

# 5 HR Business Partners and Centers of Expertise

HR is at a turning point. For a decade now, it has been undergoing a process of transformation. But for many organizations, this process has increasingly failed to produce the results expected of it. During these times of rapidly changing economics, HR is faced with a stark choice: It can either evolve and make a significant contribution to the business or be diminished and dispersed into the business and other functions. Implementing an effective business partnering and Centers of Expertise model is one way to accelerate the evolution of your HR function.

## **Business-driven HR Business Partners and Centers of Expertise**

Many organizations struggle to understand how HR Business Partners and Centers of Expertise should interact to contribute to the business. In particular, the way both roles are structured and positioned can be a fundamental challenge. There is value in bringing together HR Business Partners and Centers of Expertise to operate like a business-focused internal HR consultancy on specific projects and initiatives.

In this model, HR Business Partners form the vertical 'go to market' account management teams, with Centers of Expertise forming the horizontal specialist teams. Overlaying this, organizations are developing strategic capability areas (or 'propositions') in alignment with specific business priorities. These capabilities respond to critical long-term strategic organizational capabilities (e.g., M&A activity, change acceleration, culture change, talent, and growth). For example, a leading global financial services organization allocates HR Business Partners as project managers on M&A integration projects for a particular length of time before rotating them onto the next business project. They reach out to their Centers of Expertise teams for specific support on an as-needed basis. These Centers of Expertise teams then form solution 'SWAT' teams which can be focused on the strategic priorities of the business.

HR Business Partners play a role like that of an account manager — deep knowledge of the client matched with deep knowledge of where to go to bring services and solutions. Positions are filled with people who have strong project management capability, who are adaptable to new projects, and who can draw the most out of the Centers of Expertise for specialist input.

## HR Business Partner and Centers of Expertise

### What this means for HR Business Partners

The skills make the difference. HR Business Partnering empowers highly competent, credible “account managers” operating at senior levels of the organization to orchestrate solutions designed to solve organizational priorities.

To achieve this, it is critical that the business recognize the HR Business Partner is a serious contributor. Only when the business partner can initiate a strategic conversation with business leaders, armed with potential solutions, will he or she be thought of as a strategic player. The HR Business Partner role should, therefore, concentrate on the following:

- Focusing on strategic issues that contribute to the growth and competitiveness of the business
- Taking a big picture perspective regarding the organization’s priorities and goals
- Having the personal impact and credibility to influence critical decision makers
- Being the diplomat and negotiator to align the agendas of the business and the HR function
- Having the breadth of knowledge of the services and solutions offered by the Centers of Expertise
- Being excellent project and account managers with demonstrated knowledge of the business

Producing results that matter. HR Business Partners work well when aligned with strategic priorities — tying business drivers to measurable targets, as seen the adjacent table.

A common pitfall for HR Business Partners has been an emphasis on the title over the requirements of the role. A strong vision of business collaboration focuses on business outcomes and value rather than title or responsibilities.

Business outcomes	HR Business Partner priorities	Example target
<b>Sustained revenue growth</b>	<ul style="list-style-type: none"> <li>• Identify talent strategies for entering new markets</li> <li>• Predict requirements and source critical talent to grow</li> <li>• Refocus the HR function on supporting high growth</li> <li>• Help the business manage M&amp;A</li> </ul>	Double size of senior workforce population in a new market next year
<b>Profit growth and cost reduction</b>	<ul style="list-style-type: none"> <li>• Manage the change process associated with cost reduction initiatives to minimize productivity impacts</li> <li>• Help business evaluate and implement outsourcing and off-shoring strategies</li> <li>• Focus on reducing HR’s own operating costs</li> </ul>	Reduce organizational costs for business unit by 5%
<b>Working smarter with speed, flexibility, and adaptability</b>	<ul style="list-style-type: none"> <li>• Align performance and rewards with speed, flexibility, and adaptability</li> <li>• Create communications and tools to reinforce culture</li> <li>• Improve HR processes and service delivery</li> <li>• Source the right talent to perform</li> </ul>	Increase average product to market speed by 20%
<b>Customer loyalty and retention</b>	<ul style="list-style-type: none"> <li>• Assess employee loyalty and retention and potential impact on customer loyalty/retention</li> <li>• Increase understanding of customer acquisition strategies and confirm that HR programs are supporting (e.g., incentives, performance, learning)</li> </ul>	Increase customer satisfaction by 10%
<b>Strategy execution capability</b>	<ul style="list-style-type: none"> <li>• Anticipate potential leadership gaps and develop sources of top talent</li> <li>• Build ‘execution capability’ into leadership development programs</li> </ul>	Improve leadership scorecard performance by 10%

### What this can mean for Centers of Expertise

**Alignment to business challenges.** If HR is to meet the needs of the business, it needs to move away from traditional, functionally aligned roles to business-aligned roles that can reflect the projects and programs that the business is focused on. With alignment on solutions for business challenges like M&A, talent management, absenteeism, organizational change, and others, the Centers of Expertise can engage more with the business by having a naturally common ground upon which to forge relationships.

