

Introduction to HR business partnering

There are many interpretations of the term 'HR business partnering', and the job title 'HR business partner'. Business partnering is often used as a way of describing a method of organising the HR function, although 'partnering' is also used informally by HR professionals who perceive themselves as 'partnering the business'. The terms are applied more formally by organisations who have reorganised their HR function to provide a structured approach to supporting the business. As part of that restructuring they develop or create a new role of HR business partner.

Essentially, HR business partnering involves the assignment of a member of the HR function to a manager or unit leader, or to a small group of managers, on the understanding that he or she will become familiar enough with the operations of the manager(s) to be able to offer advice, find the means to assist, improve and facilitate working systems, and above all, add value in a business sense.

The notion of the 'HR business partner' is becoming increasingly common across all sectors, although some organisations, even when they have implemented partnering models, have chosen to use different job titles such as 'client partner', 'HR consultant' or 'strategic HR player'.

This Toolkit is aimed primarily at HR business partnering in the formal sense, and is designed to support the organisation across all aspects of a 'partnering' structure, although with particular relevance for those in HR business partner or equivalent roles. We hope that whatever formal structures or job titles are in place, the Toolkit will benefit all HR practitioners who wish to get closer to their business/organisational 'clients' and to develop a more influential and effective HR contribution.

Is business partnering just another HR fad?

For many, business partnering provides a radical change to the way HR works within the business. It involves reorganising *how* HR delivers its service, not simply changing traditional job titles. In practice, its introduction is often driven by the need for cost savings and the need for HR to prove how it adds value and contributes to the bottom line.

Business partnering has been around for some years, and while the terminology may change, the trend towards value-driven HR looks to be here to stay, reflecting the trend already evident in other functions such as IT and finance. HR is unlikely to return to doing things the way it did before, although many organisations may choose to review their initial partnering arrangements and make amendments in the light of their positive and negative experiences.

Is it happening in all organisations?

Most larger organisations have either already gone down this route or are looking at implementing it. Smaller ones are doing it to varying degrees. Even where there has not been a full-scale reorganisation, many HR people are being encouraged to adopt more strategic approaches.

What does an HR business partner do?

An HR business partner enables HR to get closer to the business, to help the organisation make the most of its people and to implement its strategy. The aim is to use HR and people management more strategically, making real contributions to organisational success.

Where did HR business partnering originate?

HR business partnering began to gain widespread favour as a result of the book *Human Resource Champions*, written by Dave Ulrich of the University of Michigan in 1997. Many of the core principles had already been around for some time in the work of people such as John Storey. Ulrich's message was that instead of focusing on what HR *did*, practitioners should focus on what HR could *deliver* for businesses – that is, focus on outcomes. The four outcomes he thought most important for HR were: strategy execution, administrative efficiency, employee contribution and

capacity for change. He illustrated this through the dimension of processes and people and the dimensions of future/strategic focus and day-to-day operational focus (see Figure 1).

