Real Change Management – HR Organization in the Cross Hairs

By Ian Ruddle, Lake Bend Partners, Inc.

So, you're the new chief human resources officer (CHRO)? Congratulations! How much do you really know about the organization you just joined? Let's check the possible legacy scenarios.

Did you replace the tenured history professor? (Apologies to professors of history – when I was an operations VP at Citibank back in the early 1980s, the leading background for an HR head was academic). Not known for breaking the status quo, you can probably guarantee nothing much has been done to enhance the employee's experience. Forcing transformation and change is not in the DNA.

Or, was your predecessor in position less than five years? Do you know why they left? What reason was given for their departure? Wasn't able to get it done? "Didn't get along with the C-suite?" Maybe over time the organization itself has built up a systemic lethargy to understanding how to support its employee and executive constituents.

There's a simple continuum to describe the stages of an HR organization in the way it supports its constituents - the three M's – Maintain, Manage, Mature. Where does your organization currently fit?

Maintain – If you call your HR department "Personnel," then you probably subscribe to the "pay & benefits" maintenance. Perhaps you also have a token annual review and feedback process. This does not do much for employee morale and encouraging the best employees to stay.

Manage – In addition to the "pay & benefits" attributes, you find rigorous annual performance review process, peer and upward feedback loops; a centralized customer service center with automated self-help and Web-based access to all personal information; and some career pathing, performance, and succession planning.

Mature – Adds an overlay of career and compensation modeling, enhanced hiring practices, and enhanced workflow techniques to reduce mundane paper flow. This stage uses predictive analytics to aid business planning and help form closer ties between HR (now business partners) and the line businesses.

Let's take a look at what you heard from the CEO when you joined the company. Any of these ring a bell?

With each bullet point, comes an increased level of frustration:

- Our talent pool is poor and there's no succession plan.
- I can't get the reports I want – accurately.
- We are losing good people.
- The board thinks HR is too expensive.
- We are getting too many complaints.

And finally, in exasperation, the worst one of all:

- I don't want to hear it – outsource it.

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So where do you go from here?

Finding out what has happened in the past and what you have now can be time-consuming. It takes about three to four months to get a grip on what's important, what to address first and who would be affected (less time, if experienced advisory help is hired to help you where to look). Of course, there are separate and independent solutions for all of the issues mentioned above. The larger questions are what solutions make the most sense for investment, and what's the impact on the organization, both in transition and after the fact? You need to know the answers before developing a strategy for change.

For a starting point, in any corporation there are six areas of focus within the CHRO's purview that need to be investigated in order to develop a meaningful strategy for change.

Employees – Your best and most vocal sounding board. You will get the quickest feedback from the employees. When was the last time an employee survey was conducted? What were the findings? What changes have been made since?

Executives – Apart from the guidance you got from the CEO, it's wise to get the thoughts from the line business heads who are "at the sharp end" of the business. They don't always have the same agenda as the CEO. If you plan any changes, the change management plan has to accommodate them. Remember, they may end up in your steering committee in the future. What are their issues? Do they feel that they get the right support from the CHRO organization?

Business Partners – The phrase describing the new attributes of the legacy HR generalists. By definition, their role has morphed into more of a relationship manager in synch with the heads of the business units. So, have they successfully engaged at the senior level? Do they really understand the business? Are they accepted by the line business heads as equals with a seat at the table?

Customer Service Center (CSC) – This where all transaction inquiries go, e.g., pay and benefit inquiries, new hire processing and termination. Typical structure for a CSC is to handle 85 percent of all inquiries, or via automated Web access, with the overspill going to tagged specialists. If any basic transactions are being handled by small units out in the field, then there's room for improvement. How would you describe your service levels? Where are the complaints?

Technology Operations – There is a baseline assumption that there is an accurate, up-to-date IT system holding all the necessary data that is needed to manage the human assets. If not, you have an immediate inhibitor to success. It doesn't matter if it is in-house, outsourced or in the cloud. It does matter, however, if the employees and executives can't get access to their own information through a Web-type device. What's the situation?

Specialist Centers – Sometimes called centers of excellence, although I know a couple of CEOs who want to know who came up with that name! These groups, by definition, contain specialists in the fields of compensation, benefits, legal, recruiting, etc. These groups should be focusing only on planning and policy. The transaction end of the specialist areas should be handled by project teams attached to the customer service center. Are the comp and benefits plans competitive? How effective is your recruiting process? Are you managing risk and money when terminating? Have you delineated the roles and responsibilities for the most efficient operation?

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If your firm subscribes to the "Maintain" philosophy, some of the definitions mentioned above may not make sense to you, and will likely have more limited options available for change unless there is a clear understanding from the executives that it's time to step up investment in their human assets. For example, if the technology support platform is over six to seven years old, it is unlikely to have the necessary flexibility in the Web access capabilities for employees or executives.

If you are one of the 70 percent of Fortune 200 firms that subscribe to the "Manage" philosophy, your chances are increased of being able to affect an impact. If you are in the "Mature" state, you are already on your way to the right philosophy so maybe your sphere of influence needs to continue the path in an upward direction.

The key is to develop a strategy that incorporates a sensible approach to matching solutions with the business issues and delivering them in a staged, controlled manner, with a well-communicated change management plan that is, most importantly, visibly and vocally supported by the CEO from the top-down.

One last tip – Use the weekly 30-second ride in the elevator with the CEO as a "how am I doing?" check.

About the Author

Ian Ruddle is a seasoned management consultant with over 40 years of experience in HCM and IT operations, encompassing both corporate and consulting environments. He is an experienced HCM transformational change agent with a proven track record of completing global, large-scale, multi-year business system deployments. In addition to his time with Deloitte Consulting and Coopers & Lybrand LLP, Ruddle held executive management positions with Citibank and American Express. He is currently the managing director of Lake Bend Partners, Inc., a New York-based advisory services firm specializing in reducing the anxiety of the CHRO when undergoing extreme structural change. He can be reached at ***iruddle@gmail.com***.