

## The Effective HR Business Partner

“There’s not much difference between an HR BP and an HR generalist. The title isn’t important. What matters is their attitude and interest in the business – and being able to use HR expertise to shape advice for that business.”

**Celia Baxter, Group HR Director, Bunzl.**

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CORPORATE RESEARCH FORUM

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**The Effective HR Business Partner**

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# The Effective HR Business Partner

Andrew Lambert

## Contents

Acknowledgements	4
Executive Summary	5
<b>1</b> Changing context of business partnering	7
1.1 The struggle of business partnering	
1.2 A different business context	
1.3 The world and organisations are different places	
1.4 Three imperatives – talent, performance and change	
1.5 The core concern	
<b>2</b> Business partner issues	10
2.1 What customers want from HR BPs	
2.2 Manager and HRD concerns	
2.3 Underlying causes of problems	
2.4 Business partner terminology	
<b>3</b> Roles and structure of HR BPs	14
3.1 The core purpose of BPs	
3.2 BP structures and segmentation	
3.3 To whom do HR BPs report?	
3.4 How strategic or operational?	
3.5 Effects of technology on roles and structure	
<b>4</b> HR BP capabilities and mindset	20
4.1 Knowledge and experience	
4.2 Personal characteristics	
4.3 Being strategic	
4.4 Supporting HR services	

<b>5</b>	<b>The key relationships</b>	<b>24</b>
5.1	Relationships with the line	
5.2	Working with specialists	
5.3	Supporting HR services	
<b>6</b>	<b>Sourcing and developing HR BPs</b>	<b>28</b>
6.1	The need - and the market	
6.2	The value of non-HR recruits	
6.3	Balancing the 'make' and 'buy'	
6.4	Skills programmes	
6.5	Building experience	
<b>7</b>	<b>Measurement and evaluation</b>	<b>32</b>
7.1	Metrics capability	
7.2	Some areas that HR BPs should influence	
<b>8</b>	<b>Conclusions and actions</b>	<b>35</b>
8.1	The core concern	
8.2	Your next steps	
8.3	And finally ...	
	<b>Reading list</b>	<b>37</b>



## About the author

Andrew Lambert is a director of Corporate Research Forum. His reports for CRF have covered topics such as the future of HR, performance management, HR evaluation and measurement, the management of coaching and mentoring, the use of employee surveys, the management of global organisations, innovation and creativity, and the role of HR in mergers and acquisitions.

This report draws on discussions at a CRF working group on the role of business partners, and on the recently published CRF report, *Configuring HR for Tomorrow's Challenges*. In addition, interviews with senior HR leaders have provided many insights on the topic.

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# Executive Summary

Business partnering involves many challenges, issues and debates - from the model itself to titles, performance, relationships and the tensions that seem to go with the role.

1. Many organisations are struggling to make business partnering work effectively – be that in applying the Ulrich model itself or how they interpret its roles, structure and outputs. Difficulties include uncertainty over the approach, inadequate preparation and weak implementation. Integrating its component parts is crucial.
2. Four drivers requiring change are contributing to this struggle – understanding what partnering is and can deliver, the impacts of a changing business context, ongoing cost/business pressures on HR, and the need for different HR capabilities in performance, talent and change.
3. Particular challenges about business partnering are evident. The need to clarify HR BPs' customer focus, tackling manager concerns/scepticism, and not recognising fully the underlying causes of why the model doesn't work well, are three. Also, HR has become too introspective about business partner terminology – new titles don't mean better practices.
4. Business partner role and structure issues are common. They include defining what HR BPs should contribute, how they are organised vis a vis the business and centres for shared service or Centres of Excellence (CoEs), and difficulties with reporting lines.
5. Technology, including outsourcing, has become a significant enabler of some aspects of HR effectiveness. Lower costs, reduced ratios and better service delivery can be achieved. However, outsourcing is not always successful – some organisations bring back the services in-house.
6. Most organisations are developing their HR BP capabilities in knowledge, experience and personal characteristics. The right calibre of HR BP has as much to do with personality and orientation as business and professional skills. Good judgement of people and situations is essential.
7. Getting relationships right is as important as the structural aspects of partnering – working with line 'customers', managing specialists and external providers, and collaborating with both shared services and CoEs. Those who work with HR BPs have their part to play in making a relationship successful. It isn't easy to get line managers to do self-service work – even though they are the fourth leg of the model.
8. HR leaders confirm that sourcing high-calibre HR BPs and attracting potential HR talent is as much a business as HR challenge. There are two issues – a dearth of good people in markets and fierce competition to get what there is. An implication is for organisations to retain good HR BP capability at all costs.
9. A firm grasp of measurement and evaluation is essential for business partnering – using business success, not HR, metrics. Crucially, HR must also be able to measure HR BP performance and contributions. Expertise in reviews and surveying – employee engagement, for instance – is a skill in demand.
10. We are struck by the range of tensions that HR BPs experience. They occur in 'customer' relations, internal reporting, power struggles, resources, and role clarification, to name but five areas.

It's essential to get the basics right. If HR services don't satisfy users, the HR BP's credibility will suffer.

11. Debates are ongoing in most organisations. For example, should HR BPs be mainly specialist, mainly generalist or just a good broker of services? Should they be mainly strategic, or mainly operational? An HR BP able to operate at a strategic level is more important than getting hung up on strategy per se.
12. We conclude that improving the effectiveness of HR business partners is a significant HR challenge, and change project. What HR BPs do will benefit from fresh thinking in their purpose, capability and deliverables. Their focus should be on the HR-led differentiators of today – talent, performance and change. Guidance on practical actions is provided.
13. Despite this challenging agenda for HR, we stress that much has been achieved by proactive functions in recent years. For example, reduced costs, improved ratios, downsizing, legislative change and better transactional services have been well implemented. Also, in uncertain times, HR often has risen to the challenges demanded by the business context and organisations themselves.



# CHANGING CONTEXT OF BUSINESS PARTNERING

## 1.1

### The struggle of business partnering

Organisations have been wrestling with how to make business partnering work since Dave Ulrich's book, *Human Resource Champions*, in 1997. That's partly because of a lack of understanding about what it is and what it can deliver. Also, uncertainty over the approach, weak preparation, integration and implementation – along with shortcomings in HR BP capabilities – are issues.

In Ulrich's model, which has been widely adopted,

- business partners represent one leg of a three-legged structure
- the other two are a shared service centre for transactions and more specialist centres of excellence or expertise (CoE)
- it is designed to increase the effectiveness of HR and reduce its costs.

The ultimate aim is to align people strategy much more closely with what the business needs. See the column for the essentials.

For it to work, the CoE has to be staffed with specialists, the shared service centre has to provide seamless, high-quality service – and BPs need to be business-focused and collaborative. Above all, they must deliver tangible results for internal customers, which are needed now and precisely meet their requirements.

## 1.2

### A different business context

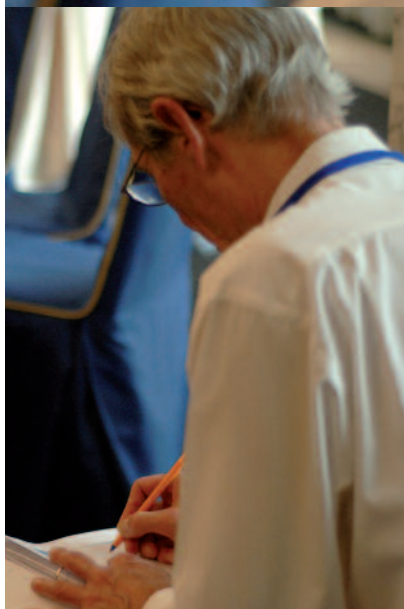
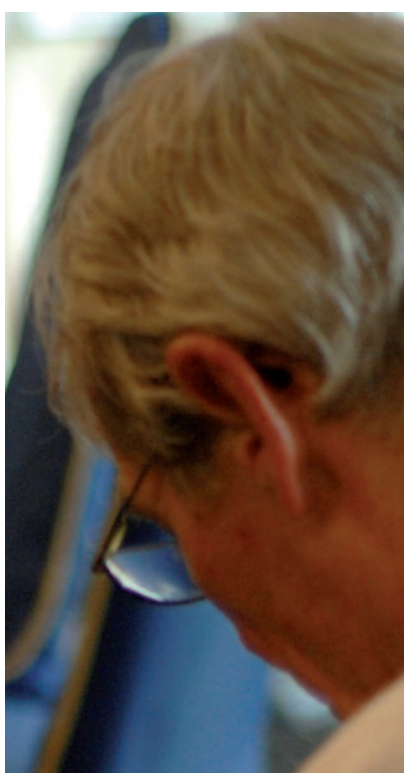
The business context within which HR BPs operate has changed radically. The extreme conditions, competition and need for lower costs of 2008-09, have had multiple effects on organisations and the work of HR – as this example shows.

