

Gartner®

Gartner for HR

Playbook for Increasing HR's Strategic Impact



New Global Challenges Are Shifting HR's Top Priorities

Today's fast-paced, ever-changing business landscape requires an evolved approach from the organization — including internal functions such as HR. The combined impact of new ways of working, changing employee expectations, digitalization and faster velocity has exposed the limits of the standard three-pillar HR operating model.






Only 30% of HR leaders believe their current structure allows them to adapt to changing business priorities. In response, chief human resources officers (CHROs) are looking to rebuild for the HR operating model of the future, one that enables HR to operate with agility, strategic alignment with the business and operational efficiency.

84% of HR functions have restructured in the past two years, are currently restructuring or plan to restructure in the next two years.

Only **34%** of HR leaders believe their current HR structure allows HR to adapt quickly to changing business priorities.




Only **40%** of HR leaders believe their current HR structure separates transactional and strategic HR tasks appropriately.

Today's Global Landscape

-  New Hybrid Ways of Working
-  Increasingly Complex Stakeholder Expectations
-  New Dynamic Talent Landscape
-  New Adoptions of Technology and Automation
-  Faster Pace of Business



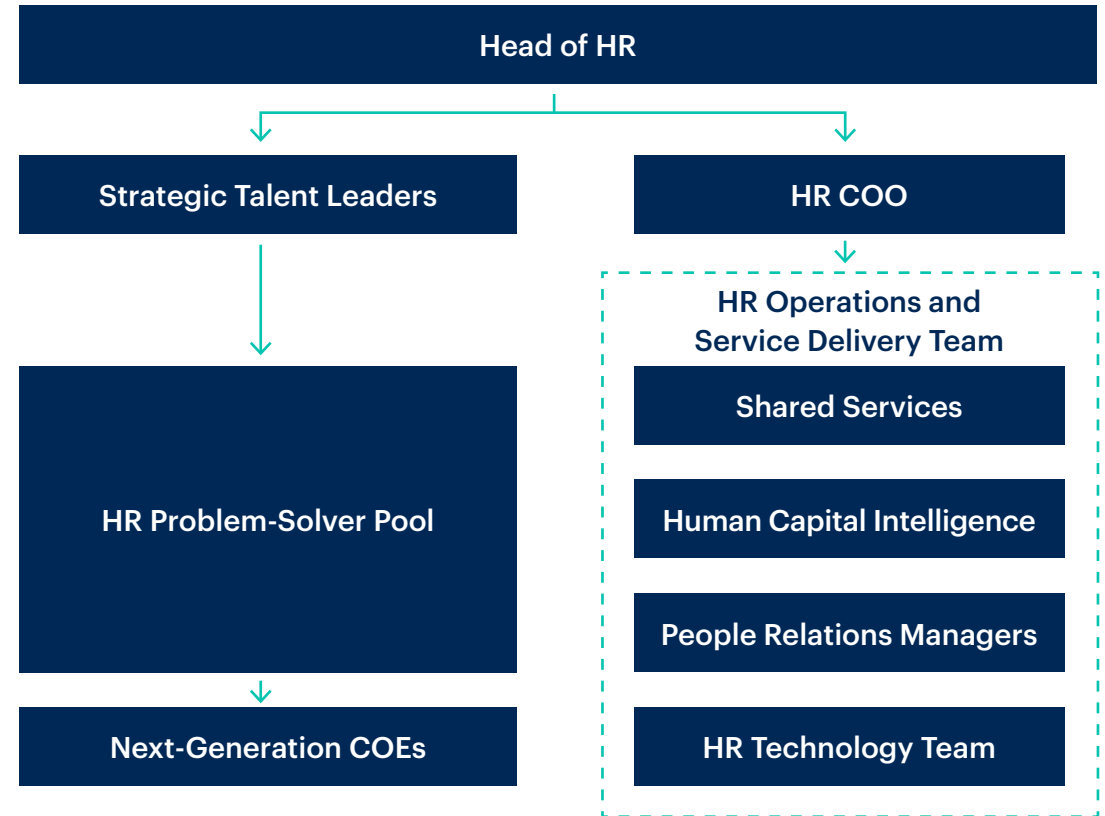
New HR Priorities

-  More Flexible and Agile
-  More Strategically Aligned With the Business
-  More Operationally Efficient

