REDEFINING THE VALUE OF HR

NEW INSIGHTS INTO THE EVOLVING HR LANDSCAPE AND FUTURE IMPLICATIONS

1 JUNE WEBCAST
TODAY’S SPEAKERS

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HR TRANSFORMATION: OUR RESEARCH AGENDA

RECENT RESEARCH STUDIES

Future-Proofing HR
Mercer’s 2016 Global Talent Trends Study

- 1,730+ HR Leaders
- 4,500+ employee opinions
- 17 countries
- 10+ industries

The Journey to Digital HR
Mercer’s 2016 HR Technology Survey

- 500 HR Professionals
- 19 countries
- 10+ industries

NEW MERCER POV PAPERS
WORKFORCE TRENDS IMPACTING THE WORLD OF HR
TALENT TRENDS ARE CHALLENGING HR TO MODERNIZE

TALENT PROCESS

DIGITAL & TECHNOLOGY

WORKFORCE ANALYTICS

GLOCALIZATION

BRANDING & TALENT ACQUISITION

CAPABILITY BUILDING

Reference: Mercer Global Talent Trends Study 2016 findings
REDEFINE THE VALUE OF HR

**ORGANISATIONS**

Only 4% of HR professionals say HR is a strategic partner

**EMPLOYEES**

“It’s hard for me to get good answers and information from HR”

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**Climate of scepticism about the impact of the HR function**

Shift in what businesses value from HR from static HR metrics and review-based processes, towards dynamic HR insights and future focused activity such as workforce planning and career management

**Big Data was one of the top five workforce trends impacting in 2016**

10% of companies have the ability to leverage predictive analytics

Can do ‘cause and effect’ analyses of key workforce trends against business objectives

- Dedicated Analytics function
- Better quality of data and integrated systems
- Skills in handling unstructured data and causal analysis

59% Technology investment is outpacing spend on HR training and development. The gap is leaving HR ill-equipped.

36%
Organisations

“Our Talent processes need an overhaul”

80% of HR respondents believe change is needed

Employees

“Our HR processes fail the test of being simple and efficient”

Only 2% of employees believe their company’s HR processes are state of the art

15% Our new HCM technology implementation offers an ease of use not available prior to investment

29% Need additional HCM technology to help integrate data from across the business

60% Have concrete plans to change their people strategy, talent acquisition, HR technology and performance management processes in 2016

Career Management and Compensation are lesser priorities

41% Intend to reduce the link between performance ratings and rewards

48% Performance ratings are important as they help me to know where I stand and encourage me to improve my performance

Managers want processes that require minimal time & effort

Employees want consumer-grade, technology-enabled interactions
WHAT DID YOU SAY?

Cloud and Predictive Analytics

- Are you planning to change your technology landscape to leverage HR cloud technology?
- If you have already done so, has your cloud technology solution delivered the expected benefits?
- Do you use predictive analytics in making human capital decisions in your organisation?

How do you build HR’s professional capabilities in your organisation?

- Holistic training approach as part of HR change journey
- Selective training (on-demand)
- Learning on the job
HOW TECHNOLOGY IS SHAPING THE HR AGENDA
TRENDS IN TECHNOLOGY

SOCIAL MEDIA

GAMIFICATION

MOBILE

CLOUD BASED

CROWD SOURCED

BIG DATA
### Impact Trends are Having on the HRIS Landscape

#### Yesterday
- **Licensed**
- **On-premise**
- **Customised single tenant**
- **Transactional PC data-entry**
- **Customised**
- **Led by IT**

#### Tomorrow
- **Subscribed**
- **Cloud**
- **Configured multi-tenant**
- **Embedded analytics and mobile**
- **Configurable**
- **Led by HR**

#### Business Models
- Licensed
- Subscribed

#### Deployment Models
- On-premise
- Cloud

#### Architectural Models
- Customised single tenant
- Configured multi-tenant

#### User Experience
- Transactional PC data-entry
- Embedded analytics and mobile

#### Configuration Model
- Customised
- Configurable

#### Buyer Responsibility
- Led by IT
- Led by HR

#### Buyer Influencers
- Organisations, analyst firms, etc.
- Blogs, webinars, etc.
Human Resources has a full range of technology applications to optimise performance and provide value to the business.