Standard Chartered developed BP skills – talent management, resourcing and so on – that were appropriate for a fast-growing bank in a period of economic boom. But when business priorities suddenly shifted in 2008 to downsizing and reorganisation, the BPs were unable to support line managers.

### Business partnering – the essentials

- It is designed to encourage line managers at different levels to take more responsibility for managing their people. They are, in effect, the 'fourth leg' of the Ulrich model.
- Shifting much of the traditional administration burden from HR into shared service centres frees HR to contribute higher-level thinking and advice – especially in the critical areas of talent, performance and change.
- HR functions should then comprise fewer, better deployed and more effective professionals, better able to contribute to business agendas.
- Technologies – ICT, outsourcing and data management, for example – serve as enablers, though they take time to bed in, as do the different working practices needed to shift to a service culture.
- The benefits can be reduced costs, better HR ratios, improved HR effectiveness – and more satisfaction with HR among leaders, managers and employees.

The real measures of HR effectiveness are service deliveries and the extent to which it helps meet business objectives. Cost reduction is just one element in that.



However, recession, with its disruptive pressures, can be a great opportunity for BPs to provide fresh perspectives and responsive actions to problems. This requires special talents.

For example, one test of HR BPs' calibre is the extent to which they can persuade leaders to avoid cutting too deeply into the workforce. Though essential, BPs should argue for HR practices that enable the organisation to stabilise and recover without lasting damage.

### 1.3

#### The world and organisations are different places

With advances in technologies, communications and globalisation, the world is a smaller place – and organisations are more transparent. They are complex to manage as functions and people work more across fluid boundaries, reporting lines and responsibilities. But also,

- rafts of legislation have affected HR service provision and HR budgets, and will continue to do so
- people have different expectations of their employers, requiring differentiated propositions
- a push for reduced costs and improved technology has driven the outsourcing of HR services to cheaper employment zones.

As a result of the latter, HR ratios have been dramatically improved. For example, Cable & Wireless has just 90 HR people serving 15,000 employees worldwide – a ratio of 1:160 – while Surrey County Council manages with a ratio of 1:825. Achieving such results will continue to pre-occupy HR BPs and their colleagues in shared services for some time to come.

### 1.4

#### Three imperatives – talent, performance and change

Talent, performance and change are shaping much of CRF's thinking and practice – especially because leaders are demanding that HR devotes more resources to managing these areas more expertly. As a result, fewer resources will be available for transactions and operations. These areas should be the core of HR leader, HR BP and CoE work.

It's less about structure and more about the quality of people and collaboration.

Will your HR BPs know the answers to these questions? Do they deliver, facilitate or act as a conduit of expertise for these areas?

**Talent:** who are the top 20 people in their part of the business they must not lose?

**Performance:** do they know their best – and weakest – performers? Are there action plans for each?

**Change:** what did they do over the last 12 months to ensure that people in their business areas were more prepared for change, or more able to cope with it?

Of all the factors affecting the context of business partnering, CRF believes that business issues are the differentiator for the good HR BP.

"There's not that much difference between a BP and an HR generalist. The title isn't important. What matters is their attitude and interest in the business – and being able to use HR expertise to shape advice for that business," says Celia Baxter, Group HRD at Bunzl.

## 1.5

### The core concern

This, the opportunity for HR and the purpose of this report, is to examine why, given the context above, HR BPs are increasingly seen as less than effective. What then can organisations and HR do about it?

### Case notes: applying the model takes time

The Department of Work and Pensions began an HR modernisation programme in 2001, which still continues. It is anchored around an HR business partner model. The function had become bureaucratic, dispersed and localised – and operated at a distance from line management. The modernisation goals included:

- a more expert and professional function
- fewer HR staff
- shared services with an integrated information system and 'self-service' front end
- a simplified HR policy framework
- stronger alignment between HR and business units
- an expectation of line managers to deliver results through their people – as the 'front line' of HR.

Around 140 BP posts were created with three levels of seniority – 35 were recruited externally. They sit on management teams. HR capability has become a priority, supported by a new framework and self-assessment/planning tools.

According to HR director, Chris Last, once business teams have a strong BP working with them, they change their perspective.

"You can't expect to have great BPs in every position when you're starting out. But it helps to be clear about where you are going – and rigorous about the measures you use to get there."

## BUSINESS PARTNER ISSUES

### HR BPs – customer focus test

- Who are your customers?
- What products and services do you provide?
- How satisfied are they with what you do?
- How do you know?
- What might they want that they don't get?
- What do they get that they don't want?
- Are there clearly defined and written processes for each work area?
- How do HR BPs keep customers informed as to what is being done?

### 2.1

#### What 'customers' want from HR BPs

Managers and employees will essentially want a customer focus from HR – their interests being represented, their needs being met in a timely way and receiving good service. This requires HR BPs to be clear about questions such as those in the column.

Explains this HRD in a global organisation: "The customer needs an integrated, seamless service from us, rather than trying to join the dots themselves. The proof of the pudding is whether or not our customers (managers) can develop their people better – and thereby deliver better services to their external customers."

"I worry about the 'noise' HR is creating with the things it wants to talk about," observes Graham Prentice, CRF associate and former HRD, Nestlé Nutrition. "Line managers are confused and feel burdened with what they see as additional work, so they might say they don't want the service any more."

### 2.2

#### Manager and HRD concerns

In 2008, *Personnel Today* cited a Roffey Park finding that only 47% of managers felt business partnering was successful in their organisations. One in four said the business partner model was ineffective – a view Roffey Park argued was distorted.

However, further articles have revealed HR directors' concerns that business partnering was a good idea in theory but hard to put into practice. Ulrich has since been called on to justify his model.

These observations were voiced by line managers and HR directors we spoke to.

- The demand for commercially-savvy and talented BPs continues to outstrip supply. A two-minute Google search reveals a huge demand – with vastly different prescriptions and salaries for the 'ideal' organisations seek. Beware the risk that your good HR BPs could easily move.
- A lack of clarity about what BPs are and do is evident, as is scepticism about the benefits. As Andy Hedge, Head of L&D at BDO Stoy Hayward, says: "Whose agenda are we working to? It should be less about pushing HR initiatives and more about helping the business deal with the people implications of what it is trying to do."

It takes two to tango – business partnering cannot succeed unless both partners want it to. Both HR and line managers must be prepared and willing.

- Variations in the role and capability of HR BPs within an organisation. BP roles, practical 'local' needs and the context of each role have to be considered. At RBS, for example, BPs in retail banking spend 40% of their time on operational activities – but elsewhere in the bank, 20%.

#### Manager scepticism

Note that managers, if not consulted, may be sceptical about, and often resistant to, the concept of self-service. More work and responsibility, dubious benefits, and the loss of a preferred localised service being replaced by a remote and centralised one – particularly if it is outsourced – are causes of scepticism. Without their 'buy-in', HR BPs will struggle.

## 2.3

### Underlying causes of problems

#### Inconsistent adoption of models

- Variable understanding of both the three-legged model and Ulrich's HR transformation language.
- All parts of the model do not operate integrally – and, partly as a result, service expectations are not met.

