

Reframing HR as a Strategic Business Partner for the Future while Realizing the Efficiencies & Cost Savings of Outsourcing



BUSINESS CHALLENGE & CONTEXT

The Human Resources function was not effectively linked to the business, and the HR organization of the world's largest medical device company was struggling to frame HR issues in business terms. In order to bring

vital statistics

- The world's largest medical device company dedicated to less-invasive medicine
- More than 25,000 employees
- 26 manufacturing, distribution & technology centers
- More than 13,800+ patents in over 45 countries
- \$8.5B+ in revenues

silo'd divisions together and create one, unified platform for HR business processes, this organization outsourced its HR systems and processes, creating an urgent need for members of the HR function to reframe their role and capabilities. Not only was this an HR transformation, but also a business process and change

management proposition in an organization that was not skilled at designing, facilitating and realizing the benefits of widespread organizational change.

The HR function lacked a plan, not only to engage HR itself, but to also engage the wider organization, and it didn't help that the biggest source of resistance to change was coming from members of the HR organization itself. People knew that because of the outsourcing, jobs would

be eliminated, and they were struggling to visualize what their new roles would/could be, and how they needed to prepare themselves to be successful in the new organization.

This meant getting aligned on the HR business case for change and internalizing it, learning new skills and capabilities aligned with business needs and working as a newly formed cross-organizational team, to ensure that HR's history of "false starts" wasn't repeated.

VISION OF SUCCESS

The main objectives of this effort were to ensure that the new HR organization would be able to:

- Deliver greater cost-effectiveness and operational efficiency to the business – show savings.
- Demonstrate the capability to deliver high-leverage, business oriented work with a smaller, leaner organization.
- Successfully implement an HR business process outsourcing project with the chosen vendor for all transactional work in key HR areas: Payroll, Benefits, Compensation, L & D, Staffing, ER, etc.
- Increase manager and employee self-service, provide a world-class service center and on-line support.
- Reframe the perception of HR from a "pair of hands" to a "value-added business partner."
- Re-design and restructure the HR organization to support and force high-value work, including re-

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assignments, hiring and down-sizing (as needed).

- Change the HR toolkit so that the question of “what will I do now, if the HR ‘stuff’ is gone?” could be answered and so that members of the HR organization could implement their new work with competence and confidence.
- Help the HR organization grapple with their loss of identity and the creation of a new identity inside the organization to facilitate deeper partnership with the line organization.
- Ensure sustainable change inside the HR organization.
- Build HR’s “muscle” as leaders of organizational change and business process improvement so that the HR organization could become a model for collaborative change in the organization, and be able to transfer this capability to the business

OUR COLLABORATIVE CHANGE SOLUTION

Organizations that outsource HR’s transactional activities save money and gain a flexible, scalable, and improved process for delivering services. They also create an extraordinary opportunity to re-contract with line managers to provide strategic, value-added services. How can OD professionals help create a higher-performance organization, where HR is a strategic partner to the business? This organization partnered with Interaction Associates to solve this dilemma.

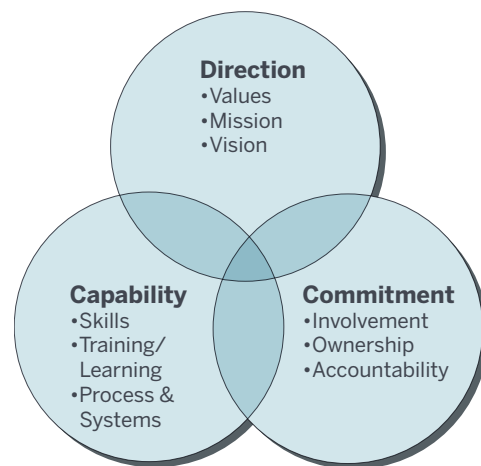
The collaborative change effort was characterized by its complexity and scope. It was a short-term implementation with long- term, sustainable change expectations attached to it. It was an effort that touched the work, processes, systems, roles, skills and structure of HR service delivery – a complete transformation of the HR model.

Multiple stakeholders were involved, including senior executives, the entire HR function, and ultimately all managers and employees, as well as the outsourcing vendor team. To be successful and to realize the business case for the investment, this change had to be widely supported and adopted at all levels of the organization. With all of these variables in mind, the vision for the implementation and roll-out of the change centered on a collaborative change approach. There were too many stakeholders with too many interests and agendas

which required the HR function to lead the change while maintaining superior service, re-defining its strategic role, rebranding the function, developing new skills, and work across functions and business as an aligned team – never before had this been done.

By using Interaction Associates’ Collaborative Change Management Framework, the HR organization was able to transform itself from a transactional cost center to a highly effective strategic business partner. Collaborative change is the practice of designing and implementing complex organizational change in a way that involves the right people at the right time in order to create and implement a strategic, robust and collectively owned future state; it involves aligning and mobilizing three key levers for success:

1. Setting **direction** for the HR organization
2. Gaining **commitment** both from within the HR group and from internal clients, and
3. Developing the internal **capability** needed to tackle new responsibilities.



In the **direction** phase, we worked with key stakeholders and HR leaders to determine the transformation goals and strategy of the outsourcing effort, identify the portfolio of services that would be offered, and the way they would be delivered to the customer. In this phase the HR organization was redesigned, and tasks, job definitions, relationships and respective responsibilities that enabled the core business process were assessed and defined. Making the case for change was a critical element of this phase. Some of the outcomes of this phase were: Alignment among senior executive change

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sponsors around a clear vision, case for change, goals and metrics, the change strategy, key leadership behaviors, and decision-making processes and authority.

In the **commitment** phase, the people most responsible for driving the change were enrolled and aligned behind the initiative. Roles were defined and operating agreements made. This highly collaborative process was the main key to success. The major outcome of this phase was to create a laser-sharp focus on the people (involvement) and process (transparency) side of the change. By utilizing stakeholder involvement on the front-end, we were able to reduce the cycle-time of resistance that often derails major change efforts.


In the **capability** phase, needed competencies were identified and assessed across the HR organization. HR designed and delivered a process for building and maintaining the individual and team competencies needed to fulfill the future vision of the new HR organization. Our focus in this phase was to build both individual and organizational skills to lead and implement collaborative change and to operate as internal, value-added “consultants” and “thought partners” for business leaders throughout the organization.

RETURN ON INVOLVEMENT

As a result of our partnership, our client was able to:

- Exceed the desired cost savings laid out in the business case for this change initiative. This achievement helped each HR leader become a visible partner in the business and exponentially increased the HR organization’s credibility because they could “show their results along with everyone else’s”.

- Implement a new organization structure and increase HR’s flexibility via an interchangeable structure that has both a COE focus and a shared services/regional focus. As a result of this new structure, the organization was able to integrate a new acquisition seamlessly, in record time, and support it from an HR perspective.
- Become a model for how to design, lead and implement a successful collaborative change initiative inside the organization. Not only did the HR function build its own confidence and competence as change leaders, but business leaders throughout the organization began to make requests of HR to lead subsequent company-wide organizational improvement efforts. There were two key business process improvement projects that followed the HR transformation that were fully led and managed leveraging the new capabilities and partnership HR had forged with business leaders (internal clients).

 **Interaction Associates** is a 40-year-old performance improvement company with a focus on leadership, teamwork, and process consulting. We equip Fortune 100 companies and government agencies with practical skills, tools and mindset to think strategically and work collaboratively to solve problems and create opportunities. We develop leaders at all levels as well as those who manage organizational change. Our skilled consultants have been helping companies overcome their toughest challenges since 1969.