

The Role of the HR Business Partner

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*“HR Business Partners help companies turn aspirations into action.”
—Dave Ulrich (Professor at the University of Michigan, Partner and co-founder of the RBL Group)*

Our Premise: The world recession of 2008 and the ongoing slow economic growth have raised the bar on what companies are looking for from HR professionals. This continues a decade old trend where the function has played a more strategic role within the business, moving beyond “personnel management” to leading and influencing many dimensions such as strategy, organization design, and leadership development. The challenge has been how to build the capabilities that are essential to being a highly effective business partner fast enough to keep pace with the demands.

KEY QUESTIONS ADDRESSED

1. Based on your experience, what are the critical responsibilities of being a highly effective HR Business Partner (HRBP)?
2. What is your organization doing to develop HR leaders to be able to do this role?

PREFACE

- Human Resources is “center stage” as more companies wrestle with the challenging global economy and realize the important role individual and organizational effectiveness plays in driving long-term business success. The role of HR as a strategic business partner has never been in greater demand in proactively driving solutions that impact bottom-line results.
- There are six domains of HR competencies that define both what HR should focus on as well as what specific knowledge, skills, and experiences they should possess in order to successfully deliver upon that role. These areas are universally applicable, holding true across regions of the world, roles within HR, and the size of the organization.

- Increasing demands on HRBPs warrants every company aggressively invest in building the capabilities that really matter and ensure their key leaders have what they need to succeed in meeting the needs of their businesses. This is also paramount to strengthening the reputation of the profession in the long run.

COMPETING DEMANDS

The world is undergoing dramatic changes in virtually every dimension. Trends in the external environment place seemingly paradoxical demands on the HR function. These include:

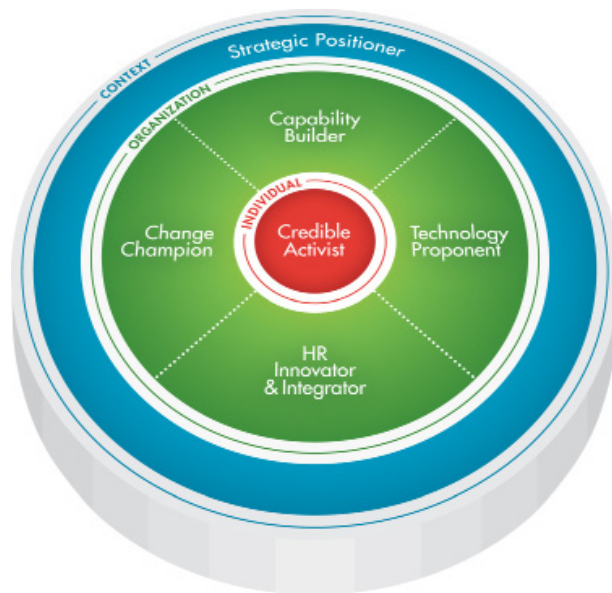
- **Outside/In:** HR must understand and anticipate external trends and stakeholder expectations and build aligned internal capabilities and actions.
- **Business/People:** HR must focus on both delivering business results and improving the organization.
- **Individual/Organization:** HR should target strengthening both individual ability and organizational capabilities.
- **Past/Future:** HR should respect the heritage of the organization and work to shape a future that generates more value to stakeholders.
- **Event/Sustainability:** Develop and effectively implement integrated solutions that will be sustainable over time.
- **Administrative/Strategic:** HR must attend to delivering both day-to-day administrative HR services as well as more long-term strategic practices.
- **Global/Local:** HR must be able to rise above their specific market or business and see how it fits into the bigger global picture of the company.

Balancing these competing demands requires a new set of competencies not only for HR Business Partners (HRBPs), but also for all HR professionals worldwide. For HR professionals, wanting to contribute is simply not enough. HR professionals need to know what specific competencies are most valued by those who use their work. HR leaders need to understand how to organize and govern the HR department to improve the performance of their organization.

