

Building a Strategic Partnership and HR's Role Of Change Manager

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Recently, business meetings and water cooler chats have focused on the topic of HR's role of strategic partner. Although the concept is one most HR professionals see as logical, it is proving to be a challenge for many. Jay J. Jamrog and Miles H. Overholt report in "Measuring HR and Organizational Effectiveness" (in the Summer 2004 issue of *Employment Relations Today*) that only 34 percent of the executives in a survey conducted by the Society for Human Resource Management saw HR as a strategic partner.

Our conclusion, after working with many HR departments, is that the only way in which HR and the organization it serves will realize the benefit of a strategic partnership is if HR plans to make such a change occur. HR must take the lead, understand and recognize the size and scope of the change, and implement an effective change management strategy. The fact is that few know better than HR how difficult it is to make change happen, and just because change might be the right thing or the logical thing does not mean it will happen in a productive and effective manner.

How could anyone resist this logical next step in the evolution of the HR function? Maybe a better question is how could anyone think that there would not be resistance to a change as fundamental and overarching as the shift from HR's transactional, personnel focus to an approach that requires HR to become a strategic business partner? Resis-

tance is inevitable, and so the first step in a well-managed change process is to understand the resistance. The second is to determine what can be done to overcome that resistance.

Three reasons some individuals would resist the transformation of HR are:

1. They don't see any problem with how HR operates currently and therefore don't see the need for change.
2. They don't understand what HR is supposed to change to, or if they do understand that, they don't like what they perceive as the process to attain the change or the potential outcomes.
3. The task of changing is too difficult.

Before we examine the three sources of resistance and determine what needs to be done to overcome them, let's identify the potential resistors. There are several target populations, each with different issues and difficulties. These include:

1. The senior management of HR;
2. The professionals in HR;
3. The clients/customers of HR—the business units and corporate business segments they serve, including management and the workforce; and
4. The vendors, suppliers, and consultants who serve HR.

Each of these groups will react to change as HR moves into the role of strategic business partner. For each group, the source of resistance to change will have to be identified, as will the appropriate steps to overcome the resistance.

STEP #1—DEFINE THE CASE FOR CHANGE

There is no question that HR faces many difficulties in today's work environment. For example, new technologies that now perform the tasks of administrators may result in overstaffing of certain departments at the same time that executive leadership is demanding cost-cutting measures. Other areas may expe-

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rience difficulties in recruiting and retaining young professionals at the same time that older workers, who form the knowledge base of an enterprise, may be leaving, with or without the company's encouragement. The list is long and complicated.

The challenge lies in articulating what you know "in your gut" is the right reason to change the role of HR. Yet communicating that need can be difficult. Changes have been introduced before, and people kept asking you why. When you explained the change was necessary, they kept challenging the need to do it. Perhaps, after a while, you became impatient with them. How could they *not* see a need to change? Why weren't they embracing it eagerly? The answer, of course, is that people need information so that they can arrive at a rational and intelligent decision as to whether to support or resist the change.

Human resource professionals often feel overworked and underpaid. The HR generalist spends all Sunday afternoon working up the new organizational chart for the plant manager. The trainer works into the night on the instruction design of the first-line supervisor-training program until it is just right for that particular group. The compensation and benefits analyst spends hours in meetings with insurance representatives going over the cost/benefit analysis of the new dental plan. These people are working hard in the current state. They know the systems are not working optimally, but *they* feel they are doing the best they can with what they have. Is change required? Of course it is! Do they have to change? Well, maybe.

These individuals are the targets of change. In order to implement the change, they need to understand the need to change, the consequences of not changing, and the reasons why HR, as a whole and individually, can no longer exist in the old role. They must analyze and document the business case for change using the following four elements:

Structure:

- Does HR's current organization support the needs of all of its customers?
- Is there a fair distribution of responsibilities and workload across all parts of the organization?
- Are there projects and processes that do not make the best use of the time and talent of the HR professionals?

Process:

- Is the way in which the work flows through the organization efficient?
- Do bottlenecks occur that slow down the workflow? For example, when requests are made for organizational development

support in a reorganization project, are resources readily available to handle the request?

