ELMO
CLOUD HR & PAYROLL

Prepared by Dave Ulrich, ELMO is pleased to present this whitepaper which examines the impact HR technology can have on business

This is a great time to be in HR
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Why?
We see four forces making HR more central to business success: the context of business (STEPED: social, technological, economic, political, environmental, and demographic changes), the increased pace of change (VUCA: volatility, uncertainty, complexity, ambiguity), the demise of employee well being (individuation, isolation, indifference, intensity), and the requirement to be outside in (attend to customers, investors, and communities). Collectively, these four forces shift HR to centerstage. In our book *Victory Through Organization*, our first sentence is "HR is not about HR" but attending to these four forces to deliver business value.

What?
For HR to deliver more value, we see three trends. First, HR has to focus outside in on the value HR work creates not only for those inside the organization but customers, investors, and others outside the organization. Second, HR has to deliver individual talent, but also leadership and organization capabilities (e.g,. culture, speed, external sensing, innovation). Third, HR has to transform both the quality of individuals in HR and the quality of the HR department to make this happen.

How?
While it is a great time to be in HR, it is not without downsides. When the dog catches the car, when a political novice is elected, when a back up player in theater or sports becomes a starter, the opportunities are great, but the challenge of responding is often greater.

Many of the HR professionals I work with are excited about the forces giving rise to HR impact and the trends to deliver more value. But, they are overwhelmed by the prospects and not sure how to make it happen. I find three models helpful for HR professionals to respond to the new opportunities.

First, resource demand. A number of years ago, a study was done on teenage depression as captured in Figure 1. The demands on teenagers went up (vertical axis) including school and grades, social pressure, individuation from parents, physical changes, creating a personal identity, and emotional maturity. It is easy to envision that these increased demands cause depression (top left of figure 1), but they do not. If/when the demands are balanced by resources, teenagers are not depressed. While some demands can be decreased, many can not and the focus has to be on increasing resources which might include friends, supportive parents, allowances, cognitive processing, technology, and so forth for teenagers.

Figure 1: Resource/demand model for teenage depression and HR professionals
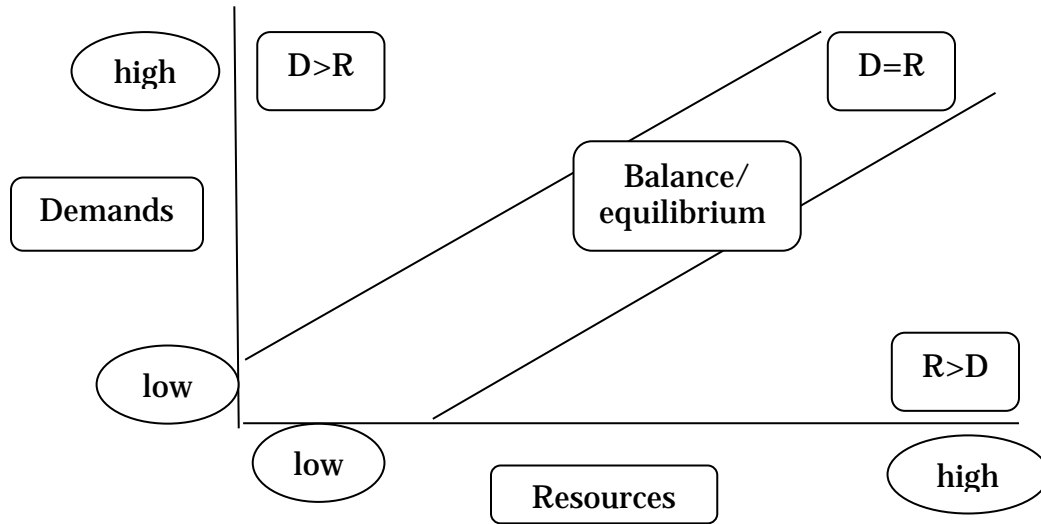
Likewise, the demands on HR are increasing through the four forces. HR professionals are being asked to do more. Some of these demands can be moderated (for example, don't do non value added work). But, the focus should be on resources. What resources can HR professionals access to help them cope with their increased demands?

I see two categories of resources: personal and departmental.

Second personal resources. HR professionals can better respond to the increased opportunities when they have the competencies to succeed and a more personalized career map.

Competencies are the skills HR professionals bring to their job. We have spent 30 years studying which HR competencies have personal and business impact. In our last (7th) round, we had data from over 39,000 respondents. Through our research, we identified 9 competencies for HR professionals (figure 2). Three were foundational (compliance manager, analytics designer and implementer, and technology and media integrator). There were strategic enablers (culture and change champion, human capital curator, and total rewards steward). But, three had the most impact on HR professionals around the world.

- Being a credible activist allows the HR professional to be invited to the business dialogue and be personally effective
- Being a strategic positioner helps the HR professional deliver the most value to business customers and investors outside the organization
- Being a paradox navigator is the competence most connected to delivering business results.

So, while HR professionals need to recognize all 9 competencies, they especially need to master the three core competencies.

