



Global Business Driven
HR Transformation
The Journey Continues

Preface

See farther down the line

You can turn to the TV talking heads to hear opinions about the future. Or you can turn to the people in the trenches for an informed view of what really lies down the track.

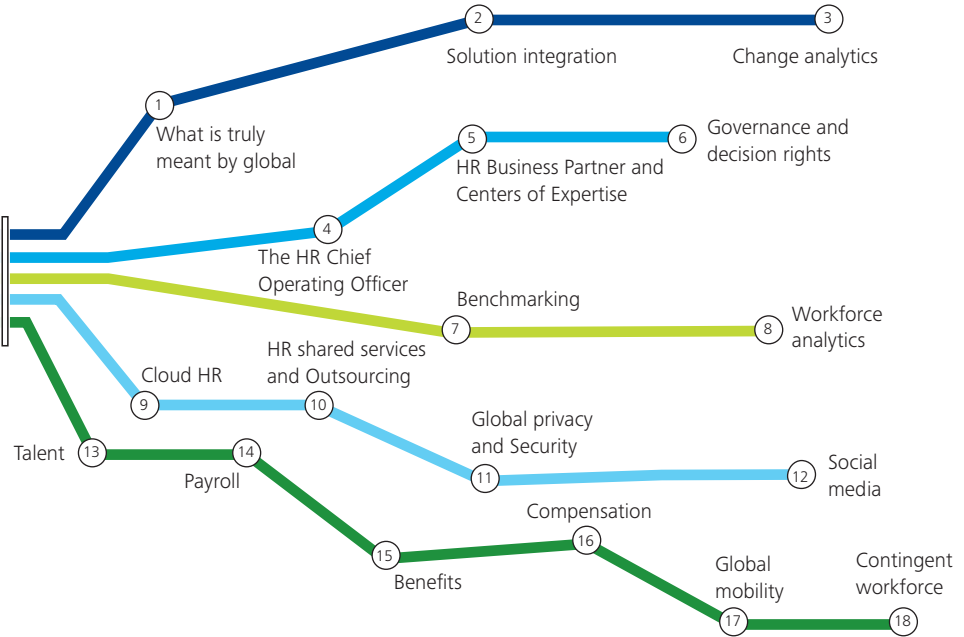
Global Business Driven HR Transformation is a crosscurrent of rapid changes in culture, technology, law, and leading practices. There's no such thing as an organization that's arrived at its destination — there are only ones that keep evolving and ones content to stand still. In our new book, *Global Business Driven HR Transformation: The Journey Continues*, Deloitte has mined the experience and vision of its leading field professionals to explore the many future trends that are shaping the way companies relate to their people.

The Global Business Driven HR Transformation journey is different for every global organization. From established disciplines like payroll, compensation, and benefits to emerging ones like cloud computing, analytics, talent operations, and the effects of globalization, *Global Business Driven HR Transformation: The Journey Continues* provides a spectrum of resources decision-makers will want to keep by their sides. Because the question is not whether you're going to move into the future — the question is how.



Jason Geller
Principal
Global and U.S. Human Resources (HR) Transformation Leader
Deloitte Consulting LLP

Global Business Driven
 HR Transformation:
 The Future Starts Now



■ Setting the global HR Transformation strategy ■ HR organization ■ Numbers behind HR ■ Enabling HR service delivery ■ HR functional perspectives

Global Business Driven HR Transformation: The Future Starts Now

The global business environment is experiencing unprecedented change, and human resources (HR) should develop new capabilities if it wants to remain relevant.

Our world's social and economic center of gravity is steadily shifting from west to east. Many developing countries are facing a 'new normal' characterized by ongoing economic uncertainty, lingering underemployment, excessive debt, and stagnant consumer demand. At the same time, emerging countries are flourishing as their expanding populations and growing middle classes give rise to a new and powerful pool of consumers and workers. And all of this is happening against an unpredictable backdrop of natural disasters, political upheavals, dwindling global resources, and wildly fluctuating commodity prices.

These forces have significant implications for the future of business and HR. And the future starts now.

Next generation HR Transformation

In the past, HR Transformation mostly focused on making existing HR services more efficient, effective, and compliant. The unspoken assumption was that HR was already doing all of the things that needed to be done; it just needed to do them more effectively, faster, and cheaper.

Now, the rules of the game are changing. Basic HR capabilities — such as efficient and effective service delivery, integrated HR systems, employee self-service, and timely access to relevant/correct workforce data — are as important as ever. But today, they are merely table stakes: basic building blocks that each HR function should possess.

Looking ahead, what businesses should really consider are HR capabilities that do not just support the business strategy — but enable it. For example, HR can enable business growth by developing standard, repeatable systems, processes, and capabilities that make it fast and easy for the company to enter new geographic markets and integrate new acquisitions. HR can also enable business growth by developing new staffing models that fit a modern workforce, increasingly based on offshore talent, contingent workers, and global mobility.

Transforming HR to deliver forward-thinking capabilities like these can help companies respond more timely and effectively to changes in the business environment, expand their global footprint, and increase revenue and margins. The results? Improved competitiveness, profitability, and growth.

Business drivers that affect HR

In order to develop HR capabilities that can enable a company's business strategy, it is important to understand the critical drivers that are shaping that strategy. This section highlights some of the market forces and trends that are likely to influence business strategy (and HR Transformation) in the months and years ahead.

This should not be viewed as a broad list, since the actual drivers are particular to each business, industry, and region — and generally change over time. However, the drivers presented here are likely to have a significant impact on the business environment for the foreseeable future, and are factors that each company should consider. They also provide the foundation for a broad set of examples to illustrate the types of issues businesses are wrestling with, and how companies can proactively develop HR capabilities to support and facilitate their business strategies.

Growth. Revenue and market growth are essential for competitiveness and long-term shareholder value. In fact, growth is so important and pervasive that most of the other business drivers listed here are in some way related to it. Until recently, businesses primarily grew by hiring additional in-house staff. But these days, the formula for growth has become far more complex — involving acquisitions, new staffing models, new technologies, and new approaches for finding, attracting, developing, and managing talent. Moreover, today's companies aren't just looking for growth; they are looking for profitable growth, which significantly increases the challenge. For HR, the key is to develop new capabilities that can enable the business to expand as timely and efficiently as possible.

Globalization and emerging markets. As business becomes increasingly global, companies should improve their ability to build and manage a global workforce — often in places they have not operated before. Many companies are seeing their global footprint shift from west to east as they pursue opportunities for accelerated growth in emerging markets. By 2050, the global population is expected to grow by 50 percent — primarily driven by India and China. Yet 70 percent of the world's corporate management is currently located in Europe and North America. To thrive in this new environment, companies need HR capabilities that can enable them to effectively realign their workforces with their changing global footprint. They should also consider creating an operating environment in which global and virtual teams can thrive. Critical capabilities include improved global mobility programs that make it possible to move employees between countries efficiently and easily; standardized and repeatable HR processes and systems for entering new markets; and new staffing models that use outsourcing, contingent workers, and strategic partnerships to improve scalability and flexibility.

Cost pressure. Many companies are under constant pressure to reduce costs. And while HR has made tremendous strides to manage its costs and improve its operating efficiency over the past two or three decades, there is usually room to improve. That said, it is important to remember that HR must not only be efficient, but also effective and compliant. The direct impact of improving HR's internal efficiency is relatively low. To have a greater impact on costs, HR should focus its specialization on people-related costs that are outside of the HR budget, such as pensions and health care. Another way for HR to contribute is by helping the business reduce the 'cost of work' through improvement initiatives that focus on things like worker productivity and management of contingent workers.

Talent. Most savvy business leaders know that having the required talent is critical to business performance and growth. But putting that insight into action can be a significant challenge — especially in the midst of a changing talent landscape. Around the world, jobs are moving from mature markets where talent is expensive and scarce to emerging markets where talent is cheaper and more plentiful. This fundamental shift requires companies to consider developing new HR capabilities for managing a global supply chain for talent — just as manufacturing companies have had to learn how to manage a global supply chain for products. Demographic shifts at both ends of the age spectrum are also having a big impact on talent. Many companies continue to face a mass exodus of retiring baby boomers, even as they struggle to deal with an influx of young workers who have different needs, skills, and expectations than their elders. This changing workforce requires new talent management capabilities in areas such as leadership development, workforce planning, strategy alignment, and workforce diversity.

Innovation. The days of relying on a small, elite group of innovators are over. In today's business world, breakthrough ideas and continuous improvement can come from anywhere in the organization. To tap into this priceless resource, leading companies are developing new ways to help their employees around the world collaborate and share information. And more often than not, HR is at the center of the action. Whether the task is developing a 'people portal' that bring employees closer together; working with the business to create a more innovative culture; or developing new rewards programs and performance management processes to promote innovation, HR has a valuable role to play in helping companies use innovation as a competitive weapon.

Emerging technologies. New technologies such as cloud computing, social media, and mobile devices affect HR in two ways. First, they help enable HR to deliver services more efficiently and effectively. For example, cloud computing can reduce the cost and time required to develop new HR solutions, and can improve scalability, enabling HR to effectively and efficiently grow or shrink its capacity and capabilities in response to changing business needs. Second, and perhaps even more significantly, new technologies raise the bar on what HR's customers expect. For example, thanks to smart phones and the Internet, today's employees expect the ability to access HR systems and services 24/7 from anywhere on the planet. Similarly, today's recruits expect the ability to interact with a company and its HR function through social media. HR can use emerging technologies to satisfy these ever-increasing expectations, and to deliver new innovations quickly and affordably.

Mergers and acquisitions (M&A). Mergers, acquisitions, and divestitures have become a standard part of business strategy. Yet HR still tends to approach each M&A deal as a once-in-a-lifetime event. Also, HR's goals are often limited to achieving cost synergies and integrating workforces from an administrative perspective. Although such goals are important, they are just a starting point. What companies should really consider are HR capabilities that make mergers, acquisitions, and divestitures fast, efficient, and repeatable. These new capabilities should include the ability to effectively and reliably combine two distinct workforces into a truly integrated organization that can help the business achieve its growth goals. They should also include an improved ability to retain critical talent. The value of a merger often hinges on the talent being acquired, and if too many people leave, much of that value may be lost.

Risk and compliance. This business driver affects HR in a number of ways. On one level, HR must deliver services that comply with local labor laws and workforce regulations — a challenge that is magnified as a business expands its global footprint. On another level, HR must also comply with broader business regulations, such as those related to data privacy and security. Although these regulations are not specifically targeted at HR, they often have significant HR implications due to the highly sensitive nature of HR’s work. Finally, HR can play a valuable role in helping a company manage the change associated with developing a risk-intelligent, compliant culture — a culture where employees understand the full impact of their actions and take smart risks that are consistent with the organization’s policies and objectives.

Guiding principles for HR Transformation

When developing and implementing new HR capabilities, there are a number of useful design principles to consider. These guiding principles can help you create HR Transformation strategies, initiatives, and solutions that make sense for the future.

Business-driven. Consider developing HR capabilities that align with your company’s strategy and business needs. Focus on high-impact HR activities that can create significant value for the business, rather than commodity activities such as transaction processing and administration. Ideally, HR Transformation should be integrated with business strategy, so that new HR capabilities are developed in sync with the business and are readily available when needed. That’s a big shift from the usual approach, where HR is not involved until late in the game and may thus become a bottleneck that slows things down and limits the business’ strategic options.

Scalable. Establish HR capabilities (i.e., systems, processes, programs, infrastructure) that can effectively, easily, and efficiently adjust to changes in business demand — whether that means scaling back in the face of a global slowdown,

ratcheting up for growth, or navigating the twists and turns of local markets.

Repeatable. Develop demonstrated HR capabilities that can be rapidly and efficiently deployed in new situations — instead of reinventing the wheel by treating each new challenge as a one-time occurrence. Repeatability is especially important for business events that are likely to recur, such as new market entry, M&A, and global mobility.

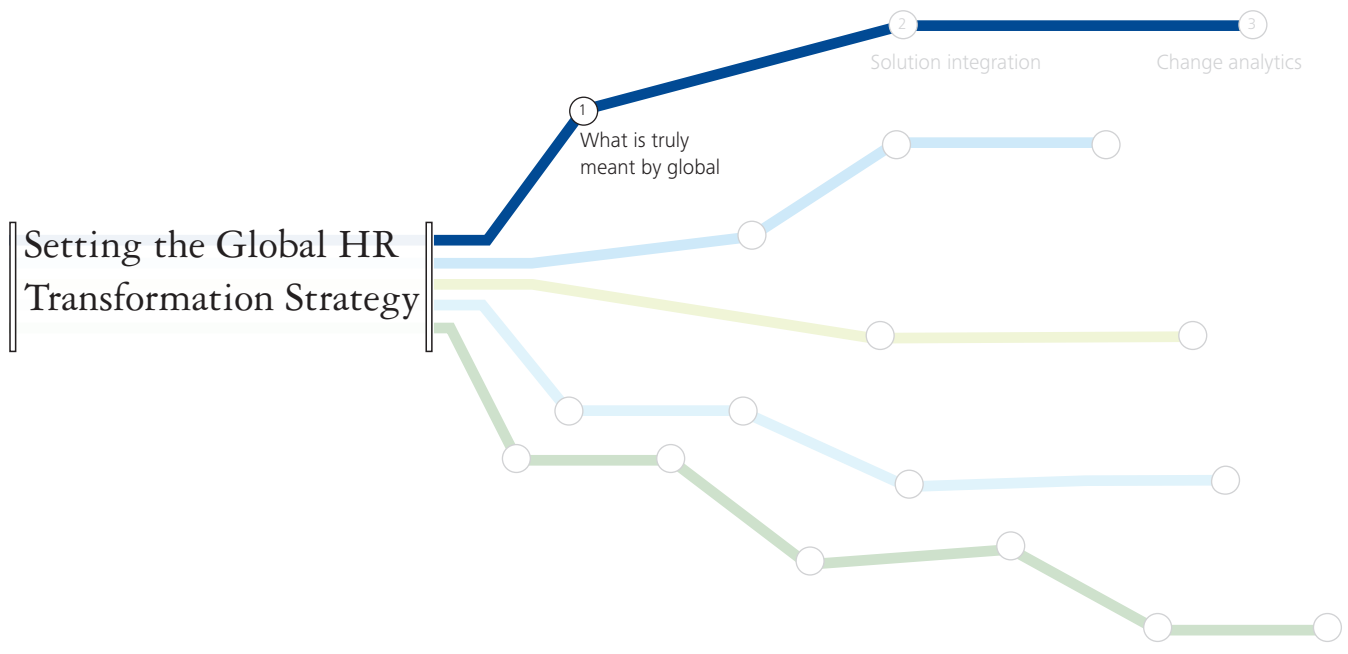
Standardized. Create HR systems, processes, and policies that are as standardized as much as possible. Standardization can improve efficiency, consistency, and collaboration across the global enterprise — and makes it easier to move resources across global boundaries. The default approach for HR Transformation should be “why not standardize?” Although there are situations where a nonstandard solution is truly justified, those situations are the exception rather than the rule. In the manufacturing business, there’s a saying that 80% standardization beats 100% variation, and the same philosophy applies to HR.

Looking ahead

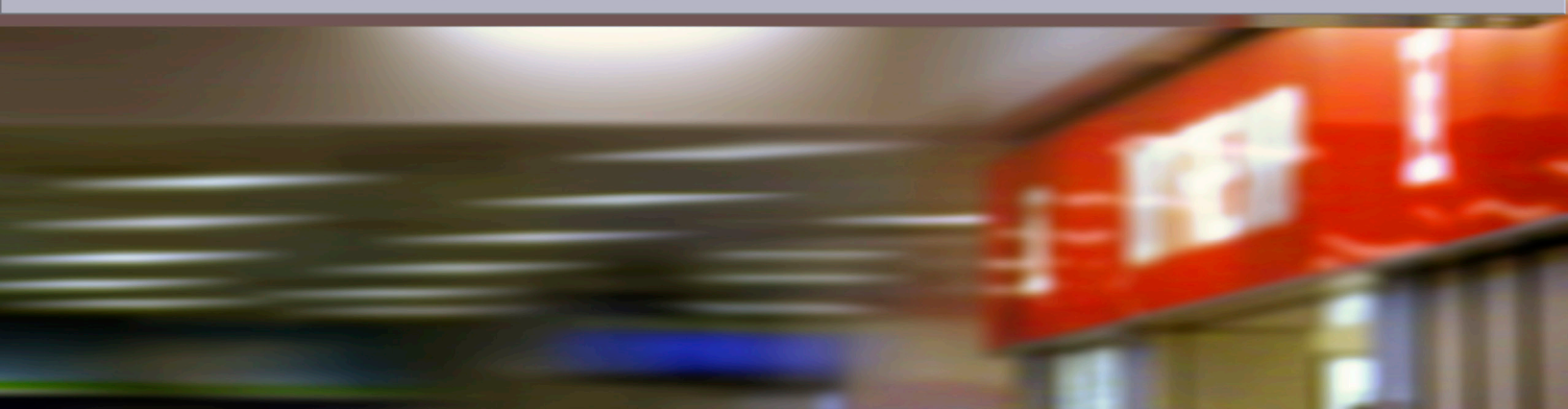
The business world is changing, and HR should adapt accordingly. Although efficiency, effectiveness, and compliance are still important transformation goals, they now represent the bare minimum that HR is expected to deliver. What businesses really need are HR capabilities that do not just support the business strategy, but enable it — making it possible for the business to design and execute strategic moves that capitalize on HR’s capabilities, rather than being limited by them.

This forward-looking vision for HR Transformation doesn’t end with making HR strategic and getting a seat at the strategy table. It presumes HR has a seat at the table and focuses on what HR will do with it.

Setting the global
HR Transformation
strategy



Departures ↑



1 What is truly meant by “global”?

Aligned, not alike: What does global mean?

Just saying you “want to get global” is not enough.

Globalization is near the top of many organizations’ agendas, and not without good reason. The growing populations and economies in China, India, Brazil, and other fast-developing countries will likely continue to represent fertile ground for market growth. They also offer the sustained potential of reduced cost pressure thanks to labor and regulatory differences. As a result, organizations are finding it attractive to recast their structures along global lines. There are three principal reasons: It helps them manage risk, it can help reduce operating costs to generate a more effective return on investment, and it can ease the way to a greater reward through market growth.

However, with all this talk of globalization, there still is not a clear definition of what “going global” means. Defined as everything from market expansion to end-to-end standardization, it is apparent that not only are there multiple paths to achieving the global vision, but determining which path an organization should take is the critical factor in reaching the globalization goal.

Globalization: Building the right infrastructure is critical

Globalization is not something that just applies at the business strategy level. The appeal of globalization and the pressure to get there fast has put an enormous amount of pressure on functions, such as HR, information technology (IT), finance, procurement, and legal, as they are the key to building the global infrastructure and foundation required to achieve this business objective. And with the need for a globally diverse and highly mobile talent base on the top of most organizations’ global agendas, HR is often at the forefront of the globalization mandate.

Many HR organizations have responded to this call for action by aggressively looking to standardize across the relevant elements of the HR operating model — people, process, and technology. The thinking has been that in order to support the organization’s objective to become global, there needs to be one system, one support structure, and one set of processes when it comes to HR activities. But, when looking at their experiences, those organizations often come to find that taking global to the extreme may not be a cultural fit and may be unnecessary to achieve the required level of globalization. In many cases, HR leaders who push the global agenda too far find that what started as a seemingly effective foundation for their transformation yields a step backward in the evolution of the HR function and a giant leap backward toward achieving “global.”

What is truly meant by “global”?

A one-size-fits all doesn't fit

Recently, a large, global, highly decentralized company decided to outsource much of its HR function. Using the outsourcing initiative as a catalyst for change, the company sought to standardize its policies, procedures, processes, and technology infrastructure across more than 80 countries. The standardization was core to making the outsourcing solution work as the company was planning to achieve a significant reduction in operating costs.

The company's HR leadership encountered a challenge in understanding where HR processes truly required differentiation or uniqueness for specific business units for true business needs. The company's all-in, global standardization approach quickly led to serious resistance to the idea of standardization from leadership, making the progress toward globalization under the chosen approach impossible. And, although the initiative on its surface was designed to meet the organization's overall needs, business leaders fought with great resistance to the point where it could not recover. Where did this company go wrong? By not understanding the tolerance for globalization at the process level, this organization went too far and lost the support of the business to push ahead.

Globalization is not just about minimizing differences. It is about making the most of commonalities so that core distinctions, such as language, customs, regulatory compliance, education level, technology, and other factors work to an advantage. It is critical that HR first evaluates and defines what “global” means to the business strategy. It is natural to want to avoid excess duplication and unnecessary differences from business to business and country to country. But making everything the same is not always achievable, and won't always be desirable. In some cases, enforced uniformity can even blunt regional advantages by tying each part of an organization to the lowest common denominator. Instead of bringing disparate operations together, it can isolate countries or regions that do not fit the mold, or minimize the particular qualities that foster a business unit's potential to lead its market.

Case in point: the failed global revolution

The trap of taking globalization too far is often seen in highly decentralized environments. These organizations may find that globalization — when not focused on those elements core to business strategy — is counter-cultural and difficult, if not impossible, to implement and sustain. A decentralized operating model, itself, implies that some components of the business run independently to preserve those qualities that provide competitive differentiation. When HR globalization is pushed too far, it can contradict the very operating principles that make the organization successful.

What is truly meant by “global”?

Understanding the options

Cautionary tales like that of the one-size-fits all company in the sidebar are not unique when looking at attempts by HR to become global. To proactively avoid these types of challenges, it is important for HR organizations to consider the range of options as it relates to becoming global. As shown in the table below, each option is premised on understanding overarching business needs and each has a set of distinct challenges and opportunities. Identifying where your company places within the spectrum is an important first step to defining what globalization of HR means to the organization and can help set the mandate and support required to drive the initiative forward.

After defining the desired global solution, the next step is segmenting the regions to which it will apply — and the ways in which the solution or a modified version may

apply (See table on next page.). A set of objective criteria or guiding principles that account for the true business drivers is helpful. For example, the criteria might include types of position, location, population size, or complexity of the workforce mix. Some regions or countries, as defined by the chosen criteria, may not be best served by the global solution as much as others, or at all. For example, many organizations start with a rule of thumb that locations in countries with fewer than 500 employees should consider alternate solutions because that employee threshold doesn't always support a business case unless the market is a growth target for the organization.

Finally, with all these determinations in place, the HR team should craft a deliberate road map to deploy the new HR delivery solution in a sequence that addresses the populations and implement it according to a timetable that aligns with the business need that began it all.

What is truly meant by “global”?

		Connecting the dots	Improving the infrastructure	Driving consistency
Business need		Seeking a global view of its data to drive its globalization agenda; often required in organizations looking to expand into growth markets and need to effectively identify and redeploy talent	Seeking to drive toward a more global business operating model and looking for the core functions, such as HR, to mirror that global model to the extent required to support the business strategy and model	Seeking significant cost savings or preparing for a significant transaction (e.g., merger or acquisition); as a result, the need for standardization is high
Design	People	Roles are standardized to drive security and workflow within the selected technology solution; commonality is typically focused on transactional-type roles only, not strategic activities that are performed by HR business partners or centers of expertise	Roles are standardized for HR operations supporting countries with large populations of employees and/or those components of the HR operating model which provide core transactional support (i.e., navigation of the technology platforms, core transactional processes)	Roles are standardized across the entire HR operating model (shared services, HR Business Partners, and Centers of Expertise); this can involve organization redesign, skill and competency analysis, rebanding or reassessing compensation levels and potentially workforce transition
	Process	Common processes to support the use of the technology solution only; processes are standardized to the extent that they affect the inputs and outputs for the HR solution	Common processes across critical areas of focus for the business (e.g., talent management, workforce planning) or for a subset of countries which are core to market growth	Common processes across the relevant areas of the employee life cycle (hire to retire) and across the countries in which the business operates
	Technology	Multiple systems are integrated via feeds and interfaces into a central database for core reporting and analytics (e.g., data warehouse)	Core set of common systems focused on specific areas which are core to the organization’s business strategy (e.g., talent management, recruitment, workforce planning)	One global HR system used as the central point of input for employee data across all countries in which the business operates
Investments and challenges		While the implementation investment is often low, the operational maintenance in this type of model can be high. Because the organization is still working with a disparate technology infrastructure, investments should be made so that data standards are adhered to and governance is in place to monitor and guide changes to the applications.	This model is often premised on a phased implementation approach where the HR function is looking to globalize over time and is starting with what is core to the organization’s business strategy. While this approach can help to spread the implementation costs over time, the challenge is sustaining the organization’s ability to handle constant change to be able to realize the full vision.	The extent of globalization in this model requires a very large, upfront implementation investment; typically, the biggest challenge is creating a business case that can justify the spend required and still produce a level of either one-time or ongoing savings for the organization.

Source: Deloitte

What is truly meant by “global”?

Case in point: the global evolution

The benefits of a thoughtful approach to globalization, applied by a large, global, and complex organization whose HR function was trying to tackle its need to get global quickly, drove an outcome with minimal impact to its existing operations. HR leadership decided upon an evolutionary approach to globalization. Attuned to the company’s tolerance for change and to the real business drivers behind the globalization need, the HR team understood that trying to standardize too quickly across all countries would not create a sustainable model. They recognized from the onset that the driver for globalization was the need to increase the organization’s presence in critical emerging markets and, as a result, the primary goal of globalization needed to focus on providing a global view of the organization’s talent base.

To that end, HR prioritized and narrowed its definition of global to focus on three core elements: (1) implementing a single, global HR solution where employee data could be housed; (2) standardizing the talent-related processes that affected the organization’s ability to identify, grow, and develop the talent base (e.g., recruitment, performance management, succession planning); and, (3) harmonizing only the core data elements that drive those identified processes. Without creating a completely standard HR organization or driving full, end-to-end HR process standardization, HR was able to support the need for globalization while establishing the foundation for future globalization efforts.

Selecting the ideal option: It is about aligning to the business strategy

When considering globalization and identifying the implications for HR, defining “global” is key. That effort starts with truly understanding the business strategy and the drivers for going global. For HR, this includes understanding the specific markets that drive the business strategy, now and in the future. HR should also understand how the business strategy and environment differ in each specific market, determine what drives those distinctions, and use that insight to create guidelines useful to the organization. For example, some markets may plan more growth than others — and the degree of HR investment in each place should reflect that understanding.

Once they’ve identified the business need, leaders should define the solution that will drive toward it. As shown through the spectrum of choices presented above, one organization’s solution might be confined to technology or it might extend into processes and roles. The solution may require consistency across the end-to-end processes, or it may touch only the portions that deal with data inputs and outputs. Even after an organization has determined what elements should and shouldn’t “go global,” it should consider how much local variance the new solution can permit. Somewhere, there’s a balancing point between global and regional needs.

What is truly meant by “global”?

Specific challenges and practical advice

Change at the scale of a global enterprise is difficult to transfer from theory to practice. Any level of standardization can mean that a given business unit or geography has a perceived loss related to a process, procedure, or system that it once found core to executing its business objectives. As a result, it is important to continue to tie HR globalization efforts to the business strategy and the business drivers. Each decision — whether it is where to focus or what countries to prioritize — will be essential to defining the context of the businesses’ mandate to globalize. That business case-based explanation, whether rooted in strong financials or purely qualitative benefits, should be central to the communications plan and change management efforts throughout the implementation of the solution.

Even after the implementation, keeping the new solution moving forward will take a sustained governance model — not just a one-time meeting, but a process that drives continuous change as needs and capabilities evolve. The leaders of a global transformation must have tangible influence across the global enterprise. They should be on board from the beginning and remain involved, so they can speak with authority when people challenge the process — and somewhere, someone will. In some organizations, change like this may alter the structure of HR leadership. In each case, the new governance structure should be as global as the business it supports. Some organizations introduce a new role, the HR chief operating officer (COO), as part of this structure. This role can serve as a driving force in sustaining the global solution once implemented. Whatever the structure, it is important to dedicate focus to the ongoing maintenance of the global solution as just as significant investment is made in building it.

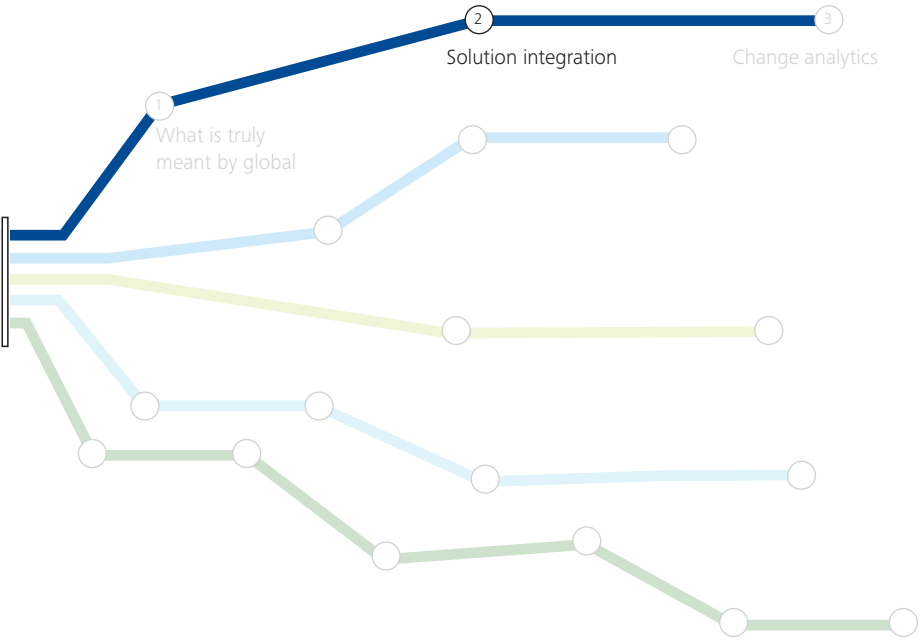
Lots of ground to cover

There was a time when “global” and “standard” were near synonyms. In truth, one-size-fits-all may not have been the most effective way to visualize global operations; it is even less applicable in the global economy of today and the future, and it has seen many challenges for a function as nuanced as HR.

Adopting the new view described here, gaining critical leadership support and alignment, and putting it into action is heavy lifting, and it won’t all happen at once. The long march will achieve the desired outcomes for organizations that view HR globalization in the context of achieving defined business objectives and set clear goals that are firmly grounded in business needs.

In the years to come, a global organization will likely be one that allows different HR practices in different places to the extent that they benefit the organization. When operations in different parts of the world each operate according to local needs, conditions, and opportunities — and when they have common systems and standards that let them share relevant information and data — then they will be the parts that make a global organization truly whole.

Setting the Global HR Transformation Strategy



2 Solution Integration

The days of a “one size fits all” HR service delivery model delivered by one technology solution, or one service provider, are gone. Many companies are now searching for HR service delivery models that meet their specific needs, are scalable, and can easily adapt to the changing demands that come with globalization. Achieving the most overall value from a new model begins with defining the desired outcomes.

Those outcomes are more effectively achieved by setting guiding principles to establish alignment with the anticipated needs of the business. This approach flows through to designing processes, organization, technologies, and third-party providers that collectively will deliver the clearly established desired outcomes. Across the delivery model solutions, creating an integrated solution that creates an “easy” experience for employees, managers, and leaders is critical to long-term performance.

Across the highly varied HR Transformation experiences among industries, one common thread runs throughout many: Most organizations deploy a “blend” of technologies and third-party providers in addition to internal capability to create the end-state model for delivering HR services as this typically yields the required combination of speed, cost, and quality.

The “blend” varies according to the particular needs of the organization. Typically, it involves the following components:

- **A core Human Capital management technology.** Organizations may either continue to leverage existing enterprise resource planning (ERP) solutions, or deploy a software-as-a-service (SaaS) solution as the central system of record for employee data that acts as the overall “hub” for the solution.
- **Best-of-breed point solutions.** Many organizations are turning to “best-of-breed” solutions that can provide specific functionality with the most efficient/particularized features. The most common solutions include those that relate to talent, staffing, and learning and many are being delivered as SaaS solutions as well.
- **Portals.** Many organizations are deploying new portal solutions or extending their enterprise portals to “wrap” various solutions together into cohesive packages. The portals can provide employees with direct access into each of the solutions that make up an organization’s blended models, but also typically provide access to HR-related content, such as forms, policies, and other related key decision support material.
- **Selective and strategic outsourcing.** Organizations are reviewing the areas that make the most sense for outsourcing on a function-by-function basis instead of focusing on full-scale outsourcing. The most typical outsourcing candidates in the blended model include payroll, benefits, and absence management, but they can also include other areas depending on the specific needs of the organization.

Solution Integration

- **Internal shared services.** Many organizations are deploying global, regional, and satellite shared services centers to most effectively fit the needs of delivering HR services to their global workforces. The focus of these shared services centers is to help create systems that adapt to the demands of flexible and fluid organizations. This means they can scale to deliver services to the entire organization while still being specialized enough to provide tailored services that can meet the specific needs of a regional or local employee population.

Implementing a blended HR service delivery model comes with its own set of challenges. To realize the value such a model can deliver, organizations should focus on creating a seamless, integrated experience across many elements of the solution.

- Data must flow smoothly across the solutions
- Clear ownership of types of data must be defined
- Employees must be able to get the answers about their HR inquiries from external service providers — or from internal service centers that are delivered in a common and consistent manner to avoid confusion and frustration

These are only a few of the elements a blended HR service delivery model requires. If an organization fails to deliver on these elements a blended HR service delivery model can generate more confusion than cohesion.

Case study:

Solution integration at a Life Science client

Spinning off from its parent company into a stand-alone organization presented many opportunities and challenges for a health care and life sciences company. The first challenge was how to define the components it wanted in a new HR service delivery model, and the second was how to implement this solution.

The organization selected an HR service delivery model that combined an internal shared service center as its core Human Capital Management (HCM) solution. The selected solutions that made up the HR service delivery model perfectly suited the needs of the growing organization. It also introduced increased complexity around the HR business processes. In the new model, HR business processes, such as onboarding new hires, would now involve multiple solutions with data passed between each solution.

To deploy its HR service delivery model, the organization developed an implementation plan that put solution integration front and center. The organization focused on the integration points between the solutions and placed special attention on how the data was passed through the solutions to enable the HR business processes. The organization also made solution integration a priority of the individual vendors. It insisted that the vendors who were responsible for implementing the solutions not only considered their own solutions, but how those solutions fit into the overall solution that was being deployed by the organization.

