

Human Resources – Strategic Partner for Services: 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. Through first hand experience assisting our clients, we have found that by strengthening and aligning your HR strategy, recruiting and talent management practices, performance management tools, compensation and incentive plans, staff transition and Integration processes, and the collaborative leadership capabilities of your services management team, HR can help your organization put all the pieces together to fully utilize the talents of your people working collaboratively to solve client problems ... and 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 and transferring, maintaining employee records, and administering appraisal, compensation, benefits, equal opportunity, and other employee relations programs. While important, many HR teams still operate outside of the strategic planning process and business operations.



The INSIGHT Group – helping put all the pieces together to create customer value through your people!

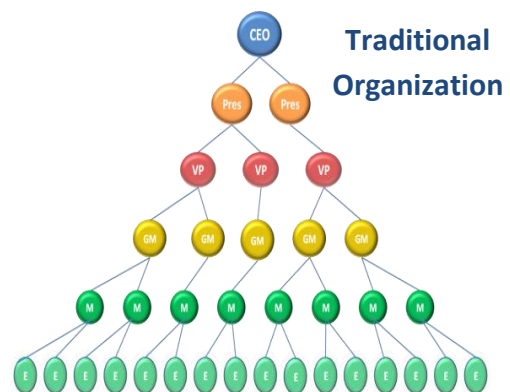
As more products became commoditized, shrinking profit margins, many companies such as Avnet, Dell, DuPont, EMC², HP, IBM, Johnson & Johnson, Motorola, Oracle, Siemens, Xerox and others, began offering fee-based services and client solutions for growth and higher profits.

Working with these and other clients, The INSIGHT Group developed unique perspectives on the cultural, organizational, and business process changes required for success in services – along with a more active 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.

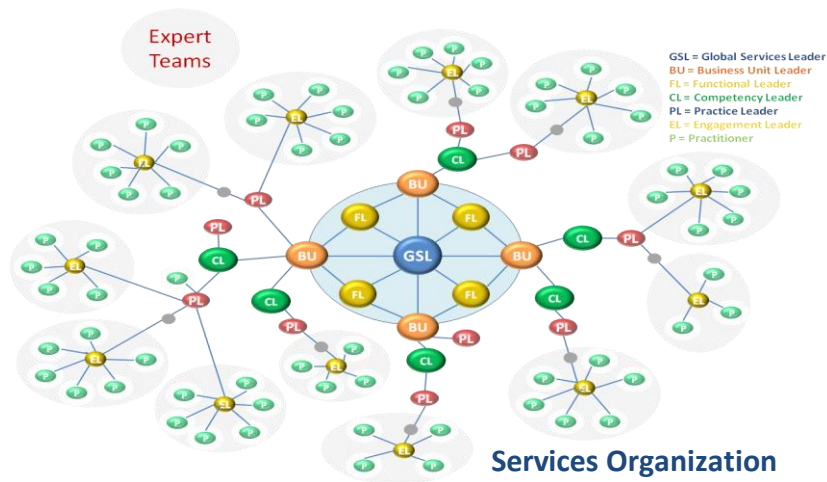
The Organizational Imperative for Change

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

Primarily tops-down and permission based, these organizations can be 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 responses 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.



The evolving **Services Organization**, however, is flatter and more agile – closer to the customer and able to adapt more quickly to shifts in technology, markets, and customer needs.



Expert teams are formed based on skills such as consultative selling, industry, technology, systems, products knowledge, etc., and deployed rapidly to client locations to sell, customize, develop, and deliver services and solutions designed to solve customer problems and improve business.

The organization molds and adapts to guide and support these teams through “end of engagement” and also their reformation to chase 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/functional teams provide common strategic business planning, marketing, business development, systems/tools, finance, HR, and other operational support for the expert teams.

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

Rather than an expense, their work is client-facing and “billable” as they generate revenue and profit for the firm, and more importantly for the future, they drive customer satisfaction. The more their billable work time is utilized, the more they contribute to their own success, as well as the success of the business. A win / win for both the individual and the organization.

The challenge for HR in becoming a valued services strategic partner is to “continually” develop, implement, and manage relevant, collaborative, and services complementary HR strategies and processes. Each needs to be linked to strategic business planning cycles and fully integrated with the services opportunity and resource management processes, and supported by robust skills and professional career development programs.

So What’s Changing ... Just about Everything!

More than just organizational change, it is a broad transformation of values, culture, strategy, and business processes. Within this organizational transformation, the shift of people from expense to “revenue generators” has an enormous impact on how people in the organization are deployed and especially in how they are managed, as shown in the table below.

