



TOOL 8.1



*HR Transformation **Milestones** Checklist*

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TOOL 8.1 | *HR Transformation Milestones Checklist*

In any transformation, the pieces come together in milestones, activities, and outcomes. Milestones represent what should be done; activities define how it is done; and outcomes monitor how to tell if it has been done well. As we have worked with many companies who have succeeded (and faltered) in HR transformation, we have identified a set of 13 milestones, activities, and outcomes that turn the four phases into an action plan.

The milestones are presented in a linear way, but they are unlikely to happen strictly sequentially. The timing of the transformation may vary according to your culture, the changes you anticipate making, the resistance you expect to encounter, and the level of support you have from the broader organization. But when you understand and adapt the 13 milestones, you will be more successful in your transformation. It may be tempting to skip some of the milestones, but if you do, you will probably have to backtrack and consider the missing milestones in order to make progress.



PHASE 1: BUSINESS CONTEXT

- Milestone 1:** Formally acknowledge that an HR transformation initiative would be of value.

Activity:

The CHRO determines that the timing is right for an HR transformation by affirming that business conditions are conducive to it, that HR could offer more value to the company, and that senior line leaders would be supportive of the effort. This determination is likely to come from observations about the business and from conversations with other business leaders.

Outcome:

CHRO becomes a sponsor and initial champion of the HR transformation. Line managers understand the rationale and benefit for the transformation and how it will respond to business conditions, and are at least initially supportive.

Tools:

- 2.1 HR Transformation Readiness Assessment
- 2.2 Preparing for HR Transformation Video
- 2.3 HR Transformation Jumpstart Methods

□ **Milestone 2: Create a transformation team.**

Activity:

The CHRO forms, with the support of the senior leaders of the organization, an HR transformation team. This team should include a broad spectrum of HR leaders and professionals (including those from centers of expertise and embedded HR) as well as representatives from line management. The team should also be attuned to the voice of the customer and investor either directly (by having customers and investors involved) or indirectly (by collecting and applying pertinent customer and investor data as a team). This team should form a clear charter about how it will approach transformation, including the four phases that we propose. The team

should also define its governance practices: how often it will meet, what decisions it will make, how it will make those decisions, what budget it will require, and so on.

Outcome:

An HR transformation team is formed with a clear charter for promoting the HR transformation. The team is sponsored by line managers and recognized throughout the organization as credible and viable.

Tools:

- 7.1 Building an HR Transformation Team (internal)
- 7.2 Building an HR Transformation Team (external)

□ **Milestone 3: Define, assess, and prioritize the new business realities that require HR transformation and change.**

Activity:

Under the direction of the HR transformation team, an assessment is made of the business realities facing the organization (see Chapter 2). Information about these business realities may come from interviews with managers and staff specialists inside the company, from interviews with industry leaders (investors, analysts, trade association members, and other thought leaders) outside the company, and from business data (such as reports of technology trends in your industry). The HR implications of these business realities are identified

and shared with the senior business team and with HR professionals throughout the organization.

Outcome:

A clear statement of business realities is articulated that helps people know why the transformation is occurring and how key stakeholders will benefit from the effort.

Tools:

- 2.4 Stakeholder Analysis Worksheet
- 2.5 External Environment Video

□ **Milestone 4: Complete and communicate the business case for doing HR transformation.**

Activity:

The HR transformation team prepares a business case for transformation, defining what an HR transformation is, explaining why the transformation should happen, and laying out a road map for doing the transformation. This HR transformation proposal can be presented to the Board of Directors, senior executive team, HR leadership team, and HR professionals throughout the organization. It can also be included in presentations by senior leaders as they discuss how they will respond to business strategies going forward.

Outcome:

Key participants in the HR transformation (business leaders, HR professionals, and employees) understand why HR transformation is a timely activity.

Tools:

- 2.6 Business Case Worksheet
- 2.7 Business Case for HR Transformation Video

PHASE 2: OUTCOMES

- **Milestone 5:** Do an organizational capabilities audit to identify the top two to four capabilities required by the business strategy.

Activity:

For the organizational unit where the HR transformation is occurring (corporate, business unit, division, country, or plant), perform an organizational capabilities audit. Prepare a list of possible capabilities and phrase them in terms relevant to your business. Ask a cross-section of individuals to assess the relative importance of these capabilities given the business strategy. Prioritize the most important capabilities for the organization. Make these capabilities the outcomes of the transformation.

Share this information with key stakeholders of the transformation.

Outcome:

The organizational capabilities are identified and shared.

Tools:

- 3.1 Organization Capabilities Video
- 3.2 Organizational Capability Assessment

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- **Milestone 6:** Operationalize the key capabilities and state them as the outcomes of the HR transformation.