By maintaining this focus, the company was able to deploy a solution that was both comprehensive and cohesive, with an excellent employee experience. Keeping solution integration front and center during the implementation has also paid dividends to the organization, which has been operating its HR service delivery model while globally deploying new integrated functionality to its entire employee population.

Solution Integration

Achieving cohesion. Blended HR delivery models typically work when the solution integration is built into implementation from the outset. When looking at the elements of the overall model, an organization should share a clear vision of how it wants the elements of the solution to integrate and operate in the future state.

Achieving this integration is not easy. It cannot be an afterthought. Integration should be a primary driver of the design of the overall solution. Embedding solution integration activities and considerations into the required phases of an implementation is essential. Listed below are some of the specific elements to consider when implementing a blended HR service delivery model.

Governance. An organization should set a clear project governance structure that includes the elements of the overall solutions, such as vendors and internal functions. This structure permits the management of implementation activities, and can evolve into a structure that will support operations ongoing post go-live.

Solution integration guiding principles. The organization should define a number of master principles that will apply to the design of overall solution. Establishing these principles will help drive a cohesive and broad design across the elements of the solution.

Solution integration oversight. It should be the responsibility of one or more specific people to focus on the oversight of solution integration for the implementation, and on an ongoing basis. Maintaining a focus on solution integration during the implementation and after go-live will help the solution adhere to the guiding principles and not fragment into disparate parts.

Data governance framework. Data that flows across multiple solutions must depend on a common framework that establishes clear ownership of data elements (such as employee data, benefits data, payroll data, and other categories), and defines the process and policies for dealing with issues, updates, and correction specific to the data across the solutions. Not having a data governance framework in place introduces a significant risk that data will likely become out of sync and incorrect as it moves between each solution. Establishing the data governance framework during the design phase can also provide a clear road map for fixing data issues that come up once the solutions are live.

When organizations take these considerations into account in implementing and operating a blended HR model, the result is more likely to be a solution that operates in a cohesive manner. This cohesion is most visible when employees use the solution. Employees and managers understand the tools they need to use to carry out day-to-day HR activities, and it matters little to them that they may actually be using multiple solutions that have been integrated together.

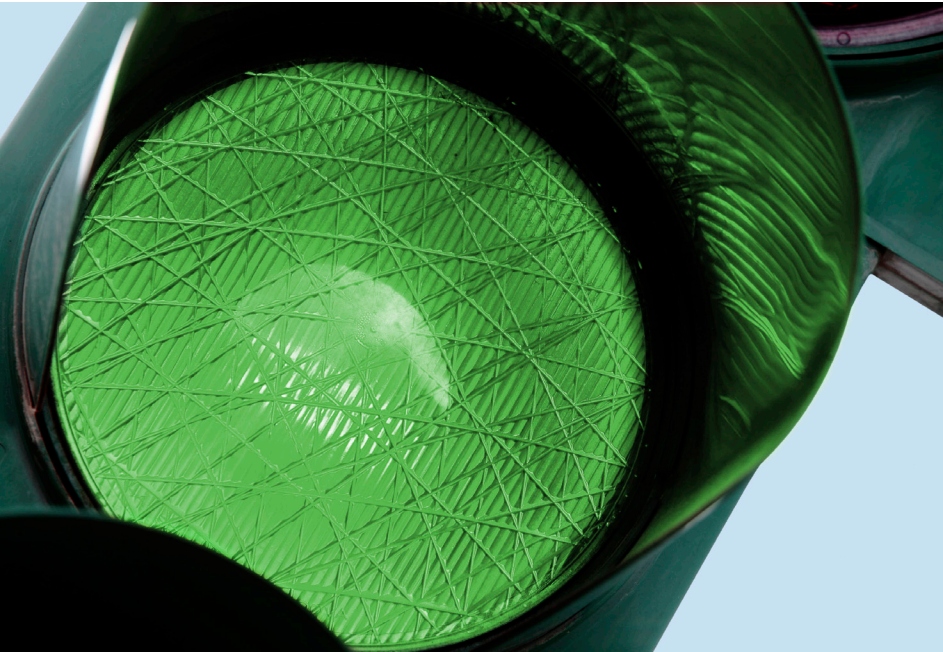
Solution Integration

Challenges and mitigation strategies for deployment

Deploying a blended HR service delivery model can be very challenging, even when organizations focus on solution integration throughout the lifecycle of the implementation. Here are some of the typical challenges that arise — and some strategies to leverage to overcome them.

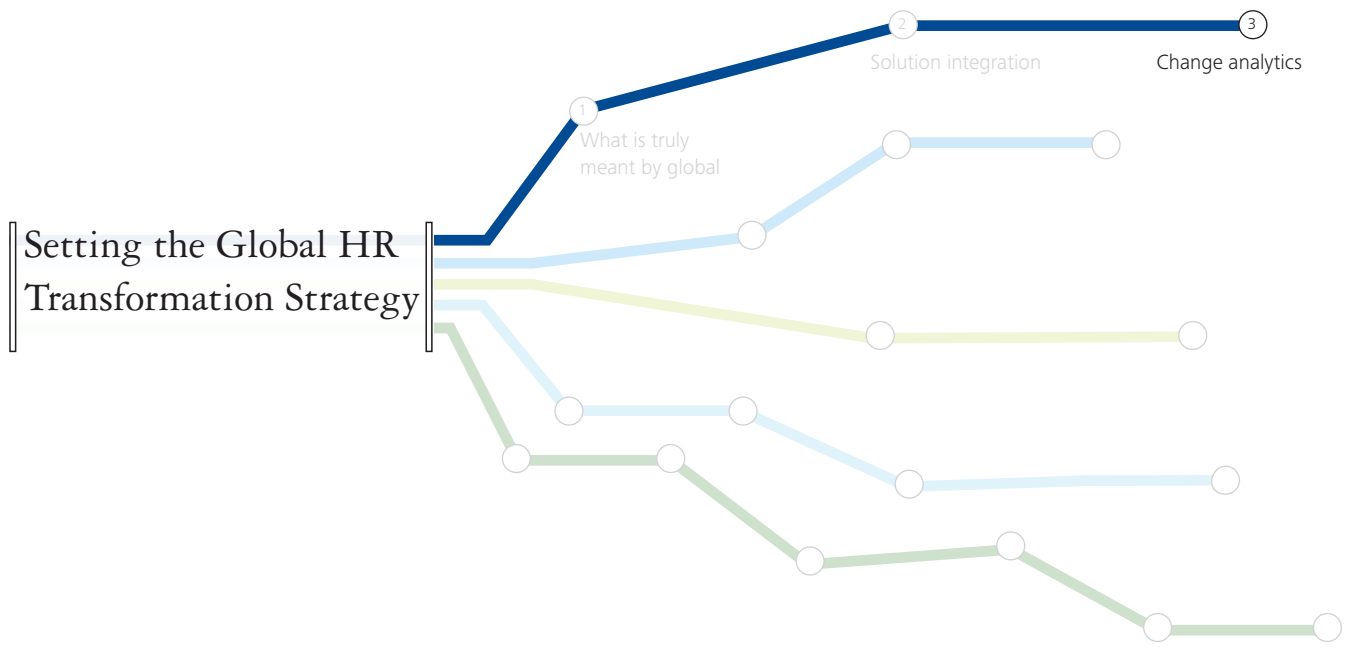
	Challenges	Mitigation strategies
Vendor conflicts	When organizations use different vendors and solutions, they often experience conflict over implementation methodologies, timelines, and approaches. Vendors typically want to use the approach and methodology that works for their own solutions and services. Their concern centers on what is in their contract, not on the overall solution.	<ul style="list-style-type: none"> • Write provisions into vendor contracts that contractually bind them to “play nice in the sandbox.” For example, make implementation fees contingent on a common approach defined by the company. • Engage vendors as early as possible in the planning phase and bring the vendors together to conduct joint planning. Make the vendors aware of the integration points and critical dependencies that exist between the different parts of the solution. Instill the spirit of the whole as early as possible.
Internal function conflicts	When different functional groups within the HR organization, such as benefits, compensation, or payroll, manage different vendor relationships — or when responsibility for selecting different vendors or solutions falls to a particular group — the potential grows for dissent within HR and disaster for the implementation. If left to focus solely on what works for their particular functions, groups may end up choosing solutions that do not integrate well with other solutions, or negotiating contracts that do not induce providers to integrate into a broader service delivery model.	<ul style="list-style-type: none"> • Create a cross-functional team for vendor selection, with representatives from all functions that will participate in the overall solution. Include IT and finance as well, especially if payroll is in scope for the implementation. A team that understands the overall requirements for each functional area will help establish a collective approach that focuses on the solutions and vendors that suit the overall needs of the organization. • Consolidate vendor governance under a separate function. Ongoing management of vendors and solution providers should be done under a separate group that evaluates and manages the elements of the solution. This structure will prevent any vendor from receiving preferential treatment, and all will have to perform under common terms and service level agreements (SLAs). The outside group should gather the input of the functional groups but ultimately be in charge of the vendor relationship.
Lack of participation and involvement of the business	Designing a blended HR service delivery model without the participation of the business can have serious potential risks. Among these risks are designing an overly complicated solution that doesn’t factor in the core needs of employees and managers — the primary users of the solution.	<ul style="list-style-type: none"> • Call upon a business advisory group to get user input throughout the implementation. The basic nature of a blended HR service delivery is complicated — more solutions and providers are providing selective services. These services must be presented to employees and managers in a broad, cohesive, and integrated manner. The “how,” “who,” and “when” of using these solutions must be self-evident as well. A business advisory group can be a sounding board for solution-related decisions and help make the eventual solution more in touch with the needs and understanding of the users. • When dealing with a blended HR service delivery model, a detailed change and communication plan is required. Employees must clearly understand what is changing, when it is changing, and how. This information also needs to be tailored to individual groups so that the message

Solution Integration



Starting the journey

Deploying a blended HR service delivery model has its challenges, but adopting a focus on solution integration can make these challenges negligible, and the benefits far outweigh them. Organizations should select the solutions and providers that fit their needs and not feel they must adopt a one-size-fits-all model for delivering HR services to their employees. Keeping the focus on how all the parts will fit together, from the initial vision of the future state solution through to when the solution is deployed, will help that vision meet the reality of what actually goes live.



3 Change analytics

Complex basics: Managing change as part of transformation

Effective change analytics can help align the organization to improve everything else you're doing.

Transformation is change. No insight there. But when HR organizations manage transformation, do they manage change well enough? Successful HR transformations that address requirements include change — and they invest as much as 15 percent of the overall transformation budget in change management, (2003 AMR Research Report). Real life experience confirms that when a transformation team is well experienced in change management the transformation achieves — and often exceeds — its financial and qualitative goals.

So there is a strong case for making sure an HR transformation builds in enough change management skill. The question is: How much change management is enough? What does the right approach look like?

One useful determinant is the way an organization defines change management to begin with. Too many leaders view it as nothing but a vehicle to drive user adoption — in effect, an institutional-level behavior modification exercise. They focus almost entirely on pre-go-live measures to raise user awareness and alter activity patterns.

A more mature view of change management goes broader and deeper than that. True change management is a risk mitigation approach that identifies and addresses critical issues around strategy, process, technology, and people over the complete lifecycle of an HR transformation program. Key to this approach is a seasoned understanding of the points where HR transformations can fail. By developing a comprehensive view of transformation risk, a change team can then mitigate each risk with targeted strategies and tactics and systematically remove the obstacles to transformation success. One of these common risk areas of course is user adoption, but there are many others that often go unnoticed until it is too late. With a risk mitigation approach to change management, the result can influence the quality of the business case, strengthen leadership alignment, improve process design, and support successful adoption of processes and tools. Change is therefore crucial to realizing real business benefits, driving growth and retaining key talent by ensuring the HR transformation is not thwarted by unforeseen challenges.

Become experts in program risk

Intelligent change data before, during and after implementation is fundamental to identifying resistance hotspots, understanding where exactly to make change investments, and to help maintain strong leadership alignment around where the implementation challenges are and what to do about them.

From the moment an organization plans a transition, it should make sure to invest time in studying its own risks. These things can't be left to chance — planners should map and study leadership alignment levels, employee readiness, change impacts, geographic readiness, and user adoption levels related to the proposed transformation changes.

Here are some of the questions to ask to ensure that your assessment of program risk is broad and deep enough before moving to change solution development.

- Are you **tracking leadership alignment** levels to ensure that there is strong agreement around the HR operating model and vision for the transformation?
- Do you have **change readiness tools** to objectively assess employee readiness for the changes that are coming? Knowing readiness levels early and consistently throughout an HR transformation is a critical input.
- Are you **analyzing the change impacts** resulting from your HR transformation? Is there a disciplined approach to identifying, mapping and translating change impacts into change management strategy for your transformation?

- Do you know the level of **geographic readiness** across your organization, to ensure that your implementation roadmap has the right sequence and accounts for preparations that need to be made in advance?
- Are you working on a **training needs analysis**, to determine what capabilities the new environment will require of your employees? With these capabilities carefully mapped, you can determine where the gaps are to the current capabilities. This gap analysis helps to identify what kind of training will be needed to ensure a smooth transition.
- Are you developing a **user adoption measurement strategy** that clarifies post-go live goals and how you will measure your progress against them? Measuring user adoption will indicate where additional intervention may be required and will help you continually improve change management throughout the transformation.

What could be so bad as to put a transformation at risk of failure? Why all this talk about risk? Our experience with global HR transformations shows that risks pop up everywhere and can be just as lethal at the start of a transformation as they are near go live. Strategic alignment levels, for example, often are misleading at first glance. Leadership teams are prone to believe they are aligned and agree about the general direction of their respective programs, but when prodded and studied at close range, the strength of those alignment levels often doesn't hold up. What one leader feels is a critical strategic objective, another feels is not so critical, and they disagree about how

Change analytics

the objectives should be translated into tangible outcomes. Such small, seemingly inconsequential cracks in alignment can cause huge, negative ripple effects down the road. Disagreements at the top can serve as ammunition for employees at the lower ranks who don't want the change in the first place.

Investing in the right change analytics tools and measuring alignment, readiness and adoption early and often can be the difference between a transformation that succeeds and one that fails. HR Transformation leaders who think about Change Management as much more than a function of driving end user adoption will be more likely to avoid the typical pitfalls of many transformation efforts. Change analytics data can be the driver for leaders to establish sufficient support to adequately mitigate risks and close readiness and alignment gaps in time — helping to more quickly realize the business imperatives at the heart of the transformation.

A market-leading approach to studying change readiness

Key to your change analytics approach will be using tools that are well-tested and respected in the market. One such tool is Deloitte's proprietary approach to assessing change readiness — As One. Based on a best-selling book of the same name, the As One approach employs a diagnostics survey that many Deloitte clients currently use around the world to understand how "ready" their employees are for the transformation they are about to undertake.

The As One diagnostic survey can help organizations measure readiness in three ways:

- To what extent do leaders and employees understand and support the HR priorities?
- How strongly do leaders and employees identify and connect with different parts of the organization (such as geographies, functions, divisions, and the corporate center)? This can inform where they prefer to get their information and whom they will listen to the most throughout the HR transformation process.
- How do people in the organization prefer to work together employee to employee? Employee to leader? These "collaboration models" can help predict the way a large-scale transformation will be received, and where challenges may lurk.

The results of the As One diagnostic survey are easily manageable in a self service tool that filters survey scores against a host of demographics and other inputs. These results are not meant to locate weakness in a team. On the contrary, they are designed to locate opportunities to strengthen a team's ability to work together effectively. When people work together during a big transformation, their ability to do so may be the most important metric of all.

Change analytics

Change solutions and the silent sound of success

As you utilize a host of change analytics tools to locate and assess program risk, solving that risk becomes an equally important focal point of the change team. Some of the questions your change team will need to address from a solution standpoint include:

- Do you have a leadership alignment plan that will address all of the gaps in support, overcome any confusion, and help turn your leadership team into strong champions of the transformation approach?
- Are you employing formal change advocates, selected from throughout your own leadership ranks, who can help develop the approach with the change team — and serve as champions for the initiatives you launch? Involving change advocates early increases perceived legitimacy of change management efforts and helps bring the rest of the organization along to increase commitment to the future state.
- Do you have the right training strategy to help prepare HR team members whose roles may change? The “right” training strategy will consider the needs of global stakeholders and will be aligned with other changes taking place in the organization.
- Are your stakeholder engagement tactics well-planned and well-executed? Are they achieving measurable gains in sentiment and behavior change? Among other considerations, timing is important for stakeholder engagement. Engaging employees, managers and HR too early or too late can create unnecessary anxiety in the organization. Transparency is imperative throughout.
- Do you have a communication plan that strikes the right balance of relevant content and appropriate style and tone? Are your messages well timed and well written? Are they written in the language of the audience to ensure they’re actually digesting the material?
- Is there a global component to your HR transformation that makes use of both regional and local change resources, engages country and local HR leaders, and drives the organizational readiness approach down to the country-level roadmap and timing?
- Are you coordinating change strategy and tactics across your entire HR transformation program? This includes maintaining awareness of other initiatives in the organization that may affect the same resources or impact implementation timing.

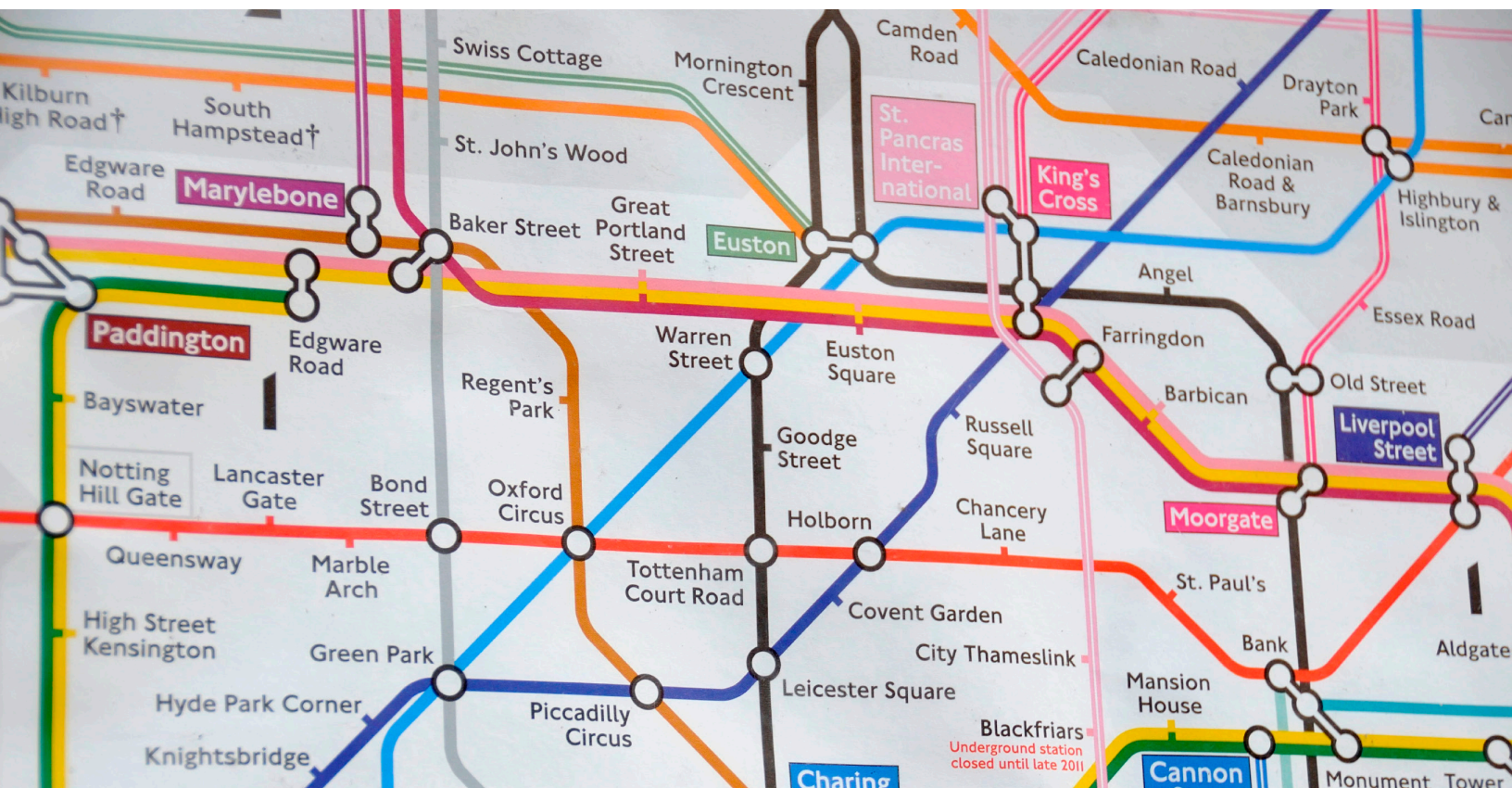
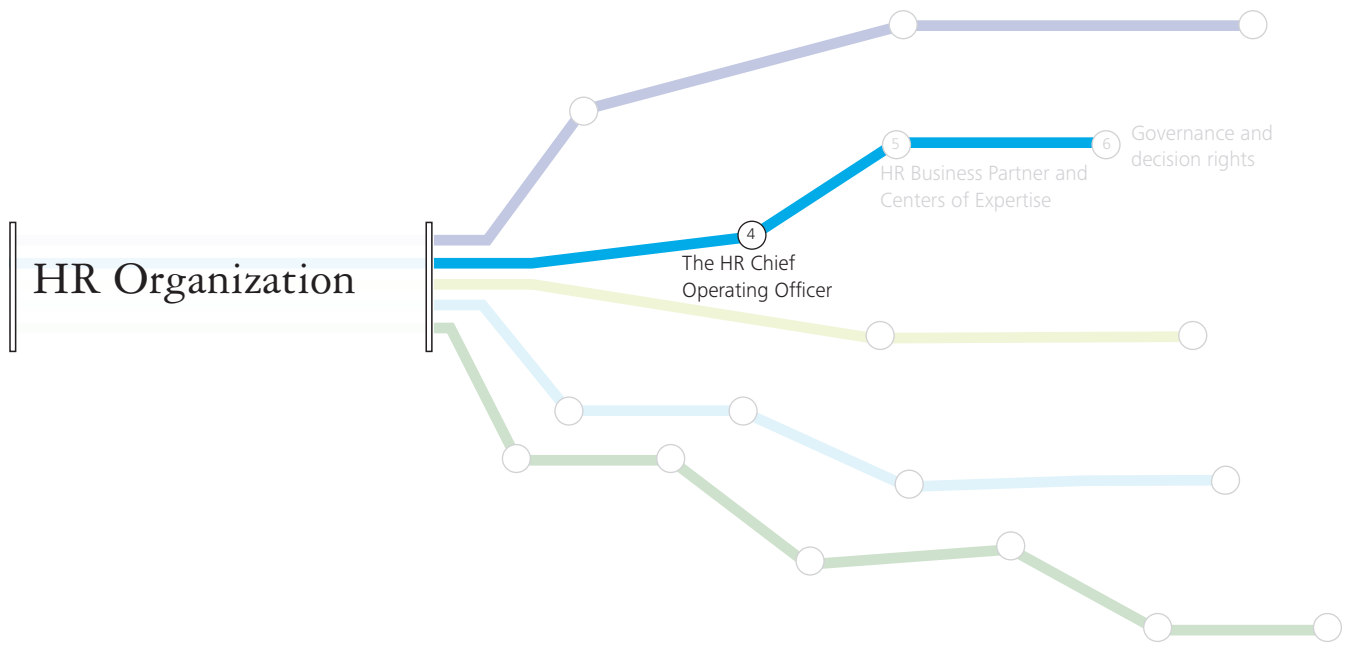
Change analytics



Having the right change solutions to mitigate each of the risks identified — and to prevent risks that haven't had a chance to take form yet — will be a critical part to your change management approach. So how will you know when it's working? What are the signs of success? Often a successful result proves anti-climactic for leadership teams, because success typically is accompanied by a prolonged silence. Nobody complains. There are no spikes in calls to the shared service center. Emails do not flood the program inbox. Meetings are not consumed by rudimentary questions that should have been predicted and addressed earlier in the change approach. Silence therefore is a great outcome.

More often than not, however, there are ongoing questions and concerns. And the good news is that the analytics and solutions outlined above are designed to catch those early, and address them quickly. This is why the change management team and approach needs to be vigilant at every stage of an HR Transformation. Risks are like weeds. They find ways to pop up when you're not looking. Understanding the nature of those risks, and having strategies to mitigate them, is therefore a very simple equation that helps focus change efforts and ensure a positive HR Transformation experience.

HR Organization



4 HR Chief Operating Officer

Despite the demonstrated benefits of HR Transformation, business executives and HR leaders alike continue to voice frustration with HR's ability to deliver value. With no shortage of talented people doing great work, what is the problem? All signs point to the need to rethink how HR organizations deliver on the intent of supporting the business — with a new role designed to drive performance improvements across the entire HR organization. The HR Chief Operating Officer (HR COO).

The business wants more — not less — from HR

Most business leaders today fully understand the value of people. They can clearly articulate their top people priorities and are more than willing to invest to get what they need. At the same time, chief HR officer (CHRO) leaders know they have to deliver what the business needs and wants. As a result, when business and HR leaders sit down to work together, they are often focused less on what needs to be done and more on how.

Predictably, business leaders want better, faster, and more compliant HR services at a lower cost and an HR organization that can turn on a dime to support their ever-changing business strategies and goals. Unfortunately, many HR organizations continue to struggle to meet those demanding requirements.

The challenge of getting to “better, faster, cheaper, and more agile” is daunting for any organization, but it is doubly difficult for HR organizations, where many leadership teams still operate with structures and roles that have been in place for decades.

The traditional model for HR leadership

Today, a typical corporate HR leadership team is led by a CHRO, and includes HR vice presidents (VPs) for business units, HR VPs for centers of specialization (e.g., compensation and benefits), a VP for HR operations, a VP for HR technology, a head of legal for HR, and an HR controller. Some leadership team members have dual reporting relationships, which can include direct lines to the Chief Information Officer (CIO), Chief Financial Officer (CFO), Chief Administrative Officer (CAO), or chief legal counsel.

Within this familiar structure, leadership team roles and responsibilities are predictable. For example, most HR VPs for business units are naturally focused on business unit HR issues. Centers of Expertise leaders concentrate on HR policies and programs. Leaders for HR shared services and technology manage operations and technology and so on.

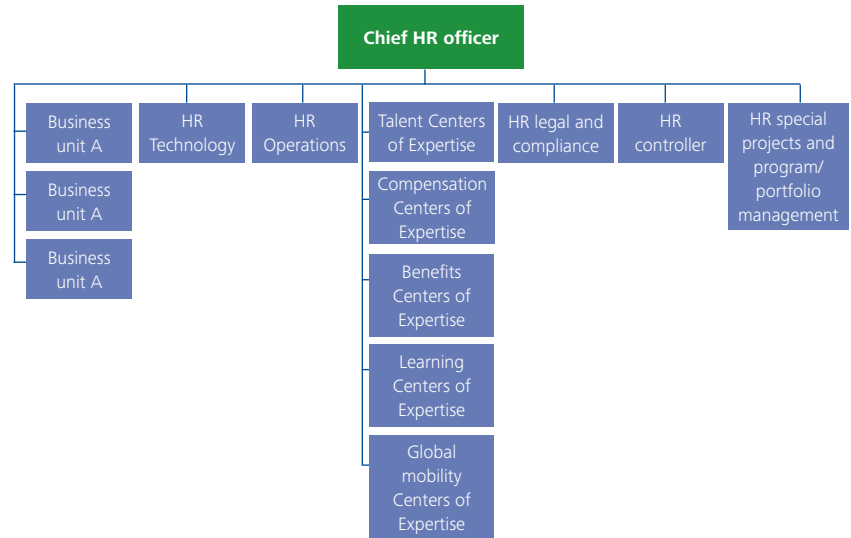
HR Chief Operating Officer

In terms of operating model, HR leadership team members typically have their own budgets and resources and are responsible for developing an annual operating plan to support their priorities and projects. Implementation, however, is often the responsibility of an IT or shared services group, which may have its own resources and budget. Members of the leadership team and their organizations provide implementation support as needed, such as communications assistance or loaned resources.

This traditional model works well as far as it goes — but it does not go nearly far enough. For example, when coordination is required across multiple functions and business units — such as merger integration or enterprise-wide rollout of a new HR initiative — the model falls short. In those circumstances, integration is typically handled on an ad hoc basis through an informal network of “go-to people” in the HR organization. The network steps up and pulls together to handle deals when they happen, with leadership often provided by an experienced team of HR leaders. Effectiveness hinges on relationships and special effort rather than reliable processes, lines of authority, and structure. As a result, there is often a gap between the expectations of business leaders and what HR is set up to deliver.

What’s not working?

Most HR leaders can point to an innovative service they developed to solve a critical business challenge. Their stories have a familiar theme: the work required a lot of cooperation, goodwill, and effort by HR people who stepped up to the challenge to get something important done. The examples are hard to replicate because they required huge commitments of time and energy.



Source: Deloitte

Similarly, many HR organizations have gone through effective HR Transformation programs. By design, these programs come to an end point at which the transformation of current HR services (or the development of new HR services) stops. There is rarely a structure in place to sustain the cycle of continuous performance improvement.

These two scenarios illustrate a fundamental dilemma. On one hand, most HR leaders understand that the business understands the value of people and is willing to invest in people more than ever before. Yet on the other hand, their HR organizations are not prepared to take advantage of this opportunity with their current structures, roles, and processes. HR leaders understand this dilemma and want a solution to this problem.

HR Chief Operating Officer

Rethinking structure

To help HR organizations seize this business challenge, incorporating a simple step in the evolution of HR organizations can bring significant value: a division of responsibility between HR executives who focus primarily on what needs to get done and those who focus on how it gets done. That step requires creating a new, senior HR role — the HR Chief Operating Officer.

The HR COO is the leader who focuses on how HR services are delivered, as well as the design, development, and implementation of HR services. The person in this new role will drive efficiency, effectiveness, cost, and compliance for the HR services. The table on page three shows the division of responsibility in the HR leadership team when an HR COO is established.

Getting it done

Like any other leadership position, the role of the HR COO should be defined to establish clear lines of responsibility and reporting relationships. However, because solid line reporting relationships will not typically exist, the influence element of the HR COO role should also be well defined.

Responsibilities

- Current HR service delivery, as well as driving improvements, to provide efficient, effective, and compliant HR services
- Design, development, and implementation of new HR services
- Development and implementation of business-focused HR metrics
- Delivering reliable workforce data with corresponding workforce reporting and analytics
- Development of the overall HR budget and analysis of total HR spend
- Development of a vendor management plan

- HR compliance and risk management
- Project management, including building capabilities for HR, to manage projects, such as Six Sigma in HR
- Development and implementation of an HR technology strategy to support the business needs

Structure

The HR COO role will generally have a combination of solid- and dotted-line reporting relationships. Below are examples of reporting structures seen in organizations that have effectively embraced the role of the HR COO. (See Samples 1 and 2.)

Influence

The ability to exert influence is very important in leadership, but it is even more critical in structures with multiple dotted-line reporting relationships. HR COOs and their direct and indirect reports need a solid understanding of how goals are set and how performance will be evaluated. This requires clarity about who influences and shapes day-to-day work, as well as long-term career needs of these individuals.

In search of Superman or Wonder Woman?

At first blush, the list of qualities you'll want from an HR COO may seem daunting. The role requires a mix of experience in HR, finance, technology, operations, and executive leadership — with a focus on HR service delivery and operations. That's asking a lot — especially when you add in responsibilities for regulatory, risk, compliance budgets, and for managing change. But none of this means the HR COO has to be a superhero, not at all. The HR COO is part of your leadership team. The desirable/effective person will balance and complement other executives, using influence and alliances to get the job done.

HR Chief Operating Officer

Strength through business results

The HR COO is a new and evolving role, but from organizations that have taken early steps in this direction, there are clear indications of common themes that can drive effectiveness.

For starters, the HR COO role depends on having a clear and communicated mandate to drive HR service delivery, with responsibility for HR efficiency, effectiveness, and compliance. As such, it requires full support of the Executive Committee and the HR leadership team. The HR COO will need to develop working relationships with members of the senior leadership team. One way to garner that support is to establish shared HR leadership team goals that are part of each member's performance objectives.

Looking ahead

To put it simple, the HR Chief Operating Officer is not a role that someone can be phased into over time nor can it be piloted. It requires a depth of conviction from CHROs who know they are not yet delivering the services that the business needs.

But the effort is worthwhile. Positioned appropriately, the HR COO can be the key to creating a high-performing, well-integrated HR leadership team. There is tangible value to be realized, but it will likely take a departure from the current model.

