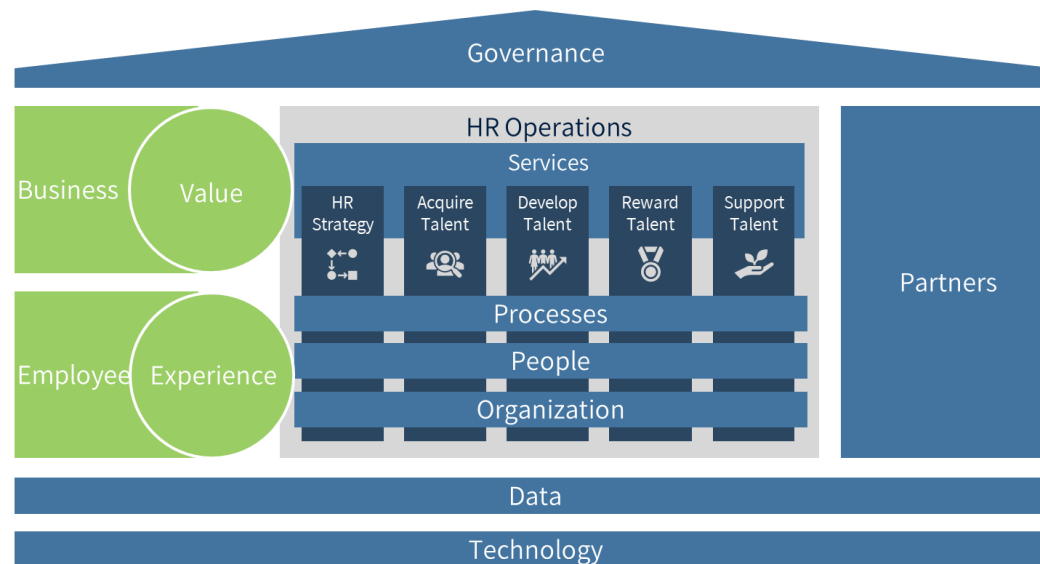


# HR Target Operating Model

Build a solid foundation for the strategic HR function in the digital age



Demographic change, new technologies, disruptive business changes and constantly changing skill demands raise the bar for HR. At the same time, new HR technology and new ways of working offer new opportunities for HR to become a strategic player in the organization. We will work closely with you to define the right HR Target Operating Model for your

organization. We will focus on the critical areas of business value and will drive a great employee experience.

We will jointly explore the key decisions that need to be taken in your specific situation and will guide you through the implementation of all components.

Focus on the areas that matter, using a structured process and proven practices.

A holistic view across all components, developed using an agile approach.

An agile target organization supported by the right application infrastructure.

**We drive people-business**

We are a boutique management consultancy specialized in HR IT advisory and implementation services. Headquartered in Munich and operating globally since 1998, we have additional locations in Frankfurt, Barcelona and Lisbon. We serve large, multi-national companies addressing:

- Business Talent Strategy
- HR Operating Model Transformation
- HR-IT Strategy and Execution
- Carve-outs, Mergers & Acquisitions

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 81669 Munich, Germany

# HR Target Operating Model

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Position HR as a Strategic Function in the  
Digital Age

Andreas Letto

Download 2020-03

# Agenda

1

## Introduction

Challenges for HR and the need for an HR Operating Model

2

## Approach and Methodology

Innovative approaches to define Target Operating Models

3

## References

Reflecting on our many years of defining Target Operating Models

4

## Next Steps

A pragmatic approach to start a collaboration

# binder|consulting Solution Offerings

## Changes of the HR Operating Model Affect Many Other Disciplines and Vice Versa





# New Demands and Exciting Opportunities Can Help to Establish HR as a Truly Strategic Function...

## New Demands

- Continuous and ever **faster change**
- Generational shift in the **quantity of available workers**
- **Younger generation of workers** with different expectations
- **Tight labor markets** demand foresight and proactive management
- Major changes in **required skillsets**
- **Agile teams and flat hierarchies** question traditional structures and recipes