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

In the Services Organization there is less internal focus on individuals and products and increased focus on external customer needs and the multiplicity of skills, collaborative leadership, and multiple roles required of all employees and managers to meet evolving customer needs. As a result, the more egalitarian "one size fits all" HR processes are no longer able to effectively address the variety of working scenarios found in services - where expertise, teaming, speed, mobility, autonomy, and remote management all demand more flexible approaches.

Six Keys for Success

HR is evolving rapidly to provide more strategic, flexible, and tailored approaches to address the changes shown above resulting from the unique challenges of the service business. By better understanding these new business models and their challenges, HR is better positioned to participate and influence strategy development, business planning, and the tactical execution of services strategies and plans.

Through first-hand experience working with over 50 companies, The INSIGHT Group has identified the following *Six Keys for Success* in services:

1. HR Strategy Development:

These new requirements require more services-centric HR Strategies aligned more with the services goals and strategies of the organization to provide road maps and motivation for HR practitioners to achieve their new strategic partner role. By aligning its HR strategy with the firm's focus on acquiring, developing, deploying, evaluating, and rewarding "customer-valued skills" versus its old HR strategy focused on administering HR policies and programs for compliance, one of our client's HR team articulated a new set of HR requirements and initiatives that improved the talent management process, people and customer growth, financial results, and a new level of trust and confidence in the HR team.

2. Performance Management Alignment:

Aligning current or developing new performance management tools can help you to better address the multiplicity of performance and results feedback from the variety of roles, managers, engagement leaders, peers, skills development and profession leaders, and directly from customers. By integrating key services expectations such as collaboration, teaming, leadership, billable utilization, and skills development for planned opportunities, the performance management process can help improve both individual and business results. In one case, a client was not tracking billable utilization. By implementing a new tracking methodology they were able to set more meaningful utilization targets for increasing billable hours and to provide more targeted skills development plans focused on “customer valued” skills.

3. Total Compensation and Incentives:

Competitive services relevant compensation, incentive rewards, and wider salary band structures that provide 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 conducting a services relevant salary and incentive best practices benchmarking study, a client was better able to set base salaries more competitively and realign incentives for increased revenue, profit, and customer satisfaction - funded through overachievement. The results were increased total individual earning opportunities with lower overhead costs for more competitive bidding.

4. Talent Acquisition and 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 and acquisition process is too slow, consider more predictive “end-to-end” talent acquisition and skilled resource management approaches to get the talent needed at the right time, cost, and place to staff engagements and deliver services opportunities. For example, by improving its skills demand planning process linked to the services strategic business planning process, many clients are able to provide “predictive” early approvals allowing them to build warm talent pools for recruiting key services talent sooner to chase more growth opportunities.

5. Staff Transition and Integration Management:

The quickest path to improve your services business is by acquiring existing consulting, outsourcing, or services firms, or in some cases, to divest of less strategic ones. In either case, conducting comprehensive HR Due Diligence, including detailed comparative analysis and transition planning for all employment related matters of affected employees, can help your management team overcome anticipated pitfalls of these types of deals and improve your services business success sooner. By helping a large global firm develop targeted employee scoping, selection, transition, and integration management strategies and plans, in advance of deal signing, enabled the client to achieve an employee and management offer acceptance rate of over 95% of the desired in-scope employees, ensuring both the success of the deal and the smooth transition of each employee to the new employer.

6. Collaborative Leadership Development:

Ensuring that you have the services thought leadership and management talent needed for your new services venture is crucial. Assessing, developing, and enhancing the collaborative leadership capabilities of your services management team, engagement leaders, and project managers will enable success. Self-assessment and 360° Assessment tools can quickly identify and develop desired leadership skills and behaviors through targeted individual and team development, coaching, and mentoring 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 “best practices” and “thought leadership” come from first-hand experience developing, implementing, and delivering them in a variety of services 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 more quickly. We provide collaborative leadership of these “high priority” initiatives to allow you more time to focus on putting the talents and skills of all of your people together, working collaboratively, to develop and deliver solutions and offerings that solve customer problems and improve business results.

About The Author

Bob Giacometti has extensive “hands on” HR leadership experience designing and implementing new HR strategies and programs for highly successful services companies. Bob was the HR Executive Leader for the startup of IBM Global Services, among other key leadership roles during a 32 year IBM career. He was also the Vice President of the National Action Council for Minorities in Engineering for 3 years, and Vice President for Human and Financial Resources at the Rockefeller Foundation for 6 years. Bob leads the HR and Talent Management Practice for The INSIGHT Group. Contact Bob at bgiaco@insight-group.com or call 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 - an increasingly important part of the overall business solution mix. *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.