

# HR Must Deliver on **TRANSFORMATION**

Digital transformation (DX) refers to the application of digital technologies to fundamentally impact all aspects of business and society as a whole. It has become the source of new business models, enhanced experiences, and improved financial performance. The end of 2016 saw two-thirds of European Financial Times 500 enterprises place digital transformation at the center of their corporate strategy.

**SAP SuccessFactors** 

 **IDC**  
Analyze the Future

# Introduction



**IDC believes it is the responsibility of HR to address and deliver key elements of digital transformation**

Involving the HR department in digital transformation projects is no longer a nice to have but a must-have. IDC research indicates that among HR professionals and line-of-business (LOB) managers, there is this common idea: HR is critical to the success of digital transformation.



**Only by transforming the HR department, its people, and its processes can an organization transform its business**

The most dangerous way to approach the disruption caused by digital transformation is to apply the same processes and strategies that were relevant in the past. Placing your people at the center of the transformation effort requires new tools, new architecture, and a clear vision of the new role HR needs to play.



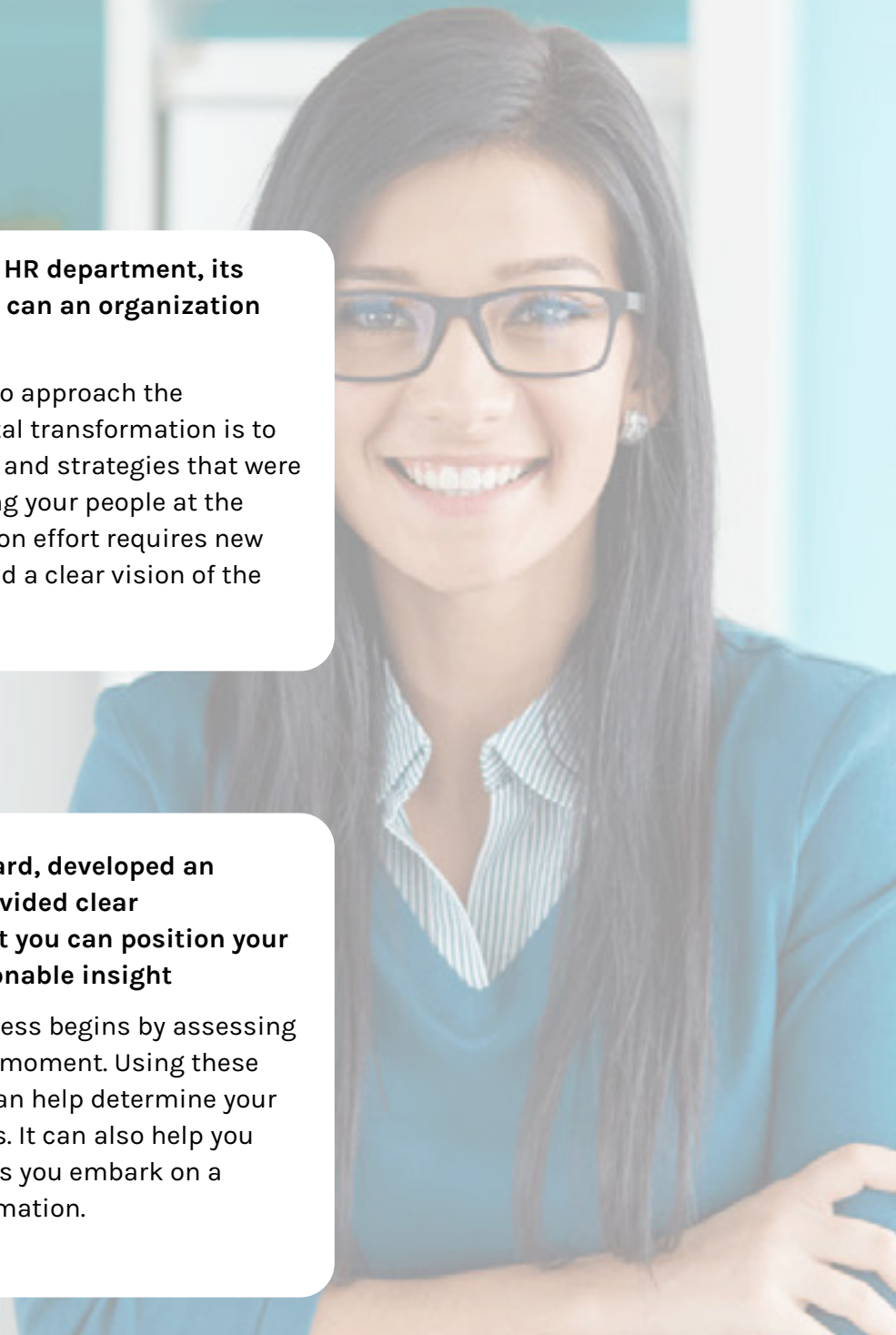
**Strategic HR enables organizations to automate processes, deliver self-service, and tap into talent. This frees HR to focus on knowledge, culture, and change**