People:

- Do the people in HR have the competence, experience, skills, and knowledge they need in order to carry out their tasks properly?
- Do customers/clients demand knowledge and skills of HR that it does not have?

Culture:

- Is HR's organizational culture (i.e., the beliefs of the staff regarding the work, the customer, and the business in general) detrimental to success?
- Do these beliefs cause people to behave in ways that hinder success?

A close analysis of an organization's structure, process, people, and culture, including any metrics you can provide to support your case for change, will tell you a lot about the current state of the organization. For example, if the businesses or operations that HR supports believe that HR is responsible for the "people" part of the business, there is a good chance that the process flow for dealing with troubled employees or a complicated employee-benefits issue may include the management of the business or operation. However, the management of that business may choose to ignore the process and abdicate its role to HR. The process is not at fault; the unwritten rule in the culture is the problem.

When the data collected during your analysis of the current state is passed on to HR employees, customers, and vendors—i.e., those who will be most affected by change—it will help them understand why the role of HR

needs to change. It will help them appreciate the possible consequences of not changing and the reasons why the current situation cannot be allowed to continue. Change is necessary because the structure, the technology, the processes, the development support, and/or the culture that worked in the past is no longer working *despite* the best efforts of the dedicated and hardworking HR professionals.

We saw a powerful example of this in a large manufacturing company that recently went through a major downsizing due to business conditions. As the HR function shrunk along with the rest of the organization, the increasing amount of work burdening a smaller and smaller number of HR professionals unearthed major flaws in processes that were redundant, tasks embedded in job functions that yielded little return

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for huge time commitments, and people continuing to do work by hand that could be done electronically. The problem wasn't the people. Instead, the systems, structure, development support, processes, and leftover unwritten rules were draining the people and the organization.

A senior leader in HR, recognizing that the case for change was becoming very visible, made it a point to categorize and quantify the case and began the task of communicating his position to the organization as a whole. The presentation formed the basis for a road show that went to his peers, to the entire HR population, to the customers/clients in the business units, and even to the vendors and consultants. His

consistent message was "This is why we can't keep on doing things the way we have always done them." He was a wise sponsor of change and knew one speech/presentation wasn't enough. For three months, he sought out every opportunity to get his message to all these audiences in every format he could, including town hall meetings, weekly voice-mail messages, and brown bag lunches. The common articulated case for not staying in the current state became a shared experience, and soon all the groups were clamoring for the next piece: what could HR become to relieve the now-obvious problems?

The strategic partnership between HR and its customers/clients needs to be specific and detailed.

STEP #2—DEFINE HR AS A STRATEGIC BUSINESS PARTNER

After establishing a clear understanding of the need for change, the next logical step is to define the strategic partnership and to make sure that definition makes sense to your target audiences. Jamrog and Overholt, as previously referenced, found that it was difficult to define: "Yet, there's something elusive and ambiguous about this widely touted goal of becoming a strategic business partner. At a recent conference on the future of HR, a panel of experts was asked to define a strategic business partner. After much hesitation, they finally agreed with the statement 'I can't define it, but I know it when I see it.'"

This is not a sufficient answer. The strategic partnership between HR and its customers/clients needs to be specific and detailed. What does the HR executive vice

president do when he or she is being "strategic"? How about the HR manager who serves the finance department, or the instructional designer in the corporate university? What skills do they each need, what processes do they follow? What do their job descriptions say they are to do? The desired state, a strategic partnership, has the same four components as the current state: structure, process, people, and culture.

In one instance, the HR group at a world-class sales division in a U.S. operation of a European company was facing the threat of being outsourced. The head of the sales division was not satisfied that HR was giving him a sufficient return for the money HR was costing him. The members of the HR group decided that becoming a strategic business partner would save their department as well as expand their professionalism and their individual careers. The process would include the following changes:

Structure

- Center of Excellence for Organizational Development in five practice areas: communication, learning, change management, talent management, and performance management.
- HR becoming a profit center.

Process

- Maintaining a focus on the customer.
- Integrating services with customer's business processes.

People

- Achieving comprehensive business acumen
- Achieving consulting excellence in
 - o organizational design,
 - o instructional/learning design,
 - o change management,

- o compensation and benefits,
- o performance management.