#### Insufficient investment in HR talent

- Many HR functions fail to invest in their own people.
- A slimmer, more effective HR function needs to focus more on its capabilities, which should evolve over time.

#### Culture change – rather than just communication

- While they may communicate to build understanding, organisations often don't approach HR transformation as a culture change.

#### Managers have to be prepared

- Managers have to be more self-sufficient by accepting responsibility for people management and using self-service tools. This requires their careful selection, assessment and development.

#### Case notes: getting services right takes time

##### RBS

- Experienced a steep learning curve and resistance by managers wanting to retain local HR staff.
- Three years on, the 'noise' regarding shared services has abated.
- Effort has gone into refining processes and procedures.
- Moving to a cost-allocation approach has encouraged line managers to focus on what really is value-for-money.

##### Vodafone

- Endured a painful journey.
- Now that it has more 'strategic' BPs in place and better service as a result, business leaders see the benefit.
- HR transformation was hard to sell beforehand.

##### BT

- Outsourced HR administration to Accenture nearly six years ago.
- Has enforced self-service from then, though the business experienced real pain.
- Some activities have since been pulled back in-house.

It is easier to answer the question ‘what is business partnering?’ than ‘what is a business partner?’ as there are necessarily many variations in role and job scope.



- Organisations with a culture of good ‘people managers’ will find it less difficult to move in this direction. Other organisations will need to work hard on this.

#### **The systems must be right**

- Shifting transactions into dedicated service centres rarely goes smoothly because the service orientation and support processes may be unclear.
- Enthusiasm for self-service will wane if the system is overly-complex, or if implementation takes too long.

Bedding-in business partnering and centralised services can thus be difficult and time-consuming as the lessons in the previous column from three organisations show.

## **2.4**

### **Business partner terminology**

Many organisations have adopted a range of new titles for BPs to signal genuine change in role and capability. However, too often the perception is that the label has changed without HR practice changing too. It is not always clear what an organisation expects of BPs.

This creates confusion about the HR BP purpose, role, responsibilities, deliverables and relationships. It potentially damages HR’s credibility among its customers and the wider business.

We detect an introspective obsession with titles in some HR functions. So, there is no simple answer to what an HR business partner is. The real issue is what people do, rather than what they are called.

#### **Help with role descriptions and titles**

- It might be helpful to think in terms of a generic role description – that is, ‘business partnering’ – rather than specific titles.
- The term ‘business partner’ has largely supplanted ‘HR manager’, with Ulrich advocating a behavioural approach to this role rather than a job description.
- Some organisations adopt the term ‘strategic partner’ to denote a higher level of BP – for example, at HR director or senior VP level. Few, if any, use ‘strategic partner’ as a job title.

“Frankly, one can observe some management teams that are quite unready for business partnering. It’s not just about improving HR.” **Andy Hedge, Head of Learning and Development, BDO Stoy Hayward.**

### HR BP or HR manager – a debate

On terminology, it is sometimes difficult to see clear distinctions between HR BPs and HR managers since much of what each does and how they do it is common. Some of the latter say they have been operating as business partners for years. Are BPs HR managers with a different title? There may be differences.

- Business partners have to deal with CoEs and other centres whereas HR managers may not – yet they don’t have the staff and resources that HR managers enjoy.
- Perhaps it is a matter of attitude, ‘customer focus’, business mindset and an externally-focused – not introspective – view of the HR function that distinguishes HR BPs. But good HR and personnel managers in the past had these qualities too.

“We see lots of BPs who are still doing the same job as when they were called HR managers,” says Karl Chapman, Chief Executive, AdviserPlus Business Solutions.

“That’s partly because they want to – and partly because the business has not worked out what it actually wants in the BP role. While there are lots of good BPs from within HR, we know many great ones who do not have a classic HR background.”

### Case notes: terms and titles

**Merck Serono** has three levels of BP.

- Strategic HR Partner – examples are VPs HR, HRDs or HR managers in large country or site locations.
- HR Business Partner – HRDs and managers of small country/site locations.
- HR Generalist – relatively junior support roles or for people outside HR wanting to move into the function.

**Nestlé** is structured around three levels of experience.

- Senior BPs, HRDs and CoE function heads – these people **lead** business conversations.
- BPs and more senior CoE specialists – their job is to **contribute** to business conversations.
- Associate BPs, CoE specialists, HR graduates and new entrants – they **follow** business conversations.

Each is developed at an appropriate level using Nestlé’s business acumen framework. Ten per cent of such development is from courses/reading, etc; 20% is from manager coaching/peer learning/subject experts – and 70% is on-the-job and experiential learning.

## ROLES AND STRUCTURE OF HR BPs

### Factors affecting BP roles and work

- Seniority of the team to be supported.
- The extent of its strategic responsibility.
- Business area – sales forces, management offices, production, distribution, call centres, etc.
- Type of business – FMCG, manufacturing, electronics, communications and technical/professional services, for example.
- Size of in-country roles.
- Changing business needs and circumstances – for example, from growth to contraction, and re-growth.
- Personality and experience of particular business leaders or teams.

### 3.1

#### The core purpose of BPs

The essence of the BP role is close involvement with business teams and similar status to other members – typically akin to an HRD or the equivalent. It can vary substantially because of factors such as those in the column.

We propose these expectations for the role.

- Contributing to strategy discussions and decision-making.
- Helping execute strategy.
- Providing ideas and challenge to management teams, thus acting as a catalyst for change.
- Advising them on people issues, supported by robust measurement and evaluation.
- Being the expert and conduit on people challenges – especially talent, performance and change.
- Collaborating with other parts of HR to align their work with the business and to deliver seamless service.

### 3.2

#### BP structures and segmentation

Apart from BPs or 'strategic partners' at executive levels, others tend to be positioned in management teams for

- business divisions and strategic business units
- support units such as operations, and R&D
- different countries and locations
- head office functions – although this tends to be 'collective' except in very large organisations, where a BP may work with a specific group function.



So, most organisations have at least two levels of BP – the HR director or equivalent as the most senior BP and others at different levels below. Specific competency profiles and progression paths support these.

To avoid confusion, organisations should explain how they have created different roles to match different business needs.

However, some L&D functions have also created ‘L&D business partners’, who differ from HR BPs in not sitting on management teams. This is likely to confuse internal customers, as would reward, resourcing or any other group of HR specialists adopting the same approach.

#### Case notes: structure challenge

An aspect of business partnering/shared services with which many international companies struggle is structure, especially how to really make a centralised shared services model work with ‘silent running’. “We aim to achieve silent running of HR operations globally which is a challenging task for a large, complex global operation,” says this senior HR leader.

## 3.3

### To whom do HR BPs report?

Decisions must be made on whether BPs should report primarily to HR or to the relevant business unit head. It is more usual for a BP to report to general management, but there are pros and cons of each approach.

#### Business reporting line

- The top HR role nearly always reports directly to the chief executive – or occasionally to the chief operating officer. This may be replicated at other levels.
- BPs will tend not to be regarded as fully-fledged members of the business team if they have only a ‘dotted’ reporting line to the head. The role here is essentially that of a relationship manager attached to a particular part of the business.
- An HR leader wishing to retain direct reporting lines with HR BPs could be seen as lacking commitment to embedding them across the business.

There are dangers in generalisation. A lot of 'operational' HR work is tricky and has significant impact. Defining 'added value' is as important as identifying what is 'strategic'.

#### HR BPs – the inside story

CRF's Gill Grant shared these experiences from her time as HR manager at Unilever and an HR BP at RBS.

- As HR manager, she had a team reporting to her – as an HR BP in RBS, she had no direct staff, no project and did her own administration.
- Her projects had to be scoped and submitted to the HR Programme Office. If approved, that office provided resources from the consultancy pool.
- Regardless of any formal reporting structure she had two 'solid' reporting lines – to the business unit leader and the HRD for the business division sitting on both management teams.
- Tensions could occur if projects were rejected because she had to explain to the head of the business unit and the management team why their project was not a priority.
- They also arose as Group HR wanted a more centralised approach on important issues such as talent or performance management – sometimes with what appeared to be little consultation or real understanding of what would work in the different businesses. The balance of power between Group HR, business-facing HR BPs and the service centres was out of sync.