In 2016 IDC predicted that 2 out of 3 CEOs in the Financial Times Stock Exchange 500 will have digital transformation at the heart of their corporate strategy. In 2017 our research indicates that more than 85% of organizations have already undergone or started digital transformation projects, and this will continue to increase.



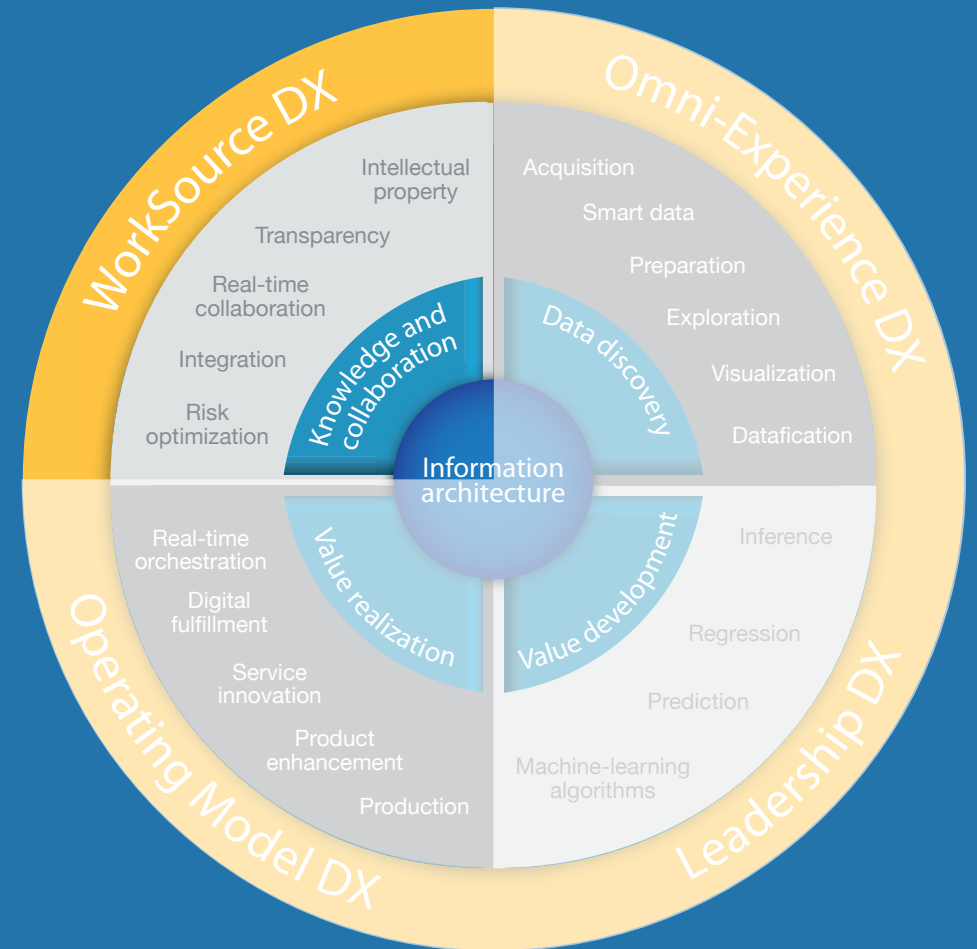
**IDC has defined a scorecard, developed an assessment tool, and provided clear recommendations so that you can position your business and follow actionable insight**

Any transformational process begins by assessing where things stand in the moment. Using these specially designed tools can help determine your strengths and weaknesses. It can also help you decide on the next steps as you embark on a journey of digital transformation.



