

Leading the Leaders: Becoming a Powerful HR Business Partner

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McKnight • Kaney
Strategy Execution

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Tom & Rick

- Tom: 30 years internal HR leadership
- Rick: 30 years external consulting





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Objectives

1. Assess one's current effectiveness in supporting line business partners (Using a McKnight-Kaney HR assessment device)
2. Define the three types of relationships HR professionals commonly have with line managers/executives and the pluses and minuses of each (pair-of-hands, expert/cop, partner)
3. Identify 2 or 3 actions steps you will take to move your relationship with your business partners in the direction of true partnership
4. Provide conceptual tools that enable breaking break down a business strategy into an HR agenda that dovetails with one's business partner's objectives
5. Provide a discussion guide for use with business partners that will result in alignment of HR deliverables with key business objectives

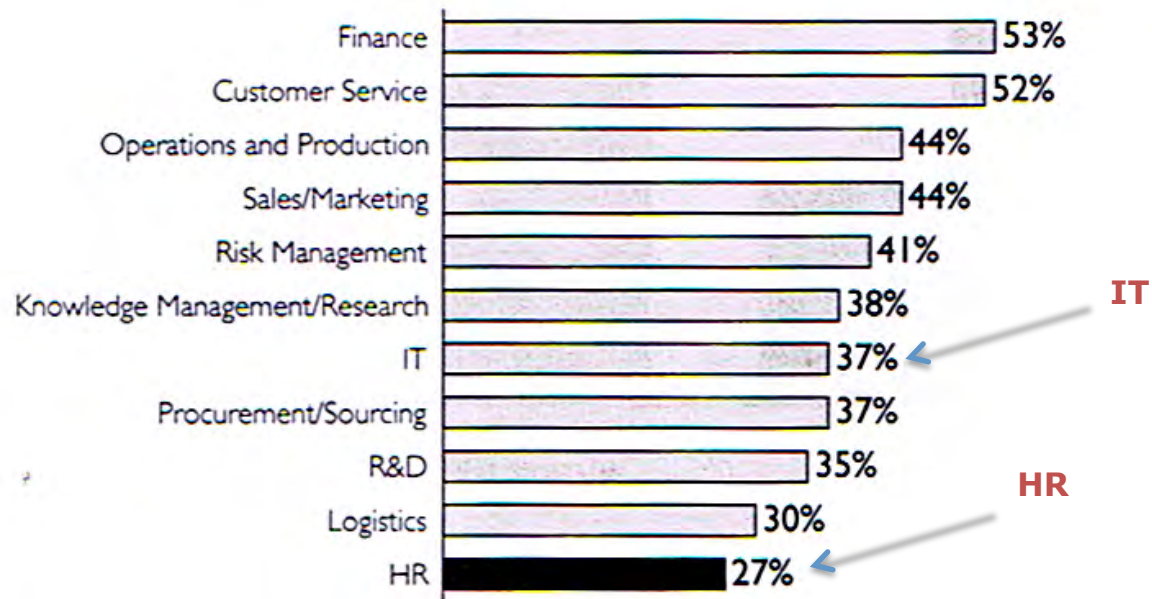


What % of CEOs Rate HR Favorably? (And is this better or worse than IT?)



What Percentage of CEO's Rate HR Favorably?

Percentage of CEOs Rating Performance in Business Function as "Excellent" or "Good"



