

HEALTH WEALTH CAREER

EIGHT THESES ON THE STATUS OF THE HR BUSINESS PARTNER

MAKE TOMORROW, TODAY



This is an English translation of an article first published in June 2015 in the German HR magazine *Human Resource Manager*.

The HR business partner is coming of age. For 18 years, the concept has been criticised, celebrated, and continually developed. And it is omnipresent. A stocktake in eight theses.

The human resources business partner (HRBP) – surely, no one actually needs one, either as an implicit idea or as an explicit role. After all, business teaching tells us that good personnel management automatically steers and promotes profitable growth. Clearly, this paradigm can be called into question in criticism of the system. As can the question of whether the one-sided fixation on economics should be superseded by a “balanced bottom line” of “people, planet, profit.” And, therefore, whether the HRBP must set impulses, accents, and controls against ungovernable “laissez-faire” in business. Let’s dismiss such fundamental points of criticism for once on this anniversary.

For a long time, the HRBP has been omnipresent, the brainchild of Dave Ulrich, whom the *American HR Magazine* for many years named “the most influential person in HR.” In his programmatic classic, *Human Resource Champions: The Next Agenda for Adding Value and Delivering Results*, the HRBP did not fulfil a specific task in an HR department of neatly organised specialist roles, but one of four roles in the HR function, incidentally bearing the name “Strategic Partner.” The idea goes back even farther. As far as Ulrich is concerned, it can be traced back as far as 1987. In German-language reference books, early corresponding notions can be found from the 1950s. Goethe himself gave his opinion on the matter: “Properly speaking, such work is never finished; one must declare it so when, according to time and circumstances, one has done one’s best.”

In 1997, the time was ripe for the breakthrough, initially in the US and UK. It was only later that the new direction in the HR business model met with acclaim here. In German-speaking countries, the HRBP had no straightforward childhood or adolescence. Economic crises resulting from two burst bubbles with a dominance of cost themes, as well as the enthusiasm for personnel administration and its juridification, initially prevented it from flourishing. In addition, the “bashing” phase obligatory for all groundbreaking ideas had come half a decade previously, when jealous wannabes and nagging know-it-alls would have liked to have seen off the HRBP trend once and for all. This is hard to comprehend, as anyone who cares to look beyond his or her own theoretical or practical front door will recognise: a fair number of companies in emerging markets and some modern administrations are conceptually and practically streets ahead of weighty academic tomes or dinosaurs of the one-time Deutschland AG.

“The effects of globalisation and digitalisation demand new HR strategies and concepts tailored precisely to the relevant requirements of an area of business. As a business partner that also bears responsibility for commercial success, HR must therefore take on a formative role and see itself as a driver behind a new, horizontal management structure.”

– Janina Kugel, Member of the Executive Board, Siemens AG

Terminology and perspectives of HRBP have mutated, at least among its many sympathisers and Ulrich himself. Some are already describing the next generation, HRBP 2.0. The idea of business partnering, however, remains stable: value creation from the “people” dimension of the company. A successor for this approach and role seems unlikely to appear.

Over many years of cooperation and close exchange, we have both worked intensely on business partnering: in five HR strategy studies (2002–2011), an explorative study on the “early” HRBP (2005), our HRBP book (2010), and – particularly enlightening for us – in numerous consultancy projects right up to the present day. Although some companies were merely starting out with implementation in 2015, others were already in the development stage. From all this, we have derived eight theses.

THESIS 1: HRBP IS NOW A FACT OF (WORKING) LIFE

The doubters have been silenced or have piped down. Either way, practice has long made pragmatic use of HRBP. You only need to look at HR job markets to see that around a third of vacancies posted include a mention of HRBP. The term is a draw for people in the job market, even if many of the actual roles involve little more than glorified reference-writing.

A presumed “premium” standing is associated with HRBP: better choice than duty, better shaper than administrator, better transformation than administration, better close to the management than being there for the employees, better snazzy themes like Leadership Development, Talent Management, or Change Management than drowning in the contemptible daily grind of employment costs or form-filling. Hand in hand with this comes the risk of elitist thinking and conceit bordering on hubris, as well as a tendency towards a two-class society in the field of HR. This is something we should beware of, since both are part of the function of HR.

