

CHRO Quarterly

First Quarter 2016

Reimagine HR

A Magazine for Chief Human Resources Officers

In This Issue

Managing Change from the Bottom Up

Page 8

What's Next for HR?

Page 14

Maximize HR Role Flexibility During Change

Page 6

Performance Ratings: Eliminate or Resuscitate?

Page 22

Voice of the CHRO: Aileen Tan, The Singtel Group

Page 28

The Best HR Executives of 2020

Page 34

CHRO Quarterly

Contents

Reimagine HR

4 Time to Take
Action on
Reimagining HR

8 Managing
Change
from the
Bottom Up

14 What's
Next
for HR?

24 The "Art"
of the HR
Business
Partner

28 Voice of the CHRO Interview



Aileen Tan
CHRO
The Singtel Group

6 Rethink the HR Model to
Maximize Role Flexibility
During Change

22 Performance Ratings:
Eliminate or Resuscitate?

34 What Will the Best HR
Executives of 2020 Look Like?

38 Competencies That Matter

12 Ignoring Middle Managers
Can Doom Change Initiatives

32 Reinvent Your Approach
to Increasing Diversity

36 CHRO Perspective:
Reimagining HR

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How HR Can Build Organizations Ready for Any Change

The typical organization will make 5 major changes in the next 3 years, and **only 1/3** of these changes will succeed.



You might think that you should respond differently to each change; however, looking at 400+ major changes, they share **many common success factors.**



HR owns or influences most success factors—**two-thirds relate to talent.**



Here's how to organize HR and double the probability that your change succeeds.



1 Help middle managers take action.

DO

Have HR staff help managers implement change.



10% increase in probability of change success



DON'T

Have HR staff influence only executive decisions.

2 Assemble HR teams with skills specific to each change.

DO

Have multiple change teams with diverse HR expertise.



11% increase in probability of change success



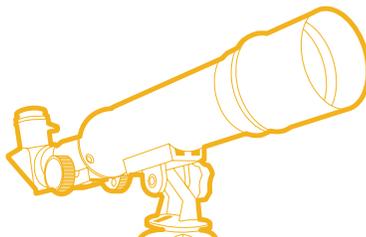
DON'T

Have a single team of change experts.

3 Position more HR roles to extend across the organization.

DO

Create HR visibility into the broader organization to predict change needs.



7% increase in probability of change success



DON'T

Gather information to react to change needs.

Log on to access best practices and tools to organize your HR team for change.



Imagination
means nothing
without doing.

Charlie Chaplin

Time to Take Action on Reimagining HR

By **Brian Kropp**

The famous silent film actor Charlie Chaplin had it right when he said, “Imagination means nothing without doing.” When it comes to reimagining HR, we cannot wait for new capabilities such as predictive analytics to instantly transform how our businesses make better talent decisions. Hope is not a strategy. Given the era of constant change we’re in, we have to apply a culture of continuous learning in HR not only to make organizational changes successful but also to succeed in transforming how HR operates.

In this issue of *CHRO Quarterly*, we examine how CHROs and their teams can go beyond thinking to apply proven best practices and reimagine HR roles and workflows to adapt to and drive organizational change.

We started this work last September and October at our ReimagineHR events in Chicago and London with 900 senior HR leaders. At these events, we complemented the expertise from leading HR practitioners and outside thinkers with our data-driven insights, best practices, and implementation tools to help HR leadership teams make real progress and capitalize on the following four areas, which appear throughout this issue:

- Analytic Transformation of Talent
- The Collaborative Enterprise
- Workforce of the Future
- Next Generation Functional Effectiveness

In 2016, we’ll continue our ReimagineHR events in [Sydney](#) and [Miami](#) and return to [London](#). These meetings will cover numerous topics, including updating your change strategy. If change is at the top of your agenda, check out the insights and support we’re developing for CHROs and their teams on [leading enterprise change](#) and updating your [change strategy](#). By the end of 2016, you’ll agree that this was the year we stopped talking about “blowing up” HR and started taking steps to reimagine the function—and got real results.

83% of organizations are planning a major HR transformation.



From Best Practice to Your Practice

Rethink the HR Model to Maximize Role Flexibility During Change

By **Jessie Knight**

Qantas's HR function needed to become more agile to better support a fast-changing organization in a challenging and competitive environment. Its decision to break the mold with a new HR structure has paid off in a big way.

In 2013, Qantas was undergoing a major internal transformation to adapt to a uniquely challenging, competitive environment. The HR function realized it had to become more agile and efficient to effectively deliver value to the line.

To create the flexibility it needed, Qantas's HR function reorganized by expanding its shared services group, reducing the number and size of its centers of expertise (COEs), and collapsing most of its HR Business Partners (HRBPs) and specialists into a new HR project pool.

Outcomes since the introduction of the new model are very encouraging. In the two years since introducing the model, Qantas's HR function has maintained steady line satisfaction while operating with 40% fewer staff. In addition, HR employee engagement increased 4%.

Regardless of your HR function's current structure, consider the following takeaways from our case profile of [Qantas's approach](#) to increase HR's flexibility in meeting the organization's needs:

Snapshot of Qantas's HR Structure



Source: Qantas Airways Limited; CEB analysis.

The new project pool positioned HR to deliver greater value to the organization by ensuring it could 1) better anticipate demand throughout the organization and 2) get the right people in the right places to support those needs. Project pool staff are assigned to HR projects as needed based on their expertise, whereas an expanded shared services group and two lean COEs manage more predictable HR activities.

Although project pool staff were initially hesitant to embrace a model that took them out of familiar roles and relationships, opportunities for diversified work, network building, and stretch roles quickly revealed their career development benefits.

Translate HR work into time-bound projects.

Demand for HR work shifts frequently during change, making it difficult for the function to stay ahead. To manage fluctuations, Qantas reframes business partnering and organizational change work into 3- to 12-month projects. Look for opportunities to break up HR work into smaller segments to minimize disruption as priorities shift throughout the year.

Rigorously prioritize HR projects based on objective criteria.

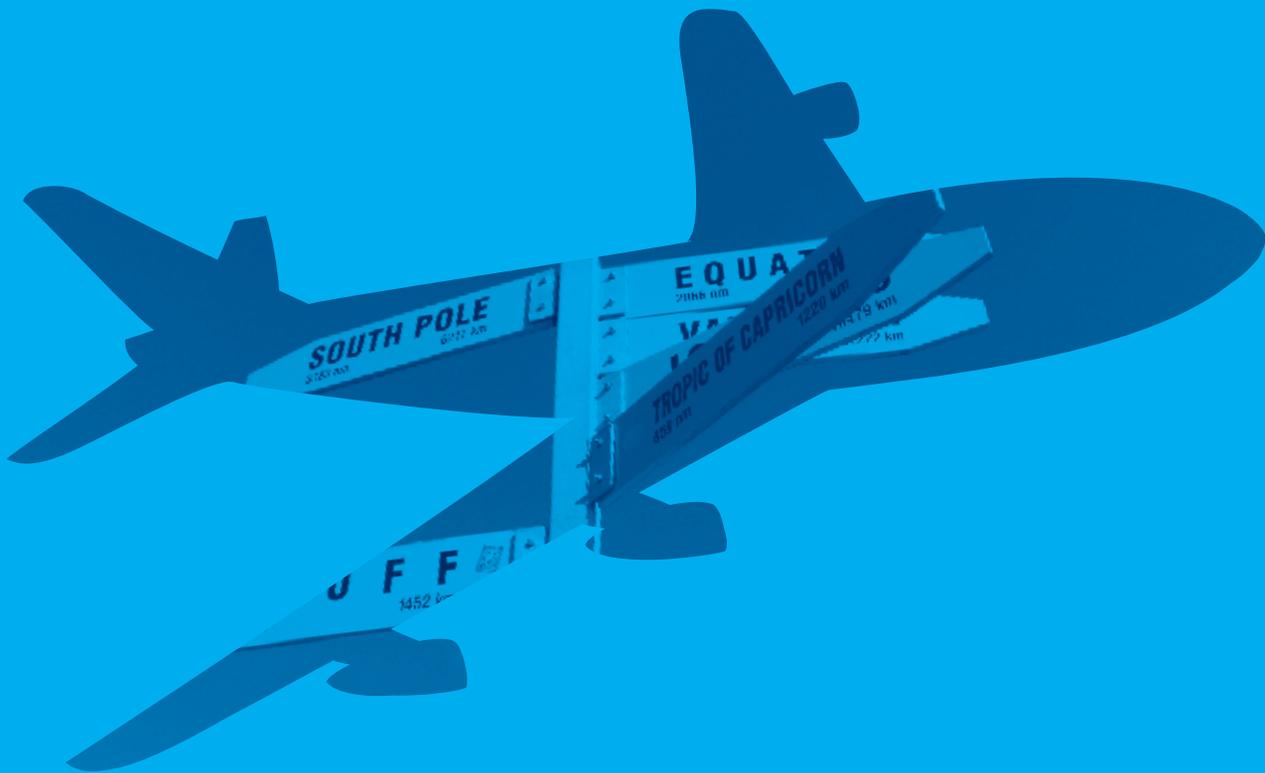
Varying stakeholder needs and shifting goals over time make prioritization tremendously challenging. To ensure alignment with evolving business objectives, Qantas holds senior HRBPs and the HR chief of staff responsible for prioritizing HR projects monthly using a consistent, rigorous set of criteria. Consider whether the criteria you use to prioritize business requests effectively support clear decision making and communication.

Assign HR staff to projects based on expected value-add.

Effective HR project staffing requires knowledge of staff capabilities and a means to redeploy talent as needed. To ensure project pool staff work on high-priority projects where their skills can add the most value, project leaders renegotiate staffing monthly using capability assessments, candidate interviews, and performance review data. Explore ways that your HR leadership team can improve its visibility into the variety of skills and experience on the HR team.

Prepared for Departure?

Are recent changes such as M&A
causing your top talent to leave?



Launch your **exit survey** now to see why
your employees are dissatisfied and leaving.



Managing Change from the Bottom Up

The way organizations manage change is failing. Turn your approach upside down.

By **Amanda Joseph-Little and Adam Brinegar**



As most executives can personally attest to, change is the new normal. The average organization has experienced five enterprise changes (i.e., culture change, leadership transition, merger or acquisition, organizational restructuring, or market expansion) in the past three years.

The pressure to successfully implement these enterprise changes is intense. Whereas some organizations operate in volatile markets that require them to anticipate and respond quickly, others are faced with slowing growth that requires novel business models and products to increase sales and profitability. Regardless of the market context, organizations must evolve to succeed.

The challenge is that two-thirds of the changes we tested failed to achieve their goals.

