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Gartner for HR

# Playbook for Upgrading HR Operational Efficiency



## New Global Challenges Shift HR's Top Priorities

Today's CEOs expect transformational growth while confronting a familiar but evolving set of external challenges like economic volatility and competitive labor markets. The combined impact of these transformational growth goals, emerging technologies like AI, changing employee expectations, and labor market shifts has exposed the limits of the standard three-pillar HR operating model.

As a result, 87% of HR leaders believe that shifting business needs require continuous HR transformation. Chief human resource offices (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.

**89%** of HR functions have restructured in the past two years, are currently restructuring or plan to restructure in the next two years.

**87%** of HR leaders believe that shifting business needs require continuous HR transformation.




Only **24%** of HR leaders believe their current HR structure separates transactional and strategic HR tasks appropriately.

### Today's Global Landscape

-  CEO Expectations for Transformational Growth
-  Increasing Use of Emerging Technology
-  Changing Employee Expectations
-  Labor Market Shifts



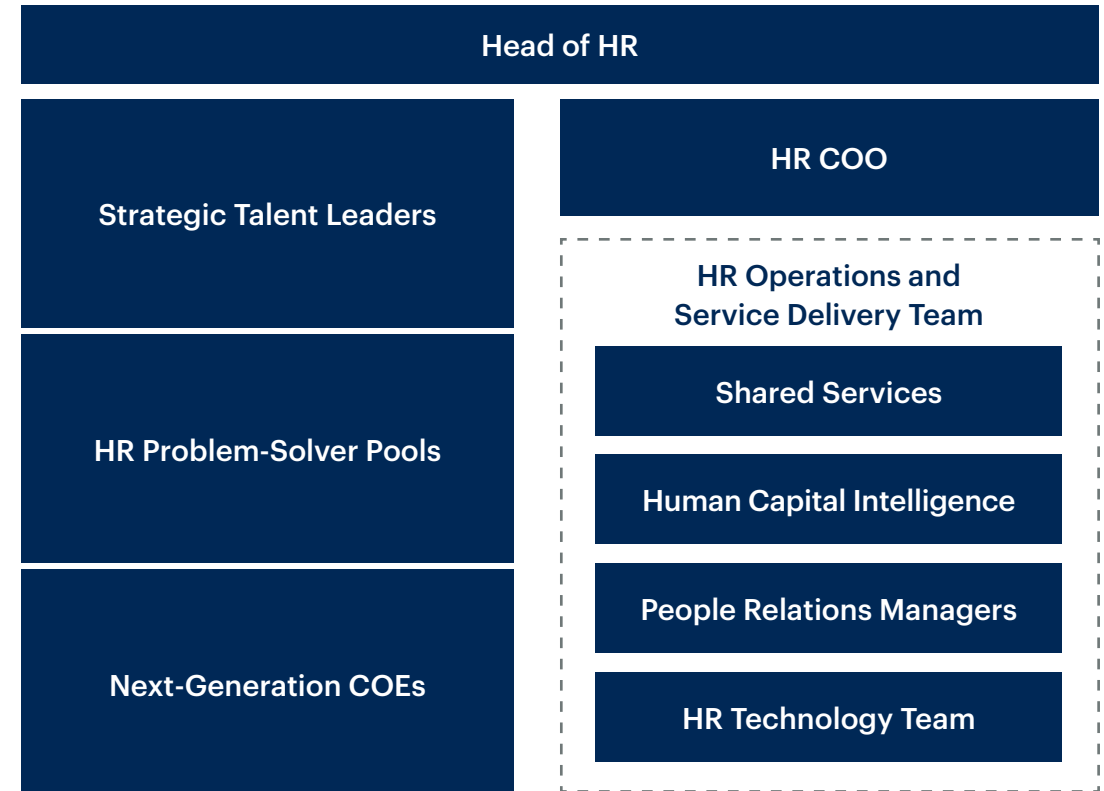
### New HR Priorities

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

# 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.** The goal of the HR operations and service delivery team, led by an HR chief operations officer, is to act as a centralized, dedicated team servicing employees and managers and laying the operational foundation to increase the rest of the function's strategic impact.
- 2. Reinventing the HR business partner (HRBP) to be a strategic talent leader.** Strategic talent leaders align with specific business units to serve as their de facto CHRO, and partner with business leaders to address the unit's most pressing business opportunities and challenges.
- 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 leaner next-generation centers of excellence (COEs).** As problem solvers deliver timely agile solutions and technology meets employee needs, COEs will become smaller with a dedicated focus on creating and upgrading policies, processes and philosophies used by HR and the workforce.