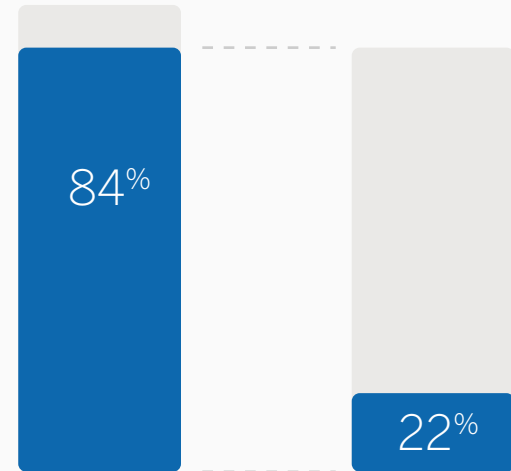
# WorkSource Digital Transformation

*Two-thirds of the CEOs of European Fortune 500 enterprises have digital transformation (DX) at the center of their corporate strategy. Transformation of the workforce, the way it is utilized, managed, and improved, is a central feature to this process and many HR professionals will be tasked with keeping pace and delivering change.*



# Disruption and Transformation

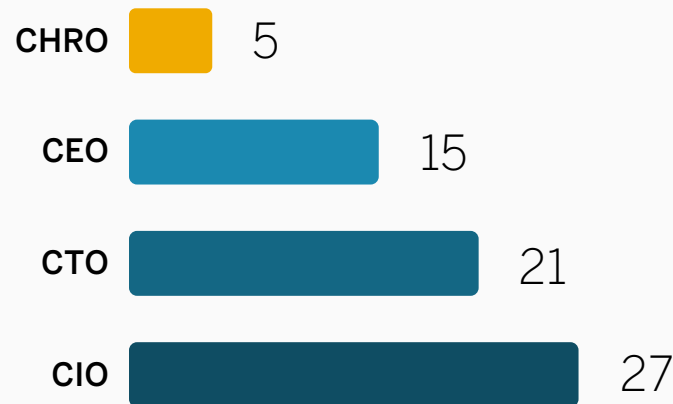
Organizations Engaged in DX (%)



Organizations engaged in DX

More than 5 years in DX

Who is Leading DX? (%)



## TAKEAWAY

The fundamentals of digital transformation success will be based on HR transformation success.

## Top 4 Recognized Barriers to Successful Digital Transformation:



24%

### People

Our organization does not have enough people with digital skills



22%

### Knowledge

We lack a sufficient understanding of what digital transformation is and who can help us



21%

### Financial Incentives

Our financial systems do not incentivize us to take the required risks for digital businesses



21%

### Culture

Our organization does not have a risk-taking, innovation-driven culture

# Disruption and Transformation

Transformation of the workforce, and the way it is utilized, managed, and improved, is a central feature of this process. On top of everyday tasks and managing a team, many HR professionals will be tasked with keeping pace and delivering change.

This can only be achieved by HR helping to create an agile organization that meets the demands of the business, but also one that helps employees and managers become and remain engaged, productive, and focused. At the same time, HR must maintain a development path and training goals, and manage overall employee performance. This includes not only the talent you have, but also the talent you target. To achieve this, HR professionals must:



Drive HR transformation through a **highly engaged workforce**



Ensure HR becomes central to realizing transformation and continuous change



Create an agile, flexible, and reactive organization, built on a collaborative culture



Develop, retain, and attract the right talent into and within the business



## TAKEAWAY

Ensure your HR processes begin with the employee, involve the LOB, and result in a highly engaged and collaborative workforce.

