

Why HR Must Change Its Approach

Unfortunately, HR seems to be one of the overhead functions that is frequently downsized when times get tough, either through a reduction in its budgets or by reducing its staff—after all, aren't line managers supposed to look after all the people issues now?

HR needs to take dramatic steps that will improve the impact and the credibility of the function if it wants to be seen as a corporate leader that can influence senior management regarding the importance of people issues.

Kenexa® has been working with the HR community for over 20 years, and during that time, many HR functions have seen their budgets drastically cut, while others have found significant portions of their activities outsourced or replaced by technology. The business world is changing at an increasingly faster rate and HR must respond to these changes with more than its traditional "do more with less" approach. HR needs to revamp everything it does. It doesn't just need a facelift; the whole process needs a drastic overhaul.

A Change in Approach

While most HR functions would suggest that they are enacting change, the key is whether the benefits are being delivered and are appearing to make a difference in the organization's eyes. HR can't use an old map to find a new route; here are our thoughts about what should be implemented to ensure that the journey for HR is faster and smoother.

Proactive and Responsive

Kenexa has extensive experience in working with changing HR functions across a range of organizations. Based on this experience, it is clear that most HR functions are reactive in their approach. Instead of developing solutions in response to a demonstrated need, the HR of the future must develop solutions in advance of their actual need.

The HR leaders of tomorrow have to figure out how to meet the future needs of the business and lead organizational change, not wait to be told what to do, when and how.

Return on Investment

All administrative support functions will come under increasing pressure to demonstrate their value; HR functions must respond by becoming more financially oriented and accountable, aiming to become more data driven and credible. Every HR initiative or solution needs to be assessed on a "zero-based budgeting" basis, which assumes you add no value unless you can prove otherwise. HR's challenge is to focus resources and activity on those programs and solutions that produce a higher return. Again, HR must be proactive and seek out ineffective HR activities and put a stop to their continued use.

'Adding Value' and Competitive Advantage

The real opportunity and need for HR is to demonstrate both 'added value' and a real competitive advantage for an organization, not just to offer "cheap and cheerful" HR solutions that are driven by budgetary constraints. Competitive advantage is driven by anticipating the moves of an organization's competitors, so that it can continually outperform them in the 'people practices' stakes.

Measurement is critical, but it's not just about measuring everything; it's about measuring those key elements that are seen to "add value" to the organization. From an HR initiative perspective, Return on Investment (ROI) is crucial, but one key differentiator that Kenexa has focused on is the value for money that organizations derive from its people.

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It's useful to assess an individual's capability via self-assessment, formal assessment and testing approaches, but the cost of these individuals also needs to be considered. Hence, capability indexing (Kenexa's version is the People Capability Index, or PCI) will emerge as a means of ascertaining both capability and value for money.



Performance Culture

Performance culture is about creating a culture that measures and rewards performance and results. Against this backdrop, why does HR spend a lot of its time on the bottom performers in an organization? In the marketing arena, Product Managers know that 80 percent of their profit comes from the top 20 percent of their products. The same principle and ratio can be argued when considering people management issues. HR must prioritize its time, services and focus on the tasks and initiatives with the highest impact, while limiting the time it spends on low performers. Instead of rewarding effort, past loyalty and seniority, HR must ensure that all people initiatives and activities focus on measuring and rewarding business results.

If organizations are truly serious about this, then HR must push to ensure that the staff is trained in performance management techniques. This means imparting a thorough knowledge of the processes involved and providing them with the capabilities to coach and mentor better performance from employees. Line managers need to take complete responsibility for this critical process, as HR exists to provide guidance. Great theory without a thorough implementation program means the whole process is a waste of time. HR has to 'push back' against the organizations within which it operates, otherwise it will be implementing processes that have no chance of making a large impact on performance.

HR will require more accountability, risk taking, rapid learning, and proof that it has had a direct impact on business productivity and profitability.

Related to this, HR must try to guide the organization to reward managers for great people management including attraction and retention. Attainment of business targets is crucial, but why not drive forward a change so that at least 20 percent of the manager's pay is based on managing talent and increasing people productivity?

HR must become 'metrics friendly,' by knowing how to create them, measure them and focus on their achievement. Given all the changes occurring within HR, its future depends upon it.

A Defined HR Strategy

When Kenexa works with organizations, one of the key questions asked is, "What is your organization's HR strategy?" A common answer is, "I don't know." If HR is to be strategic, it must have a clearly defined strategy that has been communicated to and understood by all. It must also cover the key aspects relating to people in terms of resourcing, talent development, learning and development, and people risks. Links to the economic indicators that impact the organization must be evident as well as applicable regional variations across the United States. A one-size-fits-all strategy is not always relevant. HR must learn to understand and forecast the prevailing economic conditions and then modify its strategy as those economic and business factors change.

Effective People Management Practices

HR must recommend proven tools and practices to managers that are most effective in different situations. If managers are to be effective, they need to know which tools:

- Can help them to increase people productivity
- Will ensure that top performers are retained
- Improve the ability to motivate, develop and challenge their staff
- Provide the most predictive recruitment methods that identify top performers
- Identify and explain the most effective training and development intervention
- Identify the benefits packages that increase performance of top employees
- Can help managers and HR proactively gather metrics and data to help prove which people management tools have the most impact

Focus on Productivity and Capability Improvement Not Policing of Policies

HR must drop its policing role, where it warns of possible legal action and instead shift toward the role of a trusted and respected adviser. Rather than saying "no" to managers, or focusing on developing more policies and procedures, HR must give advice and information to management on the probabilities, risks and success factors for their potential solutions to people issues. HR must allow managers to make and own their informed people decisions. This is not just about changing the name of the HR role to that of a Business Partner, it is about changing the way that HR operates and behaves.

HR Capability

It's hard to make generalizations, but most HR professionals are good at relationship building, yet lack business skills. The "new" HR professional needs to be strong in business and finance (metrics focused), have a solid technology background, and be a risk taker. He or she also needs to be an assertive influencer who can comfortably deal with business challenges and challenge the organization in a collaborative and credible manner.

Looking ahead, some possible changes to HR jobs could include:

- Greater emphasis on metrics and Return on Investment methodologies
- Reduction in the number of compensation and benefits positions as managers begin making compensation decisions using desktop tools and self-service solutions
- Focus on HR leadership and solution provision with almost all HR transactions dealt with differently
- A change in format of HR Service Centers because of continued growth of Interactive Voice Response (IVR) and the development of organizations' intranets



- Reduction in the number of generalist positions as focus shifts from all-around positions to specialists
- Changing resourcing functions as direct Internet-based sifting increases and line managers develop their recruiting skills
- Future focus on increased people productivity, performance metrics and consulting on the most difficult problems and coaching

The Way Forward

It's clear that rapid changes to the business environment will require a new set of skills and tools. New HR programs must be developed faster, must be more responsive, and must periodically measure Return on Investment. Speed will be the focus in HR, with initiatives being developed rapidly and continually improved on an ongoing basis.

HR will require more accountability, risk taking, rapid learning and proof that it has had a direct impact on business productivity and profitability. If you are results oriented, a risk taker and a fast learner, you are likely to thrive in the new HR. However, when looking at the HR functions that have already undergone major transformation—many with Kenexa's help—it is clear that some HR professionals will either be unwilling or unable to handle this dramatic shift in approach. Unfortunately, the rapid changes in business will not allow HR professionals much time to grow into and to learn this new model. If HR professionals are to survive and prosper under the new agenda, individual behavioral and attitudinal change must start now. ■