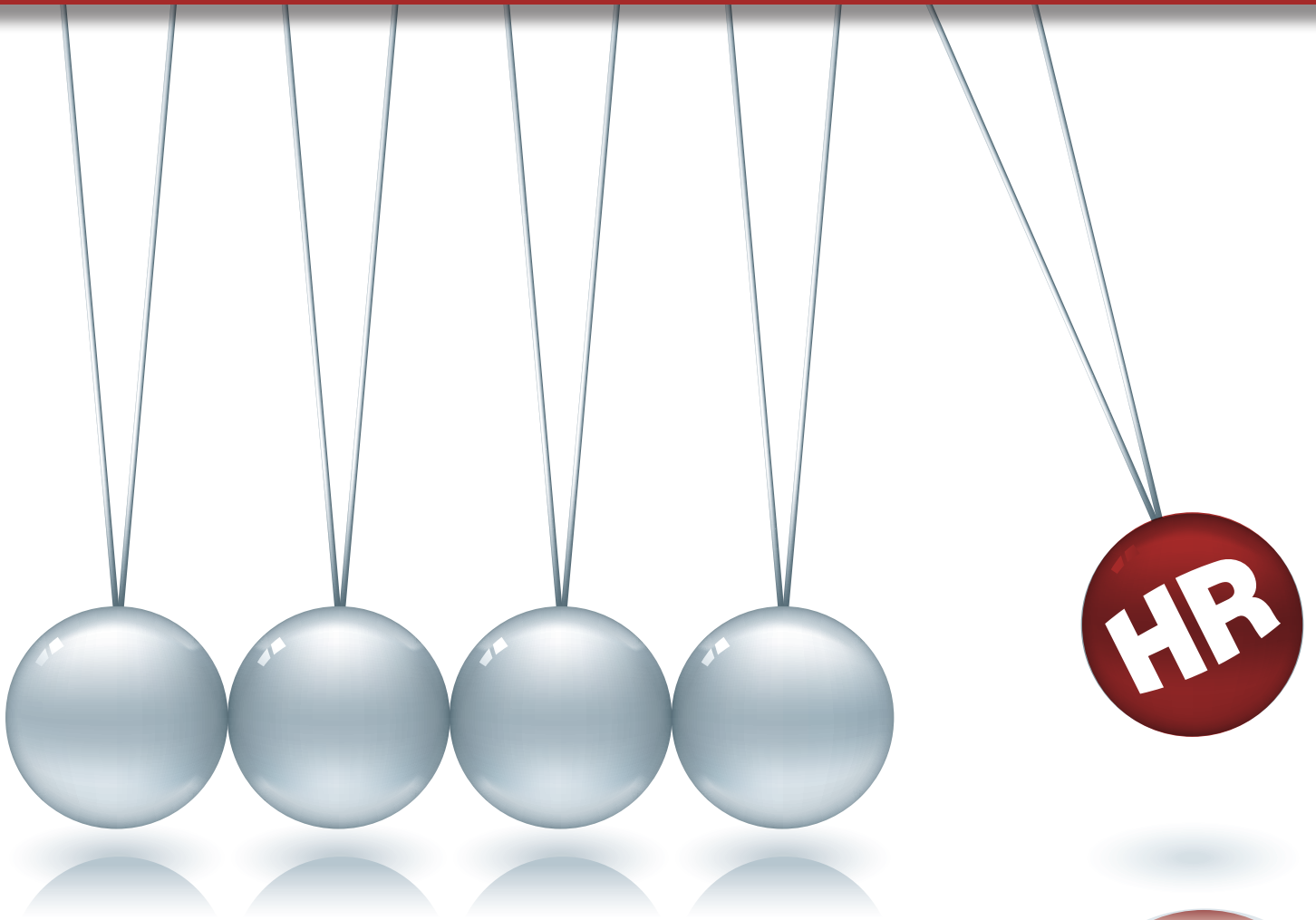


# 2015 BENCHMARKING REPORT



**How Close is Human Resources  
to Becoming a Strategic Business Partner?**

*The journey of a thousand miles begins with a single step.*

— LAO TZU



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## Executive Summary

Answers to questions concerning the importance and purpose of human resources continue to whip from one point of view to another like an out of control pendulum, with conclusions depending on economic and labor conditions. “Recent complaints about the HR function have touched a nerve in a large, sympathetic audience. The most vocal critics say that HR managers focus too much on ‘administrivia’ and lack vision and strategic insight,” wrote Wharton School management professor Peter Cappelli in a July-August 2015 *Harvard Business Review*, article titled “Why We Love to Hate HR ... and What HR Can Do about It.”

This report on the most recent benchmark survey conducted by the International Public Management Association for Human Resources takes a closer look at the realities of what happens in typical public sector HR departments and how HR practitioners work with professionals from other disciplines. It also focuses on areas where human resources practitioners’ skillsets might be lacking and identifies opportunities for the human resources function to improve and achieve the goal of becoming a strategic business partner.

The survey was emailed to 4,901 IPMA-HR members in late spring 2015, and 606 members responded. This resulted in a 12.3% response rate (n=605 completes), with a  $\pm 3.73\%$  confidence interval at a 95% confidence level.

Key findings include the following:

- Eight out of 10 HR practitioners consider their human resources departments to be strategic business partners. As defined for the purposes of the survey, a strategic business partner shares physical and intellectual resources to help solve problems and make decisions for other departments and organizationwide.
- Initiating and participating in workforce/succession planning is a logical way that HR professionals can become strategic business partners, and the need for workforce/succession planning is quite dire. Four out of ten (42%) public sector HR practitioners estimate that 20% or more of the employees at their organizations will retire within the next five years, yet only half of survey respondents reported that their own organization has a workforce/succession plan.
- Of organizations with workforce/succession plans, two-thirds put human resources nominally in charge of the plan. In practice, however, other department heads actually lead the charge at most organizations, determining on their own whether their departments need workforce/succession planning services from HR practitioners. As one survey respondent wrote, “If there is a need, the department head contacts human resources and the practitioner is relied upon for their expertise.” Another respondent noted that “departments want to be in charge of their own workforce/succession planning and they only see human resources in rather an administrative advisor role.” These responses indicate that HR needs to start the workforce/succession planning conversation in order to move forward in becoming a full-fledged strategic business partner. Using human resource analytics appropriately also appears necessary.
- Becoming a strategic business partner can be quite challenging for human resources, especially if an organization does not have a comprehensive strategic plan and if HR practitioners lack management support for becoming more involved in decision making and plan implementation. In fact, a stepwise linear regression of relevant responses revealed that whether a department participates in strategic planning explains 25% of the variance in how high or low HR practitioners rated their own department as being a strategic business partner.
- Eight out of 10 (81%) survey respondents reported that their departments collect human resources analytics. Leaving considerable room for improvement, however, individuals rated their own abilities to interpret analytics as neutral/average (33%) to above average (42%). The story on analytics gets even a little worse when HR practitioners are asked to rate their colleagues. In respondents’ opinion, their HR colleagues largely lack analytic and cross-functional skills.
- When IPMA-HR members were asked about the skills that HR practitioners need most now and in the future, analytical and cross-functional business skills were the two most common responses. To truly serve as strategic business partners and offer data-based solutions to problems, human resources professionals need to understand the objectives of the other business units in their organizations. The same sentiment was also expressed in Cappelli’s *Harvard Business Review* article.
- Human resources analytics occupies the least amount of time spent on any HR activities (9%). This amount has not been growing, and a slight majority of respondents reported spending the same time on analytics five years ago.

## Objectives

The objectives for the most recent benchmarking survey, as established by IPMA-HR's 2015 Benchmarking Committee, were as follows:

- Human Resources Analytics:** Determine analytics currently utilized by public sector human resources departments. Assess the level of sophistication of the typical public sector human resources department when it comes to human resources analytics. Examine the interplay between what human resources can deliver in terms of analytics and how it impacts, if at all, the relationship between human resources and senior management.
- “Upskilling” of Human Resources:** Assess the current skills and strengths of human resources professionals and determine if any gaps exist in knowledge that will be necessary to meet the future demands of the profession. Determine if there are any human resources skills that are in short supply. Elevate the perception of human resources among colleagues outside of the profession from being a transactional or reactionary department to being a profession able to provide proactive, consultative advice at the strategic level of a public sector organization.
- Human Resources as a Strategic Business Partner:** Ascertain to what degree public sector human resources departments are being utilized to facilitate senior level organizationwide strategic business decisions and advance the human resources value proposition.
- Talent Management:** Examine the level with which human resources is utilized for succession planning, the hiring of talent in key positions, performance management and the promotion of employees.
- Human Resources Department Structure:** Evaluate how human resources departments are organized in the public sector, which duties are performed and which duties are outsourced. Explore the interplay between typical human resources transactional duties and information technology.

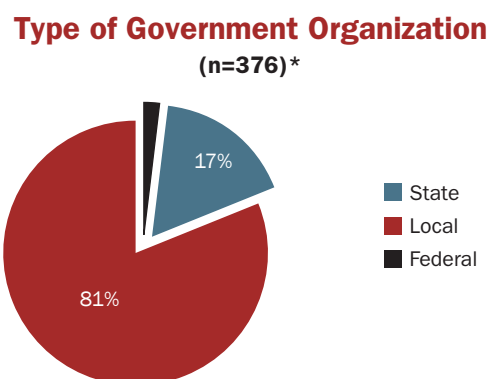
## Methodology

IPMA-HR sent an email to 4,901 local, state and federal government human resources members of the association on May 29, 2015, inviting them to participate in the online survey. Questions and correspondence were developed with input from the association's Benchmarking Committee. A copy of the survey instrument is available upon request from IPMA-HR.

Two reminders followed, with the first sent on June 5, 2015, and the last sent on June 14, 2015. As an incentive for taking the time to complete the survey, respondents were entered into a drawing to receive one of three \$25 Amazon gift cards. This resulted in a 12.3% response rate (n=606 completes), with a  $\pm 3.73\%$  confidence interval at a 95% confidence level. Chi-square significance testing was conducted. Significant differences are noted in the text usually by the word “significant” or the phrase “more likely.”