Culture

- Establishing quality service to the customer as a priority,
- Being attentive to customer needs,

This picture of what HR would look like was communicated to the target populations. The HR department soon discovered, however, that while no one would disagree that this was an extremely attractive "desired state" for the organization, there were two problems:

1. No one could really describe what that picture meant. What would people do? How would they spend their time? How would they be measured?
2. Almost every target population found something in the picture it didn't like.

The HR change team, responsible for implementing this new desired state, tackled both of those issues, each of which were potential sources of resistance to the change.

First, they more completely defined the desired state of HR and worked to fill in the details. For example, the Center of Excellence for Organizational Development needed to be defined. The HR team assumed that consulting groups external to their organization were their biggest competitors. For instance, the leadership of the sales division frequently turned to consultants to do what HR believed it could and should be doing. These same consulting groups were being considered as the alternative to the HR group. The HR team also assumed that their competitive edge, once they developed the necessary skill sets, lay in their intimate knowledge of the organization. Subsequently,

they were able to more clearly characterize the strategic partnership in business terms by defining the following:

Competitive service level: The HR group must provide service superior to the external consulting groups. The HR group must know the strength of each competitor and be capable of surpassing its capabilities.

Market availability: Consulting firms seem to have endless resources to staff a project. As a strategic partner, the department had to determine how to develop their own skills in identifying and selecting outsourcing partners.

The HR group must know the strength of each competitor and be capable of surpassing its capabilities.

Competitive pricing: The HR group must understand the pricing models of its competitors and ensure they could afford to be the low cost provider.

Knowledge of competitors: The HR group must be able to not only deliver service today, but also predict their customers' needs and continue to develop new products that will compete with those of the competition. For example, what is the most up-to-date thinking in the world about talent management? Performance management? How would those two elements of the business fit into the future needs of the business?

For the various target populations, including the Center of Excellence for Organizational Development, the change team translated a PowerPoint picture into a variety of

scenarios that depicted days in the lives of various people in HR, in the sales organization they supported, in the parent company's HR department, and in the vendors that served them. How does an HR person in a Center of Excellence for Organizational Development handle a request to deal with a problem performer out in the western branch office? What would the senior management do differently? Should there be an Organizational Design internal consultant or a branch manager?

Multiple scenarios allowed the various target populations to truly experience what the role of a strategic business partner looked like and to make a more informed decision to do their part in the change process or to accept the consequences of not changing. As

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each scenario unfolded, the target populations were given opportunities to point out what they didn't like about the new process, the new job requirements, and the new cultural norms and to explain what they didn't think would work and what they thought was wrong with the desired state.

The team put the scenarios together and created a feedback mechanism. Now the HR senior staff was ready to take the "show on the road." At each branch around the country, the HR staff and the branch management had a chance to "see" the desired state not just as words on a PowerPoint slide but as a real life set of situations. They had a chance to discuss those situations and call out the issues and difficulties they saw with what was being proposed.

The change team came back to headquarters with a long list of issues. Some were seen as legitimate and caused redefining of processes, job descriptions, and the required skill levels. Others were judged to be logical from the perspective of the target population but not a legitimate argument for changing the desired state. Those would be dealt with in a subsequent round of communications focused on what a strategic business partner relationship looked like.

STEP #3—CHANGE

Despite the effort to gain commitment to the desired state, the change team ran into problems implementing the change. They knew this was the right direction in which to drive their business, but the transition was not easy. People had a variety of problems in the "delta"—that is, the inevitable dip that occurs just after the introduction of a change and ends after the change is adapted. For example:

- They didn't know how to do what was required of them.
- They didn't view the leadership as behaving like leaders.
- They had too much work to do to focus on or implement the change.

Resolution of these issues required creativity, thought, and a commitment to the change.

They Didn't Know How

The change team put together a plan to develop each of the five Centers of Excellence. First, they did a gap analysis to determine the discrepancy between the current level of ability to service the customer and the desired

level of service for enabling success. The problems of the delta quickly surfaced.

For example, all 15 people assigned to the Center of Excellence for Organizational Development had an understanding of the concept of organizational design, but only two had experience in its practice. Hiring an expert to come in to this group and teach the skill to the group gave a jump-start to the journey to reaching consulting excellence.

