

# Developing the Skills of HR Business Partnership: *Consulting and Change Management*

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**The paper describes the results of a study of HR consulting and change management skills, and the practical application of these skills through professional education combined with action learning in a major global corporation.**

We know that HR professionals are expected to be more skilled and effective partners to line managers in increasing organization performance. Our research, published in the recent book *HR Competencies* (Ulrich et al. 2008), points out six competency domains that describe the most important areas of HR professional and leader contribution—as perceived by both HR and line managers. These six competencies are depicted in Figure 1.

At the heart of the HR competency research is the concept of credible activist—high-performing HR professionals earn credibility by both consistently delivering on expectations and demonstrating initiative in identifying and addressing needs for change.

The ability to diagnose problems, gain the management buy-in and support needed to make change feasible, design and implement collaborative processes of improvement, and effectively measure results are crucial skills in converting HR business partnership from intent to practiced reality. Beyond the central importance of credible activism, the research also found that talent management and organization design, culture and change stewardship, and strategy architect were all competency domains dependent on consultative skill.

How effective, then, are HR professionals in consulting and change management? We recently conducted a survey completed by 350 HR professionals and leaders, and 35 line managers, in a range of industries from financial services to consumer products in North America, Latin American, Western and Central Europe, and Asia. The main finding is that the HR community has work to do. Both groups reinforced the need for HR to increase professional skill in consulting and managing change.

## **Consulting And Change Management Skills Are Important**

Both HR and line managers view consulting and change skills as important. In line

with the HR competency research described earlier (Ulrich et al. 2008), these skills matter. As Figure 2 shows, both line managers and HR professionals see a relatively high importance of HR consulting skills to business results, although line manager ratings are somewhat lower.

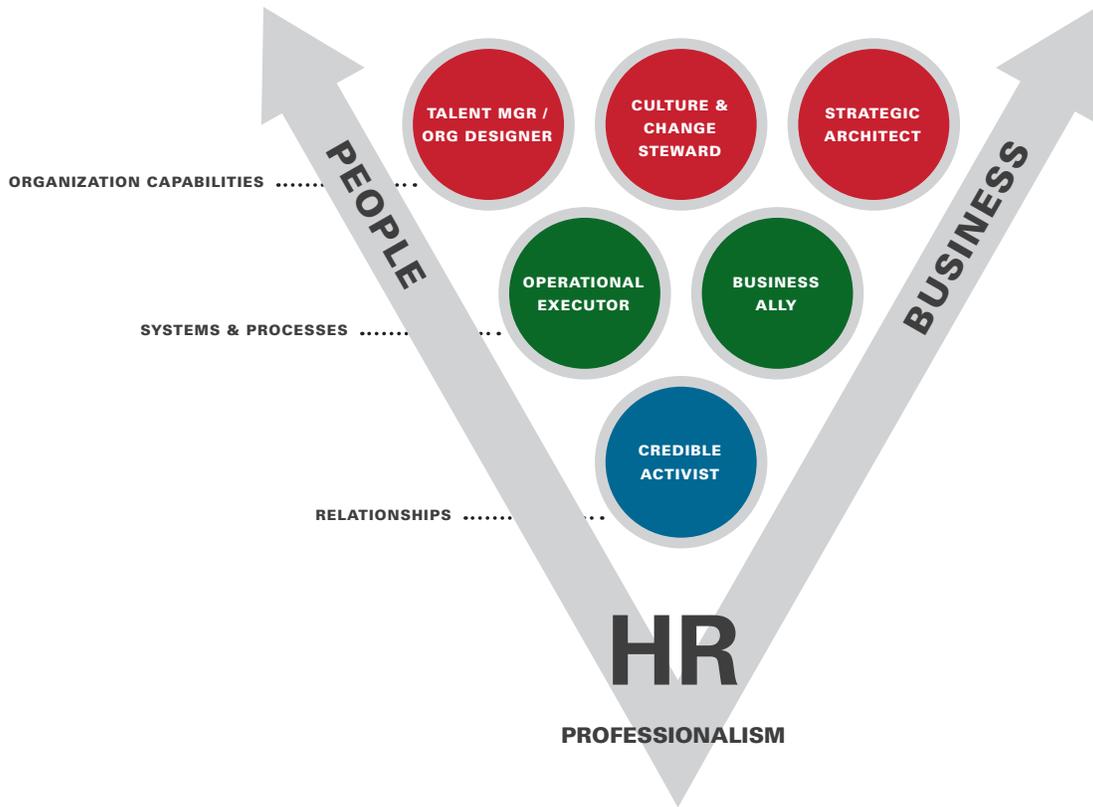
## **Skills And Reputation Are Lacking**