Respondents were highly representative of IPMA-HR's overall membership, so no weighting was done. The majority of respondents were senior-level, with seven out of ten (69%) indicating that they are at least a manager of human resources. Throughout this report, respondents are referred to as “HR practitioners,” “IPMA-HR members,” and “public sector human resources practitioners.”

The following table depicts the types of government organizations where respondents worked when completing the survey.



\*Question was asked at the end of the survey, thus 230 members did not respond.

To ensure sample validity, recipients of the survey were first asked two screening questions regarding whether they worked in human resources and whether human resources was a current role of theirs in the public sector. As a result, 593 current human resources practitioners were passed through to take the survey.

## HR's Role in Workforce/Succession Planning: HR Follows the Lead of Other Department Heads

“Organizations readily acknowledge that their employees are their most valuable assets,” IPMA-HR Executive Director Neil Reichenberg observed in a June 2006 study conducted by EquaTerra that was published as *Human Resources Transformation in Public Sector Organizations*. “Given the current workforce demographics, there is a critical need for workforce planning and succession planning. This represents an opportunity and challenge for human resources professionals to undertake a leadership role in assisting their organizations. Of course, to do this successfully will require management support and sufficient resources. If human resources professionals are successful in focusing the workforce and succession planning efforts of their organizations, it will go a long way toward moving them in the direction of being seen as strategic business partners.”

As evidenced by that quote from more than a decade ago, succession planning has long been recognized as a way the human resources function can help guide strategy in public sector organizations and be seen as a strategic business partner. Still, only half of the IPMA-HR members responding to the 2015 benchmark survey reported that their organization had a succession plan (50%). Among organizations with workforce/succession plans, two-thirds (66%) placed human resources officially in charge of that plan. As will be revealed in the next few paragraphs, this typically means that human resources provides consultation to department heads. Even though an organization may have a workforce/succession plan, a quarter (22% of practitioners) said senior management is neutral toward or not at all receptive to human resources' facilitation of the plan, which presents some challenges for those HR practitioners.

Contrasting with that, the majority of survey respondents (78%) perceive senior executives at their organizations as receptive. But what does the HR practitioner's role look like in practice?

IPMA-HR members were asked to explain the reason they rated senior executives' receptiveness to human resources facilitation of succession planning as they did. According to those responding to this open-ended question (n=140), HR practitioners mostly saw themselves as partners in workforce/succession planning, but they typically spoke of department directors leading the charge and determining the need for it in their departments and human resources providing their consultative expertise. So, in a sense, the HR

practitioner is respected for expertise but also asked to act in a more reactionary role at the behest of the department head.

The following verbatim comments describe human resources practitioners' involvement in succession planning:

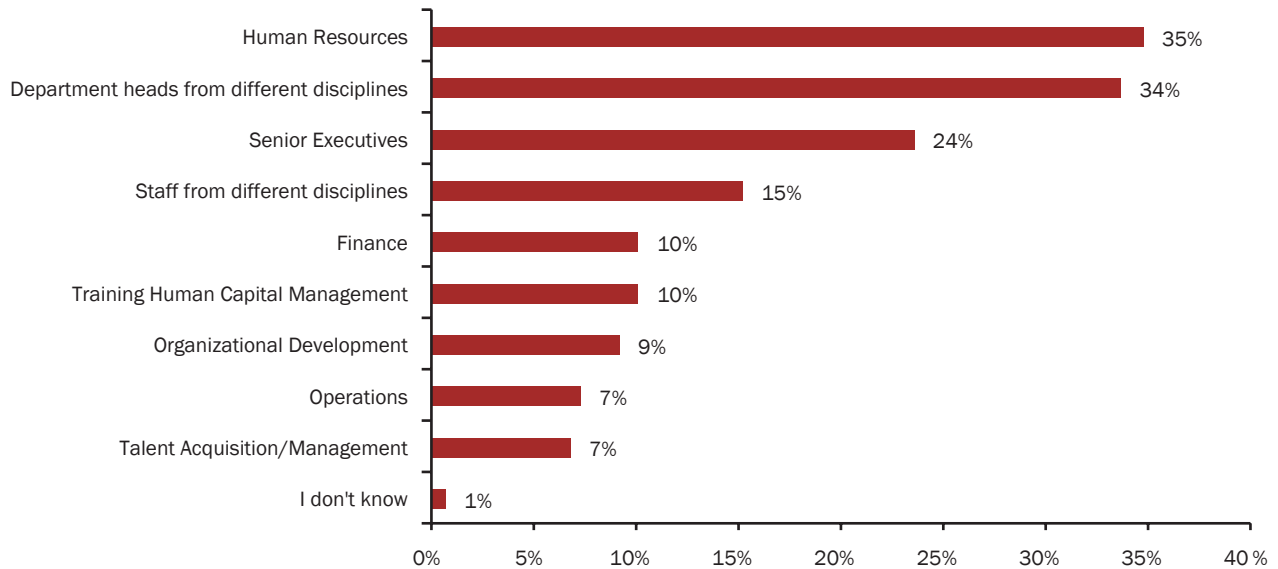
- Departments submit succession org charts to HR annually, and we have discussions as needed. But ultimately, the decisions are made between department directors and Senior Executives (County Administrator and Chairman of the Board).
- Departments want to be in charge of their own workforce/succession planning and they only see human resources as an administrative advisor role.
- Departments consult with their dedicated HR Business Partners for guidance on their workforce/succession planning needs. The HR director consults with the senior executive team.
- Varies by department; some are more receptive than others. Overall, departments tend to come up with their own ideas, then look for HR to support and implement their ideas.

The public sector human resources professional is not starting the workforce/succession planning conversation. It can be interesting, then to look at the types of professionals involved overall. Among organizations with workforce/succession plans, the greatest proportion cite human resources (35%), department heads from different disciplines (34%) and senior executives (24%) as being involved in workforce/succession planning.

Aside from workforce/succession planning, which seems logically tied to human resources involvement, IPMA-HR also explored which departments in general are typically invited to engage in organization-critical conversations related to the formation of strategy, design of the organization, major business decisions and implementation of the business model. Regardless of whether their organizations had workforce/succession plans, finance (65%), human resources (64%) and legal (56%) topped the list of departments invited to participate in organization-critical conversations, according to IPMA-HR members. Further supporting the perceived importance of human resources departments in the public sector, 85% of HR practitioners reported that their “top human resources leader” is part of their organization's senior management team.

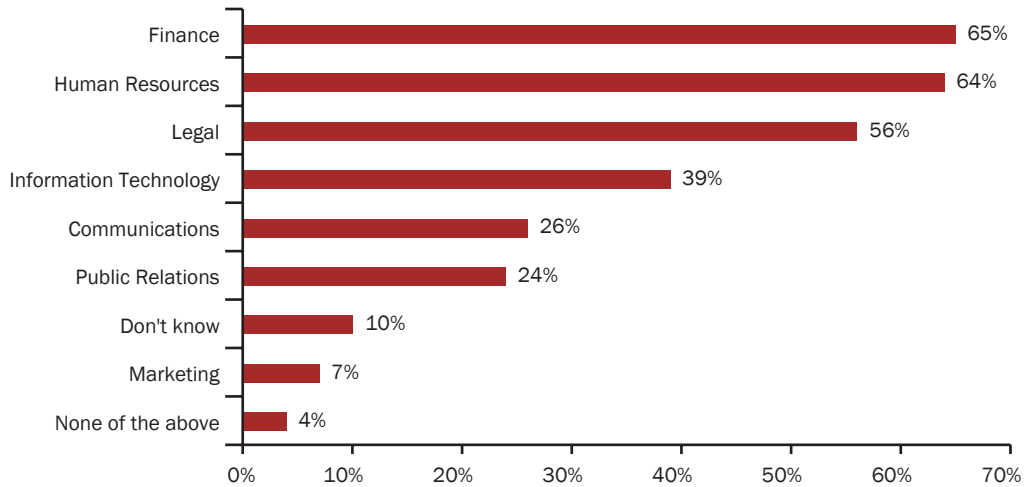
**Professionals Involved in Workplace Succession Planning**

(n=606)



**Professional Involved in Organization-Critical Conversations\***

(n=606)



\*Other: Department Directors, Public Works, Police Chief, Operations, Executive Staff for all units, Senior Staff, Economic Development, Budget, Risk Management

**HR's Role in Setting Organizational Strategy: HR Is a Full Partner When HR Is in Charge of Workforce/Succession Planning**

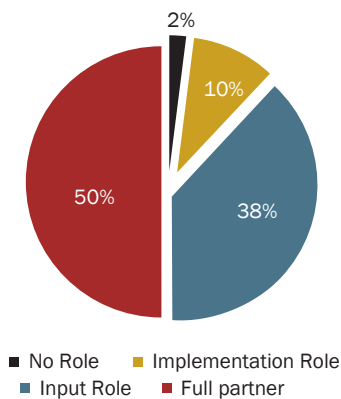
Organizations where human resources practitioners are in charge of the workforce/succession plan seem to be more collegial to an extent, with managers from other departments respecting HR practitioners for their knowledge and offering a seat at the table when organization-critical discussions occur. Indicative of this, survey respondents in organizations where human resources is charged with workforce/succession

planning were much more likely to report being treated as full partners with senior management in making strategic decisions for their organization (72%) than were respondents in organizations where human resources was not in charge (54%). Practitioners at forward-thinking organizations were also much more likely to view workforce succession planning as a vital part of the organization's strategic plan as it relates to the hiring of talent with unique skills vital to the mission of the organization (58%) than were other survey respondents (36%). This is where the differences in experiences between the two kinds of organizations stops, however.

There is no significant variation between organizations where human resources is in charge of workforce/succession planning and those where it is not when it comes to workforce/succession planning being a part of strategic planning as it relates to the promotion of current employees and multiyear workforce planning. More than three-fourths (77% and 79%, respectively) identified workforce/succession planning as a part of the strategic plan for such purposes. High scores on this measure bode well, as a stepwise linear regression model showed that this measure's rating accounts for 13% of the variance in how members rated the receptivity of senior executives to human resources facilitation of workforce/succession planning. Looking at multiyear workforce/succession planning, neither type of organization appeared likely to engage in such efforts.