**TECHNOLOGY LANDSCAPE WITHIN HR**

**ADMINISTERING HR PROCESSES**
- Core HRIS
- HR administration
  - Payroll administration
  - Benefits administration
- Workforce Management
  - Time and Attendance
  - Absence management
  - Budgeting
  - Scheduling

**MANAGING HUMAN CAPITAL**
- Workforce Planning
- Talent Acquisition
- Performance Management
- Career Planning and Development
- Learning Management
- Succession Planning
- Compensation Management

**DELIVERING HR SERVICES**
- HR/Enterprise Portal
- Self Service and Workflow
- Service Center Technologies
  - Call management
  - Case management
  - Knowledge management

**SUPPORTING MEASUREMENT & DECISION MAKING**
- HR Data Warehouse
- Reporting & Analytics
- HR Scorecard

**INTEGRATING MECHANISMS: PEOPLE, PROCESS AND GOVERNANCE**
Organizations are seeking a new HRIS primarily to be a central source of truth for HR.

**Status of HRIS:**
- Implemented in the last 5 years: 21%
- Plan to implement new HRIS in the next 1-3 years: 45%
- No plans: 34%

**Business Contexts for Implementation:**
- Single system of record for all HR data: 66%
- Reliable, consistent reporting for compliance and legal obligations: 55%
- Integrated HR data system to perform workforce analytics: 54%
- Standardize HR data across multiple geographies and/or business units: 52%
- Move away from a legacy system that was not meeting organizational needs: 49%
- Facilitate and support a broader HR operating model optimization/evolution: 43%
- Reduce costs: 21%
- Our contract was ending: 12%
- Our support was ending: 10%

Mercer’s 2016 HRIS study

All results in percent.
55% of organisations are redesigning their end-to-end HR process concurrently with HRIS implementation.

**Process Re-alignment During Implementation**

- **Before Implementation:** 34%
- **During Implementation:** 55%
- **After Implementation:** 11%

**Job Design and Role Profiling**

- **New Organisation Grade Structure**
  - Before
  - During
  - After

- **New Job Coding System**
  - Before
  - During
  - After

- **New Organisation-Wide Job Catalog**
  - Before
  - During
  - After

- **New Job Descriptions**
  - Before
  - During
  - After

**Rewards and Benefits**

- **Refined Select Benefit Plans**
  - Before
  - During
  - After

- **Harmonized Long-Term Incentive Plans**
  - Before
  - During
  - After

- **Harmonized Short-Term Incentive Plans**
  - Before
  - During
  - After

All results in percent.
CASE IN POINT: THE NEED FOR GOOD DESIGN

CLIENT
Multinational organisation in Fast Moving Consumer Goods. The organisation has approximately 130,000 employees in multiple lines of business across 100 countries, with 50,000 distinct job titles.

CHALLENGE
Struggling with the overload of job titles, simplification was necessary. Given the company’s philosophy of decentralisation and history of growth through acquisition, such a situation is not unusual. Fixing inconsistencies in job titles by redesigning the organisation’s job architecture and job library was an essential first step for the organisation to realize the benefits of a new HRIS, especially with regards to workforce analytics. This has morphed into an initiative to define career pathways and use the system to track career progression.

SOLUTION COMPONENTS

OUTCOME
The new job architecture provided a strong organising principle for extracting data, and it also:

- Allowed the organisation to manage talent with agility
- Provided visibility into their entire workforce – including important D&I metrics
- Improved discipline around processes, tools, and governance relating to their HRIS implementation
SUCCESSFUL CLOUD IMPLEMENTATION

1. Clear vision strategy
2. HR in charge
3. Consistent and business-aligned HR priorities
4. Consistent HR processes

5. Capable Managers and Employees
6. Competent HR team
7. Confident structures
8. Data driven decisions
9. Change capable

Mercer’s Technology Readiness Assessment Tool can help make your decision
**LIVE POLL: WHAT DOES THIS MEAN FOR HR?**

- HR teams will disappear 0%
- HR teams will get much smaller 45%
- HR teams will stay the same size 44%
- HR teams will get much bigger 10%
WHAT DOES THIS MEAN FOR THE FUTURE OF HR?
THE EVOLUTION OF HR

HR Functional Silo  HR “HERO”  3-Legged Stool

HR as Stand-Alone

HR as “Jack of all Trades” – does everything!

HR as Advisor, Administrator and Consultant

What’s Next?