Both HR professionals and line managers apparently do not feel the consulting skill level of HR matches up with importance. In our survey, HR is not perceived as having an adequate reputation for consulting and change management. Figure 3 points out that both groups—HR professionals and line managers—assign a relatively skeptical rating to the HR reputation for consulting, particularly line managers.

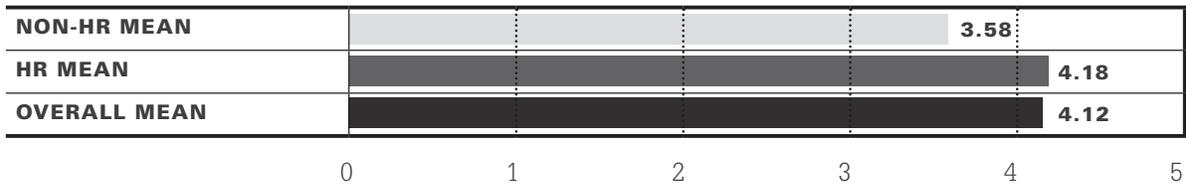
## **Reputation Reflects Skill Deficiencies**

As Figure 3 indicates, HR consulting skills are perceived by line managers as relatively low—consistent with the weak reputation for HR consulting skills shown in Figure 4. HR professionals view HR departmental skills in consulting and change management more positively, but not strongly. Both groups seem

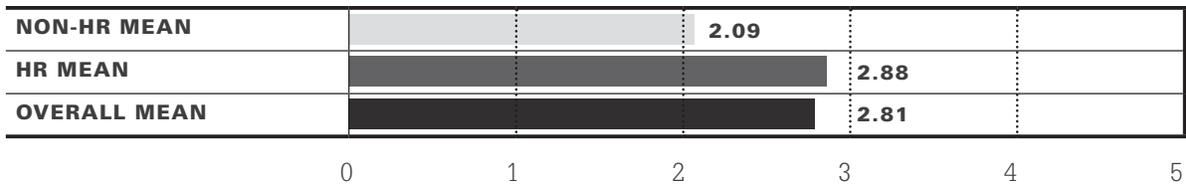
**Figure 1: The Most Important HR Competencies**



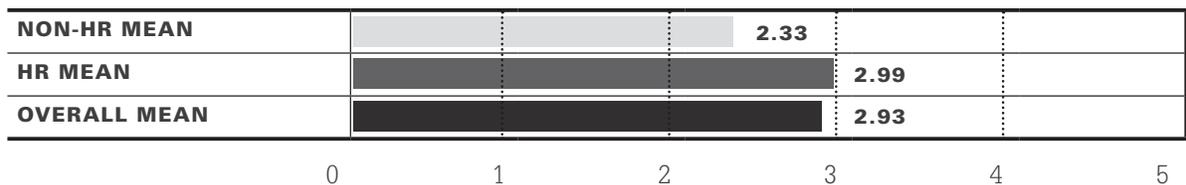
**Figure 2: How important are the HR professionals' consulting and change management skills to your organizations business results?**



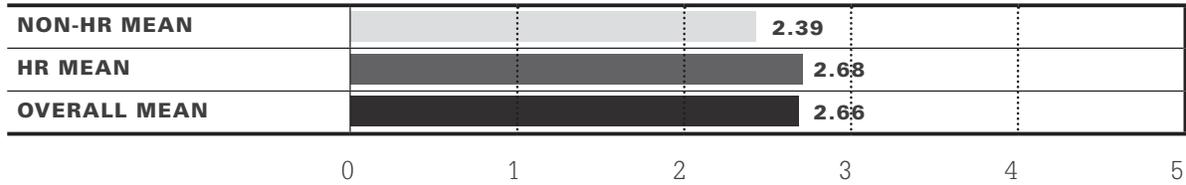
**Figure 3: What is HR's reputation, generally, for consulting skills and change management efforts?**



