

REPOSITION CHECKPOINT REPORT - 'HR Function & Performance'

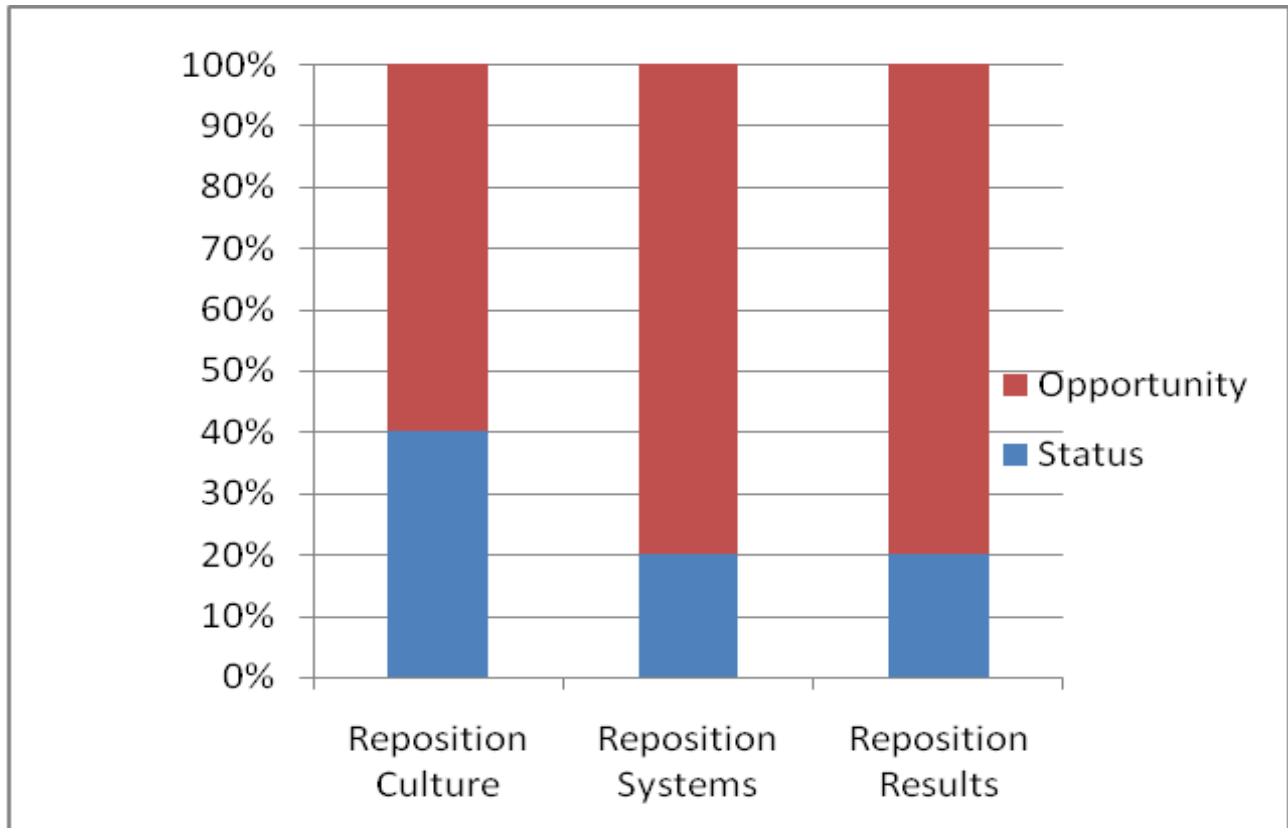
Characteristics of an Organisation with an HR Function that Drives Performance:

Reposition Culture - There is a culture of improvement and innovation within the HR Function. The contribution of the HR Function to the business is recognised by the rest of the business and the HR staff is confident that they play a meaningful role in the business. Similarly the inter-dependence of the central functions is recognised and this leads to constructive engagement between the departments and also with sales and operations. There is a high level of interaction between operational functions and the HR Function, and a high level of interaction between different central functions. The interaction is about real business issues and HR is continually challenged to contribute to a better business. The specific contribution of the HR Function to the overall business is recognised, and the individual contribution of the members of the HR Function is appreciated. People are engaged and purposeful. There is a sense that the business is a sound business and that the HR people have meaningful work that is valued. The employees think the company is a good company to do work for and HR practitioners in particular consider the company to be a good place to work.

Reposition Systems - The HR Function systems and processes are robust and well suited to the size and scale and complexities of the business. The systems are scalable and can accommodate growth, and are well matched to the organisation's business and strategic plan. People are confident in the HR business controls and in the ability of the HR systems to ensure compliance and efficient handling of HR related transactions and events, including recruitment and appraisals. Remuneration and appraisal processes are systemised and predictable, HR policies and procedures are well defined and are relevant, and the HR systems are well integrated into operations. There is a general sense of good order and system efficiency. People throughout the organisation know how things work and employees also understand how to engage with the HR organisation. The roles and responsibilities of the HR Function and of line management are clear and HR related events take place quickly and well.

Reposition Results Orientation - Both the managers and employees in the HR function are accountable for impacting business performance. People understand how the HR department contributes to overall business performance and how each role impacts performance. Expect to find productivity indicators that link the contributions of the HR function and of HR individual roles to business results. There is a strong emphasis on efficiency and on planning for the HR Function to draw a decreasing percentage of company gross margin as the organisation grows. The budgeting approach links the central function cost structure to gross profit and to growth. Similarly the HR capex process is linked to planned growth. People who achieve planned results are recognised. Central departments that contribute to business performance and that align their capabilities with the business plan, are recognised. Overall financial and operational performance is likely to be relatively strong. There is a healthy alignment between the overall business strategy and business plan and the ongoing development of the capability of each central function, including the HR Function. The members of the HR Function have a well developed commercial awareness.

