

HR Transformation

# Shaping the next generation of HR

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

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# Today's world is changing

Five inescapable global trends are driving

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.

<sup>1</sup> PwC is ranked as an ALM (formally Kennedy Research) Vanguard leader in the following reports: HR Consulting, Talent Management, HR Transformation, Change Management, HR Communications and Human Capital Strategy Consulting, HR Consulting for Corporate Transactions, Retirement Consulting: Defined Benefits, Retirement Consulting: Defined Contributions and Wellness Consulting, performance management and global mobility. ALM's Vanguard recognises those consultants judged to have the broadest and deepest capabilities in the market. – © ALM Media, LLC - Reproduced under license.

# “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.

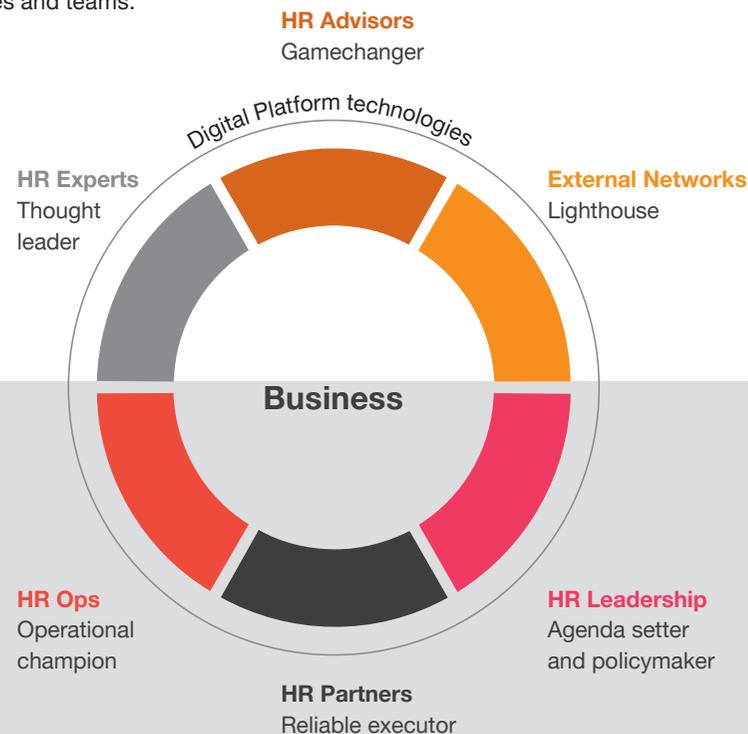
## Next generation HR ...

- 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.



### 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
Processes/structures	<ul style="list-style-type: none"> <li>• Clear HR role model based on three pillars</li> <li>• HR pillars operating in “siloes” mode</li> </ul>	<ul style="list-style-type: none"> <li>• High degree of process automation</li> <li>• Centres of Expertise and HR Business Partners shaping innovation and strategic development of HR processes and products</li> </ul>	<ul style="list-style-type: none"> <li>• Robotization utilized to maximum available extent</li> <li>• Strategic HR development processes anchored in expert platforms and supported by HR advisors</li> </ul>
People Capabilities	<ul style="list-style-type: none"> <li>• Performance culture</li> <li>• Routine-based handling of HR admin tasks</li> <li>• Strategic thinking established in Centres of Expertise and HR Business Partners communities</li> </ul>	<ul style="list-style-type: none"> <li>• strategic thinking skills in HR Business Partners developed</li> <li>• Consulting skills and digital mindsets widely developed</li> </ul>	<ul style="list-style-type: none"> <li>• Consulting mindset built in HR Business Partners community</li> <li>• Customer-centeredness, design thinking, fluid intelligence and collaboration</li> </ul>
Technology	<ul style="list-style-type: none"> <li>• Many IT systems in place</li> <li>• Customized IT solutions for single HR process clusters</li> <li>• Social collaboration and sharing platforms in pilot stage (e.g. sharepoints, intranet, internal social media platforms)</li> </ul>	<ul style="list-style-type: none"> <li>• Cloud HR and Service Management tools established for most HR processes</li> <li>• Employee Self Service/Manager Self Service widely established</li> <li>• Social collaboration and sharing platforms’ potential fully leveraged (e.g. sharepoints, intranet, internal social media platforms, web. 2.0)</li> </ul>	<ul style="list-style-type: none"> <li>• Modular applications on PaaS (platform-as-a-service), cloud HR potential utilized</li> <li>• Digital IT ecosystems built and running</li> <li>• Innovative, specialized HR apps</li> </ul>
Governance	<ul style="list-style-type: none"> <li>• Centralized HR governance for all HR roles and micro management prevalent</li> <li>• Information intransparency and lack of information sharing</li> </ul>	<ul style="list-style-type: none"> <li>• KPI-driven quality management</li> <li>• Participatory governance supported by forums and inclusive boards established</li> </ul>	<ul style="list-style-type: none"> <li>• Shared Service Centre acting as autonomous, self-governed service organisation</li> <li>• Transparent and participative governance methods, widespread information sharing</li> </ul>
Leadership	<ul style="list-style-type: none"> <li>• Transactional and task-oriented leadership styles</li> <li>• Top-down/command and control principles established</li> </ul>	<ul style="list-style-type: none"> <li>• Process and result-oriented leadership styles widely established</li> <li>• Bottom-up feedback developed</li> </ul>	<ul style="list-style-type: none"> <li>• Hybrid leadership: people/robots</li> <li>• Transformational and inspirational leadership styles</li> <li>• Agile management practices available</li> </ul>

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

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76% We've helped 76% of the Fortune Global 500 with their People and Organisation issues in the last two years.

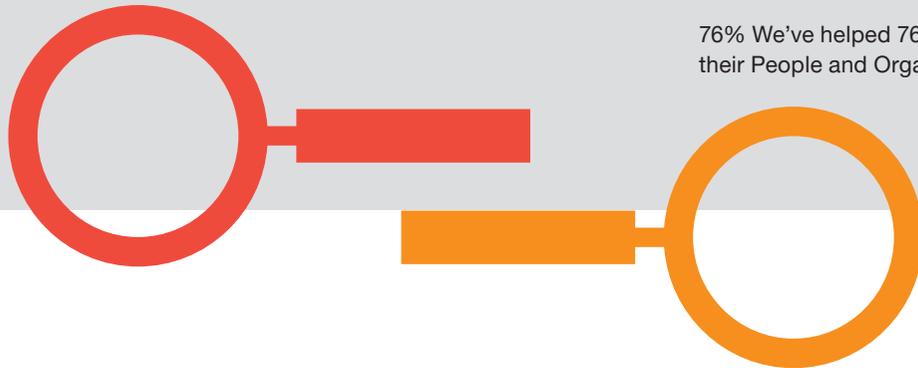
276,000 PwC people worldwide that we call upon to help create the value you're looking for.

#1 Globally for Human Resource consulting. HR Monitor survey of HR Directors across the world rates PwC as having the strongest reputation in HR consulting.

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PwC Germany. More than 12,000 dedicated people at 21 locations. €2.4 billion in turnover. The leading auditing and consulting firm in Germany.

With our HR Transformation consulting services, we advise our clients building the next generation of HR. Whether it is about checking the maturity of their current HR function, laying out strategies for robust and resilient HR designs for more agility and versatility or about implementing digital HR service platforms for more customer-centricity, our team of HR transformation consultants acts as trusted advisors for our clients.

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