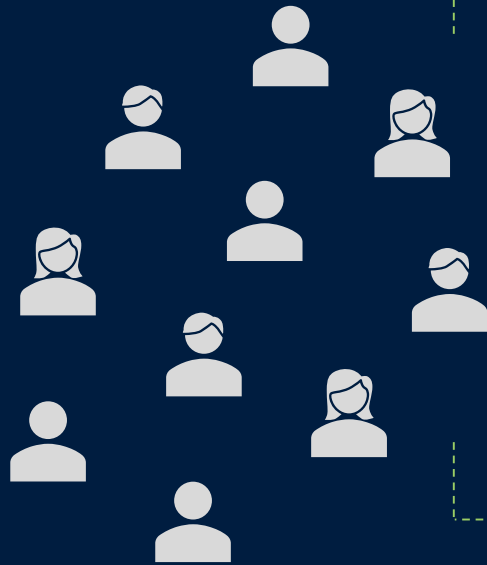
## Exciting Opportunities

- Efficiency gains through **new technologies** in HR
- **People analytics** to provide insights and demonstrate the tangible value of HR
- Recognition that **digitalization and new business models** increase the pressure on talent
- **Employee Experience design** to embrace the employees needs
- New avenues to provide talent through **contracting, virtualization, gig economy**

## Continuous Pressures

- Need for continuous **efficiency improvements**
- Challenge to demonstrate the tangible **value of HR**
- Necessity to satisfy existing and new **compliance demands**

# ... but Finding and Maintaining the Right Operating Model to Achieve this Goal is a Difficult Challenge



“92% of HR Executives made **significant adjustments to their operating model** in the last year.”<sup>1)</sup>

“75% of HR executives say that ensuring their operating model provides a **competitive advantage is a major challenge.**”<sup>1)</sup>

“By 2022, 59% of employers surveyed for this report expect that they will have **significantly modified how they produce and distribute** by changing the composition of their value.”<sup>2)</sup>

“Global average skills stability—the proportion of core skills required to perform a job that will remain the same – is expected to be about 58%, meaning an **average shift of 42% in required workforce skills over the 2018–2022 period**”.<sup>2)</sup>

“Half (50%) say intelligent automation will drive significant changes for the business and believe **process automation will have a significant impact on the HR operating model.**”<sup>3)</sup>

“More than half (59%) of organizations **lacked a business case or metrics** to measure results.”<sup>3)</sup>

