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A new blueprint for HR

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Strategy | Consulting | Digital | Technology | Operations

Your business is changing at a faster pace than ever before. Has your HR operating model—HR's blueprint or organizing strategy—kept up? Based on Accenture's research and experience, as well as the ongoing debate on the future of HR, we have identified six new operating models that can make HR more agile, bring it closer to the business and improve the employee experience.

Where the cool things are

You know where the cool things are happening today when it comes to HR. Like Zappos. "This ain't your mama's HR," says this online apparel retailer.[1] And for sure it isn't. With a focus on a creative culture—along with, as they say, "fun and a little weirdness"—Zappos asks its HR people to help deliver breakthrough customer service by delivering breakthrough employee service.

Or the well-known "freedom and responsibility" culture of media company Netflix. No set number of hours or vacation days. Not even someone looking over your shoulder at your expense reporting. HR policies at Netflix stress performance and individual responsibility, not bureaucracy.

These companies, and many more, are responding to the increased "consumerization" of the employee experience. Just as consumers today expect seamless shopping experiences at every touch point they have with a brand, so too do employees expect seamless services to be provided to them when they join a new company. Likewise, based on their experience as consumers, employees expect highly customized, engaging and relevant talent practices. That's the game—to attract and retain top talent today. It's not only cool; it works.

Hardening of the HR arteries?

What's the excuse big companies provide when asked about becoming more innovative in their HR approaches? "We're not like all the rest; we operate on a different scale." But the heart of the challenge is not size or scale; it's the entire organizing strategy for HR—its operating model. If you're a large enterprise, chances are you share the same HR model as most other organizations. You have centralized HR centers of excellence that design talent solutions, business partners who act as strategic advisors to the business unit leaders, and centralized HR shared service centers that perform HR administrative activities like benefits enrollment or payroll.

But the core premise of that HR model was developed over twenty years ago. For many companies, its one size fits all premise is inhibiting HR's overall agility. The result is a kind of hardening of the arteries that is preventing HR, and the business itself, from serving different kinds of employees in different units and geographies in a flexible, cost-effective way.

We have a problem, Captain

Executives know that their traditional HR operating model isn't keeping up with the needs of the business. According to Accenture research,[2] 75 percent of HR executives say that ensuring their operating model provides a competitive advantage is a major challenge.

92% of HR Executives made significant adjustments to their operating model in the last year.

Yet too few executives seem to be responding to that challenge by focusing on the flexibility of the model.

- Only 44 percent of HR executives say a flexible operating model that responds to rapidly changing demand is important to improving an organization's agility.
- And less than one-third (30 percent) say their organization is best in its industry at creating this kind of model.

It's not surprising, then, that dozens of interviews with Chief Human Resource Officers reveal that many are struggling with problems related to inflexibility: insular HR functions, duplication of work between HR roles, and the creation of universal, one-size-fits-all talent practices not relevant to today's diverse workforces. The result is often slow reaction times, a lack of innovation, and fragmented solutions that conflict with one another. Ultimately this becomes an enterprise-wide problem when HR cannot produce relevant strategies based on a deep understanding of the business.

What's your model?
New alternatives

Based on Accenture research and experience, we have identified new, innovative HR operating models that create and sustain more flexible and integrated HR capabilities. A key feature of these models is an emphasis on digital—cloud-based delivery, technologies that facilitate collaboration, analytics capabilities to deliver timely insights, and more. These new models are alternatives to the traditional "Business Partner-Center of Excellence" model—though that may still be the best option for some companies.

Each of these models is designed to suit different strategies, cultures and types of workforces, thus delivering a more flexible and strategically relevant HR. For global enterprises, different models—or even hybrid models—may be appropriate for different geographies or parts of the business. Many of the designs creatively adapt models from other fields and apply them to HR for the first time.