THESIS 2: BUSINESS PARTNERING BRINGS PROFESSIONALISM AND EFFECTIVENESS

By now, various studies have proved the effectiveness of the HRBP concept, be they analyses by the Corporate Leadership Council, the Boston Consulting Group, Mercer, or Deloitte. The value and performance of personnel work depend essentially on the strictly implemented “operating model” and the successful implementation of the HRBP role. One cannot ignore such evidence. Those on the sides of both theory and practice are fond of concluding that business partnering was merely a mean trick by service providers in their desperate search for innovation. This is certainly not the case.

Rather, business partnering is both an important claim and a central pillar of a modern HR business model. The claim is not an easy one to uphold. A longer, tougher, and essentially perpetual path is waiting to be trodden, since our studies do not reveal persistent progress towards achievement of the objective of “complete and fully recognised HRBP”; quite the contrary. Between 2002 and 2011, this measurement has not risen, but has fallen markedly. It’s particularly lacking when it comes to the specific value contribution, with just 1 in 25 HR departments stating they have achieved their objective, which is to say nothing of the critical outward image of the managers in the business.

THESIS 3: SOME PERSONNEL MANAGERS ARE OVERSTRAINED BY BUSINESS PARTNERING

A milestone on the path towards professional HR management is better personnel managers, or at least a lack of poor ones – even if the assessment of “poor” is always a subjective matter. If, however, you ask personnel managers simple questions (such as “How can people management boost the value creation of your company in comparison to competitors?”), you will frequently be met with an unsatisfactory response – presuming such challenges aren’t actually taken as a personal affront.

In these sorts of environments, one should disregard the HRBP implementation and take care of the fundamentals. An HR department is also a portfolio of the performance and/or potential of the actors involved. The person responsible for HR should work on improving these before implementing HRBP. Certain HR departments would improve tremendously in terms of quality and standing if they could break away from the 10%–15% of “underachievers,” “effort minimalists,” and “everything was better back then” thinkers. Their small contingent is often responsible for the poor image of HR. Investments must then be made in the many other HR officers for the sake of “HR for HR.” The function of HR cannot be to pursue staff development merely for the rest of the workforce.

“We HR managers should never lose sight of the essentials. As Head of HR at SAP, I believe there are always three primary principles in my work: simplify, standardise and, most importantly, focus on the client.”

– Stefan Ries, CHRO and Member of the Global Managing Board, SAP SE

THESIS 4: OFTEN, THE BUSINESS IS PUT UNDER PRESSURE BY BUSINESS PARTNERING

In consultancy contracts, the notion of the “obligation to cooperate” arises. Clearly, without active and competent clients, no project will get off the ground, and the same applies to business partnering. Where there is weakness on either side, there will be no added value. It’s fair to say that society, organisations, and HR managers have not made it any easier for senior managers over the last few years. Alongside the actual work, managers are faced with an increasing number of tasks, changes, and challenges, not to mention the ever-trickier problem of leadership. Leadership in a “VUCA” world – one marked by volatility, uncertainty, complexity, and ambiguity – is challenging and highly complicated in large organisations.

In the best-case scenario, managers are aware of their faults, and HR can close these gaps through coaching, training, and selection. However, there are more managers than you might think who would greatly prefer to be left alone with their “people” tasks. Stewing in one’s own juices is an appealing prospect; interference from third parties is bothersome and could bring problems to light, something the business is unwilling to reveal to internal specialists, particularly if “those idiots in HR” can always be blamed for any difficulties. It would be rather absurd if the HR function were no longer prepared to accept responsibility for deficiencies and weaknesses in management.