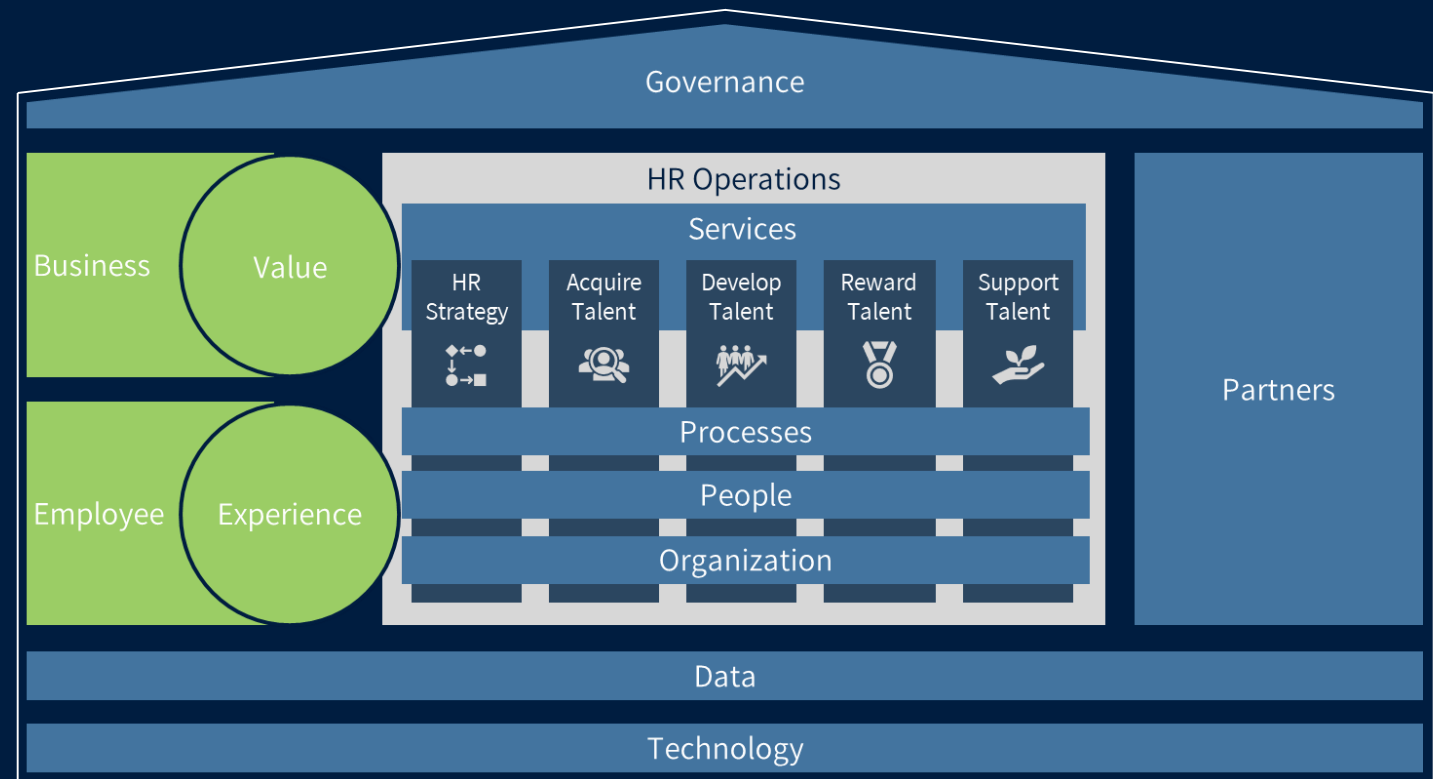
1) Accenture Global Volatility and Agility Survey, 2014