CHROs' Change Management Responsibilities

CHROs have multiple responsibilities when an organization undergoes a transformation. As stewards of the business and members of the executive team, they're responsible for ensuring the change quickly achieves the business goals that impatient investors and boards of directors expect. At the same time, they're accountable for managing the workforce through the transition, which is rarely the clear, straightforward process that most change management models suggest. On top of these responsibilities, heads of HR need to [manage the HR function itself](#) through the change and update talent management practices. The challenge of managing the workforce through change has HR executives asking tough questions, such as:

- How do we prepare the workforce for change?
- How do we get the workforce quickly on board with the change?
- How do we ensure the workforce quickly shifts its behaviors to implement the change?
- How do we ensure the workforce sustains the change when the leadership team's attention has shifted elsewhere?

The high rate of change failure means senior HR leaders need new answers to these questions.

Why Change Management No Longer Works

Existing approaches to change management are no longer sufficient for managing employees through change; they don't achieve the speed or new behaviors organizations require. Groundbreaking in their time, well-known models such as Kotter's Eight-Step Process for Leading Change and Prosci's ADKAR® model are process-heavy, linear, top-down approaches that don't reflect the complexity of most changes or how the work is performed. In addition, change plans are created and driven by leadership teams that are well intentioned but too far removed from the workforce to appreciate the unique needs and organizational barriers employees face.

Why We Need to Change How We Change

Only **one-third** of heads of HR agree that employees understood how a recent change would affect them.

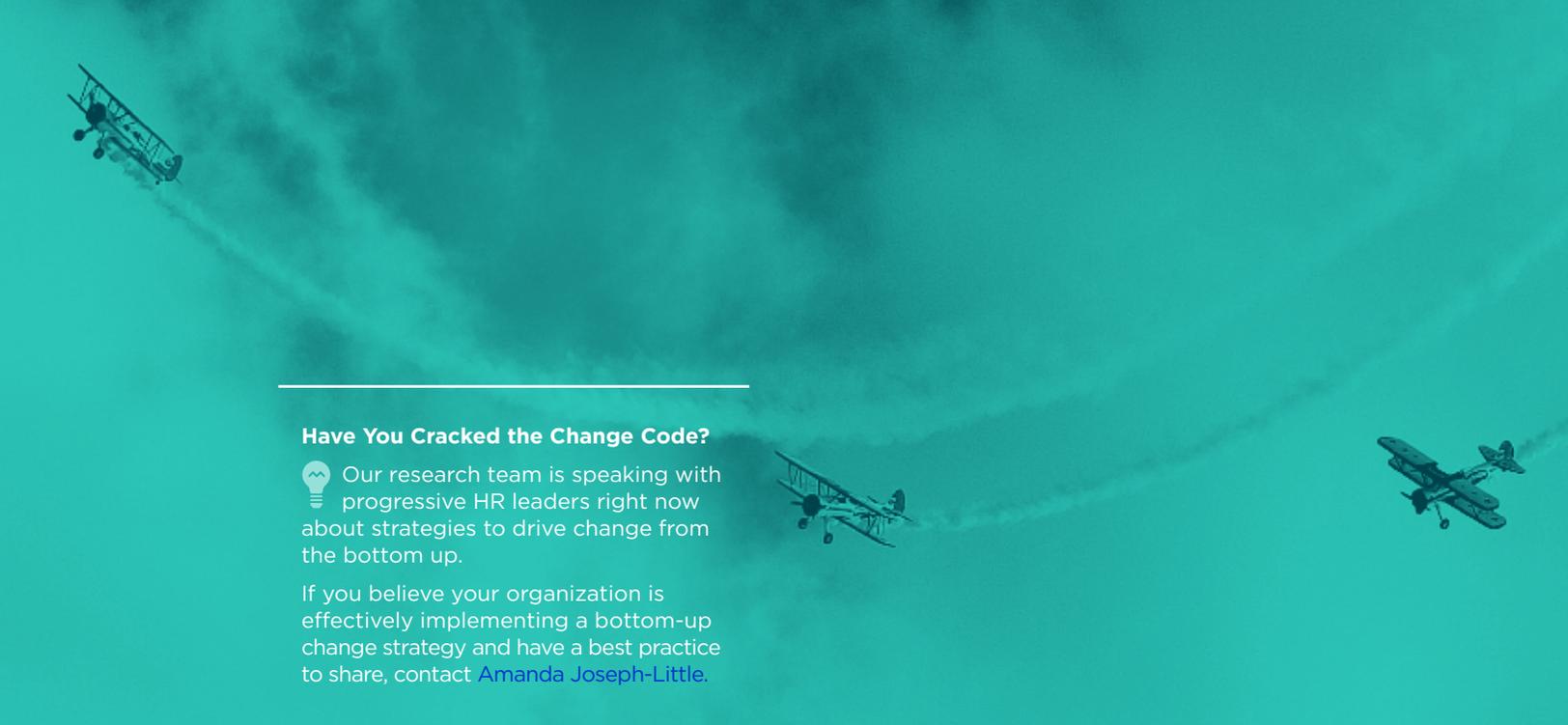


One in five heads of HR agrees that employees understood how their behaviors needed to change to support a recent change.

Source: CEB analysis.

Top-down approaches to change are rooted in assumptions about the workforce that hinder success, slowing initiatives and causing confusion and mistrust among employees. It's the way change is managed that causes these challenges, not the change itself. Here are the most common assumptions about change that are wrong:

- **Change plans can be used by most of the workforce.** Change and leadership teams devote substantial time and energy to developing change plans and processes based on the assumption that the plans provide clarity and simplicity. In reality, they are too static and are either too vague and high level or too specific and irrelevant to serve as useful roadmaps.



Have You Cracked the Change Code?

 Our research team is speaking with progressive HR leaders right now about strategies to drive change from the bottom up.

If you believe your organization is effectively implementing a bottom-up change strategy and have a best practice to share, contact [Amanda Joseph-Little](#).

- **Employees won't understand the rationale for the change.** In reality, the reasoning behind most changes is simple enough for the average employee to understand (e.g., cut costs, create efficiencies, increase revenue, improve quality). The more employees feel the rationale is being sold to them or is misaligned with their own perceptions, however, the more confusion and mistrust it causes.
- **Employees will react negatively.** Organizations assume employees will respond to change with uncertainty at best and resistance at worst. Although organizations may prefer that employees like the change, this response does not significantly affect the probability of success. Focusing on resistance and disengagement directs managers away from more important change responsibilities.
- **Employees lack the ability to change.** Top-down approaches to change assume employees can't adapt, failing to acknowledge the smaller changes employees successfully navigate regularly (e.g., new processes, new technology, manager changes).

A New Approach to Change Management

Instead of managing from the top down, organizations with successful enterprise changes manage from the bottom up. Rather than thinking of employees as a resource to be managed through change, they think of their employees as copilots owning the change alongside leadership. They take advantage of the skills, experiences, capabilities, and knowledge their workforces already possess.

The Tenets of Bottom-Up Change Management

- **Shift change planning to the workforce.** Give teams and their managers responsibility for creating and implementing their own change plans. For example, provide broad guidance using key milestones the organization must achieve, but allow individual teams to identify how they will help the organization achieve those milestones.
- **Replace communication campaigns with conversations.** Shift authority for change communication to managers, emphasizing personalized, honest, two-way dialogue instead of overly positive storytelling.
- **Build a workforce of change challengers.** Encourage employees to challenge the people around them (e.g., leaders, managers, peers) to think and work differently to support the change. In addition, urge employees to use the change as an opportunity to experiment with new ways of working.

Learn More About Bottom-Up Change Management

Build a bottom-up approach to change management by participating in our upcoming meeting series, [Starting at the Bottom: It's Time to Change Your Change Strategy](#). Visit our website to register; multiple dates, locations, and languages are available.

Also access [Organizing HR to Lead Enterprise Change](#) to learn how peers are organizing their HR functions to more effectively prepare for and lead enterprise-wide changes.

Is your workforce ready for change?

For a change to succeed, make sure your employees are aligned, engaged, and agile.

We can help.

Assess the change readiness of your workforce with the **ClearAdvantage Check**.



Ignoring Middle Managers Can Doom Change Initiatives

By **Caroline Roth**

Organizations have traditionally approached change by focusing on strategic partnerships with line leaders. Although well intentioned, this approach ignores the importance of the organization's middle layer.

HR leaders are worse off for this omission because the workforce intelligence gained at this level is a key input into conversations with senior leaders on how talent can drive strategy and growth. To support the continuous change that organizations need to succeed today, HR can no longer ignore middle management.

By working with the middle of the organization, HR gains the following workforce intelligence:

- How a change is being received by different levels and parts of the workforce
- How a change might be more or less difficult to implement in different parts of the organization
- Changes that need to be undertaken in different parts of the organization (things that only those on the front lines with clients can see)

Why Middle Managers Matter

Each year, the typical HR Business Partner (HRBP) spends 195 hours with each senior leader, 45 hours with each mid-level manager, and only 5 hours with each frontline employee. Perhaps in part due to this lack of focus, HR leaders consistently point to mid-management as the place where “change goes to die.”

This misalignment is one of the fundamental reasons change fails so frequently in organizations. Mid-level managers are an “impermeable layer of clay,” as one head of HR described. They block change from cascading down through the organization—often not because they blindly resist change, but because they lack sufficient information and skills to implement the change.

Supporting, Not Supplanting, Middle Managers' Role

The best HR teams address these information and skill gaps by expanding their focus and time to include mid-level managers, who are critical to implementing change successfully. These organizations are two-thirds more likely to succeed in major change initiatives than organizations that focus only on supporting senior leaders.

Focusing on the middle is not without its detractors. Some HR leaders argue that focusing on mid-management transfers too much accountability for change initiatives away from mid-level leaders to HR. This is not the goal; instead of enabling manager dependency on HR, mid-manager engagement is a way to help managers get change right. The real objective is bettering HR's understanding of how the business operates at lower levels of the organization. This knowledge can translate into more effective HR support for—not control over—mid-level leaders by:

- Making sure information is flowing from one part of the business to another,
- Translating communication and strategy from senior leaders, and
- Helping managers customize change strategies for the realities of how their teams work.

Case in Point: Salt River Project’s Client Manager Role

The head of HR at Salt River Project (SRP), an integrated utilities company in the southwestern United States, found an innovative way to drive change through middle managers. Using a common model from sales organizations, he created a new HR client manager role to be a strategic partner to the business. Unlike most HR structures in which this type of partnership focuses on just senior business leaders, client managers at SRP partner with senior leaders down through middle management. The result is “zippered” line partnerships, where senior HR staff work with senior business leaders and junior HR staff work with junior business leaders.