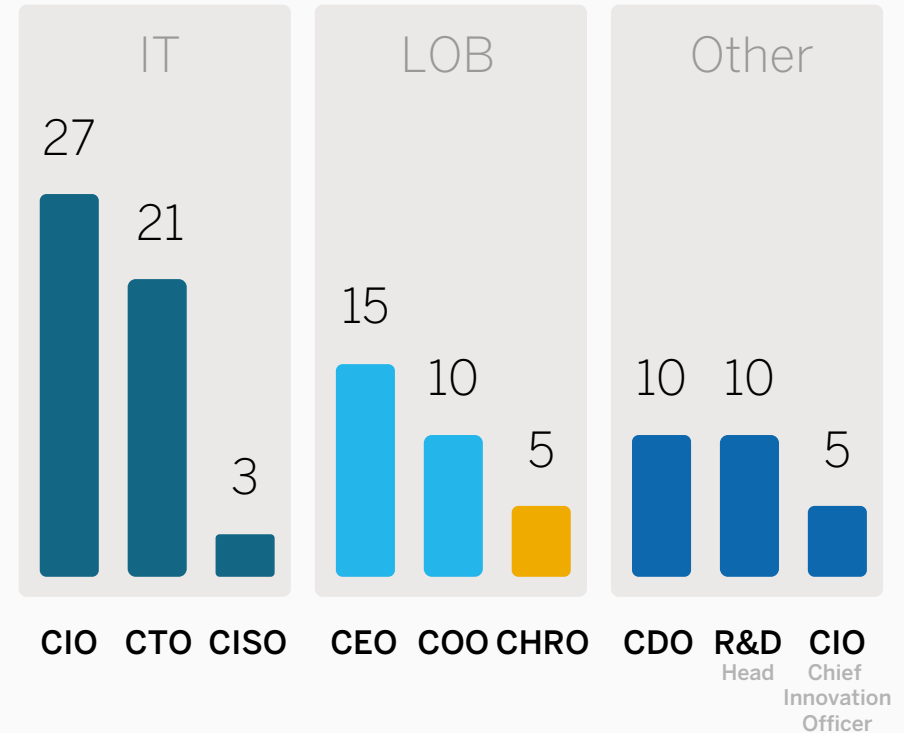
# HR Must Take a Seat at the Table

HR is central to delivering digital transformation, but very few HR leaders are heading this process ... why?

This comes down to the traditional perception that HR professionals are less strategic and that their department (which may be under-resourced) does not possess the necessary skills or leverage within the business.

**The HR department and HR leaders cannot afford to be seen as a process and policy driven section of the business. They must be seen as central to the business and demand a seat at the table.**

Who Is Leading the Digital Effort? (%)



## TAKEAWAY

Those leading digital transformation must be made aware of the "people" element, sooner rather than later ...

# Companies Look Internally for Resources

*Q. When choosing an external service provider in support of your digital transformation, which type of provider would you prefer to use for each of the following stages?*





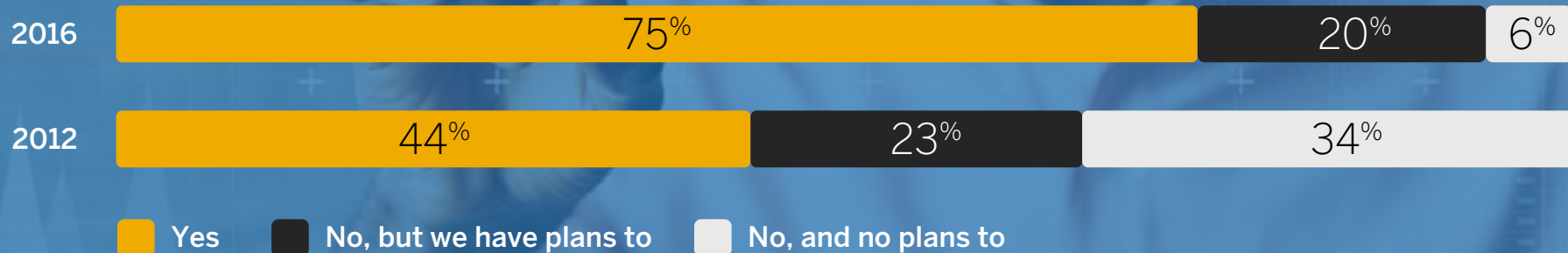
# Delivering Strategic HR

## Strategic HR is Now a Must Have

Strategic HR is the process of delivering HR based on wider business objectives and outcomes, rather than process or administrative requirements – the bigger picture as opposed to (or as well as) the everyday.

Within four years (2012-2016), there has been a significant increase in the number of organizations that implement a formal talent management strategy.