SAMPLE REPORT – HR FUNCTION & PERFORMANCE - REPOSITION CHECKPOINT



There is a significant opportunity to enhance performance by strengthening the extent to which the directors and the executive and management make the Values live and impact performance.

Reposition Status – HR Function & Performance

Reposition ‘Culture’ - Status

<p>Whilst there are some indications that people have a broad understanding of the contribution of the HR Function to the business as a whole and also towards overall business performance, the HR department is relatively disconnected from operations and sales. There is a perspective that HR people do HR things that are needed but do not impact performance. Efficiency improvements are limited and they tend to be ad-hoc and disconnected from the business. Similarly system upgrades tend to happen reactively and somewhat haphazardly, with little connection to the strategic plan and the medium term business plan. People who bring about increased HR efficiencies are not really recognised for their contribution to business performance. Expect to find a fairly traditional approach to important HR activities such as recruitment and performance management. Also expect the approach to have been developed in isolation of the changing business needs. There is a relatively low level of confidence in the output and the performance of the HR Function. Similarly the level of engagement by the HR staff is relatively low as there is a sense of performing a function rather than contributing to a better business. There is a sense of doing things the way things have always been done.</p>	1	20 to 40
--	---	----------------

Reposition ‘Systems’ – Status

<p>The HR Function systems seem to be inadequate for the scale and size and complexities of the business. This will be impacting confidence centrally and in operations. An over reliance on individual competence to compensate for system deficiencies will be causing stress and frustration, and will also be leading to additions to the HR team to handle the workload. It is probable that the system deficiencies are linked to weaknesses in the strategic and business planning process. More particularly the capex process for HR systems is, in all likelihood, not receiving adequate attention during the annual budget and business planning process. It is highly likely that there have been ‘disconnected’ investments in HR system capabilities with system projects not fully implemented. It is also possible that the business offerings have expanded without the appropriate risk management and associated upgrade of HR Systems and the HR Function. Expect to find instances of employee dissatisfaction with basic HR processes tied to things such as the recruitment process, induction, and the annual performance and salary review process.</p>	2	00 to 20
---	---	----------------

Reposition ‘Results Orientation’ – Status

<p>People in the HR Function do not have clear goals and where there are goals these are not aligned to the overall business performance goals. There is a strong element of 'management on the run' trying to resolve HR issues as and when they occur. These HR issues will typically include overspend on recruitment and other HR related matters, instances of staff dissatisfaction with HR administration matters, dissatisfaction over annual reviews, and inter-personal strains referred to HR. With a lack of clear business goals and related HR objectives there are instances of non-compliance. This situation detracts from employee engagement. There will be considerable wastage through ill-directed effort and through a lack of cohesion. There will also be a lack of discipline pertaining to non-compliance and poor performance due to inadequate definition of the expected results for the HR department and for the employees in these departments.</p>	3	00 to 20
--	---	----------------

Reposition Opportunity | Initiatives – HR Function & Performance

Reposition ‘Culture’ – Opportunity | Initiatives

<p>Ensure an ongoing communication program that emphasises the particular contribution of the HR Function on overall business performance. Create structured engagement between sales operations and the HR Function aimed at continual improvement and functional efficiencies. Establish recognition programs to recognise HR function indicatives and improvements that positively impact business performance. Revise and redefine the role of the HR department and of each person in the department in order to align with the overall business strategy and the business plan. This will bring the HR Function into the mainstream of the business and will favourably impact employee engagement and productivity.</p>	1	20 to 40
--	---	----------------

Reposition ‘Systems’ – Opportunity | Initiatives

<p>The results suggest the need for a total review of the alignment between the HR function's systems capability and the present and future needs of the business. There is currently a significant gap between the business requirement and the HR system capability. This will get worse as the business grows and or as the business expands into new geographical markets. There is a need for a comprehensive operational audit to highlight non-compliance areas and to give direction to the project to upgrade the HR systems. The business plan needs to be aligned with the capex plan for central HR system capability. It is likely that the current business performance is weak and business leaders will be 'tempted' to save costs by carrying on without aligning HR system capability with the requirement. The impact will be a worsening business performance with a growing risk of material non-compliance. A strategic review is appropriate. Significant upgrade of central systems means time, cost, and considerable effort. Management needs to satisfy themselves that system upgrades are in the best interests of the company and that they will deliver HR efficiency and effectiveness benefits.</p>	2	00 to 20
--	---	----------------

Reposition ‘Results Orientation’ – Opportunity | Initiatives

<p>All central functions need to establish clear performance metrics that are completely aligned to the business plan and to business performance. Each HR Department employee needs to have these specific metrics cascaded to their particular review metrics. Performance and progress need to be made visible on an ongoing basis. This will create a 'results framework' to guide the contribution of the HR department and of each employee. There is a significant Reposition Opportunity to enhance performance through a review and upgrade of 'roles & responsibilities' and the redesign of the 'performance management system'. Ensuring these refinements enhance business performance is essential. This will increase productivity with enhanced employee engagement and with better alignment of the HR Function work with the overall business objectives.</p>	3	00 to 20
---	---	----------------