2) World Economic Forum, Future of Jobs, 2018

3) KPMG HR Transformation Study, 2017

# An Integrated Approach is Needed to Fully Deliver the Potential of the New Organization

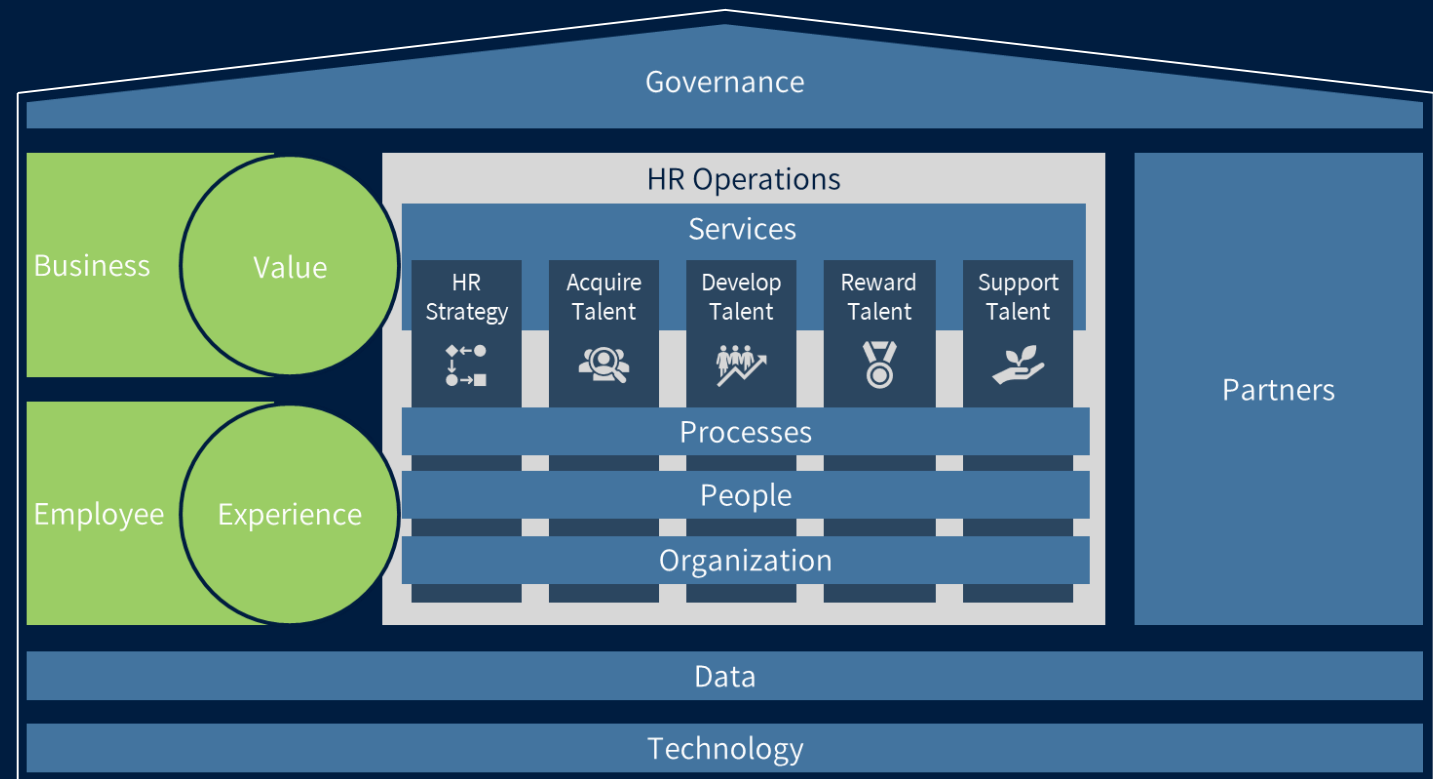
- **Focus on what needs to be defined**  
Our approach ensures a clear focus on the Components that require most effort, with the Value Ambition as a guideline
- **Holistic view**  
HR will be able to avoid the pitfalls of isolated fixes only if all dimensions are defined and implemented in coordination
- **Streamlining of Operations and Technology**  
The Focus on Business Value and Employee Experience ensures clear guidelines to decide where to invest and where to streamline
- **Adaptability**  
Continuous change, incorporation of new technologies, and agile ways of working are built into the TOM