View of Leadership

The easiest part of a change process is to sit in a room and dream about what life will be like when the work of becoming a strategic partner is finished and the change is successful. Developing and executing the plan so that you ultimately feel that sense of accomplishment is the hard part and is the responsibility of the change agents, the people responsible for making the change happen. Watching over its execution and seeing that each step in the change process is done is also under their purview. However, the organization's leadership plays a very key role as the sponsors of the change.

Like strategic partnership, the term *sponsor* is spoken but rarely defined. Other words used to describe the function are *champion* or *stakeholder*. The words are not important. The job description is.

For clarification, we are talking about the leadership cascade to whom all the HR professionals report. These are the people the HR professionals look to for their job assignments, future growth, and the year-to-year performance reviews. Sponsors are responsible for running the business on a day-to-day basis and have the power, organizational authority, and discretionary budget to effect change. But sometimes, due to the sheer

amount of work that crosses their desks, they need reminding that their role goes beyond tacit agreement that making HR a strategic partner is a good idea.

The responsibilities of a sponsor are three-fold. The sponsor must:

1. Understand the definition of strategic partnership, including its far-reaching effects on the customers/business outside of HR.

The staff within HR needs to see the face of the person who is asking them to change.

2. Be involved in the implementation efforts of the change. That is not to say that he or she is to construct the project plan. However, he or she should be kept abreast of the implementation activities taking place and be available to give the speeches when called on, reward those who make the effort to change, and make it clear to those who don't make that effort that there will be negative consequences as a result of that choice.
3. Deal with the people affected by HR's transition to strategic partnership. The staff within HR needs to see the face of the person who is asking them to change. Given the large shift in thought and belief about the role of HR within the organization, the target audience will need to see sincerity, understanding, support, and encouragement behind the partnership and the changes needed to make the partnership a reality in their work environment.

Too Much Work to Do

The change team working with the Center of Excellence for Organizational Development

started to worry that it would simply be too much for the HR group to handle all this change. They could feel the heat of the potential resistance from miles away. However, when they went back to pull out their picture of the current state, they were reminded again of the pain that existed each time the CEO asked why the company is spending so much money on consultants and looked across the room at HR to inquire about the status of their plan to become a profit center. The bigger the frown on the CEO's face and the more frequently he asked this question, the more willing the organizational development professionals were to work through the transition.

Once HR sponsors are on board, the next task is to build a plan to achieve the desired state and to work through the details of change with minimal pain and disruption.

Exhibit 1 provides a simplified version of a timeline of the action steps required. The timeline enables the change team to ensure that what has to be done gets done, in the right order, and that milestones are achieved within established deadlines. It is also a critical tool in communicating the timing and sequence of events in which sponsors may be involved.

Sponsors need to be familiar with this plan, as will the people within HR who will be asked to facilitate the implementation and maintain HR's transformation. Each of these people will use the chart to understand what to expect and when, as well as what is expected of them. The HR professionals and support staff also need to see the plan, to understand their roles, and to know that there is a process for making these changes.

