

The future of HR

Interview HR Tribune December 2010

In the aftermath of the crisis, the consequential challenges for HR are already there. Themes that will dominate Europe in the near future are the fierce battle to recruit and retain talent, the expectations of employees that will be much larger than before and globalization and increasing complexity. How will HR handle this and does HR actually remain relevant?

An interview with Kaat Exterbille, future management and change advisor. She works from Brussels for many countries in the world. Because of her multicultural experience, she is the ideal advisor to lead your organization through a cultural change. Her clients include Lucent Technologies, Heineken, Interbrew, government companies and, in the last year, many banks, including BNP Paribas, ABN AMRO and Dexia. Introducing environmental scanning, scenario planning and strategic reorientation in a participatory manner, in order to make the organization strategically agile, is a most successful strategy adopted by Kaat Exterbille. In this position she is often the personal leadership coach and consultant of many CEOs of multinational companies.

Interview for HR Tribune.

HR is one of the most evolved functions in the past years. Are the expectations being fulfilled?

“Intra muros HR people have the impression that there is a huge evolution, but external people, like the Board of Directors and managers from other domains, do not see that evolution” says Kaat Exterbille. On the one hand because they do not admit the necessity thereof, but on the other hand because the general profile of the HR manager does not always comply with those future needs. The HR manager of the future will have to be more focused on performance and will also have to prove added value parameters. In a lot of HR functions there are no KPI dashboards (key performance indicators) yet. HR people have insufficient feeling for social and societal trends, the needs of other departments, etc. This gives them the image of being the softies of the organizations.”

How do you see HR evolve in the future?

“By using HR analysis one examines what is happening, but also why it happens and what the impact is. This research provides a basis to execute HR policies proactively; to develop future-oriented scenarios. Woefully few HR people are really concerned with measuring the business impact of their processes.”

Wasn't it HR policy in the past to deploy people as instruments, as machines?

“In the last five years we have seen, amongst others in the banking sector, a lurch towards a more traditional HR policy of downsizing, optimizing of salary shaping and the like. The crisis lies at the root of this, but it is actually a short-term trend that will eventually turn the other way again. HR should occupy itself more closely with how it

can change the culture of the organization making it more agile. But, even that will have to be measured. It cannot only remain small talk without any commitment.

“I see the transactional HRM of today, everything that can be organized process-oriented such as payroll, performance management or administration getting further automated and standardized, after which it can be outsourced or sent offshore. One must be careful not to take this too far, because many exceptions or specialties cannot be standardized and therefore require customization. What remains in addition to standardized processes is the content, ‘supporting the business’ during change and HR in the broadest sense of the word. An HR manager should at least have internal communications as part of their tasks, but it is also obviously about finding talent, developing and rewarding; the latter not only financially, but also on a non-financial level, by working on the quality of the leadership. People in most cases, after all, do not leave their company, but their manager.”

What are the main concerns or work areas for the HR manager in five, ten and twenty years?

“Defining KPIs, making the organization agile, introducing a change in culture, teaching the people in the organization to be innovative, instilling eagerness into the organization, risk management, realizing the flow of information faster and sharing it, the elimination of cocoons in the organization ...”, are all concerns. “HR itself is currently too often in cocoons and that needs to disappear. I see, for example, a greater influence of pressure groups in the organizations over a period of ten years. Think about WWF that works around themes with Danone and Shell. HR must think with the company about how the company should position itself in social issues, about the changing values and their translation thereof to the staff. Corporate Social Responsibility, Sustainability and Corporate Governance are slightly abused terms today, but that is what it is all about.

“The flexible deployment of your resources will be essential, not only because organizations will no longer employ full time employees for everything, but also because high potentials will not be willing to commit to one organization exclusively. HR will therefore have to manage virtual teams increasingly. In an even more distant future I see greater focus on e-education, spotting people whilst still in the nursery, coaching them and binding them to your company, but also the opposite: retaining a good relationship with people who go work elsewhere for a while. Moreover, the entire layer of conventional managers will disappear and HR will train people to become entrepreneurs in their own job, while simultaneously searching for a top who can control this.”

Which responsibilities will the HR manager take on in the future and which will disappear?

“There will be a lot of things that HR will not have to do anymore because of automation and outsourcing.” “An important new task is working on cultural change. Today the game is to bring about agility, but it does not stop there. You will have to teach people to work in a non-routine way and move towards the multi-skilled, multitasked, multilayered and multicultural. Even the boundary between internal employees and other people disappear. Not only because of the greater flexibility in

working time and mode, but also because f.i. loyal customers are going to participate in co-creation of products. HR thus becomes working more and more on the links between those people: where are the good people and how can I deploy them.”

How long does the story of the ‘strategic HR manager’ last? Is HR dead?

As an HR professional you must actually develop into a generalist with a specialization domain. But, conversely, your colleagues in management must also give their opinions on HR.”

“The various functions become increasingly multidisciplinary. Marketing, communication, IT as well as HR will all work with KPIs and must come forward with a business plan. The classic division of functions will no longer be at the order of the day. A financial director, for example, will not only have to keep his balance sheet in order, but there will be much more borrowing on the market, while shareholders will at the same time become stakeholders as well and will increasingly be profiling and affirming themselves. So, all those roles change and in that sense the communication manager, the HR manager, etc. roles will disappear. Instead you will have someone who occupies himself with people, networking, branding, positioning, etc. At the same time that function will, more than ever, be a strategic function, because it will have to deal with so many things. There is still a gap between that strategy and numbers and the translation thereof to the employees today. For that you need that KPI dashboard, otherwise you are not playing the big boys game.”

Will the HR manager of the future still have an HR background, or will the function primarily be occupied by people who come from other functions?

Given the broad dimension that management functions will receive, the necessary background will also have to be much broader. Those who have only studied HR will never move far ahead without also studying communication, marketing and business policy. Eventually there will be a platform of high potentials at the head of a company that will take functions upon itself according to its affinity with it and lots of getting together to discuss and control the field from there. The Human Capital will also be studied more from an economic angle.

Very few HR managers become CEOs. Why is that, according to you?

“That also has to do with the fact that HR people miss the tough side of the business,” says Kaat Exterbille. “They still stay too often on the soft side of the business and can not sufficiently translate their results into added value for the organization. And, of course, this does not apply to everyone in HR, but HR people are often still real cocoon workers who are not so much in touch with the rest of the organization.”

“Of course there are examples of HR managers who are CEOs. Often CEOs are also engaged in personnel matters as part of their leadership program for several years. It is certainly possible, but if you have spent your whole life just in HR, I do not see you becoming a CEO right away. A CEO must, after all, deal with many changes and challenges and learn from different specialisms in order to have a feel of the organization as a whole. HR people often love their job very much and will thus not easily step into a different role.”

How would you describe the ‘ideal’ HR function for the future?

The HR-CEO of the future is someone who has first worked as an economist, with training in marketing, in financial communications for a few years, then who has scanned the changing contours of the company very well and developed and promoted products as a marketing manager and, finally, after a long training in the areas of cultural change and leadership, combines the HR function as CEO.

Because, to have a vision for your organization and efficiently mobilizing people around it is the task of the new HR-CEO. As with other functions, he/she will have alternative future scenarios worked out around the HR domain. Frankly, I think it will be a woman,” smiles Kaat Exterbille.

Kaat Exterbille, Kate Thomas & Kleyn Brussels kaat.exterbille@katethomaskleyn.be