

Integrating OD with Strategic HR

The Ultimate Strategic Business Partner

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HR + OD

“I believe the coming together of OD and HR is long overdue. I say coming together because OD and HR should not be content merely to be siblings living under the same roof. We need to leverage our different strengths for the greater good.”

David Hanna, 2010

Agenda

- What's driving the integration
- Our Challenges
 - Being strategic
 - The mindset shift
 - Design Issues
- Strategic business partner model
- Case Application



Changes Driving Integration

- New, unprecedented business challenges, issues and opportunities
 - Global, virtual
 - 24/7 & speed
 - New & changing markets
 - Adaptability & agility challenges
 - Blurred industry lines
 - New organizational forms
- Organization leaders deciding what they need and what belongs together
 - Know what need, don't care what it's called
 - Most think of & organize HR & OD together
- Shifting importance of factors in strategic and competitive advantage equation
 - Financial & technical have become more universal
 - Physical plant & real estate often less important



Changes Driving Integration

- Today's challenges and issues are making ***human capital*** more critical to success

What are some of the business challenges and issues you're facing today that highlight the importance of human capital?

- ✧ Role of talent (equal or greater than other resources)
- ✧ Role of learning (as skill needs change rapidly)
- ✧ Role of technology (in work and performance)
- ✧ Role of change (becoming continuous and inclusive)

Our Challenge

- HR & OD have a range of histories & relationships
- HR & OD need to become more strategic to add value
- HR & OD need to be integrated better within the business
- Critical aspects of basic HR operational functions need high quality execution
- When HR and OD are co-located in the same function, there needs to be a design and partnership that allows strategic work to be done
- Leadership, structures, capabilities & readiness all factor into integration



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Our Challenge

- Is there an issue or a problem that exists between HR & OD? Why? Are you in it?
- How well are your operational HR functions being executed (1-10)?

Becoming Strategic

Becoming strategic involves thinking in these ways:

- Wholeness - synergy (not individual parts or units)
- Relation to organization's mission & strategy
- Contribution to how the organization's "business" works
- Value added to priority needs with strategic impact
- Longer time horizon - future
- Connections to the organization's environmental influences

The Mindset Shift

FROM	TO
<ul style="list-style-type: none">• This is the way we've always done it	<ul style="list-style-type: none">• Taking a risk and thinking differently
<ul style="list-style-type: none">• Managing workloads & providing services	<ul style="list-style-type: none">• Leading the human capital function
<ul style="list-style-type: none">• Policy enforcer	<ul style="list-style-type: none">• Influencing and resolving strategic issues
<ul style="list-style-type: none">• HR professional /business partner	<ul style="list-style-type: none">• C-suite strategic business partner
<ul style="list-style-type: none">• Focus on tracking operational metrics	<ul style="list-style-type: none">• Demonstrating ROI in the business
<ul style="list-style-type: none">• Annual HR planning and budgeting	<ul style="list-style-type: none">• Strategic organizational planning
<ul style="list-style-type: none">• Stability and consistency	<ul style="list-style-type: none">• Out of the box thinking, problem solving

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Mindset Shift

- On a personal level, what mindset shifts have you already made and what mindset shift will be most difficult for you?

Design Elements & Choices

- Leadership (business, HR, OD)
- Capability
- Desired relationships
- Getting the basics right; identifying the strategic
- Level of Integration: independent, collaborative, integrated, embedded
- Design
 - Organizing framework and language
 - Roles
 - Processes and systems
 - Relationship structures

Strategic Business Partner

- A New Level of Many Existing Roles
 - Bringing strategic HR conversations to the business
 - Leveraging organization development
 - Understanding and speaking the language of the business
 - Working in partnership

“The Strategic Business Partner is a lead role needed to bridge, interface and integrate with the business and provide a different relationship and value.”

Strategic Business Partner





Strategic Aspects of Human Resources

Talent management (sourcing, development, succession, changing workforce, etc.)	Diversity, inclusion; global-cultural implications
Changing skill needs; learning strategies	Leadership requirements
Performance management & productivity	Employee engagement
Total rewards	New metrics, analytics, score cards
Organization health & effectiveness	Re-design of HR operations, excellence, cost management
Risk management; strategic compliance	Use of new technologies, social networks

Foundational Organization Development

Whole systems thinking & change	Organization assessment
Group, inter-group & team dynamics; live & virtual	Consultative, facilitative & coaching processes
Change theory & process	Culture dynamics
Strategy development & implementation	Conflict management
Leadership development	Human-technology interfaces
Organization & work system design	

Business Understanding

Strategic intention	Supply chain & customer relations
'Business of the business'	Community, social responsibility
Industry, markets, competition	Globalization impact
Environmental trends; opportunities & threats	Stakeholder/shareholder management
Value chain & proposition	Financial models & management
Sustainability & practices	Innovation & growth

Partnership

Relationship & trust builder	Clear expectations with feedback loop
Sales mindset – discovery, understanding the issues, problem solve, advocate	Mutual responsibility & accountability; mutual interest in achieving results
Mutual influence; respect	Facilitate interaction
Bring a point of view; add value	Collaborate as equals
Communicate. listen & coach each other	Visible, accessible & engaged

Group Activity

In small groups, discuss these questions

1. How does your current role align with this model?
2. What are the challenges in establishing and operationalizing the Strategic Business Partner role?



Business Scenarios



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Business Scenario #1

Early last decade, the company was struggling. The stock price was down, the company wasn't meeting earnings expectations, and Wall Street was whispering that Best Label was for sale. Sometimes, it didn't even bother to whisper. That's when Jake Jones stepped in. Having spent his career in the packaged food industry, including a stint as the president of the Jolly Foods Company, Jones knew something was wrong with Best Label and was confident that he could fix it -- but first, he'd have to win the trust of his employees.

The ethos is that "you can't win in the marketplace unless you win in the workplace." Jones signaled his intent to change the company's culture by shaking up the leadership team. The recession hit his industry hard: In 2008, consumer packaged goods median shareholder returns were down 25%. 119 workgroups were in the bottom quartile of the Gallup employee engagement database. When our global leadership team first took the Q¹², we were in the 28th percentile. These were some of the worst scores of any Fortune 500 company that Gallup had ever seen. And the company had been the poorest performing of all major global food companies for a good three or four years.

What are the HR and OD needs in this situation? What can HR and OD do to leverage synergies and partner with the CEO and the Senior Leadership? How will they contribute value?

Business Scenario #2

Northern Rock is the eighth largest International bank by market value. It has continued to grow since it first 'went public' in 1997. This means it offered its shares to the public through the stock exchange. There are many rivals in the banking sector. This means that, to compete, it is important to be big. Growth is therefore vital. Northern Rock has two sides to its business. It offers savings accounts for those who want to deposit money safely. It uses these funds, along with funds from other parts of the business, to create loans. Savers receive interest and borrowers pay it on their loans. The main loans are mortgages. These are long-term loans taken out to help people buy.

Northern Rock has three long term aims or goals. These are growth, reduced costs through increased efficiency, a good return to shareholders.

What are the HR and OD needs in this situation? What can HR and OD do to leverage synergies and partner with the CEO and the Senior Leadership? How will they contribute value?

THANK YOU!

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