IT

HR

N = 555 CEOs
Source: The Economist Intelligence Unit, 2006

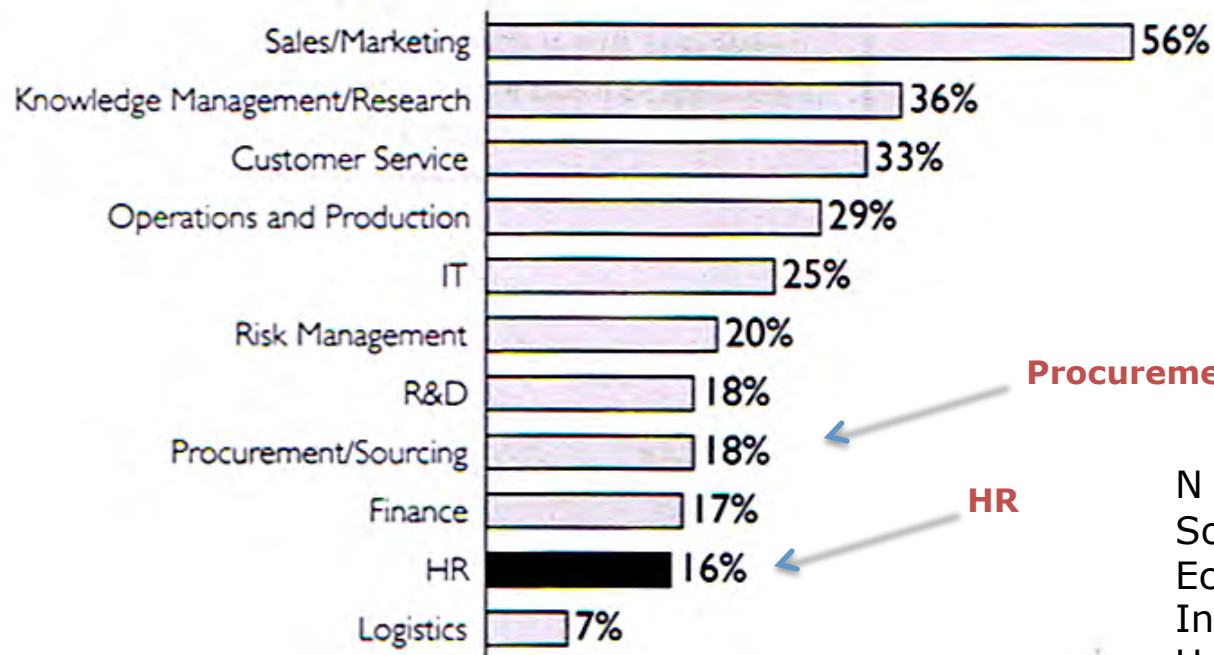


What % of CEOs see HR as Crucial to
Delivering on Strategy?
(And is this better or worse than
Procurement?)



What % of CEOs see HR as Essential to Delivering on Strategy?

Percentage of CEOs Rating Business Function as Top Three in Importance to Realizing Company Strategy Over the Next Three Years



Procurement

HR

N = 555 CEOs
Source: The Economist Intelligence Unit, 2006



How HR is Perceived (HR + Line)

Doing well at...

- Strategic staffing
- Performance management
- Employee relations
- Focus on quality
- Integrity
- Good communication skills

Not doing well at...

- Business acumen
- Understands **organizational design** and change
- Thinks strategically
- Challenges the status quo
- Innovates in accord with the strategy

Source: "Human Resource Leaders: Capability Strengths & Gaps," Walker & Reif



True or False?