HR TECHNOLOGY

FROM  NOW
LEADING PRACTICE HR OPERATING MODEL

HR LEADERSHIP TEAM
Providing HR strategy informed by good quality data and analytics supporting clear governance of the HR function

HR BUSINESS PARTNERS
Acting as a strategic partner and liaison between the business and Centers of Expertise

FOCUS: Strategic Alignment

TECHNOLOGY ENABLED
HR Portal
Telephony
Case Management
Knowledge Management

HR CENTERS OF EXPERTISE
Designing appropriate HR strategies, programs, policies and processes

FOCUS: Programme Design

HR SERVICE CENTER
Delivering customer service and administration of HR programmes with a focus on efficiency, data and technology

KEY FOCUS: Operational Excellence
The HR Operating Model is Evolving
Centers of Expertise

**What's Changing?**

1. Desire for more global programmes
2. Shifting local COE deployment to *employee service centers* or *technology-enabled self-service*
3. COE role integrating with the *business* and daily functions of managers to aid enforcement of new and evolving talent processes

**Emerging COEs may include:**

1. Risk Management, Responsibility & Compliance
2. Inclusion & Engagement
3. Workforce Analytics and Planning
4. HR Effectiveness
5. HR Controller
ORGANISATIONS FACED DIFFICULTY TRULY IMPLEMENTING HRBP...

1. HRBP is not HR Generalist with new title. HRBP requires a different capability set than HR generalists and more intensive trainings can help develop their skills.

2. Line of business managers (and employees) do not want to release HRBPs from their generalist legacy, but setting up programmes such as a rotation programme, can help foster talent with the right mix of skills and capabilities.

3. HRBPs cannot act as essential business consultants with the expectations to day to deliver day-to-day tasks of HR design and administration.
THE HR OPERATING MODEL IS EVOLVING
EMPLOYEE SERVICE CENTERS

WHAT’S CHANGING?

The cost of managing a robust shared services can be enormous. Companies are starting to question the expense.

Hence …

1. Tier 1 agents have smaller roles due to automation, resulting in Tier 2 agents effectively becoming Tier 1

2. Employee Service Centers become multi-skilled across disciplines to control cost

3. Increased analytical and data interpretation skills to add increased value to the business

4. Increased flexibility to not only support peak call periods, but also the peak periods of the HRBP and COE teams with project management, data analytics and analysis
HR TRANSFORMATION AT A GLOBAL AEROSPACE COMPANY

CLIENT
A global aerospace manufacturer needed to transform how the HR function operated. Specifically, they wanted to foster a common sense of ownership across 5 operating companies and effectively execute on core processes.

CHALLENGE
A top priority was to increase the efficiency and effectiveness of the recruitment process to streamline the hiring of 5,000 engineering specialists per year, and share talent across the companies.

MERCER SOLUTION

Mercer’s Operations Scanner identified commonalities and overlaps between Group and Operating Company structures. Iterative design with the HR team led to:

- A vision and plan for the HR function
- Implementation of HR Business Partner model across Operating companies
- HR process redefinition in core areas
- Launch of a Corporate Business Academy as a vehicle to shape a common management culture

Sample outputs
PREDICTIONS FOR THE FUTURE

Leaner teams will focus more on value creation and driving efficiency

A greater need for HR to innovate and be agile in a changing world

Being a Talent Strategist will be at the heart of the HR function

HR will be required to take control of its HR Technology destiny
Q & A

QUESTIONS
Please type your questions in the Q&A section of the toolbar and we will do our best to answer as many questions as we have time for.

To submit a question while in full screen mode, use the Q&A button, on the floating panel, on the top of your screen.

CLICK HERE TO ASK A QUESTION TO “ALL PANELISTS”

FEEDBACK
Please take the time to fill out the feedback form at the end of this webcast so we can continue to improve. The feedback form will pop-up in a new window when the session ends.

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DOWNLOAD 2016 TRENDS STUDY
@Mercer's #FutureofTalent Study http://ow.ly/10olnb
Mercer’s approach to HR Transformation

Mercer’s Human Capital Scan

Mercer Operations Scanner

HR Capability Builder

Strategic Partnering for HR

Mercer Learning and Mercer Learning On-line
GLOBAL TRANSFORMATION
INTERACTIVE SHOWCASE EVENTS

JOIN MERCER EXPERTS TO EXPLORE ONE COMPANY’S HR CHALLENGES AND DISCUSS THE DESIGN OF THE OPTIMAL HR SERVICE MODEL

Zurich
21 September

London
20 September

Frankfurt
20 September

Milan
September
date TBC

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MAKE TOMORROW, TODAY