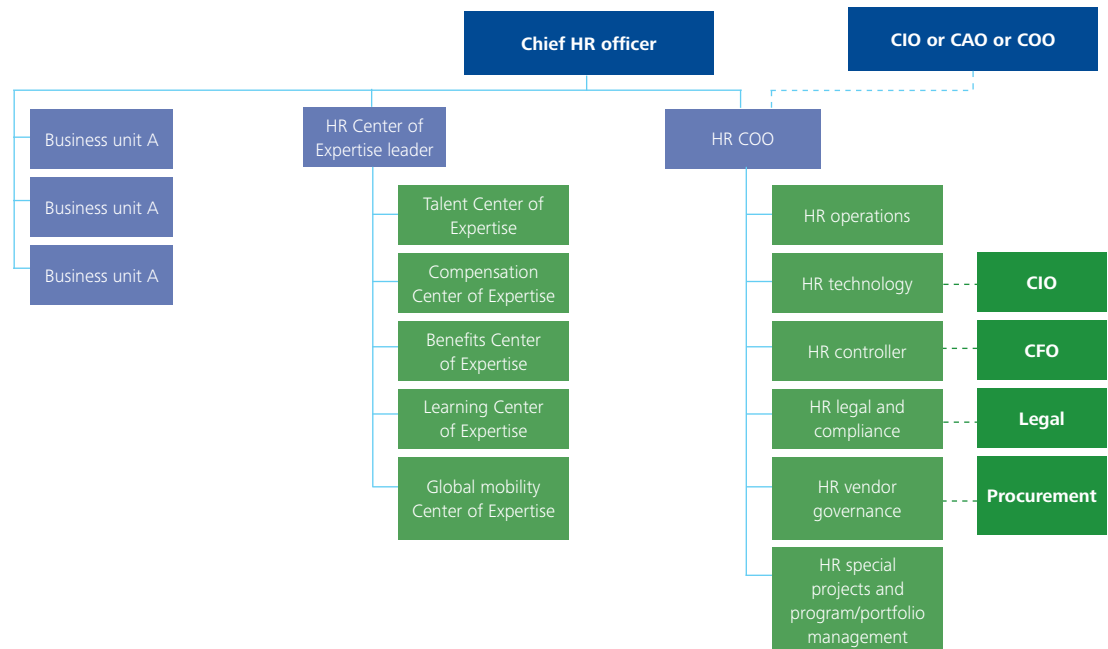
Division of HR leadership responsibilities with an HR COO		
Role	Key responsibilities	Key focus
CHRO	<ul style="list-style-type: none">• Provides HR leadership• Focuses on business-HR alignment• Develops HR strategy• Owns HR governance	<ul style="list-style-type: none">• HR strategy• Business-HR alignment
HR COO	<ul style="list-style-type: none">• Drives implementation of new HR services responsible for ongoing HR service delivery• Drives efficiency, effectiveness, and compliance	<ul style="list-style-type: none">• HR operations• HR efficiency, effectiveness, and compliance• HR operating costs
Business unit HR VPs	<ul style="list-style-type: none">• Develop business unit HR strategies and plans; drive business-corporate HR alignment	<ul style="list-style-type: none">• Business unit HR strategy• Business-HR alignment
HR Centers of Expertise VPs	<ul style="list-style-type: none">• Develop HR policies and programs related to functional areas (talent, compensation, benefits, Learning, etc.)	<ul style="list-style-type: none">• HR policy and program effectiveness

Source: Deloitte

HR Chief Operating Officer

In the months and years ahead, more and more CHROs will likely embrace the HR COO model as they strive to crack the code for operational excellence in HR service delivery. Recognizing that even the most experienced people cannot excel in a suboptimal operating model, they will likely make the call that only leaders can make — to change the operating model of the HR organization to harness the power of how.

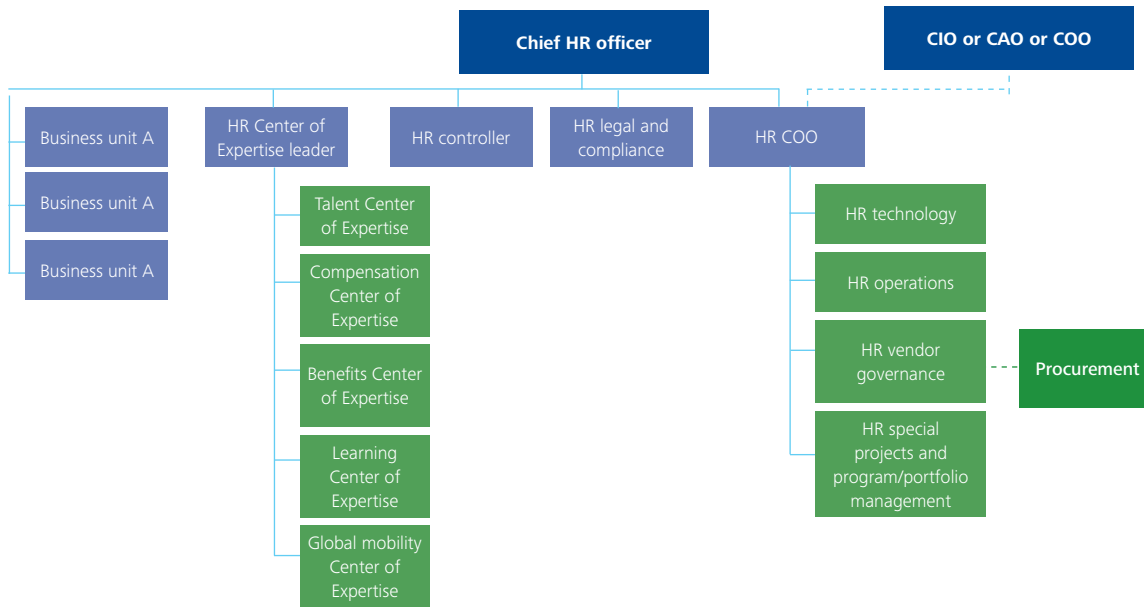
Sample 1: Formal and structured HR COO model



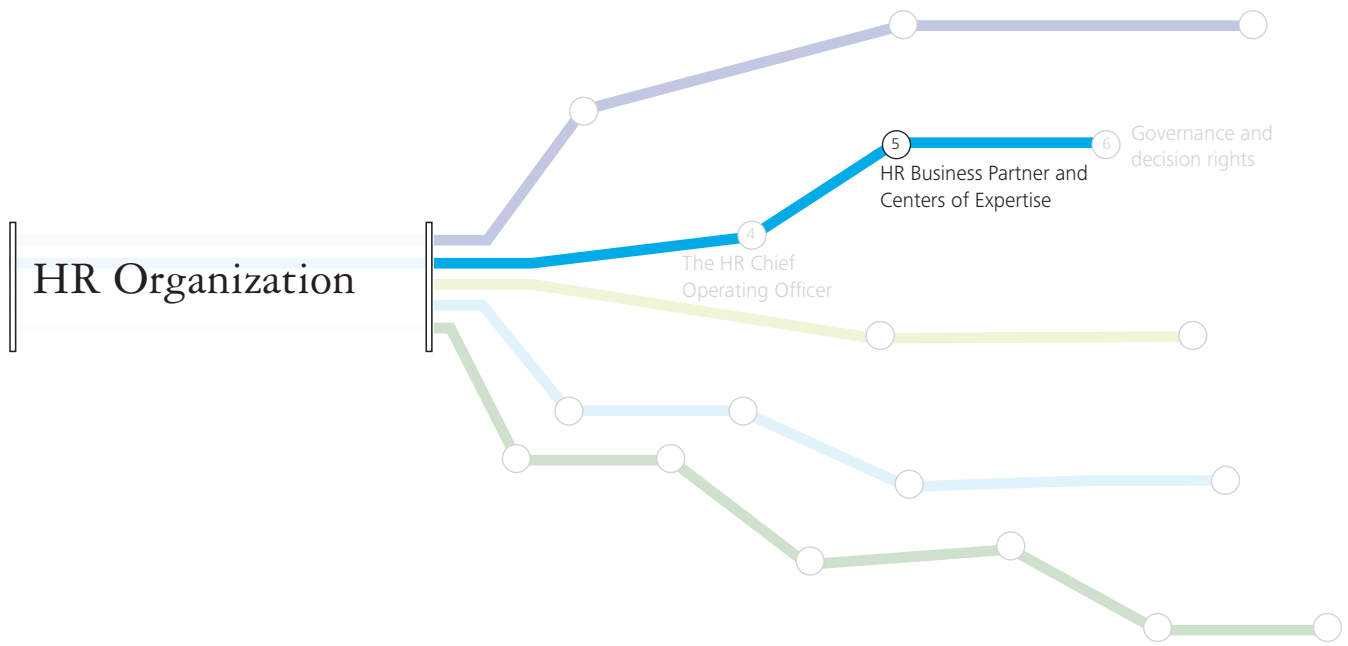
Source: Deloitte

HR Chief Operating Officer

Sample 2: Influence-based HR COO model



Source: Deloitte



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

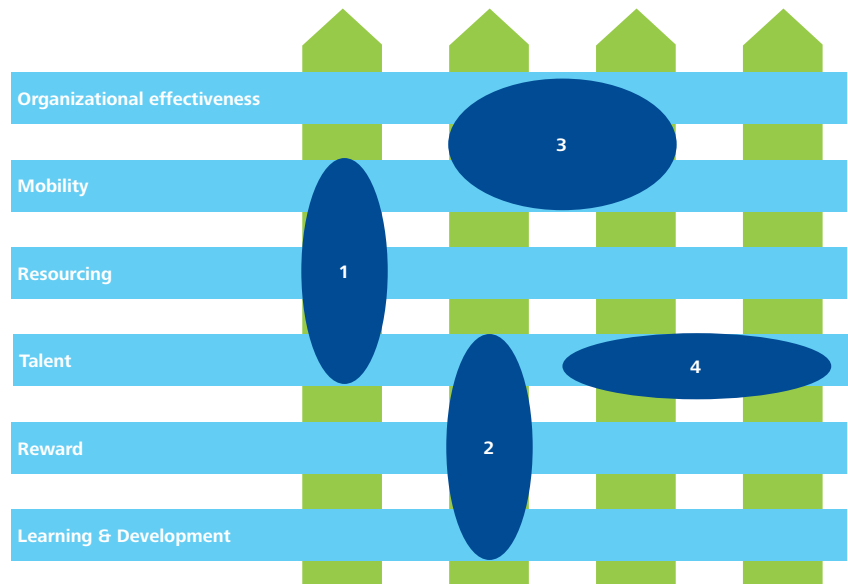
Organizations are placing a greater emphasis on attracting, developing, and deploying the most effective HR people for the job. To deliver in these challenging roles, the applicable skills and attitudes are vital. Success is supported by the following:

- 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"> • Rapid expansion • Talent acquisition • Global mobility 	<ul style="list-style-type: none"> • Workforce analytics • Culture • Scheduling • Development 	<ul style="list-style-type: none"> • Onboarding • Integration • Organizational design • Change management 	<ul style="list-style-type: none"> • Communications • Collaboration • Transitions • Frontline engagement

Source: Deloitte

five years, about one-third selected a non-HR executive¹. 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."² 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.

HR Business Partner and Centers of Expertise

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

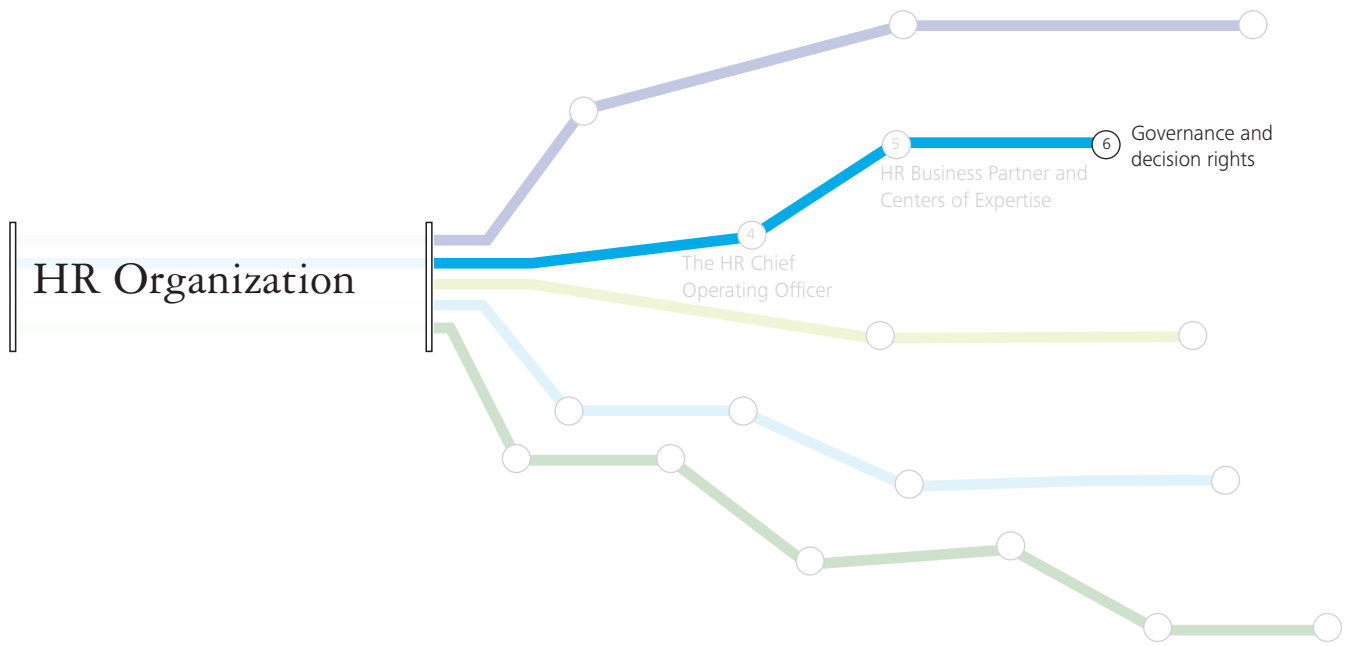
Moving toward a new vision for HR Business Partners and Centers of Expertise

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.

Endnotes

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

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



6 Governance and decision rights

Experience demonstrates that a leading cause of organizations' failing to realize their transformation objectives is that they have not backed up structural changes with the proper governance structures and decision making methods. Conversely, organizations that have adopted effective governance structures have been able to effect positive change much more rapidly than those that didn't. Organizational accountability is vital in today's challenging business climate, and an organization's ability to monitor and enforce change in alignment with business objectives is necessary. The experience some of the world's most recognizable organizations have amassed in their own transformation projects shows the importance of effective governance and its implications on decision making and sustainable change.

Over the last 15 to 20 years, many organizations have made significant investments in HR operations with the goal of improving efficiency and reducing costs. Even though they have made costly investments to implement new service delivery models, which often include shared services, centers of expertise, and technology, for some the returns have been marginal at best. Moreover, most of the HR functions that businesses have attempted to transform have yet to demonstrate tangible value. Failure to adopt effective governance can have negative implications including:

- Loss of credibility with business leaders
- Lower workforce productivity levels
- Lower customer satisfaction
- Higher vendor costs
- Reverting back to "old ways" of operating

Effective governance and decision making establishes a framework for transformation and can improve the odds of solidifying change and realizing the benefits of transformation.

Start at the beginning

Persistent, effective governance for HR is no longer optional. Compliance drivers now require organizations and their executives to demonstrate meaningful protocols and processes to guide organizational decision making. In addition, today's organizations should take a hard look at how to embed meaningful governance principles into their daily operations, processes, and culture.

Organizations that do not clearly articulate the need for governance early, and instead allow decision making to evolve autonomously as part of their day-to-day operations, could find themselves using governance poorly at best and sporadically at worst. Governance should be consistent and flexible enough to adjust to an organization's business, but the overall framework and its principles should endure time. Effective governance begins with a well-documented charter that outlines the purpose, accountabilities, timing of interactions, and participants.

In approaching the implementation of an effective governance framework, three basic questions should be in clear focus:

What is governance?

The term governance is used in many different ways in business today, but it can be defined as a method of organizing resources for the purpose of providing guidance which is designed to lead to a desired set of behaviors for making decisions that have a positive impact on business performance.

Governance provides:

- Defined accountabilities and ownership
- Guidelines for decision making
- Ways of balancing conflicts
- Ways of balancing within a matrix organizational reporting structure
- Necessary communication flows
- Bodies to support the above

Governance can drive a consistent set of HR behaviors to:

- Develop HR's master strategy to promote alignment with the global business strategy and support functional strategies
- Oversee delivery of the global HR strategy using a globally consistent approach as appropriate
- Help position HR to support delivery of the global business strategy
- Deliver the human capital targets that will drive achievement of critical business targets
- Resolve issues relating to the people agenda

Governance and decision rights

Governance is about making the required decisions for the business.

Why do organizations need governance?

Without effective governance, there is no accountability for managing operational performance, communicating progress against performance, resolving conflict, managing organizational change, sharing information across the organization, prioritizing investments, or focusing on the quality of customer service. An effective governance framework allows an organization to be business and customer focused, and paves the way for the seamless delivery of people services and business solutions.

Who needs to be governed?

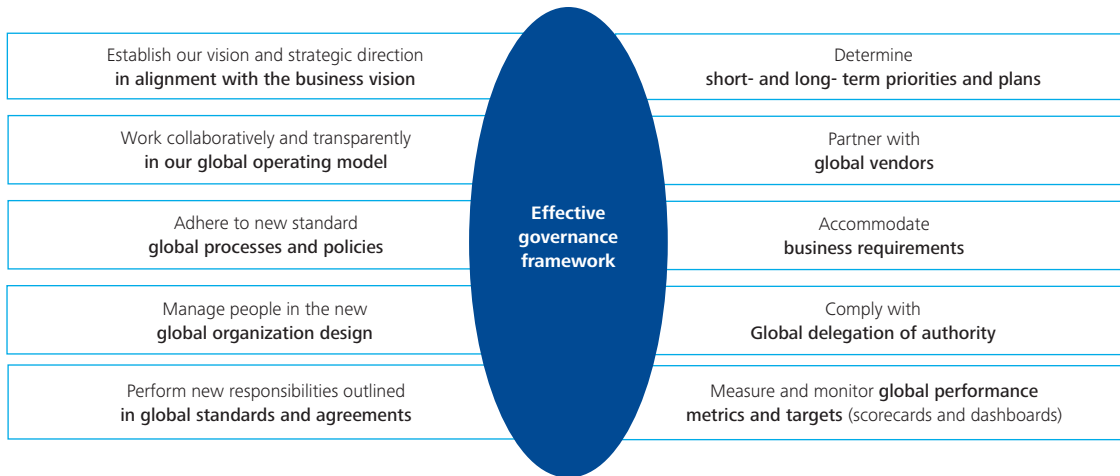
This is a primary consideration. There are three main components of a well-structured governance framework: (1) an oversight council, (2) operations, and (3) customers. These groups should have well-documented tools and methods to aid in executing their governance roles. Whether the subject is operating agreements, decision making methods, monitoring performance metrics, or monitoring customer reaction, each role is important.

Each governing body consists of members of the HR leadership team — for example, centers of excellence leaders, business affiliates, and functional HR leaders.



Source: Deloitte

Governance and decision rights



Source: Deloitte

Effective governance

Effective governance helps to achieve characteristics identified with next-generation HR organizations. These organizations are focused on customer service, market awareness, operational efficiency, including cost controls, process effectiveness, productivity, leading business practices, and employee approval. A broad, dynamic governance framework allows the business and customer to be focused while delivery of services and integrated business solutions remains seamless.

Learning from others

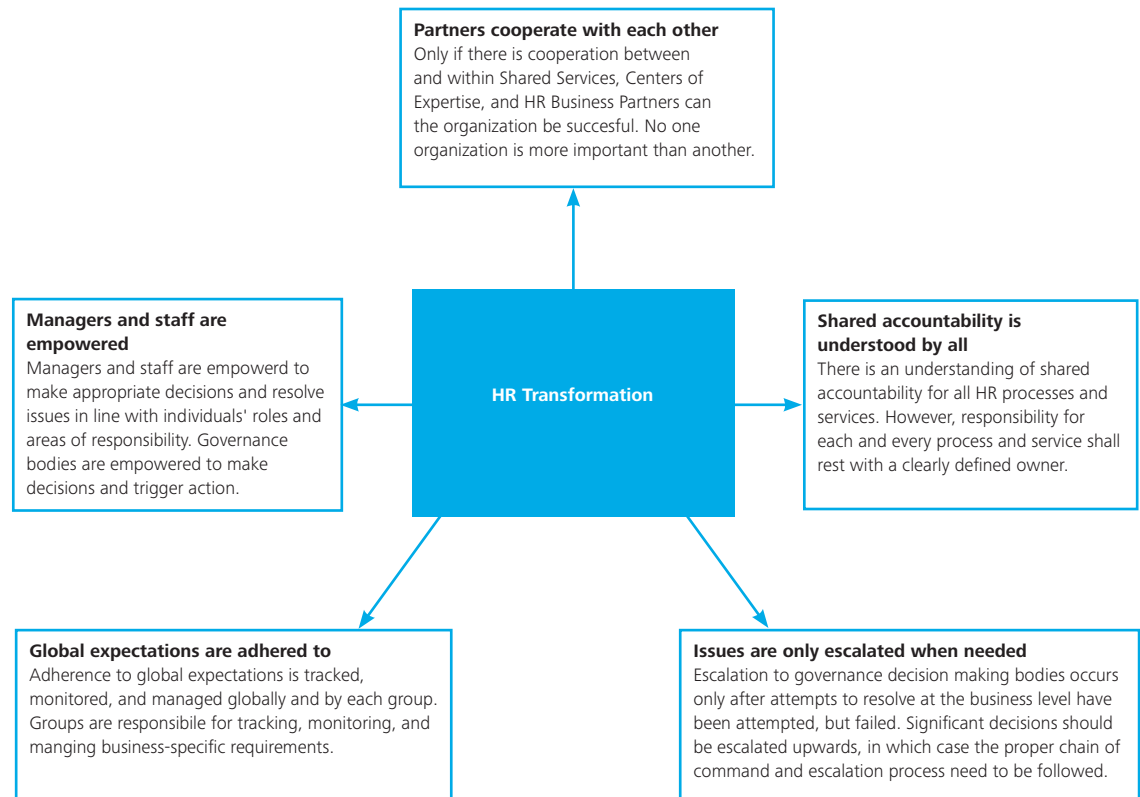
How do you know if you are “getting it right?” Effective governance depends on your ability to address the needs of the business in a nimble manner. The ability to measure progress against operational objectives, business performance, and customer approval is a huge leap forward in today’s economic climate. Effective governance and decision making help to promote sustainable change and

improve performance. Without the ability to contribute demonstrable impact to the business, HR will continue to be regarded as a back-office compliance function rather than a true business driver. This is the reality that most organizations face, and a stigma that is very difficult to overcome.

Leading global organizations that have undergone some degree of global transformation are protecting their investments by implementing effective governance frameworks. Furthermore, some are investing in sophisticated tools, such as project management software and efficiency programs like Six Sigma, that can reduce the effort required to manage the governance process and aid effective decision making. Again, effective governance is about assigning accountability where it belongs, monitoring performance, and making decisions that support business objectives.

Governance and decision rights

Experience guides that the governance processes and oversight roles must foster an environment for the transformation project and long-term sustainability that drives cooperation, shared accountability escalation when needed, clear global expectations, and empowerment. The model below provides a set of principles that can support effective governance.



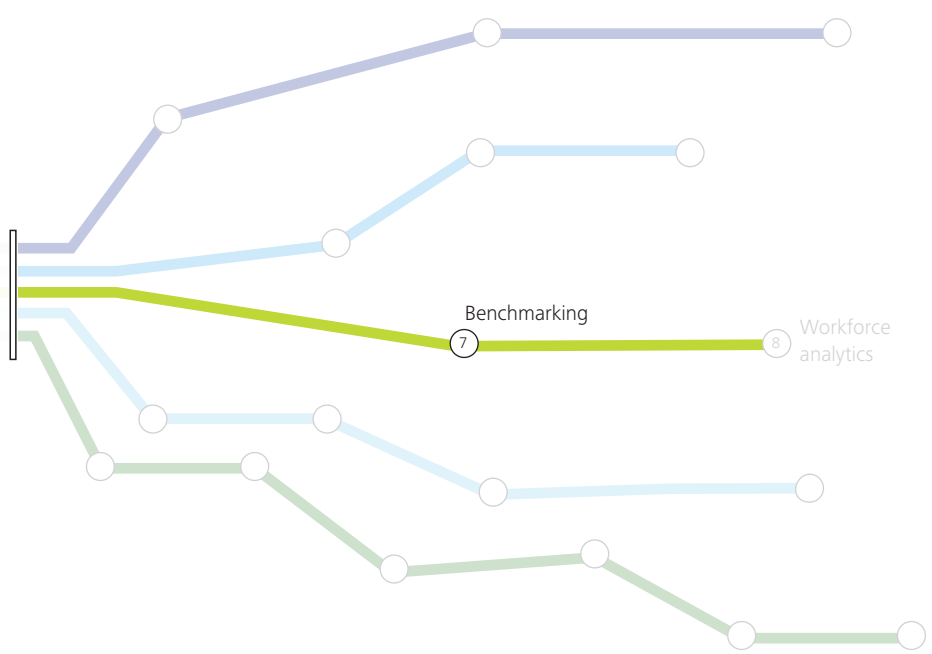
Source: Deloitte

In summary

In order to achieve sustainable transformation, an organization should have a well-defined governance structure. Such a structure inherently allows for more effective decision making and establishes a credible platform for HR to consult with the business on its most critical asset — people.

Numbers
behind HR

Numbers behind HR



Abflug	Terminal	ABC	Terminal 2	DE
3252 VILN/US	11**	12**	1	A 050-461 A22
107 NEW YORK-J.F.KENNEDY	11**	12**	2	D 841-856 D5
1586 ISTANBUL F	11**	12**	1	B 081-863 B24
8733 LONDON-CITY AIRPORT	11*	11*	2	E 701-909 D7
113 LJ8BLJAEA	11**		1	A 051-461 B11
302 BUKAREST	11**	12**	1	B 474-461 B33
3290 KATTOWITZ	11**		1	A 050-461 B6
564 LAGOS	11**	12**	1	A 050-461 B26
4412 MADRID	11**		1	A 050-461 A38
403 ROM-FIUMICINO	11**	12**	2	D 805-808 D24
095 KUALA LUMPUR	12**		2	D 886-891 D1
444 ATLANA*	12**		1	A 050-461 A56
4218 PARIS-CH-DE GAULLE	12**	12**	1	A 050-461 A26
4852 MANCHESTER	12**		1	A 050-461 B31
025 SINGAPUR	12**		1	B 493-498 B48
176 BERLIN-TEGEL	12**		1	A 050-461 A17
6812 KOELN HBF	12**		1	A 050-461 T6
3408 BELGRAD	12**	12**	1	A 050-461 B56
968 MUENCHEN	12**		1	A 050-461 A18

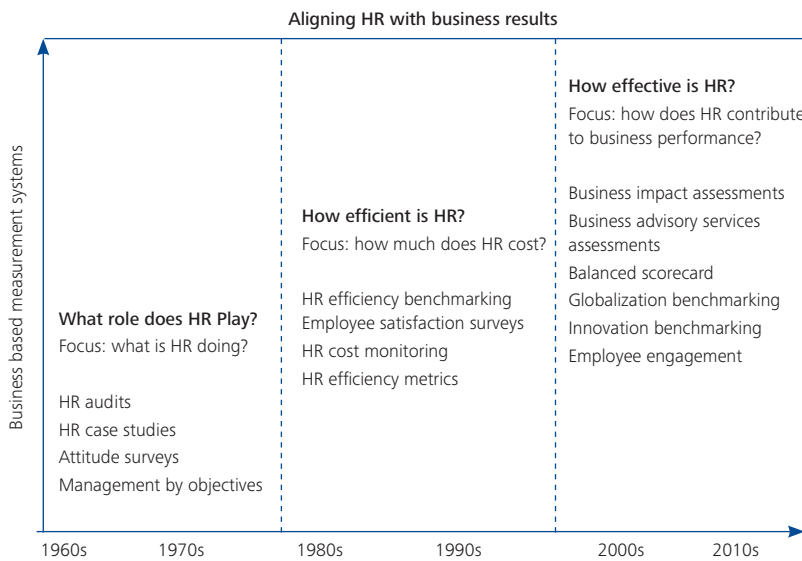
317 VANHATTON	12**	13**	1	B 518-525 A61
3260 PRAG 3	12**		1	A 050-461 A13
2836 STOCKHOLM	12**	12**	1	A 051-461 B7
4340 EDI BURGH	12**		1	A 050-461 B32
3886 MILANO-MALPENSA	12**		1	A 050-461 A15
012 HAMBURG	12**		1	B 546-548 B-
745 TUNIS	12**		1	A 051-461 B50
413 SPL IT	12**		2	E 908-911 D-
9507 MADRID	12**		1	A 050-461 C16
422 BOSTON	12**	15**	2	E 908-911 D-
1838 KOEHNHAGEN	12**		1	A 051-461 A40
482 VANCOUVER	12**		1	A 050-461 B82
754 BANGALORE	12**		1	A 050-461 B22
3972 BOLOGNA	12**		1	A 050-461 A42
3042 GOETEBOURG	12**		1	A 050-461 A23
3844 ROM-FIUMICINO	12**	12**	1	A 050-461 A36
4728 LONDON-HEATHROW	12**		1	A 050-461 B80
4084 YENEDIG	12**		1	A 051-461 B13
264 SALZBURG	12**		1	A 050-461 B58
592 ASMAR-JEDDAH	12**		1	A 050-461 A24
3534 WIEN	12**		1	A 050-461 B5
4876 AMSTERDAM	12**		1	B 518-525 A82
941 CHICAGO	12**		1	B 501-511 C9
701 PHILADELPHIA	12**		1	A 051-461 B
9304 LUXEMBURG	12**		1	A 051-461 B

4082 FLORENZ	12**		1	A 050-461 B67
3482 ZAGREB	12**		1	A 050-461 B61
4134 NIZZA	12**		1	A 050-461 A20
3342 ISTANBUL	12**	13**	1	A 050-461 B27
4576 BRUESSEL	12**		1	A 050-461 A14
3844 VERONA	12**		1	A 050-461 A23
4484 BARCELONAG	12**		1	A 050-461 A21
4172 LYON	12**		1	A 050-461 B12
204 BERLIN-TEGEL	12**		1	A 050-461 A11
3666 GENF	12**		1	A 050-461 A1
1000 HANNOVER	12**		1	A 050-461 A4
418 WASHINGTON	12**		1	A 050-461 A55
1054 DRESDEN-ANNULLIERT	12**		1	A 050-461 A22
6814 KOELN HBF	13**		1	A 050-461 T6
1354 STUTTGART	13**		1	A 050-461 A19
809 DUESSELDORF	13**		1	A 050-461 A16
402 NEW YORK-NEWARK	13**		1	A 050-461 A80
3444 BUDAPEST	13**		1	A 050-461 A13
756 BUREAI	13**		1	A 050-461 B23
344 BREMEN	13**		1	A 050-461 A32
426 PHILADELPHIA	13**		1	A 050-461 A63
446 DENVER	13**		2	A 050-461 C14
924 NUERNBERG	13**		1	A 050-461 A15
760 DELHI	13**		1	A 050-461 B20

Abflug	Terminal	ABC	Terminal 2	DE
470 TORONTO	12**		1	A 050-4
120 MADRID	12**		1	A 050-4
4228 PARIS-CH-DE GAULLE	12**		1	A 051-4
3184 MOSKOW-SHEREMETEV	12**		1	A 050-4
675 LISSABON	12**		1	A 050-4
1104 LEIPZIG HALLE	12**		1	A 051-4
310 TOKIO	12**		1	A 050-4
580 KAIRO	12**		1	A 050-4
3728 ZUERICH	12**		1	A 050-4
3752 OSLO	12**		1	A 050-4
3216 SAKT PETERSBURG	12**		1	A 051-4
442 DETROIT	12**		1	A 050-4
826 BAHRAIN-DAMMAN	12**		1	A 050-4
288 HONGKONG	12**		2	E 915-
620 DONA-RIAD	12**		1	A 050-
047 HOUSTON	12**		1	B 670-
3382 ATEN	12**		1	A 050-
458 MEXICO CITY	12**		1	A 050-
720 TEHRAN (MANKHOMINI)	12**		1	C 710-
3176 TALLINN	12**		1	A 050-
901 SAN FRANCISCO	14**		1	B 518-
845 CALGARY	14**		1	C 765-
014 HAMBURG	14**		1	A 050-
0934 HAMBURG	14**		2	E 908-
3104 HELSINKI	14**		1	A 050-



7 Benchmarking



Source: Deloitte

Traditional HR benchmarking focuses on two things: cost and headcount. This approach focuses attention on HR's efficiency, not its effectiveness, and seldom reflects HR's effort to become a transformational, strategic part of the business. When HR focuses on the cost and the elapsed time it takes to deliver services, its focus is strictly operational — and when cost and effort dominate HR's contribution to designing new programs or deploying improvements, the opportunity to boost business performance gets less attention.

When companies make initial forays into benchmarking HR effectiveness, they survey customer perception. This provides input into growth and development, as well as the way investments are prioritized. Some use balanced scorecards to focus on metrics like speed to productivity, while others commit to fill positions within a set time through service-level agreements. These are all good starts, but none of them takes the next necessary step: demonstrating the business value of the HR functions being measured.

HR leaders should broaden their benchmarking horizons to help chief officers (CXOs) see the beneficial impact of their activities on the business as a whole, not just the table-stakes categories of cost and headcount often derived sought in benchmarks.

Benchmarking

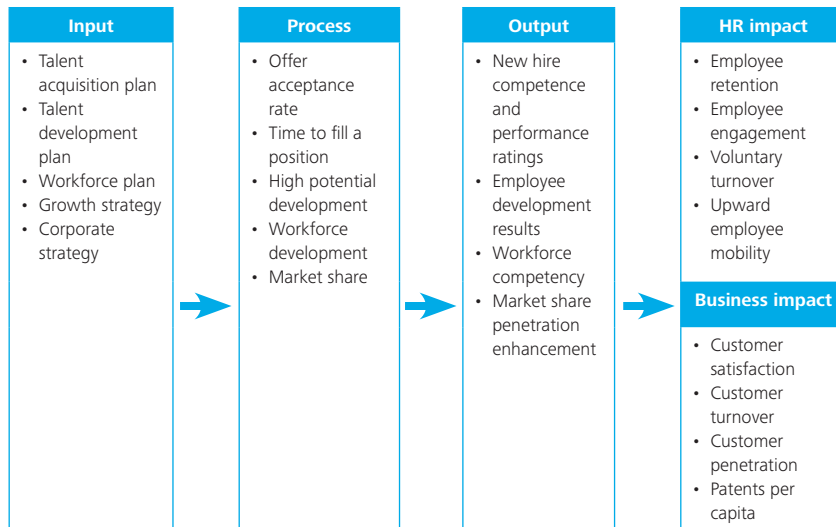


This change in perspective not only coincides with fundamental changes in the way companies conduct business and perform in the marketplace, but also measures the degree to which HR functions as a strategic business driver. Both of these shifts are beneficial in a time when revenue and market growth, globalization, and increasing demands for innovation through a contracting labor market combine to increase the relevance of business drivers like profitable growth, globalization, innovation, and talent development. Fundamentally, contributing on a strategic level means driving business performance through HR programs. Tied to benchmarks, key performance indicators and other measurement systems demonstrate the business impact of HR and represent a departure from traditional efficiency-based view. Thus, expanding HR's benchmark activities beyond cost and headcount aligns HR's efforts in solving business-related problems through deployment of programs while measuring the effect of those programs.