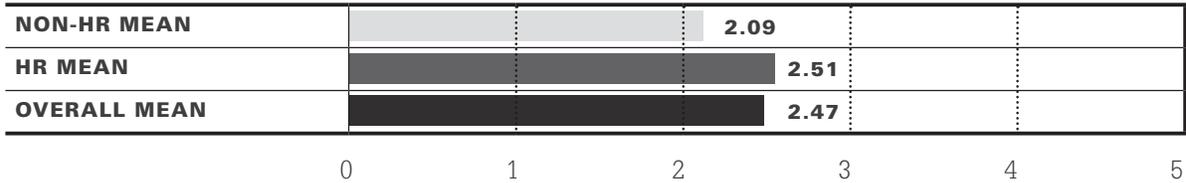
**Figure 4: Overall, how would you rate the internal consulting and change management skills of your HR department?**



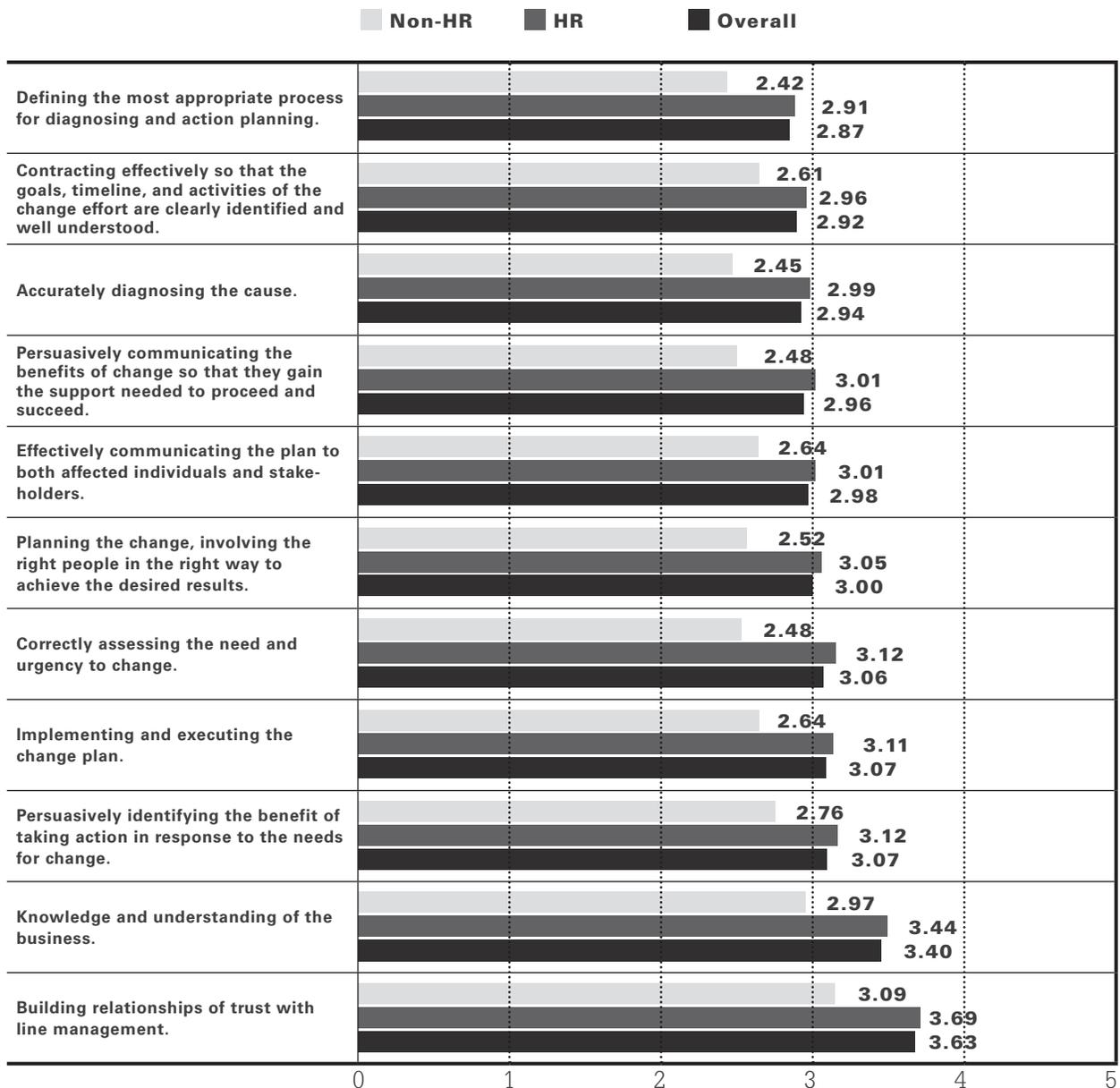
**Figure 5:** How well does the HR organization utilize external consultants to supplement internal change management capabilities?