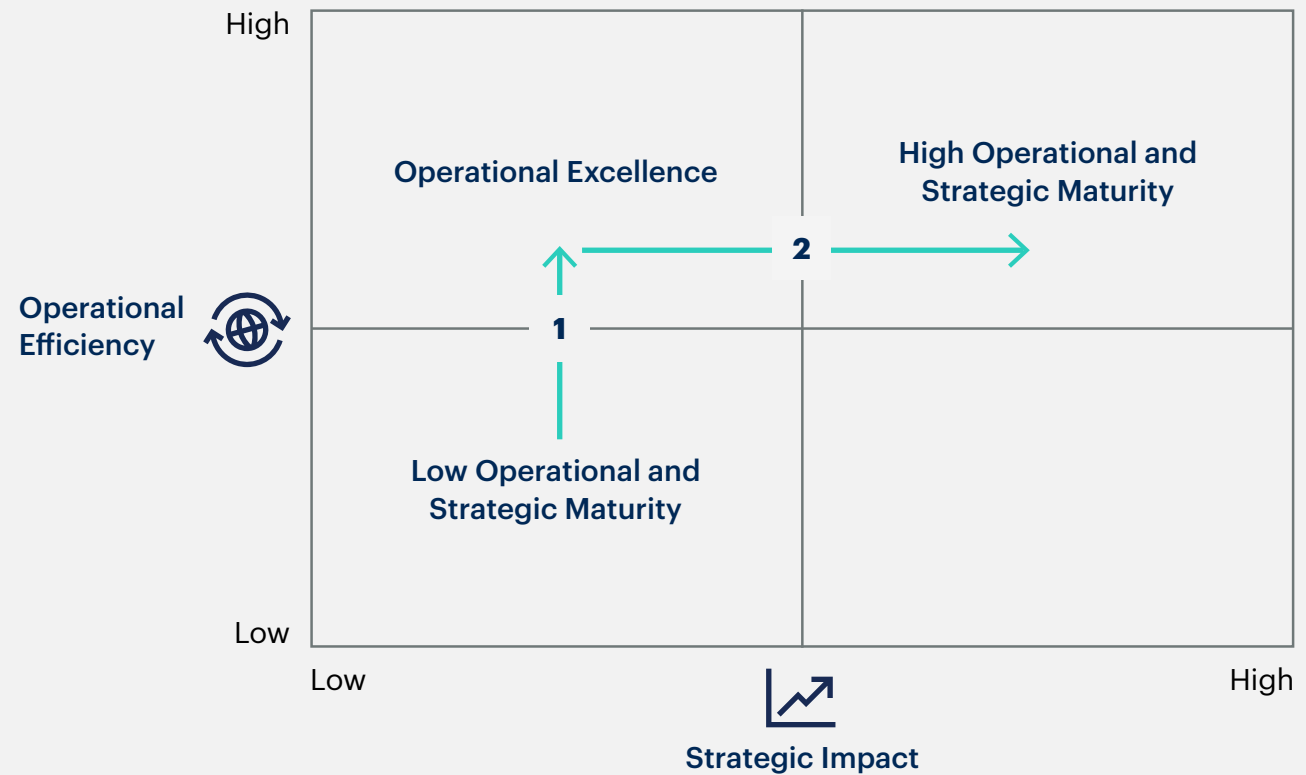
Source: Gartner

# Operational Efficiency: Critical First Phase on the Path to the Future

Achieving the HR operating model of the future unfolds over multiple phases — the first of which is to increase HR operational efficiency. Doing so frees resources, reduces duplicate efforts and unlocks time and resources for strategic priorities.

A more efficient organization provides a stable foundation on which to redesign roles, introduce new teams, continuously improve operational excellence and drive more strategic impact.

## HR Functional Maturity Matrix



Source: Gartner

# Upgrading HR's Operational Efficiency

CHROs and their teams can pursue one or more of the following four methods to improve HR's operational efficiency. Select a method to start with depending on your organizational priorities and maturity, and the current state of your HR operating model.

**1**

## Improve HR Process Efficiencies

- Benchmark HR functional performance.
- Define an HR service catalog.
- Refine local procedures for global processes.
- Rethink roles to optimize processes.
- Establish clear, agile decision-making routines.

