Three Reasons HR Transformations Fail

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You're either in one, planning one or finishing one. More than 80% of organizations say they've just completed or will soon start to transform their HR organization. Whether driven by a technology upgrade, cost reductions or the desire to improve HR service quality, we find a common reaction at the end of HR transformation efforts is . . . disappointment. Disappointment with how long it took (or is still taking), the "stickiness" of the outcome and the quality of the HR team when it's done.

Our experience shows that it's not the usual suspects – troublesome technology implementations, challenging budgets, etc. – that undermine HR's transformation success. The real culprits are softer and far more controllable. That's good news because it means that you can overcome these obstacles and transform HR more quickly and effectively.

The three areas where Chief Human Resource Officers should focus their attention are:
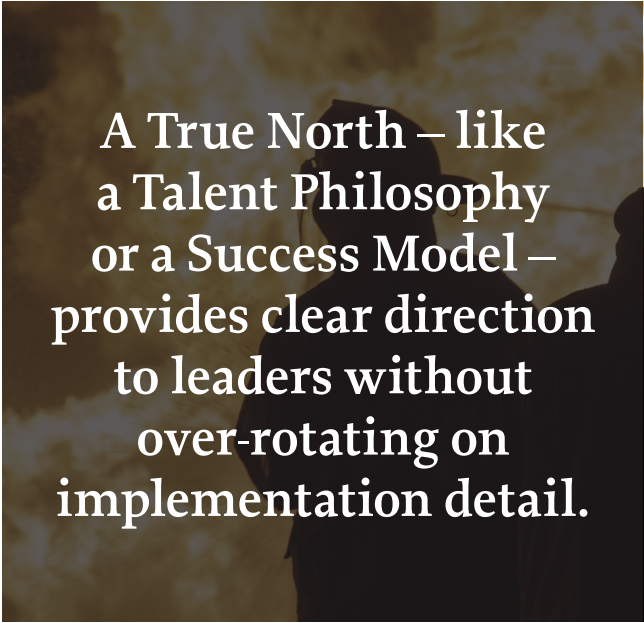
1. Set Your True North

At some point in all HR transformations. a CHRO has told their team, "We're trying to become 'this' type of HR organization." They likely used adjectives like leaner, more flexible, more responsive, customer-focused, etc. They assumed that their team members understood what those adjectives meant to the CHRO, agreed with the CHRO's briefly encapsulated vision and knew how to implement it in their COE, region or shared service group.

In reality, each team member interpreted those adjectives through their own lens, using their own biases, preferences, fears and need for power, turf and control. Even team members who thought they were following orders exactly could easily misinterpret the CHRO's specific vision. And, those who thought they can get away interpreting it differently would lead their team in that direction.

A far better approach is for the CHRO to create what we call a True North. A True North is a CHRO's statement of beliefs about how HR should operate in their organization. It states why HR exists and how they will serve the organization. It states the specific purpose and specific role of HRBPs, COEs and shared services. It is concise but granular enough to provide direction to everyone in HR.

The True North is exactly that – the touchstone for every element of HR transformation.

- **How are we designing the service center?** What does the True North say our purpose is?
- **What should our staffing ratio be for**

> A True North – like a Talent Philosophy or a Success Model – provides clear direction to leaders without over-rotating on implementation detail.

HRBPs vs. employees? What does the True North say about the role of HRBPs and the Service Center?

- **How do we engage with clients on a day-to-day basis?** What does the True North about how HR serves its clients?

A True North – like a Talent Philosophy or a Success Model – provides clear direction to leaders without over-rotating on implementation detail. For example, "HRBPs are few in number and serve primarily to provide strategic direction to our most senior leaders," also strongly suggests the 1,000 things on which they do not spend their time.

We provide an example in **Exhibit 1.**

2. Increase Talent Quality

There's a lovely myth we hear from companies in the planning stages of HR transformation that sounds like this: "We have smart, capable HR leaders who are unable to do strategic, high value work because of the administrative burden they bear. Once we

Exhibit 1

True North – Example

Our beliefs and guiding principles for how HR supports COMPANY

How We Serve COMPANY
- Our role is to deliver a highly successful commercial organization by ensuring that high quality talent, and plenty of it, exists.
- We will serve the strategic needs of our organization through HRBPs and COEs. We will serve all other needs through our shared service and operations centers.
- All HR work should be done at the lowest level possible. Every HR leader is responsible to find opportunities to push work down from their level to the next lowest level.