**Figure 6:** How well does the HR organization train HR professionals to be effective internal consultants and change managers?



**Figure 7:** How would you describe the HR generalists' skills in these areas?



to agree that stronger consulting and change skills are needed.

### Managing External Consultants

HR frequently supplements its resources with external consultants, either to extend internal capability or to bring in specialist skills. The management of these resources is obviously a factor in the overall assessment of HR competence, and HR is expected to provide effective project and client management when it utilizes external consultants in a project capacity. As the data in Figure 5 suggest, both line managers and HR professionals see ample opportunity for improvement.

### Investing In Education To Be More Effective Consultants

Consulting and change skills are more likely in those HR organizations that invest in relevant training and development. The data in Figure 6 draw a clear link between HR

consulting and change skills and developmental investment. The line managers and HR professionals and leaders in our sample view HR as insufficiently training HR professionals to be effective internal consultants and change managers.

### The Fundamentals Are In Place For Improvement

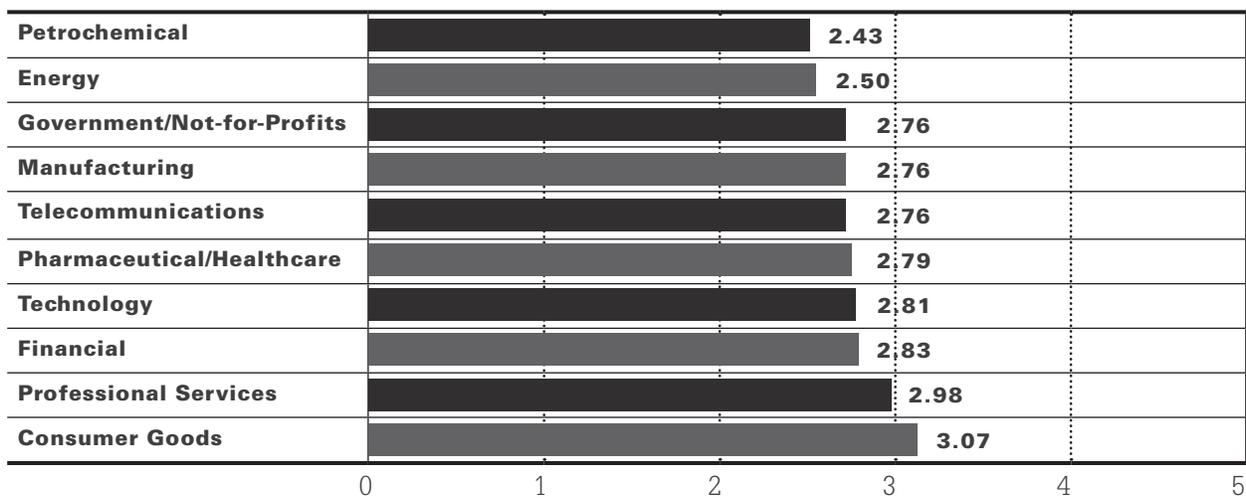
The general finding is that HR is not seen as delivering significant value as internal consultant and change agent, and this view undoubtedly impacts how it is viewed as a business partner. Also clear is that HR is not perceived as providing sufficient training to its professionals. To title the function “business partner” is one thing, but quite another to be perceived as one. What are specific areas where HR needs to improve in order to be perceived as more effective consultants and change managers?

