

Human Resources: Strategic Services and Solutions Partner - Six Keys for Success!

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The evolution of services and solutions-led businesses provides an exciting array of strategic partnering opportunities for HR.

The Six Keys to Success - focus on strengthening these key HR elements and aligning them for Services:

1. *HR Strategy*
2. *Talent and Skilled Resources Management*
3. *Engagement and Performance Management*
4. *Compensation and Incentives*
5. *Staff Transition and Integration*
6. *Collaborative Leadership*

By further developing these key HR elements, your HR team can help management put all the pieces together to fully utilize the talents of your people working collaboratively to solve client problems ... to achieve success in services sooner!

OVERVIEW

Traditionally, the role of “Personnel”— as Human Resources (HR) was once known—centered more on administrative and support activities such as hiring, transferring, maintaining employee records, and administering appraisal, compensation, benefits, equal opportunity, and other employee relations programs.



The INSIGHT Group – helping create customer value through the talents of all your people working collaboratively to solve client problems!

While most HR teams still focus on the important areas above – they may remain outside of the organization’s strategic planning and business processes.

However, as more products became commoditized and profit margins began to shrink, firms such as Avnet, BMC, Dell, DuPont, EMC², HP, IBM, Johnson & Johnson, Motorola, Oracle, Siemens, Xerox and many others began offering more fee-based client services and

solutions as a way to promote growth and increase profits.

In addition to the financial and business impacts of offering more services and solutions to customers, this transformation also creates significant cultural, organizational, leadership and people management challenges as well. Helping both managers and services professionals to address these challenges provides many HR teams with a “seat at the table” - as a strategic partner to managers and services professional alike.

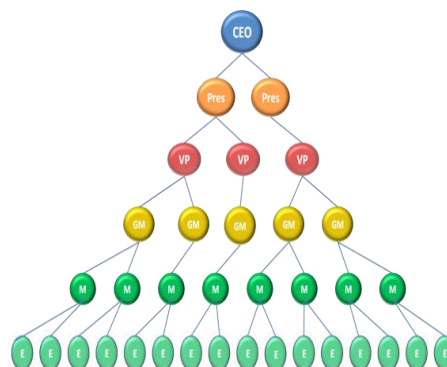
Working with the companies above, along with many other clients, The INSIGHT Group has developed unique perspectives on the challenges and the changes required to help ensure success in professional services, including a more active business role for HR - a role integrated with the strategic and operational fabric of the services business.

This White Paper explores this new strategic partner role for HR.

THE ORGANIZATIONAL IMPERATIVE FOR CHANGE

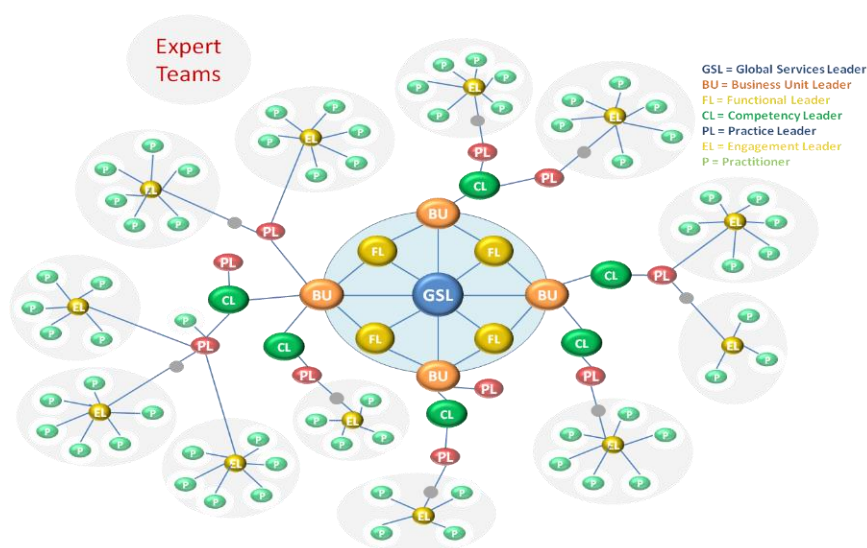
The **Traditional Organization**, as shown below, is hierarchical with centralized planning, decision making, and resource allocation reserved mainly to the top echelons.

Primarily “Tops-down” and permission-based, these organizations are often inflexible and slow to make needed decisions and changes, with little incentive for risk-taking and collaboration. However, today’s global economy requires faster responses to rapid shifts in technology, competitive markets, customer needs, and spending patterns. Failure to do so can significantly reduce revenue, profit, and market share—as evidenced by the slow response of U.S. companies to emerging global competition in the auto, electronics, photo, technology, appliance, and other product manufacturing industries over the last 20-30 years.