About HRBPs
- HRBP are deeply experienced, strategic advisors who serve a LOB or corporate executive and, potentially, their direct reports. Their primary focus is to support the LOB's business agenda consistent with the corporate HR strategy.
- HRBP's own the client. They broker COE services and coordinate with shared services.
- There will be 1 HRBP for each region or business unit.

True North – V1

COEs
- COE members should be deep experts who design standard processes and programs across the business.
- COEs should have BU-aligned support to ensure execution of the corporate COE agenda.
- When there is a strategic COE agenda item, local HR must act consistent with the intent. They may not create independent agendas in talent management, talent acquisition, compensation, etc. without CHRO permission.

Service Center
- The vast majority of HR services will be delivered through the service center structure.
- The HR service delivery capability and capacity must exponentially grow through technology.
- A 97.5% satisfaction standard for all interactions is the goal for service delivery.
- 100% Tier 0 support is the ultimate objective the Service Centers should be working towards.

remove their burden, their strategic, consultative and influencing capabilities will finally shine through."

We wish personal change was this easy but our experience suggests that if an HR leader isn't showing those capabilities before the transformation, it's not because they're overwhelmed by transactions and bureaucracy. No amount of burden-shifting will magically transform a tactical doer into a strategic thinker.

Getting higher caliber talent requires that you crisply define the differentiating capabilities of a brilliant HR leader and thoroughly, objectively assessing your leaders against that standard.

The Definition: We recommend a very simple framework using three factors from our 4+2 Model – Business Junkie, HR Disciple and Trusted Advisor.

A Business Junkie both knows and loves business. She understands the strategic, operational, financial and people sides of your business as well as any business executive. She warmly embraces the capitalistic elements of making and selling a product or service to make money for the business and shareholders.
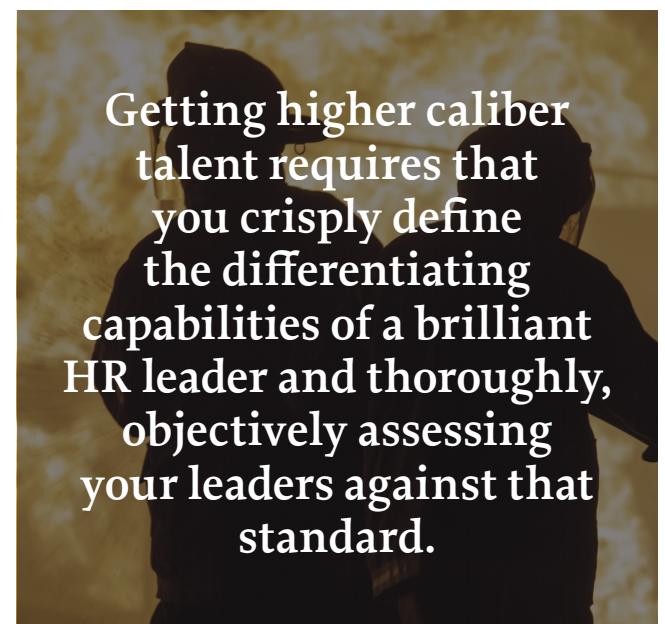
An HR Disciple brings a diversity of successful HR experiences across functions, business scenarios and managerial challenges. They combine that knowledge to strategically and holistically solve business problems.

A Trusted Advisor is a technically proficient professionally who builds great executive relationships with their clients. Those clients believe that their HR partner has their best interests at heart and they're willing to

follow her advice and be influenced by her logical, well-informed point of view.

Assessing for "fit": We've seen both a comprehensive and a lighter approach be effective in assessing your HR leaders against this definition. The comprehensive approach involves looking at both the personality and capability factors that will predict success. If you're shifting to a dramatically more complex environment, where past performance might not predict future performance, the comprehensive approach will be most helpful.

The comprehensive approach to capability assessment can include in-box exercises (a "light" assessment center), select personality insights, 360 assessment and direct manager opinions. The personality assessments we love to use are by Hogan Assessments. Their core suite of tools measures personality, derailers and the type of work environment a leader prefers. We often create a customized assessment for a client's unique needs based on

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select items from those tools.

A lighter assessment is appropriate for an environment that won't be radically changing and where you already have good data and insights about the quality of the current HR team. In that case, we recommend a 360 assessment (we prefer the OPTM360.1 for this) using the three factors we list and "relative" scoring of the results. Relative scoring means ranking who scored higher or lower, not what score they received. 360 scores tend to be compressed at the high end of any scale, so relative scoring provides more accurate insights.