Continued in next column

#### HR reporting line

BPs working with central functions usually report to HR.

- Some fear that BPs might 'go native' and identify too closely with local management. This is a potential danger in federated organisations – giving rise to potential tensions about 'corporate' policies or practices. Keeping the reporting line within HR can help to mitigate this difficulty.
- In smaller organisations, just one BP should work with central functions, which encourages a more integrated approach to managing head offices. In this situation, BPs cannot exclusively be part of one functional team.
- Large organisations may assign BPs to individual central functions. It can seem inappropriate for an HR specialist to report directly to another functional specialist, and be the odd one out on the team.

#### HR BP gets under the skin

Rod Laws, HR Manager, Boehringer Ingelheim, sits on the manufacturing management team in his role as BP. He "tries to get under the skin of the business" to relate to the people he works with. Sometimes the HR team accuses him of 'going native'. This tendency is countered by his direct reporting line to HR. In other organisations, BPs report directly to management.

### 3.4

#### How strategic or operational?

A founding premise of Ulrich's original concept of HR BPs – since elaborated by others – is that they should delegate administrative activities as far as possible to centralised specialist service staff. This allows more time to spend on value-adding activities. In practice, many organisations find this transition difficult.

In reality, HR BPs have both strategic and operational responsibilities. The extent to which they deploy them depends largely on the business unit and team they are supporting. Note these points.

- It is important to define which activities are 'strategic', 'operational' and 'administrative'.

- Though some management teams below the top level may have significant responsibility for strategy, others will be more concerned with business planning.
- ‘Operational HR’ can be the priority at certain levels or in certain circumstances – though it is unrealistic to expect line managers, particularly at senior levels, to do some of this themselves.
- While BPs should shed low-value administration, much of the operational work requires skill and experience. Handled poorly or too slowly, it can harm the organisation.
- What’s more, “there’s only so much strategy you can do in a day,” as one CRF working group participant put it. “There are a lot of other important things to do.”

What appears to be more important than being ‘strategic’ per se, is being able to operate at a strategic level, while contributing to the design and implementation of strategy. The issue for HR BPs is to avoid getting bogged-down in everyday activities to the detriment of value-adding work that moves the business forward.

#### BP or GP?

A good BP is often likened to a medical GP. They must have all-round technical knowledge, an excellent network of specialist contacts, and the ability to inspire confidence in their customers or patients. Although they need minimal local support, both are adept at identifying relevant sources of help.

Yet, for each, there can be circumstances where some local capacity needs to be created, as in the following HR BP example.

In geographically dispersed structures, there may be logistical and economic arguments for retaining local HR staff – such as where face-to-face work is required or local knowledge is important. What’s more, many shared services operations are not yet able to cover all geographies. In RBS, for example, 15% of staff are not covered.

In such situations, HR BPs inevitably have to manage more administration, acting as ‘jacks-of-all-trades’ or mini-HR departments – though the three-legged model continues to work effectively in such an organisation’s major locations. In these cases, it is important to communicate the logic behind the differing practice to avoid confusion.

#### HR BPs – the inside story (continued)

- Shared services was often seen as at the bottom of the ‘food chain’, despite good people who collaborated easily with the BPs and CoEs, and had a good reputation.
- “Group HR was seen as all powerful and a lot of energy was spent in trying to force fit their outputs into something that would work for the business - it felt like the wrong way round some of the time,” she explains.

Recognising these unhealthy internal tensions, much work was done to re-balance power and ensure that the three areas worked as equal partners – in really understanding each others’ needs and that the business was the customer.



“Starting with discussions about technology and outsourcing first puts the proverbial cart before the horse.” **Karl Chapman, AdviserPlus.**

### 3.5

#### Effects of technology on roles and structure

Advances in technology and outsourcing have had sometimes dramatic effects on HR roles and structures, and on the work of HR BPs – from enabling service centres to operate at previously unknown service levels, to data management now becoming an advanced HR practice in some organisations.

Lower costs and reduced ratios have been achieved, thus enabling change in HR. But, is there more to technology and HR than costs and ratios? Karl Chapman, Chief Executive, AdviserPlus Business Solutions, has hard and soft evidence for these outcomes.

- After 12-24 months of deploying its services, clients’ employee engagement scores have typically improved.
- Reductions in hard costs, such as legal bills, tribunal claims and compromise agreements, are seen.
- The retained HR function is also smaller – but doing the job the business wants it to do.
- But perhaps the most telling measure – supported by client surveys of managers – is the rising reputation of HR.

“Line managers are delighted that HR is proactive rather than reactive, available when it needs to be and rings back when it says it will.”

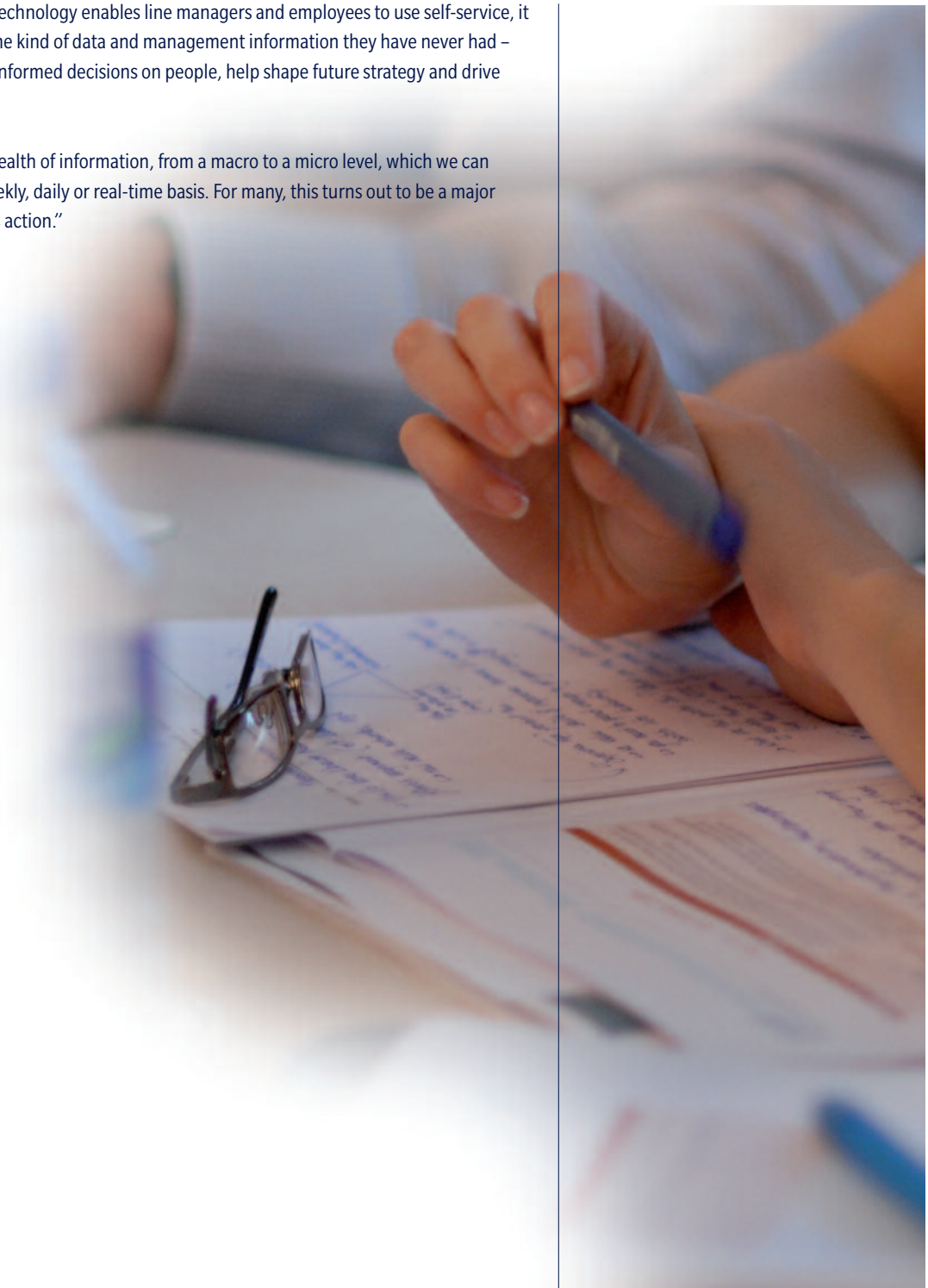
He stresses that technology is simply an enabler of changed behaviours – a facilitator rather than an end in itself. “Our outsourced projects are positioned firmly as service delivery, not technology projects, because in the end it’s about people not software.”