HR client managers also meet regularly as a group to compare the different perspectives they have gained from multiple levels of business leaders. This extended partnership and HR information reconciling increases HR’s insight on organizational change and enables HR to more effectively influence change implementation deeper in the business.

The key to zippered line partnerships is identifying the right people for the job. SRP identified HR specialists who could take on client management responsibilities in addition to their current roles. Because HR specialists are selected for these roles based on their existing relationships with business leaders, the second role requires minimal additional work. In fact, the two roles support and feed into one another. For example, an L&D specialist serving as a client manager to a business leader can provide better development solutions because he or she

understands the leader’s needs and challenges more clearly. Alternatively, the specialist can use L&D expertise to ensure HR solutions that fellow client managers implement address the business’s developmental needs.

Case in Point: Arrium’s Redefinition of Job Responsibilities

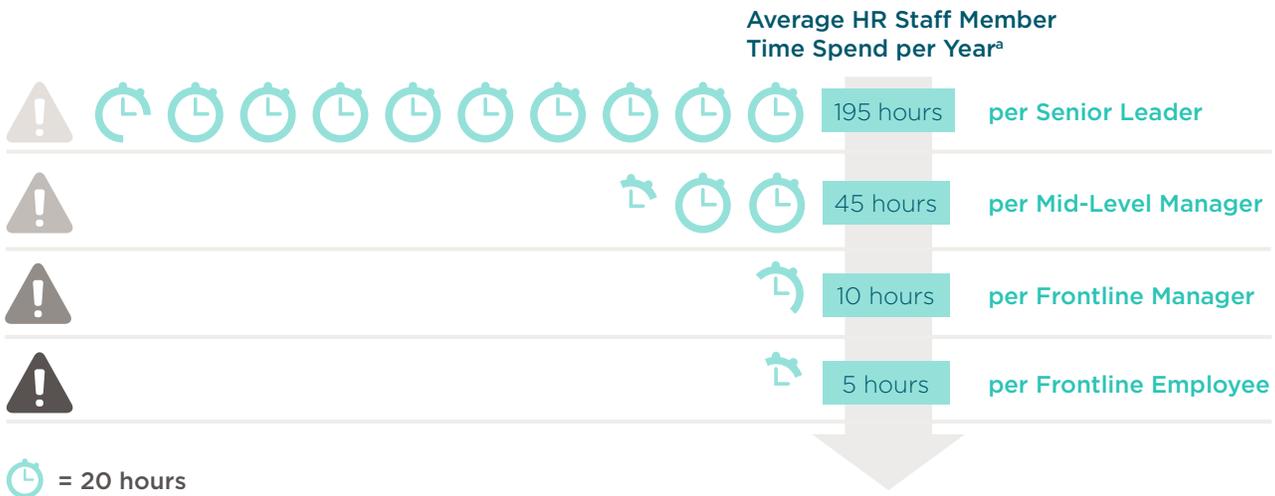
Another way to deploy existing HR staff to support mid-level business leaders is to redirect junior HRBPs from supporting the work that senior HRBPs do. Arrium, an international diversified mining and materials company in Australia, took this approach. The head of HR changed junior HRBPs’ job responsibilities to partner directly with their peer junior managers in the business.

Reallocate HR Resources

Importantly, the best HR teams do not forsake their hard-won relationships with senior business leaders. They have identified creative ways to support mid-level managers without sacrificing their investment in advising business leaders on strategy. These solutions are also not about hiring more HR staff but rather about using existing HR staff more efficiently.

By extending support to mid-level managers, HR can recapture its competitive advantage at the strategic table. Equip yourself with a deep workforce intelligence that will ensure you can not only successfully implement change initiatives but also predict and avoid change failure in your organization.

As Degree of Change Risk Increases, HR Support Decreases



Risks

- HR cannot see day-to-day progress at all levels.
- HR is unable to reinforce key behaviors among employees implementing change.
- HR cannot inform manager decisions.
- HR struggles to deliver timely support in response to challenges.

n = 305 organizations.

Source: CEB HR Change Readiness Survey.

^a Based on average HR staff time spend from CEB HR Change Readiness Survey: 29% with senior leaders, 27% with mid-level managers, 25% with frontline managers, and 19% with frontline employees. Assumptions: HR staff each support three senior leaders (and their teams); the ratio of employees by level are 1 senior leader: 4 mid-level managers: 16 frontline managers: 27 frontline employees, based on CEB’s HR Budget and Efficiency database; and HR staff members work 40 hours per week for 50 weeks a year.

What's Next for HR?

HR Trends to Pursue
and Pause on in 2016

By **Blakeley Hartfelder**

One of the few certainties in an HR executive's day is the need to make a myriad of decisions, from solving an urgent employee crisis to contemplating how the function can support yet another new business initiative. And at this time of year, HR leaders also have to sort through many "HR trends for 2016" articles to separate fads from trends and uncover one or two new ideas that will materially affect talent management.

Trying to decide which trends to pursue while making dozens of other everyday decisions isn't just exhausting—it's also a real problem for CHROs. According to John Tierney, science writer for the *New York Times*, decision fatigue occurs when people are faced with a multitude of decisions, each one becoming progressively more difficult to make. This fatigue occurs regardless of the decision's impact. Perhaps the most dangerous part of decision fatigue is that many aren't aware they have it, meaning they may be making bad decisions unknowingly.¹

To help CHROs save energy and make better decisions, we combined a global survey of HR executives with our collection of best practices research to recommend which trends to pursue or delay in 2016.

Three Trends to Pursue

- 1 Increase HR's Depth and Breadth of Analytic Expertise
- 2 Expand Development Opportunities for HIPOs
- 3 Go Beyond Being an HR Leader

Three Trends to Pause On

- 1 Predictive Analytics on the Horizon for HR
- 2 More Talent Conversations Planned to Keep Up with Change
- 3 HR Leaders Propose Simplification to Solve Performance Management Woes

What to Do Now

- 1 Adjust Your 2016 Strategy

¹ John Tierney, "Do You Suffer from Decision Fatigue?," *New York Times*, 17 August 2011, <http://www.nytimes.com/2011/08/21/magazine/do-you-suffer-from-decision-fatigue.html>.

Three Trends to Pursue Immediately in 2016

Three ideas stand out as being worthy HR trends that all organizations should begin implementing this year.



Increase HR's Depth and Breadth of Analytic Expertise

Only 5% of HR organizations feel they effectively track and use talent analytics. To remedy the situation, about two-thirds of HR executives have established or are considering establishing analytics centers of excellence (COEs) to scale and deepen their analytic capabilities. In addition, nearly 9 out of 10 HR leaders have increased or are considering increasing HR Business Partners' (HRBPs') ability to self-serve HR metrics and information to broaden analytic expertise on their teams.

Why You Should Pursue This Trend

Leading analytic HR organizations achieve up to 17% higher talent outcomes, including better bench strength, employee performance, and quality of hire. One of the core foundations of a strong analytic organization is analytic capability among all HR staff.

To build this capability, focus on building breadth of analytic expertise throughout the function—not just the capability to analyze data but also the capability to apply it. Heads of HR should actively engage in this effort by establishing accountability for all HR staff to more effectively use and analyze data and by facilitating staff relationships with key business contacts to share and use data.

HR Is Increasing Depth and Breadth of Analytic Expertise



66% of organizations have or are considering establishing an analytics COE.



89% of organizations have considered or are considering increasing HRBPs' ability to self-serve HR metrics and information.

n = 296.

Source: CEB 2016 HR Agenda Poll.

2 Expand Development Opportunities for HIPOs

Organizations are opening their doors to high-potential employees (HIPOs), but not in the way you may think. Some CHROs are pushing HIPOs outside the enterprise to get critical development experiences. For instance, although internal rotations remain the most popular type of HIPO development program (76% of organizations plan to offer these programs in 2016), organizations are also offering HIPOs the opportunity for continuing education from other institutions (42%), external rotations to other organizations such as a supplier (13%), and external volunteer opportunities such as special pro bono projects (13%).

Why You Should Pursue This Trend

Organizations are becoming flatter, and the profile of a HIPO is constantly evolving. In this environment, development opportunities are often harder to find. In addition, organizations must prepare HIPOs for a wide range of roles and contexts, and HIPOs want diverse career paths to fulfill their goals (and to be engaged).

Identifying opportunities outside the organization will increase the variety of experiences that HR can offer and that HIPOs will be prepared for in the future. Senior HR executives should identify ways their teams can advocate for external development opportunities during talent reviews. HR will need ideas for the kinds of external opportunities that would be feasible and a solid business case to overcome any potential reluctance by line leaders.

Another HIPO Trend Worth Pursuing: Using a Data-Driven Approach to Identify HIPOs

Most CHROs feel that improved HR analytics are needed for HIPO and future leader identification. A combination of internal and external benchmarks will deliver the best results—focusing HR on the right skills for current market challenges, tailored for organizational requirements.

3 Go Beyond Being an HR Leader

Good news for CHROs around the world: 2015 saw many of them increase their influence in shaping, not just supporting, business strategy. Over 80% now feel they are influential in shaping business decisions, and 70% are spending more time participating in business projects in a leadership, not just talent, capacity. These HR executives still seek to drive HR functional outcomes but also prioritize working with cross-functional peers on non-HR activities such as corporate social responsibility agendas and updates to corporate governance rules.

Why You Should Pursue This Trend

Today, CHROs, like other leaders in their organizations, face greater complexity in their roles and relationships with peers and teams. For instance, they must consult more stakeholders to make decisions, face increasing business portfolio complexity, and work across geographic boundaries in their own teams.

In this complex environment, the best CHROs are enterprise leaders—they lead their HR teams to high performance and contribute to and leverage other teams' performance. Only with this networked approach to leadership can HR executives continue to influence business strategy and outcomes and strengthen the success of the HR function in turn.

CHROs can become enterprise leaders by collaborating with peers based on relative strengths and weaknesses, seeking out perspectives that challenge their own, taking opportunities to receive and provide support in regular interactions, building and facilitating diagonal connections, and enabling their teams to navigate workplace complexity.

Heads of HR Spend More Time on Non-HR Business Projects



71% of heads of HR are spending more time on business issues not related to HR or talent.^a

n = 83.

Source: CEB 2016 HR Agenda Poll.

^a Includes somewhat increased, increased, and significantly increased time spend.



70% of heads of HR are spending more time participating in business projects in a leadership capacity.^a

n = 84.

Source: CEB 2016 HR Agenda Poll.

^a Includes somewhat increased, increased, and significantly increased time spend.

Three Trends to Pause on in 2016

HR executives should also consider the following three trends but should pause before implementing them. Each of these trends, driven by fundamental business challenges, is receiving a lot of attention from HR and business leaders around the world—even the popular press, in many cases. The momentum to follow can feel monumental, but implementing these trends is not right for all organizations (at least not right now), and they can easily fail in implementation.