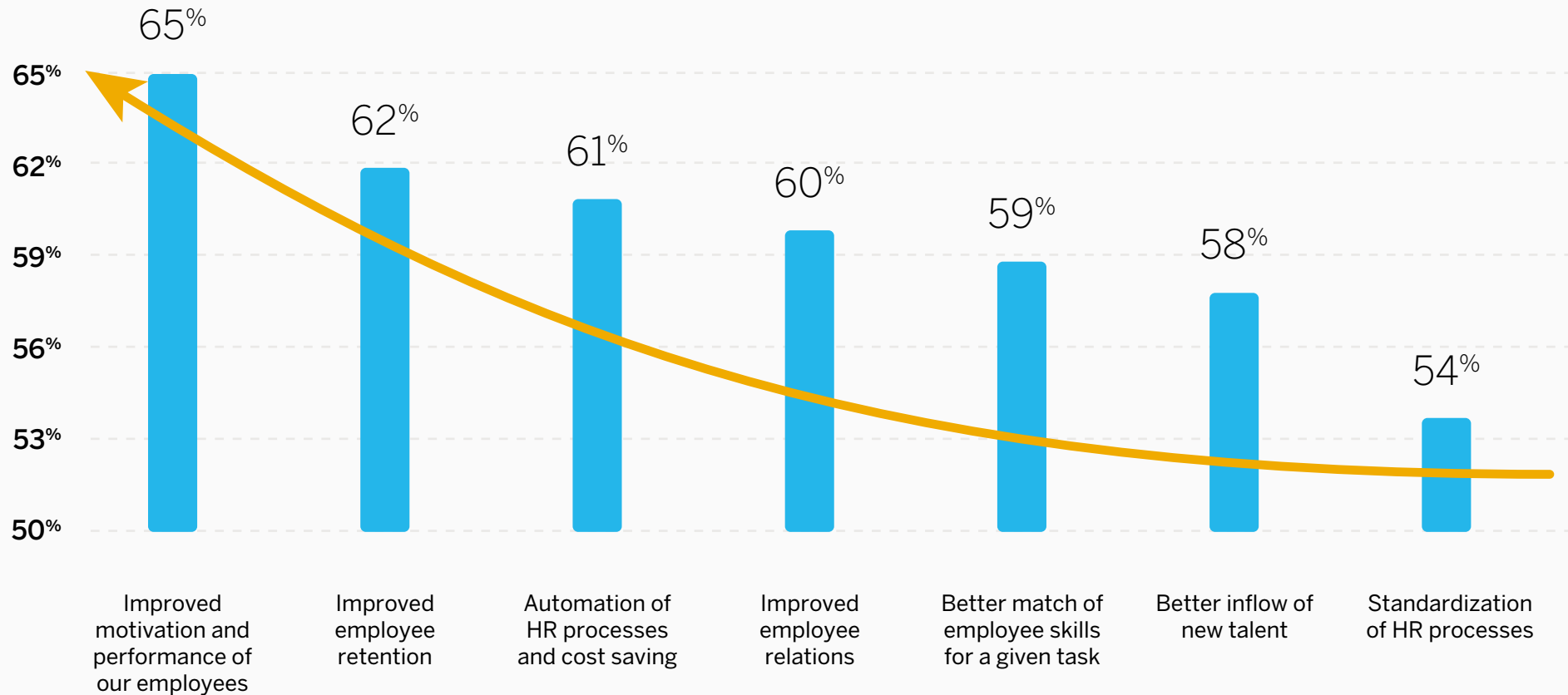
Q. Does your organization have in place or plan to implement a formal talent management strategy?





# Changing Priorities

One of the first steps to delivering HR transformation is automating processes and streamlining everyday tasks and admin. From here, you can drive employee engagement, which is central to productivity and talent retention.



## TAKEAWAY

The shift in importance placed on HR priorities signals a change in focus and a migration away from administration and towards performance and talent management. This has to be supported by automation and self-service tools.



