

The benefits of partnership for OD and HR

The changing roles of OD and HR create a new partnership dynamic

As HR becomes more strategic, there is a potential overlap in roles and skill sets with OD. Rather than battle it out, Fiona Ellis, a director of the Bath Consultancy Group, argues that the two should work in partnership. She draws on the experiences of OD and HR professionals in a range of organizations to explore the nature of this evolving relationship.

ORGANIZATIONAL DEVELOPMENT (OD) has been established for well over 50 years, but with rapid globalization, a fast pace of change and organizations focusing on core business while outsourcing “peripheral” activities, it seems timely to ask: “What is the role of OD in the 21st century?” Here we explore these issues through the experiences of OD and HR professionals in major organizations such as British Airways, Nokia and Hewlett Packard.

The blurring of boundaries

The HR business partnering concept developed by Dave Ulrich, with its inherent shift to a strategic dimension, is now widely adopted in major organizations, so the boundaries between OD and HR are increasingly blurred. Sara Smart, manager, commercial and management development, at British Airways (BA), cites the example of how “a major restructuring benefits from OD input, but the consequences, such as appointing people to roles and managing individuals, fall to HR.”

Both HR and OD are ultimately helping business leaders develop their organizations and people, with the aim of becoming more self sufficient in the process. Business leaders are more educated and aware about implementing change and its implications, and this has further altered the landscape of how both HR and OD relate to the business they are part of, and their own need for partnership.

Smart suggests: “The line manager might want to work with one person, whereas the skill set often resides in more than one individual. This line/OD/HR dynamic can become tense if there is not clarity about accountability and the specific skills that the OD consultant brings.”

A matter of positioning

The debate can be widened to include the question of where OD should ultimately sit in an organization. While OD is often part of HR, Christine Lloyd, director of people and OD at Cancer Research UK, says: “OD is most effective when it has a voice on the board. It takes an insightful organization to do this, but I am increasingly seeing OD director roles being advertised that include responsibility for HR, business strategy or new business development. When you integrate these activities, you create a really powerful capability for effecting change.”

Using the Ulrich model, an OD group can be part of a centre of excellence; equally, however, OD professionals can be attached to business units and work as roving consultants with varying degrees of linkage to HR. This relationship depends on the extent to which HR has shifted from transactional to strategic work. Tiina Takala, vice president, organizational development and change, at Nokia, comments: “HR is more and more doing OD-related work, like capability strategies, change planning and facilitation, management team coaching and organization design.”

A misunderstood function

Karen Ward, who works at a major UK government department, says that “as HR tries to step from the personnel space into HR strategic partnering, the role of OD as internal consultant may not be fully understood by HR or the business.” Smart adds: “OD is often held as something with ‘mystique’ that has difficulty getting buy-in from HR as to the role it plays in organization effectiveness.” Alternatively, OD practitioners can be reluctant to share their expertise with HR business partners, although they are increasingly gatekeepers for OD work in the business.

In their recent article, “The Making of 21st Century HR,”¹ Ruona and Gibson present an overview of how HRM, OD and HRD need to work together and highlight the immediate need for each to stop discounting the work of the other or lightly assuming that they don’t know what is needed.

What works well?

To explore this, we now look at a Hewlett Packard (HP) partnership between two experienced practitioners who have worked together for over four years – John Holland, an internal OD consultant, and Kate Seeley, an HR strategic partner at HP. At Bath Consultancy Group we use a model of partnership to illustrate what constitutes successful partnership working – see figure 1, right. Without the three key elements of shared commitment, mutual trust and clear roles, there will be blame, duplication and failure to meet business needs.

In HP, Holland describes how Seeley’s skills as an HR strategic partner make building relationships with the client team much easier. “She builds relationships at VP level, talks credibly and listens carefully; she assesses issues and makes decisions well and quickly,” he says. “Having respect at such a high level makes my job much easier – it positions me as a trusted advisor. She shifts the perception of the HR function from ‘a nuisance we could do without’ to people seeing her as someone who impacts positively on their business, so they listen to her. When she brings me in, they trust her judgement and are prepared to trust me.”

Developing a relationship across the HR and OD functions is important, whether the functions are internal or OD expertise is bought in. Establishing and “working” a relationship over time enables trust to be developed and increases the likelihood of continuity and longevity of relationship. This improves the ability of HR and OD to become more credibly strategic to the business.

Tackling organizational change

Holland and Seeley’s partnership includes working with the leadership team in the supply chain organization on a major change project. This project started with a team-building event where Seeley brought Holland in as a facilitator using Myers Briggs. Having built up

↓ BATH CONSULTANCY GROUP

Bath Consultancy Group is an organizational development consultancy. It was established in 1986 by three members of the University of Bath’s School of Management. They had previously been researching, teaching and consulting in the fields of organizational learning, change management, culture, leadership and management development.