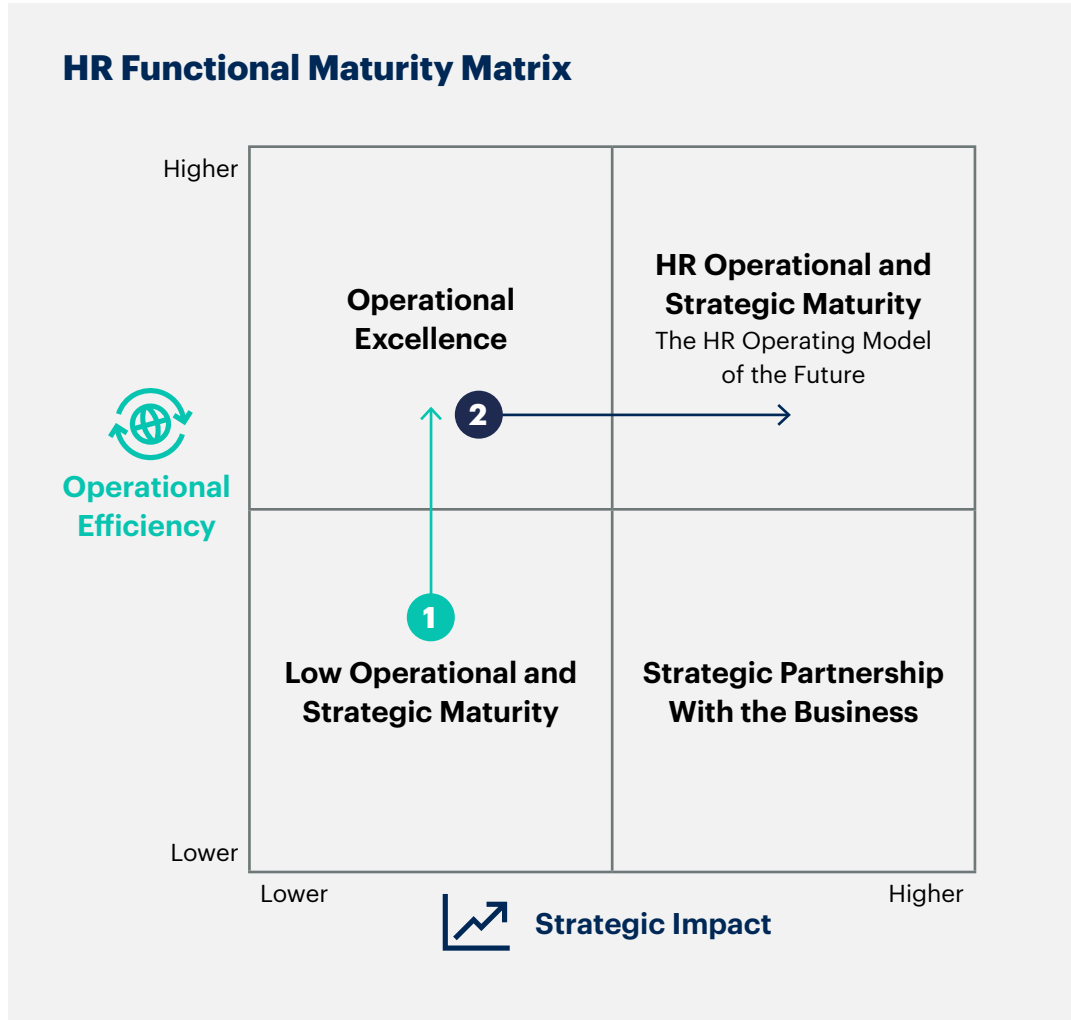
Introducing the HR Operating Model of the Future

CHROs are embracing a new HR operating model by driving four imperatives:

1. **Building a robust HR operations and service delivery team.** A centralized, dedicated team, led by an HR COO, serves employees and managers with infrastructure and processes to carry out day-to-day HR operations.
2. **Reinventing the HR business partner (HRBP) to be to be a strategic talent leader.** HR leaders align with specific business units to serve as their de facto CHRO, and partner with business leaders to address the unit's strategic talent priorities.
3. **Creating a dynamic pool of HR problem solvers.** The heart of the HR function, problem solvers apply project management and critical thinking skills to short-term HR-related projects.
4. **Providing agile support with next-generation centers of excellence (COEs).** As problem solvers deliver timely agile solutions and technology meets employee needs, COEs will become smaller and bring on contractors and consultants as needed for deep HR expertise.



Achieving the HR Operating Model of the Future



The optimal path to achieving the HR operating model of the future involves first upgrading HR's operational efficiency — which frees resources, reduces duplicate efforts and provides more space for strategic thinking — and then increasing HR's strategic impact. It will be easier to redesign roles and introduce new teams after HR has a more stable foundation for operational excellence in place.

This playbook focuses on the second phase of HR transformation: increasing HR's strategic impact. See the first phase, Playbook for Upgrading HR's Operational Efficiency, [here](#).

Four Areas to Increase HR's Strategic Impact

1

Realign Your HR Strategy

- Evaluate HR's effectiveness against HR's goals.
- Evaluate HR's effectiveness against the goals of the business.
- Refocus your goals and establish criteria for successful strategy execution.

2

Reimagine HRBPs to Increase Strategic Partnership

- Outline strategically focused HRBP roles and responsibilities.
- Assess HRBP skills, abilities and interests.
- Evolve strategic competencies.
- Provide strategic HRBPs with time and support for strategic activities.
- Further separate HRBP responsibilities into distinct, specialized roles.

3

Provide Agile Support With Next-Generation COEs

- Define the value proposition for next-generation COEs.
- Reevaluate COE activities based on end-user value.
- Update COE staffing to drive efficiency and impact.
- Use agile ways of working to run next-generation COEs.

4

Implement an HR Problem-Solver Pool

- Determine the objectives, parameters and staffing necessary for the team.
- Define the team's roles, competencies and subject matter expertise needs.
- Create a project charter and project prioritization method.
- Develop the team and establish pathways for skill development.

Sample Actions to Realign Your HR Strategy



Evaluate HR's effectiveness against HR's goals

Benchmark your HR strategic effectiveness against your HR strategy goals. Review HR's strengths and weaknesses in talent planning, functional effectiveness and functional strategy. Use this as a baseline to identify gaps between the current capabilities of the HR function and what you want to achieve.

Why it's important

Benchmarking HR's current performance reveals areas of inefficiency against HR's strategic goals. This initial baseline provides a benchmark to later understand where changes can allow for greater strategic impact and can also be used to create a sustainable roadmap to drive growth.



Evaluate HR's effectiveness against the goals of the business

Evaluate the business's perspective of HR's strategic impact and effectiveness through interviews, focus groups, surveys or metrics. Determine the product offerings, investments, services and capabilities that would best help achieve business objectives going forward.

Why it's important

Understanding what the business expects from HR and creating alignment between organizational and functional strategic plans are essential to helping the business meet its goals. Assessing gaps in business priorities and HR priorities helps identify high-priority improvement areas.



Refocus your goals and establish criteria for successful strategy execution

Use the data you've gathered from evaluating HR's effectiveness against HR's own goals and the goals of the business to identify high-priority services and refocus your goals on delivering those services. Seek to close these gaps and even consider rebuilding your HR function around the delivery of these services.

Why it's important

Refocusing HR's delivery capabilities on critical services will help the HR function become more strategically aligned to HR's own goals and the goals of the business. Establishing clear criteria for successful strategy execution helps HR measure progress, identify potential bottlenecks and focus efforts to maximize performance.

Note: The above are sample recommended actions. For the full list, contact your Gartner representative.