Q. How many organizations have talent management and HR systems integrated?

A. Only 17% of organizations have talent management and HR systems integrated.



Q. How many organizations believe top talent is tapped wherever it is?

A. Only 10% believe top talent is tapped wherever it is.



Q. How many organizations have self-organizing teams?

A. Only 8% have self-organizing teams.



Q. How many organizations have collaborative, agile, and adaptive work methods in place?

A. Only 16% have collaborative, agile, and adaptive work methods in place.

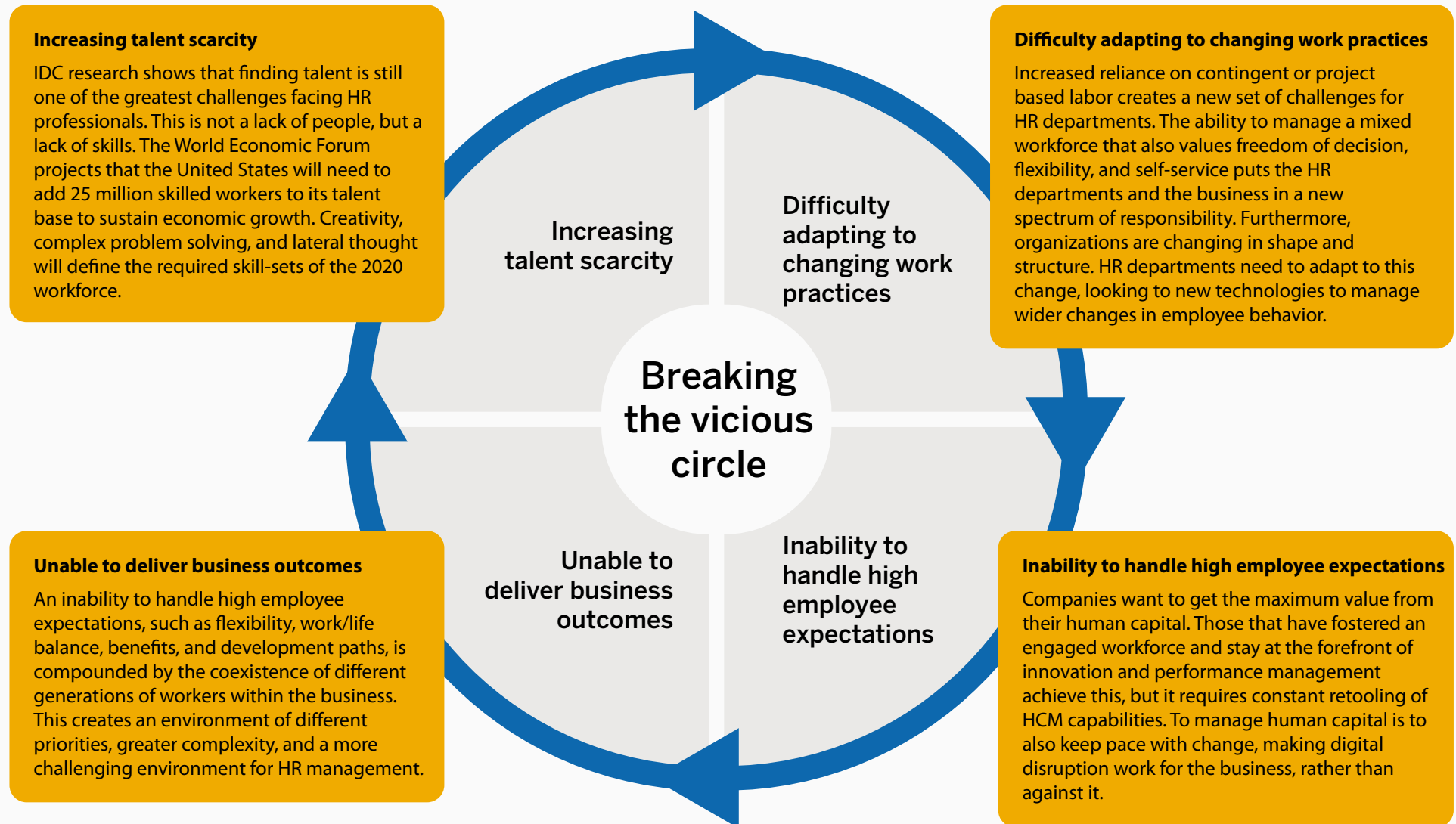


## TAKEAWAY:

Very few organizations are addressing this. LOOK FOR QUICK WINS.

# Breaking the Vicious Circle

HR professionals need to break this vicious circle before it becomes a downward spiral. New tools and processes are one way to drive improved employee (and management) engagement, as well as streamline HR functions to enable a more strategic focus.



# Realizing Transformation

Turn Your Human Capital Into Competitive Advantage



## Attract

the best talent, into the best roles, with clear (and parallel) career development, as well as attracting employees from across departments.