1

Predictive Analytics on the Horizon for HR

Only 12% of HR organizations currently use predictive analytics for talent decision making, but 49% plan to do so in the near future. CHROs hope that new technology and analytic sophistication, such as predictive analytics, will further HR's ability to use data in driving business impact. In spite of the hype around companies using big data today, few leaders—from frontline managers to CFOs—regularly or ever change a decision because of data from HR.

Why You Should Pause on This Trend

For talent analytics to improve decisions and support key stakeholders, HR can't just focus on analytics sophistication, but must instead first focus on business application—the ability to take specific actions from talent analytics. In theory, predictive analytics should be easier to use in action planning—they are forward looking, after all. However, they aren't a silver bullet—any analytic model will be wrong some of the time, especially in environments of constant change, and HR teams and business leaders still need the right skills (and willingness) to make thoughtful decisions based on this data.

Before investing in predictive analytics, CHROs should ask themselves and their teams the following questions:

- Do we really understand the business challenges we want talent analytics to answer?
- Are we prepared to help leaders act on decisions based on HR analytics?
- Are business leaders receptive and able to use talent analytics to answer their critical questions?

HR Organizations That Use Predictive Analytics for Talent Decision Making



A Trend CHROs Are Already Pausing On: Radical Shifts in Work-Life Balance Policies

Although the press has picked up on radical changes a few organizations have made to their work-life balance policies (e.g., unlimited maternity/paternity leave, unlimited vacation day plans), less than 10% of CHROs would currently consider such policies. They realize changes to policies and the overall EVP must align with the needs of their workforce and current business strategy, and in many cases, these shifts don't yet fit.

2 More Talent Conversations Planned to Keep Up with Change

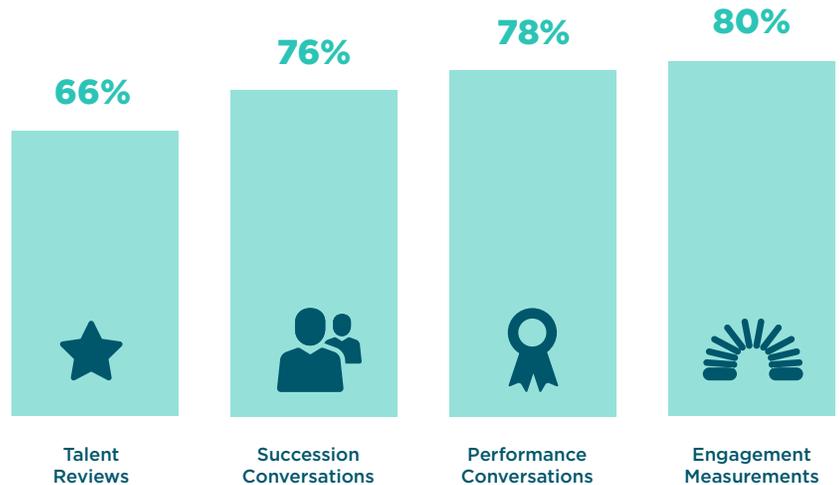
Two-thirds of HR leaders are increasing or thinking of increasing the frequency of talent reviews at their organizations, and even more plan to increase the frequency of succession conversations, performance conversations, and engagement measurements. These plans are rooted in a desire to keep pace with changes occurring throughout the organization. Currently, talent management processes are failing to do so: only 5% of HR leaders feel that their talent management processes effectively help employees adapt to change, and an equally small number feel able to quickly help their organizations respond to change.

Why You Should Pause on This Trend

The logic behind this idea seems to make sense: more frequent enterprise changes will affect talent plans and individual employee goals, so more frequent talent interventions will help HR and leaders adapt plans when necessary. However, before creating more formal occasions for talent interventions, consider that more doesn't mean better. Many of these interventions today are ineffective or inefficient, wasting hours of managers' time and devaluing time spent discussing real talent issues.

Before setting up new interventions, CHROs should first consider where HR can change or reduce current interactions for increased benefit. Then, they can find ways to introduce briefer, informal discussions about talent in business processes and daily interactions.

Organizations Increasing Talent Management Interventions Percentage of HR Leaders Increasing or Thinking of Increasing Each Intervention



n = 296.

Source: CEB 2016 HR Agenda Poll.

3 HR Leaders Propose Simplification to Solve Performance Management Woes

Only 4% of HR leaders feel they are effective at accurately assessing employee performance; their performance management systems are failing, and they aren't the only ones to notice. Managers, employees, and business leaders report being increasingly frustrated by performance management systems that consume a lot of time for little perceived benefit. HR leaders are considering a number of solutions to upgrade performance management, and for many they boil down to simplification and removing parts of the process. For instance, a growing number of leaders are considering eliminating performance ratings (49%) and even eliminating annual performance goal setting (38%).

Why You Should Pause on This Trend

Performance management is a big challenge that most organizations need to address, if they haven't done so already. Before HR starts removing parts of the system, though, it's important to pinpoint the end goal of those actions. That end goal shouldn't be simplification itself; the simplification should

help HR drive better performance with the performance management system, not just record past performance.

CHROs should ask if the change (e.g., eliminating ratings or process steps) will make performance reviews more forward looking, increase the scope of who is providing input during reviews (other than just managers), or encourage more frequent performance conversations.

Another Simplification Trend: Streamlining Job Titles to Cut Through Complexity

Sixty-six percent of organizations have reduced or would consider reducing the number of job titles they use. Finding the right balance between simplification and specification is important; overly complex job title systems can create inconsistency and confusion internally and externally, but overly simple job title systems may become too ambiguous and seem to limit promotional opportunities.

What Should CHROs Be Doing Now?

Decide how and if these trends will fit into your strategic plan for 2016. Don't erase the plan you already created, but use these ideas as a cross-check before you take off on your 2016 strategy.



Adjust Your 2016 Strategy

Think about how the trends might support or shift your priorities, and discuss the following questions with your HR leadership team:

- **Do any of the trends to pursue appear in your 2016 plans?** If so, you should move forward confidently with your plan or further vet and think through how implementation can succeed at your organization.
- **Are there trends that can help sharpen or adjust strategic priorities for 2016?** For instance, if you are planning to revamp your HIPO program, suggest that the project team consider external development opportunities.
- **Are there ideas that are worth evaluating now, even if you can't start working on them this year?** If your performance management system needs an update, you might be able to evaluate your options, even if a full-scale initiative isn't planned until 2017.
- **Will these ideas sufficiently improve HR's ability to drive business results, making them worth adding to the 2016 agenda?** For example, if you are looking for ways to improve your talent analytic strategy's effectiveness and are considering creating an analytic COE, think about complementing or displacing this investment with building HRBP analytic expertise.

This article is based on data and insights from our report "What's Next for HR in 2016?"



It's not always this obvious.

But it can be.

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 **CEB**
WHAT THE BEST COMPANIES DO

Performance Ratings: Eliminate or Resuscitate?

By Leah Johnson

Today, all eyes are on the [great ratings debate](#)—and with good reason. There’s no doubt that the performance management system is on life support in many of our organizations: only 4% of HR leaders believe that reviews accurately capture employees’ performance, and the performance review process is one of the most dissatisfying (if not detested) activities for managers and employees.

With recent press headlines about prominent companies’ decisions to eliminate performance ratings, boards and CEOs are putting their HR leaders on the spot for making and justifying their own decisions on whether to rate.

The Argument Against Performance Ratings

Only a small percentage of companies have already eliminated ratings; the majority is pretty evenly split between “maybe” and “probably not.” That indecisive majority represents the real challenge of determining whether the only way to improve rather than manage performance is to kill ratings.

Those in favor of doing away with ratings believe that because there’s no evidence that ratings improve performance, we might garner a better outcome without them. Also, given employees’ distaste of ratings and the neuroscience behind how the typical communication of performance ratings affects the brain, many think eliminating ratings will improve engagement and make manager–employee performance conversations more forward focused and development driven.

And, perhaps most persuasive, organizations hope that managers may be more thoughtful and diligent about evaluating true employee performance if they don’t have to comply with a rating framework.

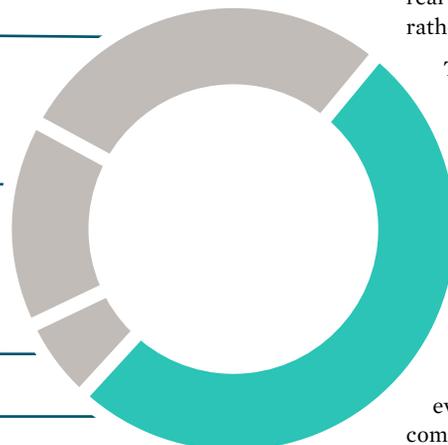
HR Leaders Eliminating or Considering Eliminating Ratings

28% Do Not Plan to Eliminate Ratings but Would Consider

15% Plan to Eliminate Ratings in Near Future

6% Have Eliminated Ratings

51% Do Not Plan to Eliminate Ratings



n = 296.
Source: CEB 2016 HR Agenda Poll.

Starting the Performance Ratings Conversation

Although these arguments sound reasonable, many organizations have questions before they can make such a drastic move:

- Are managers fully capable of having candid and constructive performance conversations without ratings?
- How will high-performing employees (who tend to value the numerical confirmation of value) react?
- How would other talent management processes that historically rely on a ratings framework need to be adjusted?
- And the most frequent and urgent question we hear—how do you ensure a fair and motivating compensation strategy without ratings?

All these questions can be overwhelming, which is why organizations should start with the fundamental question, “What are we trying to achieve?” If it’s a higher level of employee performance, then start by talking about known drivers of higher employee performance levels and how they affect ratings.

We know that high-quality conversations matter. And not only do they matter, but they matter a lot more than eliminating ratings. The potential performance gain through better conversations is significantly higher than the typical gain from eliminating ratings. This finding means that eliminating ratings alone is not going to get you a significant bump in performance, especially if you don’t replace ratings with higher-quality performance conversations and a more effective performance review process overall. Effective performance review processes include the following:

- Frequent, forward-looking performance conversations
- Peer perspectives
- Intrinsic, not just financial, rewards

None of these core components of an effective performance management process suggests that we cannot capture those benefits if we leave ratings in the mix. So, although eliminating ratings might be the right choice for some organizations, it is not the obvious and only answer for all.