An evolving **Services Organization**, as shown below, can be more dynamic and agile. With a “culture” focused more on the customer and results, it has the ability to adapt and deploy skills more quickly to identify and capture opportunity and respond to rapid shifts in technology, markets, customer needs, and client-valued skills. For product firms moving into services, it

actually becomes a “Culture within a Culture” – which makes the transition to fee-based services and solutions even more challenging.



with solutions development and implementation expertise. Expert teams are deployed rapidly to client locations to sell, customize, develop, and deliver profitable services and solutions to customers that help to improve the client’s business results.

The services and solutions organization molds and adapts to guide and support various teams—from pre-sales pursuit and proposal development through to delivery and end-of-engagement. Teams are continually formed and re-formed to pursue, close, and deliver new opportunities. Competency and Practice units develop services offerings as well as solutions development and delivery methodologies to meet customer needs. Core business and functional teams provide

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common strategic business planning, marketing, business development, systems/tools, finance, HR, and other operational support the expert teams need to operate effectively.

In a Services Organization, talented people are the product, and maintaining customer-valued expertise is critical to continued success of the individuals, the organization, and its customers.

Rather than an expense, services practitioners work is client-facing and “billable” as they generate revenue and profit for the firm. More importantly for the future, they drive customer satisfaction and loyalty. The more work services practitioners bill clients for, the more they contribute to their own success, as well as the success of the business — a win / win for all.

The challenge for HR in becoming a valued services strategic partner is to help *continually* develop, implement, and manage relevant, collaborative “services complementary” HR strategies and processes; each of which needs to be linked to strategic business planning cycles and fully integrated with the services opportunity and skilled resources management processes, and supported by robust skills and professional development programs. Companies like IBM Global Services and Accenture have modeled the way for continually developing and deploying customer valued skills.

SO WHAT'S CHANGING? ... *JUST ABOUT EVERYTHING!*

More than just organizational change, there is a broad customer-driven transformation underway of values, culture, strategy, and business processes. Within this transformation, people shift from being an *expense* to becoming a **revenue generator**. This has an enormous impact on how people are recruited, developed, deployed, evaluated, rewarded, and managed:

Traditional Organization	→	Services Organization
Single location/department	→	<i>Mobile Workers: multiple clients/locations</i>
Primary manager	→	<i>Multiple managers/leaders...</i>
Single job and project	→	<i>Multiple roles/engagement teams...</i>
Stable work assignments	→	<i>Dynamic resource allocation</i>
Local management	→	<i>Remote management</i>
Little autonomy	→	<i>Highly empowered and accountable</i>
Employee = overhead expense	→	<i>Employee = revenue generator</i>
Transaction based sales	→	<i>Consultative selling - annuity streams</i>
High base/low incentives/narrow ranges	→	<i>Lower base/higher incentive/wider bands</i>
Skill, effort, seniority	→	<i>Competency, Contribution, Collaboration</i>
Individual “merit” based rewards	→	<i>Individual & “Team” results-driven rewards</i>
Job based education/training	→	<i>Customer-valued skills development</i>

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In the Services Organization, there is less internal focus on products and a greater focus on understanding and meeting external customer needs. To do this requires a broad array of customer valued skills, solutions, expert teams, and a variety of roles required of all employees and managers to meet those evolving customer needs.

As a result, more egalitarian “one-size-fits-all” processes are less effective in addressing the multiplicity of working scenarios and relationships found in a services and solutions-oriented business; where expertise, collaboration and teaming, speed, mobility, autonomy, accountability, and remote management demand more dynamic and flexible approaches.

SIX KEYS FOR SUCCESS

HR is evolving rapidly to provide more strategic, flexible, and tailored approaches to address the changes identified above—resulting from the unique challenges of the services business. By better understanding the challenges new culture and organizational models bring, HR is better positioned to engage and influence strategy development, business planning, and the tactical execution of services strategies and plans. Through first-hand experience working with many of the top global services companies, *INSIGHT* has identified the following “*Six Keys for Success*” in HR’s new strategic role in services and solutions led businesses:

1. HR Strategy Development

Overarching HR strategies must be more aligned with the goals and strategies of the services organization and serve as a road map for HR professionals in achieving their new strategic partner role. By focusing on the organization’s need to acquire, develop, rapidly deploy, evaluate, and reward the successful application of “customer-valued skills” in an accelerated and timely manner, one of our client’s HR teams was able to articulate a new HR strategy fully aligned with the organization’s transformation from products to services and solutions. This new strategy framed all HR requirements and future initiatives and refocused their efforts on defining and benchmarking new roles and responsibilities, more highly leveraged compensation plans, improved talent management processes, increased earnings growth, higher customer satisfaction, and improved financial results. The HR team re-built confidence in HR across the firm.

2. Talent and Skilled Resources Management

The number one client complaint we receive from services executives is that they have to leave “money on the table” because they cannot get the talent needed fast enough to bid and capture identified opportunities. If your current talent approval, acquisition, onboarding, and skills development processes are too slow, you should consider developing more predictive “end-to-end” talent acquisition and skilled resource management approaches to get needed skills onboard sooner, developed and available at the right time, cost, and place to staff customer engagements and to deliver solutions more rapidly. For example, by improving skills demand planning in partnership with practice leaders, developing more structured skills assessment and development processes, and implementing a more rigorous services strategic business planning process,

one of our clients are able to invest in skills acquisition and development much sooner than before. This provided more “predictive” staffing approvals sooner so they could start building warm talent pools for recruiting and deploying key services talent sooner to close and deliver higher value deals, and to pursue more growth opportunities.