This does not mean the end of traditional Reward, Benefit and Learning Centers of Expertise, but it does require HR organizations to rethink the way they provide support for both functional and business focused needs.

One global bank has taken an uncommon approach. To avoid building a costly fixed headcount, the bank has collaborated with external providers to meet peak demand for HR specialist resources. Through this model, HR can continue to deliver on its day-to-day commitments and, when the business needs additional specialist skills, it parachutes in external support to help on a project-by-project basis.

**Focusing on solution delivery.** Centers of Expertise need flexibility to grow and shrink as the business needs evolve. This model also requires project management skills as teams come together to develop and deliver solutions and then disperse. It requires different styles of leadership and career management models to cope with the change from the traditional, time-served model.

The distance between the Centers of Expertise and the business is shrinking. Centers of Expertise should operate in a fully, integrated way with the business to deliver what has been designed and to measure outcomes. Like the business partners, the role of the Centers of Expertise will evolve and require stronger business acumen. Translating their specialist knowledge into this new more business-focused environment requires different skills from those valued by Centers of Expertise today.

**Delivering the vision of HR Business Partners and Centers of Expertise.** Like never before, companies should consider skilled, abled, difference makers as HR Business Partners and Centers of Expertise who can spearhead HR's role in responding to business challenges. Our research with global clients has identified some trends that are appearing in the way organizations approach HR Business Partnering and Centers of Expertise.

- ***Trend #1: The HR Business Partner and Centers of Expertise as a floating SWAT team***

More organizations are creating pools of HR Business Partners aligned with members of a number of Centers of Expertise (or internal "HR consultants") that can be reassigned to projects on the fly, rather than being permanently assigned to a particular job. This allows HR to respond to changing business needs. In addition, these resources are not aligned to a particular business unit, which helps them maintain their objectivity. There could be an argument for creating a two-tier business partner and Centers of Expertise model: One level focuses on business-critical strategic issues and opportunities, while the other supports the business-as-usual and day-to-day solutions. The business context will drive the number of people in each of these roles.

## HR Business Partner and Centers of Expertise

### Trend #2: Quality not quantity

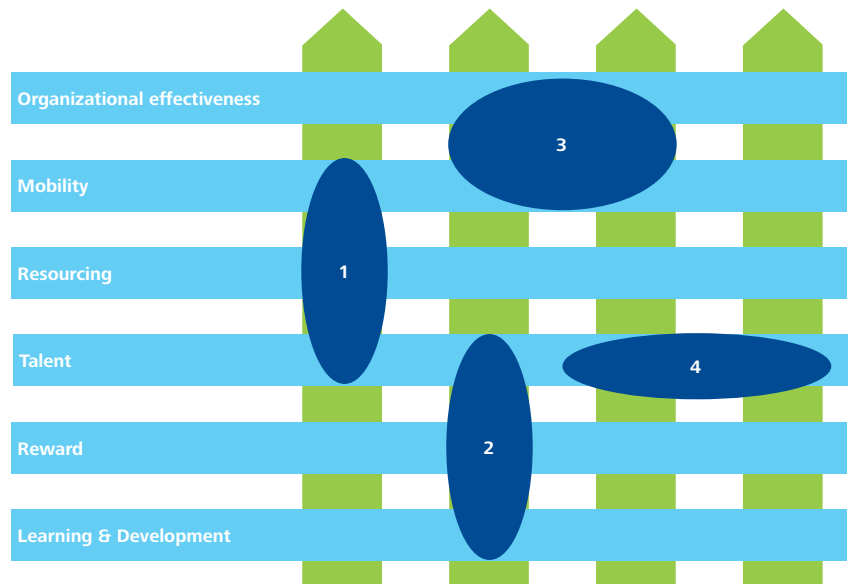
Organizations are placing a greater emphasis on attracting, developing, and deploying the most effective HR people for the job. To deliver in these challenging roles, the applicable skills and attitudes are vital. Success is supported by the following:

- A move away from practical, experiential learning interventions that use real examples and business case studies
- Use of a range of initiatives that mix classroom training with coaching, community events, and self-led learning to embed behaviors
- More focus on nurturing an effective learning culture and encouraging individuals to take responsibility for their own learning
- More understanding of how powerful it can be to harness the network of knowledge across the Centers of Expertise and HR Business Partners through tools, such as social networking and collaboration software — not just removing duplication of work, but actively encouraging innovation

### Trend #3: Developing that pipeline

Filling these roles is a critical challenge. Sources of talent for Centers of Expertise and HR Business Partners of this new breed include external consultancies, business project managers, finance and procurement transformation experienced project managers. Some organizations have taken the long-term view of developing talent internally — creating a succession pipeline within HR that will feed to and from high potential leadership programs. It is become more common for these leadership programs to include work rotation through HR. The Wall Street Journal reports that among large companies that hired new CHROs in the past