When you combine the results of these two assessments, you see a simple, powerful grid that provides important insights for selection (see Figure 1). Those two dimensions allow you to sort HR team members into four categories:

Great Fit: These individuals have the mindset, behaviors and functional strength to thrive in the new organization. They should be deployed into your most critical HR roles.

HR Pro: These leaders bring functional excellence and will effectively deliver HR services to their clients. They aren't experienced in and/or don't have the personality characteristics most likely to be successful in the new environment.

Grow: These HR leaders have the right "raw material" – the mindset and personality char-

acteristics that indicate potential success in the new environment, but they need to quickly enhance their technical HR depth to prove their value.
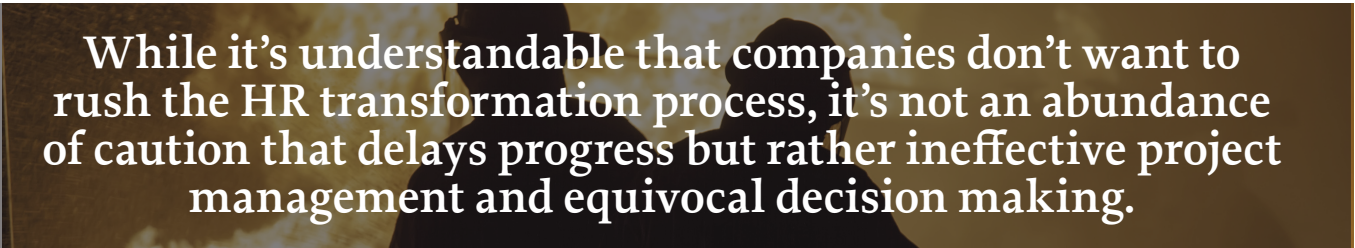
Watch/Exit: These individuals have relatively lower HR capabilities and lack the factors that predict success in the new environment. Some of this group may be able to move up or over on the graph (re-evaluate them after 6 months) and some are clearly opportunities for a talent upgrade.

Even with these frameworks you're still predicting future potential, so assume the same "miss rate" as with any other potential assessment and that 10% - 20% of today's choices will need to be replaced within 12 months.

3. Move Faster

While it's understandable that companies don't want to rush the HR transformation process, it's not an abundance of caution that delays progress but rather ineffective project management and equivocal decision making. We commonly see opportunities to dramatically speed the pace of decisions about HR processes and HR leaders.

Faster HR Process Design: As we mentioned earlier, HR process design should precede your technology choices, not be driven by them. This suggests that faster HR Process redesign will accelerate your overall HR transformation. Performance management is often

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in the cross-hairs of HR transformation and provides a great example of how to accelerate process redesign.

Many organizations will spend 3 – 6 months, sometimes more, redesigning their performance management process. Over a series of 10 – 20 weekly meetings, questions about design elements will be raised, discussed and, at some point, decided. Given the voluminous amount of science and current practice to guide us, that time-line can be radically shortened.

In our Rapid Cycle Design process, we re-design complete performance management processes in two days. While that may seem impossible, it's a very straight-forward, moderately-paced discussion and decision-making process that asks and answers the 50+ questions needed to craft performance management. This timely approach allows far more time to socialize your draft design and modify it based on comments from leaders whose opinions you value.

Faster People Decisions: We described above two different approaches to assess and select the best HR talent for your transformed organization. Even if you're a large, global organization where hundreds of HR leaders need to be assessed, you can complete that process in three months or less.

The secret is to focus the assessment process on gathering the few pieces of data that will most inform your decision, not the 67 competencies that someone could possibly display. Your sharp model – even if assessed with a personality tool, a 360 and some interviews – will dramatically reduce the amount of data you need to gather, analyze and present. Less data means faster interpretation and reporting and, hopefully, faster decisions.

The other factor that drives speed in this process is simply efficient project management. Your project manager should design a "lean" production model for creating this data – no waste, no slack. There should be a detailed project plan and weekly meetings to ensure progress.

Getting Started

You transform HR because it will benefit your business, so you should want to successfully complete that transformation as quickly as possible. Start with a True North to provide clarity and guidance for the entire process. Set a high bar for the HR talent you need and move with kindness and speed to decide on the future of every HR employee. Execute the transformation with discipline, recognizing that every excuse you allow sends a clear message about your true priorities.

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