Just-in-Time HR Model

This model replaces Centers of Excellence (COEs) and business partners with a small cross-functional workforce effectiveness group. The group, made up of talent, IT, and facilities experts, advises temporary teams to design talent practices and consult with the business. The teams are comprised of a variety of people from the business such as employees, business leaders, experts from other functions, and even outside customers. The model borrows from agile software development, open innovation and lean Six Sigma to deliver innovative, digitally-enabled, integrated and adaptable solutions that are nimbly pulled from the business based on demand. This model is especially suited for volatile businesses with diverse workforces.

Professional Services Model

Here, COE and business partner roles are replaced with an internal HR consulting group that creates talent practices and advises various parts of the business. Like internal IT groups, the group may have a charge-back model for services. The goal of the model is to eliminate siloes in HR that can create conflicting solutions. The model can create a more business-focused HR function and unlock HR resources from the business units so they can be more flexibly deployed to the highest impact work. This model is ideal for fast-changing businesses with globally integrated business models and a great deal of project work.

Talent Segmented Model

Just as companies that compete on customer centricity often organize around customer segments, organizations that compete on employee centricity can organize HR resources around talent segments. Instead of having business partners assigned to business units, "talent segment representatives" can be more flexibly assigned to these talent groupings. Segments may still include workforces in business units, but may also include critical workforces, the extended workforce, workforces in emerging markets, generational segments, and more. This model is ideal for organizations that compete on talent with highly diverse workforces that are seeking to boost workforce productivity and engagement by creating customized talent management practices without sacrificing control.

Crowdsourced Model

Borrowing from concepts of crowdsourcing, "co-created" products and services, and open source innovation, this model reconceives HR in light of new digital advances that empower employees to define their own talent practices. Using social and other technologies, for example, employees may learn from one another, engage in crowdsourced performance reviews, onboard one another, recruit others, help select future leaders, and perform transactions themselves. A far smaller HR group with sophisticated IT and analytics skills establishes digital platforms and guidelines. Business partners are replaced with coaches who may still advise leaders, but who primarily facilitate a culture of democratized talent management. This model is especially appropriate for smaller, volatile organizations that compete on talent with more democratic cultures.

Lean HR Model

With this model, HR is divided into three parts: shared services; a tiny corporate function with deep specialists (risk and compliance in HR; treasury and tax in finance); and a small number of both centralized and localized planning and analysis experts. Large teams of business partners and COEs are eliminated. Instead, talent practices are designed by experts together with external consultants; once designed, they rarely require change. Experts use analytics to advise leaders on talent aspects of business decisions; unlike business partners, however, none of their job is operational. This model is fitting for organizations that primarily compete on operational efficiency rather than talent.