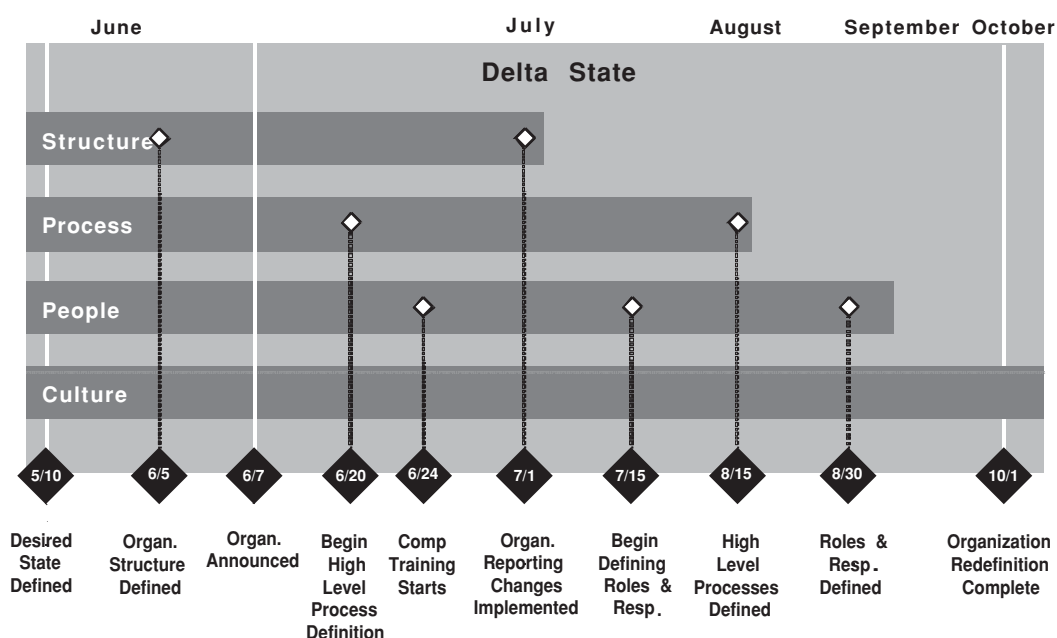


Exhibit 1. Timeline for Change: The HR Transformation

A FINAL THOUGHT ABOUT THE TARGETS OF CHANGE

We said earlier that there were multiple targets of the HR transformation. We have focused primarily on the HR management, professional staff, and administrative support in this discussion. But we cannot close without calling out the specific and unique issues of the other target populations: the business partner (customer/client) and the vendors, suppliers, and consultants. They will have their own issues regarding the change HR is making—issues that can seriously impede the success of the change.

HR can take giant leaps in the direction of becoming a strategic partner, but for your customer to understand and support your efforts it will come down to the answer to one question, "What's in it for me?" You did the work of defining strategic partnership from the perspective of HR. Now shift your focus to your customer.

- ❑ Do they see anything wrong with the current state? Do they understand the need for the change? Do they see what they are supposed to change to and how you will be changed?
- ❑ Do they understand the change and approve of it?
- ❑ Do they believe you can pull this off, or are they afraid the task of changing is too difficult?
- ❑ What will their role be in this new relationship?
- ❑ What will their role be in the transition to the new HR?

The leadership of the organization must be prepared to act as sponsor of this change with a role just as critical as that of the HR

management. Educating sponsors as to their job descriptions and holding them accountable for their performance is critical across the executive level. Keep in mind that your task at hand is to change the *entire* organization. Your customers must learn to think of you and work with you as a strategic partner. Therefore, if we look back at the definition of a sponsor as someone "responsible for running the business on a day-to-day basis and having the power, organizational authority, and discretionary budget to make a change happen," it becomes clear that your mission is to gain acceptance of this idea for strategic partnership with the organization's leaders. Without this buy-in, valuable time and resources will be wasted, and the change will fail.

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Encourage them to tell you what they like and don't like about the redefined business relationship. If they are resistant to the idea of the strategic partnership, find out why and do not underestimate the significance of what they are telling you. If not addressed, their resistance to change can manifest itself with far-reaching consequences.

The same questions that are asked of customers need to be asked of the vendors and consultants who have come to rely on HR. In many organizations, they can be a strong influence on maintaining the status quo if they feel it is in their best interest.

WAYS TO OVERCOME RESISTANCE

Once you have identified the potential for resistance to the change, you can overcome this resistance by using one or more of the following three activities: communication, learning, and reward.

Communication is vital to make sure that each person has the information he or she needs in order to make a thoughtful and objective choice to change. Often times, your customers will resist because they don't understand enough about why the change is taking place or what a "day in the life of me" will look like when HR is acting as a strategic partner.

Learning activities ensure that everyone has the opportunity to develop the skills

and acquire the knowledge they need to fill the new role. Your customers may also resist because they don't see a plan for the change; this is your opportunity to dig out the timeline for change and further explain its details.

Finally, providing support and encouragement for employees' efforts to understand and attain the measures of success may be just what the customer needs to help him or her buy into your design for a strategic partnership. Additionally, as the timeline moves ahead, plan to review the performance-measurement goals for your target audience and ensure they are in alignment with the behaviors you need and expect in order to make your change a success.

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