

The Next HR

Evolving the function in an era of unprecedented change and volatility



In today's business environment, chief human resource officers (CHROs) must align their human capital strategy with the business strategy to accelerate growth while creating a culture that embraces diversity and inclusion. This requires HR leaders to understand the links and levers between business strategy and human capital strategy and ensure that their HR priorities directly support business goals and objectives while also creating an engaging employee experience.

Many CHROs and their HR function continue to make impressive strides, but our research suggests there is still vast opportunity to position HR as a strategic partner and value driver. While 70 percent of CHROs say that human capital and talent management are among their top-five business priorities, nearly 70 percent of HR's time is still spent on administrative and operational activities, diminishing capacity for focus on strategic talent priorities. We see four imperatives for HR leaders.

- » The demand for strategic support from HR has never been greater. Building HR business partner (HRBP) capability focused on strategic business partnering, organizational effectiveness and developing talent strategies is critical.
- » The rapid shift to hybrid working accelerated by AI and digital transformation across the entire organization has become paramount. HR operations must evolve to deliver an employee experience that spans both the virtual and physical worlds.

- » Centers of excellence (CoEs) must continue to develop talent and HR solutions to support new ways of working and ensure they are delivered more quickly in an agile way.
- » HR teams of today require a fit-for-purpose structure and appropriate governance mechanisms to keep pace with today's business needs. Now is the time to formally break down the silos created by traditional structures so that HR can improve organizational effectiveness by delivering end-to-end solutions for the business.

HR has clearly demonstrated business value, and HR leaders' ability to serve as a true business partner has now become a common expectation from the C-suite. CHROs must now design an HR strategy and governance framework that aligns with the business, meets the needs of employees, and is agile and easy to integrate and deploy.

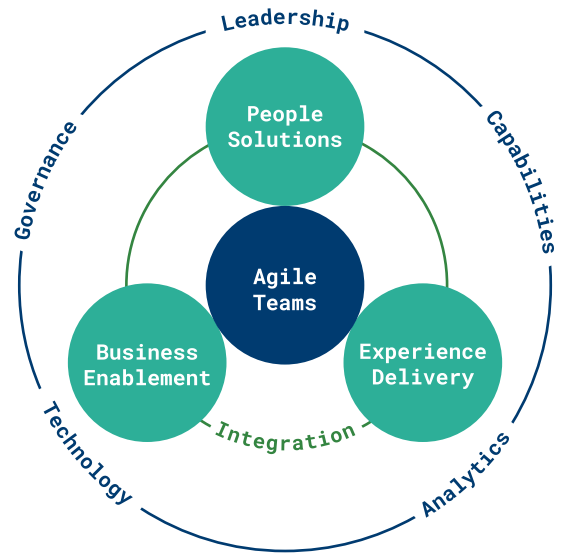
While a wholesale change may not be necessary, HR operating models must evolve to create both capability and capacity to improve employee engagement and deliver on the intended employee experience in a hybrid workforce environment. Additionally, HR must align with the business on the appropriate balance between driving business performance and a sharpened focus on the employee experience.

The evolution of HR

Traditional challenges:	Today's solutions:
Inability to react quickly to a rapidly changing business environment	Deploy agile teams for critical initiatives, organization events, and as an ongoing community of expertise
Technology as the only enabler	Enable HR through leadership, governance, HR capability, technology and analytics
Fragmented and siloed HR programs, processes and teams	Integrate across HR to deliver end-to-end people solutions
HRBP role that has not delivered on its promise	Make the investments needed to enable HR business partners to become talent and organizational strategists
Programs and processes designed from the inside-out to deliver efficiencies for HR	Design from the outside-in to deliver a differentiated employee experience
Internally focused with emphasis on traditional HR needs and business expectations	Externally focused to understand and align with the business, market and customer needs

The next HR operating model

The design of the traditional three-pillar HR model — CoEs, HRBPs and HR operations — must be tailored to meet the specific goals and circumstances of each organization. Regardless of structure, an optimized HR operating model is focused on delivering four key outcomes:



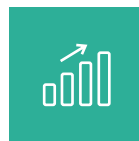
Differentiated employee experience

Frictionless employee experience for the moments that matter



Flexible deployment of expertise

Flexible staffing to ensure optimal deployment of expertise



Proactive business enablement

Talent and organizational advisory to address challenging business problems



Targeted people solutions

Integrated people solutions for delivering talent and business outcomes

Critical enablers

Successful implementation is dependent upon five critical enablers:



Leadership

Priorities focused on the right outcomes and driving accountability within HR



Governance

Decision making occurs at the right level without restraining HR's ability to make an impact quickly



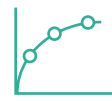
Capabilities

Operating as a talent accelerator, organization adviser, digital enabler, connector, culture shaper and storyteller



Technology

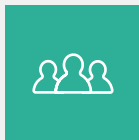
Intuitive and flexible systems and tools to enable a digital future



Analytics

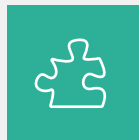
Data and insights to analyze problems and draw conclusions quickly

Taking action: What's next?



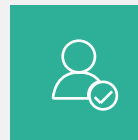
The right people ...

- » Understand the HR capabilities needed now and for the future
- » Make the hard decisions and invest in talent



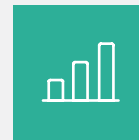
In the right model ...

- » Optimize the HR operating model with clearly defined roles
- » Break down silos to drive integration and enable agility



Prepared to deliver ...

- » Establish shared leadership, governance and accountability across HR and the business to drive employee experience
- » Leverage technology and digital tools to enable talent management and organizational decision making



Employee-centric solutions

- » Develop people solutions that drive business performance and a differentiated employee experience





About Spencer Stuart

At Spencer Stuart, we know that leadership has never mattered more. We are trusted by organizations around the world to help them make the senior-level leadership decisions that have a lasting impact on their enterprises, on their stakeholders and the world around them. Through our executive search, board and leadership advisory services, we help build and enhance high-performing teams for select clients ranging from major multinationals to emerging companies to nonprofit institutions.

Privately held since 1956, we focus on delivering knowledge, insight and results through the collaborative efforts of a team of experts — now spanning more than 70 offices, over 30 countries and more than 50 practice specialties. Boards and leaders consistently turn to Spencer Stuart to help address their evolving leadership needs in areas such as senior-level executive search, board recruitment, board effectiveness, succession planning, in-depth senior management assessment, employee engagement and many other facets of culture and organizational effectiveness, particularly in the context of the changing stakeholder expectations of business today. For more information on Spencer Stuart, please visit www.spencerstuart.com.

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