

CREDIBILITY

How HR Creates (and Destroys) Credibility with Business Leaders

By Mark Nyman

We work with hundreds of HR organizations across the globe. Some HR groups are well thought of and are viewed by business leaders as critical to the success of the organization. Some are viewed as a necessary evil who show up when something is wrong and whose primary role is policing the organization. Many HR groups are somewhere in between the two extremes, but most HR organizations have room to improve in being credible and partnering effectively.

In our work we have observed patterns that increase credibility and also patterns that erode credibility. Below are some simple observations about the approach HR takes that creates or detracts from credibility.

Credibility Creators

Optimize the Business: Many HR leaders lose sight of the fact that HR is a support organization. The goal is not to optimize HR. HR leaders who consistently make decisions using a business lens rather than an HR lens know that sometimes HR work will become more difficult, but that is OK. It does not mean that efficiencies are ignored, but the priority is clear with HR groups that are highly credible. A global pharmaceutical company that we worked with recognized this issue in how they designed talent acquisition. One part of the organization had very different needs and timelines than the rest of the organization. The CHRO responded to the need

by embedding talent acquisition capability from an otherwise centralized TA group into that part of the organization. Effective HR leaders have this kind of logic embedded in their DNA.

Outside-In Approach: For years we have talked about the need for HR to be connected to the business. That is valuable but not sufficient. HR groups that are credible have a keen understanding of customers, investors, competitors, and emerging external trends. They use HR levers to help business leaders respond to external trends. For example, a telecom company facing a shift from grounded phone lines to web-delivered media helped launch a retraining program that would help develop the workforce of the future. We

call this HR from the outside in. It is easy to talk about but challenging to pull off.

Credibility Detractors

Neglecting the Basics: There is HR work that is very strategic and connected to helping organizations gain competitive advantage. There is also essential work HR must do that is behind the scenes, needed to keep the business running, and often transactional in nature. If the essential work is not done flawlessly, credibility suffers and leaders are not likely to ask HR for help on strategic matters. If you can't pay people correctly and on time, you are unlikely to have a voice in how to respond to business threats and opportunities. Most of the HR organizations we work in are striving for more strategic impact and don't get there because basics like payroll and employee relations work is being done inconsistently. The basics have to be fixed first.

Pushing HR's Agenda: Credibility takes a huge dive when business leaders spend time doing HR work that is not helping them solve their current and emerging business issues. Often HR groups roll out a number of programs that HR views as key while business leaders see no connection to solving their challenges. We call these solutions looking for problems. One organization we worked in had 17 different businesses in various parts of the world.

The central HR group determined that every part of the company needed training in effective teamwork. In a few parts of the organization it was very helpful but for much of the organization it was an activity they had to complete but the time spent did not help solve current business challenges.

Driving the Wrong Standards: One of the longest running challenges for HR organizations (and other key functions as well) is knowing what to standardize and what to customize. The answer to this challenge is at the heart of effectively supporting the business. The related decision is what work to centralize and what work to decentralize. Teasing this out is not easy but always worth it. If you get it wrong from the perspective of business leaders, your credibility will take a significant hit. An energy company with operations all over the world implemented a one-size-fits-all performance management system. Many parts of the business ended up creating their own system so that the system was really helping them manage performance. Thousands of hours of work were dismissed and HR credibility fell because HR failed to recognize that a standard solution would not fit a business reality that required a much more customized answer.

Credibility matters. Businesses need effective HR organizations in order to navigate the challenges of today's business environ-

ment. Most businesses we work in would like to have HR partners helping them anticipate and meet the challenges facing them. To do so, HR must have the credibility to play the role organizations desperately need them to play.

That credibility comes from knowing how HR contributes to business function, how it can function better, and having solutions that help both happen.

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