Improve HR Organization Effectiveness Through Transformation
Agenda

Section 1: Improve HR Organization Effectiveness Through Transformation

Section 2: HR Transformation In Global Context
CHROs are focusing on improving the effectiveness of HR function

Chief Human Resource Officers’ Top Priorities

Percentage of CHROs Identifying the issue as HR priorities

- Improving HR Function Effectiveness: 79%
- Increasing Line Manager Effectiveness: 71%
- Enhancing Employee Development: 66%
- Increasing Workforce Productivity: 58%

Source: Corporate Leadership Council, HR–Line Support Effectiveness Survey; Corporate Leadership Council research
HR function can significantly drive business result

The 1% of staff in HR can contribute 7% revenue growth and 9% profit growth!

The impact of HR effectiveness on...

<table>
<thead>
<tr>
<th>Employee performance</th>
<th>Employee retention</th>
<th>Revenue</th>
<th>Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>BU employee performance</td>
<td>BU employee retention</td>
<td>BU revenue</td>
<td>BU profit</td>
</tr>
<tr>
<td>21%</td>
<td>26%</td>
<td>7%</td>
<td>9%</td>
</tr>
</tbody>
</table>

Source: Corporate Leadership Council, HR–Line Support Effectiveness Survey; Corporate Leadership Council research
HR need to focus on value-added work

Yesterday: Mostly administrative work

Today: Mostly value added work

Pre-conditions:

- Process simplification, standardization, atomization, fully utilize technology
- Deliver HR service through shared service model or outsourcing
- Divide HR function into 3 roles-BP, COE, SSC
…Therefore, need three-pillar model

Old model: functional organization, control driven

<table>
<thead>
<tr>
<th>Corporate</th>
<th>HR Department</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>BU</th>
<th>HR Department</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Branches</th>
<th>HR Department</th>
</tr>
</thead>
</table>

New model: three-pillar organization, business driven

Business Needs

HR BP

HR Leadership Team

HR COE

HR SSC
HR organization model

HR Leadership
(Enterprise & Division)
Set the Strategy and Provide HR Oversight

Centers of Expertise
(Enterprise & Division)
Design and Build Policies, Programs & Processes

HR Business Partners
Consult with the Business to Improve Performance

Local HR Generalists
Provide On-Site, High-Touch HR Services

HR Shared Services
Deliver Transactional & Informational Services

Executives
Managers
Associates
Retirees
Candidates

Tier 0 Self-Service: 66%
Tier 1 Service Desk: 28%
Tier 2 Business Process Teams (Case Resolution): 5%
Tier 3 Functional or Process Experts: <1%
The value brought by three-pillar model

- **Effectiveness**: play strategic partner role; significantly improve acknowledgement of HR value and employees’ satisfaction
- **Efficiency**: significantly improve HR FTE ratio
- **Cost**: decrease 25%-40% of HR operating cost
- **Consistency**: build consistent service experience and employer branding image; improve compliance and decrease risks
Polling question-1

- What's your company's HR FTE ratio?
  1. Below 40
  2. 40-60
  3. 60-80
  4. 80-100
  5. 100-120
  6. Above 120
Polling question-2

- Does HR viewed as trusted business partner in business leader’s perspective?
  1. Yes
  2. No
  3. Not sure
Polling question-3

What's your company’s HR operating model in your company?

1. Functional model (with HR generalist and specialist)
2. Three-pillar model (with BP, COE, SSC)
3. Transitional model (implemented part of the 3 pillar elements)
Polling question-4

- How does your company deliver HR service?
  1. Through local HR staff to provide face to face service
  2. Through shared service center
  3. Though outsourced vendor
  4. Through a mixed model (partly outsource, partly insource)
Polling question-5

- Which is your company’s major HR BP talent resource?
  1. HR
  2. Business
  3. No HR BP role in my company
Agenda

Section 1: Improve HR Organization Effectiveness Through Transformation

Section 2: HR Transformation in Global Context
How leading companies manage “global HR”

- Global strategy and vision for HR’s priorities
- Effective governance and aligned HR structures and capabilities
- Decrease fragmentation; improve efficiency and maturity
- Operational effectiveness and efficiency in transactions

- Strategy and Program Design
- Organization Capabilities
- HR Process
- Service Delivery and Technology
**HR organization: the journey to global**

<table>
<thead>
<tr>
<th>Multinational/International</th>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate</td>
<td></td>
</tr>
<tr>
<td>Country</td>
<td></td>
</tr>
<tr>
<td>Country</td>
<td></td>
</tr>
<tr>
<td>Country</td>
<td></td>
</tr>
<tr>
<td>Country</td>
<td></td>
</tr>
<tr>
<td>Country</td>
<td></td>
</tr>
</tbody>
</table>

- **Global HR Leadership**
- **Shared Services**
- **Country Resources**

**Global COEs**
- Global COEs
- Global Business Partners

<table>
<thead>
<tr>
<th>Global COEs</th>
<th>Global Business Partners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Talent</td>
<td>BU</td>
</tr>
<tr>
<td>Leadership</td>
<td>BU</td>
</tr>
<tr>
<td>Rewards</td>
<td>BU</td>
</tr>
<tr>
<td>Technology</td>
<td>BU</td>
</tr>
<tr>
<td>Diversity</td>
<td>BU</td>
</tr>
</tbody>
</table>

**Global**
- Global
- Regional
- Country

**COEs**
- HR Generalists
HR transformation is a journey

**Focus & Lead**
- Identify key Human Capital outcomes that drive business results
- Integrate end-to-end process across pillars
- Develop globally consistent talent management processes
- Integrate global technology footprint
- Build consulting and talent management capabilities

**Strengthen Core**
- Align HR portfolio with business
- Create lean operational processes
- Improve proficiency in core processes
- Continually integrate systems with HR portal
- Optimize roles and resources across HR

**Build Foundation**
- Improve HR delivery
- Redeploy HR resources by role
- Consolidate in shared service centers
- Integrate system regionally

**Value to the business**

McLagan | Radford
Contact list

Sharon Li 李晓红
Principal Consultant
HR Effectiveness Practice Leader, China
+86 13829768270
sharon.li.2@aonhewitt.com
Q&A
Panel discussion questions

- Why your HR organization need transformation and how you transform it?
- What are the HR transformation challenges in your company? How do you manage the change?