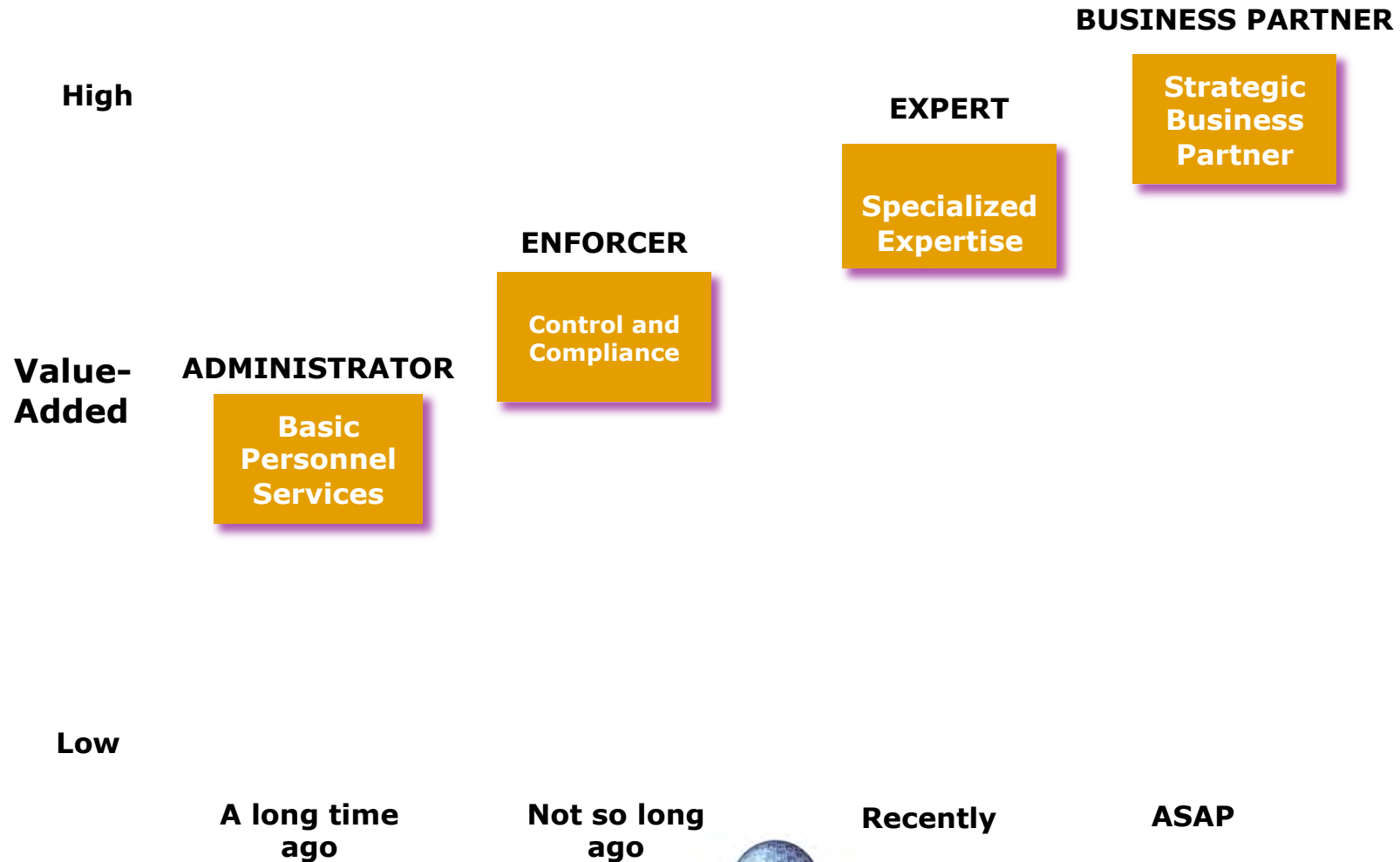
1. HR has made almost no progress since 1995 in becoming involved in creating business strategy.
2. The amount of time HR spends on rote, administrative activities has not declined significantly since 1995.
3. HR professionals spend almost no more time today than they did in 1995 functioning as a strategic business partner.

All are true.

Source: Lawler and Boudreau (2009), *Achieving Excellence in Human Resources Management: An Assessment of Human Resource Functions*



The Changing Role of HR



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“Strategic HR”—Ulrich (1996)