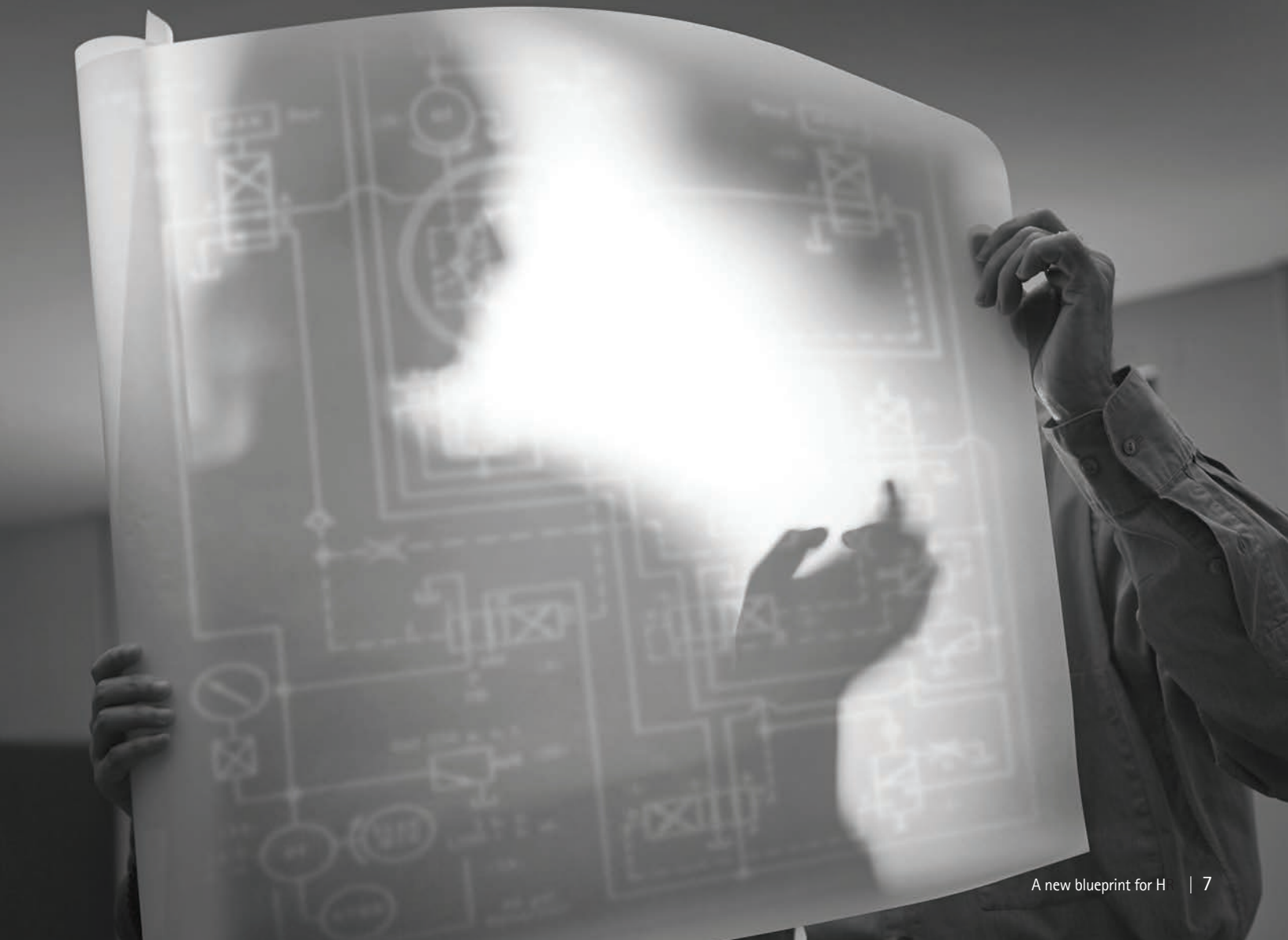
In some cases, organizations could opt to move from "lean" HR to "no" HR. Here, HR departments are eliminated by pulling them apart, with pieces either being outsourced, automated by machines, or placed in various parts of the business where they fit most naturally.

Federated/Decentralized Model

For businesses with fairly autonomous business units and that must rapidly respond to the needs of local units, this model decentralizes business partners and COEs into the business units. Sometimes even HR transactional services may reside in the business units—typically if a number of low-cost but highly different countries that perform transactional services negate the business case for centralization. This model is best for organizations focused on speed and intimacy rather than on efficiencies that can be achieved through scale.

Right now, Silicon Valley companies and other start-ups are leading the way when it comes to delivering consumerized employee experiences and cultural agility. But such an approach to HR is actually available to any company, regardless of size or industry. There are HR models and blueprints available to your company that can help you attract, develop and retain top talent more effectively and consistently.

Equally important, given the demands placed on CHROs today to become more business relevant, a more flexible and responsive HR operating model can help to shrink the perennial gap between what a business wants to do and how its people come together to do it. This is a priority for all companies, whatever their size.



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Sources

1 Zappos.com — http://about.zappos.com/meet-zappos-family/zapposcom-inc/human-resources

2 Accenture Global Volatility and Agility Survey, 2014.

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