SIX CRITICAL COMPETENCIES FOR HR BUSINESS PARTNERS

The RBL Group has spent the last 25 years studying the competencies of HR professionals and how these competencies affect the perceived effectiveness of HR professionals and business performance. Since 1987, RBL has collected data from over 60,000 HR professionals and line managers providing the most comprehensive empirical view of HR competence. The most recent study, conducted in 2012, in partnership with the Ross School of Business at the University of Michigan and regional partners has identified six key competency domains to be an effective HR leader (refer to Figure 1).

Figure 1: The New HR Competencies



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The six competency domains identified in RBL's most recent research provides a roadmap for the skills required to be an effective HR Business Partner (HRBP). Many of the competencies noted by participants on our call regarding HR Business

Partners reinforce the importance of these six domains. Below we provide a summary of the six competencies for the future and some RBL Institute member examples that highlight the importance of each domain.

Strategic Positioner

HR professionals think and act from the outside/in. They are aware of and able to translate external business trends into internal organization actions. They understand the general business conditions (e.g., social, technological, economic, political, environmental, and demographic trends) that affect their industry and geography.

Strategic Positioners target and serve key customers of their organization by segmenting customers, knowing customer expectations, and aligning organization actions to meet customer needs. They also co-create their organization's strategic response to business conditions and customer expectations by helping frame and make strategic and organization choices.

Strategic Positioner: Summary of Key Factors

- Interpreting the global business environment
- Decoding customer expectations
- Co-crafting a strategic agenda

Selected Company Examples

- At **Target**, HR Business Partners are expected to be strategic positioners who understand the business. HRBPs at Target aspire to "know the business better than the line leader does." While they recognize that this may not be possible, it helps HR Business Partners prioritize their efforts and sets the expectation that HRBPs must be fully grounded in the business in order to be effective in their role.
- At **British American Tobacco**, there is an increasing need for HR Business Partners to have "commercial acumen" to help them contribute more to the overall business agenda. HRBPs need to have a broader understanding of the entire business, not just their own local market or region.
- At **Applied Materials**, HRBPs must understand the business well enough to envision the future in order to effectively drive and accelerate change and at the same time ensure strategic alignment between the business needs and HR priorities. Their HR Business Partners have to be able to balance the strategic agenda with the need to execute and be great at the basics of HR (e.g., workforce planning, executive development).
- At **Northwestern Mutual**, integration and translation of HR into the business is a key role of the HR Business Partner. Their HRBPs are expected to "challenge to status quo."
- At **Dow Chemical**, HR Business Partners are a critical link between the business and the HR function. Dow Chemical

has a matrixed organizational structure and HRBPs play a key role managing the matrix to help the geographies, the businesses, and the functions with alignment as well as understanding the vital needs of the business. This helps ensure that everyone is working together as “one team” and that the HRBPs are helping their clients understand the broader goals of the entire organization.

- And at **Prudential Plc**, in addition to the important competencies required of HR Business Partners noted above, they also believe it is essential for HRBPs to “take a step back and take a long-term view to find ways to add value to the business.” Their HR Business Partners have to appreciate the “big picture” and be a “voice of reason” who not only understand how the company operates today, but also how they want to operate in the future, especially with respect to their values and organizational capabilities.

Credible Activist

Business leaders build personal relationships with HR professionals. Effective HR professionals are Credible Activists. Credibility comes with HR professionals do what they promise, build personal relationships of trust, and can be relied on. Being a trusted advisor helps HR professionals have positive personal relationships.

As an activist, HR professionals have a point of view, not only about HR activities, but also about business demands. As activists, HR professionals learn how to influence others in a positive way. Some have called this “HR with an attitude.”

HR professionals who are credible but not activists are admired, but do not have much impact. Those who are activists but not credible may have good ideas, but not much attention will be given to them. To be credible activists, HR professionals need to be self aware and committed to building their profession.