When setting up a new structure for delivering HR services to the business, he explains that the starting point is the kind of behaviours the organisation wants to encourage in the line – and, as a result, in HR. By defining the manager’s role and then asking what support they need, the role of the retained, and smaller, HR function is inevitably defined.

“Only then can there be a sensible debate about technology and outsourcing,” Chapman adds. “Starting with discussions about technology and outsourcing first puts the proverbial cart before the horse.”

He explains that, while technology enables line managers and employees to use self-service, it also provides BPs with the kind of data and management information they have never had – allowing them to make informed decisions on people, help shape future strategy and drive future behaviours.

“Our service creates a wealth of information, from a macro to a micro level, which we can report on a monthly, weekly, daily or real-time basis. For many, this turns out to be a major benefit because it drives action.”



## HR BP CAPABILITIES AND MINDSET

### Case notes: HR BP experience at Yell

Head of HR, Philip Barr, provided this list at the CRF workshop on business partnering.

- Experience at the sharp end, especially in a sales-oriented business where customers are particularly demanding and time frames short.
- A period in a firm like an investment bank where a good understanding of the business as a whole is essential.
- Experience of at least one specialism.
- Line responsibility.
- Geographic exposure.

Barr stated that he also looks for potential BPs who have no HR background. "Attitude is important, and they will quickly build the necessary relationships if they have influencing skills and a track record of wanting to understand the business."

### 4.1

#### Knowledge and experience

Organisations that want to transform their HR functions should concentrate as much, if not more, on upgrading the quality of their people as on the restructuring process itself. Arguably, one of the biggest obstacles to successful HR transformation is the dearth of high-calibre HR BPs.

HR BPs need to combine business awareness with strong all-round knowledge of HR theory and practice. They should have

- thorough knowledge of their own organisation and how other organisations look and compare
- business sector knowledge to interpret and anticipate trends
- OD knowledge for analysing the people issues affecting business performance.

Priscilla Vacassin, Group HRD at Prudential, notes that a sure way of checking business orientation is to ask HR managers to talk about their part of the business.

"It is very easy to detect those who couch what they say in terms of business language and priorities, as opposed to those who are preoccupied with just HR functional topics."

#### The 'HR generalist' – past or future?

Both HR directors and BPs are most likely to develop from a 'generalist' background – but they need to be of a different calibre from the traditional 'HR generalist'.

These days, the term 'HR generalist' is often used disparagingly to imply 'jacks-of-all-trades but masters of none'. But Chris Last, HR Director at the Department of Work and Pensions, believes the real issue is one of capability and quality, not generalism per se.

"I'm a believer in generalists. To rise to the top, you need to build both depth of HR knowledge and variety of experience. You don't get this from specialists, or from business people parachuted into the function. HR directors need people with a good educational background and the right attitude, and then develop them by moving them around. It takes time, but it's what good companies have been doing for years."

“A BP should be beyond being operationally excellent – they should be a ‘player’.”

**Andy Hedge, Head of Learning and Development, BDO Stoy Hayward.**

Today’s HR generalist should actually be a master of many disciplines rather than having a thin veneer of functional knowledge. To be successful – and a potential HR director – they should have had testing experiences. Examples include mergers and acquisitions, business start-ups and plant closures – preferably in a variety of industries, and in both good and bad times.

For specific HR disciplines, HR BPs need experience of working in reward, recruitment, OD, L&D and employee/industrial relations.

Additional core skills for facilitating change and influencing strategy include

- consultancy – for example, analysis, problem-solving, facilitation and developing business cases
- project management
- numeracy
- employer brand management, including engagement.

However, note this caution from an HRD in a global organisation.

“BPs can be intellectually lazy.” The mindset is to take a client request, farm it out to the relevant CoE and expect an answer in 24 hours. “They need to make more effort to find answers



#### Case notes: ingrained in the business

At this international energy company, significant HR experience and drive are pre-requisites for business partnering. Specific requirements include

- business knowledge and experience of HR-led business impacts
- HR expertise, either as a specialist, or an HR generalist with a ‘spike’ - ER, Reward, Resourcing, Talent, L&D, International Mobility or Diversity and Inclusion, for example.
- influencing skills
- being able to take the lead and set the HR agenda
- personal credibility and the ability to stay neutral.

“Our BPs have to be ingrained in where the business is going and be involved in decisions as part of a leadership team,” explained the VP, HR Capability. “We value highly sound judgement. Our business partners need to be scrupulously neutral to do the right thing for the organisation.”

There is a limited pool of top-level expertise in business partnering. Growing a high-quality internal pipeline is essential if succession is to be sustained and overall standards raised.

#### Business knowledge – an HR BP test

Can your HR BPs – or you, if you are one – answer convincingly these questions?

##### Business in general

- Who are your main competitors?
- What do you know about them that might give you an edge?
- Who do you know who works there?
- What are key financial statements and what are they for?
- What is your PE ratio, and how does it compare with competitors?
- What is the analysis of the workforce profile, trends, talent and costs?

##### Your business

- In one sentence, what is your business strategy?
- How does the business make money – and what are its key challenges?
- How does the business measure success – and how well does HR measure its impacts on this?
- How should HR focus effort to maximise strategic and bottom line impact?
- Where can the business save money – and how can you influence this?
- How do you keep your co-partners informed as to what you are doing?
- How do you make sure you know what these colleagues are doing?

for themselves and provide line managers with more on-the-job support and coaching to build their knowledge.”

## 4.2

### Personal characteristics

HR directors comment on the huge difference it makes to their relationship with line management if they work through HR BPs of the right calibre, with the right personal characteristics. Without these, they can put an HRD under considerable pressure.

‘The right calibre’ has much to do with personality and orientation. But also, good judgement of people and situations is essential. Successful HR BPs have the following qualities.

#### Influencing skills

- Commanding communication skills.
- Coaching ability.
- Analytical skills, insight and the ability to use results to build convincing business cases.

#### Resilience

- Self-sufficiency in personality and depth of expertise.
- The ability to bounce back from adversity.
- Quick to notice, while slow to take offence.
- Being able to balance patience and forcefulness, and deploy each appropriately.

#### Commercial acumen

- A blend of orientation and judgement.

#### Personal values that intrinsically win respect

- Role-modelling good people management behaviours and disciplines.
- Winning the trust of leaders, line managers and employees.



“What interests my boss fascinates the hell out of me.” **Pete Peterson, former Senior VP HR, Hewlett-Packard.**

“We look for intellect in people with BP potential. They need to be brighter than the average middle manager, otherwise they will struggle to get across important arguments and to cope with corporate politics. They must be convincing, courageous, able to smell trouble and work their way through it.

“I often ask myself when looking at potential hires – how will you be with business leadership team colleagues? How will you show up in interactions with them?”

**VP, HR Capability, international energy company.**

## 4.3

### Being strategic

As noted in Section 3, an HR BP able to operate at a strategic level is more important than getting hung up on ‘strategy’ per se. This requires

- challenging received wisdom and proposing new ideas that may contribute to better strategic decisions
- prompting deep thought among colleagues, especially when they are under pressure
- having the credibility and authority that comes from understanding, insight and curiosity about business
- acting as a ‘critical friend’ to the business team – see the box below.

