Shaping the next generation of HR

**The 3-role HR model has reached its limits.
HR has to think broader.**

pwc

Today's world is changing

Five inescapable global trends are driving change.

Demographic shifts	Shift in global economic power	Accelerating urbanization	Resource scarcity and climate change	Technological advances

60%

of CEOs are rethinking the HR function

Source: PwC's 20th CEO Survey 2017 of 1,379 CEOs in 79 countries

Organisations and the HR function are highly impacted by these global trends.

Resulting lesson: adaptability and agility
in organisations, individuals, and society – are essential for navigating the changes ahead.

HR as we know is transforming,
through advanced automation, outsourcing, and self-organising teams.

The traditional HR roles
are shifting towards business leaders, collectives or taken on by "Guilds" – flexible topic communities.

Tools and ways of working
will need to be adapted to fit a digitized world; companies have to reshape their DNA to ensure their HR Operating Model is keeping up.

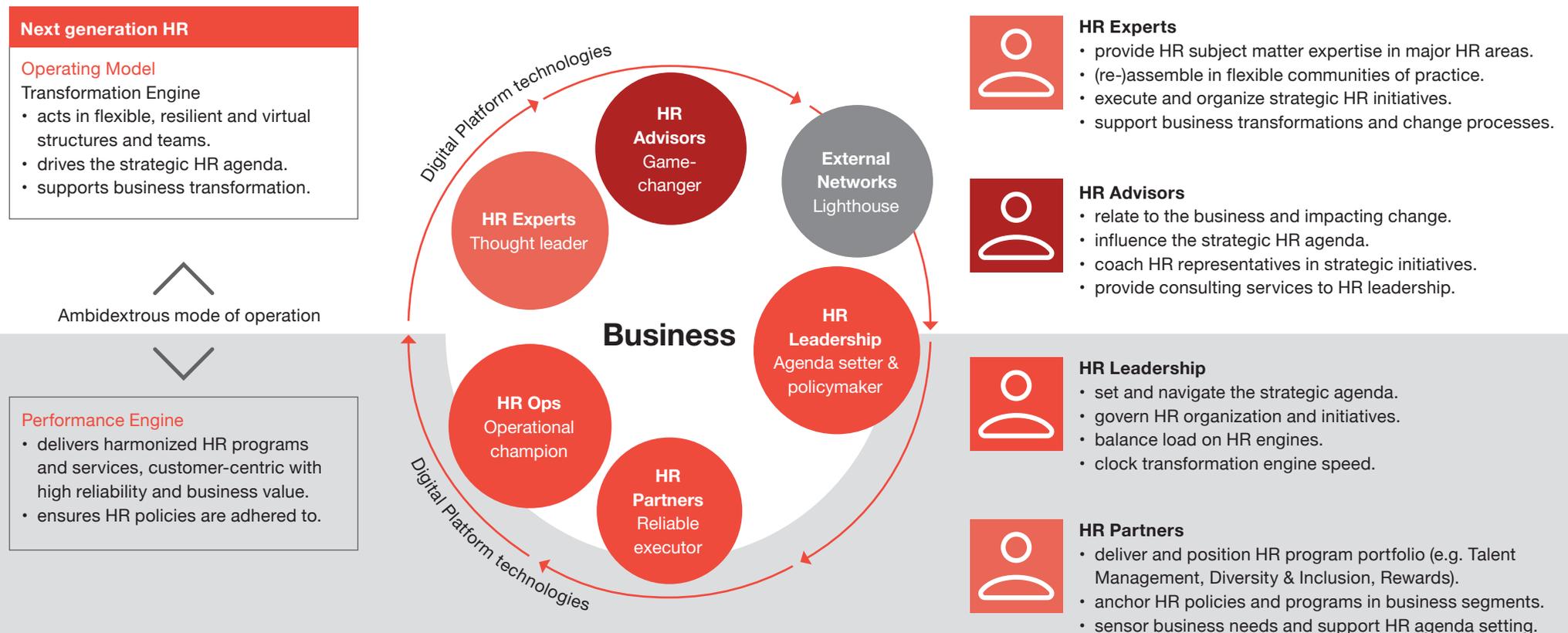# "Next generation HR Operating Model" is driving business change

We believe a new HR Operating Model is more flexible to drive future business.

Traditional HR ...
- based on Ulrich's 3-role principles: Centres of Expertise, Shared Services and HR Business Partners interacting with Business Units.
- differentiates based on job content and customer needs.
- best works with large and stable organizations.