### Role HR Has in Workforce/Succession Planning Strategy for the Organization

(n=565)



**Implementation role:** implements strategies developed by departments outside of human resources; **Input role:** HR asked for data and opinion when it comes to formulating strategy; **Full partner:** Partners with senior management to make strategic decisions. The roles and definitions were adapted from the Center for Effective Organizations' working paper *What Makes HR a Strategic Partner?* ([http://ceo.usc.edu/working\\_paper/what\\_makes\\_hr\\_a\\_strategic\\_part.html](http://ceo.usc.edu/working_paper/what_makes_hr_a_strategic_part.html)).

### Shared Services Is the Operating Model Used by the Greatest Proportion of Practitioners' Organizations

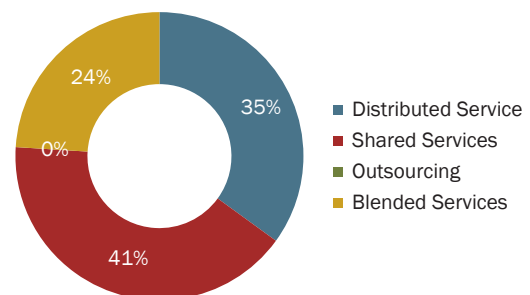
This section deals with the role of human resources in public sector organizations and how that role may be changing. Operating models for human resources defined by EquaTerra in *Human Resources Transformation in Public Sector Organizations* are taken as typical. The following provides a description of what each operating model entails:

- **Shared Services:** In this model, administrative and support functions are provided on a self-serve basis from a consolidated stand-alone system that is operated by HR personnel who focus on policy oversight, analysis and consultation services for customers. This model pools internal skills and resources and/or leverages outside services and common IT systems in order to enforce standards and exploit economies of scale.
- **Distributed Services:** In this model, each agency controls basic administrative or support functions. Solutions for tasks such as hiring are geared to the specific needs of each agency.
- **Blended Services:** This model refers to some combination of shared and outsourced services.
- **Outsourcing:** This approach assumes that organizational activities related to human resources management will be contracted out to vendors or suppliers who specialize in such activities. External firms offer either piecemeal solutions (payroll) or more comprehensive, end-to-end solutions across the HR function.

According to the IPMA-HR members surveyed in 2015, the shared services operating model (41%) is most common, followed closely by distributed services (35%). Around a quarter of HR practitioners (24%) indicated that they operate under a blended services model. Interestingly, no human resources practitioners said their departments are organized under an outsourcing model.

### Public Sector Human Resources Department Organization Models\*

(n=428)



\*The predominant other models mentioned were centralized HR and having HR staff at each agency.



**Only 9% of Practitioners' Time Is Spent on HR Analytics, Which Could Be Problematic as Half Say That Is the Same as Five Years Ago**

As part of the benchmark survey, public sector human resources practitioners were asked to divide up their time for each of the following work activities so that their total activity summed to 100. If a professional did not perform a particular activity, he or she was asked to enter a zero.

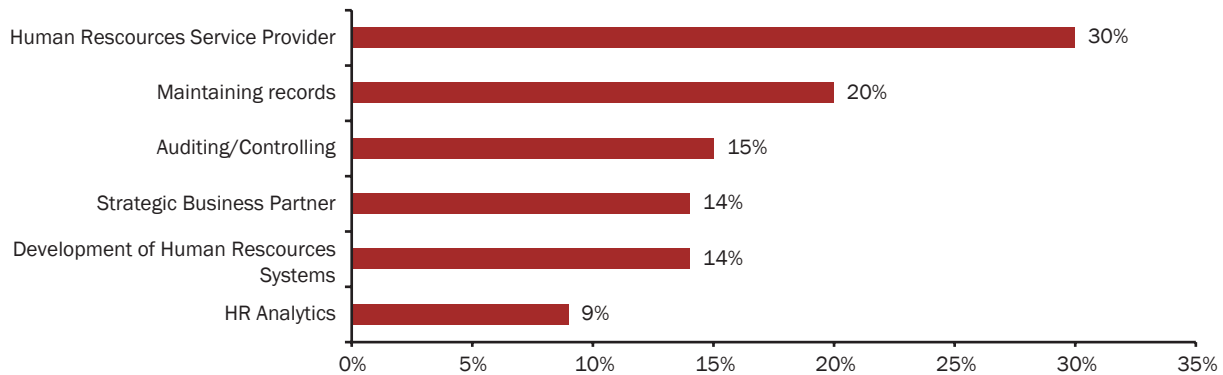
- **Maintaining Records:** Collect, track and maintain data on employees.
- **Auditing/Controlling:** Ensure compliance with internal operations, regulatory, legal, labor relations and union requirements.
- **Human Resources Service Provider:** Administer compensation systems, performance management programs and employee benefits.
- **Development of Human Resources Systems and Practices:** Develop new policies, programs and services.

- **Strategic Business Partner:** Act as a member of the management team and stay involved with strategic HR planning, organizational design and strategic change.
- **HR Analytics:** Collect data for and perform turnover calculations, absenteeism calculations, etc.

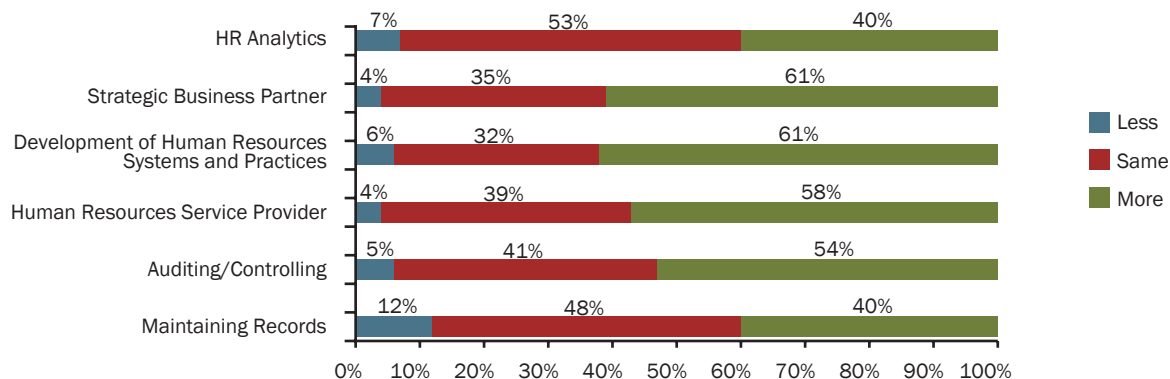
On average, survey respondents reported devoting half of their time at work doing a combination of human resources service provider activities (30%) and maintaining records (20%).

Compared to five years ago, a greater proportion of HR practitioners in 2015 said they take part in more activities tied to being a strategic business partner (61%) and to the development of human resources systems and practices (61%). A slight majority (53%) said they are doing the same amount of human resources analytics as five years ago, which could be problematic because those activities occupy only 9% of their time and this could be an activity that could help the practitioner be seen as a strategic business partner by senior staff.

**Human Resources Duties\***  
(n=447)



**HR Activities Compared to 5 Years Ago**  
(n=413-421)



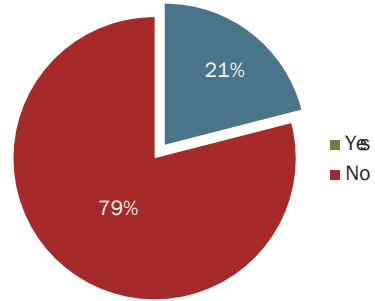
\*The two most frequently mentioned other models were centralized HR and having HR staff at each agency.  
 \*The various HR duties mentioned in this section come from the Center for Effective Organizations' 2003 working paper HR as a Strategic Partner: What Does it Take To Make It Happen? ([http://ceo.usc.edu/working\\_paper/hr\\_as\\_a\\_strategic\\_partner\\_what.html](http://ceo.usc.edu/working_paper/hr_as_a_strategic_partner_what.html)).

**Fewer Than a Quarter Outsource Some HR Functions, With the Human Resources Service Provider Function Most Often Outsourced**

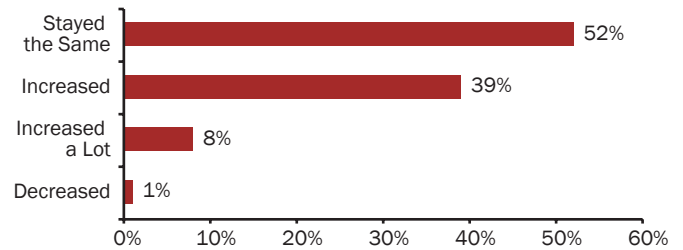
Just fewer than a quarter of IPMA-HR members (21%) said they outsource some human resources functions, and half (52%) said that their organization’s level of outsourcing had remained the same as five years ago. Four out of ten (39%) survey respondents reported that outsourcing of HR functions has increased since 2010.

Of the minority whose organizations outsource human resources functions, the human resources service provider function is the most outsourced. Interestingly, as stated before, the human resources service provider function is the activity that occupies the largest proportion of HR practitioners’ time. This raises the question of what other HR functions occupy more of an outsourcing practitioner’s time.