# Therefore an Integrated Approach is Required to Deliver Against these Challenges

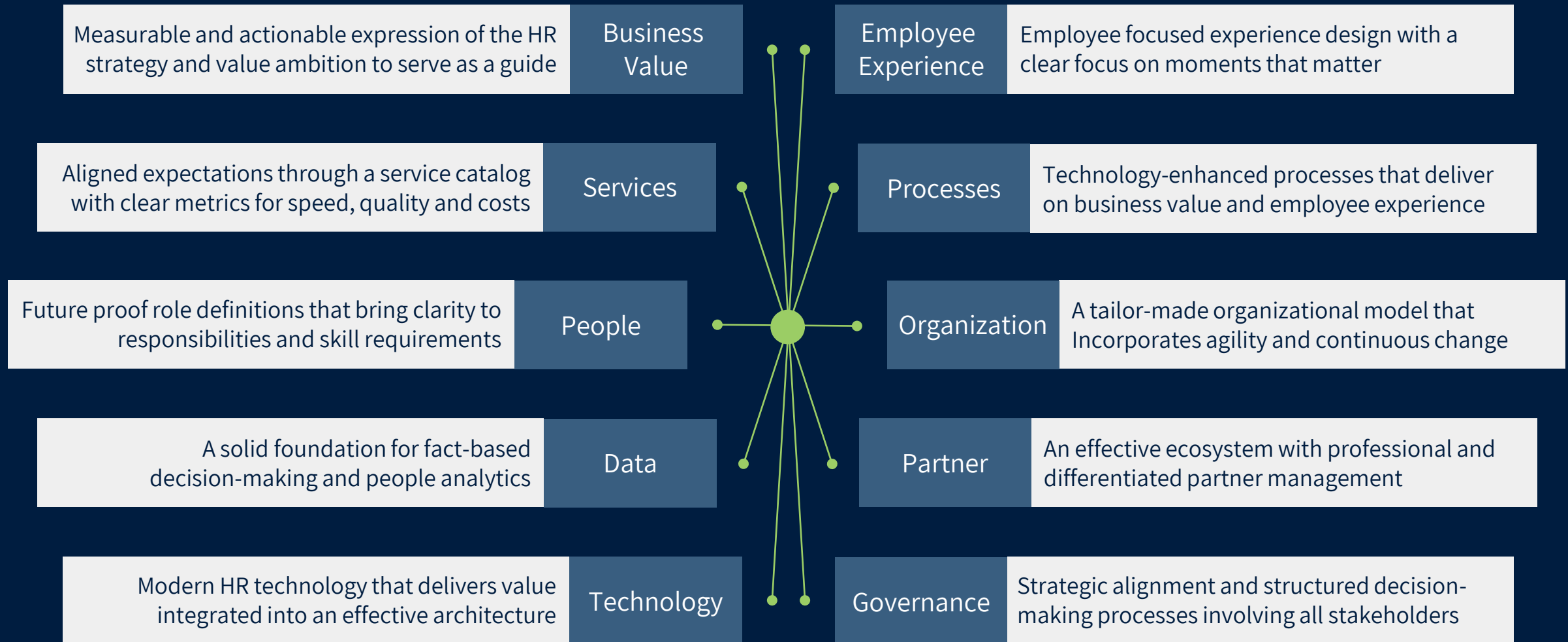
## Example: Faster time to productivity through onboarding

- Time-to-productivity and employee engagement as measures for **Business Value**
- Effortless onboarding via **Employee Experience** design
- **Service** definition with clear timeliness metrics
- **Processes** with high degree of logistics automation
- Seamless integration of internal and external **Partners** and clear **Organization** interfaces (social security, HR, IT, facilities, finance, ...)
- Clear role definition in **People** for all participants in the onboarding processes
- Clear **Data** model for status and value tracking
- Mobile- and social- ready **Technology**
- **Governance** model with clear requirements planning and transparent and fast decision making