Credible Activist: Summary of Key Factors

- Earning trust through results
- Influencing and relating to others
- Improving through self awareness
- Shaping the HR profession

Selected Company Examples

- For **Target**, “trust and integrity” is the foundation of the HR Business Partner role. This is critical since HR is the only role in the organization without a “political agenda” and their HR Business Partners must be able to “connect authentically with other business leaders.”
- At **Prudential Plc** the HRBP is expected to be “a voice of reason from a people standpoint” and to live the company values with integrity every day.

- Being a “trusted advisor to the business” and the importance of personal integrity are critical components of the HR Business Partner role at **British American Tobacco**.
- And at **Northwestern Mutual**, the challenge is not so much about becoming a Credible Activist per se, as they believe their HRBPs have earned the trust of their business leaders. The challenge now is building on the credibility they have earned to become true strategic partners with the business.

Capability Builder

An effective HR professional creates an effective and strong organization. Organization is not structure or process; it is a distinct set of capabilities. Capability represents what the organization is good at and known for. HR professionals should be able to audit and invest in the creation of organizational capabilities. These capabilities outlast the behavior or performance of any individual manager or system. Capabilities have been referred to as a company’s culture, process, or identity.

HR Professionals should make sure that line managers recognize the importance of an organization’s capabilities in sustaining an organization’s success. HR professionals should facilitate capability audits to determine the identity of the organizations. One of the emerging capabilities of successful organizations is to create an organization where employees find meaning and purpose at work. HR professionals can help line managers create meaning so that the capability of the organization reflects the deeper values of the employees.

Capability Builder: Summary of Key Factors

- Capitalizing organizational capability
- Aligning strategy, culture, practices, and behavior
- Create a meaningful work environment

Selected Company Examples

- As noted earlier, at **Prudential Plc**, their HR Business Partners play a key role in understanding how the organization operates today versus how they want to operate in the future in terms of their organizational capabilities, culture, and values.
- HRBPs at **Target** must be excellent at talent assessment and executive coaching. They must have a “great read” on talent.
- At **P&G** HRBPs are “center stage” at identifying and building new capabilities, such as how to effectively operate in a complex global environment or drive the development of the next generation of Tide laundry detergent.

Change Champion

HR Professionals need to make an organization’s internal capacity for change match the external pace of change. As

Change Champions, HR Professionals help make change happen at institutional (changing patterns), initiative (making things happen), and individual (enabling personal change) levels. To make change happen at these three levels, HR Professionals play two critical roles in the change process.

1. **Initiating change** means that HR Professionals build a case for why change matters, overcome resistance to change, engage key stakeholders in the process of change, and articulate the decisions to start change.
2. **By sustaining change**, HR Professionals institutionalize change through the organizational resources, organization structure, communication, and continual learning.

As Change Champions, HR Professionals partner to create organizations that are agile, flexible, responsive, and able to make transformation happen.

Change Champions: Summary of Key Factors

- Initiating change
- Sustaining change

Selected Company Examples

- At **British American Tobacco** the HRBP plays a key role in driving the “change agenda” in terms of leading change and sustaining the organization change efforts.
- **Prudential Plc** believes that it is critical to balance managing the day-to-day aspects of change with being able to see the broader landscape and long-term view of the business. HRBPs at Prudential Plc are encouraged to be change catalysts that champion change as required by the business for the future.

HR Innovator and Integrator

Effective HR professionals integrate innovative HR practices into unified solutions to business problems. To do so, they must know the latest insights on key HR practice areas related to talent sourcing, talent development, performance management, work and organization design, and leadership brand. They must also be able to turn these unique HR practice areas into integrated solutions that match business requirements.

HR Innovator and Integrator: Summary of Key Factors

- Optimizing human capital through workforce planning and analytics
- Developing talent
- Shaping organization and communication practices
- Driving performance
- Building a leadership brand

Selected Company Examples

- **Applied Materials** recognizes effective HRBPs can balance the long-term strategy with short-term execution. It is expected that the function be great at delivering the basic HR services and ensuring the basics are integrated into the function.