Make no mistake. Measuring cost and headcount is important. Cost effectiveness, speed, and compliance are required components of HR's core mandate. However, over the past 20 years, business leaders have come to expect this as a matter of fact. The days of recognizing HR only for first-quartile cost structures, correct and on-time payment, and being compliant with the myriad of people-related laws and regulations are over. Nor should anyone say HR can't benefit from traditional benchmarking — if nothing more, it addresses the 30-second question, "Do our HR organization's costs and delivery times compare favorably to other organizations'?" Benchmarking can provide that quick answer, but delving into what matters — how HR can respond to today's market challenges — requires a new type of measurement system along with a new way of thinking about benchmarks.

Benchmarking

Example: What could be the input — process — output — HR impact and business impact



Source: Deloitte

Making the transition

With a few simple steps, the HR organization can migrate from a traditional to a business- and industry-focused benchmarking approach. The key is not to measure for the sake of measuring. If HR has learned anything from the internal benchmarking of employee engagement surveys, it is this: Ask only the questions that the organization will devote time and effort to addressing. The same holds true

for HR benchmarking: Focus on areas that make sense to the business and align with the way HR's strategy supports the overall business strategy. At the same time, be sure to perform enough traditional benchmarking to be confident that HR compares favorably in cost and headcount.

To migrate from traditional benchmarking to a business-focused approach, companies should do three things.

First, work backwards. Align the overall business strategy — such as profitable growth, globalization, innovation, or talent development — with specific HR projects and programs. In aligning the work of HR with the overall business strategy, the key performance metrics that matter to the business may not be the ones that matter to HR — or that HR thinks matter to the business. Something as simple as the amount of time it takes to fill a position often matters to HR, so HR thinks that matters to the business. Often, however, the business just doesn't care that HR found a line worker within 10 days. What gets the business excited is knowing when a new hire in a critical workforce segment will become productive, and what investments it will take to make it happen. Each metric should measure the effectiveness and efficiency of a particular HR program, which, in turn, aligns with the organizational strategy to drive business performance measures, such as growth, globalization, innovation, or talent management. This is how HR can measure what matters to the business.

Benchmarking

After working backwards to align the organizational strategy with HR's activities and identify what the business may ultimately need, look for benchmarks that support the key performance metrics. Be forewarned: Finding applicable benchmarks that support the key performance metrics will not be easy. The benchmarking industry is, almost by definition, traditional. Comparisons to cost and duration permeate the offerings of HR-related benchmarking organizations. Conduct custom benchmarks studies with peer companies or apply an internal benchmarking approach that collects data over time. The underlying belief is that you get what you benchmark, measure, and reward. Select a peer group that has your organization's level of maturity for which it makes sense to benchmark. The business will challenge the applicability of the peer group. A deep understanding of the peer group will increase the acceptance of the benchmarking results. Do not be overly concerned if those external benchmarks do not exist because benchmark providers' offerings often lag behind the innovation that exists within HR itself.

Finally, as table stakes, conduct efficiency benchmarks to answer the 30-second fly-by question. Establish a realistic goal when compared to other HR organizations. Being a first-quartile organization in cost, while supporting an overall business objective of profitable growth, might hinder an HR organization's ability to invest capital on other strategic business objectives such as innovation or globalization. While being realistic, any CHRO will have a hard time defending that a cost structure in the third quartile is good. Be competitive in cost and duration. Use benchmarks to help prioritize HR investments that support the overall business strategy.

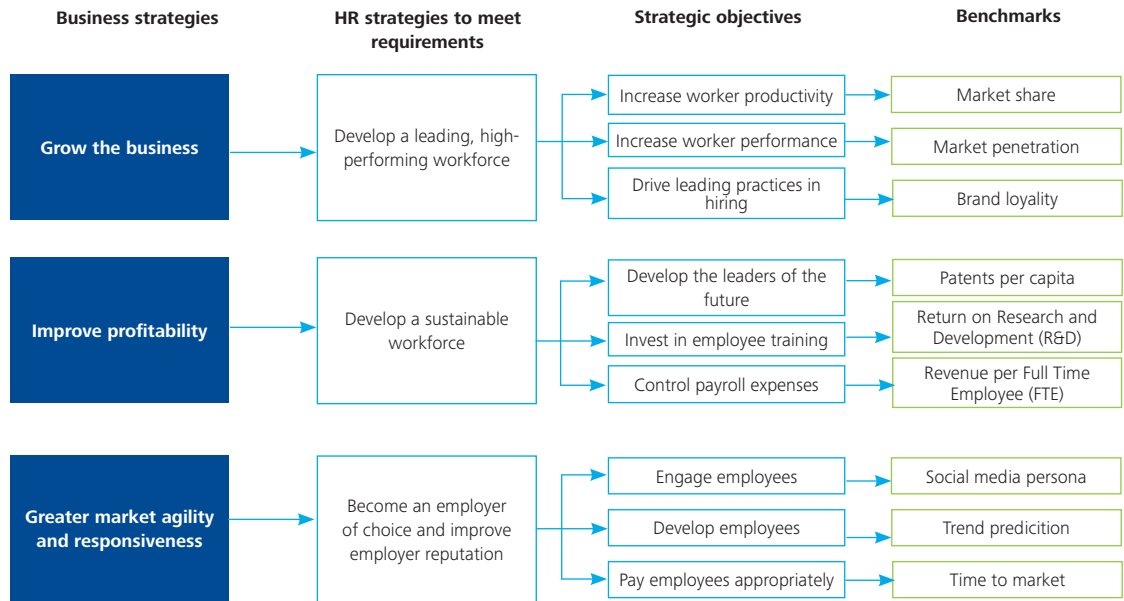
Seeing the desired end state

Once the organization selects appropriate benchmarks and begins to measure performance, the impact of HR activities on business performance is obvious. To an extent, leaders can attribute changes in business performance to these measurements. Performance benchmarking relative to peer organizations not only provides valuable insight into the effectiveness of HR investments, but can also help HR prioritize new investments. The fundamental nature of discussions between HR and the business also changes. For example, people may start talking about how the organization is growing profitably relative to its peers, thanks to productivity and innovation enhancements they can trace back to HR investments in reward and selection programs. HR has joined the strategic leaders of the business.

By following the guiding principles, an organization can efficiently transition from traditional to business driven benchmarks. Benchmarks should be simple, comparable, cost-effective to collect, and fully documented. For example, the number of people who enjoyed taking a particular training course is not particularly interesting to the business. What the business likely cares about is the specific type of behavior change. Benchmarks should be standardized. Paradoxically, the distinction that makes a particular metric applicable to the business might also make it more difficult to benchmark — until the industry catches up with this type of innovative behavior. Benchmarks should be repeatable. Simply knowing a point in time (and a lagging point at that) provides a data point. The effect of HR programs on the business can only be tracked over time. Thus, in designing business-focused benchmarks, follow these guiding principles: business driven, standardized, and repeatable.

Benchmarking

Example: Linking business strategy to HR benchmarks



Source: Deloitte

A worthwhile transformation, but not without challenges

As organizations integrate traditional benchmarking with business-focused benchmarking, they face three challenges: comparability, alignment, and credibility. The current state of HR benchmarking reflects simplicity and a 20-year history of HR's focus on efficiency: cost to deliver services, prevalence of various operating models, and headcount. It might not be possible to find standardized benchmarks that align with the organization's strategy until the benchmarking industry begins to see beyond cost, quantity, and structure questions. Of course, custom benchmark analyses and internal benchmarks might suffice until such time as the benchmark industry catches up.

As HR aligns its efforts to improve business performance (alongside cost reduction and process efficiencies), HR may struggle to identify meaningful programs and measurements of business performance that it can link to an HR program. It is easy to identify cost savings: *HR reorganized and has 10 fewer people*. It is not as easy to measure behavior change, but it is not impossible either. Credibility comes from giving a solid answer to the age-old executive question, "If you can't pay my fill-in-the-blank correctly, on time, how can you contribute to business performance?" This is the place for strength, commitment, and consistent communication from HR to the business: *It is time to move on. HR has a new agenda and of course, we still need to pay people timely and correctly.*

Benchmarking

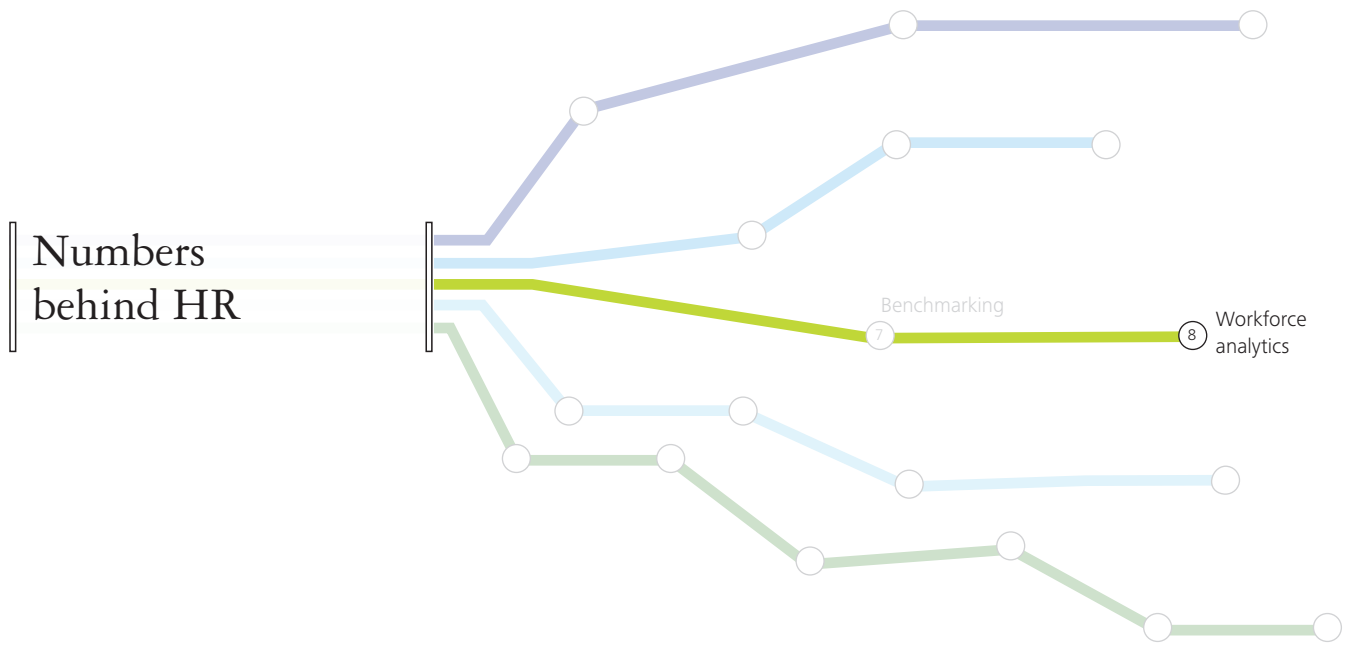
To improve the transition between traditional and a business-driven benchmarking, businesses should begin with certain attitudes:

Matters and to whom. As CHROs examine the effectiveness of their programs on growth, globalization, talent management, innovation, and other measures of business performance, the relevance of the measurement systems — and the comparability of those measurement systems — are entirely based on where someone sits within the organization. The COO, Chief Marketing Officer (CMO), and CIO have different views of how HR contributes to business performance. HR's measurement systems should reflect value in the eye of the beholder, which means HR may need different benchmarks for different measurement systems that cater to a different audience.

Let's face it — in managing human capital, one size does not fit all. Whether employees play roles in a succession plan or are marked as high-potential people of diversity, business leaders, or innovators, some people are more critical to a business than others. Focus and measure critical metrics and benchmark those metrics first.

Conclusion

The demands on HR today are greater than they have ever been. HR's move to align itself with business strategy and, more importantly, measure the effectiveness of its programs prompts consideration of a new type of benchmark. Simply answering the "cost or headcount" question leaves HR stuck in the mode of focusing on efficiency, not on effectiveness. It is time for HR to look at the world through a business lens and become a strategic driver. The emerging business focus of globalization, talent management, and innovation prompts new ways of thinking — and, more importantly, behaving. HR's efforts and programs must focus on improving business performance aligned with the overall organizational strategy. The effectiveness of those programs, as measured through key performance indicators KPIs ought to be tracked and benchmarked using measurement systems explainable to the business and capable of demonstrating the value of the HR organization as a whole.



8 Workforce Analytics

For several years, organizations have focused on the tactical information HR needs, and they've used technology to drive it. However, many have been unable to distill their substantial volume of data into useful, careful, and actionable information.

The need for expanded workforce reporting and analytical capabilities has likely never been as urgent. Workforce issues like acquiring, rewarding, and retaining talent are prominent on corporate agendas. This, combined with tactical issues like disparate HR systems, need for consolidated reporting, need for global and historical data management, self-service reporting, and the need for basic reporting completes the spectrum of challenges faced by organizations today. As a result, organizations are compelled to improve their ability to plan for workforce reporting and analytics solutions.

Some examples of workforce challenges and issues include:

Workforce planning. Account for current and forecasted business needs, as well as workforce-related actions.

Talent acquisition and movement. Correctly measure the effectiveness of recruiting efforts. An organization must understand the needs, patterns, and obstacles that affect workforce migration. It is critical to assess the future demand for skills — and the future supply.

Workforce performance. Manage the effective use of top performers to gauge and manage how performance ties to retention, and to use an effective management structure.

Demographics and diversity. Identify gaps in diversity before they become issues, and rate the effectiveness of the programs designed to address them.

Learning and development. Map progression to development to be better positioned to evaluate effective development programs.

Retention. Invest in staff with critical skills who hold key positions. By measuring and managing turnover issues among this population, an organization can mitigate the potential loss of development investments. Retention is not only about understanding why employees are leaving, but also about determining who intends to leave, as well as knowing when and how to try and change an individual's mind.

Workforce Analytics

The business imperative

Many HR organizations have been slow to facilitate strong reporting and analytics capabilities for people management purposes. The historical focus of reporting and analytical techniques has been in finance, marketing, and operations. Today, this is changing and HR has earned a seat at the table. There are several reasons for this change:

- A focus on the workforce is a priority
- HR is striving to be a strategic function
- The maturity of ERP and other systems is leading organizations to do more with their data

Workforce analytics and reporting — the journey from transactional data to advanced analytics

Deployment of enterprise technology in HR is well established. As a result, organizations are sitting on a tremendous amount of HR data. In some instances, this data is scattered and incoherent. In others, the sheer volume of the data hinders organizations from analyzing it in a useful manner.

Traditionally, organizations have focused on data integrity and on reporting that is specific to core applications, but the need for more meaningful and insightful information has shifted the focus to foundational and advanced or predictive analytics. The illustration below shows the information maturity curve:

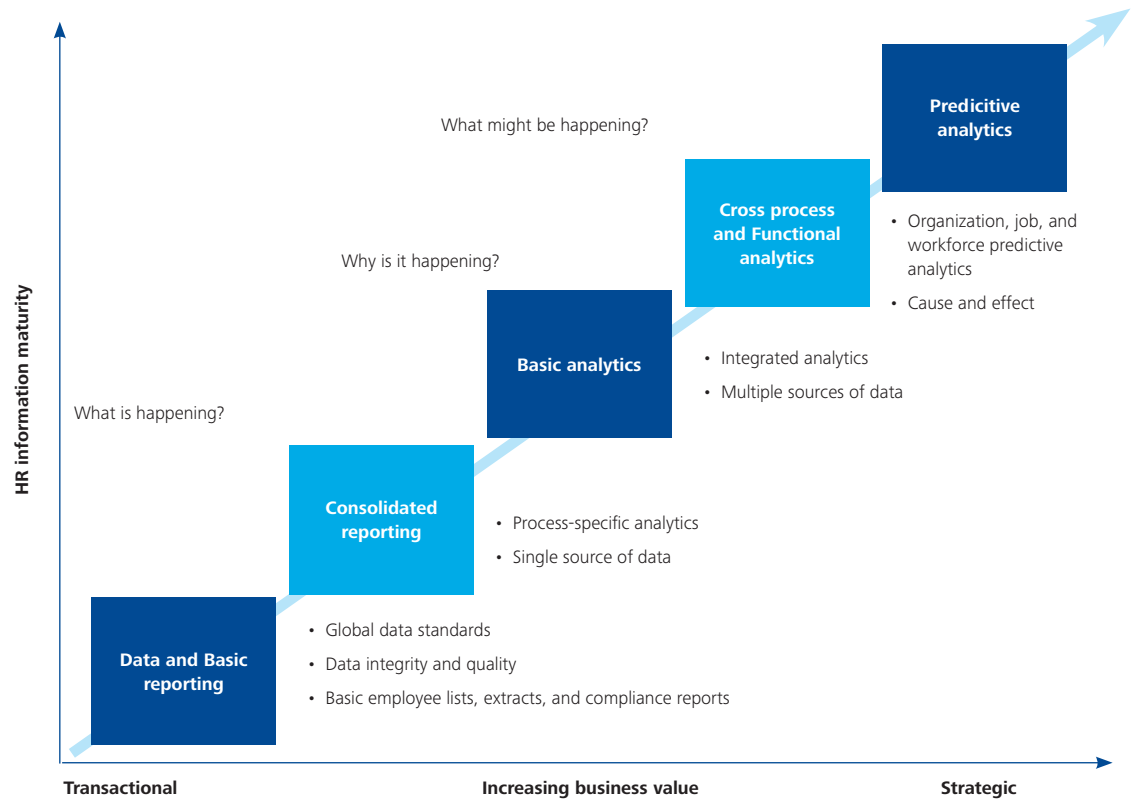
The information maturity curve illustrates a shift from a reactive HR organization to a proactive business model — from reporting on what happened to anticipating what could happen. This journey starts with a sequence of steps:

- Data quality and integrity, which is the key stepping stone and foundation for reporting and analytics
- Basic application-specific transactional reporting (e.g., basic employee lists, compliance reporting)
- Basic analytics oriented to a single process (e.g., recruitment analytics)
- Cross-functional analytics that draw from multiple applications (HR and nonHR)
- Advanced predictive analytics (e.g., predicting the risk of people leaving, predicting the top candidates).

This predictive analytics concept used to be of value to only a handful of companies in the past, but the shift from a reactive to a proactive focus has seen a sharp move toward its broader adoption. More and more companies are interested in retaining talent, and the way to do that is to predict the risk of employees leaving based on industry-specific criteria (e.g., long working weeks, slow time to promotion, compensation). However, the true value is in the actions you take to mitigate the risk.

Organizations can reside anywhere along this maturity curve.

Information maturity curve

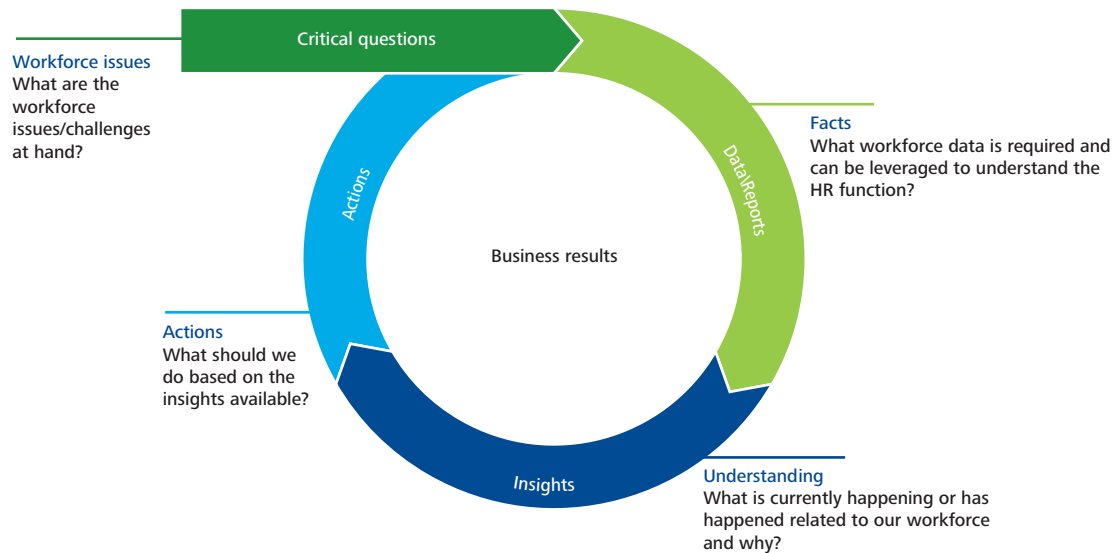


Source: Deloitte Analytics.

Workforce Analytics

Workforce reporting and analytics is a process — keep it simple!

The graphic below provides an overview of the process toward achieving meaningful, business driven workforce analytics:



Source: Deloitte Analytics.

Start with the business issue(s) at hand. Whether dealing with workforce planning, retention, or another challenge, identify the business issue and the related workforce issues. This can provide a key stepping stone in determining the information you need and measure.

Understand the data and information required to measure. It is critical to define a holistic data management solution and establish the system of record before even discussing analytics. Document requirements from an HR and functional perspective, and then use technology to satisfy them. Analytics capabilities can draw insights from both internal and external data sources. Identify those sources and reinforce the processes that determine whether the data is correct, timely, and secure.

Workforce Analytics

Look for insights from the data and reports and turn into meaningful actions. The data, reports, and tools you use may be powerful, but they provide value when analyzed appropriately (e.g., if time to fill a position has gone up from 20 days to 40 days, what does it mean and what actions do you need to take?). The value of workforce analytics is the ability to use the information to think analytically about business issues, and then to use those insights to respond to increasingly sophisticated questions from the business units and leadership and play a strategic role in defining the right questions to investigate as well. This is another journey:

People will require periodic reassessment and realignment of business-oriented analytical skill sets as your HR function and analytics mature.

It is important to identify how analytical decisions are made in your organization. You must also determine who should be accountable for driving the analytics and using the insights. Next, create consistency and consensus around data definitions. Without a shared understanding of the data, including its source and context, the business may question the analytical output.

A sample 'workforce analytics' scenario — increasing business results with the talent acquisition process

Critical workforce issues	<ul style="list-style-type: none"> • How do we fill the skills gap in our workforce? • What skills and competencies are required to fill the critical jobs? • How do we decrease time to hire to increase revenue? • How can we reduce our sourcing costs?
Data/Reports/Measures	<ul style="list-style-type: none"> • Critical jobs report • Applications by job report • Applications by source report • Time to fill critical jobs report by time period • Open requisitions by critical jobs report • Internal movement report by location, skills, and competency
Insights	<ul style="list-style-type: none"> • Time to fill a critical job has doubled • Number of vacancies has increased in key organizations • Internal skills and competency are not filling the void • Certain sources are not providing skilled candidates • Applicant pool is shrinking
Actions	<ul style="list-style-type: none"> • Reduced sources/suppliers not providing candidates • Increased applicant pool by using social recruiting techniques (like social networking sites) • Changed hiring policies to recruit from other countries
Results	<ul style="list-style-type: none"> • Possible results that may occur: <ul style="list-style-type: none"> – Decrease in sourcing costs by 40% – Decrease in time to hire by 25% – Increase in cost to issue visa for overseas candidates but lowered salary/compensation levels – Increase in productivity leading to increase in sales

Source: Deloitte Analytics.

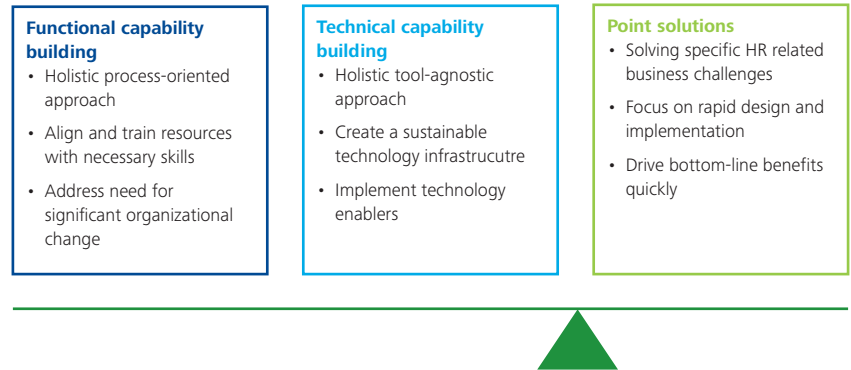
Tips for achievement

It is a long journey. Work in chunks and use data to drive decisions. The journey from basic reporting to advanced analytics applies in most cases.

Take actions based on insights. Analytics can become shelfware if it points toward actions but you do not take them. Using the current trends discussed above, we can identify sample actions that organizations might execute. For example, in workforce planning, analytics can help a company avoid capacity gaps and shortfalls. Analyzing workforce performance can direct the creation of effective management structures. Analyzing data associated with demographics and diversity can help identify gaps and potentially reduce the risk and costs associated with litigation. There are similar action payoffs related to other trends, including acquisition and movement, learning and development, and retention.

Point solutions are important, but capability building can lead to better results. The diagram below highlights key differences between the two approaches.

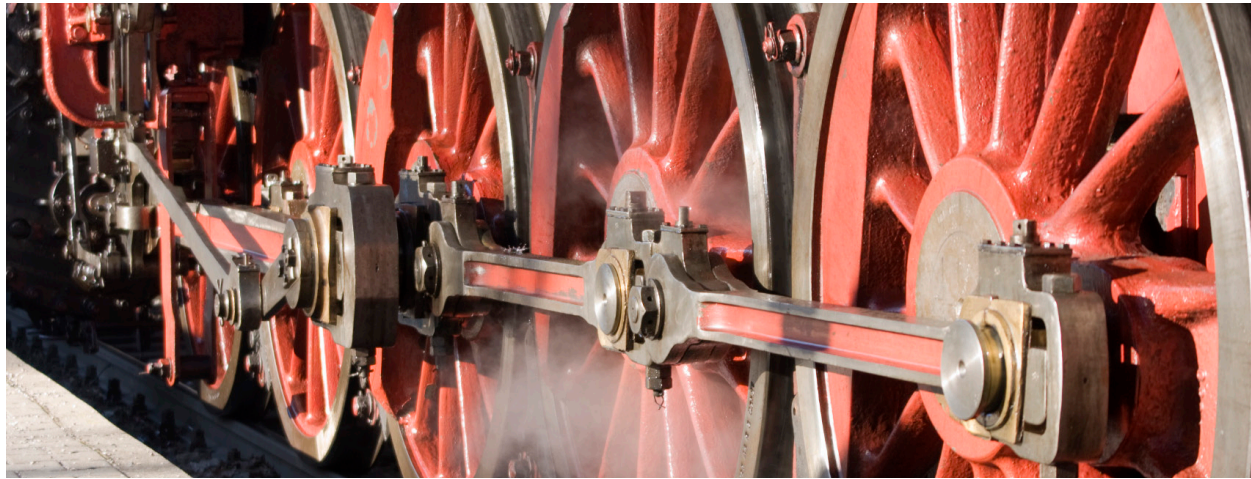
Point solutions diagram



Source: Deloitte Analytics.

Leverage your investments in technology. You do not have to buy new technology. Leveraging your investments can be a good starting point.

Consider a vendor-hosted analytics solution. Vendors can now host a reporting and analytics infrastructure and provide analytics support based on leading practices and industry knowledge. This reduces the in-house cost to host, license, implement, or support an analytics platform.

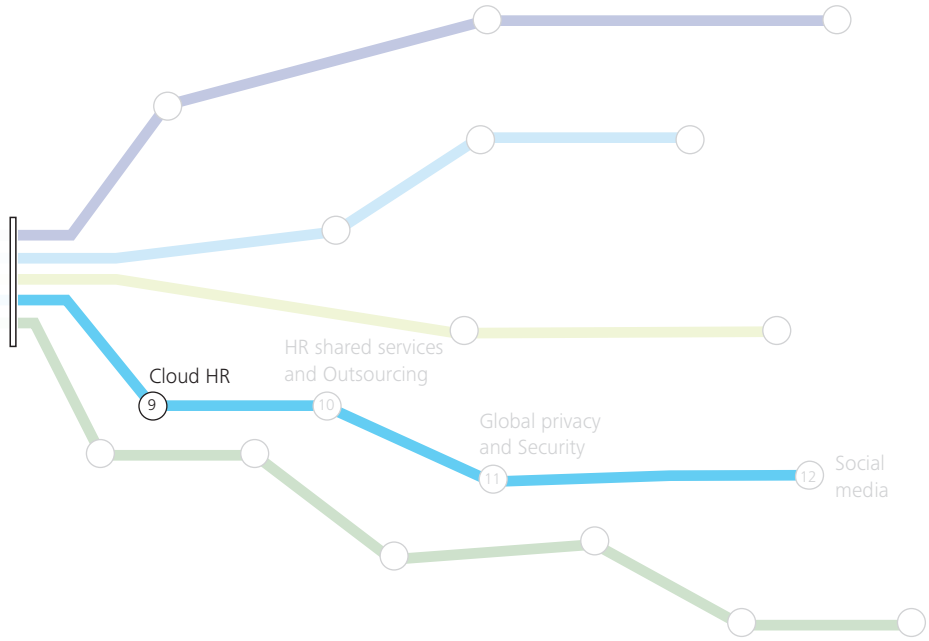


Conclusion

Identifying HR business issues can help define the development of a road map to advance your organization toward a scalable and sustainable workforce analytics capability and a more proactive HR function. Remember that this is not a switch a company can flip. As expectations, capabilities and habits grow around the new approach, the journey to effective reporting and analytics can bear fruit over time.

Enabling HR
service delivery

Enabling HR service delivery



9 Cloud HR



What do a carve out from a global medical device maker, a fast-growing not-for-profit foundation, a global financial services company, and an entertainment company with diverse training needs have in common? They've all turned to cloud-based computing and the Software as a Service (SaaS) model to fuel critical HR Transformation. These related approaches use the Internet to virtualize and centralize content delivery, application management, and system architecture so organizations spend more time on core missions and less on IT. While these approaches are becoming familiar to leaders in many roles, HR is not the first place most people imagine them in action.

Are cloud computing and SaaS the next big disruptive technologies — or are they simply a natural evolution of distributed computing? Either way, they are changing how many parts of the business operate and they are widely considered a big deal for IT and SaaS.

That's because two trends are coming together: Business leaders are asking HR for more strategic input, and technology is giving HR leaders better tools with which to respond. By embracing an HR-centric view of the cloud, instead of waiting for a more general cloud implementation to trickle down, HR leaders can endeavor to do more to support operational excellence, create and implement more effective talent strategies, and support revenue growth.

Benefits

SaaS has already demonstrated its value in terms of scalability and flexibility, using both on-demand and subscription-based models. Along with other aspects of cloud computing, SaaS is helping organizations to transform their traditional information technology (IT) structures into more nimble, flexible, and affordable architectures.

The technological benefits of cloud computing are already familiar. It allows an organization to deploy service delivery solutions quickly, without the barriers normally associated with size or geography. Once in place, those solutions can scale up or down more easily on the cloud as well. The result is typically cost savings that HR leaders can apply elsewhere.

And, while SaaS technology is generally considered evolutionary, its business implications are more likely considered revolutionary. That's why the real demand for SaaS is being driven by the business, where there are heightened expectations for agility and flexibility. SaaS can create the possibility of rapid business model innovation, improved service levels, and new ways of controlling costs — powerful stuff for companies responding to the aftereffects of the economic downturn and the pent-up business demand for HR.

Using the cloud, organizations can see structural benefits that lie beyond technology advantages. The centralized model makes it possible to connect various HR initiatives and technology across the enterprise, so that design, portals, and the nature of service delivery itself are consistent and appropriate. This can help HR look and work more effectively at the most critical point of change — the interaction between end users and HR services, such as recruitment, screening, predictive analytics, performance management, payroll, time, and attendance or workforce management.

But there's even more at stake than the opportunity to do current things faster, better, and cheaper. SaaS solutions, like cloud computing, can also help organizations do entirely new things, like helping HR organizations of any size in their efforts to compete and operate on a global scale.

Why now?

Recent Deloitte research shows that 84 percent of surveyed companies are either transforming or planning to transform how they handle HR functions. According to a 2009 Deloitte survey, the chief motivators are cost savings (85 percent) and greater effectiveness (75 percent).¹ And while business and HR leaders appreciate the long-term value of HR Transformation, the journey toward obtaining such value can seem too long. SaaS is an efficient way to accelerate HR Transformation and capture value faster.

New choices. Companies have new options for deployment models (public, private, and hybrid clouds), as well as for service models (SaaS, platform as a service, and infrastructure as a service). These options offer varying benefits in terms of efficiency, availability, scalability, and speed of deployment.

Demand for ROI. Massive investments in HR infrastructure have produced mixed results. Companies have an increasingly limited tolerance for spending money on technology without tangible, documented improvement in effectiveness.

Explosive growth in SaaS and cloud computing options. While software and hardware sales in general have slumped amid poor economic conditions, Gartner Research has found SaaS products and cloud-computing solutions are growing at two to three times the pace of on-premises solutions.² This gives organizations looking for fresh approaches to HR Transformation several new paths to consider.

Simultaneous maturation of SaaS and HR. While companies have made great efforts to streamline processes and technology, many times those efforts haven't extended to the delivery of HR services. But now HR, business needs, and technology are converging to create a defining moment in the history of HR Transformation. Business leaders need improved HR delivery models to drive more effective decisions and growth. At the same time, SaaS HR technology is providing new and affordable tools. The timing couldn't be better.

Introduction of broad, stable cloud computing providers. The cloud computing marketplace has taken off in the last few years — expanding the options for both IT and HR to support HR service delivery.

Lower costs and scalability. Many SaaS and cloud computing options cost less and are faster to implement than large enterprise systems. There are now SaaS products and services that can compete with or integrate with comprehensive on-site solutions. Many offer elastic scalability so HR organizations can add or remove capacity on demand. This is especially advantageous for organizations with variable workloads or growth spikes triggered by acquisitions.