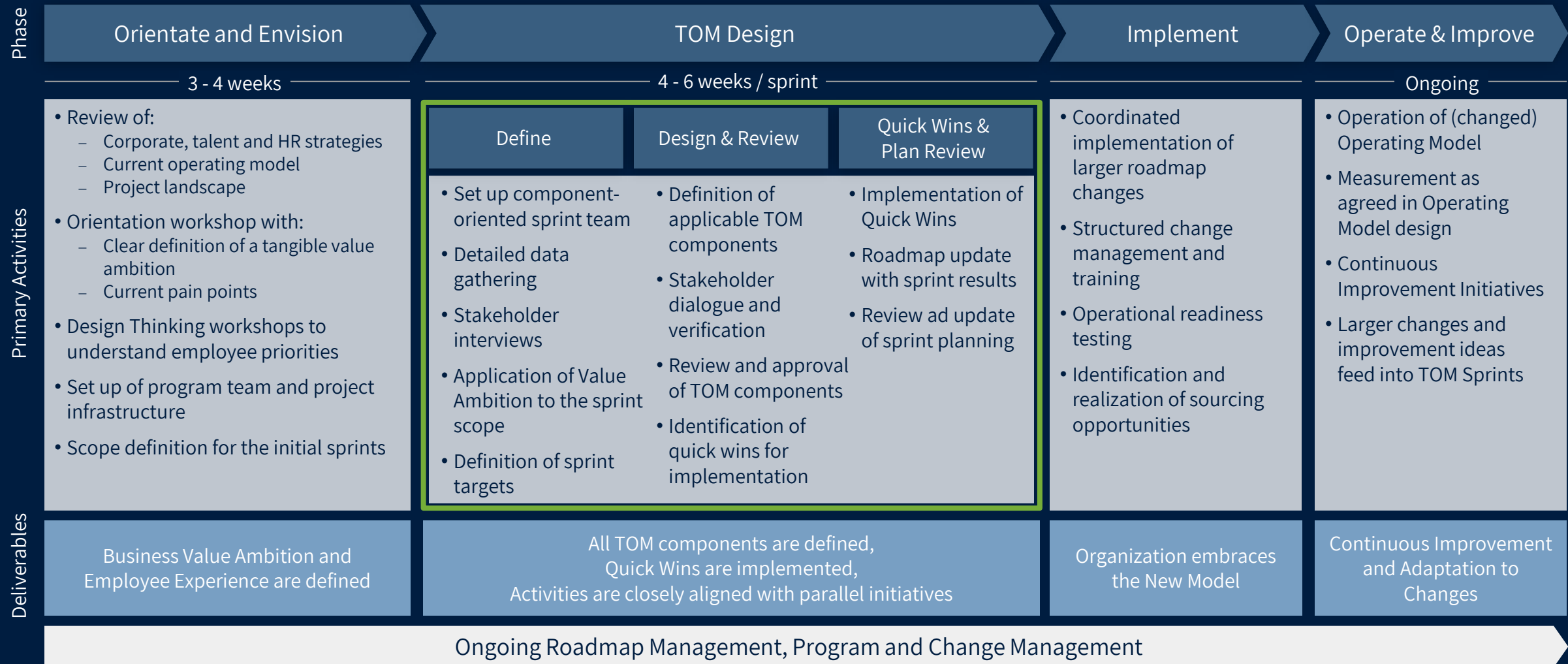




# Our Approach is Based on Proven Practices from more than 30 HR Operating Model Projects for Large International Organizations



# An Agile and Iterative Definition of the Target Operating Model Ensures Quick Results and Fast Adaptation to Changing Needs



# Design, Implementation and Operation of an Outsourced Target Operating Model

## Global Pharmaceutical Company



### Traditional HR operations under stress

- Decentralized HR organized as generalists
- Several HR departments per country based on long history on Mergers & Acquisitions
- “If you ask 3 HR people the same question, you get 3 friendly but different responses”
- Very costly and inefficient “white glove service” without clear scope
- No HR capacity for strategic initiatives
- “Burning platform”, especially given the intention to acquire further companies



### A modern operating model based on modern technology

- Implementation of a centralized regional HR organization based on a global system with standard processes
- Outsourcing of all transactional work to near- and off-shore centers
- Structured consolidation of a knowledge-base on HR processes and policies
- Agile implementation of HR, manager, and employee self-service



### A stable platform for continuous growth through acquisitions

- More than 85% of HR transactions moved to self-service
- More than 30% cost reduction in HR
- More than 80% of first call resolution
- Structured approach to post-merger integration that incorporates new acquisitions seamlessly into the new model

“The Shared Service Staff knows key HR Policies better than I do, and I’ve written most of them”

Senior HR leader

# Consolidation of Outsourced Learning Services into a Global Operating Model

## Leading Outsourcing Organization



### Traditional operations under stress

- Learning-administration activities delivered as an extension to HR administration activities
- Increasing expectation from clients for guidance in learning delivery
- Significant growth stretched the operating model to its limits



### A best-practice operating model under continuous improvement

- Definition of a global organization structured for learning service delivery
- Implementation of a standardized tool platform for learning management, course administration, and vendor management
- Consolidation of activities across clients into expert teams
- Implementation of continuous improvement mechanisms, with Six Sigma as the operating standard
- Implementation of employee incentives and variable pay at all levels of the service delivery



### Engaged employees and continued growth

- Significant improvement in quality and consistency
- Large improvement in employee morale and engagement
- Learning services team grew from 50 people to 200 based on the attractiveness of the operating model

“We regard your operating model as reference for our service operations”

Continuous improvement leader,  
large airplane manufacturer

# An HR Operating Model for the Digital Age

## European Consumer Goods Organization



Formerly independent entities were not ready for the digital ambition

- After consolidation of three previously separate organizations, the HR operating model was vastly different and out-of-date
- At the same time, the organization had the ambition to become the digital leader in its industry
- More importantly, the delivered employee experience was completely detached from the brand ambition
- Continuous and increasing demands for change were impossible to meet