As the data in Figure 7 indicate, HR professionals are perceived as bringing two fundamental strengths to the challenge—they have an understanding of the business, and they are able to build relationships of trust with line managers. But, the data also point out gaps in skill—in defining the right process for diagnosis and action planning, needs assessment (including the urgency of change), contracting, diagnosis, planning change, and communicating both the plan and the benefits of change.

### Industries Differ, But Not That Much

The data also point out differences in the perceived competence of HR professionals as internal consultants and change managers across industries. As Figure 8 indicates, petrochemical and energy company respondents were harshest in their ratings, while professional services and consumer products company respondents were the most positive.

**Figure 8:** What is HR’s reputation, generally, for consulting skills and change management efforts?



### Building Hr Professional Skills In Consulting And Change Management

The clear message from this study, and from the RBL / Michigan HR research (Ulrich et al. 2008), is that consulting and change agency skills are important, need to be stronger, and can be taught. HR professionals need to build a reputation for these skills consistent with organizational need, advance HR as a valued business partner, and ensure opportunities for growth within the organization.

### Case Study: How Consulting And Change Skills Drive Business Results

Although the case for improved consulting skills makes obvious logical sense, it may be helpful to provide examples of the practical value of these skills. When HR organizations invest in improved consulting and change management competence, is there a tangible and measurable result? The following case provides at least some indication.

#### Statoil HR Business Partner Initiative

Statoil is, of course, one of the largest integrated oil companies with operations in

40 countries, almost 30,000 employees worldwide, and a market capitalization of over 60 billion dollars (US). Like many organizations in and outside of the energy industry, HR had traditionally been seen as primarily administrative and transactional, responsible for basic services. However, in 2006, and coincident with the merger of the energy assets of Norsk Hydro, HR SVP Jens Jenssen and his boss, CEO Helge Lund, recognized that the future performance of the company depended increasingly on a more strategic approach to managing and developing the company’s human resources.

In 2008, Jenssen and Lund, with the help of Statoil HR VP Hilde Sannes, embarked on a program of HR transformation including structural change, process improvement in critical capability areas such as leadership development and talent management, and significant investment in HR professional and leadership skills. A week-long educational initiative in HR business partnership skills was piloted, working with The RBL Group and combining education in strategic HR management, consulting and change management with action learning projects focused on business improvement. This included focus on identifying and addressing areas of measurable opportunity in talent and organization effectiveness, opportunity identification, profit growth, cost reduction, and performance improvement. In short, Jenssen expected his HR team to not “just” learn and grow as professionals, but to practically apply what they were learning for the benefit of the company.

With respect to the specifics of developing skill in consulting and change management, the educational process incorporated a number of specific features. Participants were taught a methodology for systematically aligning strategic business goals with HR investments. The methodology is referenced in a number of recent books and papers (Ulrich et al. 2009a, b) and focuses on the importance of the following:

1. Clarifying the key external trends impacting the organization.
2. Defining the strategic goals of the organization in dealing with these external trends.
3. Identifying the critical organizational capabilities required to achieve this strategy.
4. Assessing the current effectiveness of these capabilities.
5. Investing time and resources in more effectively aligning HR systems and processes to deliver the capabilities.
6. Measuring impact and identifying additional or follow up actions.

In addition, the program provided the participating HR professionals with specific tools for evaluating and improving employee engagement, as well as a framework for rigorously managing change. Initially that framework was the pilot’s checklist (Ulrich et al. 2009a), but later on, Statoil deployed a change management framework of its own development.

### **Making an Impact**

By all accounts the education these professionals have received, and the application of

this education, has proved impactful in a wide variety of areas. For example, a sampling of the projects included:

- Developing and implementing a more rigorous process for staffing major oil exploration and development projects.
- Increasing employee engagement in the retail business.
- Implementing a more integrated planning process in a support unit.
- Improving the effectiveness of operations teams and teamwork in Canadian operations.
- Increasing rigor-performance assessment and development rigor in the natural gas business.
- Improving the quality of collaboration and communication between HR generalists and functional specialists.
- Development and piloting of a first line supervisory training program.
- Enhancing safety on deepwater platforms.