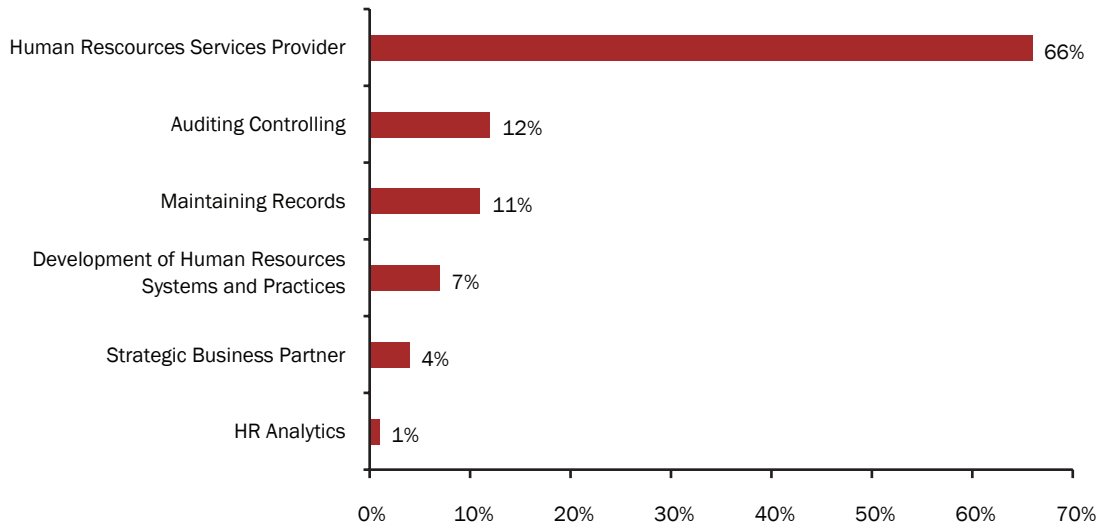
**Outsourcing Incidence**  
(n=435)



**Level of Outsourcing Compared to 5 Years Ago**  
(n=85)



**Kinds of Services Being Outsourced**  
(n=86)



**Eight of Ten HR Departments Are Strategic Business Partners at Their Organizations, With Strong Management Support Being the Key to Success**

Close to eight out of ten (76%) IPMA-HR members consider their human resources departments to be strategic business partners with senior management at their organizations. In making this determination, they relied on the benchmark survey’s definition of being a strategic business partner as involving the sharing of physical and intellectual resources to help solve problems and make decisions for other departments and organizationwide. Case studies pertaining to this topic appear in Appendix 1.

Practitioners who rated their human resources departments as having achieved strategic business partner status were asked to provide examples of how their own department acts as a strategic business partner. Nine out of ten practitioners said that their organization’s human resources department engages in employee orientation and performance management. The other most frequently mentioned ways were being involved in recruitment and retention; talent management; compensation management; benefits; workforce/succession planning; policy compilation, revision and creation; reorganization; affirmative action; training needs; discipline; budgeting; strategic planning; crisis management; and labor relations.

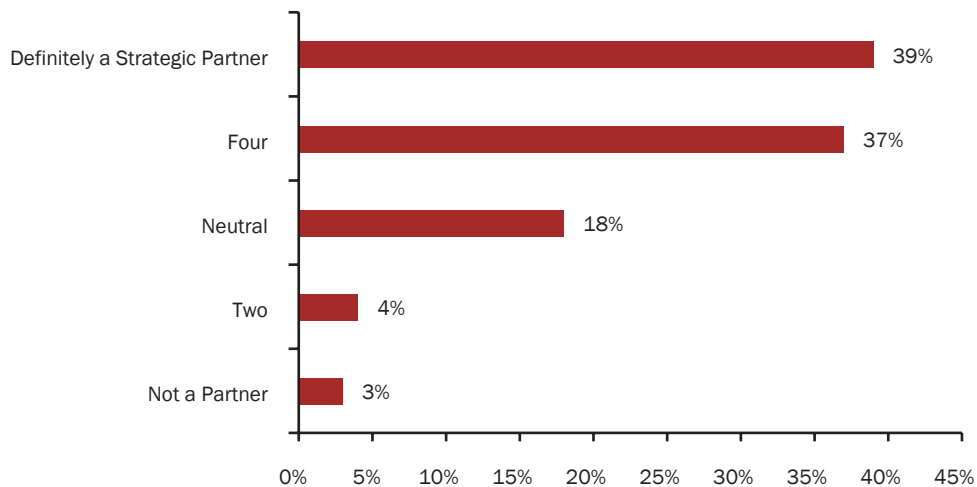
Survey respondents also provided the following verbatim comments regarding their strategic business partner role:

- HR has partnered with the other senior leaders to cultivate the culture, design and implement organizational development efforts, review and strategize for good workforce planning, reassess, discuss and strategize on compensation, championing the organizational culture development in support of organizational ideals, executive coaching in the areas of compensation, performance discussions, engagement, and other communication tools.
- Assisting agencies with meeting their mission by providing various HR services such as compensation, classification, and hiring. We post all jobs for the state of Louisiana, qualify applicants, assist agencies in developing discretionary pay policies, creating/classifying jobs, providing salary data. Also, providing guidance with FMLA, leave, and overtime questions.
- Strategic Planning, Effecting Changes to the organizational structure, implementation of Lean Six Sigma citywide, key contributor on budget formulation, Performance Management, and Consultation to Senior Managers on HR issues and Labor Relations. HR approval required for all hires, disciplinary actions. Chief Labor relations manager.
- Our executives really value Human Resources. They include me as a leader in their decision-making, problem resolution, strategic planning needs, affirmative action, and training needs, employee relations, discipline, etc.

**Strategic Business Partner Rating**

(n=440)

(1=Not a partner, 5=Definitely a strategic business partner)

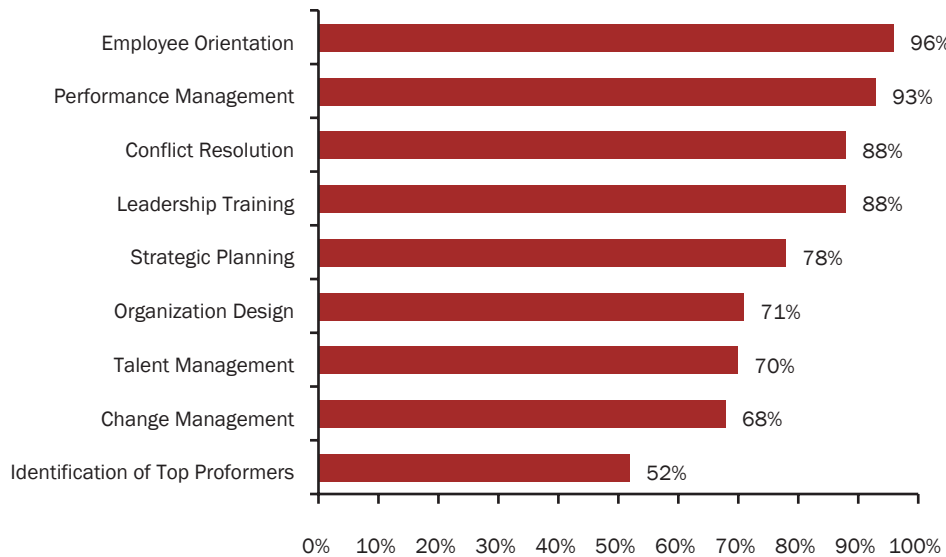


Participating in strategic planning is of particular importance to the human resources department that wants to be considered a strategic business partner. According to a stepwise linear regression, whether a department participates in strategic planning explains 25% of the variance of how practitioner's rate their department as a strategic business partner.

Contrasting with that finding, while just over half (52%) of practitioners said their departments identify top performers, that activity explained only 11% of the variance in how HR professionals rated their departments for being strategic business partners. Still, not being responsible for identifying top performers can lower the department's score on being a strategic business partner.

### Strategic Business Partner Activities

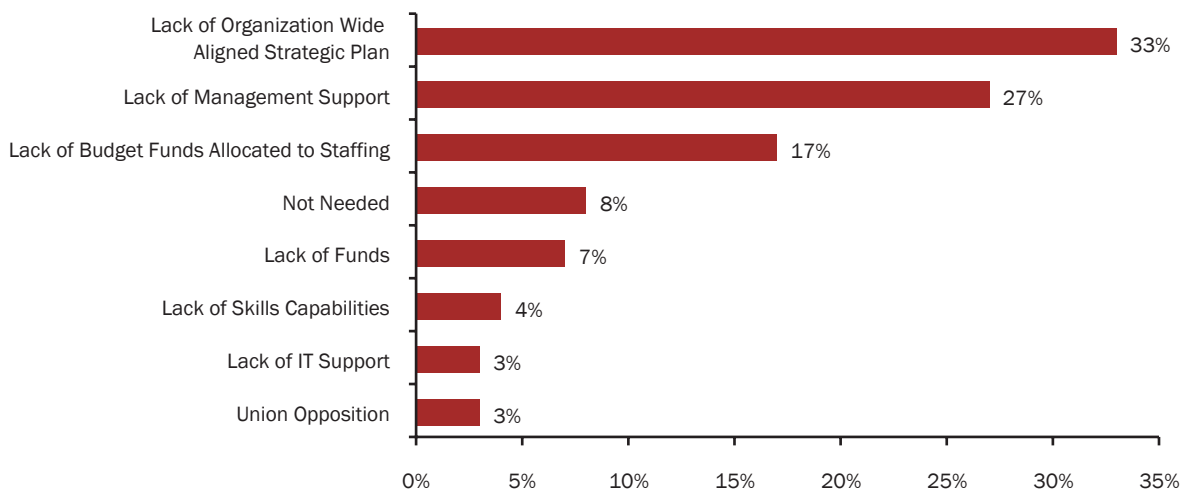
(n=386- n=431)



One out of three survey respondents reported that lack of an organizationwide strategic plan posed a barrier to human resources being a strategic business partner.