Activity:

Turn the capabilities identified at milestone 5 (in the capability audit) into specific measures that can be monitored and tracked. These measures can be created by brainstorming what indicators will show whether or not these capabilities are accomplished. These indicators can then be put into behavior- and results-based measures. These measures should then be validated and aligned with the balanced scorecard for the organization and with the accountabilities for line managers.

Outcome:

The deliverables of the transformation are turned into a scorecard. Everyone knows what the results of the transformation should be.

Tools:

- 3.3 Operationalizing your Capabilities Video

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- **Milestone 7:** Show how accomplishment of these capabilities will benefit employees, line managers, customers, investors, communities, and other stakeholders.

Activity:

Each of the key stakeholders who would be affected by the HR transformation is identified. The outcome of the HR transformation for each stakeholder should be defined in specific measurable outcomes. This milestone can occur by having a subgroup of the HR transformation team gather information about the current and potential relationship of each stakeholder to the organization. This information is revealed by answers to the question, If this HR transformation is successful, what will [listed stakeholder] receive? The answers can come

from interviews with stakeholders or those who work directly with those stakeholders.

Outcome:

An HR transformation stakeholder map can be prepared that shows the value of the HR transformation for each stakeholder.

Tools:

- 3.4 Mapping Capabilities to Stakeholders

PHASE 3: HR REDESIGN

□ **Milestone 8:** Create an HR strategy statement: who we are, what we do, and why we do it.

Activity:

Work with your senior HR team, involving other key stakeholders, to build an HR strategy statement (this has been called an HR vision, mission, purpose, or other statement). As we suggest in Chapter 4, this statement should answer these questions:

1. **Who are we?** (Your statement of your identity and reputation as an HR department.)
2. **What do we deliver?** (Your summary of the work that you perform as an HR department.)
3. **Why do we do it?** (Your definition of the outcomes of your HR work with focus on the key capabilities that are required for business success.)

This HR strategy statement should be discussed and referred to regularly in HR meetings and forums. It should be a guide for hiring new people into HR, promoting people into senior positions within HR, and developing future HR professionals.

Outcome:

Those inside and outside the HR community will understand the strategy of the HR department.

Tools:

- 4.1 HR Strategy Statement Worksheet
- 4.2 Drafting a Powerful HR Strategy Video

□ **Milestone 9:** Shape the HR organization with clear accountabilities for centers of expertise, embedded HR, operational HR, shared services, and corporate.

Activity:

Create a clear focus on strategic work and transactional work. The way your HR department is organized assigns accountabilities and shapes how HR work is done. As discussed in Chapter 4, there are five general areas of responsibility or channels in which HR professionals might work:

- Service Centers
- Corporate HR (HR Oversight)
- Embedded HR (Strategic Business Partnering)
- Centers of Expertise (HR Expertise)
- Operational Execution

Your HR transformation team can define the expectations of each of these five areas as appropriate. The team will then audit the extent to which each of the five areas might apply in your company. Some companies have clear distinctions among the five areas. Others combine some of these areas of work because of the scale or focus of their department. The key consideration is to ensure that the structure of the HR organization is consistent with the structure of the business organization. As the structure of the HR department is

clarified, you can begin to identify key positions within these five channels. The requirements or job description for each work area can be delineated and people can be matched to those positions. Ensuring that roles are focused on either strategic or transactional work will increase the effectiveness and efficiency of both.

Implementation of the HR structure often begins by investing in technology to make sure that HR shared services can deliver the administrative duties of HR. The responsibilities of corporate, centers of expertise, embedded HR, and operational HR are then defined and staffed. It is also important to create a charter of how the different groups will work with each other: what information will they share, how will they make decisions, and so on. A new HR structure often requires not only the right organization chart, with work areas, positions, and people filled in, it also requires an agreed-upon process to come to these decisions. Ideally, those who are named on the organization chart are given the opportunity to participate in defining their respective roles and responsibilities. (continued)

It can also be useful to create what we call a “rules of engagement” charter. The “rules of engagement” charter clarifies how those in each of the HR work areas connect with each other in terms of information sharing, decision making, activity support, and required resources. This charter can also specify how employees and line managers can access the HR department to meet their needs.

Outcome:

The HR department has an organization chart with positions and reporting relationships defined and a charter for how the HR department will work together to meet needs of its stakeholders.