## Develop

talent across the organization, reskilling and retraining where possible, as well as empowering talent with the tools to enable this.



## Retain

people, skills, and engagement by delivering opportunity and progression. Most critically, retain a highly engaged workforce.



## Optimize

talent, skills, and potential (future capability). Ensure that the human capital and knowledge capital of the business exceeds the sum of the parts.



# IDC has identified five key trends and actions to address the challenges of digital transformation and the development of HR



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## EMPOWERING HR ACROSS THE BUSINESS

IDC research shows that organizations want an inclusive HR system that lets HR staff, managers, and employees become responsible for their own experience without complicated procedures.

HR professionals must empower LOB and employees, turning everyone into "HR experts."

How do I empower LOB? What software, processes, and policies do I need in place?



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## IMPACTFUL HR DECISION MAKING

Analytics throughout the employee life cycle can deliver significant benefits, from identifying candidate suitability to determining flight risk and possible courses of action.

59% of the respondents in IDC's Western Europe HCM survey said that analytics and dashboards are either very or extremely important when making decisions about investing in HCM software solutions.



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## CONTINUOUS EMPLOYEE ENGAGEMENT

6% of Fortune 500 companies have abandoned rankings and annual reviews.

IDC research shows more organizations are performing frequent appraisals.

Continuous, "check-in" style personal development — engaging HR processes for performance, learning/development, and more regular feedback from peers and supervisors — is becoming the norm.



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## MANAGING A FLEXIBLE WORKFORCE

Only 10% of Western European HCM survey respondents were able to tap into talent wherever it is, through employment, contingent, contract, or freelancers.

Yet up to 30% of large company HR spend goes towards contingent workers.

With these employees now critical to the talent ecosystem, HR demands a redefinition of both the processes and how to best manage these people.



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## SOCIAL AND COLLABORATIVE LEARNING

Over half of respondents in IDC's Western Europe HCM survey said that learning integration in a complete employee life-cycle solution is a high priority.

HCM systems should also provide the opportunity for social learning, turning everyone into both "teachers" and "students."

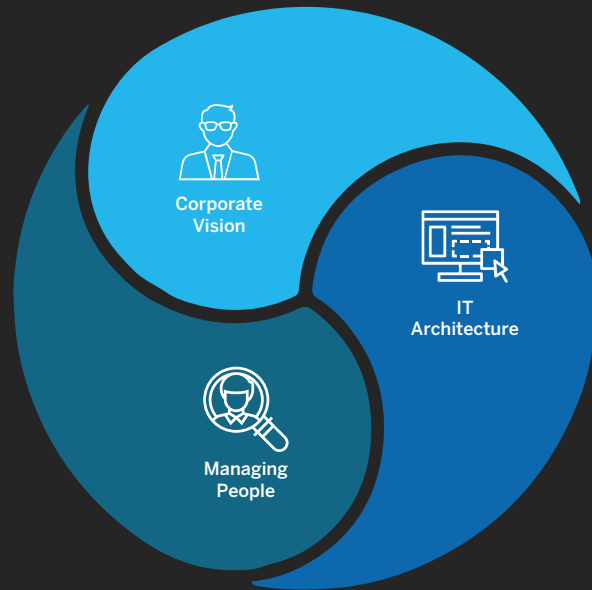
Best practices are better communicated, databases of experiences are created, and content distributed.



## TAKEAWAY

By addressing these initiatives, HR can deliver increased value but also gain time and insight to become more strategic and deliver increased value.

# Multiple Stakeholders: One Common Goal



**HR departments** want a solution that frees up time from HR admin, allows for strategic inputs, and helps them deal with issues of planning, resourcing, and development.

**Line-of-business managers** want their staff to be engaged, with a high level of self-service, and to fulfill HR-related tasks with ease and on time.

**Executives** want to complete business transformation projects that will future proof their organizations. They care about efficiency, engagement, and productivity.

**Employees** want self-service, zero-hassle, easy-to-use HR tools that help them keep track of their KPIs, their development goals, and their prospective paths.