Designing a cloud computing strategy

SaaS can offer a middle ground between in-house IT operations dedicated to HR and full-scale outsourcing. It also allows software to be hosted off site while managing HR processes in house. Issues companies are considering when choosing SaaS technology to drive HR Transformation include:

Value. Will the new system increase or decrease dependence on IT resources? Can users configure the system themselves or will a vendor have to customize it for them? Will it truly improve service levels?

Deployment. Will the solution be immediately usable or is there an extended implementation period? Can HR Business Partners, managers, and employees take the ball and run with it soon after launch? Do future improvements to the system involve massive, time-consuming upgrades or can the system be updated automatically?

Where could SaaS make the most sense for your HR organization?

If you're involved in any of these three activities, a SaaS solution could be an effective strategy to consider:



Source: Deloitte

ROI. What are the likely implementation costs for a new system? To what extent can up-front costs be recovered via reduced costs for an ongoing operation? How does the purchase affect cash flow? Can subscribing versus buying reduce the amount of capital tied up by the purchase?

Service to end users. Is the system intuitive and easy to use? How quickly can employees competently use it? How much training is required to achieve proficiency? How difficult is it to update features and functionalities to incorporate end-user feedback?

Thinking about these factors can help you choose the right cloud computing strategy. Developing a sound strategy for cloud computing is especially important if your organization is facing a major business change or ERP deployment or is already starting to dabble in cloud computing.

Obstacles — and ways to overcome them

Speed can be critical to realize value through HR Transformation. That's why SaaS can be such a compelling option for companies that want to show their organizations the value of transformation now — not a year or two in the future. Still, any new technology carries a measure of apprehension. The major factors giving companies pause before they consider the cloud to support their HR processes and technology include:

Security. SaaS security may be as effective as security associated with in-house data centers, but many companies do not have the comfort level to go down this path. And even some early adopters are keeping particularly sensitive applications in house.

Quality of service. The lack of an extensive demonstrated track record to meet formal service-level agreements for performance and availability means quality of service may be a concern for some organizations.

Integration. Organizations have lived through the challenges of integrating traditional on-premise and hosted Human Capital Management applications with best-of-breed applications. They question the complexities associated with integrating SaaS applications with in-house applications.

In each of these cases, however, the same speed of innovation that's making HR leaders apprehensive is also the answer to their concerns. The advancing technology is making each of these objections less relevant. Recall that not long ago people were apprehensive about using their credit cards to buy books online (security), predicted digital imagery would never replace film (quality of service), and owned multiple business systems were never intended to "talk" to one another (integration). Soon, if not already, misgivings about the cloud will likely seem just as quaint.

In addition to the inherent security built into the SaaS applications, there are a number of deployment options in the cloud that offer varying levels of security, such as public, hybrid, and private clouds. This variety provides HR and IT leaders many choices to align with their internal security programs.

One way organizations are addressing SLAs is to launch pilot programs that include varying populations to stress test all aspects of the agreements.

Compared with prior models, the SaaS HCM vendors are providing the integration tools rather than relying on the organizations to develop the tools themselves, alleviating the many challenges with integration.

Cloud computing and SaaS have become an effective approach to HR Transformation

So what happened to those diverse companies we visited earlier? The medical device manufacturer sped up implementation, reduced the demand on its internal business and IT resources, and was able to establish fully independent HR operations within nine months. The not-for-profit dramatically accelerated time to value without overstressing internal IT resources and exceeded budget expectations. And the entertainment company got its new learning system up and running quickly without having to maintain any of the content itself.

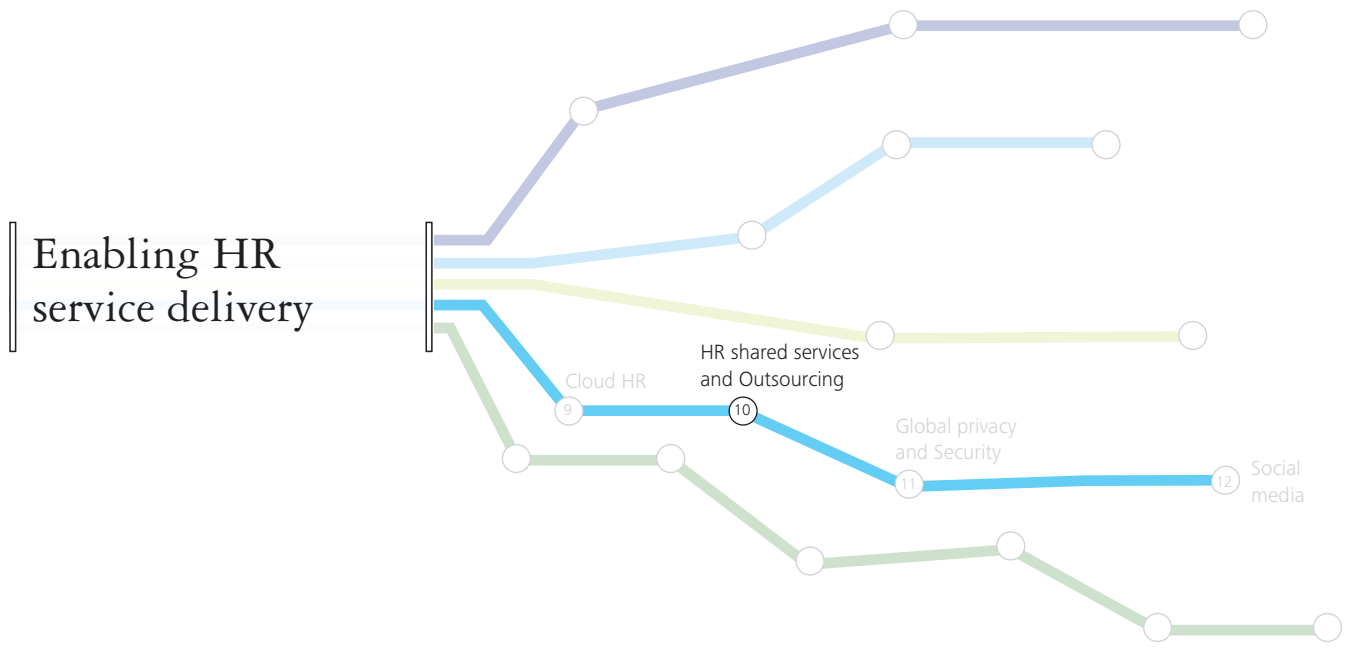
Enterprises should recognize emerging cloud capabilities and take advantage of new service offerings, such as more nimble, flexible, and affordable architectures. That means evaluating SaaS alternatives to discover offerings that are aligned with operating environments and risk profiles. Navigating the options, assessing the opportunities and risks, and migrating to the appropriate SaaS environment can help organizations position themselves for future adoption of additional HR capabilities.

The real power of HR-focused SaaS is in the potential to rethink and redesign HR delivery and IT architecture at a fundamental level. SaaS-driven HR Transformation can help HR to accelerate the value to talent strategies (workforce planning, performance, succession management, etc.), revenue growth (M&A, business transformation, globalization), and operational excellence (workforce intelligence, HR policy, culture, and communications) — making SaaS a technology consideration for any organization looking to take HR to the next level.

Endnotes

¹ Deloitte Consulting LLP, “Human Resources Transformation Survey: A case for business-driven HR,” p. 1 (2009).

² James Holincheck and Thomas Otter, “Key Issues for Human Capital Management Software,” Gartner Research (March 24, 2010).



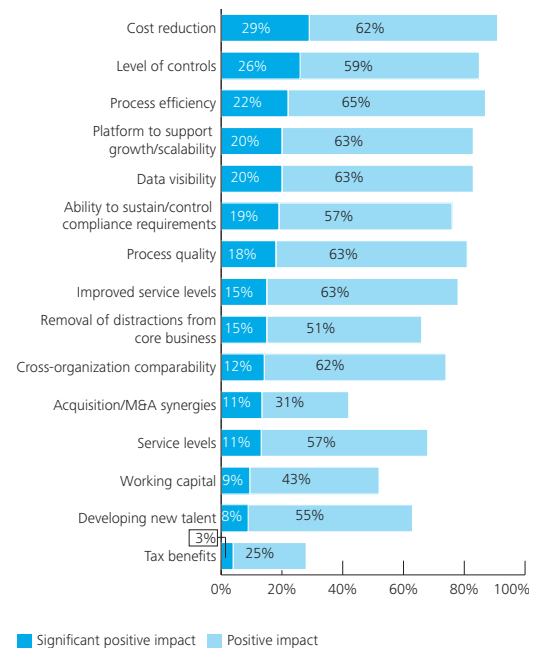
10 HR Shared Services and Outsourcing

Has your organization implemented service centers, deployed a shared services model including centers of expertise, or maybe outsourced HR and related technology capabilities in support of HR delivery? Think you've reached the future state? Think again.

For more than 15 years, companies of all sizes and levels of complexity, in virtually all industries and around the globe, have worked to improve the effectiveness and efficiency of their HR operations. More recently, they've combined outsourcing — both broadly and selectively — with ever-improving technology for customers and operators of HR services. These changes have offered the goal of reaching future state more quickly.

Once, the vision of the future state cast the HR function as a way to deliver basic services to support the administrative requirements of employing people. As more companies globalized and grew, the complexity of those requirements increased. The cost and challenge of supporting those HR needs increased as well. In this environment, shared services and outsourcing became specific tools for delivering complexity in an effective way.

Many large and midsize companies turned to outsourcing as a way to realize the future state of HR service delivery. They transferred a large portion of the HR department's processes, technology, and people to outsourcing providers



Source: Deloitte's 2011 Global Shared Services survey

with the expectation that those firms would effectively transform the delivery of HR by providing an outsourced shared services model. Today we know that the fully outsourced approach to realizing business objectives proved more challenging than many anticipated.

HR Shared Services and Outsourcing

As Deloitte's 2011 Global Shared Services Survey reaffirms, overall shared services deployments have moved the needle in the areas their designs called for. Cost reduction, controls, and process efficiency are the top three outcomes globally — and these results have remained consistent over the last few years. Many companies continue to work toward similar goals aligned with the future state they've envisioned for years.

By now, a more effective, efficient HR operation is simply not good enough. The many stories about challenges and achievements, whether in applying insourced, outsourced, or blended approaches, reveal a landscape that demands new thinking.

In the new vision of a future state, effectiveness and efficiency are table stakes. To realize this vision, complex businesses must also drive profitable global growth into emerging markets, flow talent seamlessly around the enterprise, and permit increasingly rapid merger, acquisition, and divestiture transactions on a grand scale. Together, these needs define a new future state for HR shared services and outsourcing.

To get there, HR shared services will have to bring significant improvement to:

- Driving a company's talent agenda
- Accelerating mergers, acquisitions, and divestitures while improving the quality of integration
- Improving leaders' ability to focus on the core business through high-quality services

The new future state for HR shared services and outsourcing

Profitable global growth, entry to emerging markets, flowing talent across a complex enterprise, and increasing the speed to productive outcomes of significant corporate transactions are among the top business demands of today. They will likely remain so well into the future. These demands can bring a variety of new people management challenges, and HR should prepare and organize the delivery of services to address them actively, efficiently, and with increased value.

The future HR Shared Services capability must take accountability for managing broad/overall HR inquiry, transaction, and administrative services; driving the identification, attraction, development, and movement of talent across the enterprise; and delivering people-related services to support the rapid execution of corporate transactions around the globe.

These new accountabilities will add to, not replace, the offerings many HR shared services organizations provide today. Yet the delivery of these increased capabilities must occur within the same or improved total cost of ownership, and the administrative table stakes at the heart of HR will remain important.

Whether or not an organization has implemented a shared services model, it may seem a steep challenge to expand the role of HR shared services beyond the current state. However, this challenge is entirely achievable through three specific strategies:

- Deploying new shared services operating approaches
- Implementing improved technology and tools
- Outsourcing strategically

HR Shared Services and Outsourcing

Deploying new shared service operating approaches

For HR shared services to elevate its delivery beyond cost and operational effectiveness, many organizations should embrace new operating approaches with expanded scope. Often, HR shared services focuses primarily on “back office” functionality in the form of data entry, report generation, and recordkeeping. Yet for shared services to deliver as a component of overall HR delivery, it must address more priorities than those.

For example, the talent agenda requires providing leaders with faster access to meaningful information and identifying people management trends. Accelerating merger integrations or spin-offs requires repeatable methods, tools, and processes. And improving leaders’ ability to focus on core business activities may mean further increasing the business focus of the strategic HR professionals who team with those leaders.

Beyond back-office basics. HR shared services gives many companies a core platform to deliver services well beyond transaction and data management. Many organizations already provide a broader set of services. The future of HR shared services includes answering inquiries well beyond basic employee questions. Further, it includes providing administrative process services that require HR domain knowledge.

The traditional view of HR call centers often includes the belief that complex inquiries, such as employee relations matters or manager coaching, should be reserved for HR Business Partners. While these matters certainly can lead to complex issues, a well-built shared services capability can support the initial fielding and triaging of most HR inquiries

— and in many cases more than that. In a similar vein, processes such as candidate screening, learning curriculum management, and vendor management are specialties that require degrees of domain knowledge that may emerge as key functions within the future of HR shared services. The right level of documentation, training, technology tools, and resources combine to give HR shared services the ability to deliver services that go well beyond the back-office basics.

Functional specialists. Across many companies, the roles of the HR Business Partner or generalist and centers of expertise continue to evolve as they strive to deliver more business impact. To continue that evolution, they need to transfer more administrative components of their work to shared services. In the prior view, HR shared services’ responsibilities were limited to basic administration, while business partners and Centers of Expertise (COEs) held onto work that required varied degrees of HR domain knowledge. This retention of administrative duties within the business partner or Centers of Expertise functions may prevent people in those roles from applying their full attention to the enterprise’s true people agenda. Creating functional specialist roles within HR shared services makes it possible for workers with in-depth process knowledge and expertise to deliver those important, yet administrative, services across the enterprise.

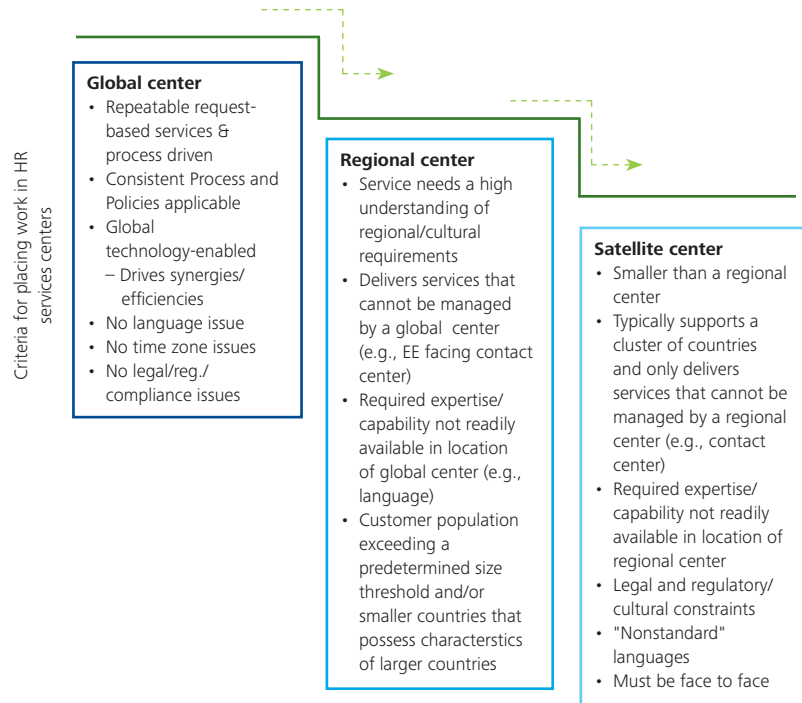
The expansion to functional specialties, along with core transaction, data management, and inquiries, helps HR shared services serve the entire enterprise efficiently. Through this approach, the organization can apply repeatable, effective processes to high-value functions such as corporate transactions, employee relations, high-volume or unique skill recruitment, and vendor management across HR functions.

HR Shared Services and Outsourcing

Global-regional-satellite (and virtual). In the “early days,” companies built shared services centers with the notion of serving HR’s customers globally. While this model certainly worked well for many functions, complex enterprises recognized the challenges that came with supporting inquiries and other functions that require adaptation to local cultures, regulations, and languages. This led to the proliferation of regional centers, often as an alternative to or replacement of single global centers.

The future of HR shared services, especially as offerings expand to include inquiry support and functional specialties, requires an evolved approach that replaces the traditional model with the balanced deployment of a “hub and spoke” construct. Many complex companies can create a well-orchestrated set of service centers that operate as a cohesive organization, placing work in the right place and flowing work across centers both upstream and downstream, thus promoting required efficiency, cultural alignment, and closeness to the locale where required.

Where the volume of work warrants it, satellite centers may be physical centers. More often, however, work defined for a satellite center may occur through virtually based workers or workers colocated in a business facility rather than a formal service center. This approach can provide HR shared services leaders greater flexibility to expand the suite of service offerings. It can also help them acquire and retain the HR domain expertise to deliver — while maintaining or reducing the total cost of operation.



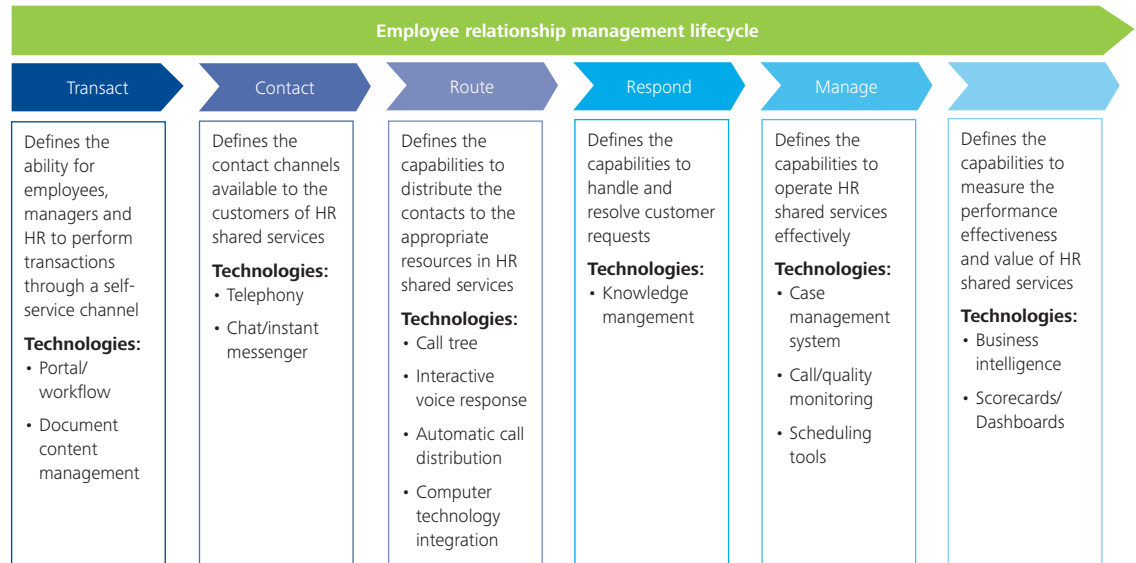
Source: Deloitte

HR Shared Services and Outsourcing

Implementing improved technology and tools

Expanding the offerings of HR shared services and operating a balanced hub-and-spoke model relies on a variety of factors. Among the most important is an improvement in both operational and customer-facing technology tools. Call handling, case management, and knowledge base technologies are foundational technologies, and they can deliver greater integration and ease of use.

Shared services leaders face the difficult task of demonstrating a positive return on investment of technology acquisition with a limited set of high-cost options to achieve the goal. Increasingly, market demand has driven the development and innovation of packaged and SaaS solutions that improve the deployment speed and operating costs.



Source: Deloitte

HR Shared Services and Outsourcing

The HR shared services model of the future demands the continued use and evolution of those foundational technologies, along with tools that enhance customers' experiences across the request lifecycle. Focused, strategic investments in the key areas below, and the process changes that come with them, are critical to achieving the new future state of HR shared services while maintaining the necessary operating cost and efficiency:

Enhanced online channels. Improved user interfaces, live chat, and on-demand content give managers, employees, and HR Business Partners more direct access to information.

Knowledge and content management. Broad knowledge management tools facilitate the presentation of relevant and personalized HR policies, content, and transaction support to customers using role-based access, organizational placement, and language as some of the triggers that make the online channel experience more effective for the end user.

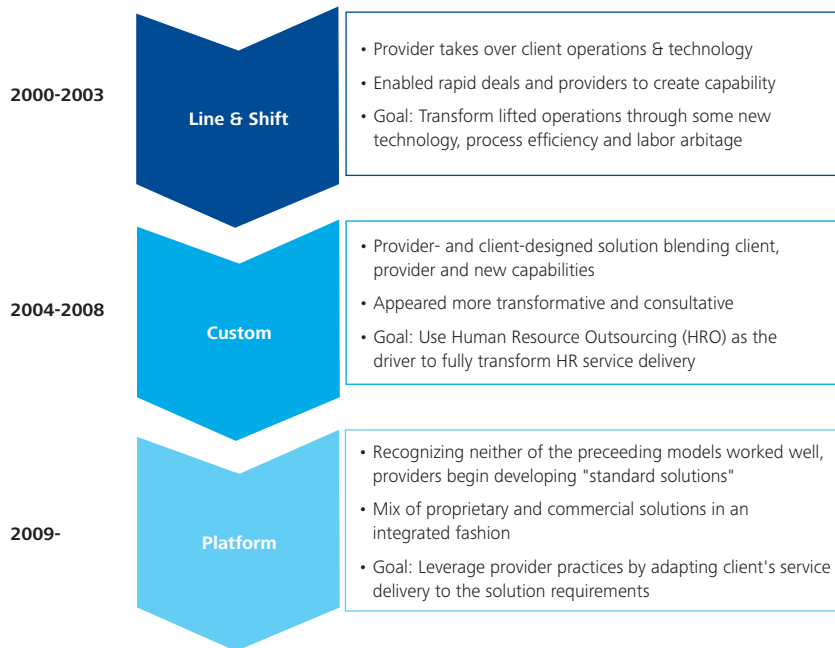
Case management. Integrating case management with the HR portal, telephony, and core HR platform solutions can accelerate the speed of interaction for customers with HR shared services, whether online or by phone, and likely increases the accuracy of information and resolution.

Business intelligence. Business intelligence tools that are often already available in an organization allow shared services to perform broad analysis of key metrics across operational, satisfaction, and financial categories. This drives HR shared services' ability to identify the people management-related trends as well as the opportunities to improve talent attraction and retention.

Highly automated workflow. Moving work in an automated, paperless fashion lets HR shared services leaders improve staffing models, place work in the most skilled hands, and increase quality of service. Workflow technology is the engine with which shared services operations can operate seamlessly across sites.

Thoughtful investments in readily available technologies, with a focus on enhancing the end-user experience and fostering the coordination of work within the shared services environment, are key strategies for realizing the future HR shared services model.

HR Shared Services and Outsourcing



Source: Deloitte

Outsourcing strategically

When seeking to establish or enhance HR shared services organizations, many complex enterprises have encountered the challenges of investing in the applicable technologies, which often impairs quality or limits the scope of offerings shared services can deliver to the company. Alternatively, faced with the need to realize their visions for HR shared services, many companies pursued large-scale HR business process outsourcing relationships with the expectation that outsourcing providers' core business would drive investment in technologies, service center capabilities, and talent to support an end-to-end scope of services across the technology and administration of HR processes.

As large-scale outsourcing providers began to offer services in HR beyond payroll and benefits administration, HR organizations started to want everything and providers offered to do it all. Many believed HR outsourcing would transform HR service delivery and that led to a frenzy of outsourcing. Today we know outsourcing is one tool among many that can support HR delivery as part of a balanced approach.

The HR outsourcing solution landscape began with "lift and shift" approaches and migrated to "custom" solutions. It continues to mature with a shift to "platform-based" solutions. This evolution provides HR broadly, and shared services specifically, the benefit of incorporating outsourcing capabilities — both business process and software services.

HR Shared Services and Outsourcing

Strong platform solutions let organizations adopt defined processes, technologies, and tools that can integrate with other provider-based and internal solutions.

As both buyers and providers of HR outsourcing services learn acute lessons, HR shared services organizations continue to work toward the new future state of offerings and value delivery to their enterprises. The strategic application of HR outsourcing has a bright future. A multivendor approach that brings the “right” vendor to each component of work rather than attempting to bundle all capabilities within one vendor in all cases will help HR outsourcing continue to mature as an important lever that spurs the evolution of HR service delivery. This will remain especially important as organizations work to realize the future vision for HR shared services.

A strategic approach to HR outsourcing means developing a tailored scope of services across internal and external providers, viewing the HR outsourcing provider as one set of capabilities that delivers services as part of a collaborative and highly coordinated delivery team.

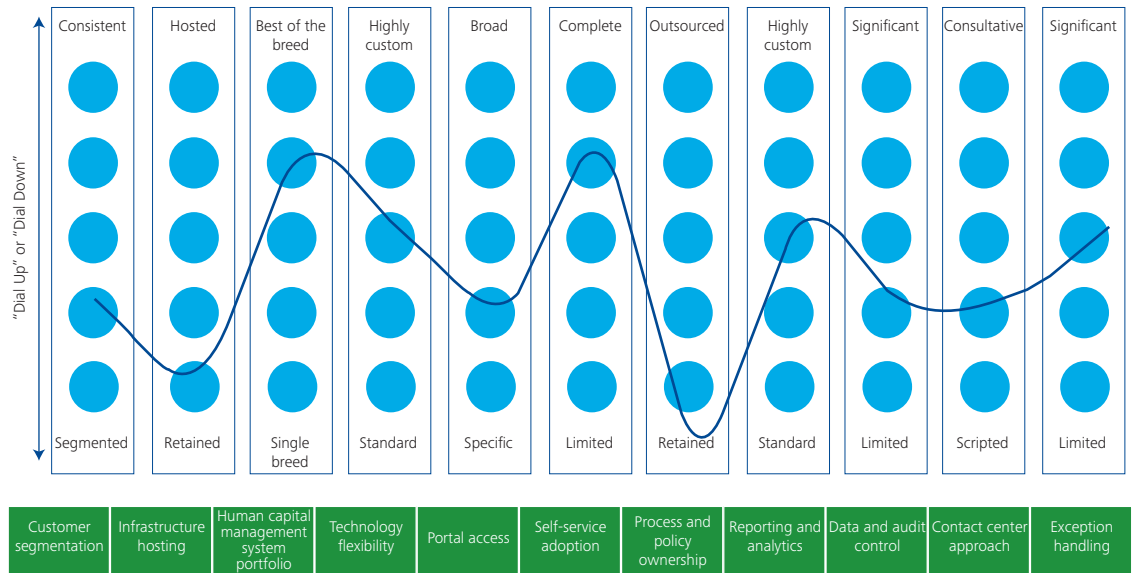
Applying a thoughtful framework to understanding an enterprise’s goals can drive the ability to strategically outsource the solution and align it with the reality of the organization’s needs and culture. In this way, complex companies can define an overall solution to fit expectations and purpose.

Some organizations used to assume that outsourcing HR required dialing-up factors across the board and outsourcing nearly everything across the HR domain. Deloitte’s HR Outsourcing Tolerance Framework helps create a view of a company’s outsourcing “profile.” Using this framework through collaboration among key stakeholders can yield a picture of an organization’s tolerance and provides a foundation to incorporate outsourcing services as part of a sustainable and executable strategy.

Effective outsourcing requires recognition of core principles:

- Every company has different needs and business priorities, and the scope of services to outsource will vary
- Organizational dynamics and culture must weigh on the determination of scope as well as provider choice
- The internal capabilities of an enterprise are important considerations when identifying the “right” mix of internal and external providers to execute the HR shared services vision
- SaaS solutions provide a strong complement or even alternative to outsourcing solutions and require careful consideration

HR Shared Services and Outsourcing

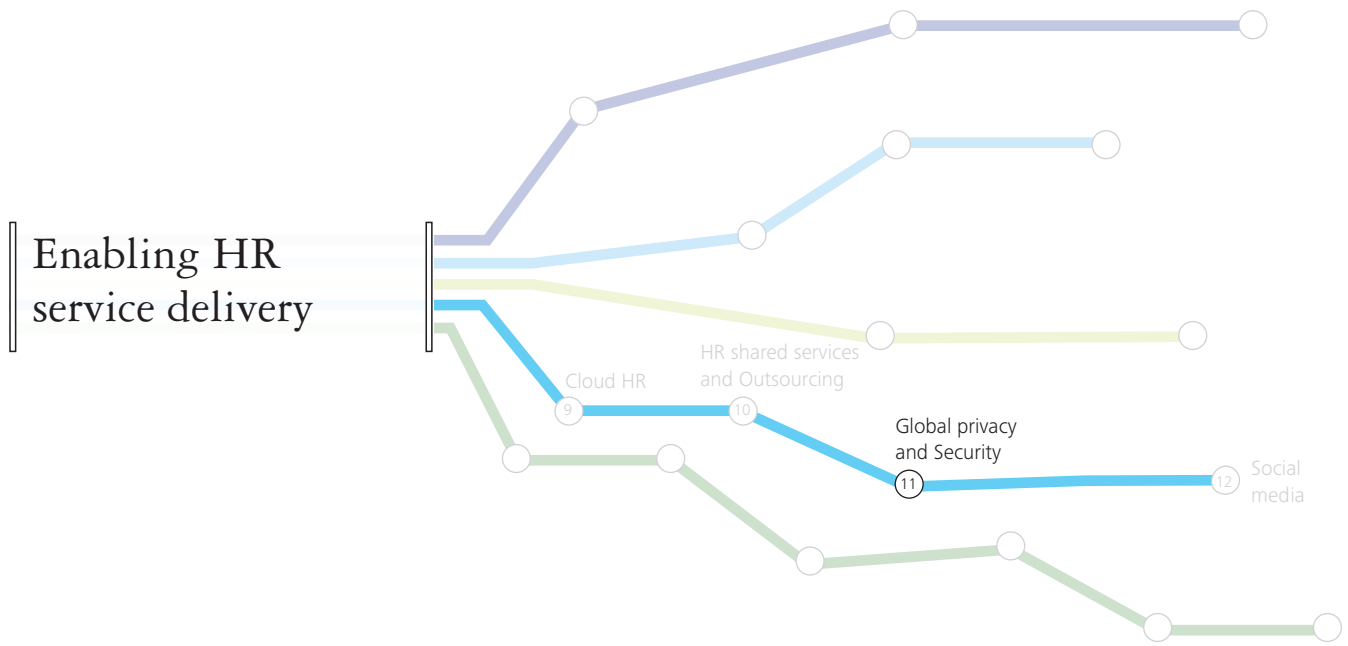


Source: Deloitte HR Outsourcing Tolerance Framework

Putting it together

The future of complex global business demands a new future state for HR shared services — one that aligns with the rapidly changing business expectations of the chief HR officer and teams. Implementing new approaches to HR shared services can bring measurable value to the global enterprise.

Profitable global growth, entry to emerging markets, flowing talent across a complex enterprise, and increasing the speed to productive outcomes of significant corporate transactions are among the top business demands global business must address. HR organizations have a significant opportunity to help their companies navigate the people management challenges inherent to these critical business needs. Execution against that challenge in an efficient, effective, and value-added manner dominates the agenda of any future-facing HR shared services organization.

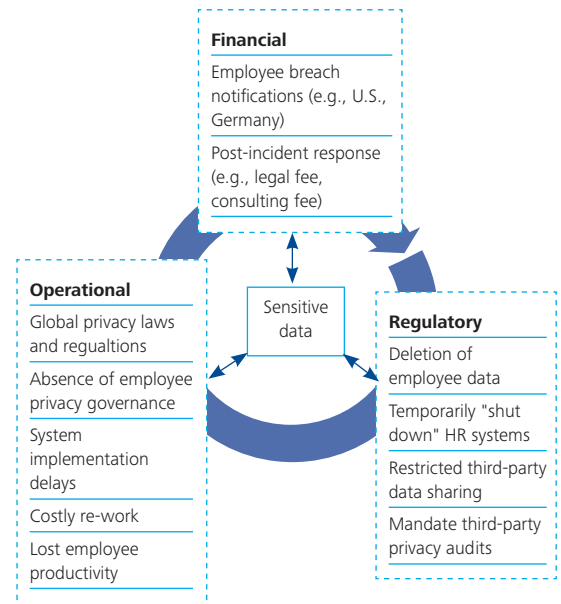


11 Global privacy and Security

The temperature is rising. Protecting your employee data and your organization's information is a topic of discussion not only in your boardroom, but also in courtrooms, union and works council meetings, department functions, and in people's homes. As breaches increase, national regulators and national works councils are taking notice of privacy and data protection weaknesses. They are imposing penalties that range from fines and consent decree mandates to work stoppage or a combination of all three. These penalties are increasing as international regulations continue to grow in number and complexity.

But in HR information security, the biggest risk is failing to meet the expectations of your workforce. Employees are more sophisticated, and they expect their employers to protect personal information and abide by the regulations enacted to protect their privacy.

On the other hand, businesses are still required to deliver a wide range of efficient services, even as they push toward rapid global expansion. Self-service and HR analytics are only the beginning of a list of capabilities your HR service delivery model is expected to possess. Almost all these services increase access to personal information, force HR processes deeper into the organization, and create a more complex environment for protecting data and keeping personal information confidential.



Source: Deloitte

Solutions arise from challenges — and vice versa

The technology solutions and service delivery models behind these changes provide new utility, but also offer new risks. SaaS applications, cloud computing, smart phones and mobile applications, and social media and HR analytic applications lie at the cornerstone of many transformation efforts. These technologies change the landscape of privacy, including the ways in which data is protected, how regulators assess their use, and how employees perceive the security of their personal information. Outsourcing and insourcing various functions of service delivery also create new challenges. Many organizations struggle to understand how privacy, data protection, and risk relate to one another. When contracting and monitoring third parties, or when assuming activities in-house, it can be difficult to know how to address privacy and data protection controls in areas, such as cross-border data transfer mechanisms, notice, choice, and information confidentiality.

As in any transformation effort, leaders are faced with managing conflicting objectives. Under pressure to provide more services across a broader, international geography, how can you do it with the privacy and data protection controls your employees demand?