Alignment around a value proposition and common structures

- Clear definition of the business's value ambition
- Design of a detailed digital operating model
- Consolidation and standardization of key structures between the formerly independent entities
- Definition of an organizational model incorporating continuous change
- Implementation of communities of practice, with digital innovation incentives
- Enhanced shared services with digital experts to drive the digital transformation



A solid foundation for the digital age

- Alignment and buy-in of all key stakeholders around a common model
- Sound foundation to drive a culture of digital both inside and outside of HR
- Continuous change incorporated into structures, processes, and governance
- Obtained significant transformation budget through structured value ambition



# Inorganic Growth Offered the Opportunity to a Significant Step in Operation Model Maturity

## Global IT Company



### The challenge...the large acquisition

- Increased staff by 50% (to some 70,000 employees), and increased presence to 27 countries
- Highly complex (technological) environment across multiple countries
- Rapid expansion of all HR services requiring best-practice- and streamlined- processes
- Consistent and uniform HR messaging/experience needed across different employee populations
- Personalized employee experience for diversified workforce (white and blue collar employees) required through self-service tools



### The Solution

- Implementation of global HCMS and payroll solutions
- Outsourcing HR services to near- and off-shore service models
- State-of-the-art technology platform for document and knowledge management
- Structured knowledge transfer (work-equivalent of 150-200 FTEs)
- Global process workshops to support transformational effort/change management
- Executed global governance model for consistent client and employee experience



### The Result

- HR and payroll services for 27 global countries in 7 different languages
- Legacy system landscape reduced by almost 80%
- Client is able to focus on employee engagement and core HR
- Client satisfaction resulted in scope extensions and continued introduction of innovations

“This project was key to achieve our zero-email and zero-paper objectives”

SVP HR Global Digitization and Service

# Leveraging the Experience of Employees and Managers to Design a Great Employee Experience

## IT Organization of a European Logistics Operator



### Struggling to Find and Keep Talent

- Highly competitive marketplace for critical IT resources
- Brand image in attractive in comparison to some of the “hip” competitors in the marketplace
- Frustrating onboarding experience for both new-joiners and their managers
- High rate of voluntary leavers who indicated frustrating onboarding experience as a key reason



### Working with affected Employees

- Started with our best-practice onboarding journey (begins at offer submission and extends through six months after joining)
- Structured review of current onboarding experience through interviews with recent new-joiners and managers
- Design of a detailed questionnaire to validate interview findings
- Design Thinking workshop delivered three validated prototypes
- Commitment to implementation during final presentation to board members



### A Quantum Leap in Culture and Experience

- Proposed prototypes addressed 80% of stated onboarding issues
- Strong signal to the organization that employee experience is a key priority
- Implementation teams staffed with Design Thinking workshop participants
- Implementation started immediately

“The implementation of these results will lead to a quantum leap in employee experience ”

Head of Culture

# Suggestion for Start: Operating Model Diagnostic

We work with you to develop a roadmap for operating model transformation.

1

## Preparation

- **Review of existing documentation** on
  - Corporate, talent, and HR strategies
  - Current operating model
  - Project landscape
- 5-6 **interviews with key stakeholders** on current state and value ambition of HR
- **Design Thinking workshop** to explore the current employee experience and expectations along critical journeys (optional, but recommended)

2

## Workshop



- **Interactive workshop** to review the options and priorities in the different operating model components
- **Participants:** Mix of business executives and HR representatives with vision and deep functional understanding

3

## Roadmap

- **Priorities** and key objectives by operating model component
- Alignment with **parallel initiatives**
- Indication for the **business case**
- **Scope definition** for the first design sprints and estimation on total number of sprints required
- **Presentation** to decision makers

# Your Contact



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**We drive people-business**