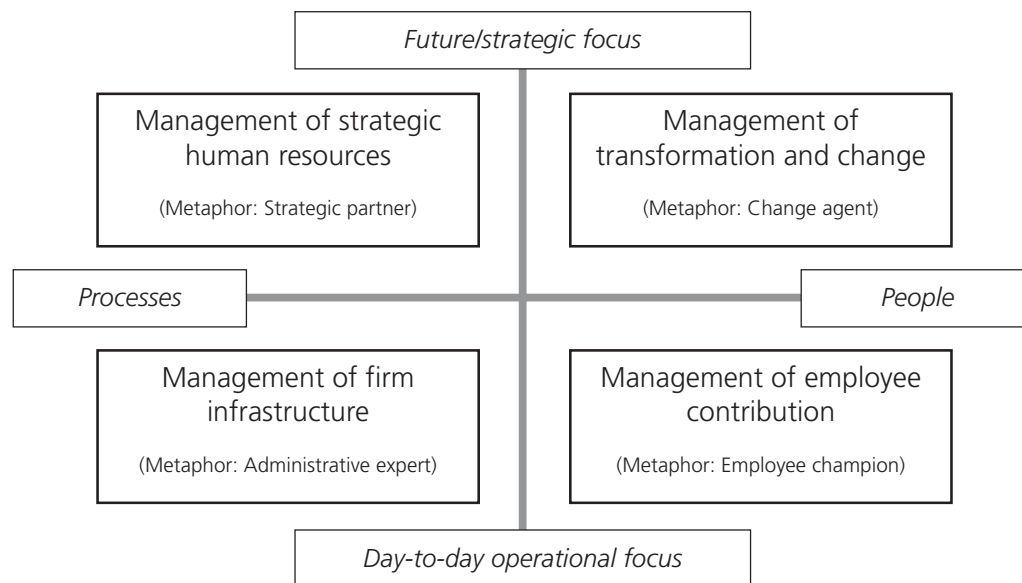


Figure 1: Ulrich's multiple role model for human resources management

Source: adapted from original source. Original was from *Human Resource Champions* by Dave Ulrich, Boston MA 1997, p 24. Copyright © 1997 by the Harvard Business School Publishing Corporation, all rights reserved.

How does this work in practice?

In many organisations, these roles have been translated literally into different HR 'job roles' and have launched many restructures. Various different approaches have been adopted, although a general trend within the UK has started to emerge (see Figure 2).

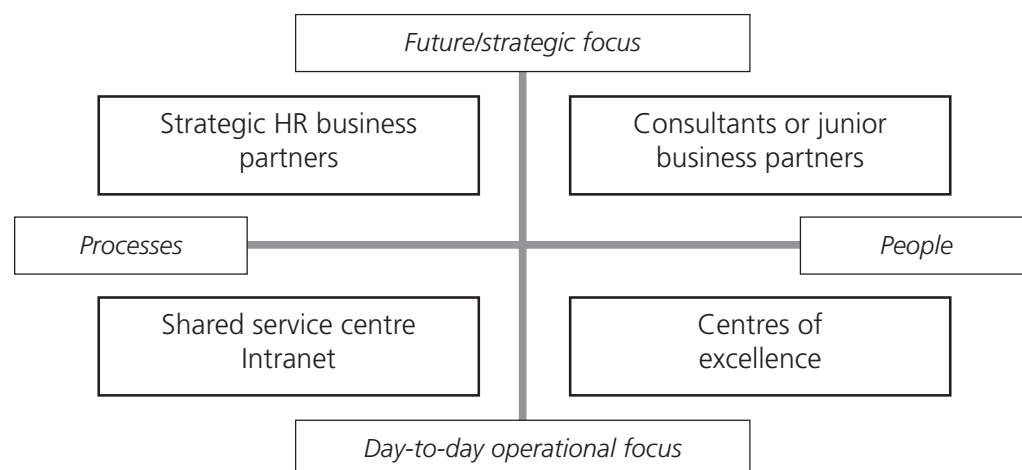


Figure 2: The general translation of Ulrich's model

(adapted from original as Figure 1).

Within this model, much of the traditional transactional work of the human resources function falls below the Processes–People line, while much of the transformational or added-value HR activity sits above the line with Strategic HR business partners and Consultants.

Shared service centre

One of the keys to HR business partnering is the provision of the shared service centre, which managers and employees can access directly for transactional HR services and routine HR enquiries. In some models, the role of the shared service centre has expanded to include advice on areas such as handling absence, discipline issues and grievance procedures. The shared service centre is usually underpinned by effective use of technology, clearly defined HR processes and a ‘customer service’ approach. Alongside the shared service centre, most organisations have developed the use of their intranet to allow staff to access information and documentation directly, on a self-service basis. Employees may, for example, be able to record the outputs of their performance review interview or obtain information on learning and development opportunities. This puts more onus on line managers to manage their people and provides one of the first steps towards business partnering. It is the shared service centre that allows for increased HR efficiency and ultimately cost savings. The shared service centre is also probably the area within the model most likely to be considered for potential outsourcing.

Centres of excellence

Centres of excellence, or specialist areas, have emerged as specialist teams to provide HR expertise in areas such as recruitment, reward and benefits, employee relations, organisational development and learning and development. Depending on the size of the organisation these individuals, or teams of HR experts, provide line managers and business partners with advice and services. The specialists ensure that the organisation has access to best-practice HR and often work on cross-functional projects emerging from the over-arching organisational strategy.