Technology Proponent

In recent years, technology has changed the way in which HR people think and do their work. At a basic level, HR professionals need to use technology to more efficiently deliver HR administrative systems like benefits, payroll processing, healthcare costs, and other administrative services. In addition, HR professionals need to use technology to help people stay connected with each other. This means that technology can be used to improve communications, to do administrative work more efficiently, and to connect inside employees to outside customers.

An emerging technology trend is using technology as a relationship-building tool through social media. Leveraging social media enables the business to position itself for future growth. HR professionals who understand technology will create improved organizational identity outside the company and improve social relationships inside the company. As Technology Proponents, HR professionals have to access, advocate, analyze and align technology for information, efficiency, and relationships.

Technology Proponent: Summary of Key Factors

- Improving utility of HR operations
- Connecting people through technology
- Leveraging social media tools

Selected Company Examples

- **Applied Materials** is working extensively on global workforce planning as a key competency to drive long-term success. This is combined with stronger data analytics and business consulting and coaching skills.
- **Google** has developed strong HR analytical capability that can be used to help predict what employees are at greatest risk of leaving by looking at the words they are using in online postings. Their managers are alerted and suggestions made on specific interventions to engage these individuals before it is too late and they decide to leave. **IBM** and **Unilever** also use predictive analytics to identify at risk employees and use this analytical data to intervene proactively and prevent “regrettable loss.”

Based on the latest RBL competency research these six HR competency domains have been identified as having different

impacts on both the personal effectiveness of the HRBP as well as impact on the bottom-line business results (refer to Figure 2).

Key HR Competency	Degree to which it helps achieve personal effectiveness (L/M/H)	Degree to which it helps achieve business results (L/M/H)
Strategic Positioner	M	M
Credible Activist	H	L
Capability Builder	M	H
Technology Proponent	L	H
HR Innovator & Integrator	M	H
Change Champion	M	M

Source: © 2012 The RBL Group and University of Michigan

HR ORGANIZATION STRUCTURE AND THE ROLE OF THE HR BUSINESS PARTNER

All HR organization design choices take some variant of four design options: 1) Centralized HR, 2) Decentralized HR, 3) Matrix HR, or 4) Outsourced HR. The most common of these four basic design options for global organizations is Matrix HR (commonly referred to as Shared Services). HR Business Partners play a vital role in a matrix HR organizational structure.

Matrix HR: This is what is called shared services where HR works in a matrix form to try to get the benefits of both centralization and decentralization. In this organization, the HR department is likely to have roles such as:

- **Service centers.** Using technology, HR service centers do routine, administrative, and standardized work. Service centers find ways to deliver staff work cheaper while meeting quality and service parity. An example would be the development of common administrative systems, or putting HR benefits online so employees can be self-sufficient.
- **Centers of expertise (COEs).** These consist of specialists who have unique insights and great depth in HR practice areas around people (e.g. staffing, training), performance (e.g. rewards), communication, and organization (e.g. organization development, labor). They carry out some of the following:
 - Create and control a “menu of choices.”
 - Provide specialist expertise on targeted problems.
 - Push to businesses corporate-wide challenges.
 - Are pulled into the business to provide specialist expertise on targeted problems.

- Share learning from one business to another.
- Connect with external thought leaders.
- **HR Business Partners (Embedded HR).** Work on the business management team and participate in business discussions. They carry out the following:
 - Perform talent and organization diagnosis to align with and drive strategy.
 - Act as strategic architects in shaping strategy.
 - Coach the business leader and other team members.
 - Help make strategy and change happen.
 - Measure and track quality of HR work in the business.
- **Corporate HR.** Oversees the overall HR function, providing advice to senior executives, managing HR careers, and shaping corporate direction.