Before tools, understanding

The solution resides in understanding the components of privacy and security and how data flows to, through, and from your organization. “Privacy” relates to personally identifiable information (PII) and the ways an organization works to use and disclose it properly. Within the context of HR, privacy is how you manage the rights and obligations related to personal data within your workforce. “Security” is more general — it describes the way an organization protects information and systems from unauthorized access and use. The trick in HR Transformation delivery is to integrate both privacy and security throughout your HR services and the systems that support them.

Global privacy strategies are often driven by the cross-border transfer mechanisms an organization selects and is a way it positions itself to meet the requirements of these mechanisms — for example, notice, choice, access, or onward transfer. To meet privacy requirements and build a sustainable model for HR service delivery, organizations must incorporate these requirements into either new or existing components of governance. The decisions to be made include ones focused on policy, procedures, roles and responsibilities, training and communication, monitoring, and controls.

Global privacy and Security

These requirements can differ from country to country, so companies should evaluate them through the lens of risk — using a consistent approach that addresses key regulatory requirements that are common across many international regulations, while still supporting the local management of relevant outlying requirements. In this process, companies should assess the risk associated with regulatory compliance in the countries where they do business. They should also consider specific privacy and data protection risks in the way personal data is captured, used, transferred, stored, and destroyed — whether it happens within processes, within systems, at third-party vendors, or within the various formats and views through which personal data will “live” within your organization. The transformation program should include a careful approach to evaluating these specific risks and to embedding control designs within the data flow of your organization.

Security is a component of privacy, and it relates to data protection measures, such as access controls and data encryption. But it also encompasses a range of capabilities found within HR Transformation, including identity management, application security, and business continuity. It is important to build transformational solutions that are designed to secure data from internal and external intrusion. Security is addressed at the enterprise level, with services and solutions designed to integrate with the ways a company manages its overall business, not just HR.

Case study

As a global manufacturing company embarked on a journey to consolidate numerous and disparate HR systems, its management realized that there was a significant risk to the project if privacy and security were not considered from day one. To help mitigate this risk, management added a privacy team to the project that focused on dealing with these specific requirements for the consolidation.

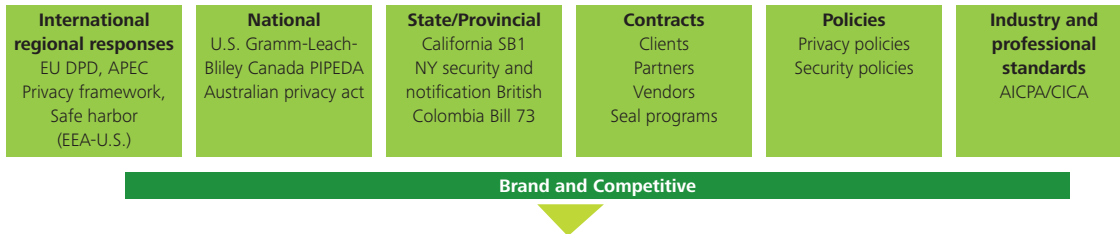
The team first tackled the problem of identification of global requirements associated with international laws, standards, and works council requirements. The privacy team was helped by a knowledgeable legal support team, global management with a grasp of existing requirements, and IT security team members.

Next, in order to understand how these requirements affected the future state business processes associated with the consolidated HR system, the “to-be” processes were mapped and controls were designed accordingly. Requirements and controls were also developed for the broader security components, including application security and the integration of the new HR system with their global identity management system.

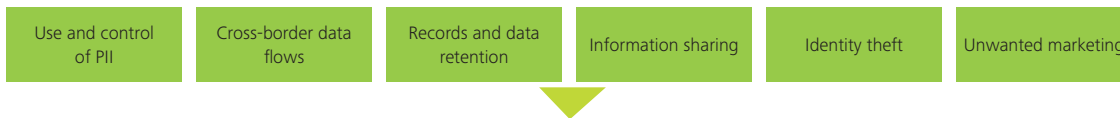
Finally, specific privacy and security governance components, such as an organizational structure, policies and procedures, and a cross-border data transfer mechanism strategy were designed and put into place. The work helped define a more overall approach to privacy and security for HR and led to the establishment of a Global Employee Privacy Program for the organization.

Global privacy and Security

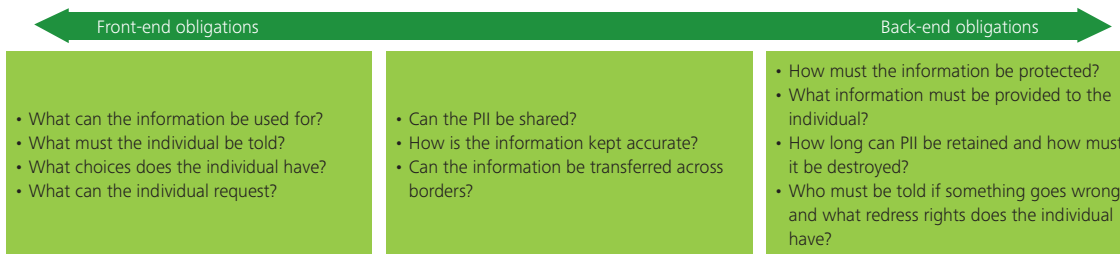
Many requirements



Addressing use and protection of PII



Requirement commonalities



Source: Deloitte

It is a mistake to integrate these “IT” security solutions and controls as an afterthought in an HR Transformation. A true transformation requires the planned integration of security strategies, capabilities, and resources. This needs to be part of the larger HR Transformation and its related privacy programs. Global roles, seamless application access, application controls over how systems can be used, business continuity options, and plans are designed better and provide more value when leaders manage them holistically with the broader transformation.

Global privacy and Security

Factors to a holistic approach

In building a holistic approach to meeting privacy and security requirements within HR Transformation, an organization can deliver sustainable ways to comply with global regulations and define efficient methods to protect data. Key factors to a holistic approach include:

Cross-functional executive support. Privacy and security is a cross-functional issue that requires strong executive support and involvement across areas, such as business, IT, HR, and legal.

Data lifecycle. Before you can understand how to implement reasonable controls, you first need to understand where the sensitive data is and how it is used, from collection through destruction.

Risk-based approach. Focusing on business risk (as opposed to merely compliance) and identifying and prioritizing high-risk items can increase the value the privacy and security solutions can deliver.

Change management. The usefulness of the privacy and security solutions come down to what people do on a day-to-day basis, so preparing, educating, and holding accountable appropriate professionals is vital.

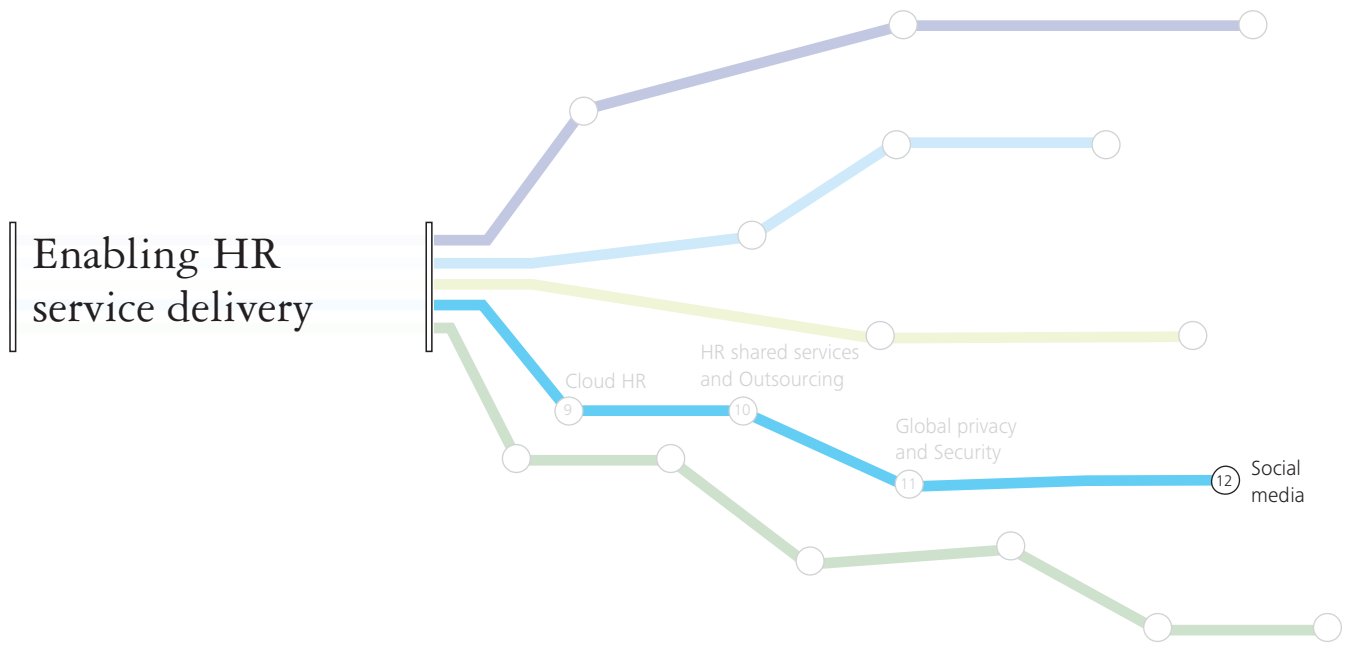
Implementation focus. Because most serious problems occur when policies do not match operational practices and capabilities, it is critical to go beyond policy development to actually operationalizing the policies in business processes and technology.

The holistic approach offers a practical solution to one of the biggest challenges of privacy. It can quickly assess the risks of global regulation, allowing companies to focus privacy and data protection efforts on the activities that address the real regulatory issues related to cross-border data transfer, onward transfer, and secondary use of PII.

Ready to grow

As organizations prepare to compete for high quality talent globally, they need to redefine what privacy and security means. They are not just about compliance. Together, privacy and security constitute a valued asset to an organization and its workforce. Achieving this takes an understanding of the privacy and security solution and each of its components. It is important to make delivery of privacy and security a part of the transformation strategy — to integrate it in planning, design, and delivery. The right specialists and tools can help the plan avoid confusing technical solutions and navigate the maze of global laws and requirements.

Organizations that plan, embed, and deliver privacy and security within HR Transformation — as a sustainable part of the new structure — do not feel heat from either regulators or employees. On the contrary, they see real strategic benefits. They are able to exploit new technologies safely. They can deliver efficiently and avoid costly “refitting” of security and controls after the transformations. And they can have more agile organizations that can expand into new global markets without the worry of unprotected systems and information.



12 Social media

As HR transforms its service to employees, social media can improve HR efficiency, quality, and value. An HR organization that uses blogs, wikis, and other collaborative technologies can help to attract and retain talent, improve the efficiency of HR service delivery, empower managers to manage teams effectively, and facilitate leadership that drives innovation and organizational agility. However, delivering on social media's promised value involves many challenges. First among these is HR's awareness of the opportunity to lead a cultural revolution in the organization. Technology gives us tools to send information back and forth — but social media is a discipline that leaders can use to connect an organization through collaboration, innovation, and learning.

Social media and the HR delivery model

Social media has the power to revolutionize HR service delivery. Many traditional HR portals let employees view paystips and update personal information. Managers can review employee profiles, pay history, and open recruiting requisitions. More mature first-generation portals let

employees enroll in benefits programs, review open positions, and manage training requirements. Managers can conduct yearly performance reviews and approve year-end compensation. Although some managers and employees are using first-generation portals to conduct HR self-service, adoption remains a challenge. Forrester predicts that mobile technology will "...reinvent the notion of employee self-service."¹ However, increasing the effectiveness of employer-to-employee service will take time due to investment costs and an uncertain ROI.

There is an opportunity to solve this dilemma. Social media goes beyond one-way communication — beyond the static information a traditional HR portal uses to supercharge an HR service delivery model. The flexibility to personalize information, the ease of ordering online, and the ability to connect with friends and family should be considered integral parts of an HR service delivery strategy as associates from executive leadership through entry level have come to expect — and demand — this type of interaction.

Social media

Social media, wikis, widgets, blogs, tagging, rich media, and mashups are commonly associated with personal use, but can be applied to the workplace. They all encourage collaboration and increase productivity, process, and innovation by unleashing creativity across the organization. These tools can help HR deliver consistent, timely, and personalized service, driven by online chat and wiki-based FAQs that can support queries across the globe. Social media helps establish an employee brand and culture that attracts Gen Y and multigenerational talent -- an environment where user experience is based on commercial user experience and media rich personalization. Generation Y employees (those born between 1982 and 2000) use these tools every day to communicate, socialize, and work. As evidenced by the explosion of social media, the younger workforce tends to be more accustomed to collaborative social technologies. They view them as a workplace necessity, not a luxury. Because these new workforce members bring tech-savvy skills, global and flexible orientations, and the ability to think in innovative ways, attracting and retaining them will create significant competitive advantage in the coming years.

Social media encourages employees to create communities of practice and drive innovation. Delivered through an HR portal, social media can deliver company communications and HR policies-- ideally harmonized across divisions-- and provide consistency across the organization. Online FAQs support the HR service center by reducing inquiries and staffing needs, which contributes to the HR ROI. In short, social media has the power to bring together the collective talents, knowledge, and experiences of employees, around the world, fueling innovation and organizational transformation.

Delivering HR value

Talent, HR, managers, and leadership can use social media to drive innovation and transformation throughout the organization. A hyper HR portal with personalized interfaces, company networking, and collaborative spaces is a driver that can attract and retain multigenerational talent. Tools such as online FAQs, HR helpdesk chats, and advanced manager self-service improve and increase the value of HR and its delivery of innovative services and knowledge. The result is likely more time for HR to function as a true business driver that helps managers get the most from their teams. A hyper HR portal encourages managers to rely upon accurate information to enhance decision making and facilitate global team development. Finally, as leaders embrace the evolution of the HR portal, they can transform their organizations into participatory and self-sustaining cultures.

Social media

To realize the full potential of social media to deliver a hyper HR experience, the organization must first create a rich user experience, available on mobile devices, for sustained use. The enterprise portal is shedding its divisional focus — Procurement, Business Units, HR, Corporate Communications etc — and becoming the “one stop shop” for all employee needs. The rich user experiences of interactive desktop applications, mashups, and enterprise widgets create an innovative, intuitive, and personalized employee and manager dashboard, pushing key information to foster quicker analysis and decision making. RSS, blogs, and podcasts deliver direct management communications. Personal branding through blogs helps leadership engage large, yet focused groups, around areas of interest and receive real-time feedback.

A rich user experiences delivered “whenever and wherever” can bring employees deeper into organizational discussions and processes by providing answers to business critical questions and encouraging active participation in communities of practice. The aggregate solution of online content sources within and outside the enterprise creates new, richer HR services adapted to users’ situational needs.

An HR organization must be able to improve and expand HR value, and social media tools can significantly improve critical aspects of the employee lifecycle. Podcasts, RSS, and live chat can communicate benefits information with employee-defined recommendations. Podcasts and RSS feeds can communicate retirement planning advice and benefit updates. Flash benefits alerts provide interactive, guided presentations on annual benefits enrolment.

Complex, global companies across industries have realized significant value through deploying social media strategies and tools. For example:

- A large financial services company uses social media tools to keep employees who are on leave actively engaged with the company. Additionally, through the same access to Web-based employee-submitted information, HR can nonintrusively understand and address employee concerns and issues.
- A leading technology products and services company actively addresses hot-button employee issues by monitoring social bookmarks and “tag clouds” on the company’s social sites. Live chat with HR services addresses employee inquiries with immediate service. An HR/help desk supervisor can update FAQ content in real time to help reduce transactions and inquires via email, phone, and other off-line channels.
- Topics posted on one global energy conglomerate’s global community knowledge forums usually receive two to four responses within 24 hours of the initial posting. Streamlined processes contribute to improving satisfaction, reducing overhead costs, and improving HR’s ability to work with leadership to create value.

Social media

Going beyond the hype — implementation challenges

Integrating social media into HR service delivery has risks and challenges. It takes significant change management actions to realize the potential these tools offer. Companies that deploy these tools effectively achieve results by making them available throughout their organizations. They successfully manage the potential to lose control of top-down messaging, as well as the flow of information. However, in most of the cases where social media tools are deployed, organizations fail to achieve the primary goals because they lack two things: a business strategy approach to the deployment of these tools, and a focus on the risks.

Organizations need clear policies and processes to assess and manage risk and legal concerns, such as industry Health Insurance Portability and Accountability Act and safe harbor. Executives often express concern about giving employees the ability to create and manage content, and many information technology departments block employee access to popular social tools. Some employees may lack the basic skills or computer access, or may even feel uncomfortable engaging in online dialogues with their superiors, senior management, or unfamiliar faces within their company. Access may even provide dissatisfied employees and customers a platform to air their grievances.

To manage this expanded measure of freedom, companies should educate management about the social media paradigm shift and the business value it produces. It pays to promote a culture of openness and free dialogue - the criticality of collaborating with others in the organization will solve such issues. Use the portal to your advantage, take feedback as an opportunity to directly address and diffuse concerns, and above all, be honest and transparent. Do not be afraid to admit mistakes or wrongdoings or attempt to deceive your audience.

A few specific actions can help an organization in its efforts to implement social media and minimize the risks it brings:

- Since the long-term costs to support and scale social media are difficult to predict, start with small, business-driven projects that generate quick wins to achieve early business results.
- Promote social media as a community-driven initiative, not a top-down directive, with specific business benefits.
- Create compelling site features that focus on usability and community-building (e.g., “my colleagues’ updates”) and accelerate the network effect. Complement the networks with blogs, wikis, and content from key influencers.
- Engage a cross-representation of “champions” from business units, HR, IT, legal, marketing, and public affairs to garner interest and organizational enthusiasm.
- Establish a social media center of excellence to align offerings to specific business needs.
- Provide users a first line of support for usage questions, technical support, reporting violations, and/or feature requests.
- Continue to recruit advocates in the business to keep content fresh and sustain ongoing usage of the tools.
- Encourage top-level management to model desired behaviors as active, passionate contributors and not spectators.

Social media

A worthwhile trip

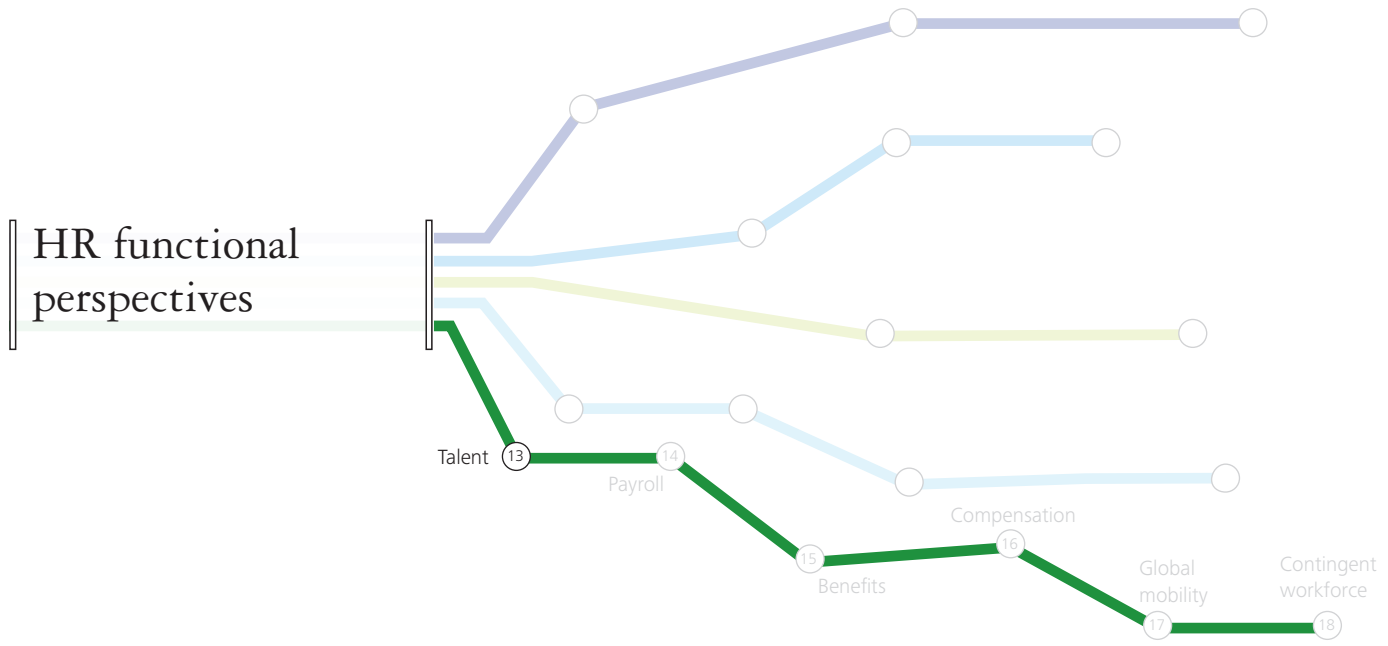
With an insightful implementation approach, organizations can overcome the challenges and realize the potential of social media to attract talent, improve the delivery of HR services and knowledge, help managers to manage teams effectively, and transform organizations into participatory and self-sustaining cultures.

When HR professionals move forward with insight into how human capital adds value to an organization, they can be forefront of this revolution. However, the organizational and technical hurdles come first. Once those are cleared, HR leaders can realize their essential role — connecting organizations so they can collaborate, innovate, and learn.

Endnotes

¹ Trends 2011: HRM Processes And Applications Move Ahead Despite Mixed Employment Outlook by Paul D. Hamerman, with Connie Moore, Claire Schooley, and Andrew Magarie. Forrester Research, Inc. January 14, 2011

HR functional perspectives



13 Talent

The future of talent management

When it comes to processes and technology, it is time to treat talent like a business imperative.

Today's talent leaders are searching for ways to cope with challenges from skill gaps to globalization to concerns about succession planning and future leadership. Given the critical nature of these talent issues, organizations have responded with a broad array of initiatives that focus on talent attraction, development, and retention. According to a 2010 Deloitte survey, talent leaders' top concerns include:

Talent concerns remain high despite global economic uncertainty

41% of executives surveyed named competing for talent globally and in emerging markets as a top concern

63% of executives surveyed are concerned about losing high-potential and critical talent over the next 12 months

7 in 10 executives surveyed will increase their focus in succession planning, developing emerging leaders, and leveraging workforce planning tools

Source: Deloitte Talent Edge 2020

- **Continuing talent shortages despite high unemployment rates in the U.S. and abroad.** Many executives predict talent shortages across key business units and executive leadership — which are needed to drive growth and innovation. Nearly three of four executives surveyed predicted talent shortages in R&D.
- **The global race for talent.** The recession did not reduce the pace of globalization — instead, many executives recognize that the once-emerging markets of the pre-recession days have become the catalysts for future growth, placing tremendous demands on talent managers to get new people in new jobs at new locations.
- **Challenges in developing the next generation of leaders.** Looking out over a more complex and ever-changing business environment and the impending retirement of baby boomers, many executives expressed concern over their companies' leadership development programs and pipelines, believing this will be the highest talent priority three years from now.
- **Retention of critical talent.** Fifty-nine percent of executives reported that voluntary turnover had increased between October 2009 and October 2010, and 61 percent believed that it would increase over the following 12 months. Moreover, 29 percent of respondents expressed very high concern about losing critical talent, and 25 percent reported a very high concern about retaining leadership.¹

While organizations have had varied outcomes addressing these top talent priorities, many organizations are now sorting through a patchwork of their various talent approaches, programs, and initiatives. The near-term result is an operational headache that should be rationalized and made manageable for the long term. However, a variety of challenges should be overcome.

A programmatic view. A common response to talent gaps has been to conceive of and execute various “programs” — such as new recruiting strategies, strengthened career paths, enhanced retention incentives, or modified performance management processes. Unfortunately, these approaches have typically focused on what to do, not how to do it. That can place insufficient focus on the resources it will take to implement and then sustain these initiatives over the long run.

Siloed activities. Even talent-oriented organizations tend to address their talent issues topic by topic, not within the context of an integrated talent strategy or framework. Because different elements in the talent lifecycle are closely related, this lack of a holistic view can stand in the way of achieving strategic talent objectives. In addition, the people, processes, and technology supporting these activities often operate with minimal coordination or integration.

Localized solutions. Not only are talent programs, policies, and technologies separated across talent silos, they also tend to vary by country and region, which multiplies the effort and cost needed to maintain them. As companies seek to operate on a more global basis, this makes it increasingly challenging to achieve talent objectives both effectively and efficiently.

“We have made talent a priority for years, but now we have a mix of programs and initiatives and no long term approach for managing them in a consistent, integrated, or global manner. In short, we have a bit of a mess on our hands.”

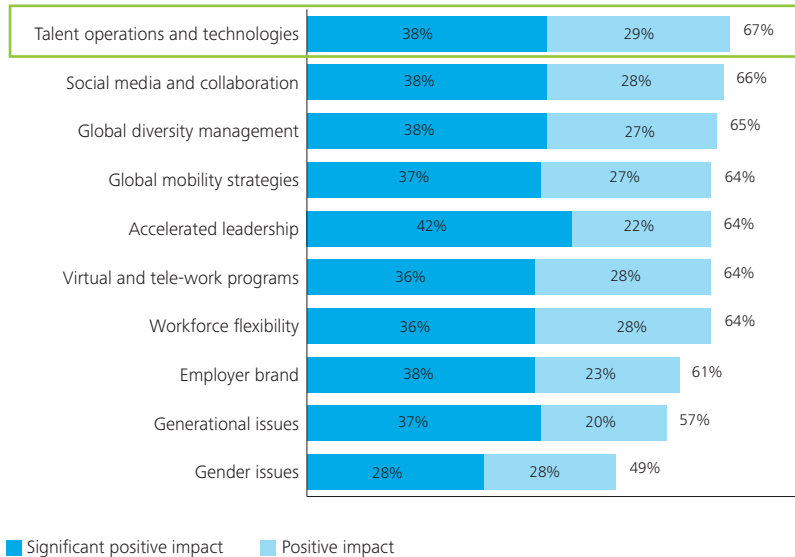
— Chief talent officer, industry-leading global company

Lack of data-driven approaches. Organizations have invested in talent programs based largely on intuition. Some of these investments have yielded benefits, but few organizations can quantify them. Many organizations focus on the investment required to implement a program but fail to account for or monitor the effort to manage it over the long term.

Based on these types of challenges, even organizations that have deployed satisfactory talent management programs have found difficulty controlling the infrastructure — people, processes, and technology — to sustain them. Many are also finding they need to plan, implement, and manage talent initiatives with an operational mindset that more closely resembles the way they address other business challenges. This heightened focus on the operational aspects of talent strategies can be referred to as “talent-led HR Transformation” — and can be a key element in the next evolution of HR Transformation.

Talent

How do you anticipate your organization's focus on the following emerging talent strategies will change over the next year?



Source: Deloitte "Talent Edge 2020: Blueprints for the new normal" and Human Capital Trends 2011

The next frontier of talent management: Talent-led HR Transformation

After years of investments in talent programs, policies, tools, and initiatives, companies are trying to operate talent activities more efficiently and effectively. They also want greater impact from the significant investments they have made. In fact, getting the execution of talent "right" has been identified as a top priority, as indicated in the survey results shown on this page.

While HR Transformation has typically focused on the more administrative aspects of HR — such as payroll, benefits, compensation, employee relations, and other high-volume transactions — organizations are now finding it is time to

bring these same transformation principles to the realm of talent management. **Talent-led HR Transformation is the application of traditional HR Transformation principles beyond the administrative aspects of HR and into the critical realm of talent.** The opportunities for doing so can be significant.

Service delivery strategy: Workforce planning. Recruitment. Performance management. Learning and development. Succession planning. Diversity. Incentives and rewards. Historically, talent programs have evolved separately, as have the processes and departments that support them. Achieving a more coherent and streamlined approach to talent begins with establishing the service delivery framework across the entire talent lifecycle. Typically, the first step is to understand how these programs are supported today, then identify the critical interdependencies and possible redundancies that present opportunities for improvement. It can also be revealing and beneficial to examine these areas from a customer perspective — as many of these processes touch the same internal customers consistently.

A service delivery strategy defines the talent programs that HR will deliver to the organization, and how they will be delivered. As a start, the strategy includes:

- How talent leadership and "work" will be organized within the organization
- Roles and responsibilities, including across:
 - Talent lifecycle components
 - HR, operations, managers, and employees
 - Regions, countries, and sites
- The type and number of resources that will support talent programs
- Which programs will be driven globally, regionally, or locally

Process redesign: When they examine the processes required to support talent programs, many organizations find significant opportunity for simplification and streamlining — often within specific talent disciplines, but especially when examined across the talent lifecycle. A process-based approach can also uncover gaps between talent processes that can diminish the benefit of these programs.

One common gap is “onboarding” — clarifying the processes and ownership for bringing a new employee into the organization from a 360-degree perspective. Other gaps include connection points between performance management and learning (how do outcomes from performance management processes tie to collective training strategies and individual learning plans?) and performance management and succession planning (how do outputs from the performance management process become inputs into leadership development and succession planning?).

Process redesign should account for which aspects of talent management will be driven by global processes and which will be managed regionally or locally. For global program areas, processes should clearly articulate the required steps and the roles and responsibilities of stakeholders from end to end. Where such process clarity does not exist, defining it can often require significant input and consensus. Even processes that will remain regional or local often require more clarity in their expectations. Leaders must understand how local processes may tie to global ones. For example, how does a regional performance management process tie to a global succession planning program?

In short, a process-based approach can identify opportunities for streamlining and greater efficiency, as well as opportunities for greater impact of talent programs through clarified interdependencies across the talent lifecycle.

Outsourcing: Historically considered only for administrative HR activities, companies are increasingly finding that outsourcing may present better and more cost-effective talent solutions. For example, recruiting process outsourcing (RPO) is rapidly growing both for discrete recruitment activities (such as sourcing or screening candidates) and on an end-to-end basis. As demand for such services has grown, the vendor marketplace has expanded and leading firms can deliver broad service offerings.

Beyond cost and quality, clients find that RPO can provide faster solutions to emerging business needs, like building new skill sets or reaching into new geographies, than having to build such capabilities internally. As with more traditional HR outsourcing, it is critical for the client organization to keep its focus on requirements for their “retained organizations” — a clear plan for what activities will remain internal, who will perform them, and how such processes will interface with those that have been outsourced.

Shared services: As with outsourcing, companies have typically applied the shared services approach to administrative HR processes. In more strategic areas, such as for talent activities, they've organized around Centers of Expertise. But in the process view, many activities within the talent lifecycle have characteristics more consistent with those in shared services: high-volume, standardized, and administrative transactions. Numerous examples apply across virtually all aspects of the talent lifecycle, including coordination of the performance management process, execution of incentive compensation decisions, resume or application receipt and processing, or maintenance of professional certifications. For organizations with HR shared services operations in place, performing a close review of talent processes for potential integration into shared services can allow the organization to perform these activities more efficiently while freeing center of excellence professionals to focus on more value-added talent strategy activities.

Technology: Within the past three years, talent-specific technology solutions have taken off. This movement has been largely the result of improved capabilities provided by leading vendors — both from traditional ERP solutions, as well as from emerging SaaS players. New and improved solutions exist across the entire lifecycle, with particular attention focused on performance management, recruiting, workforce planning, succession planning, and learning. The result is that HR organizations have more tools at their disposal than ever to carry out the talent strategies their organizations require.

Given recent market attention, technology is clearly a highly visible component of talent-led HR Transformation. However, it is important to maintain a focus on the organization's business requirements, business processes, and intended service delivery model before investing in new software applications. This is particularly true in the world of SaaS. While these systems can offer numerous advantages, including reduced financial investment and faster time to deploy, the standardized nature of SaaS solutions means customers have less flexibility to tailor these solutions to meet their needs.

Other considerations for talent technology include:

User experience: Unlike core HR systems, whose main users are HR practitioners, talent systems are touched by many, if not all, managers and employees within a company. That means selected talent technologies should align to the skills and styles of the workforce and be accessible when and where the workforce needs them.

Languages: Particularly for global organizations, language selection is a critical consideration. Companies need to balance the benefits of user adoption and the quality of the user experience against the costs to implement, maintain, and support multiple languages and to customize content beyond standard features.

Integration: Increasingly, organizations are finding that talent processes are interrelated, and that the data associated with talent processes can have greater value when it is integrated across the entire talent lifecycle. Organizations should carefully assess potential solutions to realize this high degree of integration — if not provided within a single solution, then at minimum with solutions that are easily integrated with other tools and systems.

Analytics: Meaningful talent data can directly improve the quality of talent strategies. Unfortunately, while most talent technology providers claim to deliver meaningful analytics, many fall short of expectations. These deliverables tend to be historically focused “reports” as opposed to insightful data that can be used for go-forward planning and decision-making. Companies exploring these solutions should place particular scrutiny in this area.

Data privacy and security: With governments placing more scrutiny on data privacy and security, companies should select a vendor that can demonstrate deep understanding of current requirements as well as capabilities to navigate potential future requirements. This is particularly true for SaaS solutions, in which management of data is no longer controlled internally.



To drive integration and cost benefits, companies should thoughtfully assess the available talent technology providers and build a strategy that matches their business requirements today and those expected for tomorrow. While new SaaS solutions can make it easier for organizations to follow a “best-of-breed” approach, selecting the right solution for each different element within the talent lifecycle, it is important for companies to weigh the benefits of greater functionality against the additional effort required to integrate across talent modules.

Keys to talent-led HR Transformation

As organizations seek to transform their approach to talent management through an increased focus on operations and technology, several considerations can help companies accelerate their progress:

Clarifying governance over talent management planning and operations is a critical early step in transformation.

Moving away from a department-by-department approach to managing the talent lifecycle means organizations will need greater day-to-day coordination, as well as more integrated decision-making over talent priorities and investments. For most organizations, this will require not only new organizational structures, but also new ways of evaluating overall talent priorities and programs and selecting where to make investments. This likely means new governance processes within HR, as well as clear channels to get input and assess these decisions through direct business leadership input. As organizations seek greater global approaches to talent management, this governance will also need to account for global input and alignment.

Transforming talent functions includes considering the skill sets needed in the new environment. As talent management processes become less siloed, less administrative, and more data-driven, organizations will find that certain practitioners in their talent centers of excellence today may not possess the strategic or analytical skills needed for the future. Likewise, talent strategists will be expected to bring not only innovative concepts, but also more management understanding. Talent professionals in general need greater skills in quantitative analysis, process design, and operations.

