Strategic Approaches to Future Trends in HR: Does HR’s Reach Exceed its Grasp?

CEO Webinar

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“Ah, but a man’s reach should exceed his grasp,  
Or what’s a heaven for?”

from a poem entitled Andrea del Sarto, by Robert Browning
“Achieving Excellence in HR”

- Survey of HR leaders in North America, Europe, Australia, China
- Conducted every third year since 1995

with Edward E. Lawler III
Recalling the Recent Past … HR is Evolving!

North America Sample (2013)

<table>
<thead>
<tr>
<th>Means</th>
<th>5 – 7 Years Ago</th>
<th>Current</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintaining Records</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Collect, track, and maintain data on employees</td>
<td><strong>27.0</strong></td>
<td><strong>15.4</strong></td>
</tr>
<tr>
<td>Auditing/Controlling</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ensure compliance to internal operations, regulations, and legal and union requirements</td>
<td><strong>16.8</strong></td>
<td><strong>12.8</strong></td>
</tr>
<tr>
<td>Human Resources Service Provider</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assist with implementation and administration of HR practices</td>
<td><strong>28.8</strong></td>
<td><strong>25.9</strong></td>
</tr>
<tr>
<td>Development of HR Systems and Practices</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Develop new HR systems and practices</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>13.2</strong></td>
<td><strong>19.0</strong></td>
<td></td>
</tr>
<tr>
<td>Strategic Business Partner</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Member of the management team. Involved with strategic HR planning, organizational design, and strategic change</td>
<td><strong>14.2</strong></td>
<td><strong>26.9</strong></td>
</tr>
</tbody>
</table>

1 Significant difference ($p \leq .05$) between Current and Past (5-7 Years Ago)

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The Reality: Not Very Much Change
North America Sample (2013)

<table>
<thead>
<tr>
<th>USA Sample</th>
<th>1995¹</th>
<th>2001²</th>
<th>2007³</th>
<th>2010⁴</th>
<th>2013⁵</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintaining Employee Records</td>
<td>15.4</td>
<td>14.9</td>
<td>15.8</td>
<td>13.6</td>
<td>15.3</td>
</tr>
<tr>
<td>Auditing and Controlling, Ensuring Compliance</td>
<td>12.2</td>
<td>11.4</td>
<td>11.6</td>
<td>12.5</td>
<td>12.9</td>
</tr>
<tr>
<td>Providing HR Services and Implementing Programs</td>
<td>31.3⁵</td>
<td>31.3⁵</td>
<td>27.8</td>
<td>30.4⁵</td>
<td>25.6¹²₄</td>
</tr>
<tr>
<td>Developing HR Systems and Practices</td>
<td>18.6</td>
<td>19.3</td>
<td>19.2</td>
<td>16.7</td>
<td>19.1</td>
</tr>
<tr>
<td>Strategic Business Partner</td>
<td>21.9⁵</td>
<td>23.2</td>
<td>25.6</td>
<td>26.8</td>
<td>27.2¹</td>
</tr>
</tbody>
</table>

¹²³⁴⁵ Significant difference (p ≤ .05) between years.
## Are Australia or China Different?

<table>
<thead>
<tr>
<th></th>
<th>NORTH AMERICA</th>
<th>AUSTRALIA</th>
<th>CHINA</th>
</tr>
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<tr>
<td><strong>Maintaining Employee Records</strong></td>
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*Note: Numbers with superscript letters indicate significant differences between regions.*
Does Time Spent Affect Outcomes? YES

- **Maintaining Records** (NA=15.4%, AU=13%, CH=23.5%)
- **Auditing/Controlling** (NA=12.8%, AU=14.1%, CH=16%)
- **Providing HR Services** (NA=25.9%, AU=29.0%, CH=28%)
- **Developing HR Systems** (NA=19%, AU=17%, CH=18.1%)
- **Strategic Business Partner** (NA=26.9%, AU=26.9%, CH=14.5%)

**HR Role in Strategy**
- North America: NA=15.4%
- Australia: AU=13%
- China: CH=23.5%

**HR Effectiveness**
- North America: NA=25.9%
- Australia: AU=29.0%
- China: CH=28%

**Organization Performance**
- North America: NA=26.9%
- Australia: AU=26.9%
- China: CH=14.5%
Trends That Define HR Future...

Does HR’s Reach Exceed Its Grasp?