Over 200 HR leaders and professionals have participated in the HR business partner initiative. In some cases, Statoil has been able to identify a specific financial benefit accruing as a result of the action-learning projects begun by workshop participants. In other cases, it has been difficult to specify the economic benefits, but it has identified a measured (qualitative) improvement. The success that Statoil HR has achieved through its HR business partner initiative has the following common characteristics:

- As a result of the HR business partner educational initiative, Statoil HR professionals have gained the consulting and change management competence needed to effectively identify, plan, and execute improvement projects.
- The combination of skill development provided by the workshop and management support and mentorship provided by HR head Jens Jenssen and his leadership team, Statoil HR professionals have gained the confidence to take greater initiative as internal consultants and change agents.
- Over the course of the workshop, the HR leadership and professional community has learned and applied common tools and methods for consulting and change management. This has increased both the ability and willingness of HR colleagues to collaborate and reinforced the view of effective HR by line management.

HR by line management.

- HR network building, including the HR business partner workshops and other activities, has provided the community support needed to reinforce the importance of application through action learning. While not all participants were successful (to be expected), “good tries” were equally complimented and reinforced. This increased commitment to the overall initiative.
- Finally, there was effective ongoing communication of the successes and learning achieved by action learning efforts. This, in turn, further reinforced success and commitment.

The HR business partner initiative (Alvik 2008) is one aspect of a larger and highly successful HR transformation effort that has produced significant value for Statoil. However, the consulting and change management skills taught in the workshops, and subsequently applied through action learning, are credited with providing strategic and operational benefit to the organization. The combination of building competence, gaining confidence, sharing common tools and methods, and providing support through the community and communication reinforcements offers a demonstration of what increased attention to consulting and change management can provide.

### **Larger Implications Of The Statoil Case**

The Statoil case is a useful example but by no means the only example of how improving HR consulting and change management skills can contribute to business results and HR reputation. Quinn and Brockbank (2006) demonstrated comparable results in their work with BAE Systems. We have seen similar benefits from comparable work with organizations as varied as Novartis (pharmaceuticals), Atlantis Resorts (leisure and entertainment), Molson Coors (beverages), AXA Group (financial services), and A.P. Moller-Maersk (shipping and logistics). In each case, combining skill building with application offers clear business benefit, often measurable in economic terms, and has enhanced the reputation of HR as a value producing function within the organization.

### **The 70–20–10 Strategy Of Development**

We encourage HR leaders to consider the consulting and change management skill

levels of their own organizations, and invite individual HR professionals to ask whether they have the consultative and change skills needed to perform and progress. Our experience is clearly that consulting and change management skills are best developed through the well-known 70–20–10 formula, as follows:

- 70 percent of development is “on-the-job” or through special projects.
- 20 percent is training and coaching based.
- 10 percent is through external experience; for example, providing change leadership through community or voluntary service to organizations outside of the workplace.

Our experience also suggests that combining experiential education with practical application such as action learning methods provides a wise investment and a substantial return. The recent recession was a severe blow to HR budgets, and many HR organizations have been required to significantly reduce HR staffing levels. The need for HR to deliver “more for less” is greater than ever. Consulting skills is an obvious area of contribution where HR can—and must—distinguish itself as value added.

### **HR Business Partnership: More Than A Name**

Over a decade ago, RBL partner and University of Michigan professor Dave Ulrich coined the term “business partner” (Saha). Looking up the term in Google, one finds almost four million references. While the title has made its way into popular practice, the performance of true HR business partnership is less ubiquitous. As the data from the most recent RBL / Michigan HR competency study (Ulrich et al. 2008) points out, business partnership depends a good deal on the ability of HR professionals to correctly identify and solve business problems, and the reputation that HR professionals and leaders have earned as informed and knowledgeable participants in business plans, planning, and problem solving. As the research described in this paper shows, HR is too often seen as not sufficiently expert in consulting and change management skills, and for this reason the opportunity for HR professionals to build reputation as business partners is easily thwarted.

The Statoil case and other examples point out that the impact of investment in consulting and change management competence can be considerable. HR leaders would do well to

increase their efforts to develop and support these skills within their organizations.

### **About the Authors**

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