Identify key HR and non-HR persons to fill survey
- Send survey and track response completion (important: anonymous survey)

### Key steps

- Identify HR urgency: very urgent topics have high future importance and low current capability
- Identify misalignment between HR perception and non-HR perception
- Invest in key topics with high urgency and high misalignment

### Key steps

- Identify HR KPIs for strategic topics (those you want to invest in, and those you want to keep as is)
- Assign clear ownership to each KPI
- Report regularly, both within HR and to non-HR

# Overview of people topics

How do you rate your company along the following people topics?

HR topic	Future importance					Current capability				
	Low	2	3	4	High	Low	2	3	4	High
Talent management	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Leadership	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Employee engagement	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Behavior and culture	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
HR and people strategy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Strategic workforce planning	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other HR and workforce analytics	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Performance management	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Rewards and recognition	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Recruiting process	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
On-boarding	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Employer branding	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Recruiting strategy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
HR communication	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Social media	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Training and learning	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Career models and competencies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Assignment management	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
HR processes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
HR staff capabilities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
HR organization	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Services and systems	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
HR internationalization	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Diversity management	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Generation management	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Labor costs and restructuring	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

# Agenda

---

Creating People Advantage (CPA)

How to implement it in your organization

Q&A