HR Function
Optimization
People & Change
Advisory Services

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Unlocking the value of human capital

Human Resources function is now recognized as a strategic enabler, aimed at delivering sustainable organizational change and enhancing business performance. In order to fulfill this role, HR function needs to understand, define and communicate the value they provide. Additionally, they need to ensure they remain fit for purpose, adapting to changing business requirements.

Many organisations today struggle to find answers to questions such as:

- How to ensure HR Strategy and Plan is aligned to Business Strategy and Plan?
- How to strengthen CHRO’s role as a provider of value added strategic advice to business?
- Is the HR Function, and are the HR programs, fully supporting the organization in unleashing talent and leveraging people productivity?
- How can HR reduce costs and time spent on administrative work and focus more on being a strategic partner to business without compromising operational efficiency and effectiveness?
- How does our HR function compare to other organizations, and what opportunities exist to move towards leading practice?

An efficient and effective HR organization is essential to building and sustaining strong company-wide performance. KPMG’s HR Function Optimization offerings helps CHRO’s take a holistic view of their HR function—including strategy, process, technology, structure, skills, governance, and performance measures—to identify areas of improvement and optimization, and value to the broader organization.

KPMG’s approach for HR Function Optimization

KPMG’s HR Optimization methodology helps conduct an analysis of the current state of Human Resources within an organization, develop and analyze potential methodology, select a future state design, develop an implementation plan, conduct a broad-based roll-out, and monitor value added to the organization on an ongoing basis.

Our approach and methodology distinctly identifies four elements of the HR function optimization. It is the synergic interactions among these elements that create the sustained value for HR.
Multinational Telecommunications Company transforms HR function and strengthens service culture

Our insights into the HR function of one of the world’s leading telecommunications companies has closely aligned the business and HR strategies, enhanced the employee experience, and helped create a far stronger service culture that is in tune with the company’s business goals.

KPMG assisted in articulating the HR strategy and vision of the organization. It resulted in the standardization of HR processes and policies across geographies, helping to eliminate inefficiencies and duplication. In an unusual move, outsourced shared service centers were brought back in-house, rebuilding them as a single People Services Center staffed by high-caliber, multilingual people able to handle far more sophisticated tasks. KPMG helped the client create centers of excellence containing dedicated HR specialists who can quickly address the high-level demands of the workforce. These changes have taken service quality up to new levels and reduced operating costs. Human Resources is now considered to be a real partner to the business, advising on issues such as talent management and organizational structure.

Power and Utilities Company identifies new HR technology portfolio

Weighed down by disparate applications that were not serving the business well, a quasi-federal power and utilities company asked KPMG to re-evaluate the HR IT strategy and better align it with future business and HR strategies. Because most applications were not well integrated, users had developed many manual workarounds. Self-service capabilities were under-utilized and many applications crashed frequently, which slowed productivity.

KPMG developed and analyzed an inventory of the company’s HR applications and tools and then conducted briefings with key stakeholders and customer management. As a result of our insights, company management was able to identify four high-level alternatives based on their strategic value, ability to address customer needs, ease of implementation, cultural fit, potential benefits and projected costs. Once an alternative was selected, an HR IT strategy and road map was created that resulted in significant cost savings and close alignment of the business and HR strategy.

HR Strategy & Capabilities

- Define overall vision and mission of the HR function
- Develop HR Strategy
- Formulate HR Scorecard/KRAs/KPIs
- Assess the maturity on the HR
- Build HR Capability.

HR Technology

- Analyze clients’ unique business needs, work with clients to evaluate the vast array of technology choices and providers available, develop the business case for technology investments and manage the implementation through to completion
- Redesign Process and Policy to align with HR Technology
- Develop roadmap for cloud based HR applications.
HR Process or Policy Redesign

- Optimize and streamline HR processes encompassing all HR functions and programs down to the policy level
- Redesign and Process Mapping
- Define Performance Metrics / Service Levels for New Processes
- Incorporate leading practices, deep technical expertise across HR, and highly developed performance improvement methodologies and tools that to accelerate results.

HR Policy & Processes redesign for an Offshore shared services centre of a leading Swiss Construction material supplier

With its growth plan in South Asia, and with the objective to attract and retain the best talent for its operations; the company felt the need to update its existing HR policies and revise corresponding HR processes and align the job designations and titles to prevailing market practices. Also, the client wanted to review and revised its existing compensation structure to make it tax effective.

KPMG worked with the client to fulfill the requirements by following an integrated approach by closely working with the client. Stakeholder meetings were conducted to identify company vision and strategy and a detailed review was carried out of the existing policies, process and frameworks. KPMG conducted gap analysis based on as is analysis and industry leading practices. As a result, HR policies were proposed using KPMG leading practices repository in line with client’s vision and strategy.

