

# The Next Generation

How to transform your HR Services team into a strategic force

ORION GUIDE



**ORION**  
Transforming HR

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# The end of the beginning?

**You've successfully set up your Shared Services Centre or outsourced operation. The right people are in the right seats. The systems are working. The first big round of cost saving is done. What next? What should the 'round two' priorities for HR Services be? And how do you go about achieving them?**

Good questions. The natural temptation of course is to spend the crucial post-launch years focussing on further cost reduction. But here at Orion we think there's a bigger prize to aim for.

With their hundreds of touch points in a business, their unparalleled understanding of core processes, and with the objective business overview that being in HR gives them, we think an HR Services team has a huge opportunity to become an active driver of both people and business strategies.

The potential reward is huge, too. Your function will become an insight creator not a cost; an integral part of the business not a processing 'factory', and a function whose efforts don't result in the cost saving of a few thousand, but in the creation of value many, many times that amount. This is a big deal.

## **An opportunity around the corner?**

We think so. After all, now you're set up there's no reason why your HR Services operation can't be fully optimised straight away. To help, this guide takes you through three of the core elements you need to get right if you're to take your HR Services team to the next level:



**Instilling a new mindset**  
in your people



**Looking inside and out**  
when setting your priorities



**Balancing the right course of action**  
to make your strategic impact last

# Instilling a new mindset

**To be a valued partner in driving the business forward, your HR Services team – be they internal staff or external partners – need to show the business how valuable they are. That starts with the individuals believing in their broader business value and the potential of their future contribution.**

This open, engaged mindset is so essential. There's no room for the unsung hero routine in a successful shared service centre (SSC). As an HR Services leader there are many ways you can help your team develop this mindset, believe in their own value and see their role in the broader business context. Here are a few that have worked for our clients in the past:



## **Borrow skills from other business functions**

Look to the marketing world and train the team in product development and product launches. Look to the world of finance and train people in financial management. Now you have so much company and employee information accessible in one place, make sure your team understands customer data mining and how to draw insights from data. Even train people in scenario forecasting to support HR and business colleagues take control of the future. Skills like these will keep your team closer to the business they support, enable the process of finding innovative, new ways to enhance the quality of service you offer them quicker and more likely to produce results.



## **Foster a value-creation mindset in the team**

Constantly encourage people at every level to look for improvements in service, cost and quality. Make people realise the unique customer insight they have from their touch points in the business, and push them to use this insight to suggest new services. This will allow you to link your service and development roadmap more directly to your business' requirements (often to requirements the business didn't even know it had).



### **Generate relevant business and HR awareness in your staff**

In tandem with the business skills mentioned above, a wider understanding of the business environment and HR function will increase your team's ability to offer a relevant service (it will also drive up satisfaction scores without changing a single process). So help your team with this understanding and show them how to use it to develop empathy with business line managers. Also make sure the team feels part of the wider HR organisation, and establish career paths that link HR Services professionals to the rest of HR and the business.