Four Questions to Consider Before Nixing Ratings

To make the right decision for your organization, consider the following questions in the context of your company’s culture, capabilities, and goals:

- **Will eliminating ratings help managers have more effective performance conversations with employees?** Given the importance of these conversations, organizations need to determine if ratings provide a helpful framework or an unnecessary obstacle to candid and forward-focused conversations. Removing ratings can be an answer to creating more time, fewer distractions, and more manager ownership. Without ratings, employees may treat conversations as an opportunity to ask career questions rather than bracing for criticisms.
- **Does eliminating ratings align with the organizational culture and strategy?** Some organizations, due to their history or industry, feel that ratings are still important. Others say that as their culture and values have evolved, ratings simply don’t make sense anymore and don’t match their overall organizational ethos.
- **Will eliminating ratings make it too hard to maintain a pay-for-performance system?** Some organizations have successfully decoupled ratings from compensation and are highly satisfied with the results. Others believe that ratings still play too important a role in their compensation strategy to jettison them entirely.
- **Will eliminating ratings make it too difficult to evaluate and manage talent throughout the organization?** Ratings are an input to many talent management processes. Consider alternative solutions and the effect eliminating ratings will have on how you calibrate talent and use analytics.

Eliminating ratings may not be the silver bullet to increasing employee performance and engagement. But whether you decide to kill or keep them, you can take steps to get those positive outcomes.

Review Strategies That Drive Performance

Percent Impact on Employee Performance



n = 296.
Source: CEB 2016 HR Agenda Poll.



By **Meg Zolner**

The “Art” of the HR Business Partner

Using Influence to Extend Your Impact as an HRBP

Certain elements of an [HR Business Partner’s \(HRBP’s\) role](#) are scientific. These elements, such as an HRBP’s areas of expertise or potential impact, are consistent and clear and apply regardless of an HRBP’s background, environment, or location.

But this “science,” while important, isn’t all HRBPs need to be successful—art and judgment are involved too. In the end, HRBPs’ effectiveness relies on how adeptly they balance both art and science and wield all the tools at their disposal to successfully execute and influence.

The Science of the HRBP Role

The scientific ingredients of the HRBP experience include:

- **The degree of an HRBP’s importance and potential impact**—HRBPs account for over two-thirds of the variation in talent management program effectiveness. The contributions from HR staff and the line, together, drive 68% of that variation.
- **The breadth of an HRBP’s knowledge and working relationships**—As the primary owners of many common HR activities, HRBPs work on multiple projects with many different stakeholders. This breadth of work means HRBPs must straddle business and talent disciplines on the job and use their expertise with many stakeholders spanning HR, other corporate functions, and the line.
- **The potential returns on an HRBP’s strategic behaviors and activities**—Although certain elements of the HRBP role address more tactical issues such as compliance or employee relations, being a strategic partner to the business yields the highest returns on an HRBP’s time investments.



The Impact of Being a Strategic Partner

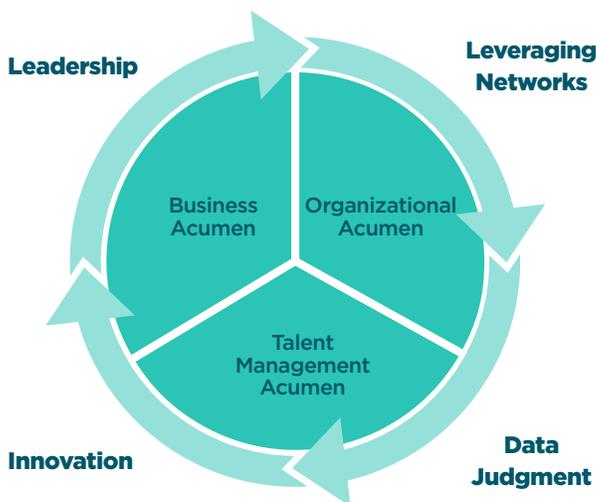
Strategically effective HRBPs can improve revenue growth and employee performance in their business units by an average of 7% and 22%, respectively.

Like any professional experience, though, being fully effective also relies on execution—the approaches that determine how people are actually using their expertise to influence outcomes and achieve results. But what approaches, or art forms, are HRBPs currently using to influence and execute their responsibilities?

Narrowing Down HRBP Art Forms

Our data shows that HRBPs globally use the following five partnership styles when working with their internal clients:

Spotlight: Your Strategic Partner Foundation



Source: CEB analysis.

Leading with Data—Support proposals with data, measure performance based on talent and financial outcomes, and bring dashboards and data to stakeholder conversations.

Thought Partnering—Ask probing questions to understand line clients’ needs, brainstorm potential solutions to talent challenges, and plan how to conduct and influence stakeholder conversations.

Connecting—Gather others’ input before making a decision, proactively meet with HR and non-HR peers, and talk to line stakeholders to identify talent-related problems.

Supporting—Alter schedules to immediately address line requests, prioritize employee relations and compliance challenges, and respond immediately to employee grievances.

Asserting—Question stakeholders’ assumptions about talent, push line clients to independently solve talent challenges, and contest stakeholder perspectives when faced with disagreement.

Although supporting (38%) and asserting (26%) were the most popular partnership styles surveyed HRBPs use, they actually weren't the most effective.

Partnership styles that HRBPs apply less often and less confidently—leading with data, thought partnering, and connecting—actually prove more important in driving an HRBP's strategic effectiveness. These three styles involve HRBPs bringing data, ideas, and connections to the table

when partnering with internal stakeholders and adeptly flexing those approaches for each situation's demands.

None of these approaches alone is the perfect answer. They require judgment, awareness, and flexibility, just like any art form. But, when applied smartly, these approaches represent a huge opportunity for HRBPs.

Diagnosing and Flexing Your Influence Strategy

Use the following perspectives to consider which partnership styles you use, and think about how you can continue to prioritize and flex your influence approach.

Influence Approach 1: Leading with Data

On its best days, data feels like an easy-to-use asset. But HRBPs experience a messier reality, with data that can be old, misaligned, inaccurate, and incomplete. HRBPs, though, are expected to make sense of and apply data in spite of these almost-guaranteed limitations.

The most challenging aspect of leading with data for HRBPs, then, is recognizing how to build and tell a compelling story from what data is actually available.

To lead with data, focus on the following priorities:

- **Source the right data.** The "right" data is sound, robust, business aligned, and persuades and builds the intended audience's confidence. Ask yourself, for example, "Does my stakeholder worry about disengaged talent segments or finding much-needed, emerging critical skills?" Having disengaged employees is squarely an engagement challenge, whereas finding critical skills raises questions of leadership development and career pathing. This type of active problem diagnosis can inform the metrics you look for and the data you bring to the table.
- **Apply and share your persuasive data in the right way.** The potential impact of data—even good data—can be lost if the audience does not apply or use it.

89% of organizations have increased or are considering increasing HRBPs' ability to self-serve HR metrics and information in the near future.

HRBPs at Sears Holdings Corporation, for example, use a centrally devised talent dashboard that reflects the entire organization's goals to initiate a conversation with their line clients about how well specific business unit goals parallel those of the organization. These conversations test whether the central dashboard's metrics match what the business unit is trying to accomplish, clarify whether the highlighted organizational issues are truly critical for the business unit, and more. Data inspires the dialogue, but, importantly, this interaction really is a conversation: HRBPs are actively drawing parallels between the talent data's findings and their clients' daily experiences to craft a story together.

Influence Approach 2: Thought Partnering

This partnership style is a natural extension of an HRBP's existing strategic partner role. It includes asking probing questions, testing assumptions, and brainstorming alternatives.

And, like any effective partnership, a good foundation starts with a strong understanding of the stakeholders—their tendencies, priorities, objectives, and sensitivities—and a recognition of if (and how) any of those elements have changed and are likely to change over time.

First, home in on your stakeholders' natural tendencies and communication styles:

- Are they more relationship or task oriented?
- Do they ask questions or tell and share opinions?

From there, consider the on-the-job implications of your stakeholders' natural communication styles:

- What information and outcomes interest them, and how do they make decisions?
- What do they have questions about, and what information can I provide to address those questions?
- What is likely to persuade them, and what are the potential land mines?

Answers to these questions crystallize how HRBPs can flex their influence approach to align best with, or potentially constructively challenge, their stakeholders. For example, an influence approach for working with a very data-driven, analytical leader would likely differ from the approach used with a consensus-driven and team-oriented leader.



HRBP Spotlight

"One of the first (if not the first) things I narrow in on when interacting with a new stakeholder is identifying his or her style...I try to assess the methods through which I will have the most effective partnership with this leader. For me, style touches on communication, leadership, and motivation methods. Most of my first observations of stakeholders serve as the foundation for how I'll work with them moving forward."

Jenny Yang
HRBP
Hewlett-Packard Enterprise



Recruiters at Stryker are encouraged to evaluate and diagnose their hiring managers' tendencies in a thought-partnering fashion early on. Depending on their stakeholders' styles, recruiters will identify the merits and challenges of different communication styles and brainstorm specific scenarios that would require them to flex their approach.

Influence Approach 3: Connecting

Productive coordination and collaboration are on every employee's to-do list, but these activities are even more important for HRBPs. Our data shows that the top HRBPs:

- Spend more time working with non-HR staff,
- Have increased the amount of time they spend working with finance colleagues over the past five years, and
- Spend less time working alone.

These findings aren't too surprising for a role that, by definition, is an interdisciplinary internal liaison and partner.

However, not all projects may have enough time for coordination and collaboration—and they likely shouldn't, given the average HRBP's sizeable daily demands. Therefore, the key to an effective connecting partnership style rests on how well HRBPs can identify the individuals whose work strikes the right balance (i.e., is relevant to their own work, but adds new insight) and then actualize those relationships.

Potential questions for identifying those unique productive connections include the following:

- Does this stakeholder work with the same internal clients and have the same (or similar) goals that I do?
- Do I share budgets or workflows with this stakeholder?
- Does this stakeholder have access to information that's useful to me?
- Do the decisions this stakeholder and I make affect each other?

Once they make these connections and relationships, HRBPs can use them in different ways:

- **HRBPs at Webster Bank** use a workflow (not role) shadowing program to facilitate and strengthen connections with other colleagues throughout the value chain of particular key projects or initiatives they're working on.
- **HRBPs at Syngenta** use business partner boot camps to connect with colleagues in other corporate functions and map out ways to deliver more integrated support to their line clients.
- **HRBPs at Mylestone¹** hold responsibility negotiation forums with their HR peers to discuss common intra-functional handoffs and identify improvement opportunities.

Each example is different in kind, but all are united by their use of connections as a tool to extend influence and drive stronger results.



HRBP Spotlight

"I first [establish] myself as a true strategic advisor, not the 'HR person.' I realized that your internal clients are going to come to you with the questions they think you can answer. During meetings, I make a point of chiming in on non-HR topics...Being perceived as a well-rounded partner...was key to my increased involvement with business leaders on a growing number of projects."

Stephanie Teasdale
Head of Talent Strategy for Finance
Ferguson Enterprises



HRBP Spotlight

"I make it a practice of casually checking in with my peers across the business. This helps improve the quality of our work outcomes by allowing us all to spot common ground. But, at a basic level, too, I know better relationships mean more enjoyable days."