Sample Actions to Reimagine HRBPs to Increase Strategic Partnership



Outline strategically focused HRBP roles and responsibilities

Align what it means to be “strategic” with the goals you outlined in the previous section. Clarify strategic roles and responsibilities for HRBPs by using examples encountered in their day-to-day work, including performance management, training and development, employee relations, talent acquisition and other relevant fields.

Why it's important

By understanding which HRBP activities constitute strategic work, HR leaders can drive strategic impact by having some of their HRBPs devote their time to more strategic endeavors. This exercise will help HR leaders and their HRBPs stay focused on what's most important to driving strategic impact and specializing accordingly.



Assess HRBP skills, abilities and interests

Conduct surveys, analyze central HR data and have candid career conversations with your current pool of HRBPs and HR generalists to diagnose their skills, abilities and interests. Think about the future roles your HRBPs can move toward — more strategic or more operational roles.

Why it's important

Assessing HRBP skills, abilities and interests is the first step to moving them to new HR roles. For HRBPs to take on more strategic roles, they need to express interest in doing so and begin understanding what to expect.



Evolve strategic competencies

Among your HRBPs who are capable of and want to become more strategic, train them to develop their expertise in data and analytics, technology and business acumen. Provide HRBPs with a singular, easy-to-find source of data and analytics, and train them to understand, interpret and make decisions based on this.

Why it's important

Providing training to HRBPs who are capable and want to become strategic to upskill and prepare them for more strategic HR roles makes HR a stronger partner with the business. Strategic HRBPs need to eventually be entrusted by HR leadership to think critically and make difficult talent decisions that drive to strategic goals.

Note: The above are sample recommended actions. For the full list, contact your Gartner representative.

Sample Actions to Provide Agile Support With Next-Generation COEs



Define the value proposition for next-generation COEs

Next-generation COEs reflect an evolution in how HR delivers effective and efficient subject matter expertise. Consider how your COEs can continue to provide deep HR expertise while operating with more flexibility; this may mean flexing more contracted, external work and shrinking the number of dedicated COE staff, as well as instilling new forecasting models to help COE resourcing be more dynamic and well-timed.

Why it's important

Defining a clear value proposition for next-generation COEs helps demonstrate how HR can address these two challenges and promote stakeholder buy-in. By scaling down COEs and making them more dynamic against uneven demand, as well as creating greater role delineation and clarity, COEs can operate more efficiently and effectively.



Reevaluate COE activities based on end-user value

Apply a customer-centric lens to identify high-value and low-value COE tasks. Ask end users, "What is most important to you?" and assess activities against these valuations. If COE time spend is greater than the value to customers, consider eliminating or automating the task.

Why it's important

Understanding COE value and effectiveness can help inform areas to optimize, outsource, automate or eliminate. Use this as a baseline to inform your COE transformation.



Update COE staffing to drive efficiency and impact

To make COE teams leaner and more flexible, reduce your COE staffing. Some team members can be redeployed to the HR problem-solver pool, or other areas within or even outside of HR. Encourage the head of each COE to find external sources of expertise where possible, such as contractors, consultants and other experts. Evaluate current COE teams to ensure they have the right balance of specialist skills and expertise to be agile.

Why it's important

To promote agile ways of working, COE teams need to be sourced differently; specifically, HR will need less in-house COE support and more problem solvers. As COEs grow smaller and leaner, they will rely more on external expertise. This specialist expertise can be flexed to meet fluctuating demand and help ensure HR's COEs are efficient.

Note: The above are sample recommended actions. For the full list, contact your Gartner representative.

Sample Actions to Implement an HR Problem-Solver Pool



Define the team's roles, competencies and subject matter expertise needs

Roles may include a head of the problem-solver pool, a project management office, project leaders, project staff, subject matter experts and people managers. Staff working in these roles can “double-hat” and continue to work in their previous role concurrently. Problem solvers can be sourced internally from HR, externally with an HR background or from non-HR backgrounds.

Why it's important

Defining roles and competencies for the HR problem-solver pool helps outline responsibilities for assembling project teams, as well as provides compelling career opportunities to drive engagement.