### Barriers to Strategic Partnership\*

(n=346)



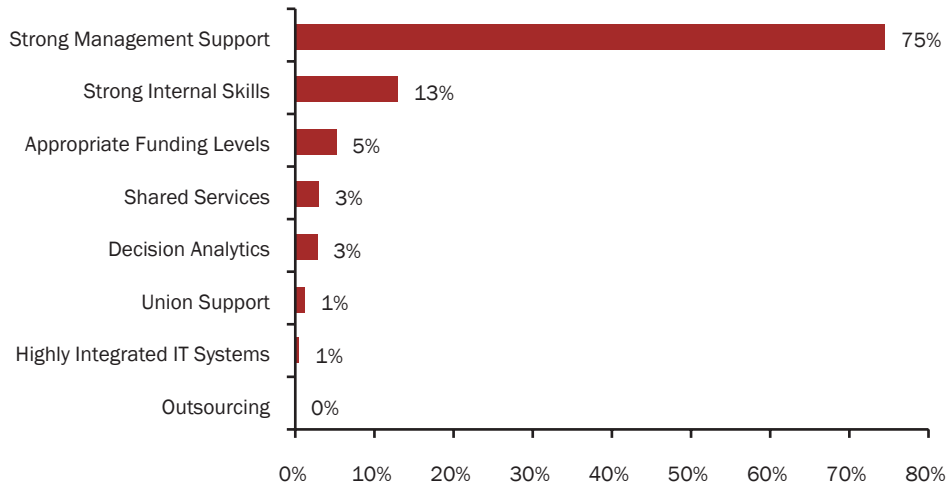
\*Other frequently mentioned barriers included not enough HR personnel and time, lack of trust in HR from other departments and lack of understanding among HR professionals and senior executives regarding HR's role as a strategic business partner.

Eight out of ten HR practitioners said that the key to having human resources be seen as a strategic business partner is strong management support. Threaded throughout survey respondents' comments are acknowledgements that building trust is necessary in order to gain management support. As one HR practitioner wrote, "The top HR person must develop and cultivate trust with Senior Management and be able to

demonstrate what they can bring to the table. Whining about money, systems, etc. is the easiest way to turn off higher-ups."

Other responses make it seem that trust can be gained by having an understanding of organizational and senior management goals, getting results and having demonstrated human resources skills.

**Keys to Enabling HR to Be Seen as Strategic Business Partner\***  
(n=427)

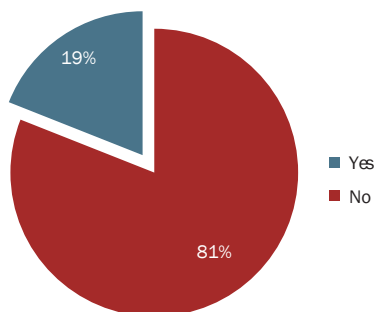


\*Other keys mentioned included support from management, understanding the needs of the business and senior management, getting results and having strong human resources skills.

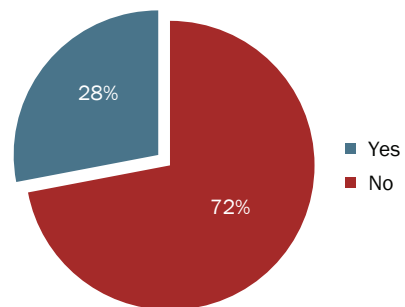
**Eight of Ten Practitioners Collect HR Data Analytics in Their Organizations**

Eighty-one percent of HR practitioners reported that they collect human resources data analytics, and 72% said they work in departments that collect analytics and are familiar with the use of the analytics collected. Only HR practitioners who were familiar with their department's use of human resources analytics were taken through the analytics section of the survey.

**HR Departments Collecting Data Analytics**  
(n=409)



**HR Departments Collecting Data Analytics w/ HR Professionals Familiar with the Use of Analytics Collected**  
(n=295)



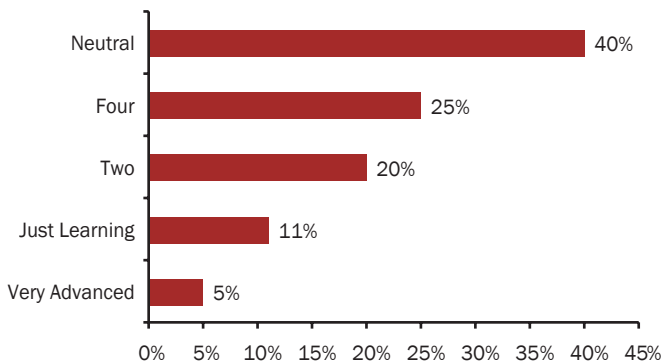
## Most HR Practitioners Have an Average Understanding of HR Analytics

Among survey respondents whose organizations both collect HR analytics and who are knowledgeable about their organization's utilization of data analytics, the greatest proportion rate their department as neutral regarding level of advancement. In other words, they may have some degree of sophistication with human resources analytics use beyond just learning, but they are certainly not advanced.

### HR Department's Degree of Sophistication in Using HR Analytics

(n=293)

(1=Just learning, 5=Very advanced)



Practitioners who rated their department's use of human resources analytics as advanced or very advanced were further asked to provide reasons for rating their organizations so highly. Reasons given included the following:

- Having an entire team devoted to analytics (e.g., business intelligence, human resources human capital),
- Analyzing human resources metrics and other metrics for strategic planning purposes,
- Identifying trends and reporting the insights to senior executives to inform decision making,

- Tracking success and failure of organizational and human resources initiatives and
- Using survey data to make decisions, especially with regard to employee engagement.

The following verbatim survey comments shed light on the points above and call attention to the level of analytical sophistication of human resources departments:

- We conduct a biannual employee engagement survey and the analytics team prepares all the standard and custom reporting; we provide dashboards for several areas (recruiting, turnover, diversity, etc.) It's a very active group in Denver.
- We have a dedicated unit within HR called Human Capital Analytics that provides analysis and data visualization tools for management related to HR data.
- Metrics are continuously utilized to aid in strategic planning, long-term forecasting as well as employee development.

## Turnover Analytics as Related to Compensation and Recruitment and Retention

Among HR practitioners familiar with their departments' utilization of human resources analytics, nearly nine in ten pointed to understanding turnover (88%) as a major use. Nearly equally high percentages indicated that their departments apply analytics in the areas of compensation and planning (76%) and recruiting and retention difficulties (75%). Interestingly, just over half (54%) also said that they use HR analytics to inform business strategies. This is something that we would think more public sector human resources organizations would do, given that nearly eight out of ten (76%) claim to be strategic business partners.

Utilization of Specific HR Analytics Overall by Organizations

(n=267-287)



Asked to provide examples of how their departments use human resources analytics to further their organization's business strategy, survey respondents gave similar qualitative and quantitative answers. Most of the examples provided in written comments related to turnover, recruitment and retention, compensation, retirement and how those activities impact each other. The comments included these:

- We use turnover statistics for recruiting and compensation—specifically to alter our recruiting methods for high turnover jobs and in terms of compensation to demonstrate need for adjustment.
- Regarding turnover, we utilize this metric for recruitment, training/retraining and organizational analysis and development of strategies to address any issues identified.
- We identified retirement risk for one of our departments in a critical operational level and helped develop internal training programs to prepare individuals to transition and minimize disruption.
- Turnover, vacancy rates, percentage of supervisors trained, etc. are the types of things that are used to generate discussions among department directors and formulate action plans.
- We use a lot of the data we collect to support the need for change. Use of turnover statistics and reasons for leaving have spurred our changes to compensation. Our time to fill statistics have changed some of the hiring timelines and recruitment strategies.

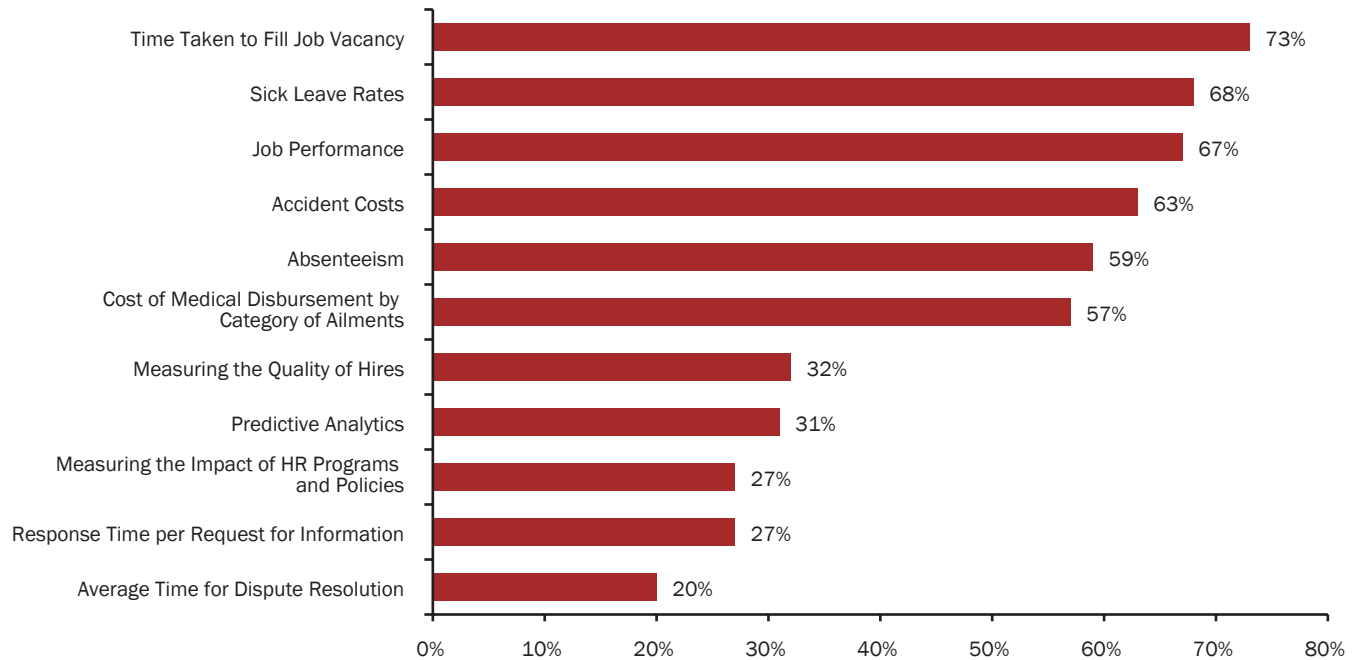
- Detailed performance management statistics measures over time before and after strategic initiatives; examining turnover statistics in relation to recruitment activities; examining recruitment trends to employment success; tracking demographics in relation to turnover/retirement to assist in succession planning objectives.
- Predict retirement rate, anticipate open positions for new hires & promotions, evaluate strategies for recruiting a diverse workforce, track progress toward balanced score card goals.