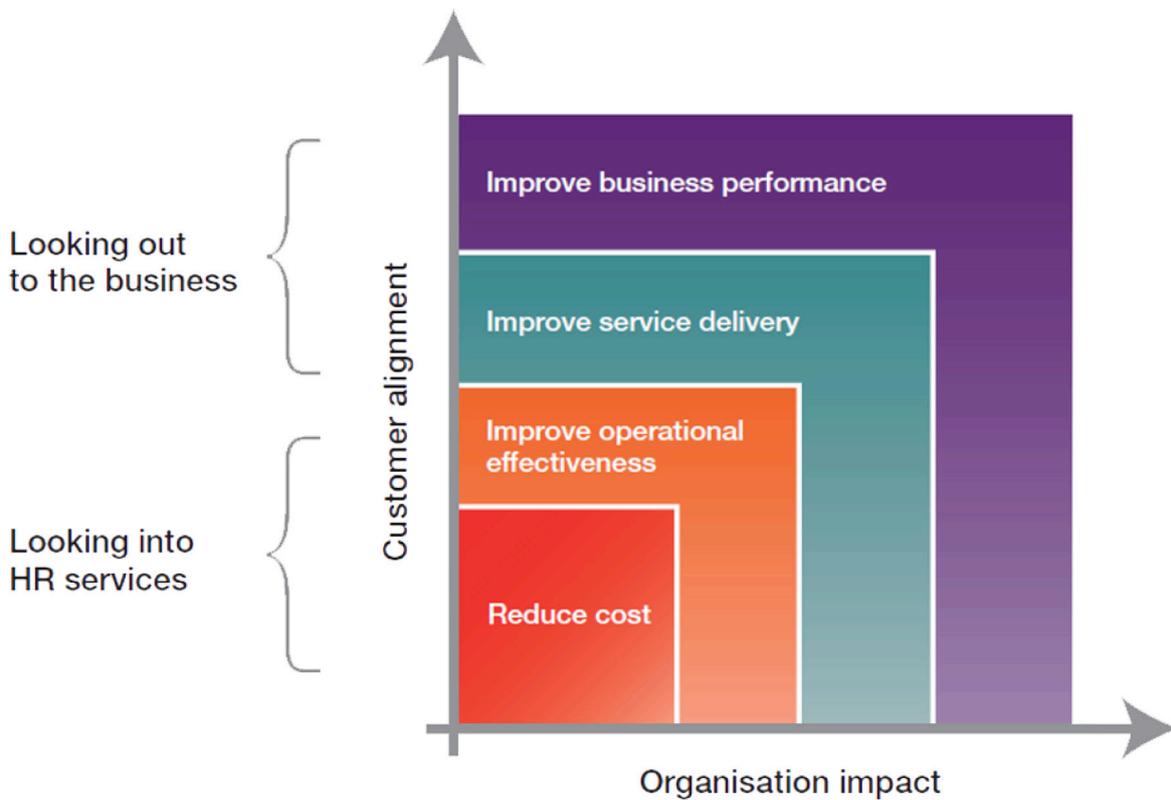
This is just a start, but actions such as these will go a long way to improving the team's belief in their own capabilities. You'll boost employee morale and broaden the scope of people's ambition. If parts of your service are outsourced or offshore you'll bring them closer and increase the strategic value of your relationship. Your team will naturally start to play a more strategic, proactive role in decision-making. And in doing so they will improve belief in the function throughout the business.

# Looking inside and out

**To have an impact on your wider organisation's performance you need to look both ways. Internally you need to run an ever more disciplined, cost-efficient function.**

Simultaneously you must look out to the rest of your organisation to see how HR Services can meet their wider business needs and become more business and line-manager centric.

We've identified four key priorities that will help you look in both these directions at the same time:



## Addressing these four priorities



### Reduce costs

Benchmarking current costs can be a starting point from which to explore new ways to deliver savings, and find the right, specific target for the organisation.

Look for opportunities to maximise economies of scale, too. Identify who else in your group of businesses could benefit from the service you offer and how to further exploit the technology you already have in place.



### Improve operational effectiveness

This could include re-examining the contact model for your HR Services to check your existing mix of call, click and face-to-face contact channels are still right.

By reviewing the services provided by the different tiers within the operation you might also find opportunities to reduce handoffs, improve process consistency or increase automation. And there is always scope for process improvement; get the team using tools like Lean to drive these improvements out.



### Improve service delivery

Are your service portfolios, governance frameworks and reporting outputs still providing what the business units need? Is your operating model aligned with your organisation's financial and business requirements? Is there scope for more complex or 'high touch' services? Answering these questions will keep your service fresh and relevant.



### Improve business performance

Make an impact on people-strategy execution by actively tracking how your business and people strategies are being delivered and which aspects of your service are making the most impact on performance.

You could then use this insight to launch new services in areas that play to strategic priorities, or focus additional resources in regions targeted for growth.

# Balancing the right course of action

We've pinpointed eight specific areas of focus for an HR Services leader's to base their action plan on. Reviewing how you are using each of them regularly will help you create maximum strategic impact through your HR Services on an ongoing basis:



Customer and people strategy alignment



Sourcing and offshoring



HR operating model integration



HRIS and CRM technology



Staff and management capability



Standardisation and continuous improvement



Operations management excellence



Leveraging non-HR services



### Customer and people strategy alignment

Looking at your service through the lens of your customer's business strategy will provide vital insights into how you can deliver more value to them. You can also use service data to develop new services that directly support the business strategy.

What the business needs from your service governance arrangements will have also moved on since launch, and customers may need to be re-engaged in what you're doing. Do this through new measures that 'talk' to their business strategy, and through governance roles and forums focused on the issues that matter to them. Also double-check that your service directly addresses business and people-strategy priorities. If it doesn't, change the measures and service items to align, and see what it does for the team's profile in strategic planning.



### Sourcing and offshoring strategy

What the business wants or is prepared to accept will naturally change over time. As you build up your HR Services capability, and as outsourcing providers develop ever more innovative offerings, offshore facilities become a real option for multi-national businesses. So it's a good idea to keep revisiting the scope, location and technology offered by outsourcing providers.