HR Service Delivery Model

- Help clients balance competing demands and priorities while satisfying the needs of HR service delivery model
- Develop the business case for HR service delivery model
- Select the HR service delivery model that best fits current and emerging needs
- Assess what services to centralize or decentralize
- Deploy outsourcing / shared service option in process, IT, Change Management & Project Management and help optimize post implementation.

Transforming the HR service delivery model for a large International Bank

Cost of HR was in the highest quartile of the benchmark (HR cost per employee, HR / FTE ratio), client satisfaction with the HR function was too low overall and IT infrastructure was inflexible due to legacy systems. The business demanded a HR function which operates at lower cost, is more client focused and has more impact. “HR should face the same challenges as the business faces”

In the first weeks KPMG challenged the client on its current way of working and possible transformation of its delivery model. KPMG designed an approach which enabled the client to create its business case for HR function optimization in time and with commitment from management. Detailed review current way of working was done and possible transformation options were developed for HR delivery model. New service delivery model was developed in more detail using our standard approach (business model, operating model and economic model). Finally, KPMG facilitated management decisions with approach based on qualitative choices and economic impact.
KPMG’s Value Proposition

Our methodology support...

- Align HR Strategy to Corporate Strategy
- Integrate the component parts of the service delivery model (SDM)
- HR programs, policies and process are integrated into a coherent, value-driving whole
- Helps HR practitioners act as a strategic collaborator and partner with the business
- Setup the right HR technology infrastructure appropriate to unique business needs
- Link HR performance to business success
- Institutionalize effective people practices and behaviors in the organization

Potential Benefits

- Clear articulation (both qualitative and quantitative) of HR’s value to the business
- Strategic alignment between HR and the business
- Improved operational efficiency
- Fully integrated HR systems, ultimately enabling timely and relevant management reporting.

What Differentiates KPMG’s Approach to HR Function Optimization?

- KPMG’s Global HR Transformation Centre of Excellence enables member firms to offer their clients access to leading HR practices
- An established global methodology including assessment and gap analysis for HR operating elements
- We work with CHRO’s and leaders in HR helping them to design their configuration of HR strategy, organization and processes that leads to a distinctive system of high performance
- We have deep experience in HR process optimization, encompassing HR functions and programs down to the policy level. In-depth understanding of both the “cost and value” of HR, from both a function-specific and organization-wide perspective
- Experience in large-scale transformation and technology deployment projects
Taking HR Function to the next level

People competitiveness has emerged as a key to business success, but making the most of an organization’s talent goes well beyond traditional HR transaction management. A key characteristic of high performing companies is that they design and adopt organizational systems that create and foster productive interactions/collaborations better than others.

How does your current HR organization stack up?

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<tr>
<th>Value to business</th>
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<tbody>
<tr>
<td><strong>HR Strategy &amp; Capabilities</strong></td>
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<tr>
<td>1. HR is an administrative department</td>
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<td>2. HR plays a more reactive role</td>
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<td>3. Objectives for HR are set routinely, but not followed</td>
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<td>4. Annual organisation and HR strategy planning takes place, but little communication and follow-up</td>
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<td>5. The HR vision and strategy are aligned with the organisation vision and are perceived to add value to the achievement of the organisation vision</td>
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| **HR Technology** |
| 1. Some level of integration of existing systems to support HR processes |
| 2. Basic functional technology |
| 3. HR is enabled with an ERP system for processing HR administrative data |
| 4. Comprehensive automation and integration |
| 5. Cloud computing based HR systems and Advanced Analytics with predictive modeling |

| **HR Policies & Processes** |
| 1. HR policies are developed to comply with employment legislation |
| 2. Development of policies is reactive with minimal formal review |
| 3. HR is enabled with an ERP system for processing HR administrative data |
| 4. Policies and processes are proactively developed and tailored to satisfy specific business needs in the context of overall business strategy |
| 5. HR policies and processes have a clear line of sight to business strategy and are developed in conjunction with business leaders |

| **HR Service Delivery Model** |
| 1. P&A is renamed HR |
| 2. Absence of formal Service Delivery model in place |
| 3. Defined roles and structure of HR function |
| 4. An efficient HR Service Delivery model exists that uses multiple channels of delivery (including ESS / MSS) |
| 5. The HR Service Delivery model is designed around business needs |

The assessment scale is as follows:

- 17 - 20 = World class
- 11 - 16 = Some Areas of improvement
- 05 - 11 = Significant improvement areas

Assessment Scale

\[ \text{Assessment Score} = \frac{\text{Your Total Score}}{5} \]

The above self evaluation is illustrative, for details on in-depth evaluation, analysis and interpretation please get in touch with the undersigned KPMG contact.

KPMG Contacts

**Dr Ganesh Shermon**
Partner and Head
People & Change Advisory Services
T: +91 22 3090 1760
M: +91 98672 00880
E: gshermon@kpmg.com

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