The HR Business Partner Role

HR Business Partners are ultimately responsible for the development and the execution of the human capital components of the overall business strategy for assigned business units. HRBP's are the primary point of connection between the HR function and business leaders, providing two-way insights in order to deliver targeted and efficient HR programs and services that drive measurable value.

There are five main elements to the HRBP role:

- 1. Strategic Planning:** Intimately knowing the business and understanding the external forces impacting the company (social, technological, economic, political, environmental, demographic, customer, and competition). In addition, HRBPs co-create the strategic business plan with their line leaders, identify strategic HR priorities, tap into the HR COEs and partner with the COEs and line leaders to achieve results, and strategic workforce planning.
- 2. Organization Capability and Talent Management:** Identifying and capitalizing on organizational capabilities by aligning strategy, culture, practices, and behaviors in order to drive performance. HRBPs also have to manage the talent pools at the business level and play an active role in talent mobility processes that encourage the exchange of talent across the various silos in the company.
- 3. Employee Engagement:** HRBPs work with business leadership in the development of engagement action plans based on employee opinion survey results and what drives peak performance in the company. They also help shape the organization systems and communication practices that drive employee engagement.
- 4. Change Champion:** Partnering with business leaders to identify what specific changes that are needed, how they will impact the organization, and design approaches to sustain the change.

5. Compliance: Ensuring strategic alignment and compliance to core HR processes, procedures, and practices. This also includes ensuring the organization is living the company's values and practicing high levels of integrity.

There are also a number of unique aspects of the HRBP role and responsibilities that are worth highlighting:

- The role requires significant influence without formal authority. This demands the HRBP to be highly skilled in building effective relationships, engaging others, and obtaining their buy-in.
- The role requires leveraging resources across the entire HR function, pulling in and relying upon HR COEs. HRBPs can't do it all by themselves.
- The role requires managing a delicate balance between business and employee needs, modeling leadership and an openness to change, while helping leaders understand the impact of changes on employees and bottom-line corporate objectives.
- The role requires connecting company-wide priorities to their assigned business units.
- The role requires planning for the long-term and delivering excellent HR products and services today.
- The role requires coaching business leaders and challenging them to act and achieve results consistent with the values of the organization.
- The role requires staying in touch with what is really happening within the organization, which is challenging given the scope and scale of many companies and the busy schedules of HR leaders.

In addition, HR Business Partner professionals have the challenge of diagnosing line manager/business issues and offering integrated and innovative solutions. RBL sees three areas where HRBPs have to become better able to diagnose and provide solutions:

- 1. Individual ability/talent:** making sure that the business has the right competence and commitment to deliver strategy.
- 2. Organization capability/culture:** making sure that the business establishes a culture consistent with business goals.
- 3. Leadership:** ensuring a deep leadership bench with leaders who have the knowledge, skills, and abilities to deliver on strategy.

Going forward it is important for HR Business Partners to learn to go outside their business unit boundaries to work with customers, investors, government, and other community

leaders to make sure that HR investments inside the company are consistent with expectations outside the company. This outside/in view of HR means that talent, culture, and leadership may be defined by external stakeholders.

BUILDING HR BUSINESS PARTNER COMPETENCE

Equipping HR Business Partners with all the competencies and experiences to effectively handle this role is no small task. As we have seen there are a lot of demands being placed on their shoulders every day. Much of what is learned happens through on the job experience. Below are some of the approaches RBL Institute companies on the call are taking to build HR Business Partner skills.