Most survey respondents reported analyzing data that track past events rather than doing more forward-looking analyses. More than half said that they utilize length of time to fill job vacancies, job performance, sick leave rates, accident costs, absenteeism and cost of medical disbursement by category or ailments.

Analytics utilized by fewer than half of practitioners are more focused on how the human resources department can improve its service to the workforce and management it serves. Just under a third (31%) utilize analytics to produce predictive models, scenario plans, risk analyses and risk mitigation, integration and strategic planning. This points to an underutilization of HR capabilities because examining analytics in many ways provides direct testament to the value human resources delivers to those outside of the function.

### Utilization of Human Resources Management Analytics

(n=247-273)

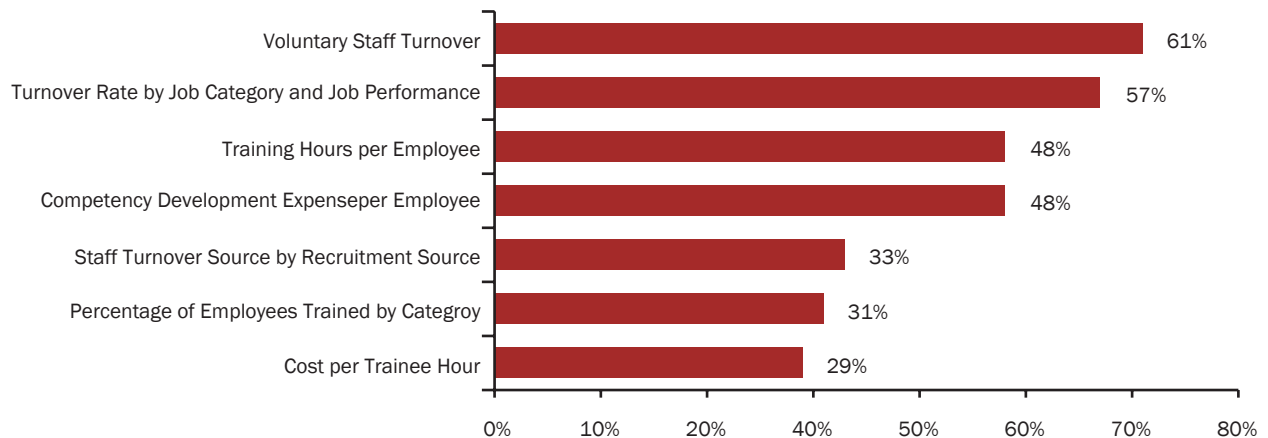


As mentioned previously, analytics pertaining to staff turnover are utilized by the majority of HR departments. If an organization is attempting to consider itself advanced with regard to using human resources analytics, HR professionals need to measure turnover rate by job category and job

performance (57%). A stepwise linear regression revealed that whether a practitioner measures this analytic explained 14% of the variance in how survey respondents rated their department's level of sophistication with using human resources analytics.

### Utilization of Staffing and Learning Analytics

(n=249-263)

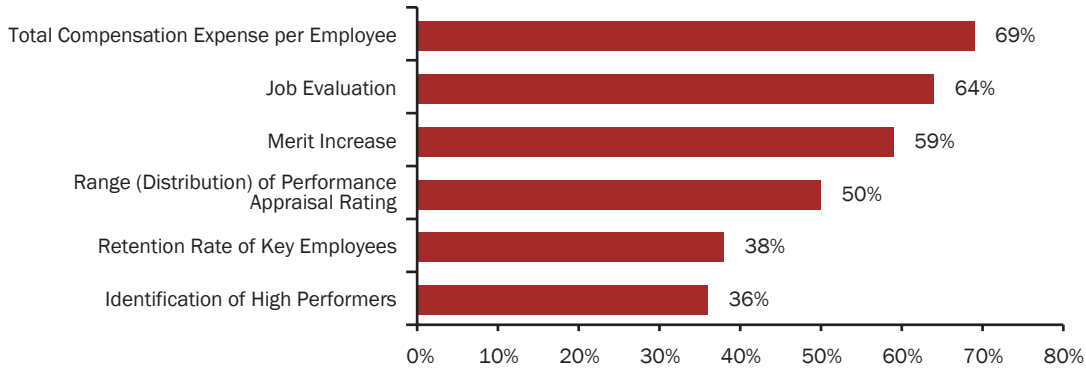


Total compensation expense is the most evaluated analytic in the talent and reward analytics\_category (66%). Analytics that require a more intense look at individual employees are looked at much less.



**Talent and Rewards Analytics**

(n=251-268)

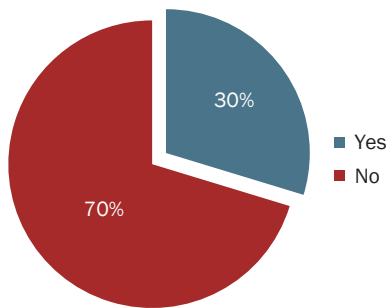


Seven out ten HR practitioners reported that they do not use dashboards to report and illustrate key human resources indicators.

Once human resources data are collected, practitioners rate their ability to interpret what the data mean and apply it to business strategy as mostly average (33%) to above average (42%).

**Utilization of HR Dashboards**

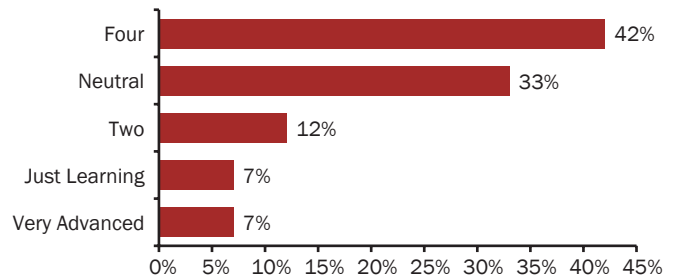
(n=261)



**Degree to Which Human Resources Staff Can Interpret and Apply Data Analytics to Business Strategy**

(n=286)

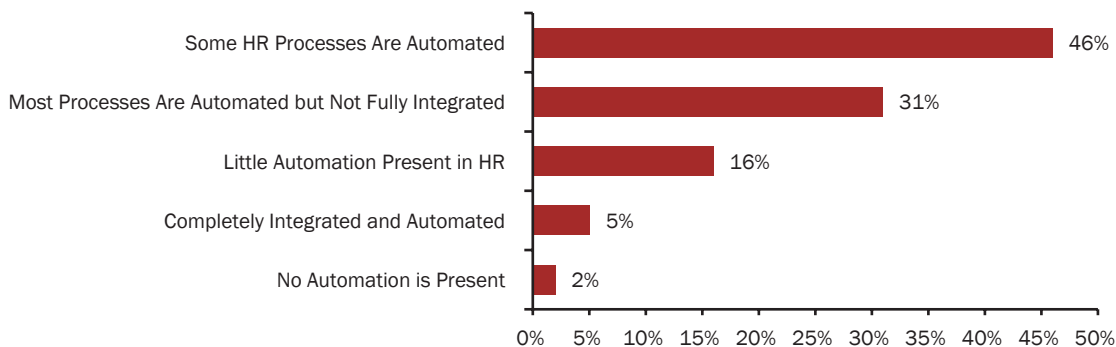
(1=Just learning, 5=Very advanced)



The greatest proportion of public sector HR professionals said that some of their human resources information systems are automated (46%). A small group indicated that most processes are automated but not fully integrated (31%). Very few said their organization employs completely integrated and automated HR processes (5%) or that no automation is present (2%).

**Statement Best Describing the State of Information Systems Automation in Your HR Department**

(n=287)