Strategic HR business partners and Consultants

The job title ‘business partner’ was originally used to cover the roles above the Processes–People line, often with the job remit of ‘being more strategic’. However, in practice, many supposed business partners did not have the opportunity to be

strategic, often located as they were with line managers at several levels below directors. This encouraged them to adopt a transactional rather than a strategic focus, in effect acting as the personal HR assistant to the line manager and encouraging a 'silo mentality' within each business area. In response to this problem, some businesses have reduced the number of truly strategic HR business partners, providing 'Consultants' to provide project support to the Strategic business partners. Consultants, where used, tend to be 'reactive' to the needs of managers and business partners. Strategic business partners on the other hand, tend to be more proactive, looking at what is happening externally and its impact on the organisation, as well as looking at the organisation as a whole. The consultant resource may be aligned to individual business partners or may act as a flexible pool of consultants, utilised where and when required. It is the role of the business partner and consultant to elevate HR to more strategic levels and to help to create change within the business. We generally find that aligned teams are more effective.

Is it the same in the public sector?

Within the public sector, four roles have been identified: HR business partners, Centres of expertise, Transactional services and HR leadership, which provides the direction and sponsorship for the rest of the HR community.

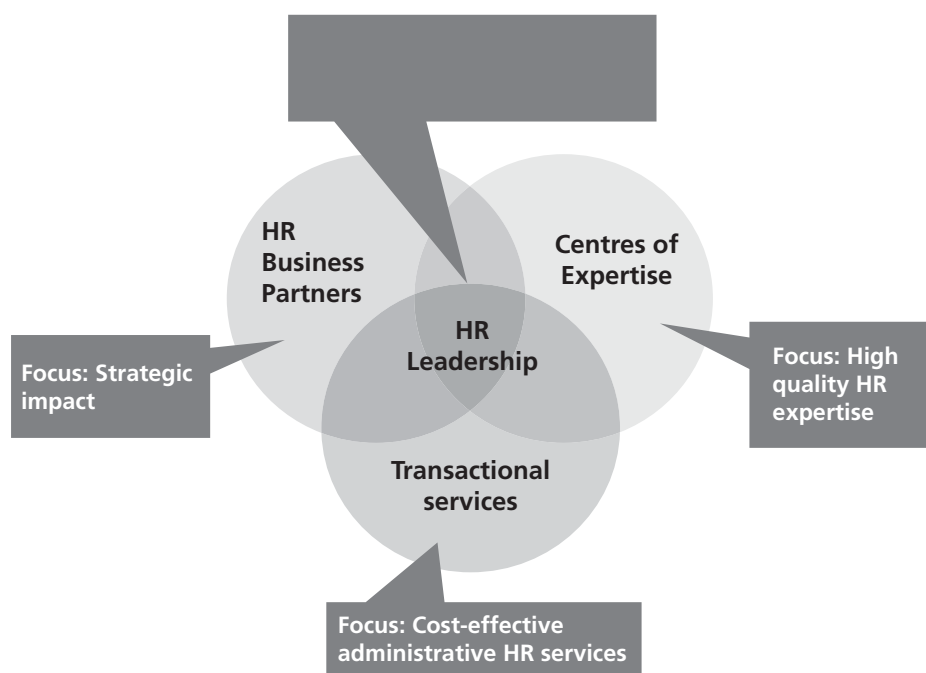


Figure 3: Public sector model of HR business partnering

(Source: Cabinet Office: *Professional Skills for Government* – HR Professional Standards Workbook)

This model has also been applied by public sector organisations in different ways. It differs from many private sector models in emphasising the role of HR as a leader, ensuring direction and sponsorship of HR in the organisation. In practice, there is often overlapping of the roles with, for example, those of HR practitioners from the Centres of expertise who also work as business partners.

What are the benefits of HR business partnering?

HR business partnering has many advantages for both the organisation and for the HR professional.

Benefits for the organisation

- 1** HR business partnering allows HR to operate at a more strategic level. Strategic HR business partners operating at the 'right' level will usually be working at the same level as an HR director used to operate, but in greater numbers. This means that HR activity and effort is much more likely to be aligned effectively with the organisation's strategic goals.
- 2** It allows for resources to be focused on 'real' business needs, rather than those prioritised by HR.
- 3** It provides better use of the people resource overall.
- 4** It enables people to provide a competitive edge for the business, focusing on their real talents and abilities.
- 5** It enables HR to become less of a cost centre and more of an 'added-value' centre. In this way, HR becomes more relevant to the needs of the organisation, ensuring best-practice HR at a lower cost than the more traditional approaches.
- 6** It ensures that managers 'manage their people' rather than delegate it to HR professionals. Performance management is clearly established as the responsibility of the line manager.
- 7** HR takes on less of a 'policing' role, so that the focus is on helping managers to take and implement pragmatic solutions.