• 2013 consortium of 11 companies, 20-30 HR leaders per company
• Global sample of HR leaders at Director level and above
HR “Now” vs. “Should Be”

(Scale: 1=No role; 2=Occasional role; 3=Active support role; 4=Primary input role; 5=Leader and key expert)
## Strategy Elements: Business Unit Level

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<th>Analysis</th>
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<td><strong>Strategy Element</strong></td>
<td><strong>While examining strategy through each lens on the left, determine where having better talent than the competition is most critical</strong></td>
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| Industry Context | - Who are the industry competitors?  
- What are the most important industry assumptions?  
- What are the major external assumptions within the strategy?  
- Are there critical areas where you are making assumptions about the industry that are different than key competitors? |
| Competitive Positioning | - What unique value do we create within this industry?  
- What makes our advantage difficult to duplicate?  
- How do we generate returns from the value created? |
| Resources | - What are your sources of competitive advantage?  
- What resources do you have that competitors want? Vice-versa? |
| Processes | - Where does the performance of specific business processes/sub-processes most directly limit the results we intend to achieve (i.e., which constraints are most critical)? |
| Business Algebra | - What are the numbers and mathematical logic of business unit success?  
- What is the algebra of revenue growth (Enter new markets, Increase product lines, within existing markets, Grow distribution channels)  
- What is the algebra of process and resource improvement (speed, reliability, cost, availability, volume, etc.) |
Big Data

Data that is too big, too unstructured or too diverse to be stored and analyzed by conventional means, processes, or tools

• “Big Data” will generate US$3.7 trillion in products and services and generate 4.4 million new jobs by 2015. – Gartner Inc.

• Companies with over 1,000 employees store an average of more than 235 terabytes of data—more than in the US Library of Congress. – McKinsey

• Only 6% of HR departments believe they are "excellent" in analytics and more than 60% feel they are poor or behind. – Deloitte
HR “Now” vs. “Should Be”

(Scale: 1=No role; 2=Occasional role; 3=Active support role; 4=Primary input role; 5=Leader and key expert)
Big Data

Today's Headlines

• Wal-Mart, and Wawa Inc., a food service and convenience business, have built internal HR analytics departments staffed with experts in statistics, algorithms, and social sciences.

• Large financial services firm: Analyzed thousands of applicants, and found that grades and school quality were least predictive of unit revenues. Shifting recruitment from grades and school quality, and saw an improvement of US$4 million in revenues the next year.

• Google proved that asking questions such as “How many golf balls can you fit into an airplane?” don’t predict anything.
Big Data

Issue on the horizon …

The “Art” of the Question

“I don’t know” is on 3\textsuperscript{rd} base

“What” is on 2\textsuperscript{nd} base

“Who” is on 1\textsuperscript{st} base
Mass Customization

Combining mass production with “customization.” The needs of every individual are met while preserving the effectiveness and efficiency of mass production

• 35% of US online consumers want to customize product features or purchase build-to-order products. – Forrester

• Only six percent of employees agreed that their human resources practices were highly relevant to them. - Accenture
More Advanced HR Lets Others Lead

Correlation Between Advanced HR Practices / Disciplines and "Others Take The Lead"
Implications for HR Leaders

(Boudreau-Ziskin)

- Reaching Out...Infuse Talent from Outside HR
- Venturing Out...Influence Beyond Function, Company, and Geographic Boundaries
- Seeking Out...Find and Surface Unpopular Truths
- Breaking Out...Lead Transformational Change and Actions
HC BRidge® Framework

ANCHOR POINTS

Impact

Effectiveness

Efficiency

LINKING ELEMENTS

Sustainable Strategic Success

Resources and Processes

Organization and Talent

Interactions and Actions

Culture and Capacity

Policies and Practices

Investments
Business Unit Strategy Analysis

Organization Strategy Elements
- Industry Definition and Marketplace Trends
- Strategic Positioning & Intent
- Enterprise Resource Planning
- Operational Implications and Initiatives
- Financial Projections

Strategy Analysis Lenses
- Industry Context and Assumptions Lens
- Competitive Positioning & Differentiator Lens
- Resource Lens (Input, Conversion, Output)
- Business Process Lens (Constraints and Boundaries)
- Business Algebra Lens

Talent Implications of the Strategy
- Pivot Points:
  - Pivotal Talent Pools
  - Pivotal Talent Requirements
  - Organizational Design Boundary and Coordination Issues
  - Strategy Communications
  - Strategy Consistency around Functional Business Units
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