Develop the team and establish pathways for skill development

Build your HR problem-solver pool from both internal or external sources and focus on adding consultative skills such as project management, teamwork and communication. Establish skills development pathways, such as a skills inventory, to cultivate HR staff skills and further their careers. Keep track of employee skills, development areas and projects.

Why it's important

Sourcing more general consulting or project management skills to your HR problem-solver pool, as opposed to more HR-centric skills, may seem counterintuitive but will ultimately lead to more critical thinkers and collaborative team members, who can learn more about HR on the job. They can complement a team of HR subject matter experts and provide diverse viewpoints.



Create a project charter and project prioritization method

An HR problem-solver pool helps dynamically deploy HR staff to various projects. Before creating this group, consider the objectives, parameters and staffing needed for the team.

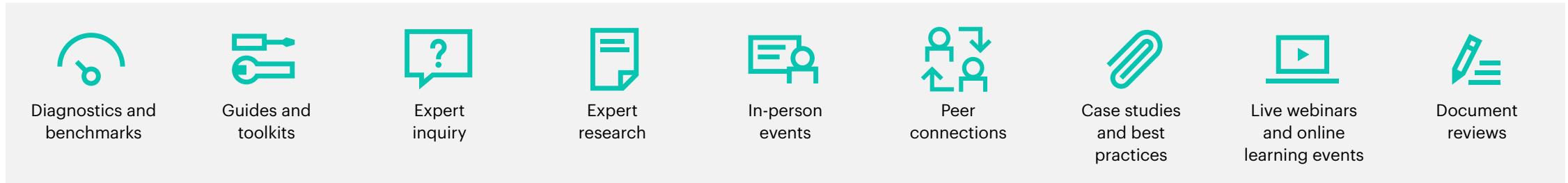
Why it's important

These considerations will help HR leaders plan their HR problem-solver pool and provide a foundation for it to grow in the future.

Note: The above are sample recommended actions. For the full list, contact your Gartner representative.

How Gartner Is Helping HR Leaders Adapt and Stay Ahead

The decisions HR leaders make today can impact their company brand for the next five years. It's critical to have trusted support. With our insights, actionable tools and advisory, we help HR leaders adapt their strategies across a variety of mission-critical priorities to set up their organization for success.



Example of HR strategy initiative support as a Gartner client:

Diagnose current state

- Evaluate the effectiveness of your HR function to prioritize areas of development using the HR Score diagnostic.
- Benchmark your organization's HR investments in HR staffing cost, compensation and more using the HR Budget & Efficiency Benchmarks.
- Benchmark 85 key HR metrics on topics, such as HR expense, staffing, structure, activities, workforce measures, functional cost and compensation.

Develop your plan

- Develop an HR strategy aligned to your organization's overall strategy and goals, with 5 Steps to Building an HR Strategy.
- Identify gaps between the organization's business objectives and HR's current capabilities using the Gap Analysis Matrix and Investment Guidance Tool.
- Build a clear summary of your HR strategy with the customizable "HR Strategy on a Page" Template.

Execute and drive change

- Understand how to move beyond the three-pillar operating model, with The HR Operating Model of the Future.
- Identify and communicate your HR strategy to key stakeholders with the Stakeholder Communication Planning Template.
- Design a dashboard to support decision making by reviewing and modeling examples from other clients in the HR Dashboard Library.

Actionable, objective insight

Explore these additional
complimentary resources
and tools for HR leaders:

Already a client?
Get access to even more resources in
your client portal. [Log In](#)

Research

The Evolving HRBP Role in the HR Operating Model of the Future

Create a more efficient and flexible HR function.

[Download Research](#)



Virtual Briefing

Transform the HR Function to Lead the Business

Support HR transformation beyond the structural decisions.

[Watch Now](#)



Research

The HR Operating Model of the Future

Rethink HR's structure to be more agile.

[Download Research](#)



Research

Leadership Vision for 2022: Chief HR Officer

Set and execute a winning vision for 2022.

[Download Research](#)



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