3. Engagement and Performance Management

In a services-led business, services professionals are more responsible for their own skills and career development. Most know that the key to continued success is based on maintaining and adding new skills and competencies aligned with their current and future customer needs. This alone may increase their engagement and participation in the business—but they can’t do it alone; services professionals need investment in skills development and support from the organization to stay vital and relevant in the evolving business. In addition to providing job and career development road maps, which outline specific skills and experiential development needed to perform on various customer engagements and skill levels and for professional growth, many clients integrate these requirements into their performance planning, skills development, and evaluation processes – making them part of both individual and organizational goal setting and results assessments. Some clients have also used enabler roles to support Practice leaders in skills and professional development planning; gathering and evaluating 360° feedback from managers, engagement leaders, peers, mentors, and customers on both skills development and engagement delivery performance; and ensuring available talent is deployed across all solutions and offerings.

In one case, a client was not tracking billable utilization. By implementing new utilization planning, pricing, and tracking methodologies they were able to set more meaningful utilization targets, increase billable hours, and provide more targeted skills development needs focused on evolving customer-valued skills needs. By integrating key services expectations such as collaboration, teaming, leadership, billable utilization, and skills development for planned opportunities, the engagement and performance management process also helped to improve individual and business results.

4. Total Compensation and Incentives

Competitive “services relevant” compensation, incentives and rewards, along with wider salary band structures that also provide salary growth for competency development, are critical to success in the services business. Many current survey tools are product- oriented and not competitive for attracting or retaining services talent. By helping a client create and redefine job roles and descriptions for services and conducting a services relevant salary benchmarking study, clients were able to adjust their pay mix more competitively to deliver higher incentives for achieving/overachieving revenue, profit, and customer satisfaction targets while also better reflecting the broader “line of sight” to customer buying decisions found in services. The results were increased individual earning opportunities funded significantly through overachievement, lower fixed costs, more competitive bids - and more business.

5. Staff Transition and Integration Management

One of the quickest paths to improve your services business is by acquiring existing consulting, outsourcing, or services firms, while divesting less-strategic operations.

In either case, conducting comprehensive HR Due Diligence; including detailed comparative analyses of cultural fit (poor cultural fit is a leading cause of the failure of mergers and acquisitions), business strategy and operations, employment-related matters, and transition planning for all affected employees, can help you overcome anticipated pitfalls of these types of deals and improve your services business success sooner by minimizing business and employment disruptions. One client, a large global services firm, successfully managed two complex global deals by developing targeted employee scoping, selection, transition and integration management and implementation plans well in advance of deal signing. As a result, the client achieved a 95% offer acceptance rate from over 3,000 employees in 42 countries, ensuring both the success of the deals and smooth business transitions.

6. Collaborative Leadership Development

Ensuring that you have the services thought leadership and management talent needed for your new services venture is crucial—and collaborative leadership competencies are services mission-critical. Assessing, developing, and enhancing the collaborative leadership capabilities of competency, practice, support, engagement, and project leaders can help achieve services success. Collaborative Leadership Self-Assessment and 360° Assessment tools, collaborative leadership workshops, and services-based mentoring helped a client quickly identify barriers to collaboration, clarify and realign key roles and responsibilities, and implement targeted individual development plans.

CALL TO ACTION

As we have with many clients, The INSIGHT Group can help your organization enhance the significant customer-value of your workforce. Our proven thought leadership and “best practices” result from first-hand experience developing, implementing, and delivering in a variety of successful services-led businesses. By reviewing your current processes in light of those best practices, we can help to *identify* and *prioritize* gaps and jointly develop targeted action plans to close those gaps quickly. We provide collaborative leadership of these “high priority” initiatives so you can focus on putting the talents and skills of all of your people together—working collaboratively—to solve customer problems and improve business results.

About The Author



Bob Giacometti has extensive “hands on” HR leadership experience designing and implementing new HR initiatives for highly successful services companies. Bob was the HR Executive for IBM Global Services and held key leadership roles during a 32 year IBM career. He was Vice President, National Action Council for Minorities in Engineering, and Vice President for Human and Financial Resources at the Rockefeller Foundation. Bob leads INSIGHT’s HR/Talent Management Practice. Contact Bob at bggiaco@insight-group.com or (203) 746-4171.

About The INSIGHT Group ... Creating Client Value

The INSIGHT Group is a management consulting firm specializing in the development and implementation of profitable high-growth services business strategies and plans. INSIGHT is composed of highly skilled executives with demonstrated line management experience and success in Fortune 50 and major foundation environments. For further information check our web site at www.insight-group.com.