Benefits for HR and the HR professional

- 1** It provides for a variety of different and stretching career paths for HR professionals, and the potential for more challenging and interesting roles.
- 2** It enables HR partners to become closer to business decision-makers.

- 3 It can provide opportunities for practitioners to become expert in specific areas of HR.
- 4 Depending on the role, it can allow practitioners to be less involved in administrative HR.
- 5 It allows HR to become proactive, rather than reactive, in relation to business needs.
- 6 It enables HR to become more influential within the business.

Are there any potential problems with HR business partnering?

There are many potential problems with HR business partnering, most of which are examined within the Toolkit itself. However, the following are examples of typical difficulties encountered.

The availability of strategic business partners

In most organisations, there are relatively few HR practitioners who have real strategic expertise and business understanding. To address this, some organisations are recruiting HR professionals from outside the business (which can be demotivating for the rest of the HR community) or developing business managers in HR. An alternative is to invest in the long-term development of 'home-grown' business partners.

Being viewed as strategic by the line management community

If HR people have always carried out a particular transactional role in the past – such as sitting in on recruitment interviews with managers – it may be very difficult to persuade the line to view them differently.

Gaining access to business meetings

Line managers may be unwilling to give access to HR, preventing them from operating at the appropriate strategic level.

Lack of role clarity

Where an organisation has been unclear about the role of the business partner, it is likely to be much harder for partners to have the influence or confidence to work at the more strategic levels.

Resistance to change

Line managers and existing HR staff may resist the change to partnering in the first place, particularly if they are happy with the current service and way of working.

Poor implementation

Partnering often suffers from poor implementation, reflecting a lack of understanding by senior managers about its implications and requirements, with a resulting failure to invest in the required resources.

This Toolkit will help you overcome these potential challenges.

HR partnering in the public sector

Following a presentation on HR business partnering, these questions were asked as part of the Public Sector Partnership (PSP) Expo, Glasgow, 31 January 2006. The panel was made up of:

- Gina Holloway, HR Business Partner, Hampshire County Council
- Michelle Smart, Interim Head of Employment Practice, Hampshire County Council
- Mike Watts, Director of HR Transformation, Cabinet Office
- Shirley Dalziel, Director, develop uk
- Judith Strange, Director, develop uk

Q: *In terms of 'big bang' approaches to implementing shared service, how do you share the vision with the staff involved? What works well in terms of communication? In your experiences, having done this, what would you do differently?*

A: Panel

A 'big bang' approach can be hard and has risks attached to it. It does have its advantages, though, because it is clear that the change is inevitable and the removal of alternative support can fast-track a move to the new services. It is a key decision that organisations go through – big bang or incremental change.

There's no point in simply trying to communicate a grand vision – you have to communicate the realities of what's going to happen. It's also important to focus

on the things that really matter to people, that are going to improve things for them, rather than just following HR's own agenda. For example, one organisation started a self-service system by using it to record absence, which people didn't see as useful or beneficial to them – it's better to start by introducing things that will bring clear benefits to individuals or managers. You can then build on the successes.

Involving shared service staff from the start in setting the vision can also help. Moving to a shared service is usually not negotiable, but there are often ways that staff can be involved – for example, in terms of working out *how* some of the services might be delivered and identifying the best ways of working together to achieve these goals and establishing the level of service they would really like to achieve that would make them proud to work in shared services.

Q: *How easy is it to implement the HR business partner approach in an organisation that has a strong culture resistant to change?*

A: Panel

It is rarely easy, even where the culture is supportive. The biggest problem is when HR itself is resistant to change, which is often the case! It helps to ensure that people see benefits, and ensure that you're working with people rather than just imposing change upon them. If you can, try to work with the culture, focusing on the things that people see as important and trying to provide benefits.