Organizations need a clear talent technology strategy aligned to their talent management strategy.

With the attention the talent technology market and leading vendors are receiving at present, too many organizations are deploying such solutions without clear requirements. More importantly, many organizations have unrealistic expectations for the impact these solutions will have. Organizations will find, as is the case with any technology, that these solutions are just tools — they won't resolve broader talent management objectives without requisite attention on other critical dimensions, such as service delivery design, process design, change management, and governance.

As with any transformation, change management is a critical prerequisite to talent-led HR Transformation. This can be especially true for an area, such as talent management, which touches every employee in the organization. New approaches to talent management, whether in service delivery design, processes, or new technology, can require a high degree of stakeholder engagement, communication, and education — both for the HR professionals who drive these processes and the employees and managers who will use them.

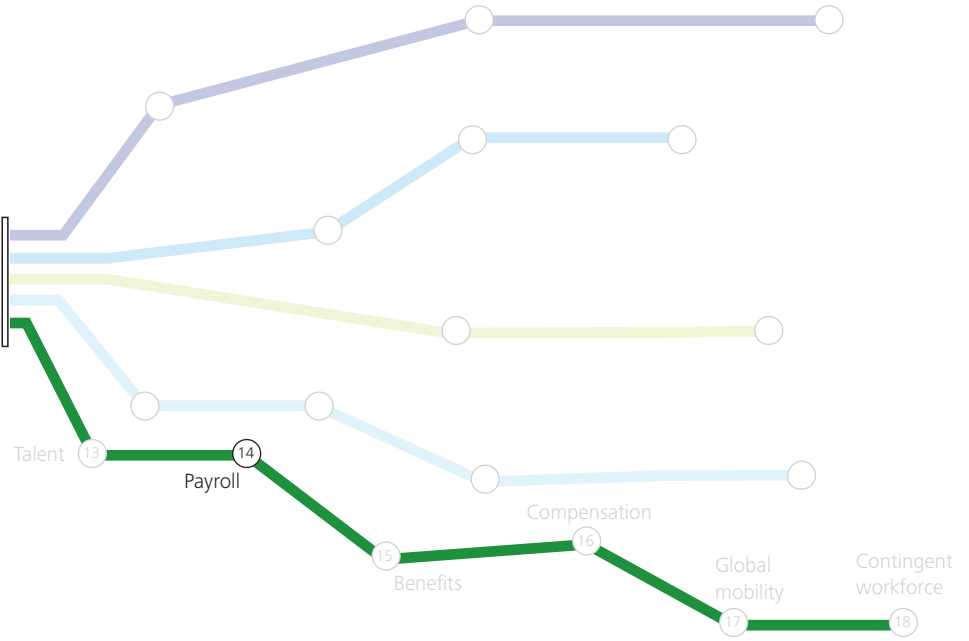
Organizations that transform the operational infrastructure supporting their talent strategies have the potential to see significant efficiency gains from clarified service delivery models, streamlined processes, and the greater automation gained from talent technology. Better allocation of talent resources, selective use of outsourcing, and greater use of shared services for talent-related activities can yield further efficiency and cost improvements.

While these efficiencies will please some, the real benefit of this transformation will actually be improved effectiveness of the talent programs themselves. Activities such as improving connections between components of the talent lifecycle, clarifying global versus regional versus local approaches to talent, and improved integration and use of data will not only improve talent operations, but will also enhance the organization's ability to execute its talent strategies and, in turn, address business needs for growth, globalization, and innovation.

Endnotes

- 1 "Talent Edge 2020: Blueprints for the new normal," Deloitte Development LLC, 2010. Available online at http://www.deloitte.com/view/en_US/us/Services/additional-services/talent-human-capital-hr/Talent-Library/talent-edge-2020/index.htm.

HR functional perspectives



14 Payroll

Is your organization concerned by how little is known about global payroll management, compliance, and operations? Would an inability to protect employee data and keep up with complex regulatory changes affect your brand in the marketplace? Many multinational organizations seek to improve their global payroll operations, but they are paralyzed by what they do not know:

- How many vendors are managing our operations globally?
- Do we have the appropriate contract and legal protections to promote business continuity and data security?
- Which countries should I consider in-scope? Do I have a problem?
- How much does global payroll cost? Is the benefit worth the effort?

Is the effort to answer these questions too large? Is the approach unmanageable? Many organizations have answered in the affirmative before. But now, many are reconsidering that position.

Defining global payroll and the delivery models

What is global payroll? Does it mean payroll is outsourced to one vendor globally or moved to one global payroll system? Potentially. Does it mean a global governance structure is put in place and that vendors are consolidated or managed by shared services regionally, either in-house or through outsourcing? More likely. Most organizations cannot take a “one-size-fits-all” approach.

Effective global payroll management evaluates the organization’s business needs and typically blends the following delivery models to cover the globe:

Country-specific servicing models:

- Operations are managed at the local level
- Systems can be in-house or outsourced
- Payroll is often the system of record for both HR and payroll data
- Global governance is rarely in place
- Processes and policies vary from country to country

Regional servicing models:

- Operations are managed at the regional level
- Organizations use in-house systems, outsourcing, or a hybrid approach, and reduce vendors by continent
- Regional governance, processes, and policies are in place
- HR and payroll system of record definitions are in place at a regional level
- The largest markets may be served regionally with small markets using country-specific solutions (due to cost of migration)
- The Asia Pacific region is typically preferred to standardize operations

Multicontinent or global delivery model:

- Operations are managed at the regional level with global oversight.
- Organizations use in-house systems, outsourcing, or a hybrid approach.
- Global governance, processes, and policies are in place.
- HR and payroll system of record definitions are in place at a global level.
- Organizations reduce vendors globally.
- Large multinational organizations rarely standardize 100 percent of employees onto a single platform or provider.
- The global delivery framework typically includes country-specific solutions for small markets.

Why consider global payroll?

In one word, globalization. Organizations are increasingly borderless, but they still have to pay employees, remit taxes, and complete tax reporting timely and correctly. Failing to do so can trigger multimillion dollar fines and penalties from taxing authorities. In this environment, a payroll service delivery model must be nimble enough to help a global organization achieve efficiency and effectiveness and address the potential cost of not getting it right. An effective global payroll service delivery model can provide enhanced compliance, including management of tax payments (to reduce penalties that could be assessed), accuracy of payroll processing (to reduce risk of litigation), and better control of financial resources.

Managing funds appropriately, or failing to pay talent and taxing authorities correctly, can carry large risks. An efficient global payroll service delivery model can allow for strong governance to understand enterprise risks and gives visibility to potential issues and liabilities. A regional or country-specific approach includes inherent liability without governance or oversight.

It is common for an organization to have invested millions of dollars to implement global HR systems and processes only to learn that its global workforce is not using the new solutions. These same organizations are using global payroll transformation investments as a means to firmly establish their global HR systems as the required/preferred system of record for employee data.

Payroll

How do I get started?

The first step in the payroll transformation journey is to define the critical components of the overall strategy. Most organizations are working to strengthen controls, compliance, and management capabilities while simultaneously eliminating redundant systems and processes. Organizations typically ask themselves the following questions to determine the dimensions of their strategy:

- **Holistic view.** Is the highly interdependent payroll function fully integrated with the HR and financial process and technology vision?
- **Flexibility and responsiveness.** Are the current global HR/payroll models and environments flexible and responsive to rapidly changing business conditions?
- **Stakeholder demands.** Are the demands for value and service increasing?
- **Governance.** Do the governance models and processes perpetuate business unit independence, survival instincts, and tribal knowledge?
- **Compliance.** How do you know the existing payroll applications are well controlled, monitored, and producing the desired results?
- **Stakeholder value.** Are you achieving value from existing providers? Are the demands for value and service increasing?
- **Provider return.** Are you achieving appropriate value from in-sourced or out-sourced providers?

What are the appropriate delivery models for my organization?

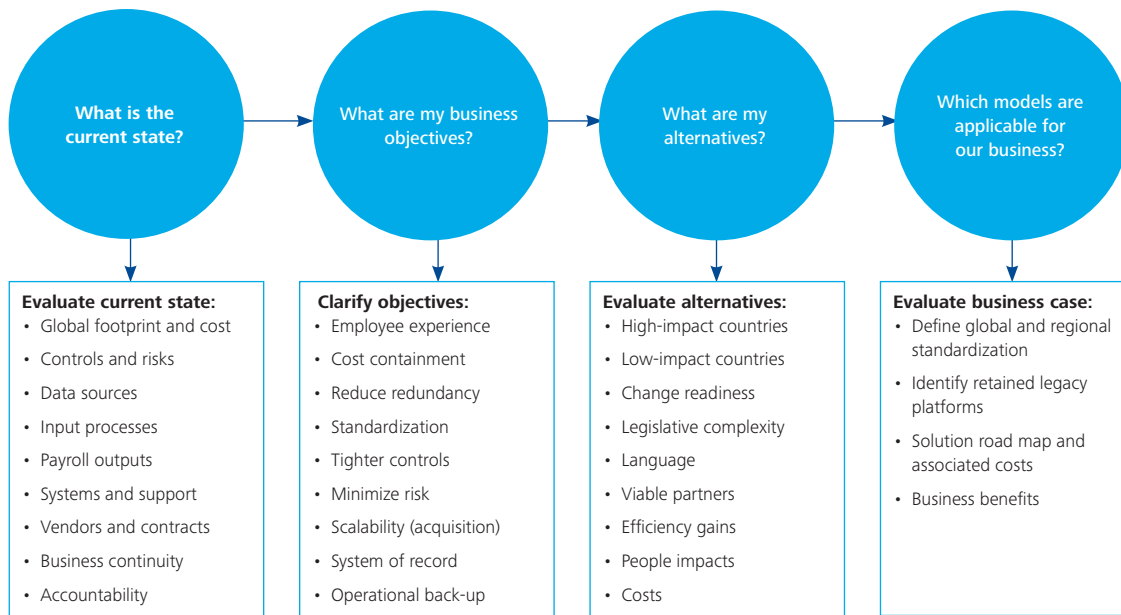
Developing a business case in conjunction with a payroll strategy helps to identify the preferred delivery model for an organization. Balancing costs against compliance, quality, and value objectives helps define the appropriate model for a given set of business needs.

What can I expect on the transformation journey?

A worthwhile road, but not an effortless one. When undertaking global payroll transformation projects, a number of challenges will likely arise, including:

- Inconsistent processes and business functions across legal entities, business units, and countries
- Complex legislative and data privacy requirements in continental Europe
- Exaggeration of legislative requirements to resist global standards
- Staffing shared service centers with resources that have both language capabilities and payroll experience
- Justifying the business case to remediate countries with a small number of employees
- Reconciling data differences between global HR systems and local payroll solutions

Answering the right questions will shape your delivery model



Source: Deloitte

These challenges can be mitigated by creating a common language that all affected parties can understand and follow:

Payroll policy. Establish the responsibilities for managing key inputs to the payroll processes and assign accountability and responsibilities between the lines of business, HR, benefits, tax, payroll, and finance.

Common terms. Create and define their system of record and key data definitions to smooth the overall global design and allow for the elimination of redundant and duplicate manual transactions.

Common standards. Develop a global framework that includes global processes and standards. The only acceptable deviations from global standards should be verified legislative requirements.

The goal line. Define your end-state service models.

Payroll

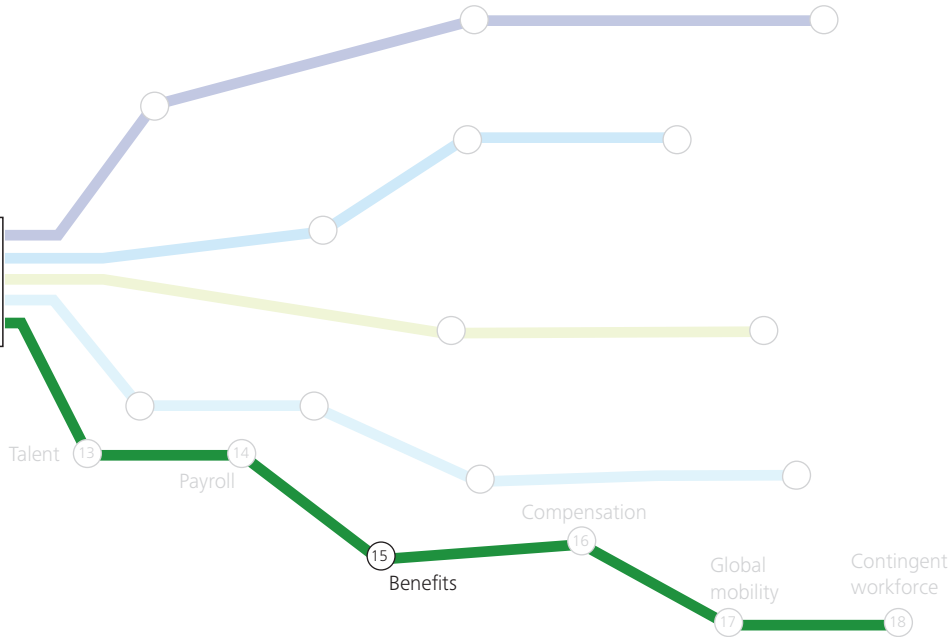
What is the key to transformation that works?

Change from the top and buy-in from everywhere else.

An effective global payroll model, whether standalone or as part of a broader HR shared service function, can yield significant benefits for the business as a whole, for the functions that offer those services, and for the business units. The functional leader, in many cases the CFO or CHRO, gains greater consistency and control over the quality and delivery of the capabilities being shared. The enterprise gains greater visibility to people-based and financial information across the enterprise, contributing to enhanced workforce analytics capabilities.

To achieve the end-state payroll model that benefits the organization in meaningful ways, it is necessary to win buy-in from the business units and to define a governance structure. A global payroll model can deliver the expected value only after a company builds a business case; makes a case for changing the status quo; defines an implementation path for systems, processes, and people; and commits to championing the change as a way to mitigate resistance from the business units over their perceived loss of control.

HR functional perspectives

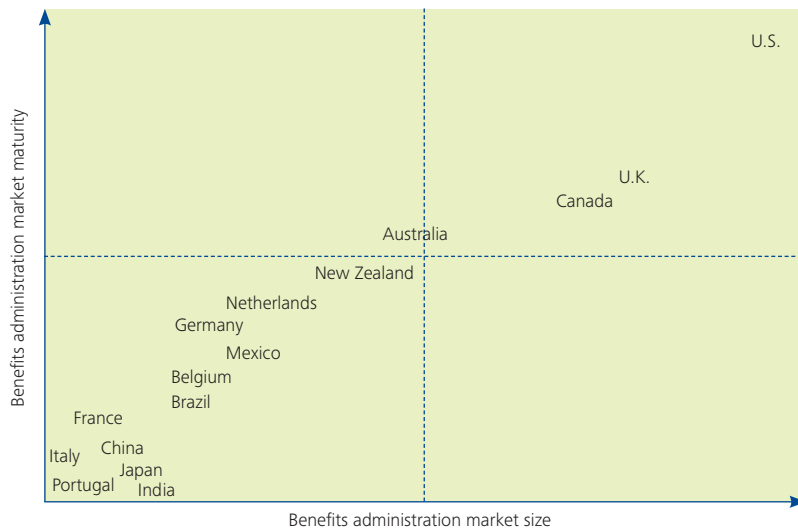


15 Benefits

They always say time changes things, but you actually have to change them yourself.

— Andy Warhol

United States market for benefits administration most mature, with both United Kingdom and Australia's maturity on the increase



Source: 2010 Nelson Hall

Administering benefits on a world-wide basis

Is global benefit administration possible?

Global benefits administration has historically been focused on single process transactional services specific to one country or geography (e.g., Europe, the Middle East, and Africa (EMEA), AsiaPac) with the United States being the single largest geographic marketplace. Companies have developed transaction service solutions primarily for savings and pension administration since those programs are most analogous around the globe. And, while health & welfare program administration is expected to be one of the fastest growing segments of the benefits administration marketplace, that growth is concentrated to the US given the vast diversity of programs and prevalence of government sponsored health related benefits across the globe.

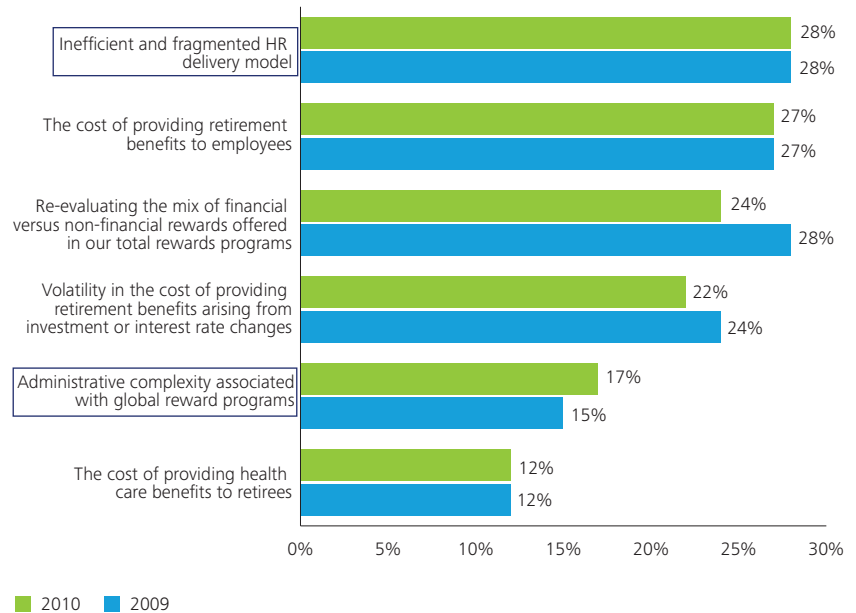
According to data in the October, 2010 Nelson Hall report entitled Targeting Benefits Administration, North America, and specifically the US, is the dominate force in the outsourcing market with the rest of the world a great distance back with that dominance.

Benefits

The solution providers have been narrowly focused by domain (savings, pension, health & welfare, leaves) or location with very few Global Total Benefit Administration (“GTBA”) solutions available. Multinational companies have looked for GTBA solutions for over a decade. Yet, despite the long-awaited administration nirvana, the market has been slow to develop solutions that allow companies with global operations to efficiently manage their delivery of employee benefits in an integrated way. In the gap, employers have been forced to use patchwork approaches that are becoming less acceptable in light of mounting pressures to control cost and manage risk while maintaining scalable and flexible delivery solutions that meet the ever-changing needs of the workforce and the business.

The patchwork quilt of solutions that employers are using spans internal benefit operations and/or shared services (including on-shore or off-shore) to date enabled by ERP or point solutions to total outsourcing and many combinations in between. And while certain aspects of the delivery solutions have evolved, such as the emergence of SaaS, there has been a shocking lack of disruptive innovation.

The increasing costs of benefits continue to gain the attention of employers, financial markets, and regulators. In fact, according to a recent study, six of the top thirteen benefits related challenges identified by a large cross-section of employers are related to the costs of benefits. The other key benefit related top-of-mind issues for employers include talent attraction and retention and aligning benefit programs with the strategy of the business. More telling, however, is the increasing focus on the benefit service delivery model as inefficient, fragmented, and with high levels of administratively complexity resulting from global benefit programs.



Percent of companies ranking each among their top 5 challenges

Source: Deloitte 2010 Top 5 Total Rewards Survey

Simultaneous to the evolving needs of employers, the benefit administrative solutions marketplace is going through a transformation. The maturation of the savings and pension administration solutions has resulted in commoditized services and shrinking margins. Given the difficulty to differentiate, solution providers have found it necessary to continue to invest in new products and services. These market conditions have resulted in companies exiting the market and numerous mergers amongst solution providers in every market segment (ERP, SaaS, Point Solutions, Outsourcers). As a result, what had been a buyers’ market over the past decade has swiftly shifted to a sellers’ market with increasing costs and less flexible solutions.

Benefits

While improving margins for solution providers may result in the short-run, the clear view for the long-term is that GTBA solutions are the next growth opportunity for solutions providers and demand from employers is increasing. The prevailing perspective, however, is that solution providers must build GTBA solutions differently than traditional local market solutions. Global solutions are less likely to be one-size-fits-all solutions and will require cooperation (cooperation amongst competitors) to occur in many areas to create a hub and spoke model.

Some solution providers are beginning to view GTBA to mean in-country voice for call center menus, representatives, single client-specific HR branded portal with multiple supported languages, global data warehouse and analytics, and onsite support where appropriate. This model addresses the direct employee facing needs most employers have while creating the flexibility that may be needed to use a variety of delivery solutions that are determined on a country-by-country basis.

Additionally, new solutions have traditionally been developed for the largest customers and then those solutions worked their way down-market to mid and smaller sized organizations. For GTBA to evolve, global solutions will have to start small (i.e., single domain across multiple geographies or multiple domains within a single geography) as a proof of concept and then move up-market.

With this background in mind, what are employers with workforces across multiple countries to do? There are four ways that employers can continue to drive to more efficient GTBA:

1. Recognize the limitations of creating a single global solution and create a global framework, or governance model, for all countries

The process, technology, talent and regulatory requirements for the administration of benefits are extensive. Making the most of benefits service delivery involves challenges including scarcity of internal resources, a maze of third-party vendor contracts and the need for effective change management within HR and the broader organization. Blink and a regulatory change or merger can make the situation even more complex.

To build a sustainable benefits delivery model that rolls with the punches, enhances employee satisfaction and minimizes the cost of the delivery, balance needs to be found across three critical areas:

Efficiency. Organizations can realize significant savings through program and vendor management, self-service solutions, vendor contracts and reduced technology customizations.

Flexibility and scalability. Benefit service delivery models are dynamic. Business and regulatory changes drive the need for administrative changes — and program design must respond to current needs and anticipate new ones.

Compliance. In today's continually changing regulatory environment, it is important to develop controls and performance metrics to assess compliance risk, identify opportunities for improvement and act on them.

2. Redefine what makes a global solution truly integrated — start at the bottom with a Global Data Warehouse

As multinational companies work to address the challenges of global benefit delivery, an area of increasing interest is the promise of efficient benefits administration on a global scale. In theory, it is not hard to envision that the optimization of an organization's benefit offerings around the world would yield extraordinary opportunities — substantial third-party cost-savings, reduced internal overhead for program and vendor management, and leveraged buying power are three clear outcomes to expect from an effective global benefits program.

One of the key issues in benefit administration is data — quality, ease of access, ability to update and maintain, use for reporting purposes, etc. Since one of the biggest drivers of benefit administrative costs, as well as one of the biggest business risks associated with benefit administration, is data, focusing efforts and resources to build a Global Data Warehouse that is the single source of data truth can deliver even greater value for companies along their path to effective global administration than attempts to achieve a single GTBA solution.

Employers both need and want to be able to inventory and run analytics across their global enterprises. Solution providers are beginning to architect Global Data Warehouse solutions that allow clients to have real time analytics that can be executed by country, region, and globally regardless of who provides the administration or technology platforms.

3. Redefine global — US, UK, and one or two other countries under a single solution with spot solutions in all other countries

While the focus on globalization of employer benefit service delivery is resuming, companies are not showing a preference for a single global benefits provider. Rather, there seems to be a preference for the right administration partners in key markets. "One size fits all" does not resonate as clearly as "we know this market", creating a new mantra in the global benefit administration arena is "Govern globally but serve locally."

4. Embrace/create disruptive innovations - Disruptive innovations such as SaaS combined with cloud computing, applications of social media, and direct to consumer models, and others

Creativity is the name of the game when it comes to addressing the needs of such a dynamic area. Without the application of new approaches, technologies, and delivery models, benefits administration would still be managed on mainframe computers with paper forms.

SaaS in the Cloud ("SITC") will begin to gain momentum at the expense of ERPs. SITC is likely to take off in the mid-market due to its speed and lower price points than ERPs and the success of SITC in the mid-market will be critical before large and jumbo companies are going to trust the model. New SITC entities are building with global solutions in mind and will be more nimble outside of the US once they stabilize.

Benefits

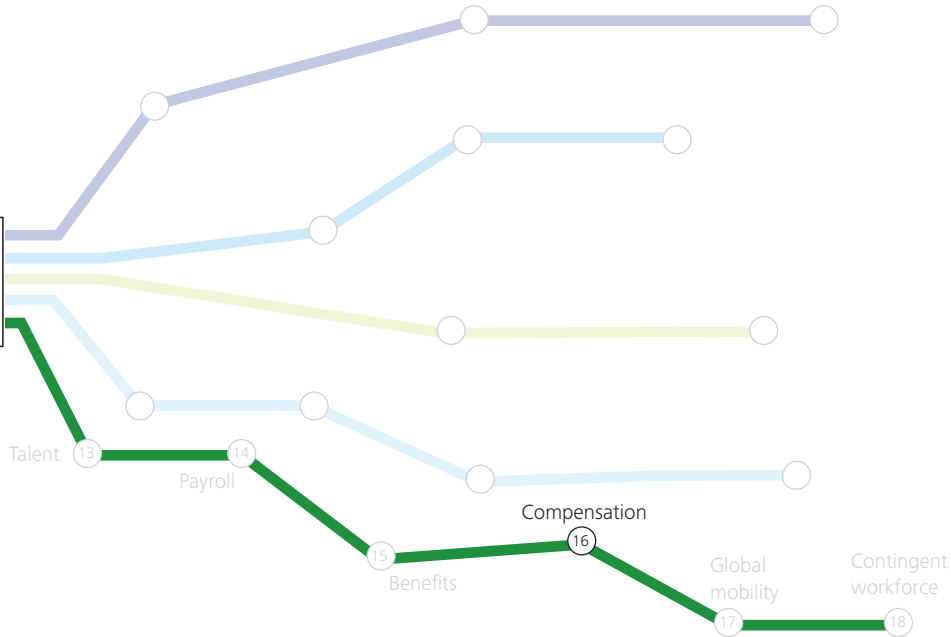
While companies continue to look at ways to gain consistent, efficient and cost-effective benefit administration solutions across the globe, the challenges associated with the delivery of US H&W benefits are expected to continue to consume a great deal of employers' time and resources. Additionally, there are generally less mature administration solutions in the marketplace for this area of benefit delivery so employers frequently find that the options available for the administration of these types of benefits are sub-optimal. There is an opportunity for disruptive innovation in this area and the market should expect that the coming few years will bring new solutions.

In summary

Optimizing benefit service delivery can provide significant cost, service and business flexibility advantages to employers, including:

- Potential 15 percent to 25 percent cost reduction through program and vendor consolidation, leveraged buying power, favorable contracts and savings through technology and process customization
- Reduced risk through operational assessments and improved governance
- Improved service through simplified administration, intuitive employee and manager self-service solutions and competitive service level agreements with fees at risk
- Improved business flexibility through configurable technology platforms, adjustable vendor resources and a focus on maintaining core competencies during periods of business transition
- Efficient operations for combined or new HR functions resulting from mergers or spin-offs

HR functional perspectives



16 Compensation

Consistent where you can be: The future of compensation delivery

Global companies face a myriad of issues revolving around the primary theme of balancing global consistency with local needs. The desired outcome is often a series of compromises that trade country-specific requirements for a degree of standardization that cuts across borders. In the HR arena, one important test of a global mindset is compensation delivery, and it is in this area that a number of large enterprises have not achieved a value-creating level of effectiveness and simplification.

With the past decade's explosion in M&A activity, and many global companies' operations of separate but related businesses, it is common for global organizations to work under a complex, varied set of compensation programs, practices, procedures, and processes. This complexity can lead to a dysfunctional compensation model where time would be better spent on strategic issues like content creation and meaningful customization but is instead spent on operations and administration.

Maintaining a global web of ad hoc compensation systems has several disadvantages. They often lead to higher net labor costs, inhibit HR from performing strategic roles in the business, increase the time required of managers and leaders in the compensation process, and add administrative cost due to duplication and inefficiency. In addition, these varied, complex programs also interfere with creating a truly global organization.

For example, cross-border teams may assemble as peers, but find themselves at different levels of title, pay, and local authority. The search for a qualified collaborator may suffer if a given title means one thing in one country but something different in another. And, as employees move around the globe more frequently, they need to find recognizable and equitable compensation and incentive systems no matter where they work.

As the talent marketplace outgrows local and national boundaries, it becomes more important to replace a patchwork of compensation programs and delivery with a more centralized model. With appropriate governance in place, organizations can achieve standardization without sacrificing the important benefits of local customization. This move toward harmonized compensation stands in parallel with the increasing global alignment of other HR operations and shared services. The next several years should see the process accelerate, especially as technology drives it.

Compensation

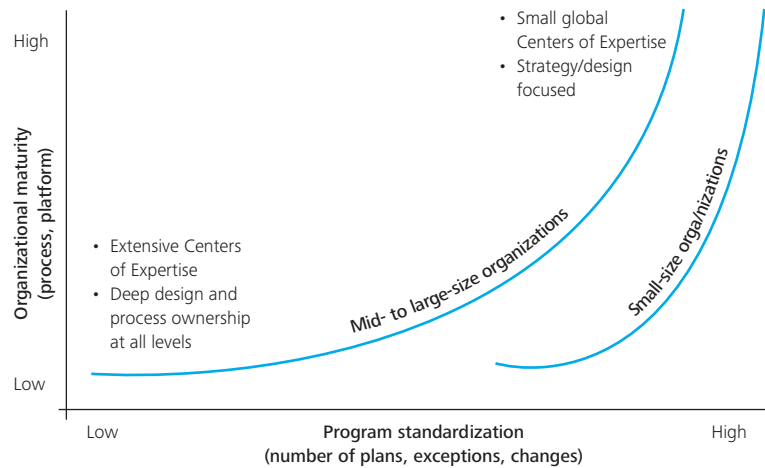
Getting it done: The appropriate decisions at the applicable levels

The early steps toward a globally consistent compensation function may be familiar to veterans of any large-scale transformation: Use analysis and benchmarking to understand the current state, define a target state that meets strategic and operational requirements, and empower an effective team to move the organization from Point A to Point B. In this transformation, a focus on the delivery model is crucial. Establishing the “whats” and “wheres” of delivery helps promote the accountability and integrity of the compensation program. In many cases, establishing a compensation delivery model using a Centers of Expertise approach can be a useful path in moving toward global consistency and standardization.

The initial design of Compensation Centers of Expertise will likely depend on two key factors: Organizational maturity and program complexity. A very mature organization with highly evolved programs, processes, and technology will tend to require a smaller global Center of Expertise focused primarily on strategy and plan design. This is also true where compensation programs are highly standardized and few exceptions are made. On the opposite end of the spectrum, organizations with widely varying plans, lots of exceptions, and less mature processes will likely require an extensive Center of Expertise with deep design, process, and administrative ownership.

Organizations can approach their compensation programs by assessing the goal of each program component. This can lead to the appropriate balance between global and local standards. For example, if the goal of the job structure is to make cross-border moves for employees seamless, global consistency is appropriate and a tightly controlled

Where should work be done?



Source: Deloitte

job architecture may be managed by the global Center of Expertise. On the other hand, if effective recruiting in growth economies is of concern, more flexibility on compensation structure and local control of decisions might be provided. An effective service delivery model can provide defined roles and responsibilities that support organizational strategies.

A typical Center of Expertise structure has multiple layers. At the top, a global Center of Expertise can work with senior leadership to establish strategic priorities. Below that, regional teams that may be part of the Center of Expertises can roll out those priorities in a way that is sensitive to location-based needs. By the time a local office delivers HR services to its employees, or perhaps oversees an employee self-service environment, the global view can be built-in.

Compensation

Sample compensation roles and responsibilities

	Decision-making level	Primary activities
Strategy	Global Center of Expertise	<ul style="list-style-type: none"> • Works with senior leadership to establish strategic priorities and objectives • Establishes vision and frameworks for global programs • Works with regional Center of Expertise to deliver products and services
	Regional Center of Expertise	<ul style="list-style-type: none"> • Receives strategy and objectives from global Center of Expertise • Responsible for service delivery for products and services • Leverages operational resources for tactical delivery
Delivery	Comp Operations	<ul style="list-style-type: none"> • Works with regional Center of Expertise to develop plans for delivery of products and services • Executes plan to deliver products and services • Works with other areas in HR to leverage service delivery • Compensation technology business owners (system design, testing, implementation support, and ongoing maintenance/updates, Tier 2 and Tier 3 support)
	HR Service Center	<ul style="list-style-type: none"> • Provides service delivery on in-scope services • Provides process and standardization improvement for in-scope services • Compensation technology Tier 1 support

Source: Deloitte

A Centers of Expertise structure, such as the one outlined above, provides the appropriate decision rights and controls to improve the integrity of the program. Who has the authority to develop a new pay program? Who can make employee pay recommendations? And, more importantly, where are they approved? The framework may also provide “guidelines” for compensation matters and more formal policies for others depending on the criticality of each element of a compensation strategy.

The need for adjustment to the compensation model may be continual, but when the heavy lifting ends, a global organization can achieve a value-creating level of simplification and standardization under which employees receive appropriate compensation for similar levels of seniority, achievement, and contribution. Titles and roles should be defined in terms that make sense to everyone, and employees should be able to move among locations without feeling disoriented — or worse, disadvantaged.

Compensation

Barriers to balance

Moving to a coordinated global compensation Center of Expertise often requires an organization's compensation team to change processes, systems, and philosophy. That can raise the bar for buy-in and make agreement and implementation a challenge. An organization's maturity level can determine its readiness for change and guide the direction and pace of work. And no matter how welcome the transformation, it still requires a great deal of time and energy.

For local offices or distinct business units, control over compensation is historically a measure of independence. Convincing managers to embrace a new standardized set of programs, practices, procedures, and processes can take compromise. The team in charge of this effort should tune into cultural differences because elements, such as title structures, are easy to upend at the stroke of a pen, but are often very meaningful at the local level. A well-orchestrated communications and change management program is critical to the implementation of the new model.

As important as it is to establish an appropriate compensation model, companies often take on that challenge during a "trigger" event that necessitates the compensation change. Trigger events could be growth past a certain threshold, a merger or acquisition, implementation of a new IT system, or compliance issues that force change across the entire enterprise. Wise organizations take these opportunities to improve the way they do business. They invest the time and resources to develop an effective, well-thought-out approach to delivering compensation programs and services.