We drive people-business



Founded in  
**1998**



Large multinational  
clients

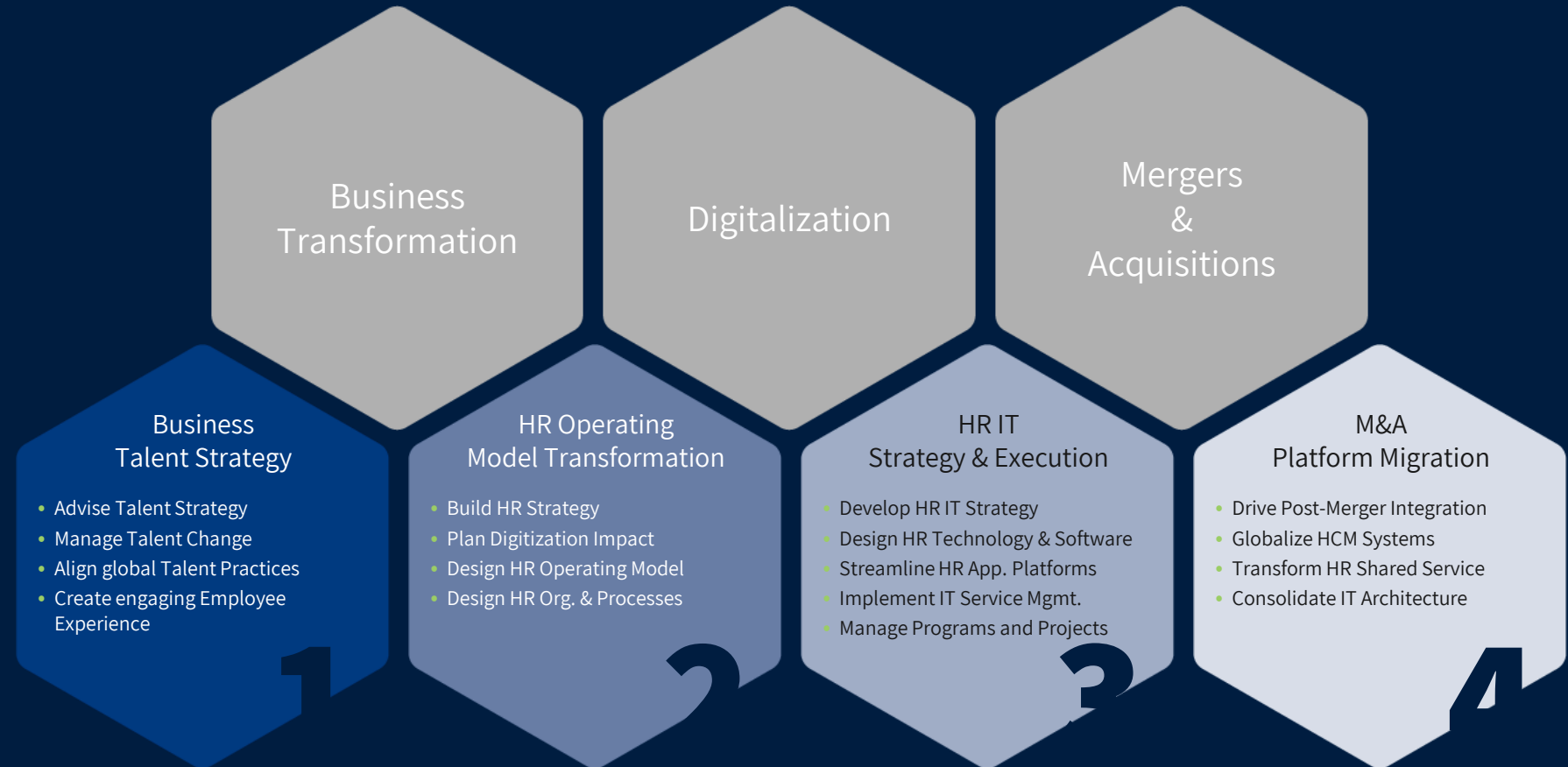


Long term  
**relationships** with  
highly **satisfied**  
**customers**



Motivated team  
with personally  
**involved owners**

## Your Challenges ...



... our Expertise