Given the much publicised strategic mistakes major businesses have made recently, HR should think hard about what it could or should have said and done to prevent these. It should also guide the learning process to ensure better leadership in future.

#### A critical friend

Knowledgeable and experienced HR BPs are ideally placed to play the role of ‘critical friend’ because of their overview of the business, combined with their OD expertise. Parts of the business may feel less able to comment about other areas lest it be perceived as internally competitive or threatening.

## THE KEY RELATIONSHIPS

### Some practical reflections on collaboration

The CRF working group on business partnering made these observations.

- HR may need to sift out non-collaborative people in the function when recruiting and selecting.
- All parties must collaborate if a relationship is to flourish.
- Networking skills connect other people, as well as building personal connections.
- Disagreement and tension are important triggers of better ideas, solutions and collaboration.
- An effective partner will see and reconcile both mutual and differing needs and motivations.

“You can’t concentrate on being a great business partner unless you have good specialist and transactional support – it all has to work together. And it doesn’t help if the BP has a large team to manage.”

**Louise Wilson, HR Director, C&J Clark International.**

### 5.1

#### Relationships with the line

Business partnering implies that HR BPs should be close colleagues of managers at different levels in a peer, rather than subservient relationship. They will have technical and managerial capability and a full understanding of the business area or function being serviced.

The personal skills detailed in Section 4 are crucial to making any relationship work, as is the need to collaborate around a common purpose – effecting HR solutions to the line and related issues. The basis of any successful partner relationship is a clear delineation of roles, expectations and accountabilities, with good communication between the parties concerned.

HR BPs may have to overcome a manager’s negative view of HR from past practice and behaviours.

- HR operating at a distance from the business.
- Not seeing HR as important to what they do.
- Resistance to self-service.
- Managers also have to feel comfortable with accepting specialist inputs from CoEs, brokered by the BP.

The personal qualities and confidence of an HR BP are critical in dispelling any historical sense of inferiority. Gary Dibb, former COO of Barclays Group and an experienced observer of HR, puts it crisply: “We need less of an ‘order taker’ and more of an initiator, with the authority that enables them to coach.”

Successful partnering also requires a different mindset among line managers in seeing people as an asset – not just an expense – and acting as role models in people management.

#### Relationships – but also delivery

“The strength of BPs lies in relationship building at all levels with specialists, support centres, the business, the line and so on,” says Lesley Robertson, Head of HR Operations, C&J Clark International. “But they have to focus on how they use their skills to deliver excellence to the business as a whole. My focus is increasingly on delivery.”

“The HR BP should be the specialist in operational HR and people performance, while the CoE specialists are the experts in a particular area of knowledge.”

**Andy Smith, Project Lead, HR Organisational Alignment, Nestlé.**

## 5.2

### Working with specialists

CRF analysis of many organisations has identified these three activities in which CoEs typically engage.

**Policy:** determining appropriate practices and processes for different parts of the organisation.

**Consultancy:** responding to requests by the business to resolve arising issues.

**Services:** specialist expertise or an extension of consultancy work.

Most organisations expect to reduce the size of CoEs over time, as HR BPs and line managers develop their own expertise and rely more heavily on automated self-service advice.

#### Psychological shift

“An important objective is to get line managers and employees talking directly to shared service centres in order to free up the brains of CoEs and BPs,” says this HRD at a global manufacturer. “But that’s a big psychological shift, especially if they have to talk to someone in Poland or India. Our biggest lesson is to ensure that the level of service is excellent.”

#### Relationship challenges

Relationships between specialists, HR and the business often encounter these challenges.

- The role of the various CoEs, and how they operate with HR BPs.
- Practice often varies between CoEs. This might reflect the different work they do, but it may indicate a silo mentality.
- When a CoE is advising a business area, the ‘customer’ may not know whether the CoE is there in a ‘policy’ capacity – or to provide client-centred consultancy.
- Where BPs and CoEs both have expertise in a topic, they may ‘compete’ to advise line managers and offer conflicting advice.
- CoE staff often need to develop their consulting skills and how to tailor their advice for local needs.

“BPs’ relationship skills should enable them to facilitate how HR operates as a whole. That’s part of the job.” **Lesley Robertson, Head of HR Operations, C&J Clark International.**

#### External consultancy – who pays?

- If the CoE is funded centrally, the danger is that HR BPs will compete with each other for scarce resources on behalf of their business areas, and skew and/or increase the CoE workload.
- “We have to teach BPs to be fair about this,” commented one HR director.
- If the CoE cost is levied on the individual business, there is always room for argument between the business and the centre about value-for-money and fairness.
- If the business is paying for CoE work on a quasi-contract basis, it will be doubly keen to ensure it gets the service it wants.
- Where the business is allowed to use external support (if internal support of the required calibre is not readily available, for example), it can add another level of tension to the BP and CoE relationship.
- This HRD in a global organisation stressed that, while CoEs are funded centrally, additional help comes at a price.
- “You have to work out who the customer is, whether they have the funds to pay for the extra help – and whether the work is sufficiently relevant or business critical to justify the expense. That takes you into internal politics which the HRD has to fix.”

- Senior specialists may choose to bypass HR BPs and deal directly with the business, which undermines the model.
- In larger organisations, it is more practical to base people locally. For example, if dispersed specialists work with a local business, they may become disconnected from the CoE – even to the extent of becoming a local HR department. This too undermines the model.
- In leaner structures, there is a risk that service quality is neglected as cost takes precedence over customer satisfaction, or because of process failures.

Indeed, capacity planning is an important part of the relationship between BPs and specialists. BPs need to anticipate demand to help CoEs plan and resource their work.

CoEs frequently turn to external consultants to help them respond at short notice. If the CoE manages such consultancy relationships, they are responsible for quality, quantity and cost. But the question of ‘who pays?’ can be problematic. See the column.

#### Keeping CoEs business-focused

It is in everyone’s interests that CoEs stay involved in the business. If disconnected, they will fail to provide the right specialist help at the right time, and business colleagues will interpret this as an HR issue.

Note these points for good HR BP/CoE teamwork.

- Regular dialogue and knowledge sharing between them – not least about future workloads and scalability of resources. The more complex the structure, the more important this is.
- Clarifying the ground rules and reporting lines governing individual and joint work.
- Shared development processes to encourage the cross-fertilisation of ideas between generalists and specialists.

Above all, HR BPs and CoEs need jointly to ensure that they actually deliver solutions the business needs, not imposing what they should think it should have. “The meeting ground should be the business, not HR,” as a member of the CRF working group put it.

#### Getting the best advice

The reputation of both HR BPs and the HR function depends on specialist advice being appropriate, as well as of high technical quality. Such advice will be founded on business and OD knowledge to provide 'whole system' thinking. Also, CoEs should include people with good generalist HR background and solid business experience.

### 5.3

#### Supporting HR services

Transferring administration from HR managers into dedicated service functions is usually central to HR transformation. But as the local face of HR, BPs are responsible if users are unhappy with the services offered.

- There are inherent tensions between the concept of a centralised service centre with common policies and tools, and the need to respond to front-line business requirements. The quality of communication among HR BPs and between them and the services function is critical to successfully managing these tensions.
- Line managers' suspicions that their interests are secondary to corporate cost-cutting tend to grow when major parts of their services are outsourced and/or offshored. In such cases, the services function has to work doubly hard to demonstrate its responsiveness to HR BPs and 'end customers'.
- Dissatisfaction with centralised services creates frustration which may prompt resistance and reversion to local HR administration.
- Where 'multi-function' service functions exist, HR should pay close attention to relationships, as HR services will no longer formally be part of HR.
- HR BPs need good data from service functions to help them monitor and evaluate the effectiveness of people management and services, and to make a business case should improvement be needed.

#### A service centre mistake

"The mistake some organisations seem to make is to staff shared service centres with lots of administrators who are often 'weaker' HR people. So we recruited high quality people who could really deliver and who, therefore, gained trust and credibility among BPs and the line."