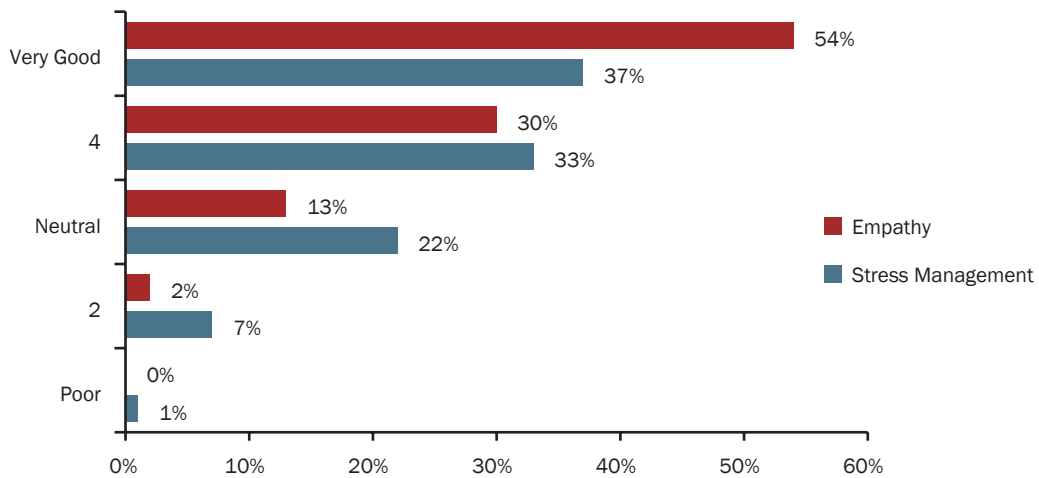


### Current Skills of Human Resources Professionals and Skills Needed to Become Strategic Business Partners

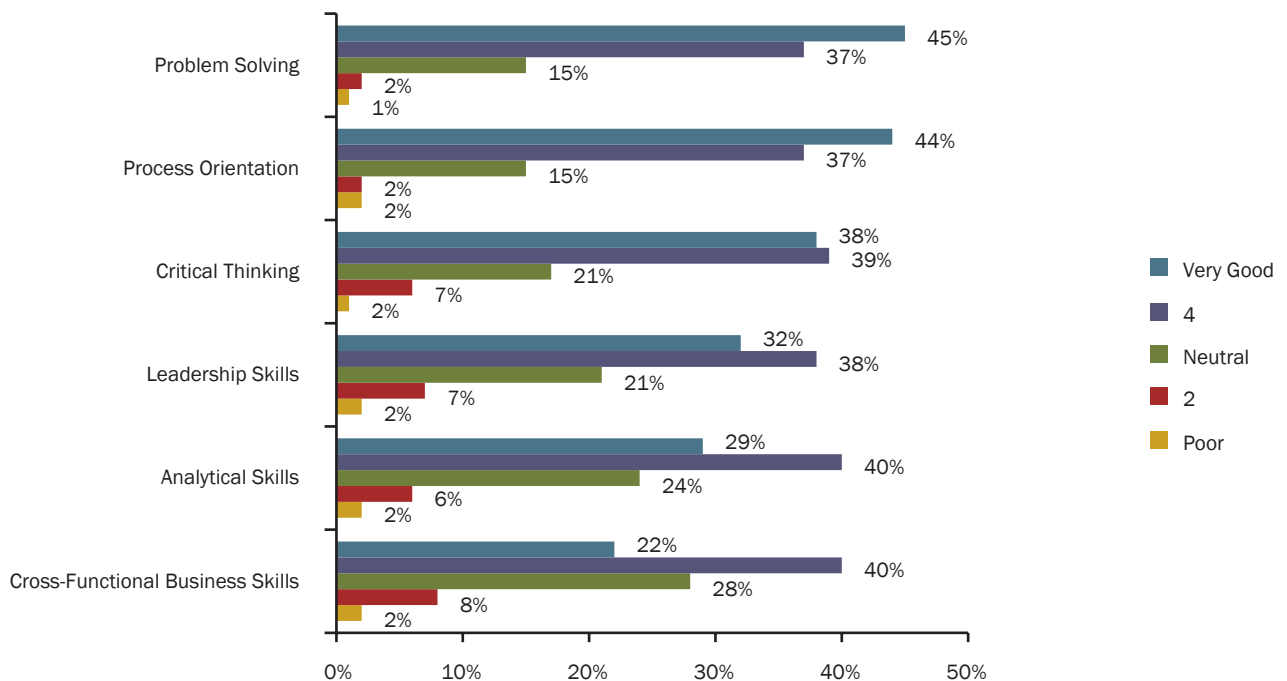
Only HR practitioners who indicated that they are knowledgeable about their colleagues' abilities and personalities were asked a series of questions regarding current and needed skills for human resources professionals. In retrospect, greater accuracy may have been achieved by only asking HR directors about the members of their staff or by surveying other senior leaders about their HR staff's capabilities. For the most part, analytic and cross-functional business and leadership skills were identified as areas in need of improvement among public sector human resources professionals.

How 2015 benchmark survey respondents rated their HR colleagues on a few essential professional skills is summarized in the following graphs.

#### Emotional Intelligence (n=370)

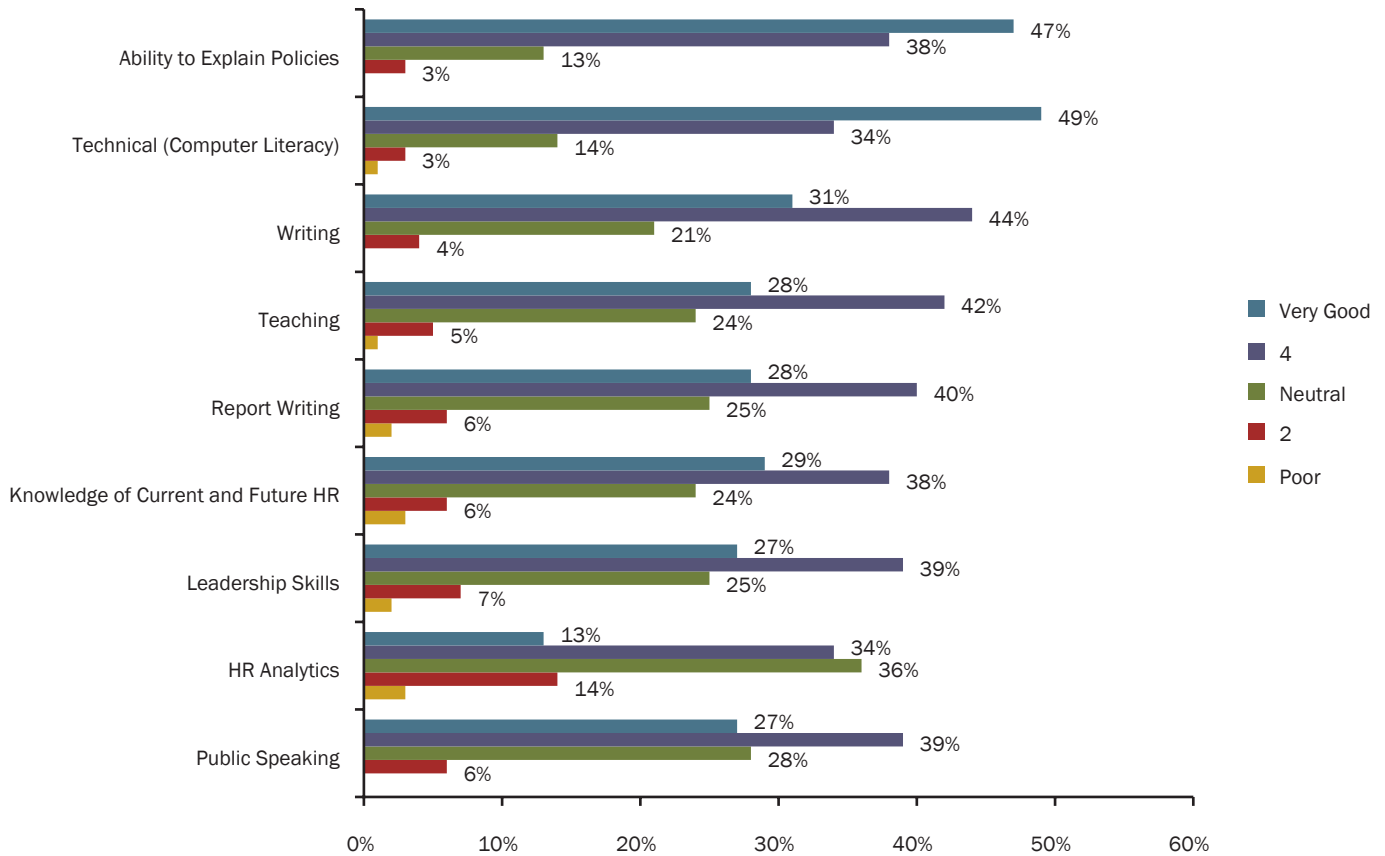


#### Intellectual Capabilities (n=370)



**Job-Specific Duties**

(n=377)



HR practitioners familiar with their human resources colleagues’ personalities and professional capabilities were asked an open-ended question about the kinds of skills human resources practitioners need in order to be strategic business partners. Many of the skills that survey respondents mentioned practitioners needing a different mindset and moving from a transactional orientation to a partnership orientation.

The need for HR professionals to cultivate better analytical and critical thinking skills to help solve business problems was highlighted in the responses to many questions included on the 2015 benchmark survey. Before that can happen, however, human resources professionals must understand the objectives of the individual departments that make up their organization. Once they understand the macro- and micro-level goals of their organization, they can utilize human resources analytics to help managers. HR professionals also need to have a thorough understanding of the business operations of their organization and of the duties performed by various departments outside the human resources function.

An HR practitioner also needs to keep abreast of the latest trends in human resources and to share that knowledge and insight with leaders of the business units they serve. Once human resources can demonstrate its grasp of all these areas and services, the human resources function will be perceived as a strategic business partner and will secure the trust of senior executives.

Here are some verbatim survey comments that call out the points described in the preceding paragraphs:

- Certain groups in the HR department need to develop better skill sets on identifying and analyzing the needs of the City. Many are repetitive of the past and need to look at how HR is changing and bring their talents up to the new level.
- Big picture understanding of the organization, predictive trend understanding, access to data analytics and how to apply them.
- Cross-functional knowledge of different business areas.

- They need to understand the customers business in order to partner with them.
- Understand how what they do impacts the goals of the business. Understand how to tell a story using data.
- Must have knowledge of our entire operation, not just basics of our mission and functions.
- HR professionals need business skills, including analytical skills, they need to be able to communicate and manage relationships, they must be strategic (see the big picture/ future focused) thinkers, they must be leaders and always engage in ethical behavior.

### Demographics of Survey Respondents

<b>Education</b>	(n=404)
Bachelor's Degree	70%
Graduate Degree	11%
High School Graduate	8%
Associate Degree	7%
Postgraduate	4%
<b>Number of Employees</b>	
Less than 500	43%
More than 500	57%
<b>Job Title</b>	
Director	45%
Manager	27%
Consultant/Partner	7%
Analyst	12%
Coordinator	6%
Assistant	4%

## APPENDIX 1: BEST PRACTICES CASE STUDIES

**Strategic HR Business Partner:** California State Teachers' Retirement System (CalSTRS)

**Contact:** Brenna Neuharth, Workforce Planning Manager, and Melissa Cheever, Enterprise Strategic Planning

### Organization Profile

As the largest educator-only pension fund in the world, CalSTRS' mission is to secure the financial future and sustain the trust of California's educators. CalSTRS has about 1,000 employees, 48 of whom work in the human resources division. About half of the HR staff are organizational development people responsible for training and development, employee engagement and recognition. Another part of the HR team is the workforce planning unit, which works closely with the enterprise strategic planning group. The strategic planning team was initially housed in HR but now reports to the chief operations officer.

### Motivation

With support starting from top leadership, CalSTRS began the work to adopt a strategic approach to human resources activities more than seven years ago. The motivation to launch the effort came largely from an anticipated mass exodus of retiring baby boomers. To counter the projected effects of that event, CalSTRS embarked on developing comprehensive workforce and succession plans.

### Operational Changes

In 2009, CalSTRS hired a consultant to begin an organizationwide competency development process. Through this work, five organizations core competencies and classification family competencies were developed. Each competency was matched to executive key drivers and used to develop a leadership pipeline model and an investment competency pipeline model. The models feed into CalSTRS' overall professional development program. As a result, CalSTRS now has everything mapped from entry-level upward mobility all the way up through internal elevation to executive status.