# The Steps to Delivering Strategic HR



## Strategic HR means HR transformation

The successful system must include the following:

- Ability to reduce mundane and repetitive tasks for user, HR staff, and managers
- Ability to interface with the existing data and offer insights and information that is tangible and useful
- Ability to incorporate feedback, training plans, and workforce planning into multiple and easy-to-use views



# Next Steps

## Playbook

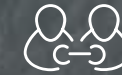
### Things to Focus On



#### Executive Stakeholders



#### Business Managers



#### HR Departments

Clearly communicate the company vision for HR and digital transformation.

Spell out the vision with clear roles and responsibilities and set communication guidelines across the organization.

Understand your team's role and responsibilities and monitor the progress that you are making by incentivizing your team members to act.

Let your department take the lead in fostering this vision and use internal communications to reinforce change and regular staff surveys to drive engagement.

Find the bottlenecks and take action to meet the challenge.

Streamline processes, secure buy-in from the executive team for rapid action on emerging issues, and simplify approval for actions in line with the vision.

Pay attention to established practices and seek out delays and inefficiencies, work with your team to streamline process, and focus on the delivery of value.

Collect the inputs from different departments, document and curate best practices, and help managers be productive and on time with the right set of tools.

Rethink your talent needs and devise the plan to act.

Make talent retention and attraction a key part of your strategy with continuous updates tied to performance.

Think and plan for the long term, determine skills that will be needed for the future, and create bespoke talent pools and succession plans.

Maintain an overview of the talent needs for your organization in the long term, keep managers tied to their plans, check progress, and update role profiles and skills inventory.

Devise a long-term training and development plan and muster resources to drive engagement with it.

Ask for business units to create distinct and comprehensive training plans that will meet their teams' needs and fit with the company vision.

Work with the business to determine what skills are no longer needed and which employees need to be retrained and ensure new staff gets access to rich and relevant materials.

Ensure that HR systems allow for distributed and social learning, maintain and curate the library for relevant content across the organization, and integrate learning as part of development and engagement policies.

Make HR transformation the core of your digital transformation project with your people leading the change in your organization.

Embracing change will require new measurements and KPIs, and new structures, goals, and incentives that need executive support as they trickle down in the organization.

Make use of new tools, analytics, and frequent feedback to monitor the process of your digital transformation responsibilities and lead your team in line with the company vision.

Reshape the scope of the HR department to be less process oriented and more strategic while making change a key measure of success.



# Recommendations

1

Move away from self-created HR silos, manual process, and ad hoc/in-house solutions. Give your organization the tools to better manage the workforce.

2

Start with the automation of HR processes. Create time for your workforce and save cost for your business.

3

Focus on getting the right skills for the right positions. As the war for talent intensifies, secure a better inflow of talent.

4

Set best practices and policies to improve retention. Use analytics to identify high-risk positions and prepare for succession.

5

Build your organization around employee engagement and satisfaction.

6

Deliver HR as competitive advantage for all stakeholders: attracting talent, delivering change, improving customer service, and delivering sustained competitive advantage and growth.

7




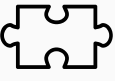
Make HR departments part of the transformational process rather than a back-office function.

8

Use the HR department as the spearhead for your digital transformation success.



# Scorecard

	Functional	Tactical	Strategic
 Talent	Simple recruiting and development structures in place — disconnected from each other and with minimal ability to engage contingent labor	Some integration between recruiting and development and performance management but still siloed — gig economy still at arm's length	Integrated talent attraction, retention, and engagement planning with regular performance and development feedback with talent tapped everywhere and anywhere
 Culture	Lack of unified culture — departmental guidelines and local practices prevail	General values and principles that guide a corporate vision but not fully aligned between roles, functions, and departments	Well communicated and articulated culture that drives business, digital, and HR transformation across all departments, roles, and geos
 Learning	Decentralized and ad hoc, learning is completed to satisfy legislative requirements or CPDs and is disjointed from performance, compensation, and development	Breadth and width of corporate knowledge and corporately sanctioned training materials but rigid and inflexible learning structures with regular intervals and limited input by end users	Distributed learning where company-curated material and end-user-created content coexist to support engagement, on-the-job learning, and KPIs
 Planning	Ad hoc planning decision making and processes, no distinct plan for the future, no succession planning or talent pool in place	Some succession planning and some best practices in place and the ability to plan in the medium term but limited view beyond the horizon	Clearly defined succession planning, alumni programs, ability to adjust to flexible workforce requirements, and ability to plan for the long term

Let your CxO know why digital transformation is needed now.



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