Martin Berlanga
HR Director
Perrigo

HRBPs who productively coordinate with peers in all their work stages can increase their own strategic effectiveness by up to 11%.

Extending Your Influence and Impact in 2016

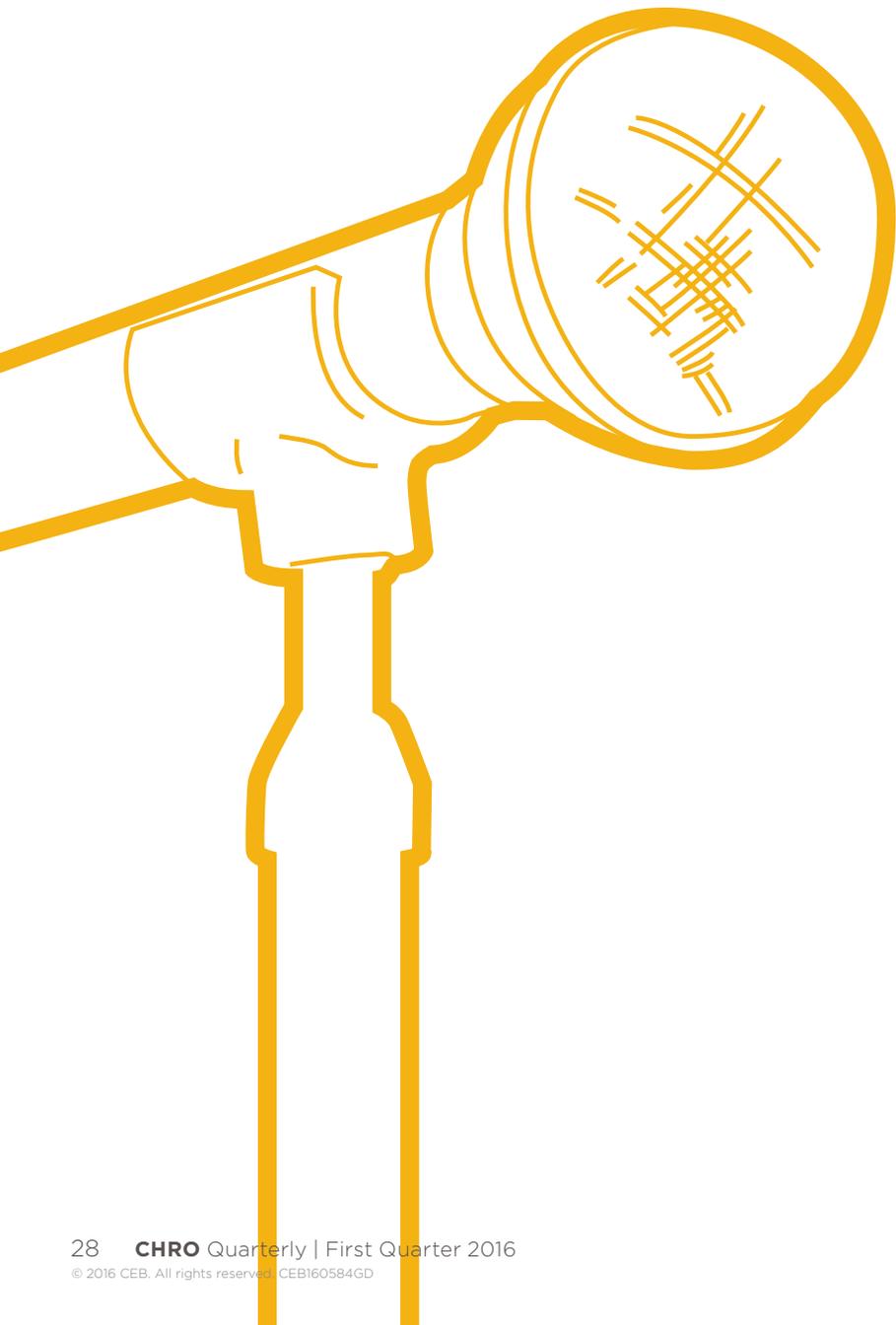
Like any art form, HR masterpieces come in many shapes and sizes. HRBPs may be working on similar initiatives or development areas, but their approaches to influence and execution will—and should—change based on the preferences, stakeholders, and environments they encounter. As you work to further your influence strategy and your evolving HR function's strategy in 2016, stay aware of opportunities to marry both art and science to spark the greatest impact.

¹ Pseudonym.

Voice of the CHRO

By **Matt Dudek**

Every quarter we interview chief HR executives to gain their perspectives on issues facing the HR function. This quarter we spoke with Aileen Tan about the lessons she's learned about leading change at one of the largest telecommunications companies in the world and her take on the great performance ratings debate.





About The Singtel Group and Aileen Tan

The Singtel Group is Asia's leading communications group, serving more than 550 million mobile customers around the world. Aileen Tan is the CHRO for the Group and its more than 23,000 staff worldwide. She leads the Group's corporate sustainability function and is also Chairperson of the Singapore Workforce Development Agency's Human Resource Skills Council.

Thank you for speaking with us. At a recent CEB Corporate Leadership Council™ meeting you mentioned that Singtel is on a transformation journey to become a multimedia and digital company. What questions are your board members asking you personally about talent and executing this transition?

AILEEN: The board and management were very clear that to support the transformation, we had to have the right structure, right people, and right culture. This is especially important when you're trying to put together a digital business, where you're creating an emerging business that isn't part of the core. So we had to make a choice. One option was to run it as a part-time business headed by a core business leader; another was to run it as a full-time business and fully develop it to thrive in the digital market.

It was also clear at the onset that the way we were organized was country centric, which was not going to work, given our transformation. We had to organize ourselves around our customers. So, we decided to create a global consumer business and global enterprise business. At the same time, we were determined that the digital business could not be run on a part-time basis, which was why we formed a separate business arm—Group Digital Life.

When we put the structure together after the board's blessings, we started exploring who could lead the various business units. The board was keen to know who would be the best candidate to do the job. It was always a question around having the right competencies, skill sets, and best fit, and trade-offs.

To find those right skills, what debate was there around going outside the company to find the right leaders versus giving rising or established senior leaders the opportunity to lead the new structure?

AILEEN: We adopted a holistic approach to getting the right person for the job. We looked internally as well as externally, and worked closely with an external search company to assess all candidates to ensure that the process was independent.

The advantage of hiring an internal candidate for the job was that it would be a good fit, since he or she would be familiar with our organizational culture and would have the industry and market experience.

As for our digital business, we ascertained that not everyone needed to be a digital native—it was all right to have digital migrants in the structure too. Hence we have a good blend of digital natives and digital migrants; this brings about workplace diversity, and we value the varied opinions that both groups bring to the table. Also, we appointed an internal candidate who was a digital migrant to lead the business, and he had the support of digital natives within the organization.

Some organizations might say you don't want cultural fit in a new business situation. If they are trying to change their culture, they may deliberately set up the new business unit to have a completely different culture and leadership style, one akin to a startup that can then galvanize a cultural shift across the rest of the enterprise. Did you consider that?

AILEEN: At Singtel, we have a culture that is strong in execution and financial rigor. Regardless of whether it's our emerging or core business, the level of financial rigor is always there—and we don't compromise on that. Any emerging business that we add to our portfolio has to leverage the strength of our core business, and vice versa.

That said, we were mindful that the core business and emerging businesses were totally different, and we didn't want to enforce a culture that was stifling to a startup. We struck that balance with our digital acquisitions, where we adopted a “one enterprise of many entities” approach. We put together a professional board, chaired by someone who had the right experience, to help our digital companies navigate the fast-moving digital markets. At the same time, we had staff from Singtel's top management to sit on the board to provide guidance on governance frameworks and align on strategic priorities.

When it comes to driving any new initiative, what is the biggest lesson you've learned about managing change?

AILEEN: The biggest takeaway was that you've got to be open about change and not have the mind-set that once the change has been implemented, it will remain that way.

I'll use an example to illustrate this. When we first started on our transformation, we rode the digital wave by building a

portfolio of digital companies and pursuing several different digital initiatives. Two to three years down the road, we actually consolidated. We focused on building three core digital businesses regionally and globally that would make a big impact on our business.

At the same time, we also decided to transfer some of our strong local digital franchises to be part of the core business to enhance customer experience given that the core business had become much more digitized as well.

Speaking of change and HR, there is a lot of discussion around eliminating performance ratings and even reviews. What is your reaction to this conversation?

AILEEN: Well, like it or not, many of us—in fact, the entire HR community—depend on ratings to give rewards. It is the most objective way to reward our staff. If we scrapped the entire ratings and performance review system, there will be more grievances when we hand out rewards at the end of the year, as people will then start to ask on what basis they are getting the reward as compared to their peers.

The issue is not about getting rid of ratings and performance reviews. The issue really goes back to the fundamentals of whether managers are doing their job well in managing performance conversations. Interestingly, we had a discussion with our top leaders on this topic. We had a group workshop to debate about this and surprisingly, the consensus was that it is not about ratings, but about doing a much better job managing performance conversations with staff.

So you had an open conversation around eliminating ratings with Singtel's leaders? How did that go?

AILEEN: During the conversation, we threw up various scenarios where ratings were eliminated to determine if this was tenable. It was an interesting discussion, because many of them began to realize how difficult it would be to assess employees in the absence of ratings.

In the end, we established that it was important for managers to have a proper review and feedback session with their staff to manage expectations and better rate them.

What personal lessons have you learned as the head of HR when driving change?

AILEEN: For me, it's not about just running the HR department. Rather, uppermost in my mind is the fact that I'm part of the leadership team that works together collectively to achieve the desired outcomes for the business.

I don't own the domain of performance management or leadership. These domains are collectively shared and owned by everybody in the organization. It's my job to encourage people to prioritize this. I want to see myself as a role model—someone who is able to shape and contribute to the company's success.

Personally, to get my job done, I want to be able to influence and shape things. Of course, if all else fails and I may have to implement policies that may not necessarily be popular, that's where the chief human resources officer title comes in handy. But that is secondary. Rolling things out without majority buy-in is never ideal. If I can get all the business units, all the teams, all the staff within Singtel behind me on issues—that's when I feel I've truly succeeded.

Finally, what question is top of mind for you right now as you think about how your HR team can drive growth at Singtel? What would you ask your peers?

AILEEN: We have gone through lots of changes, and we are entering into the next phase of our transformation. What I have on my mind now is, "How can my HR team continue to effectively support the growth agenda given that we are managing different businesses with different industry challenges and needing different kinds of leaders and very different talent profiles?" Things are changing faster and issues are more complex than they were in the past. My HR team is now often faced with more paradoxes and dilemmas where answers are not so straightforward.