The initial workforce and succession planning documents were created as a requirement of the agency's strategic plan. In addition to being included in the organization's strategic plan, HR metrics are part of quarterly performance reviews. The performance reviews are designed to share progress reports with the rest of the organization in front of all leaders,

including the executives. Consequently, people take it very seriously when the strategic planning team arrives.

The metrics are used to help improve operational efficiencies across the business line. Examples of metrics they track include

- Turnover
- Promotion rate
- Time to fill
- Engagement
- Employee satisfaction
- Internal transfer tracking
- Retention metrics
- Onboarding measures
- Training measures
- Performance review tracking
- Probationary report tracking
- Execution of development plans
- Quality of hire

Initially, CalSTRS measured metrics without targets in order to acclimate agency staff and decision makers to the process. After three years of data collection, goals and timetables were set. CalSTRS credits the success of this process to the established competency framework and also to the entire workforce plan. In fact, the competencies are the underpinning for

- Leadership and executive development
- Succession planning
- Training and development
- Hiring
- Annual reviews
- Compensation and incentives

### Benefits

In addition to the obvious benefits from their strategic workforce and succession planning work, the HR team reports additional benefits gained from the relationships they build when collaborating across business lines. One such positive outcome from successful relationship-building throughout the organization is growing HR's influence. As a whole, the HR division has noticed increased trust in their work and has found it easier and quicker to get additional resources and to pitch ideas.

As a result, HR staff at CalSTRS have successfully created new roles to further increase the value human resources adds to the success of the agency. For example, to mitigate the knowledge loss caused by impending retirements, they have upgraded a position now titled knowledge transfer and transition analyst. They have also created an employee engagement team consisting of analysts who oversee such programs as wellness, ergonomics, onboarding and employee recognition. The wellness and ergonomics efforts have significantly reduced workers' compensation claims.

## Helpful Hints

- CalSTRS recognizes that the effectiveness of its people initiatives relies on the HR team being valued as a business partner. To achieve this, HR staff must fully understand the business of the organization and comprehend how their actions impact the goals of the business. They must further have the ability to build support and critical mass for their initiatives by including all levels of internal and external stakeholders—that is, by using influencing skills.
- A crucial function of the strategic planning team is to work with senior leadership in developing meaningful metrics. To this end, strategic planning team members work with business units to ensure that the selected data really measure what they are supposed to measure and that achieving identified goals actually improves business outcomes.
- The agency shared that tying compensation at the CEO level to completion of the strategic plan has been a key to success.
- The HR staff believes the investment in the competency framework contributed at least as much, if not more than, to organizational improvement as did measuring metrics.
- It is not enough to track metrics, you must be able to use the data to tell a story. The CalSTRS HR team has a graphic designer who creates compelling and easy-to-understand infographics, info maps and other visually attractive documents to help make compelling business cases.
- For those interested, other state agencies in the California that are doing progressive work in the strategic workforce planning area include the Board of Equalization and the Franchise Tax Board.

**Strategic HR Business Partner:** Las Vegas Convention and Visitors Authority (LVCVA)

**Contact:** Mark Olson, Senior Vice President of Human Resources

## Organization Profile

As the official destination marketing organization of Las Vegas, the LVCVA promotes tourism, conventions, meetings and special events and also does ongoing advocacy to extend the city's influence as a leader in tourism and hospitality.

LVCVA employs 515 full-time staff and approximately 435 part-time staff. The authority has eight professionals on its HR team.

## Motivation

About a year ago, LVCVA was embarking on a \$2.5 billion program to create the Las Vegas Convention Center District. This massive undertaking required renovating facilities and overseeing projects out of LVCVA's direct control such as overhauling transportation infrastructure. To support the success of the program, the LVCVA HR team knew they would have to expand their responsibilities and do things differently. They also recognized that they would need to make these adjustments while adding few or no new staff members. At that point, they decided to look at Dave Ulrich's human resources business partner (HRBP) model (<https://hbr.org/1998/01/a-new-mandate-for-human-resources>) to see how they could apply it within their organization.

## Operational Changes

Some restructuring of the HR team was done by transitioning current staff members into HRPB and senior HRBP roles. Also, an HRIS administrator and a person with previous HRBP expertise were hired.

Next, a senior HRBP and a HRPB were assigned to each LVCVA business unit to serve as the main contacts for all things related to human resources. The clients like this arrangement because they have designated people to call or email instead of a general HR contact. Customer service surveys conducted since the reorganization and expansion consistently confirm increased satisfaction with the HR function. In addition, clients are increasingly utilizing HRBPs for matters that previously would have reached one or two levels higher in the HR unit, which frees up time for the director.

### Benefits

HRBPs are continuously involved with their LVCVA client groups, which allows them to provide input before decisions are made. Consequently, HR staff no longer serve as the cleanup crew, focusing instead on delivering proactive, strategic and consultative HR services. The HRBPs attend division head meetings, department head meetings, staff meetings and shift meetings. The increased visibility and strategic approach have resulted in HR gaining influence across the organization.

Being involved earlier in the process also facilitates dialogue between union stewards and the HRBPs. As a result, relationships with unions are much improved, and the number of grievances has dropped dramatically.

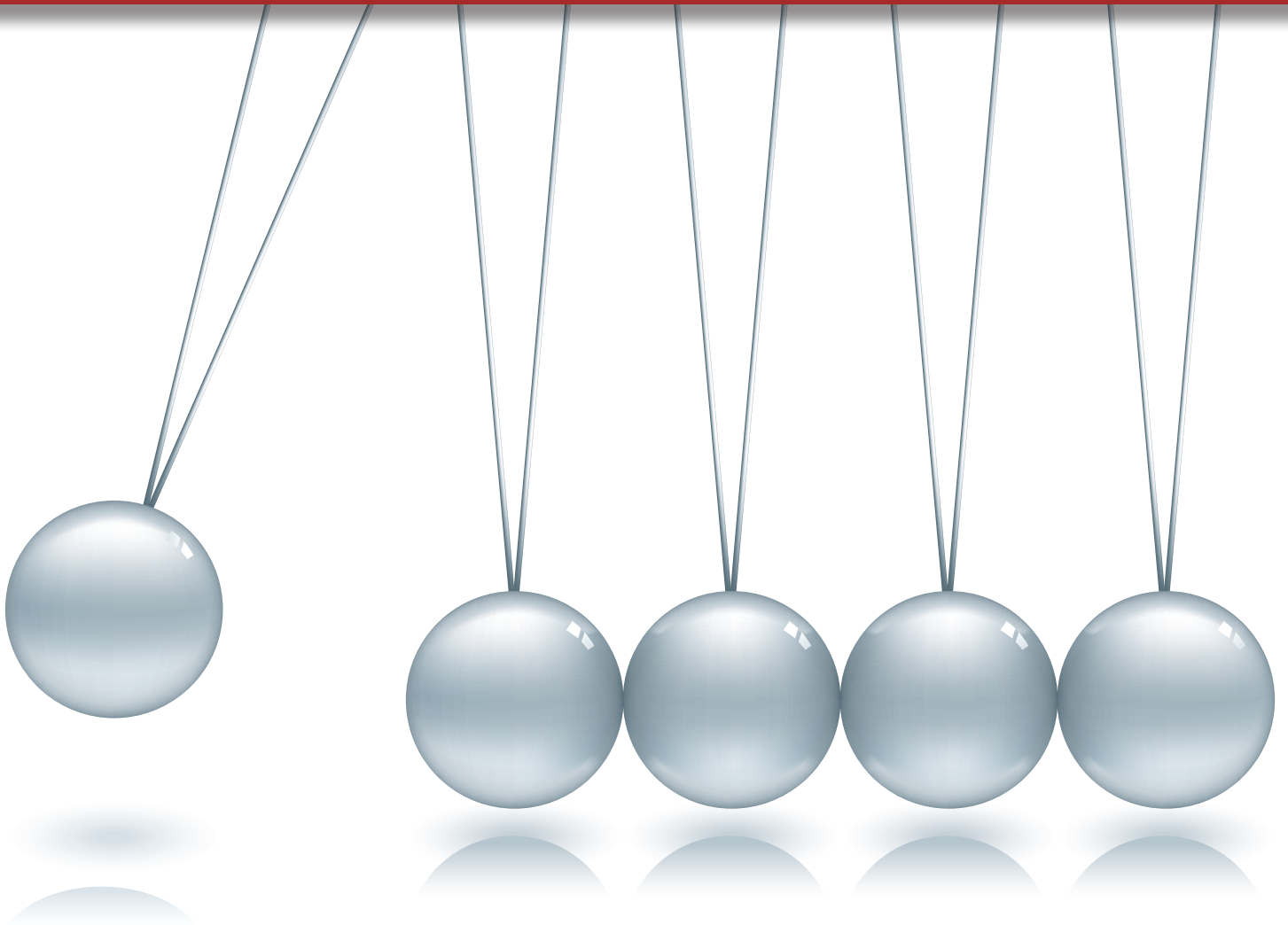
To ensure that the HRBPs stay current and consistent, the HR team meets every Thursday to share information. Because everyone has the same information, the credibility of the human resources department has increased and the practice of employees and clients shopping around for answers has practically ended.

One of the requirements to be a successful HRBP at LVCVA is having knowledge of the entire operation, not just the basics of the mission and the functions. As business partners, HR staff members must also understand the impact HR actions have on operations at every level. Some additional qualities critical to success in this role are having a customer/client focus, being able to anticipate client needs and being able to generate ideas.

### Challenges and Lessons Learned

While the transition into the HRBP model has been largely smooth and successful, some clients wanted to continue calling the HR person with whom they had an established relationship. Getting clients to contact their assigned HRBP required the whole team to consistently refer questions and requests to the appropriate staff members.

As part of the initial restructuring of the human resources department, the benefits manager was transitioned into a general HR manager role. Based on employee feedback indicating demand for designating a single person responsible for benefits administration, however, the benefits manager role was restored by promoting an HRBP who had relevant experience.



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