Next generation HR ...
- adapts to the needs of businesses during different stages of change.
- places advisors and experts closer to business leaders and managers, promoting increasing understanding of specific business needs.
- is flexible and resilient.

Next generation HR

Operating Model
Transformation Engine
- acts in flexible, resilient and virtual structures and teams.
- drives the strategic HR agenda.
- supports business transformation.

Ambidextrous mode of operation

Performance Engine
- delivers harmonized HR programs and services, customer-centric with high reliability and business value.
- ensures HR policies are adhered to.

Digital Platform technologies

HR Experts
Thought leader

HR Advisors
Game-changer

External Networks
Lighthouse

Business

HR Leadership
Agenda setter & policymaker

HR Ops
Operational champion

HR Partners
Reliable executor

Digital Platform technologies

HR Experts
- provide HR subject matter expertise in major HR areas.
- (re-)assemble in flexible communities of practice.
- execute and organize strategic HR initiatives.
- support business transformations and change processes.

HR Advisors
- relate to the business and impacting change.
- influence the strategic HR agenda.
- coach HR representatives in strategic initiatives.
- provide consulting services to HR leadership.

HR Leadership
- set and navigate the strategic agenda.
- govern HR organization and initiatives.
- balance load on HR engines.
- clock transformation engine speed.

HR Partners
- deliver and position HR program portfolio (e.g. Talent Management, Diversity & Inclusion, Rewards).
- anchor HR policies and programs in business segments.
- sensor business needs and support HR agenda setting.

"Reaching" the next generation HR

Action Area 1: Understand & Assess
- Define status quo of today's HR Operating Model and assess transformation readiness:
  – What (process/ways of working)
  – Who (roles and responsibilities, internal/external)
  – How (people, capabilities, organisation)
- Build a Target Operating Model design community

Action Area 2: Design & Build
- Define high-level target state for digital HR Operating Model:
  – Employ design thinking methodology
  – Define vision for communities of practice
  – Design principles and governance mechanisms
  – High-level processes/ways of working and organisational set-up

Action Area 3: Refine & Implement
- Implement HR Operating Model:
  – Launch first communities of practice
  – Morph HR structures and processes to fit agile design principles
  – Develop mindsets and people capabilities

Start with an assessment of your current HR Operating Model to define the right change levers for your Digital HR Transformation

HR Function Maturity		
Dimension	**Low**	**Medium**	**High**

Dimension	Low	Medium	High
Processes/ structures	• Clear HR role model based on three pillars • HR pillars operating in "siloed" mode	• High degree of process automation • Centres of Expertise and HR Business Partners shaping innovation and strategic development of HR processes and products	• Robotization utilized to maximum available extent • Strategic HR development processes anchored in expert platforms and supported by HR advisors
People Capabilities	• Performance culture • Routine-based handling of HR admin tasks • Strategic thinking established in Centres of Expertise and HR Business Partners communities	• strategic thinking skills in HR Business Partners developed • Consulting skills and digital mindsets widely developed	• Consulting mindset built in HR Business Partners community • Customer-centeredness, design thinking, fluid intelligence and collaboration
Technology	• Many IT systems in place • Customized IT solutions for single HR process clusters • Social collaboration and sharing platforms in pilot stage (e.g. sharepoints, intranet, internal social media platforms)	• Cloud HR and Service Management tools established for most HR processes • Employee Self Service/Manager Self Service widely established • Social collaboration and sharing platforms' potential fully leveraged (e.g. sharepoints, intranet, internal social media platforms, web. 2.0)	• Modular applications on PaaS (platform-as-a-service), cloud HR potential utilized • Digital IT ecosystems built and running • Innovative, specialized HR apps
Governance	• Centralized HR governance for all HR roles and micro management prevalent • Information intransparency and lack of information sharing	• KPI-driven quality management • Participatory governance supported by forums and inclusive boards established	• Shared Service Centre acting as autonomous, self-governed service organisation • Transparent and participative governance methods, widespread information sharing
Leadership	• Transactional and task-oriented leadership styles • Top-down/command and control principles established	• Process and result-oriented leadership styles widely established • Bottom-up feedback developed	• Hybrid leadership: people/robots • Transformational and inspirational leadership styles • Agile management practices available

PwC is one of the leading global HR and Change Management consultancies

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