- **Target** has very comprehensive onboarding training for HR professionals. There are a number of online modules that provide training on key HR policies, managing performance, talent management systems, etc. They also have a two-day in-person orientation for their more senior HR leaders. The greatest challenge they face is teaching leaders how to “operate in the gray”—where the decisions are probabilistic and multiple scenarios (and outcomes) are possible. Much of this experience comes on the job. Target also invests heavily in HR leader development, with an average of four HR Business Partners per line leader. And in the spirit of learning, sharing, and working from best practices, they also co-locate the HRBPs together to promote interaction. While the buck stops with the HRBP, they actively seek to remove tactical work from their plate by leveraging a team of non-exempts and a process team that handles key initiatives.
- **Applied Materials** has been educating the workforce on the RBL competency model to get a baseline on everyone's capabilities. Key areas of development for HRBPs at Applied Materials include: change management, organizational effectiveness, business acumen, and global workforce planning. They leverage online learning as part of this development and also conduct a two-day workshop run regionally for HRBPs to help them get more experiential learning. They also proactively seek opportunities in the business to build HRBP capability. For example, they recently partnered with the business leaders in China and India (and their respective HRBPs) to develop their country strategies and workforce plans. Additionally, a small group of OE experts shadow the HRBPs to help develop their skills “real time” in addressing critical business needs.
- **Northwestern Mutual** is transitioning into the HR Busi-

ness Partner structure. A key first step in this journey was getting HR professionals into these roles (as opposed business leaders). They use a lot of on the job training and job rotations to help build HRBP's knowledge of their various business lines. The HRBPs are also actively involved up front in the design of future HR initiatives.

- **Prudential Plc** has worked with line leaders to have the right mindset and expectations to help the HRBPs. This includes education on what their role is (and isn't). They also have invested in building consulting skills so the HRBPs can accurately assess and diagnosis problems before jumping to solutions. Like other companies they also involve the HRBPs in the development of corporate learning and development courses as well as ensuring they participate (like the other functions) in any next generation development programs. A key aspect of setting up the HRBP model for success is to clarify expectations from all functions/COEs within HR and provide the right platform for HRBPs to flourish.
- **Dow Chemical** uses a wide array of activities to develop its HRBPs. An HR Academy helps build basic functional competencies. Business leaders attend these sessions sharing how HR can help the company succeed. The HRBPs routinely get together to share best practices and discuss current challenges they are facing. Before becoming an HRBP individuals most likely would have had roles in a specific competency area of HR (like compensation or workforce planning) to help build their mastery. The HRBPs are also involved up front in the development of HR initiatives, providing important feedback on risks, options for deployment, etc. This also helps in building their technical mastery.
- **British American Tobacco** has recently launched a HR Competency Framework and is now developing a 'Global HR Curriculum' to support the development of their HRBPs. The curriculum includes three levels of face-to-face training in which they bring together HR talent from across the world into a four-day program to cover the key areas of a HRBP role (linking the business strategy and HR, how to lead and drive change, the key skills you need to attract and retain talent, what is the HR role to drive employee

engagement, what's the HR role to build great teams, etc.). The programs will be delivered with a mixture of business line leaders, members of the HR leadership team, industry experts, and benchmarking examples. It's an intense learning experience that will challenge the HRBPs and make them more effective in their role. They are also putting in place webinars on key topics where HR experts can address specific topics of interest to the HR community. E-learning modules can be accessed via their global learning portal where individuals can find links to recent articles, book suggestions, case studies, simulations, and videos to help address their development needs.

In addition to better equipping HR leaders, education needs to be done with HR's line leaders so they understand and support the broader role the function can play in driving business success. They need to understand that HR can add much more value to the business than ensuring people are paid on time or coordinating the annual picnic.

CONCLUDING THOUGHTS

The RBL Institute members on the call collectively have decades of rich experience in business. In wrapping up the discussion, they shared their "words of wisdom" on what it takes to be a highly effective HR Business Partner.

- "Understand the business. The answer lies in there."
- "Know the business and know HR."
- "Begin with a thorough diagnosis before you jump to taking action."
- "Network extensively with your clients."
- "Attend business meetings even if there is no HR agenda. It will help you learn and get grounded."
- "Don't ever compromise your credibility."
- "Be open to new learning."

The recent RBL competency research has clearly identified what really matters in highly effective HR leaders and departments. The challenge is actually doing it. This is key to the HR function improving both its contribution to the business as well as its reputation as a true strategic business partner.