**2**

## Maximize the Value of Your HR Information System (HRIS)

- Utilize the full functionality of your HRIS.
- Explore opportunities to automate.
- Optimize employee adoption of HRIS tools.
- Use HRIS to enhance HR's data capabilities.

**3**

## Create and Evolve HR Shared Services

- Migrate HR activities into shared services.
- Define the relationship between local HR roles and the shared services center.
- Audit the information impact of the shared services scope.
- Define the data needs out of shared services.

**4**

## Create a Robust HR Operations Team

- Define the longer-term vision for the team.
- Create an HR chief operating officer (COO) role.
- Define additional areas of scope.
- Enhance HR data capabilities and talent.



## Example Actions to Improve HR Process Efficiencies



### Benchmark HR functional performance

Benchmark your HR functional performance, including budget and expenses, staffing, activities and costs. Use the results to identify areas of inefficiency.

#### Why it's important

Benchmarking current performance reveals when you are using resources in a way that's out of sync with your key HR priorities. Set improvement goals and use the baseline benchmark numbers to track improvements, as measured by savings, efficiency gains and spend reallocation. Create a sustainable improvement roadmap to drive productivity and growth.



### Define an HR service catalog

List all HR activities, and the related end-to-end process steps. Document who is responsible for each step and output, and identify any dependencies, such as technological support. Look for opportunities to eliminate redundancies and optimize processes.

#### Why it's important

A service catalog identifies the standardized HR services available to the business, details process steps and provides accountability. Examining HR services as end-to-end processes, not just as individual tasks, ensures that all steps and responsibilities are documented. This helps to identify and eliminate duplication and inefficiency.



### Refine local procedures for global processes

Identify processes in a given location or business unit that differ from global standards. Consider mandatory legal requirements as well as established local procedures. Implement and maintain these procedures in your HRIS.

#### Why it's important

Global companies with local process variations risk duplication and inefficiency, as well as legal threats. Document standard and appropriate deviations from the standard to clarify accountability and reduce the burden of transactional work.

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

## Example Actions to Maximize the Value of Your HRIS



### Utilize the full functionality of your HRIS

Globally implement all the HRIS modules included in your supplier contract and retire legacy systems when functionality is redundant. Establish an agile HRIS team to react to, understand and educate stakeholders on the HRIS and any updates.

#### Why it's important

Utilizing the full functionality of the HRIS maximizes the potential to drive fast, efficient technological outcomes without additional investment. Implementing these modules in all units globally helps achieve efficiency, data integrity and compliance.



### Explore opportunities to automate

Artificial intelligence (AI), machine learning and robotic process automation (RPA) are popular methods for streamlining repetitive tasks. Analyze HR processes, workflows and interfaces to identify opportunities to automate. Start with document generation and contract handling and move toward chatbots and other self-service tools.

#### Why it's important

Automation helps improve:

- Process quality — Minimize error by automating and standardizing common tasks.
- Speed of execution — Complete existing tasks more quickly using automatic processes.
- Employee productivity — Free employees to complete higher-value or complementary tasks.



### Optimize employee adoption of HRIS tools

Understand how employees use HR technology to identify opportunities to maximize tech investment. Leverage employee feedback on HRIS solutions to ensure HR technology is useful and relevant.

#### Why it's important

The HR technology function spends more than 70% of its budget on technology service provider expenses. Achieving return on this investment requires that it deliver value to the HR function — which is difficult to do if employee tech adoption is poor.

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

## Example Actions to Create and Evolve HR Shared Services



### Migrate HR activities into shared services

Develop a plan to transition HR activities to shared services. Consider process complexity, process standardization potential, shared services readiness and internal customer readiness.

#### Why it's important

Planning shared services migration helps prioritize HR activities and processes that are likely to make the greatest efficiency improvements — and facilitate easier transitions. Shared services centers should start with transactional or standardized activities and progress to judgment-based activities over time.



### Define the relationship between local HR roles and the shared services center

Define the roles fulfilled by different resources to drive the timeline and adoption of shared services. Segment business units based on the speed with which they will be able to transition to shared services. Reassess the roles and responsibilities of regional and business unit HR teams at regular intervals as the organization and HR function evolve.

#### Why it's important

Different managers and leaders will adopt self-service practices at different paces, which will require local HR to continue addressing transactional requests until slower adopters make the transition. Plan for local HR associates to serve as coaches and change during this time to support the transition of end users to automated shared services.