THESIS 5: BUSINESS PARTNERING IS MORE A QUESTION OF APPROACH THAN STRUCTURE

HR organisations depend on the context and should produce output efficiently and effectively. It makes no difference whether they're based on two, three, or four-and-a-half pillars or make use of the hybrid model. All too quickly, business partnering is abbreviated to the "three-legged model," in which the HR division is divided into administrative, transactional, and efficient shared services; a formative and directional centre of excellence; and the HRBP role. But such a division of tasks only makes sense for companies with several thousand employees. For them, the idea became and is becoming primarily an issue of organisation and thus a tremendous feat as well as a drawn-out change project. Incidentally, anyone searching through older literature for the derivation of these pillars from the once-four Ulrich roles will be disappointed. They suddenly appeared around the millennium, whereby consultants played their own part in their invention.

Ultimately, business partnering is about the mindset and the right HR actors for the important "people" themes. What's more, instead of starting off with a lot of loud chatter about business partnering and launching a structural project, it may be better to first identify suitable personnel for this demanding role, free them from other tasks, and have them perform a value-creating function in selected areas of responsibility, without immediately proclaiming a paradigm shift. At another point, we referred to this as the "007 tactic."

THESIS 6: INTERFACE PROBLEMS IN THE MATRIX

With business partnering – from the point of view of senior managers – the organisational complexity of people themes is turned into internal complexity for the HR function. Business managers can celebrate. As a "single point of contact," the HRBP must now have responsibility for coordinating interfaces in the personnel area. The result here in larger companies is the emergence of the matrix as the most frequent form of HR organisation – along with the typical problems this brings. Things become particularly tricky in the area of tension between customer-oriented HRBP and know-it-all, self-satisfied, or jobsworth centres of excellence: where do the tasks and responsibilities of one begin and where do those of the other end? If, on top of these system-related conflicts, there are also personal differences – because staff do like to quarrel – then the HR function is primarily concerned with itself and its squabbling and catfights.

In divisional, international corporations in particular, the seams in the personalistic structural fabric can be stretched to breaking point. In the meantime, various compensation mechanisms have been developed. None of these resolves all incidents of friction; the most effective remains the clarification of responsibilities throughout HR processes. Ultimately, though, no path leads neatly to a "community spirit" – in management speak, "one HR team, one HR behaviour," or put another way, a "collective mindset." The head of HR is responsible for this, since all organisational lines converge on him or her. As an aside, beyond the formal aspect, successful HRBPs are increasingly drawn to their area of responsibility with regard to prospects, loyalty, and career. They are therefore lost to the area of HR, even if they remain anchored there.

THESIS 7: BUSINESS PARTNERING MEANS SEEKING AND FINDING ADDED VALUE

So what actually makes up HRBP? Value creation from the people dimension of the company. But what exactly does that mean? Unfortunately for consultants, there have been virtually no new HR innovations for many years. What's becoming increasingly important, however, is the context; that is, a correlation and assembly of themes, plus answers to social, political, and technical developments in the environment. The top themes in the area of HR have already been mentioned, whereby an increase in the quality of leadership on the one hand and professionalization in the area of reorganisation on the other can mean real added value, or at least the avoidance of direct or indirect costs. After all, these two are often in a sorry state.

Nevertheless, the capacity of many HRBPs is entirely taken up by operational tasks. For example, in growth companies, they are almost entirely occupied with recruitment. Others tend to set the wrong tone: they get caught up with their pet topics, allow themselves to become dogsbodies, see HR as an exercise in juggling key figures, or try to highlight its inadequacy to management. For the HRBP, creating real added value involves a situational and gruelling challenge every day.

“We are currently introducing the HR partner at REWE. For me, the HR partner is the solution for positioning HR topics up close to the actual business, particularly in the areas of sales and logistics, and at the same time is a way to quickly integrate the needs of the business into the concepts. This way, we can achieve a significantly improved HR service and better and faster implementation in our 3,300 supermarkets.”