At the end of the day, I think it all goes back to enterprise leadership. That is really at the top of my mind. "How can I drive true enterprise leadership in an organization like Singtel, where we have very diverse businesses and a very diverse geographical outreach?" That'll be the other key question we focus on.

This interview has been edited for brevity and clarity.



The issue is not about getting rid of ratings and performance reviews. The issue really goes back to the fundamentals of whether managers are doing their job well in managing performance conversations.



Reinvent Your Approach to Increasing Diversity

Inclusive workforces improve performance, retention, and business results.

Article contributed by **CEB TalentNeuron™**

Diversity has become a huge focus area for a number of organizations in the past few years, and with good reason: our research has proven that it helps businesses achieve better results. In a diverse, inclusive workforce where a broad array of employee perspectives is valued, [performance improves by 12%, and intent to stay rises 20%](#).

It's one thing to know that your organization needs to expand its diversity offerings; it's quite another to know exactly how and where to start. Before diving into a broadly ambitious initiative that may not fit well with your organization, conduct a thorough analysis of your business's needs. Looking deeper into those findings can help you discover which specific circumstances need to be fixed first. This analysis is the critical first step in effectively reinventing your organization's diversity strategy.

See how your peer HR leaders are addressing diversity needs.

Bringing More Women into Technology

Facebook's Sheryl Sandberg has been at the forefront of a charge to further incorporate women into the workplace. But many organizations still have a long way to go, particularly within the STEM field.

Women make up **47%** of the labor force in the United States...

...but only **26%** of the country's total STEM population.

13% are involved in engineering roles. In areas such as Detroit, where women make up 53% of the overall population, only 14% are in the technology sector.

Many companies have tied this disparity to the lack of an environment that provides encouragement and adequate opportunities for women. As such, they have begun looking into initiatives to inspire women to join the technology sector. These efforts include offering flexible work schedules, referral incentives, and post-maternity benefits.

Some organizations are also updating their recruitment policies, establishing yearly targets for hiring female employees as part of overall diversity initiatives and connecting with career advisory services to reach these goals. These companies are also increasing their recruitment activity at universities with high numbers of female students and offering female students internships, mentorships, and sponsorships.

Take the case of the United States. Women make up 47% of the labor force in the United States, and a mere 26% of the country's total STEM population. The majority of these individuals (61.2%) fill social science occupations (e.g., psychologists, sociologists, survey researchers), and only

Going one step further, leading organizations are using analytics tools to understand diversity trends globally and locally in their target cities for recruitment. For example, we helped a large global company identify where the highest percentages of female STEM talent were available and how direct competitors were reaching their diversity goals. This information helped the company set realistic diversity goals for the near and long term and HR set the right expectations with business partners.

Building a More Diverse Leadership

Entry-level roles have higher diversity levels than mid-level or leadership positions. Across industries, female professionals make up 23% of talent for the VP level and above. This means that diverse talent is hired but then stalls or departs with little to no career advancement.

In contrast, the US pharmaceuticals industry is one of the most gender-diverse workforces for leadership roles. Female professionals there make up 40% of talent for the VP level and above. How can other organizations and industries attain similar results?

One way to build leadership gender diversity is to improve position attractiveness (e.g., accommodating family time, improving maternity and child care benefits) along with focusing on leadership programs and development.

What HR Can Do

The best companies' HR functions help build effective diversity and inclusion initiatives by focusing on three pillars of success: **define, build, and create**.

- **Define relevant diversity and inclusion objectives.** Allow business leaders to create locally relevant diversity and inclusion objectives, and assess progress made on them—not just end results.
- **Build a diverse and inclusive workforce.** The best companies expand a talent pool's diversity by affecting the **career influencers** of diverse candidates instead of investing exclusively in diversity recruiting. They also hire employees who demonstrate inclusive behaviors.
- **Create a diverse leadership pipeline.** Clarify the link between diverse employees' skills and a leadership position's requirements, and create processes that minimize biases in talent management decisions.

If an organization hopes to remain competitive in a globally connected world, it needs to focus its talent strategy on increasing and sustaining diversity. Apple CEO Tim Cook eloquently summed this up by saying, "Inclusion of diversity inspires innovation....The best companies in the land will be the most diverse."



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What Will the Best HR Executives of 2020 Look Like?

By **Matt Dudek**

Talent is one of the biggest differentiators of organizational performance, reshaping the head of HR's role into one of the most high-profile C-suite positions.

For example, with 63% of CEOs concerned about the availability of key skills, 46% of CHROs are spending more time discussing organizational strategy with the CEO and the board than they did just two years ago. It's not simply the amount of time, but also the way HR executives spend time, that is changing.

To help current and aspiring heads of HR stay ahead of HR trends, we've identified four ways the role is evolving that we anticipate will separate the best from the rest in the next few years.

1. Different-in-Kind Board Relationships

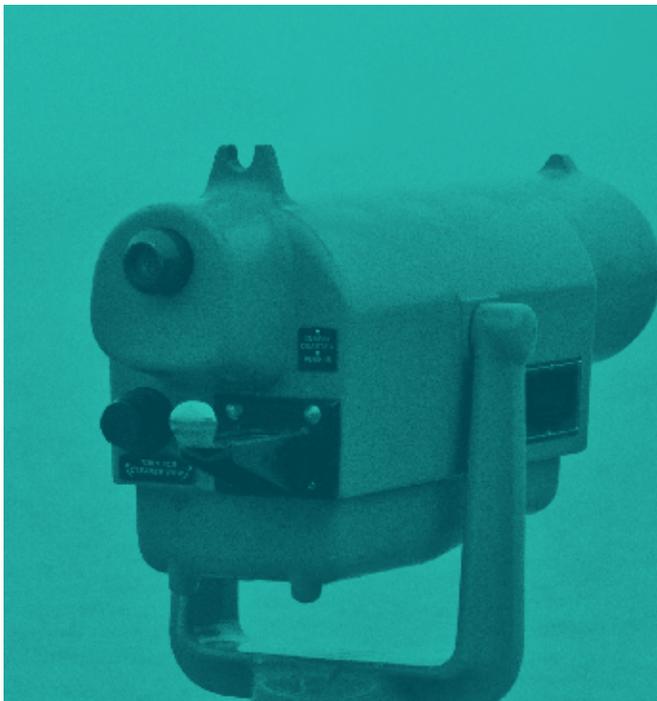
Engaging the board has long been a critical skill, from working on the compensation committee to making formal presentations. But this relationship is becoming more personal and requires a step change in CHROs' stakeholder management skills.

Specifically, as meetings with board members become more frequent, more informal, and more individualized, CHROs have to more carefully manage these relationships to ensure they remain an objective, neutral leader. We've also seen an increase in requests from these leaders for guidance on selecting and managing board members' performance.

2. Greater Digital Literacy and External Awareness

Beyond the boardroom, the advent of the digital age and its radical effects on the workforce have also changed the chief HR role, starting with how they develop their firms' talent strategy. Organizations need more analysts to handle big data, digital talent for new online and mobile products, and chief listening officers to manage their budding social media presence. To manage these and other new talent segments heads of HR must develop digital literacy to proactively shape and drive stronger talent messages.

For CHROs personally, social media has thrust corporate talent decisions and



How The Walt Disney Company's CHRO Is Building Digital Literacy

“Our newly created Employee Digital Center of Excellence is run by our head of HR for Disney/ABC Television Group (DATG). By leveraging what DATG is doing in the digital space for consumers, we can better envision and invest in a digital and mobile strategy for all our employees. We believed that HR should take the lead in that effort and that our model should mirror how The Walt Disney Company thinks about the experience for our consumers, fans, and guests.”

Jayne Parker
EVP and CHRO
The Walt Disney Company

policies into the public sphere, often in uncontrolled ways. Today, CEOs must have sharp HR executives who can monitor external trends and marry this awareness of macro and industry issues with the foresight to build reputational risks into their decisions. “My development plan is much more externally focused,” says [Ceree Eberly](#), the chief people officer of The Coca-Cola Company. Factoring external issues (beyond labor market trends) into talent strategy and policies will become more important over time to avoid unnecessary reputational risks and foster a culture that is a key asset and not a liability. Recent social media posts and articles from former senior employees about poor corporate cultures and talent management practices underscore this importance.

Perhaps most surprising about today’s top CHROs, however, is how their mandate has shifted from one focused on managing their function and the organization’s talent to being true enterprise leaders.

3. Becoming True Enterprise Leaders (with a Talent Edge)

“The highest compliment I’ve ever received from a business leader is that the leader viewed me not only as the chief HR executive, but also as a business leader and trusted advisor.” This quote from one tech CHRO captures what many have told us defines success in the role. By being completely tuned into operations, leading HR executives apply their talent management expertise more effectively to influence enterprise priorities and decisions beyond talent. In fact, 71% of heads of HR are spending more time on issues not related to their function or talent.

Expanding HR involvement in enterprise decisions is part of a broader shift in the

C-suite. The best leaders in any function or area of operations are [enterprise leaders](#)—leaders who not only lead their own teams and departments to high performance but also contribute to and use other business units’ performance. So senior HR leaders can create value by building benches of these enterprise leaders throughout their organizations’ business units (boosting revenue growth rates up to 12% along the way). Now it’s clear that CHROs themselves have to adopt this approach in their own jobs as well.

4. Making Change Their Job as Chief Change Officers

At nearly 75% of organizations, the amount of change currently occurring is more than they’ve ever dealt with in such a short time.

For CHROs then, being an enterprise leader often means operating as a chief change officer. CHROs must partner with the CEO and C-suite peers on change decisions and prioritize building a change-capable workforce and HR function. Why?

HR owns or influences two-thirds of the controllable factors that differentiate success. These factors are related to:

- The change decision itself,
- How the change is implemented, and
- The capabilities of those associated with the change.

The future skills CHROs need to succeed in their role are influenced as much by macro and industry trends as they are by their own corporate strategy. CHROs tell us they are putting a range of skills on their personal development plans, from diversity and inclusion to researching top board practices and even learning about the chief operating officer role.

The future challenges facing the CHRO role can be daunting. But for those who are up to the task, the dynamic and constantly changing nature of the role can make it highly rewarding. One CHRO told us, “I love this job and I love this role. I think it’s the best role you can have in a company.”

Which of the following non-talent activities have you worked on with your CEO and/or board of directors in the past year?

1 Driving the company’s corporate social responsibility agenda



2 Updating the company’s rules for corporate governance



3 Managing relationships between board members



4 Planning a response to new legislative requirements



5 Forging strategic partnerships with external organizations



n = 83 CHROs.

Source: CEB 2016 HR Agenda Poll.