Decide whether a revolutionary or evolutionary approach would have most impact. It may also be that some people have to be repositioned or removed from key positions if they are acting as big blocks. It is also about being really clear why you are moving to a partnering approach. As well as being aware of the benefits, people need to know why staying the same is not going to work, and what the problems would be if nothing changed. There also has to be a clear direction for the future, support for people to help them to understand the new ways of working and recognition for those who do move in the right direction, plus strong performance management of those who don't make any changes.

Senior management buy-in to the change is really helpful, ensuring that there is support when things get difficult or if line managers resist and appeal to senior managers to try to negotiate the change away.

Q: *Gina, as someone new to a business partnering role, my biggest fear is making a significant mistake that affects the key relationships. What was your biggest mistake – and how did you recover?*

A: Gina Holloway

It's difficult to think of any single large mistake. However, when working in a new area, I tend to trial something initially on a small basis, test it, and get the feedback before I roll it out to a wider area. This allows time for adjustments, but also ensures that learning is captured from the experience first. However, we all recognise that mistakes do happen from time to time, and the best approach is to be open and honest to clients about what's happened, but also to commit to a course of action to put it right. I personally feel it is better to be open-minded and be prepared to try things, and respond quickly if things don't go to plan, ensuring that you learn from the experience.

Q: *Michelle, what is your business partner to employee ratio? What is your HR to employee ratio? How important are ratios?*

A: Michelle Smart

We have 37,500 staff – 23,500 in schools. We have a BP for each department – Education, Children's Social Services (Project Manager for changes), Adults, Rec and Heritage, PBRs, Environment, plus one BP covering Chief Executive, IT and HR. Each of these departments has different numbers of staff – with Education and Children's and Adults being particularly big.

HR has 301 staff in total and will increase as we have payroll from Treasurers as well. This includes all learning and training staff, resourcing, employment lawyers, policy, case management, business partners, payroll and SAP HR in SSC, E&D, etc.

Panel

Ratios are useful when you are sure you are comparing like with like and model with model. They can help to benchmark in terms of productivity. We use benchmarking companies to help to check that we are in shape. It helps establish a baseline staff for normal activity which you can then use to adjust if activity increases significantly. At the end of the day it is about the outputs you deliver with the staff you have, rather than the numbers themselves.

Some care is needed because ratios can be a bit of a red herring. It's important to be clear about your objectives and to measure yourself against those. The ratios will depend to some extent on the scope of the role and what you're trying to achieve.

Q: *As a business partner, how do you resist the temptation to resolve 'easy matters' such as coaching/advising re performance improvement – for example, absence, discipline, grievance?*

A: Panel

In our experience there are no hard-and-fast rules about the level of involvement – it can depend on timing, the strength of the relationship and the issue. Certainly, coaching is an activity you would expect partners to get involved in. Some HR business partners have used absence and disciplinary issues to explore the underlying trends and causes, using metrics as a way of leveraging change. What might start as a routine issue that the partner should probably not get involved in, can lead to a more strategic opportunity.

There is something about being confident about saying 'no' as long as it is done in an appropriate way. It is also important, as a partner, to be self-aware and conscious of when you might be slipping into old habits or comfort zones – peer reviews and action learning groups can help raise self-awareness – and use colleague support to ensure that your involvement is not taking the 'easy way'.

Gina Holloway

In practice, I have dealt with this issue by ensuring that my employee relations contact within the Employment Practice Centre picks up advising on casework directly, and we share information so that I can take a view on any patterns or trends which imply that a strategic approach ought to be taken more widely. In that way both the operational need and the big picture is captured and dealt with.

Q: *Senior managers in the public sector are used to a lot of hand-holding and support from HR. How do you get them to buy into the business partner model?*

A: Panel

The answer to this one is probably similar to the answers to the earlier question about change and the first question about engaging staff. Researching and consulting senior managers, and understanding their needs and concerns at all stages, certainly does help. Where this has been a key issue, an incremental

transfer of responsibilities and high early support, withdrawn over time, has worked for some organisations. It can be a reason why culturally the 'big bang' approach is not right for everyone.

Gina Holloway

Similarly to the above, on a practical note, I have ensured that relationships are built with our contacts within the service centres, so that the operational support is picked up and dealt with appropriately. This also gives me the freedom to concentrate on the added-value business partner support, which the managers have started to recognise can be provided, as I am not bogged down in operational tasks, and thus helps buy-in.