FUTURE/STRATEGIC FOCUS

**Management of
Strategic Human
Resources**

Strategic Partner

**Management of
Transformation &
Change**

Change Agent

PROCESSES

PEOPLE

**Management of
Firm
Infrastructure**

***Administrative
Expert***

**Management of
Employee
Contribution**

Employee Champion

DAY-TO-DAY/OPERATIONAL FOCUS

Source: *HR
Champions*,
Ulrich



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“Strategic HR”—Ulrich



Source: *HR Champions*,
Ulrich

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WORKSHEET

Check As Many As Apply To You

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The Roles HR Pros Play

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Roles HR Pros Play

∴

Pair of Hands

Cop

Partner

HR's Role

Line Executive's
Role

Benefits for HR

Benefits for the
Line

Line frustrations

HR frustrations

Locus of Control

Roles HR Pros Play

∴

Pair of Hands

Cop

Partner

HR's Role

Servant

Line Executive's
Role

Boss

Benefits for HR

**Access, easy
work**

...for the Line

**Minimal
involvement**

Line frustrations

**HR has little
skin in game**

HR frustrations

**HR not fully
respected**

Locus of Control

Line

Roles HR Pros Play

∴

Pair of Hands

Cop

Partner

HR's Role

Enforcement

Line Executive's
Role

Compliance

Benefits for HR

Control

...for the Line

**"They made
me do it!"**

Line frustrations

Resentment

HR frustrations

Resentment

Locus of Control

HR

Roles HR Pros Play

∴

Pair of Hands

Cop

Partner

HR's Role

Collaborator

Line Executive's
Role

Collaborator

Benefits for HR

**Respect,
involvement**

...for the Line

**Learning,
lowered stress**

Line frustrations

**Time, energy,
requires skill**

HR frustrations

**Time, energy,
requires skill**

Locus of Control

Shared

The Truth About Being a Partner

Business partners use the expertise of those with whom they have relationships characterized by high levels of **trust**.

OK. What's **trust** in this context?



HR EQ

$$\text{Trust} = \frac{\mathbf{C \times R \times I}}{\mathbf{EGO}}$$

C = Credibility

R = Reliability

I = Intimacy



“I trust and value HR.”

- HR knows the strategy
- Creatively shows how HR systems and processes support and enable the strategy
- Understands the core competencies of the organization
- Has created trusted and credible relationships with *key leaders*
- Has created trusted and credible relationships with *employees*



How Can HR Add Value?

General answer:

The same way any other function does: by enabling the organization to achieve strategic objectives!

Specific answer:

By aligning the organization and people with the strategy.



HR Can Contribute in Each Capability Area!

We have an abundance of leaders in place with the skill sets we need to achieve the goals set out by the strategy.

Our strategy is clear, measurable, and specifies our competitive advantage.

Strategy

Our vertical structure is right for our strategy.

People Practices

Structure

Reward Systems

Processes & Lateral Capability

We are measuring, recognizing, and rewarding the right leadership and employee behavior and results.

Source: Jay Galbraith

Our processes are well-defined and enable us to consistently create client value.

Averages Across 18 McKnight-Kaney Clients

The strategy is clear, measurable, and specifies our competitive advantage.

We have an abundance of leaders in place with the skill sets we need to achieve the goals set out by the strategy.

Av = 6.3

Strategy

The vertical structure is right for our strategy.

People Practices

Structure

Av = 5.35

Av = 3.96

Reward Systems

Processes & Lateral Capability

Our processes are well defined and consistently create customer value.

We are measuring, recognizing, and rewarding the right leadership and employee behavior and results.