CHRO Perspective: Reimagining HR

By **Danielle Douglas and Saikat Chatterjee**

We recently had an extended conversation with Piyush Mehta about the importance of adaptability, leadership, and execution in a quickly changing business environment. We have transcribed the highlights of our conversation here.

About Genpact and Piyush Mehta

Piyush Mehta is the Senior Vice President of HR for Genpact. Mr. Mehta leads Genpact's global HR function and in this capacity has played an integral role in the organization's journey to becoming an employer of choice. He is a Genpact executive officer and has more than 20 years of HR experience.

GENPACT



On the Analytic Transformation of Talent

We have internally developed something called an early warning system, which is a predictive attrition model....This is based on a challenge which we had in this business about employee attrition, which was higher than what we'd like it to be. So our CEO started a project where we looked at 52 different variables as to why employees would want to work with us or quit. We got data points on those 52 variables for 10,000 employees.

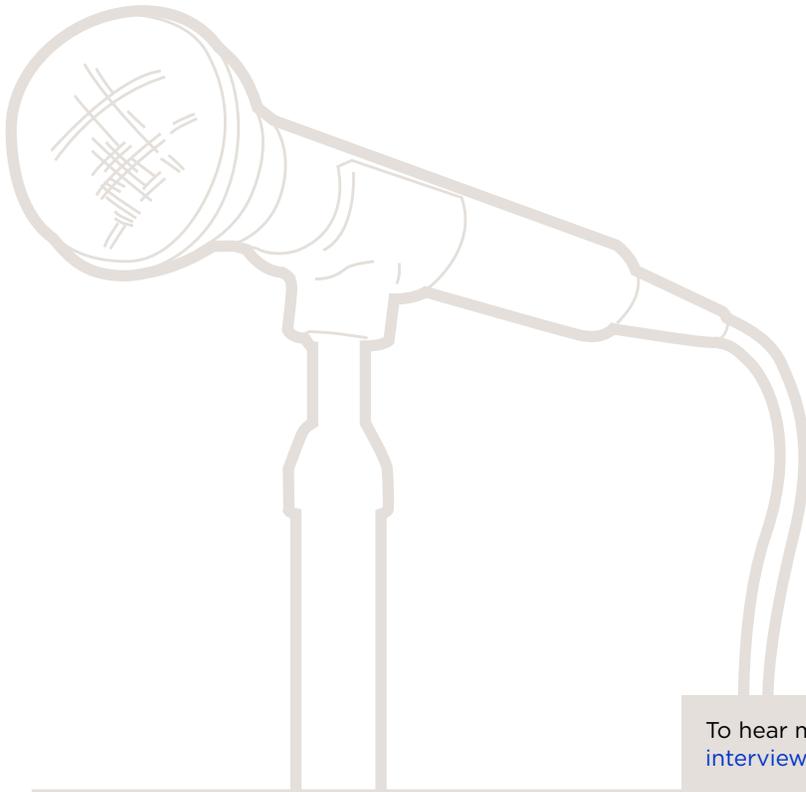
All of that was put into a reasonably complex data warehouse and an analytics model...[that] threw out seven statistically significant variables on why employees wanted to quit or stay with us. Now, what we've done is we've taken those seven variables, codified those, and created a user interface where every manager has conversations with his or her employees every month with those seven simple questions.



On the Collaborative Enterprise

One of the things we've been very conscious about is—and it's a little bit of an idiosyncrasy (and I'm surprised why it's an idiosyncrasy to our organization, or more organizations are not doing it, because it's worked really well for us)—is we have solid-line reporting both into the function and the business. So we do not have a dotted line, or we do not have reporting only into the function, or only into the business.

Now what that does is it creates a very different level of ownership with the business, because fundamentally, that's what we are here for—to make sure that our stakeholders get the services that we are contracted to deliver to them. But equally, we are part of a functional organization, and the ability to leverage that function globally in terms of best practices, in terms of standards, in terms of everything that we do across the globe, becomes very important. And therefore, the concept of dual solid-line [reporting] is something that's really worked well for us.

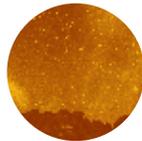


To hear more from Piyush Mehta, watch our full [interview with him](#).



On the Workforce of the Future

As the organization has evolved, the whole concept of what learning is, and what growth is, and what success is, has changed. It is not necessarily getting a promotion every two years....It's about horizontal movement. It's about learning on the job. It's about learning through leadership interventions. It's about learning through projects....It's about new competencies, new skills, new verticals we've created and therefore, the skills that go with those verticals. And therefore, I strongly believe that the concept of learning and growing is not restricted to a vertical movement on the organization hierarchy that, in any case, is reasonably flat. It is about diverse experiences...diverse skill sets.



On the Next Generation Functional Effectiveness

It's about culture. It's about changing the way we do a lot of things and creating an ecosystem which transforms the way we do what we do today. We've taken actually the entire suite of our activities which we do for our internal stakeholders and broken them up into seven work streams. So let's take performance management as one, hiring as the other, etc., and then look at best-in-class solutions across the world. They could be cloud-based solutions; it could be a software-as-a-service solution; you know, the best opportunity that we have and we've picked from that and created standard solutions which will be implemented in the same way across our 65,000 people.

What that does is it creates number one: scalability. It forces us to create simple solutions, and because we are looking at best in class, it will be highly digitized and therefore, driven by technology. All of this is—again, the point I want to make—not about technology alone. It's also about the culture.

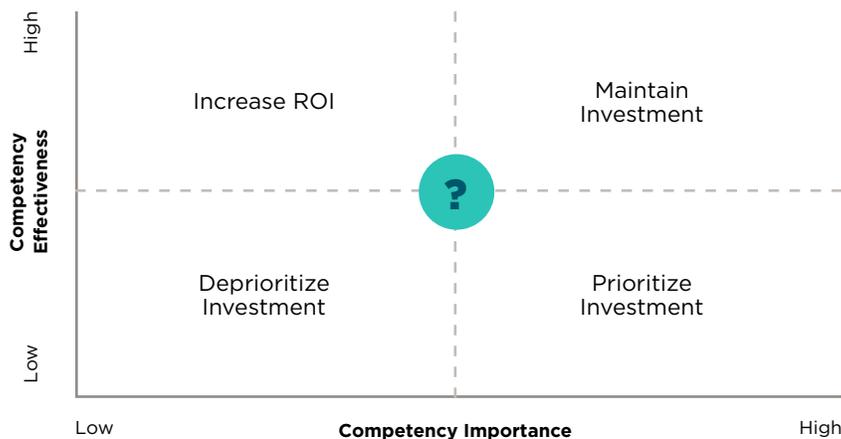
Competencies That Matter

Here are the five most important competencies for each function according to CXOs worldwide and employees' effectiveness at those competencies.

By **Marcus Chiu and Yi Kang**

Employees above effectiveness benchmark	Employees below effectiveness benchmark	Customer Service	HR
		<ol style="list-style-type: none"> 1 Leading and Supervising 2 Formulating Strategies 3 Adapting to Change 4 Presenting and Communicating 5 Achieving 	<ol style="list-style-type: none"> 1 Formulating Strategies 2 Relating and Networking 3 Presenting and Communicating 4 Adapting to Change 5 Planning and Organizing
Marketing and Research	Finance and Accounting	IT Systems	
<ol style="list-style-type: none"> 1 Formulating Strategies 2 Learning and Researching 3 Adapting to Change 4 Persuading and Influencing 5 Creating and Innovating 	<ol style="list-style-type: none"> 1 Formulating Strategies 2 Adapting to Change 3 Presenting and Communicating 4 Achieving 5 Entrepreneurial Thinking 	<ol style="list-style-type: none"> 1 Adapting to Change 2 Formulating Strategies 3 Presenting and Communicating 4 Creating and Innovating 5 Applying Expertise 	
Sales	Operations	R&D and Engineering	
<ol style="list-style-type: none"> 1 Formulating Strategies 2 Adapting to Change 3 Leading and Supervising 4 Relating and Networking 5 Persuading and Influencing 	<ol style="list-style-type: none"> 1 Adapting to Change 2 Formulating Strategies 3 Presenting and Communicating 4 Achieving 5 Leading and Supervising 	<ol style="list-style-type: none"> 1 Formulating Strategies 2 Creating and Innovating 3 Achieving 4 Adapting to Change 5 Planning and Organizing 	

Which Competencies Matter to Your Business Unit's 2016 Strategy? Resource Investment Imperative



Take Action with CEB Corporate Leadership Council™

- Prioritize your talent investments by reviewing the full 2016 [CXO Talent Report](#).
- Use our [CEB Ignition™ Guide to Conducting an Organizational Talent Review](#) to improve workforce plans.
- Help employees adapt to change by learning how to organize HR to [lead enterprise change](#).

The Top Two Conversations You Need to Join in 2016

CEB Corporate Leadership Council™ 2016 Meeting Series Topics

Create a Change-Capable Workforce

April–September 2016

How can heads of HR create a change-capable workforce that consistently performs well during change and that vastly improves the probability of change success?

Join our upcoming meeting series where we will answer this question through new best practices and tools:

- Incorporate profiles of the types of employees who are most successful at managing change into talent decision-making processes.
- Adopt new manager and leader expectations for managing change.
- Adjust talent management processes for new engagement and performance strategies.
- Use new communication strategies to improve employee performance through change.

Is It Time to Blow Up Your HIPO Strategy?

August–November 2016

How can organizations develop HIPO strategies that are agile enough to address the rapidly changing needs of the organization and its most promising employees?

Join our upcoming meeting series where we will answer this question through new best practices and tools:

- Use our new high-potential model to uncover hidden HIPO talent within your workforce.
- Take advantage of HIPO preferences data to build an employment value proposition to retain your HIPO talent.
- Use our HIPO Program Development Guide to build agile HIPO programs that respond as the profile of the high-performing leader evolves.

The Risk of Inaction

The average organization can expect to lose

\$10,700
per employee

in lost productivity from failed change over three years.

Source: CEB analysis.

HIPO Program Failure

69%



of HIPO programs fail to deliver the leadership talent that the organization needs when it needs it.

Source: CEB analysis.

How to Attend

Contact your account manager, or e-mail meetings@cebglobal.com.



The **CHRO Insight Series**

CHRO Quarterly Magazine

Business insights and implications for heads of HR on leading their organization and HR function, featuring personal stories from leading HR executives

HR News Report

Quarterly functional insights on advances, challenges, and opportunities in HR categorized by 10 key functional areas

Global Talent Monitor

Quarterly workforce insights on global and country-level changes about what attracts, engages, and retains employees, based on data from 18,000+ employees in 20+ countries

CHRO Video Series

Personal insights from leading heads of HR on the most important relationships and activities CHROs must manage

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