Q: *What level of staff (and qualifications) resource the shared service centre? What level of staff do recruitment and employee relations have?*

A: Michelle Smart

The centres all have team leaders, HR advisers and assistant HR advisers. The shared service centre is manned by Admin staff and Adviser-level staff. They will address an increasing number of level-1 queries across a breadth of issues. The centres provide the more experienced level-2 support for the crunchy operational, resourcing or L&D issues.

Q: *How do business partners avoid detail where detail will be required in projects and implementation?*

A: Panel

Similar comments to those above in separating operational and strategic work, but joining up as appropriate. When looking at specific projects it's important to spec-out at the outset the resources required to deliver the HR aspects, and make decisions on the level of HR input required, so that this can be sourced and agreed up front.

Q: *If you have had little experience at a strategic level, how do you gain the skills and confidence you need to be a strategic business partner?*

A: Gina Holloway

This is partly addressed simply by getting experience and exposure to a range of different issues and situations, which really comes with the role, and taking the learning from one situation to the rest. Looking back, I also feel that some of the skills and confidence I gained was through working alongside other good HR people earlier in my career, and learning from them and sharing information. Therefore, I would suggest that finding a good mentor, or coach, to work alongside (maybe as a project partner, or just a mentor) is helpful when starting out.

Panel

We regularly support organisations to develop the strategic knowledge and skills they need to be effective business partners. Workshops and formal learning, supplemented by coaching or action learning, can work really well. Exposure through job shadowing, job swaps and involvement on strategic projects can also prove extremely valuable.

Q: Michelle, when you recruit new business partners, would you consider taking a business partner from the line without HR experience?

A: Michelle Smart

I have known BPs be non-HR people, but there is a natural steep learning curve, particularly in the best practice arena. It is a bit like asking if an HR person could be an accountant. The person would have to have had good exposure to a wide variety of people issues, particularly in relation to organisational change management. They can rely more on the centres of excellence for technical expertise, so it is not impossible for a non-HR person to be a BP.

Panel

We know of several organisations who have recruited HR business partners from non-HR roles. Without exception these have always been internal appointments; it is not usual to recruit non-HR people externally. We have seen examples where this has worked extremely well, with a line manager becoming an extremely competent and valued HR business partner. We have also worked with organisations that have had a poor experience with this approach. The key difference seems to be the willingness and ability of the individual to get up to speed quickly with HR knowledge and processes. This has worked well when the business partners from

the line have also used their business acumen, their understanding of line issues and their credibility to get results. The practice, however, is not widespread, and finding the right individual is not always easy.

Q: *What would the panel consider the key lessons learned from their own experiences of HR business partnering?*

A: Gina Holloway

For me, I think it is always important to maintain good customer relations, and understanding – which is really where the ‘partner’ bit comes from. Without that, I would not be able to engage with my clients and understand them enough to deliver solutions that make a difference to them. The other part is the relationship-building and sharing of information with my contacts within the service centres – again, without their support to the line I am unable to operate at a strategic level.

Panel

We have worked extensively with many organisations in both public and private sectors, implementing and developing HR business partnering. The key lesson for us is that each organisation has different strategies, cultures and organisational needs, and how HR is organised and operates is therefore also different. It is not a case of ‘one size fits all’. Those who make a real success of it keep the business needs at the forefront and are flexible and prepared to tweak and change things as they learn what works for them, and look to continually improve.

HR business partner profile

More questions and answers now – the answers coming this time from Sarah. Sarah used to be an HR business partner within a multinational organisation, supporting the vice-president and his team of directors on key HR issues. Sarah remained in her business partner role for two and a half years. Key elements of the role included implementing corporate HR initiatives, facilitating talent management, organisational design and strategic resourcing. She acted as a coach to the vice-president, working on areas like executive hiring and giving feedback on his management of the team.

Q: *What did you most enjoy about your role as an HR business partner?*

A: I most enjoyed facilitating the executive team, being seen as a peer and recognised for the part I could play. I liked that I could actively contribute to the business direction. It's really interesting being close to the decision-makers.

Q: *What was the hardest part of your role?*

A: The hardest part of my role was having to decide what to spend my time on and having to say 'no' to things that I knew would definitely have helped my VP and the business, but I recognised that I couldn't do it all. Having contracts in place which outlined priorities up front really helped with this. I could ask my VP if the new piece of work was more important than the contracted priorities because it couldn't all be done. He then had to decide, and would recognise the difficulty.