### Business focus: HR Business Partners



### Strategic capabilities

1. New markets	2. Workforce efficiency	3. M&A	4. Managing change
<ul style="list-style-type: none"> <li>• Rapid expansion</li> <li>• Talent acquisition</li> <li>• Global mobility</li> </ul>	<ul style="list-style-type: none"> <li>• Workforce analytics</li> <li>• Culture</li> <li>• Scheduling</li> <li>• Development</li> </ul>	<ul style="list-style-type: none"> <li>• Onboarding</li> <li>• Integration</li> <li>• Organizational design</li> <li>• Change management</li> </ul>	<ul style="list-style-type: none"> <li>• Communications</li> <li>• Collaboration</li> <li>• Transitions</li> <li>• Frontline engagement</li> </ul>

Source: Deloitte

five years, about one-third selected a non-HR executive<sup>1</sup>. That's up from about 10 percent in earlier periods. This shift may reflect a perception that some traditional HR professionals do not have a deep understanding of business.

## HR Business Partner and Centers of Expertise

### Critical points to consider along the way

**Get the basics in place first.** The HR Business Partner and Centers of Expertise roles cannot be fully functional, or credible, without the provision of reliable HR transactional delivery and underlying foundations, such as standardized reporting, technology, and policies.

**Prepare the line manager.** Facilitate the mind-set change of the linemanager, who may not be initially willing or ready to team with colleagues in these newly defined HR roles.

**Be clear about the roles.** Clearly describe the types of business outcomes HR Business Partners and Centers of Expertise should focus on delivering. Prepare the line manager. Facilitate the mind-set change of the line manager, who may not be initially willing or ready to team with colleagues in these newly defined HR roles.

**Match the person to the role.** Focus on the skills and experience it takes to be credible and trusted as either a HR Business Partner or Center of Expertise colleague.

**The power of information.** Provide timely, meaningful management metrics and reports to guide people-related decisions. Then track results.

**Focus on the business requirement.** Keep the desired business outcome visible as you go. It takes time: Focus on quick wins first but do not undertake too much too soon.

### A leading business intelligence company's CHRO relates what he learned from integrating and transforming his organization's HR functions following a merger:

Prior to the integration each company had implemented, to a varying degree, the so-called "Ulrich model."<sup>2</sup> Both companies had HR Business Partner roles, Centers of Expertise, and some form of centralized administrative and transactional function in their home countries (United Kingdom and United States).

The challenges the two companies faced in relation to HR structure — were quite similar and when planning for the integration of the two functions, business and HR leaders from the two organizations specifically highlighted:

- The goal of the "strategic HR Business Partner" still had to be realized. HR Business Partners were not (apart from at a very senior level) seen as true strategic advisers. This was mainly due to the lack of supporting administration and transactional functions outside of the UK and the US, and a lack of integrated supporting technology and infrastructure at a global level.
- The Centers of Expertise should be focused on addressing the issues critical to the future combined organization, a quite different focus to their current state. A shift in priorities for the combined organization had created a burning platform for the specialist functions to change focus and provide specialist knowledge and flexible resources around, for example, global talent management and organization development.

Developing the necessary, new skill internally can be a big challenge. One recent global banking client invested heavily in a six-day development program for Centers of Expertise and HR Business Partners aimed at significantly changing its behaviors and skills. The organization first assessed/analyzed the business requirements and prioritized training needs before confirming the module curriculum and learning outcomes.

A nonlinear method of learning was used, whereby participants worked on companion competencies and behaviors that will enhance their overall performance.

The training program focused on the behaviors that most effectively support the following competencies:

- Understanding what delivering value means to today's business leaders
- Managing talent demands and challenging the business to innovate around talent
- Working with analytics for better related decisions
- Developing "trusted advisor" skills
- Enhancing interview and presentation skills

The delivery strategy and rollout plan was confirmed and training was delivered to about 400 HR directors and managers, in locations that include London, New York, Frankfurt, Singapore, Sydney. Training effectiveness was reviewed on an ongoing basis.



### Conclusion

#### Moving toward a new vision for HR Business Partners and Centers of Expertise

Creating valuable HR Business Partners and Centers of Expertise starts with a few specific insights. Make sure your HR team has the right attributes because business collaborating and solution innovation require a special type of person. Identify three big areas where a strong collaborative relationship would add most value to the business results, then work from there. Make the most of your HR Centers of Expertise and business partners by finding ways they can deliver direct, quick-win benefits to the business and determine how much HR time you're really spending to drive business performance. Thinking it all through from the outset can help unlock the full potential of your HR Business Partners and Centers of Expertise.

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#### Endnotes

<sup>1</sup> "HR Departments Get New Star Power At Some Firms." Wall Street Journal. 23 June 2008

<sup>2</sup> Ulrich, D; and Brockbank, W. The HR Value Proposition. Harvard Business School Publishing, 2005