**Lydia Hatley, Leadership Development Manager, Home Retail Group.**



## SOURCING AND DEVELOPING HR BPs

### Assessment and selection is required

- Whether they 'make' or 'buy' them, organisations must put their potential HR BP population through a rigorous assessment and selection process.
- Criteria should be devised in consultation with the business.
- They must be courageous about culling the ones who don't make the grade. Failure to do so threatens the success of the model and the reputation of HR.
- Among the companies CRF canvassed, only one-third or less of HR manager incumbents made it through a rigorous sifting process.

### 6.1

#### The need - and the market

Developing commercial, business-oriented and customer-focused BPs has become a matter of urgency. Unless BPs have credibility with the business from the outset, the new HR partnering model will struggle to succeed.

Graham Prentice, CRF associate and former HRD, Nestlé Nutrition, says: "We need to accelerate commercial understanding quickly, given the tough operating climate. Business needs this expertise now."

But where can they find it?

The Ulrich model raises the bar for HR generalists, and some will never cut the mustard. "We need to be courageous and weed out people who aren't collaborative, which is a key skill," says Prentice.

#### Poor training grounds

He believes HR itself is a poor training ground for HR BPs. The CIPD and academic institutions do little to help. "They lack the core curriculum and content that is sufficiently related to what we need – that is, deep technical skills and broad business skills," says Philip Barr, Head of HR at Yell Group.

However, organisations are doing little to plug the gap. Very few have a sophisticated development process for HR. "Why is it that we are supposed to be the experts in capability building, but struggle to do it for ourselves?" asks Prentice.

#### What the market offers

Directors have been complaining for years about the lack of quality in the market. Specialist recruiters confirm that only around 15% of the senior HR managers they see display genuine business awareness. As a result, companies desperate to fill HR BP positions may end up over-paying for what they are getting.

External recruits tend to be either

- operationally experienced, but lacking political nous and strategic orientation, or
- polished and politically aware, but unwilling to roll up their sleeves and get stuck in.

The shortfall in HR talent is an industry issue that professional HR associations and HR leaders collectively need to address. But will they?

Chris Last, HR Director at the Department of Work and Pensions, believes that, “buying-in is not a sustainable proposition.” Instead, he prefers to recruit bright graduates and build talent from within.

## 6.2

### The value of non-HR recruits

Given the growing requirement for strong business skills, many predict that, increasingly, HR BPs will come out of the business. Their HR orientation will become secondary to a business orientation. Participants at a recent CRF workshop on business partnering believed that BPs should comprise a mix of HR and non-HR people. However, only 50% of their organisations had that mix.

If they are to attract people from the outside, organisations have to make HR an interesting place to work.

While some fear that non-HR people will struggle to develop deep HR knowledge, others believe that attitude is more important. Barr says: “People will quickly build the necessary relationships if they have influencing skills and a track record of wanting to understand the business.”

Recruitment of non-HR people from inside the organisation is most successful where

- organisations have invested in developing managers’ people skills
- the HR function enjoys a strong reputation and capabilities, particularly in the areas of OD and change
- HR directors consciously build teams with a good mix of backgrounds – including commercial – and design roles and development paths accordingly.

## 6.3

### Balancing the ‘make’ and ‘buy’

While a consensus favours the ‘make’ rather than ‘buy’ approach, it can be years before young talent can do HR BP work. HR should consider these points.

- The clear need to invest in HR talent.

### Attaching non-HR BPs

Getting career attachments into HR from elsewhere in the organisation can provide the function with useful overviews and insights into the business. This potentially allows HR to make better contributions.

Though such moves may be attractive to individuals, they will need to build their skills quickly to win credibility as an HR ‘professional’ among former colleagues in the business.

This requires

- initial discussions about career possibilities and options
- rigorous induction
- an accelerated and tailored learning programme
- a mix of coaching, mentoring and ‘buddying’
- career review points, linked to performance reviews, to determine whether they wish to continue in HR or return to their original career path.

Few organisations have formal programmes, though some are taking the issue seriously. For example, Vodafone typically expects to take six to 12 months to ‘convert’ good quality middle managers into BPs or HR managers.

“Tall and thin career paths are not suitable for HR BPs. There should be plenty of lateral movement, especially early on. We need to be clearer what the vital components are.”

**Geoff Matthews, VP, HR Center of Excellence, Merck Serono.**

#### Case notes: skills programmes

##### Royal Bank of Scotland

RBS has invested heavily in developing its HR community with Cranfield School of Management and London Business School.

- A series of five-day Advanced Business Consulting courses for all 220 BPs and around 800 consultants (the level below BP) are provided.
- Senior HR executives take part in a general management programme run by Harvard Business School.

##### BBC

Selected senior individuals benefit from a two-week, US-based programme run by Dave Ulrich. In addition

- HR Masterclasses are provided on how to partner with the business using challenging conversations and methods such as ‘the elevator pitch’.
- An internal Business Partnering Programme also covers a range of skills such as coaching, negotiation, consultancy and mediation.

- Recognising the practical issues of recruiting from outside HR.

- Deciding whether the focus is on outstanding talent or ‘capable do-ers’ – depending on what the business is willing to pay for and specific role requirements.

Whether they are home grown or imported, organisations need to put far more effort in developing their HR BPs with as much focus as possible on on-the-job training and experiential learning.

This international energy company prioritises growing its own HR BPs and has a tailored HR learning curriculum for this purpose. This is mainly because global HR talent pools have mediocre people in them. “It is a truly difficult marketplace – hence our focus on internal development. All we need to start this process is good raw material, especially intellect and sound judgement,” says the VP HR Capability.

## 6.4

### Skills programmes

Relatively few organisations have robust HR development programmes and those for HR BPs and line managers are rarer still. See the column for some notable exceptions, along with the box below. These programmes are aimed at HR BP communities, whether as part of broader HR education programmes or with BP-specific elements.

#### Case notes: Hewlett-Packard’s HR talent

HP develops its HR talent through an HR Academy staffed by internal and external experts. Activities include

- developing business acumen
- professional development – aligning with SHRM and ASTD curricula, but also developing HP-specific proficiency in organisational effectiveness
- career development – integrating development with career decision-making.

There is a strong focus on experiential learning through the use of projects, job roles and action learning. In addition, many senior line managers attend an in-depth OE workshop for developing their people management and partnering skills.



“The job-hopping tendency in HR needs considering. While it can serve to broaden experience, it can also limit the acquisition of deep knowledge about an organisation. That can significantly limit your value as a business partner.” **HR director.**

While selected HR executives are usually included in organisations’ leadership and talent development programmes, these do not exactly raise skill levels among the BP population as a whole. However, external providers are now offering BP programmes, often on a tailored in-company basis.

Some companies use internal education and communication processes to develop HR BPs’ business understanding. BT, for example, offers workshop programmes, on-line resources, quarterly business updates by the group HR director and monthly ‘dial-ins’ on topical business issues.

## 6.5

### Building experience

#### Experience counts

Building experience is the most useful element in HR BP development.

- Career roadmaps for BPs help identify the critical experiences that will improve their work.
- They may include attachments in CoEs, projects and challenging business situations. The context for learning is as important as its content.
- OD knowledge is an increasingly important requirement for HR BPs – as are reward, L&D, recruitment and employee relations.

Organisations are using movement between the HR disciplines to develop collaboration and the sharing of knowledge. Experience outside HR is also seen as invaluable, and is usually through secondments, projects, external learning events and new networks.

#### Case notes: HR BP development at Nestlé

To reach the top in business partnering, HR executives need this experience.

- International exposure.
- Managing a large team.
- A line management role.
- Experience in specialist HR areas.

During his career at Nestlé, Graham Prentice admits that moving between different specialist areas at a senior level is challenging in terms of credibility and the amount of learning involved.

Other requirements for a BP role at Nestlé include

- a bachelor, though preferably an advanced, degree, and professional accreditation
- over ten years’ experience in HR – including managing change
- and, ideally, language skills.

Nestlé’s job descriptions include ‘success profiles’, which stipulate the experience required for any given role.