Av = 6.15

Av = 5.19

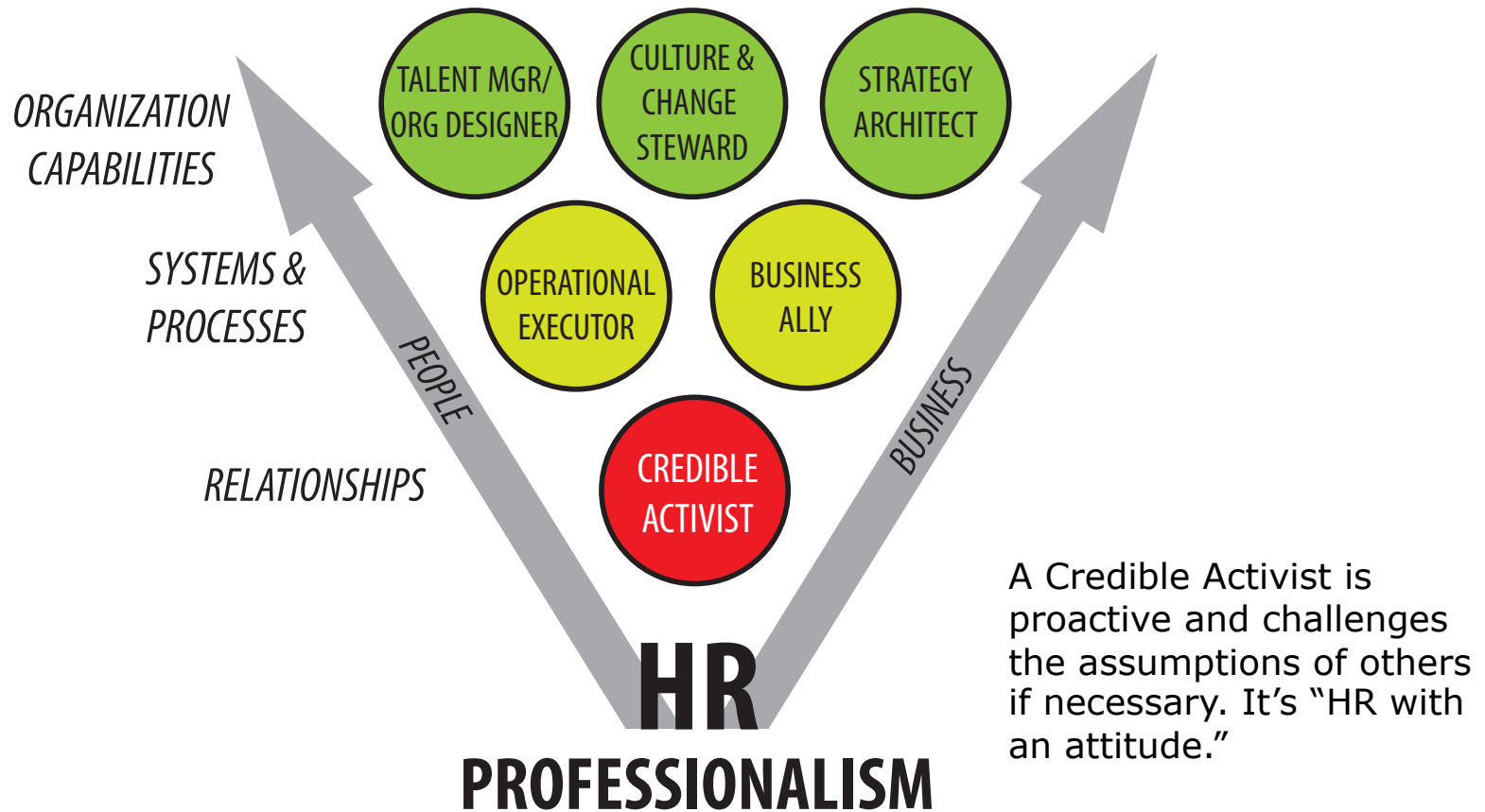
SCALE = 1-9

“I trust and value HR.”

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SHRM/U of Michigan Model



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An Existing Client Relationship

Think of a business relationship that you would like to move in the direction of Partnership.

1. How would you characterize the relationship now: Pair-of-hands? Expert? Cop? How does this feel?
2. How would you and/or the client benefit if this relationship were more Partner-like?
3. How can you move the relationship in the direction of partnership?
4. What additional knowledge/expertise do you need to be seen by your client as a CREDIBLE ACTIVIST?



Summary: A “To Do List” for HR Pros

1. Forge a tight, partner-like relationship with the line.
2. Become more sophisticated with respect to OD.
3. Focus on business problems, not HR activities.
4. Become exceptionally open to feedback: measure HR effectiveness in terms of business results.
5. Consider using outside partners to support your change efforts.



Thank you!

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Potential group discussions

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Table Discussion

1. Think about your company's top 2-3 strategic imperatives.
2. What needs to change in your company's "human system" to achieve these results?
3. What can HR do to affect these changes?
4. How might you know if you effected these changes?