### Define the data needs of shared services

Utilize three forms of data insights:

- Data collected from employees directly (i.e., surveys asking employees to rate the usefulness of certain content)
- Data collected indirectly through HR portals and chatbots (i.e., insight into the relative importance employees place on various programs)
- Transactional data collected through HR workflow ticketing systems (i.e., ticket types or ticket volumes)

#### Why it's important

Shared services can use data to analyze trends in demand, identify process workflow bottlenecks and drive self-service improvements. Due to its proximity to operational HR tasks, shared services data can also raise awareness of trends that might indicate an up-and-coming talent issue or opportunity.

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



## Example Actions to Create a Robust HR Operations Team



### Define the longer-term vision for the team

Outline the longer-term vision for an HR operations team. Use this vision to set goals and track progress against them, and to set and manage expectations about what the HR operations team will deliver.

#### Why it's important

Defining a longer-term vision can help HR measure progress in areas such as efficiency, cost, customer satisfaction and scalability. Having a clear vision can also help communicate the benefits of the HR transition, the phases over which it will unfold, and the benefits business stakeholders can expect to see at different phases.



### Create an HR COO role

Create an HR COO role to oversee and drive collaboration across the HR operations team.

#### Why it's important

The HR COO oversees efficiency and data-driven innovation across the whole function. The COO connects HR teams with different expertise to ensure that the work of specialists such as operational experts and HR technologists — who may sit in a shared services organization — are broadly embraced by all corners of HR.



### Enhance HR data capabilities and talent

Grow analytical capabilities so that HR operations can handle a broader scope of activities. Consider hiring data scientists, engineers or analysts.

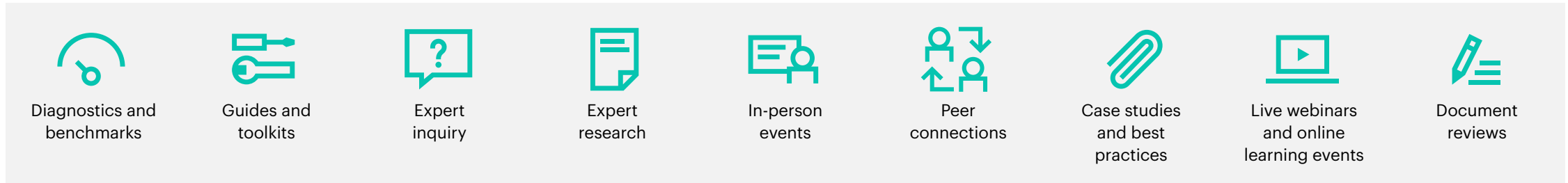
#### Why it's important

An HR operations team should use data to manage its services. As the team's scope grows, HR business partners will rely more on operations to provide the data they need to serve as strategic talent partners for business unit leaders.

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

Today's HR decisions can impact a company's brand for the next five years. Trusted support is critical. 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.



## HR strategy and management support you receive as a Gartner client:

### Diagnose current state

- Use the HR Score diagnostic to evaluate the effectiveness of your HR function and prioritize areas of development.
- Benchmark your organization's HR investments in HR staffing cost, compensation and more using the HR Budget & Efficiency Benchmarks.
- Schedule time with an expert to discuss concrete action steps HR leaders should take to execute a successful HR strategy.

### 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 HR Capability Heat Map Template 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.
- Communicate your HR strategy to the board with our Template for Presenting HR's Strategy to the Board.
- Create a change management plan to implement your HR strategy and changes to your operating model with our Toolkit to Prepare Your HR Transformation Change Management Journey.

# Actionable, objective insight

Explore these additional  
complimentary resources  
and tools for HR leaders:

Already a client?  
Get access to even more resources in  
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## Research

### Defining and Introducing the Strategic Talent Leader Role in the HR Function

Learn how the strategic talent leader role fits into the  
HR operating model and how to add it into the function  
with an actionable roadmap.

[Download Research](#)



## Webinar

### Leverage Change Management for Successful HR Transformation

Discover how to more effectively manage change to  
improve the likelihood of HR transformation success.

[Watch Now](#)



## Research

### Playbook for Increasing HR's Strategic Impact

A 4-step framework for HR leaders to upgrade their  
strategic impact and move toward the HR operating  
model of the future.

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## eBook

### 2025 Leadership Vision for CHROs

Discover the top 3 strategic priorities for CHROs  
in 2025 and actions for leading your teams and  
HR to success.

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