Real life, complex experiences

A global information provider found itself top-heavy, with high labor costs and too much of HR leaders' time spent on transactional and administrative tasks. Acquisition had contributed to the imbalance. By working to adopt new tools and implement a more centralized compensation model, the company introduced benchmarking to overcome ad hoc market pricing for talent, and helped different functional teams work more productively together.

A large organization undergoing an abrupt takeover proved how hard it can be to determine the "before" picture in a compensation centralization project. One important data point was the identity of the 200 most highly paid employees — and because the existing system was so decentralized, it took several attempts to come up with that list.

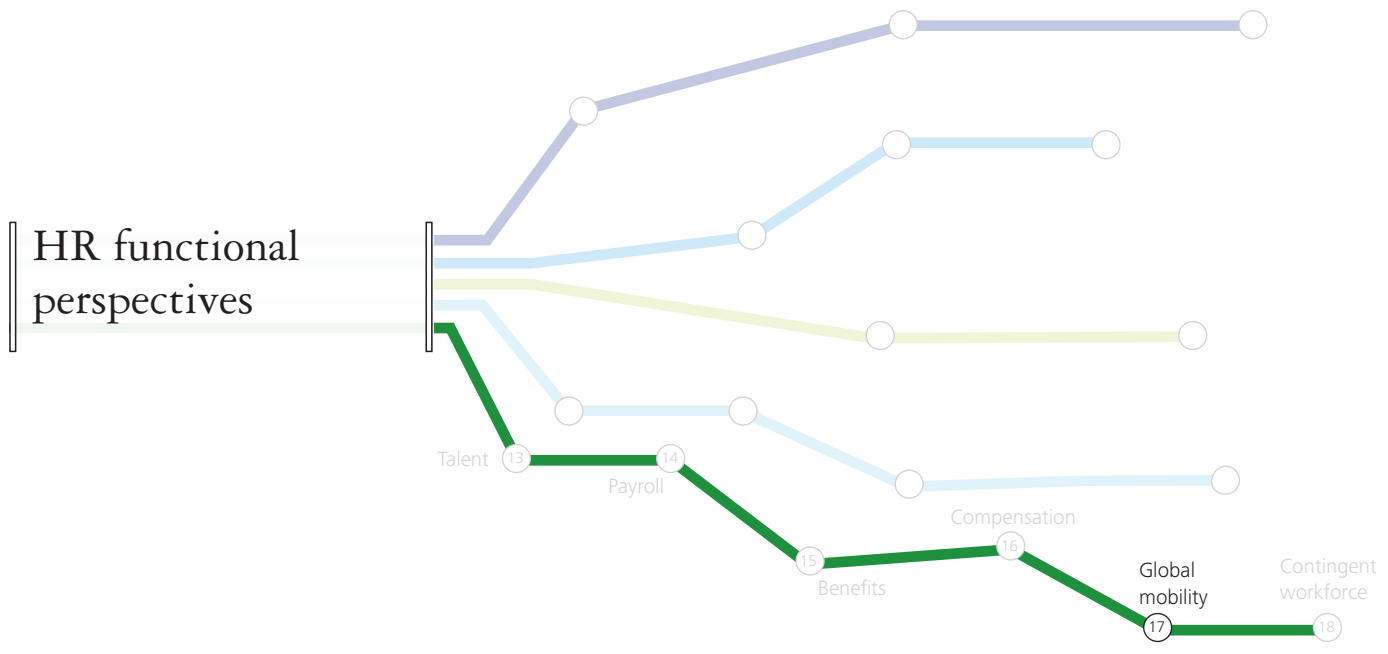
Compensation

Conclusion

By following a detailed design and development process, an organization's compensation programs can be standardized and simplified to an appropriate level that removes noise from the system. But what does an organization get in return for embarking on such a journey?

- Programs and services will better align to the way the organization does business, and reward programs will likely be better positioned to achieve their intended purpose.
- Accountabilities will be assigned, appropriate governance controls should be in place, and labor costs can be appropriately managed.
- Administrative costs will likely be reduced by improving efficiency and reducing duplication of effort.
- Compensation professionals should be able to focus on strategic business issues
- Consistency of decisions and compliance will be improved.

Ultimately, a well-designed compensation service delivery model can help foster an atmosphere in which reward programs provide more value to the organization and to employees.



17 Global mobility

Companies need a global workforce, and global mobility, now more than ever. They are sending an increasing number of people abroad, in a wider variety of roles, for many reasons: to prepare for and respond to opportunities in global production; to promote research, development, and innovation; and to improve customer sales, service, and growth. At the same time, global market uncertainty is putting companies under tremendous cost pressure. That makes it imperative for leaders to carefully manage their global mobility investments — and to realize an appropriate return on them.

Yet a surprising number of companies continue to handle international assignments the way they did decades ago. Then, most assignees were senior-level managers from the headquarters country sent to help establish operations in new markets, and each assignment was handled as a special event with expectations for broad, high-touch service. Today, companies' global mobility programs may offer only a handful of assignment types that fail to reflect the growing variety of the company's global talent needs. Some managers may give little thought to aligning the company's

An effective global mobility program should:

- Provide guidance to businesses on mobility-related decisions to help align assignments with business and talent objectives
- Deliver a spectrum of HR services, coordinate physical moves, maintain compliance, and deliver services to assignees
- Integrate global mobility and talent management practices by deploying employees to suitable positions when they return to their home countries
- Use an appropriate mix of internal resources, external service providers, and technology tools to deliver cost-effective, high-quality service

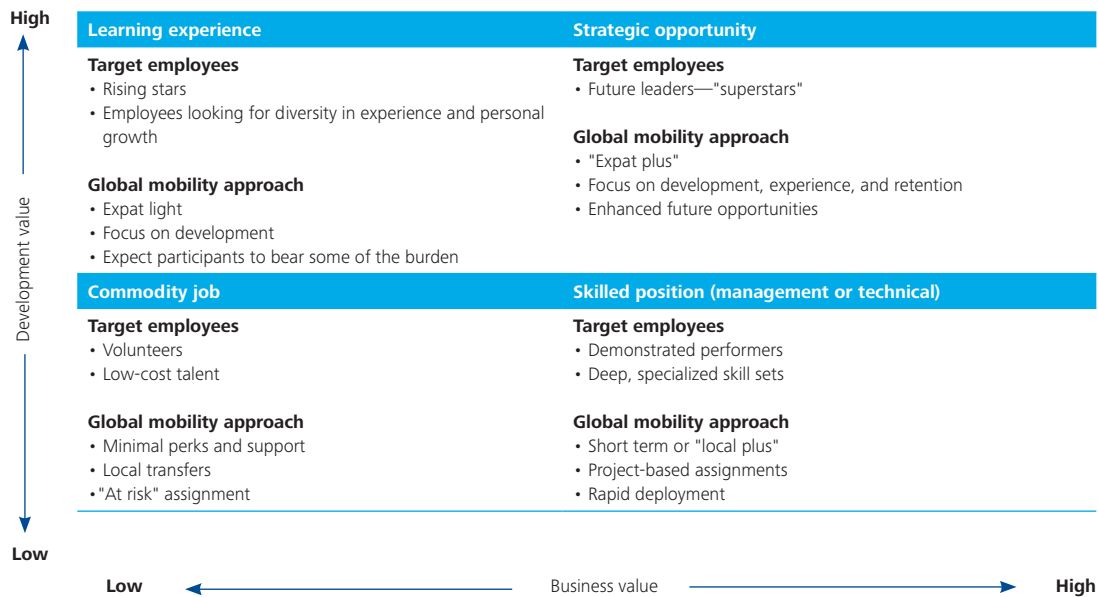
investment in an assignment with the expected business benefits, or to the effect an assignment may have on an employee's career development. Operationally, international assignments may be managed end-to-end by dedicated global mobility personnel, even if some of the work could be done more efficiently by the company's "mainstream" HR or talent functions.

Global mobility

Many companies can enhance the value of their global mobility efforts by taking a more thoughtful approach to planning and managing international assignments. Doing so requires a formal global mobility strategy that articulates the program's business and talent management goals, and then tailors the company's investment in each assignment to the value the assignment is expected to generate. Further, companies should look for opportunities to integrate their

execution of global mobility with their "mainstream" HR or talent infrastructures, reserving global mobility specialists for the particular activities that require them. The result can be a global mobility program that supports the business as a strategic asset instead of simply reacting to individual opportunities as they arise — one that delivers high-quality service that is cost-effective, consistent, and relatively easy to use, manage, and administer.

Global mobility framework



Source: Deloitte

Global mobility

Global mobility strategy

Aligning global mobility strategy with business and talent strategy means designing it to support both the organization's business goals — what it wants to accomplish in the marketplace — and its talent development goals — what it wants its key talent to learn about working in a global environment. In this way, global mobility evolves from a check-the-box exercise to a key driver of business and talent development strategy.

One tool that can help leaders better align their global mobility strategies with their overarching business and talent strategies is the global mobility framework shown on the previous page. The framework is built around two specific dimensions — business value and talent development value — which reflects the fact that different assignments

can have different value for the business, as well as different value for helping employees develop new skills and capabilities. By categorizing assignments into the four quadrants of the Global Mobility Framework, the framework can help leaders:

- Articulate the nature and extent of the value they expect to gain from the company's global mobility efforts, which may/can make it easier to set expectations for assignees and measure their performance against expected results
- Decide what proportion of the company's assignments should fall into each category, depending on the business' current and anticipated future business and talent development needs
- Determine what kinds of employees would be most appropriate to send on which types of assignments

Spotlight on technology

Using technology effectively to support global moves can help reduce costs while improving service quality and compliance. It can also help business leaders make better, more informed mobility decisions. An effective global mobility program requires a well-developed and integrated technology platform that can:

- Facilitate employee and manager self-service
- Support compliance
- Provide dashboard reporting for program performance
- Give leaders an integrated view of global talent demand
- Give leaders a single, overall view of workforce information — including data on international assignees, who tend to be the most expensive segment of the workforce
- Drive in-depth analysis of expatriate data

Global mobility

Global mobility execution

In an age when many organizations have made substantial investments in HR infrastructure and operations, the time is ripe for the global mobility function to shift many of its routine administrative responsibilities to HR Shared Services or operations. This can not only reduce costs and improve service quality by giving the appropriate tasks to HR and talent specialists rather than to global mobility generalists, but also free the global mobility function to focus on deploying global talent more strategically.

One particular challenge in this regard is to determine which activities require the specialized capabilities of the global mobility function, and which activities can be integrated with the company's broader HR infrastructure. Experience guides ways to divide the work in three areas:

Global mobility service delivery. It takes specialized capabilities to deliver appropriate global mobility services to business leaders. These services should center on helping business leaders understand how to apply the global mobility and workforce strategy when making decisions about individual assignments and the overall mobility program. One area where the specialized skills of a mobility professional can be particularly valuable is in helping executives plan assignments, select candidates, and manage the return on investment.

Global employee rewards. A strategic global mobility function is a logical home for subject-matter specialists — a place where they can work with a company's Total Rewards function to help design rewards programs and policies for different types of assignments and to help customize rewards for special situations. On the other hand, although expatriate rewards programs may require specialized insights to design, they can often be administered through the same HR processes and systems that serve nonmobile employees. For example, it may not be necessary for a global mobility function to maintain processes that parallel or even duplicate those already in place for local benefits administration.

There is a contrast when delivering services to assignees. Integrating global mobility service delivery with broader HR processes and infrastructure can create a number of opportunities to reduce costs and increase value by handling both global and local employees with a single operating model. In particular, companies may be able to leverage their "mainstream" infrastructure for basic HR support services such as benefits enrollment and life event reporting. Companies also can benefit from mechanisms that allow international assignees to stay plugged in to their home-country talent management processes.

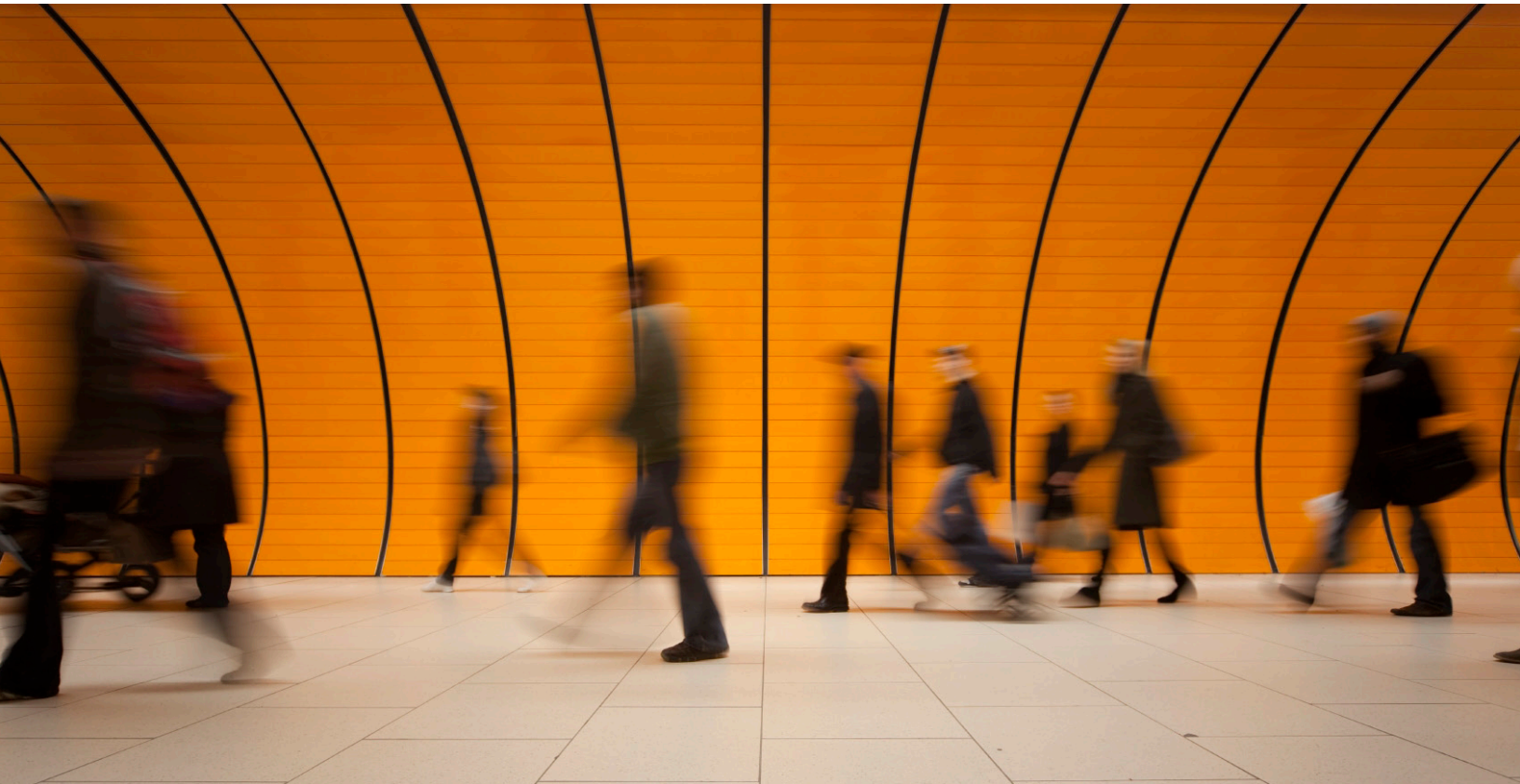
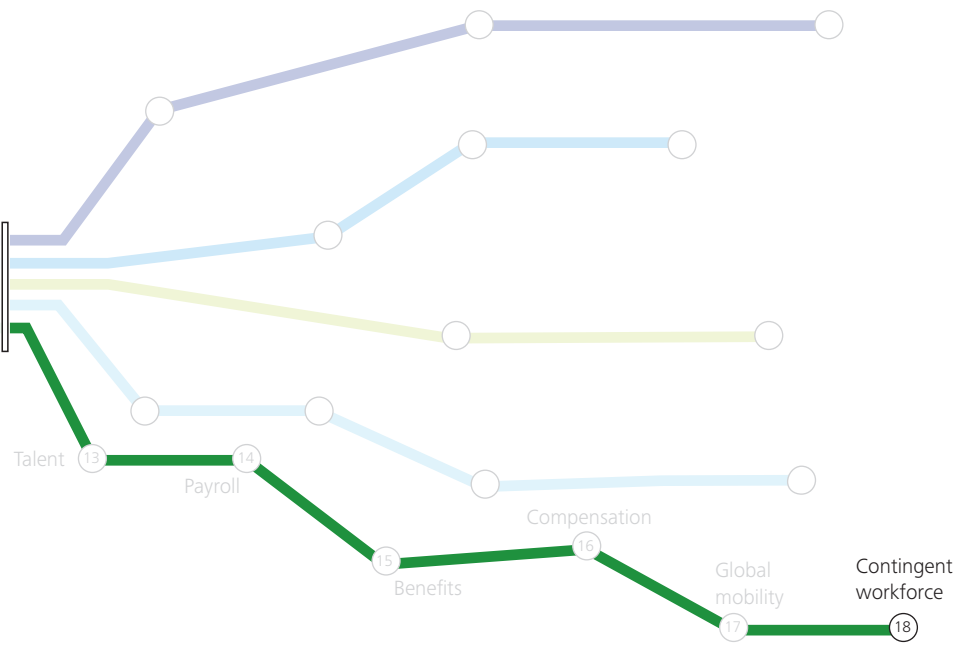
Global mobility

Technology. Companies should work to reduce any specialized global mobility applications that are not integrated into the HR and talent workflow, or which require significant resources to operate and maintain. Greater integration of global mobility drivers with a company's HRIS is critical to creating global mobility processes and systems that are affordable, practical, and scalable to meet increasing future global mobility needs. A high quality HR technology infrastructure should include the ability to track, manage, analyze and make strategic decisions on the global mobility workforce in a way that is consistent with how the organization manages nonglobal employees. The business needs are the same, so the technology tools to support those needs should have the same capability. That said, global mobility programs may

require some limited specialized internal controls and processes for certain purposes, especially compliance. Payroll, immigration, and off-cycle compensation adjustments and delivery are all areas where an international assignment can have significant implications for compliance and where technology can play a major role in gathering, organizing, and correctly reporting the required information.

Given the central role of global growth across all aspects of business in the coming decade, developing and executing a strategic global mobility program should be a top priority. Organizations around the world should be prepared to integrate global mobility into the overall strategy of the organization and execute the program seamlessly. Most importantly, they should develop continuously global talent to drive long-term shareholder value.

HR functional perspectives



18 Contingent Workforce

Businesses have dramatically increased their use of contingent workers over the past decade as they struggle with rising labor costs and the need for a workforce that can quickly adapt to market conditions. Contingent workers are people who are not on the company payroll but provide services to an organization, such as contractors, consultants, temps, and advisers.

Even in today's job market, there is a shortage of workers with critical skill sets. This has resulted in a steady, year-over-year growth in the size and cost of the contingent workforce. As the baby boomer generation (about one-third of the U.S. workforce) is starting to retire, companies are bridging the critical skills gap with more contingent workforce. Clients regularly report that the contingent workforce is increasingly being used for strategic reasons, such as supplementing internal talent capabilities as well as for operational reasons such as increasing the flexibility and responsiveness of the workforce. Some large companies estimate that up to 30 percent of their procurement spend goes toward contingent workers.

Other organizations have seen the ranks of contingent workers swell so much that they may represent a larger percentage of the workforce than "regular" employees. Some of these organizations are overspending to use contingent workers in roles that they could fill at a lower cost with qualified talent elsewhere in the marketplace. The challenge organizations face here is understanding what skills and services contingent workers provide and helping managers make the applicable/specific fact-based decisions on whether to fill a role or skill need with a contingent worker or a full-time employee.

Different cohort, different approach

Although the contingent workforce segment is growing in importance and its size, many organizations may not be skilled at managing it effectively. Major challenges include the lack of an integrated workforce management strategy, ad hoc (and at times high-risk) managerial behavior, poor data management, and inadequate technology. These shortcomings can expose companies to significant business, financial, and public relations risks. Additionally, the lack of an integrated solution across these areas can inhibit an organization's ability to make decisions about what type of talent to deploy where.

Contingent workforce

As more companies understand the issues associated with contractors and manage them well, they can benefit from improved operational performance, lower labor costs, informed staffing decisions, more organizational flexibility, and stronger HR alignment with business objectives. This gives them the ability to source and procure contingent workforce talent that is high-quality, aligned to the specific business needs, and available “on demand” to meet immediate talent needs. Managers can make good talent decisions at the time of need, and the processes and systems are in place to manage and mitigate the risk of contingent worker administration across the worker lifecycle.

Conversely, poor management of contingent workers can negate many of their potential benefits. One risk can be legal and regulatory challenges when governments pursue companies that misclassify contingent workers. This can lead to significant penalties, fines, and legal costs. Another potential downside is when managers use the contingent workforce to work around headcount and labor spend controls, driving increases in baseline costs with no discernible increase in value.

In addition, the expanding use of contingent workers can expose companies to competitive risk from the loss of trade secrets, intellectual property, and organizational knowledge. When these workers support business critical functions and interact with customers, the lines between employees and the contingent workforce blurs.

The contingent workforce issue is particularly timely given current market and regulatory conditions. The dynamic nature of marketplace conditions and the talent market are leading organizations to rapidly increase their use of contingent workers so they will have the flexibility to

respond as market conditions quickly change and to help secure talent that is otherwise challenging to source. Additionally, the global regulatory environment is tightening: Governments are investing more in regulatory and investigatory efforts to crack down on companies that may be improperly categorizing workers from a tax perspective or exploiting the “grey space” in labor regulations.

Vision for getting it done

Managing these risks and truly taking advantage of the opportunity requires an enterprise-wide approach based on broad collaboration across the company, with programs targeted to specific business audiences. Leading businesses today are adopting these kinds of broad strategies. They generally involve creating standardized, cross-functional business processes, policies, and roles across business units and regions, supported, where possible, by a single information technology platform. By involving the various internal and external stakeholders in the HR-driven management of this workforce, organizations can mitigate the risks and create the applicable model for ownership and accountability. These internal stakeholders include HR, talent, strategic procurement, finance, IT, security, and real estate, while the external stakeholders may include HR outsourcing, contingent worker firms, and external advisers or consultants. Companies can design their approach to bring transparency to their contingent workforce spend and management and use the internal processes and technologies in place within the organization.

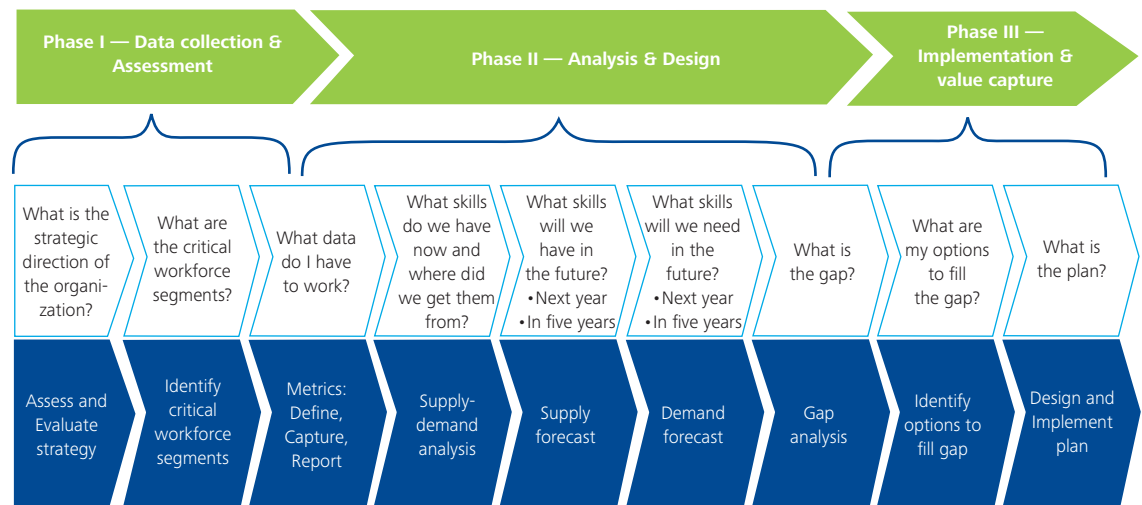
Contingent workforce

In order to achieve these objectives, organizations can follow a three-phase approach that moves from *data collection and assessment* through *analysis and design* to *implementation and value capture*. This process focuses on creating:

- A business-aligned workforce composition that makes the highest-value use of contingent workers
- A contingent worker operating model supported with integrated processes, technology, and roles and responsibilities across the key stakeholders of HR, finance, procurement, risk, and the business

The effective management of contingent workforce can help the workforce mix support both business strategy and the overall talent management program. Select outcomes for talent include increased capabilities around:

- **Demand and workforce planning.** Protection for core employees and increased flex labor based on business needs
- **Sourcing and selection.** Reduction of “maverick” hiring of contingent workers by clarifying gaps in talent and driving contingent workforce sourcing activities through established channels to meet these needs
- **Retention and development.** Promotion of knowledge transfer from skilled contingent labor to FTEs and retention of contingent workforce talent with different and desired skills for in-house capabilities



Source: Deloitte

Contingent workforce

Key challenges and practical advice

The key challenge many organizations face as they navigate the contingent workforce landscape is finding the appropriate balance. On one hand they need to manage and limit risk, while on the other they must maintain the ability to flexibly and proactively respond to business needs. Organizations are facing particularly difficult situations around the following areas:

Contingent worker technology. There is no shortage of options in the marketplace for tracking and administering contingent workers. These options range from the traditional ERP human resource management system (HRMS) vendors who provide the capability to store information on contingent workers to vendor management system providers who provide specialized solutions to other new entrants, such as SaaS-based HRMS providers that provide integrated solutions. There are a number of practical considerations when deciding what technology to consider, and much depends on the number of contingent workers, how distributed the administration is, the tolerance for leveraging providers, and what level of analytics and decision support capability the organization needs to provide to managers. Tracking and administering contingent workers in a single integrated system is a critical foundational element of any contingent workforce strategy. The exact “right” technology will depend on the organization’s broader technology strategy, service delivery model, level of outsourcing, and a series of other drivers.

Vendor consolidation. Organizations are also faced with deciding the appropriate mix of vendors and how to balance vendor strength with the need to manage labor costs and geographic footprint. Each contingent worker sourcing provider brings different strengths and capabilities. Again,

organizations need to consider practically what their current and future needs are for the contingent workforce, then develop a strategy that can scale to the future needs at a cost that provides ongoing value to the business. It helps to use a “short list” of vendors that are carefully aligned to specifically defined talent needs and to source contingent workers through vetted and approved vendors that have defined accountabilities for supporting the organization’s risk and cost management practices.

Ownership and accountability. Organizations are also finding the need to assign accountability for the contingent workforce where previously ownership for pieces of the overall contingent workforce lifecycle tended to be distributed. The key decision is whether one function can or should own the overall process. Practically, it may be better for one organization to be accountable, with specifically defined responsibilities for parts of the lifecycle. An effective model depends on HR to drive the charge given the workforce and talent component. However, this requires careful integration and ownership with finance, procurement, risk, legal, and the business. Managers need to be empowered and held accountable for the workforce decisions they make and practices they employ. Finance needs to take ownership for cost and budget controls. Procurement needs to own the vendor strategy, contracting, pricing, and supplier evaluation components. Risk and legal need to provide specific direction regarding the processes and practices. HR should carefully integrate contingent worker processes, policies, and guidelines into the existing HR service delivery model and systems where appropriate.

In order to make decisions on these particular components, it is critical for the organization to develop a strategy for the contingent workforce and how the administration should be operationalized to deliver results to the business.

Contingent workforce

Examples and case studies

A large public utility wanted to achieve several operational improvements. Specifically, it wanted to allocate contractor costs to specific work orders, obtain correct contractor headcounts, forecast future contractor expense, and compare contract labor rates prior to payment. To accomplish these goals, the company developed an end-to-end, enterprise-level solution addressing people, process, and technology. The results:

- Improved work planning and cost visibility
- Reports that assess contractor performance
- Improved cash flow by forecasting needed financial commitments
- Automatic cross checking and assessment of contractor rates
- Realized savings in the range of \$35 to \$85 million per year

A global financial services organization wanted to increase the transparency of its spending on contingent workforce, manage risks associated with contingent workers, and establish a method for tracking data and measuring performance. It developed an enterprise-wide approach to management, reporting, and risk, with a new technology solution to support these efforts. The results:

- More efficient processes
- Improved procurement influence
- Mitigated tax liabilities associated with coemployment
- Centralized platform with reporting guidelines

Conclusion

The contingent workforce is an increasingly important component of an integrated workforce strategy. In terms of both spend and headcount as a percentage of the total workforce, this category continues to grow under business and talent market pressure. With increased regulatory pressure and enforcement, leading organizations are moving quickly to get ahead of this trend by managing the inherent risks in bringing nonemployee talent into the organization.

Leading organizations are making targeted investments to develop the operations capability they need to support this population of talent with integrated cross-functional processes, well-developed technology integrated with other existing technologies, and aligned stakeholders across functions and the business to drive accountability for this workforce. With these investments, organizations are able to take the next step in maturity. This allows the business to have access to specific resources, from particular sources, to meet the applicable needs — and all in a cost rationalized and risk managed manner.

Authors

Jason Geller

Principal, Deloitte Consulting LLP
jgeller@deloitte.com

Arthur H. Mazor

Senior Manager, Deloitte Consulting LLP
amazor@deloitte.com

**Business Driven HR Transformation:
The Future Starts Now****Karen Bowman**

Principal, Deloitte Consulting LLP
karbowman@deloitte.com

Jason Geller

Principal, Deloitte Consulting LLP
jgeller@deloitte.com

Robin Lissak

Principal, Deloitte Consulting LLP
rlissak@deloitte.com

Arthur H. Mazor

Senior Manager, Deloitte Consulting LLP
amazor@deloitte.com

Brett Walsh

Partner, Deloitte LLP
bcwalsh@deloitte.co.uk

Setting the Global HR Transformation Strategy**What is truly meant by global?****Erica Volini**

Principal, Deloitte Consulting LLP
evolini@deloitte.com

Arthur H. Mazor

Senior Manager, Deloitte Consulting LLP
amazor@deloitte.com

Solution Integration**Michael P. Stephan**

Principal, Deloitte Consulting LLP
mstephan@deloitte.com

Dan Sundt

Senior Manger, Deloitte Consulting LLP
dsundt@deloitte.com

Change Analytics**Dan McHugh**

Principal, Deloitte Consulting LLP
damchugh@deloitte.com

Danielle Hawkins

Manager, Deloitte Consulting LLP
dahawkins@deloitte.com

HR Organization

The HR Chief Operating Officer

Robin Lissak

Principal, Deloitte Consulting LLP
rlissak@deloitte.com

Jason Geller

Principal, Deloitte Consulting LLP
jgeller@deloitte.com

Governance and Decision Rights

Randy Di Bernardo

Principal, Deloitte Consulting LLP
rdibernardo@deloitte.com

Andrew Hill

Partner, Deloitte Touche Tohmatsu
andrewhill@deloitte.com.au

HR Business Partners and Centers of Expertise

David Parry

Partner, Deloitte LLP
davidparry@deloitte.co.uk

Aaron Alburey

Director, Deloitte LLP
aalburey@deloitte.co.uk

The Numbers Behind HR

Benchmarking

Filip Gilbert

Partner, Deloitte s.a.
fgilbert@deloitte.lu

Gary Gerstner

Specialist Leader, Deloitte Consulting LLP
ggerstner@deloitte.com

Workforce Analytics

Rishi Agarwal

Principal, Deloitte Consulting LLP
rishiagarwal@deloitte.com

Russ Clarke

Director, Deloitte Consulting LLP
rclarke@deloitte.com

John Houston

Principal, Deloitte Consulting LLP
jhouston@deloitte.com

Enabling HR Service Delivery

Cloud HR

Laura Garbacz

Principal, Deloitte Consulting LLP
lgarbacz@deloitte.com

John Malikowski

Principal, Deloitte Consulting LLP
jmalikowski@deloitte.com

Brian Borzone

Principal, Deloitte Consulting LLP
bborzone@deloitte.com

Michelle Murphy

Partner, Deloitte LLP
mcmurphy@deloitte.co.uk

Claire X Gillies

Sr. Manager, Deloitte LLP
clgillies@deloitte.co.uk

Global Privacy and Security

Rena Mears

Partner, Deloitte & Touche LLP
renamears@deloitte.com

David McKeon

Director, Deloitte & Touche LLP
damckeon@deloitte.com

HR Shared Services and Outsourcing

Marc Solow

Director, Deloitte Consulting LLP
msolow@deloitte.com

Arthur H. Mazor

Senior Manager, Deloitte Consulting LLP
amazor@deloitte.com

Social Media

Joseph Press Ph.D

Specialist Leader, Deloitte Consulting LLP
jopress@deloitte.com

HR Functional Perspectives

Talent

David Parent

Principal, Deloitte Consulting LLP
dparent@deloitte.com

Payroll

Beth Shanton

Director, Deloitte Consulting LLP
bshanton@deloitte.com

Brian Proctor

Director, Deloitte Consulting LLP
brproctor@deloitte.com

Benefits

Melanie Langsett

Principal, Deloitte Consulting LLP
mlangsett@deloitte.com

Compensation

Ann Manal

Senior Manager, Deloitte Consulting LLP
amanal@deloitte.com

Global Mobility

Gardiner Hempel

Partner, Deloitte Tax LLP
ghempel@deloitte.com

Richard Wildt

Principal, Deloitte Consulting LLP
rwildt@deloitte.com

Karin Angvald

Manager
Deloitte Tax LLP
Kangvald@deloitte.com

Contingent Workforce

Michael Gretczko

Principal, Deloitte Consulting LLP
mgretczko@deloitte.com

Tom Joseph

Senior Manager, Deloitte Consulting LLP
tjoseph@deloitte.com

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms. Please see www.deloitte.com/us/about for a detailed description of the legal structure of Deloitte LLP and its subsidiaries. Certain services may not be available to attest clients under the rules and regulations of public accounting.

Copyright © 2011 Deloitte Development LLC. All rights reserved.
Member of Deloitte Touche Tohmatsu Limited