– Daniela Büchel, Director of HR and Sustainability, REWE

THESIS 8: AFTER THE BUSINESS PARTNER, COMES THE BETTER BUSINESS PARTNER

At number 73, we stopped counting. By now, both practice and theory have resulted in further competence models being added to HRBP. They gradually claw their way along the three dimensions, with the function description being a clear giveaway. An HRBP manages HR, so she therefore needs a high level of specialist competence. He understands the business, so he therefore needs a solid understanding of commerce. She acts as a partner, so she needs a strong personality. But let's first take a step back. At least 50% of appointed HRBPs have been incorrectly appointed, as studies and practice have lamentably revealed. This is why the selection process itself must be more than just a simple relabelling. After all, business partnering means applying the right actors to the important topics. If individualisation is now the megatrend when it comes to personnel development, this applies to the HRBP in quite a specific way. Better actors are acquired through demanding selection procedures, reliable assessment processes, and individual qualification in the form of a sparring partner, coaching, and supervision.

HRBP is hardly ever a finished product. Recently, in confidential discussions with senior HR experts, we asked ourselves whether any of us could name with a clear conscience a company that had already reached its goal in terms of business partnering and could therefore be labelled “best in class.” None of us could. HRBP, even having come of age, will continue to occupy them as practitioners and us as consultants. In reality, it's not yet fully fledged. But then, who is at 18?

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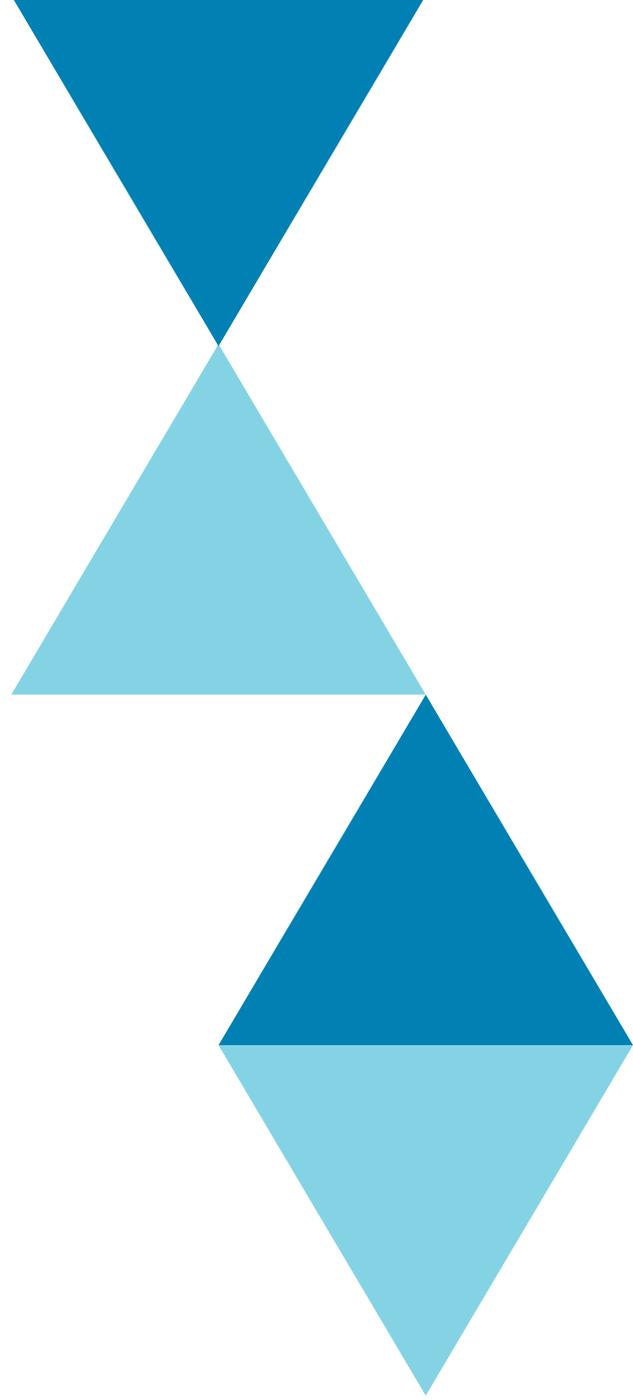
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After more than a decade of joint research and several studies on HR management and business partnering, they published the book *HR Business Partner* in 2010.



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