Frequent checks will also give you the chance to take the opportunities that come from customers getting used to working with HR Services. These could include introducing new technology (like interactive web or mobile portals for transactions), off-shoring to locations where you couldn't justify the cost of setting up on your own or outsourcing new processes where vendors have built innovative offerings – all of which will drive service levels up and costs down.



### HR operating-model integration

There's always a danger that your HR Services team can become isolated from the rest of your HR team. So reconnect Business Partners and others with the team – it will help both sides rediscover the added impact they can have by working together. Revisit the hand-off points, looking for overlaps that have grown up over time, and get each part of the HR operating model to re-evaluate what it does best. The result might be HR Services taking on tasks that leverage economies of skill rather than scale. For example, employee relations casework is an obvious area where the benefit of having your experts in one place can be significant in the right environment.



### HRIS and CRM technology

Here one of the keys is to listen to your processing teams. They, more than anyone, will be able to pinpoint exactly where your technology and processes could be improved.

The world of operations management is one area that's constantly moving on. Specialist applications can now deliver highly automated workflow and real-time work management, for example. And the latest data-mining and BI applications are available via software as a service (as well as via traditional ERP packages), which means they can easily draw in non-HR data to produce powerful insight about how your people-management activities can drive organisational performance.



### Staff and management capability

Once your new HR services model is well established, development programmes and the recruitment process have to shift their focus. Their aim needs to be to build a team with the skills to develop real customer insight and continuous improvement, and who can excel at service and account management and operations planning.

A great way of doing this is to link career paths back into the wider HR function and give HR Services staff the chance to work in other HR functions like business improvement. This will stimulate really exciting ideas for service enhancement. On the flip side, rotating senior HR professionals into HR Services can offer them real experience of running a 'business' with an investment budget, cost targets and demanding customers.

Of course, if you outsource then connecting career paths with your major suppliers will be harder. But it is just as important.



### Standardisation and continuous improvement

Creating a continuous improvement culture owned by every team member leads to everincreasing efficiency and excellence. While transformational change can be costly and risky to implement, an incremental approach will deliver a constant stream of benefits, reduced cycle times and decreased error rates that keep the cost base down and service levels up. Remember that, whatever the method used – six-sigma, lean, kaizen or some other – it must be embedded in everyone's role and not be the preserve of the few.



### Operations management excellence

Sound practices here can make a big contribution to improving cost and service quality. Work management and service planning capabilities need to be highly developed as your HR service operation matures. As the business and HR gets used to the disciplines of working with this type of model, they can begin to forecast the demand for services more accurately. This enables sophisticated workforce and work stack management to be introduced, team leaders and managers can take control of meeting service levels in real time and control costs more effectively by getting manning levels spot on.



### Leverage non-HR services

If you've set up shared services across multiple functions (like finance and procurement) then economies of scale, joint-investment opportunities and improvements in operational resilience can be big wins.

However, the integration of HR services into these other functions comes with challenges. In reality, sharing staff requires complicated workforce planning and 'cross skilling' that needs to be planned in advance. HR also has a much wider customer population than other internal functions and this places different demands on contact centre staff: HR case management in particular places demands on CRM that areas like finance do not, while using common CRM applications may cause you to compromise on HR service automation. HR processes like sick-absence monitoring also tend to have an organisation's culture baked in to them. In these instances, the most important thing is to make sure HR's human touch isn't lost.

# Hints and tips

**Pitfalls? As with any process, there are a few. But here are five lessons we've learnt over the years to help you avoid the worst of them:**



## **Use benchmarking judiciously and as a starting point.**

While benchmarking has real value in highlighting opportunities, every business has a different operating context, and every change journey will be different from 'best practice'. Use benchmarking wisely to point the way, but not to define the end game.



## **Encourage the management team to look outwards as well as inwards.**

As HR Services grow it's easy for the management team to become absorbed with what's going on inside it. They need to remain in touch with their customers and the rest of HR if the service is to be well understood and aligned.



## **Get the most from current technology before moving on.**

Our research shows that most organisations use less than 25% of the purchased functionality in ERP and 'best of breed' systems. The discipline of shared services provides an ideal environment to identify and exploit the underused functionality – it often avoids the need for future investment all together.



## **Keep revisiting the rationale for existence.**

HR Services must keep asking itself whether the service still makes sense in cost and value terms for customers – like in any service business the customer moves on and the service needs to evolve with it.



## **Revisit the 'sacred cows'.**

Areas and approaches that were ruled out in the original launch should be re-examined (areas like off-shoring, outsourcing and business units that opted out first time). Why? Because improved customer trust, operational capability and a financial business case may now mean these are the right things to do.