Tools:

- 4.3 Strategic vs. Transactional Work Video

□ **Milestone 10: Audit HR practices to prioritize those that will align with strategy, integrate with each other, and be innovative.**

Activity:

Auditing HR practices helps prioritize where to invest money, time, and people to deliver the most value. Here are several different ways to audit HR practices:

1. Best practices. You can define the best practices for people, performance, information, and work, then measure the extent to which your company performs against these standards. If you are sure you know what the best practices are, this approach provides valuable information regarding the extent to which your organization delivers against these new standards.
2. Perceptions. You can do an HR 360 degree audit where employees, line managers, and HR professionals assess the extent to which they perceive HR practices as delivering value to them and to your organization. This approach, which we call “Beauty is in the eye of the beholder,” helps you discover the perceived value of the HR practices to those who are using them.
3. Strategy. You can measure the extent to which each HR practice aligns with your organization’s strategy. You do this by scoring the extent to which each HR practice facilitates the creation of organizational capabilities and the accomplishment of your business strategy. This assessment helps you know which HR practices are helping accomplish strategy.
4. Integration. You can measure the extent to which your HR practices connect with each other through an integration audit. To do this audit, you create a matrix with HR practices listed on both axes, then in each cell you can note the extent to which the practices coincide with each other. For example, if you are hiring new employees on skills ABC, and training employees to master skills ABC, you have a +10 connection, but if you are hiring employees based on skills ABC, but

training DEF, you have a -10 connection. This assessment helps you determine the extent to which your HR practices work together.

If you are most worried about how up-to-date and forward-looking your HR practices are, we recommend the best practices audit to compare your thinking to that of world-class organizations in your field and in others; if you are most worried about the reputation of your HR department, audit perceptions; if you are most worried about how HR impacts the business, choose strategy; and if you are most worried about offering an integrated approach in HR, choose the integration audit. Leading companies often use multiple approaches to HR audits so that they can create a full picture of the quality of their HR investments.

Regardless of the HR audit you use, your goal is to prioritize which HR practices should receive a disproportionate investment of money, time, and talent. Investing equally in all HR practices may make you good at many, but not excellent in any. In prioritizing, it is helpful to identify which HR practices may lead to effectiveness in other practices.

Outcome:

You will be able to clearly articulate which HR practices you should invest in to deliver value. This creates a blueprint for where to prioritize HR work.

Tools:

- 5.1 The Six “Bs” Overview
- 5.2 VOI²C²E Overview
- 5.3 Strategy Assessment Worksheet
- 5.4 Transforming HR Practices Video

□ **Milestone 11:** Define what makes an effective HR professional in terms of role, competencies, and activities.

Activity:

Upgrading your HR professionals will ultimately determine the success of your transformation. Under the direction of the HR transformation team, you might form a project team charged to create a competency model for HR professionals. They begin this effort by specifying what your HR professionals must know and do to be successful. The definition of success comes as you consider roles and activities for HR, but culminates in being clear about competencies HR professionals must demonstrate to be effective. You can create standards for HR professionals by building on research about what makes an effective HR professional (see our work on “HR Competencies”), then adapting that research to

your organization. This adaptation comes from interviewing business leaders, customers, investors, and HR leaders to find out what they expect more and less of from HR professionals in your organization.

Outcome:

You will have a standard for what makes an HR professional effective that results in a competency model for HR professionals.

Tools:

- 6.1 HR Competencies Overview Video
- 6.2 HR Competencies Research Summary
- 6.3 HR Competencies Assessments

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□ **Milestone 12:** Assess and invest in HR professionals to make sure they have the abilities to deliver on the transformation.

Activity:

Using your organization’s HR competency model, you can assess your HR professionals on the extent to which they do or do not demonstrate these competencies. Doing 360 degree reviews for HR helps all your HR professionals assess their strengths and weaknesses. Each HR professional can receive a personal report to use as the basis for an individual improvement plan. This improvement plan focuses on how the HR professional can upgrade skills through training, job experience, and

personal learning. Investing in HR development helps your HR professionals meet higher expectations.

Outcome:

HR professionals will all know what is expected to be effective on the job, will learn how well they measure up against those expectations, and will be able to prepare a personal development plan for how to improve.

Tools:

- 6.4 Strategic HR Professional Development Video

- **Milestone 13:** Make sure that the transformation team is staffed by the right mix of people and engaged in the right activities.

Activity:

At the beginning of your HR transformation, you form a transformation team to direct and oversee the transformation. This team has an ongoing responsibility to make sure that the transformation proceeds in a timely and coherent way. They should develop a blueprint for the overall transformation that puts into a responsibility chart the milestones we have presented. This blueprint should be regularly reviewed and updated to keep the transformation on track. The transformation team also contracts for the organizational capability audit and the HR audits of departments, practices, or people. The team evaluates these data and creates streams of work that move the transformation forward. The team continually communicates progress and the next steps of

the transformation to key stakeholders. The team tracks results of the transformation to declare success and identify areas of improvement.

Outcome:

A high-performing HR transformation team will make sure that the transformation makes progress. You know if your HR transformation team is doing well if the transformation stays on track and delivers the results declared in phase 2.

Tools:

- 8.1 HR Transformation Milestones Checklist
- 8.2 Pilot's Checklist
- 8.3 Accountability and Change Video

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