## MEASUREMENT AND EVALUATION

### Measuring HR BPs' contribution

- Are HR BPs' purpose, roles, objectives and key result areas clearly articulated?
- Are they of the right calibre?
- How have they helped the business achieve its agreed objectives?
- How have they helped managers get the best out of their people – improved attraction, retention, motivation, development and productivity, for example?
- Is communication between line managers and BPs satisfactory?
- Have they contributed to more effective business measurement and evaluation?
- Are there things you would like HR BPs to do more of, less of, or differently?

It may be helpful to conduct a joint review of the HR BP and his or her line manager counterpart. While this is trickier at the top, the principle of joint responsibility is particularly relevant here.

### 7.1

#### Metrics capability

Numeracy, and a firm grasp of metrics is essential for successful business partnering. But the metrics HR BPs use should be business metrics, not HR metrics.

Neil Hayward, former Group Head of People Strategy and Product Management, Standard Chartered, sums up the challenge. "We have lost sight of the simple business metrics that we should be using to measure our effectiveness because balanced scorecards have massively over-complicated things. We should reduce it all to a level of simplicity that line managers can understand. It's not about justifying HR's added value, but actually adding value."

The real measures of success in business partnering should be increased sales and margins and reduced costs. "These are the measures that the business is concerned with and HR has to be seen to be contributing to the business agenda," says Hayward.

#### Evaluating HR and BPs

To ensure it is doing so, HR must evaluate its own performance, and that of BPs in particular – see the column for examples of the latter. As a minimum, HR should be conducting satisfaction surveys. But hardly any of the member organisations present at a recent CRF meeting on business partnering conducted such surveys.

In particular, HR BPs need to

- understand financial and operational business measures
- be masters of people-related measurement and ensure that this is seen as an essential part of business measurement
- focus on the metrics that drive short- and long-term performance
- discourage data collection that does not help the business perform well or meet legal requirements.

Numbers are only valuable if they provide insight. Doug Brown, Head of Commercial HR at Scottish & Newcastle, says: "If turnover rises or drops, data should be used to drive conversations about people and performance."

“Managers only want numbers to help them do a better job. They should be business numbers, not HR numbers. The centre of gravity is important.”

**Andy Hedge, Head of Learning and Development, BDO Stoy Hayward.**

HR BPs should focus on the quality, not quantity, of metrics. Those at Nestlé focus on the ‘vital few’ KPIs, starting with the top five that apply to every single country management team.

### Probing questions

Armed with good data-based insights, they should be able to ask the kind of probing questions that allow their colleagues to distinguish between the wood and the trees. “We need BPs to be able to stand back and say ‘so what?’,” said James Magill, a Vodafone BP.

This approach can be particularly valuable when working with highly numbers-oriented individuals, such as engineers, accountants and scientists. At BDO Stoy Hayward, HR enhanced its standing and value through its command of both hard and soft measurement – see the box.

#### Case notes: grabbing business attention at BDO Stoy Hayward

Andy Hedge, Head of Learning and Development at BDO Stoy Hayward, transformed the perception and role of HR within the firm after demonstrating that it was deploying too many people on audits and under-billing clients.

“We grabbed attention by talking about the business in business terms. We secured our involvement by demonstrating that we knew about change, and thus what would be necessary to meet the challenging financial target.”

The firm changed its practice, reaping a 12% increase in audit fees. “When I joined, HR lacked a voice. It is now invited into all discussions right at the beginning,” said Hedge.



## 7.2

### Some areas that HR BPs should influence

**Organisational effectiveness reviews.** These are most powerful when they examine people and organisational issues in the round, rather than focusing purely on talent.

**Employee surveys.** These should be succinct, relevant and inspire follow-up action.

**Measurement of employee engagement in particular.** This is a critical measure of organisational performance

**Use and alignment of metrics.** KPIs should be selective and targeted, encompass opportunity costing or sensitivity analysis, and be consistent between functions.



Standard Chartered assesses both sides of the HR BP-line partnership. Tim Miller, Director, People, Property and Assurance, sees engagement as the primary measure of how well leaders/managers and HR work together. He assesses their performance accordingly.

Managers are judged on the degree to which their reports feel they know them, focus on them, care about them and inspire them.

The bank defines the purpose of its 'HR relationship managers' as being to improve business performance through having more engaged employees interacting with both internal and external customers.

## CONCLUSIONS AND ACTIONS

### 8.1

#### The core concern

This report came about because of widespread feelings that HR BPs and the underpinning Ulrich model were not as effective as they could be – and, therefore, that HR itself could achieve more for the business in the particularly challenging circumstances organisations now face.

From many interviews, case studies and desk research, our findings confirm these misgivings for each of the main section themes above. In short, business partnering is a struggle.

That is not to suggest HR has neutered itself over the last decade of so-called HR ‘transformation’ – an over-used and perhaps inappropriate word now. In fact, it has risen to many challenges.

- Staggering improvements in HR ratios and reduced overheads have been achieved in that time.
- HR has usually implemented well rafts of employment legislation, major downsizing and systems change.
- Significant strides have been made to deliver transactional services by introducing technologies and changes to structures.
- In uncertain times, many HR functions have handled the organisational effects particularly well.

But, as business sees it, there should be more to HR than just reacting and fixing things. HR services to the business can improve – which improves the business itself. More than that, HR leaders and executives tell us, businesses need fresh thinking and proactivity from HR in two areas.

- The purpose, capability and work of HR business partners who should be critical linkages between the HR function, its deliverables and business outcomes. Integration is a critical issue.
- Better contributions around performance, talent and change which can be business, not just HR, differentiators. The question is, what is the HR BP contribution to these areas?

## 8.2

### Your next steps

Readers may wish to think about, and prioritise, these actions.

- Clarify the roles and outputs of HR BPs, Centres of Excellence and service centres.
- Define or re-think your processes for talent, performance and change and ensure they are written down. Be clear who is responsible for each, and how they relate to HR BP work.
- Re-skill and re-tool HR people – and recruit new blood – to build the function's capability.
- Work on improving people management among line managers and function heads.
- Investigate how outputs from service providers in systems and outsourcing can be improved – and use the continuous improvement ethic for all HR operations.

## 8.3

### And finally ...

"The HR function needs to sort itself out or it will be damaged," advises Graham Prentice. "Titles are less important than content. Business partners should focus on execution rather than strategy, because strategy has been largely set. But they need to be clear about the link with the bigger picture."

Strategic that link might be, but it is as much about how better performance, talent and change will deliver the business its advantages. This may be a significant HR change project.



## READING LIST

### Books

*Human Resource Champions*, Dave Ulrich, Harvard Business Press, 1997.

*Transforming HR – Creating Value through People*, Martin Reddington, Mark Williamson, Mark Withers, Reed Elsevier, 2005.

*The HR Scorecard*, Brian Becker, Mark Huselid and Dave Ulrich, Harvard Business Press, 2001.

### Reports

*Configuring HR for Tomorrow's Challenges*, Andrew Lambert, CRF, 2009.

*The Future of HR – Creating a Fit-for-Purpose Function*, Chris Ashton and Andrew Lambert, CRF Publishing, 2005.

*Business Partnering – A New Direction for HR*, CIPD, 2004.

*Maximising the Value of Business Partnering*, Ed Griffin, Liz Finney, Jo Hennessy and Dilip Boury, Roffey Park, 2009.

*The Role of HR in Uncertain Times*, Economist Intelligence Unit, September 2009.

*Effective HR Evaluation*, Mike Haffenden and Andrew Lambert, CRF, 2004.

### Relevant surveys

*Creating People Advantage – How to Address HR Challenges Worldwide Through 2015*, World Federation of Personnel Management Associations/Boston Consulting Group, 2008.

*Strategic Research on Human Capital Challenges*, Society for Human Resource Management/Hay Group, 2007.

*What Customers Want From HR: The Views of Line Managers, Senior Managers and Employees on HR Services and the HR Function*, Report No 453, Institute for Employment Studies, September 2008.

*European Ways to HR Transformation*, Hewitt Associates, 2006.



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