Q: *What was your biggest challenge in the role?*

A: My biggest challenge was influencing senior people and being seen as credible. Knowing how to influence at the right point in time and having my voice heard helped. Being consistent and delivering a good job every time earned me respect. Taking the time to really build up the relationship helped, and picking the right things to challenge on all helped. It's the small things like taking a risk to give some challenging feedback that really made the difference.

Q: *What is your hot tip on being successful as an HR business partner?*

A: My advice would be to stay close to the business so you can be proactive. When you see there's a need, be prepared to take the initiative to generate more conversation and discussion to find out what the real needs are. It's about finding the right opportunities to contribute and being ready to respond quickly.

Case study: Partnering successes

The Royal Bank of Scotland Group

The Royal Bank of Scotland Group has proved to be an HR success, having had an HR partnering model in place for seven years. The Group has grown dramatically over the last six years via a number of acquisitions including NatWest, Churchill in the UK and Charter One in the USA to become, by market globalisation, the sixth-

largest bank in the world and second only in the UK to HSBC. This growth in scale has been matched by a growth in people – an employee base of 36,000 in 1998 rose to 94,000 when NatWest came on board the following year. Since then, numbers have increased by around 13 per cent each year to reach 137,000 today. The Group has a global reach: 42 per cent of the Group's profit is now generated outside the UK.

Neil Roden, Group Director of Human Resources for the RBS Group, and his leadership team first introduced the model in 1998 by removing the basic HR administration to a centralised HR delivery service. This then led to the reshaping of its business-facing functions through a number of initiatives to change the focus of the HR business partner role. The current model consists of a number of business-facing teams to reflect the organisational structure, three centres of excellence and HR shared services.

These business-facing teams consist of business partners and consultants responsible for the delivery of key initiatives aligned to the business strategy. Senior managers and executives have one key relationship manager, their business partner. The business partner is responsible for developing the primary HR relationship with key business stakeholders, working with the business to agree their people agenda and priorities and to source HR consulting resources to manage key project requirements. In turn, the consultants are responsible for the delivery of projects within parameters agreed with business. Each consultant works on a variety of projects at a time, ranging from development initiatives to change programmes to human capital interventions, and will develop a number of HR skills, experience and technical competence as a result.

The business partners and consultants are able to spend time focusing on the value-added activity because a large percentage of HR is now undertaken by either the line manager or shared services. Within RBS, shared services deal with all HR administration for the UK businesses from payroll to resourcing to dealing with the Group's pensioners.

For line managers the first point of contact for HR advice is the Group intranet, where policies and guidance notes are detailed, or if they want further clarification they are able to contact shared services where advice is sought via the telephone, or on occasion face to face. Line managers and employees are also responsible for the upkeep of some of the HR data through manager and employee self-service

whereby employees update their own personnel records with any change of personal details.

Now that people management is rightly being largely undertaken by the line manager, the way that HR functions in RBS has changed. Instead of doing everything for managers, HR now has to provide line managers with the capability to manage their people – which means that the HR team has to ensure that the quality of line management's interacting with people is as high as possible. Neil Roden believes that 'Our [HR] job is to make sure those people are as competent, as professional and as switched on as they need to be.' He does not think that getting thousands of employees to be really good at people management is an easy thing to do, but does believe that it should be an area of focus for HR.

In addition to the business-facing teams and shared services there are also the centres of excellence, which provide expert advice for the business-facing teams. These centres of excellence support the strategic HR activity in the areas of remuneration and benefits, resourcing and development, and policy and employment.

In order to measure the success of the model and for future improvements, RBS HR measure their progress in a number of ways. An activity analysis is undertaken every two years which reviews how a consultant and business partner spend their time. The aim of the activity analysis is to ensure that the majority of time remains spent on the value-added activity and that any low-value-added activity is sitting in the right area.

Secondly, the views of the internal customer are sought through the customer survey. The survey is targeted at senior managers and executives and asks their view of the service provided by human resources. Each area then develops action plans to improve the products and services offered.

Thirdly, employee views are sought through the annual employee opinion survey. The survey is open to all employees of the Group and asks a number of questions relating to the employee proposition and other key areas. Again, action plans are developed following the communication of the results.