Figure 2: HR competencies
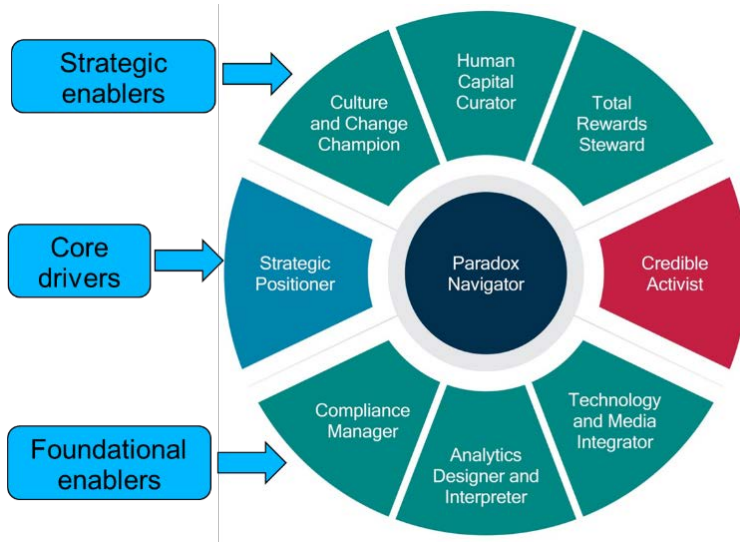
HR professionals should take charge of their career. Figure 3 gives an overview of an HR career. HR professionals can work in 4 areas: functional expertise, geographic area, business unit, or outside HR. They can work at three stages: individual contributor, manager, leader. Within this mosaic, HR professionals may choose to stay within one quadrant (e.g., functional excellence in rewards, learning, or organization design) or they may move across quadrants throughout their career (e.g., moving back and forth from centers of expertise to business and back). When HR professionals can proactively define their career, they can map how they go forward.

Figure 3: HR career options
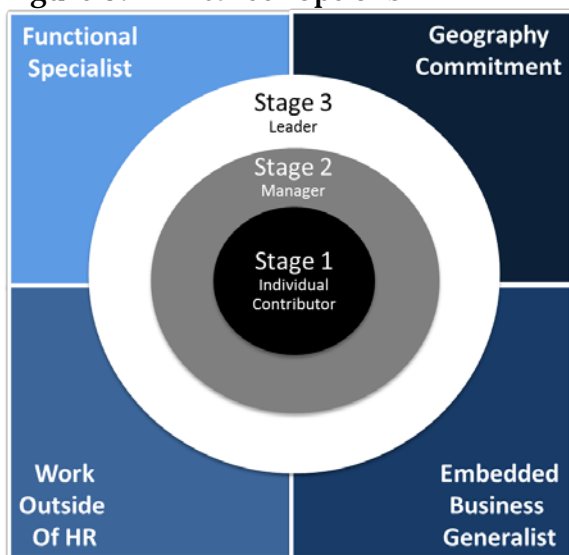
Third, department resources. HR professionals seldom success by themselves. In our research we found that the quality of the HR department had four times the impact on business performance as the quality of the individual HR professionals (this is why our new book is *Victory Through Organization).* Some of an effective department is making sure that roles are clear which is about decision rights, accountabilities, and responsibilities. HR departments should be organized to mirror the business organization. If the business organization has more centralized governance; HR should be more centralized with common HR practices across the enterprise.

But, we have come to appreciate that relationships matter as much (or more) than roles. If the structure is mostly right, HR leaders need to build positive relationships throughout the HR community. There have been many studies of positive relationships by psychologists and marriage therapists. Here are six principles that can be adapted to HR:

1. **Share a common purpose.** in HR each role has unique expertise (service centers with technology driven efficiency, centers of expertise with specialized HR insights, embedded HR with business insights). The challenge is to find a unifying purpose that brings together these different parts into a greater whole. This binding purpose may be business performance (strategic HR) or improving customer or investor value (outside in HR). Each component of HR operations contributes unique value to serving customers, improving market value, and delivering business results.

2. **Respect differences**. Clearly, different parts of the HR operating model focus on different activities, with HR service centers emphasizing standardized, consistent, and cost efficient solutions and embedded HR generalists working to create tailored HR solutions for unique business requirements. Embedded HR professionals define the talent, leadership, and cultural requirements to deliver business goals. Those working in centers of expertise have pride in their deep functional knowledge. Service center HR professionals ensure that the "trains run on time" (systems do what they should). When these different groups respect each other, focus on what is right more than what is wrong, and yield to the influence of the other, they can form relationships that supersede their separate roles.

3. **Govern, Accept, Connect** in HR, we may falsely assume that relationships among the parts of HR will be congenial and solved. More realistic expectations recognize that the processes used to govern HR will be more important than the solutions. When different parts of an HR operating function can focus on creating a growth mindset, they worry less about the right answer and more about learning to negotiate and discuss. Managing differences with calmness, curiosity, and caring will help build connection among HR parts.

4. **Care for the other** in HR departments, it is important that different parts of the operating model care for each other. Trust in the HR function should be high due to each area being predictable, dependable, available, accessible, and reliable. Different groups should be aware of scorecards for each group and be delighted when those in other groups do well. "We" language should replace "my" language as the metaphor is for HR unity more than isolation.

5. **Share experiences together.** In the HR operating model, it is easy to isolate oneself in one's group. It is more helpful to have individuals work across groups. This may mean career rotation from COEs to embedded HR roles and vice versa, group HR meetings or calls where the groups share concerns and celebrate successes, problem solving groups with representatives from each HR group, or informal contacts where HR bids are quickly attended to. In addition, when things go wrong in the HR operating model, and they will, rather than blame, complain, or hide, have the emotional confidence to admit a problem and seek a joint solution.

6. **Grow together** HR departments need to learn from the past. The stories of HR success can be woven together into an historical narrative of how an HR department has made progress. Sometimes, HR groups don't recognize the progress they have made. But their historical narrative should be a basis for future growth. When the growth of the HR department focuses on the shared purpose of delivering sustainable business value, when differences are respected, when governance is managed, when caring occurs, and when HR professionals share time and energy, then the growth will likely be sustained.

So, as HR moves to center stage, delivering real business outcomes, the demands need not be threats, but opportunities if personal and department resources exist.