Figure 1. A model of successful partnership working



trust in Holland, the focus of the assignment shifted to the organizational change agenda. Work over the following two years included developing a shared vision and a strategic plan to embed it through work on leadership, culture and people development.

An advantage of this partnership was that Holland was able to raise issues objectively that Seeley, as the internal HR member, may not have been able to raise so effectively. This enabled her to fully participate as a team member. During this intervention the leadership team gained the commitment, confidence and momentum to take the next steps without OD support, but with HR present as a full participating member. OD (called OE – organizational effectiveness – at HP) has been called back in for further work and, given both Holland and Seeley’s trust in each other, they do not both need to be present at all stages of the change process.

Clarity of roles

One of the potential barriers to partnership is a lack of clarity around roles and responsibilities. This can be helped by regular meetings and contact between HR and OD. In HP, Kate Seeley describes this process as “the difference between going to the doctor for regular check-ups, rather than only when you’re really ill.” She suggests that OD and HR can become “a partnership of equals – a powerful collaboration”



Fiona Ellis

is a director of Bath Consultancy Group. She has over 20 years’ consulting experience and specializes in developing internal change capability and working with internal functions, including OD, HR, IT and finance.

Figure 2a. OD and HR capability requirements

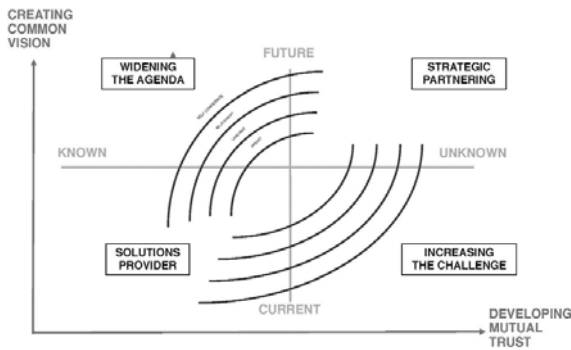
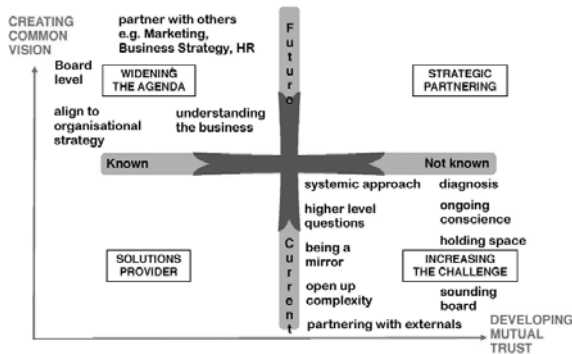


Figure 2b. OD and HR capability requirements



where the traditional demarcation of roles dissolves and natural skill sets flourish.

Taking another example, in a leading global pharmaceutical company where OD and HR are partnering, check-in meetings have been agreed. This avoids a common trap where OD is pulled in at a late stage of a project. Another benefit is the shared understanding of how a change in leadership and subsequent reorganization of a team impacts on the business, not just in terms of organization design but also as part of a bigger change process.

Another issue that can arise is where HR is seen as the gatekeeper of the client system, leading to frustration for the OD professional. This is where the quality of partnership with HR is critical to success. Care does need to be taken, though, with regard to resource constraints. In many organizations the ratio is one OD professional to 20 business HR partners, and both OD and HR need to be selective about how and when they use each other. Building a strong relationship based on mutual trust means that roles can, in time, become more fluid. In the early days, though, it is helpful to be clear about boundaries and how you can work together.

Shared business objectives

The organization benefits most when OD is integrated into business planning, as shown through changes at HP. Previously, the majority of work for OD consultants has

come through its network of contacts. Now, the partnership is built into the HR business plan through joint planning sessions. This provides clarity and, importantly, it removes the opportunistic nature of OD consulting, which Holland admits “can sometimes mean working on things because you like doing them, rather than them being strategically important to the business.”

Similarly, the corporate HR function in a leading global pharmaceutical company met recently with OD colleagues from the US and UK to clarify shared objectives for the year, based on the workforce planning strategy. The meeting identified key priorities for the group and gave a clear line of sight. Joint priorities can avoid the tendency to treat new issues that come up as urgent, rather than important.

Such joined-up thinking is more likely as organizations develop their capacity to plan long-term on key issues – for example, HP now works three years ahead on workforce planning. This means there is more space to engage with OD practitioners and to understand jointly how to get to where the organization needs to be.

What is the skill set required for HR and OD?

The HR shift to a strategic partner can necessitate acquiring capability in two main areas – widening the strategic agenda and increasing the challenge – both of which have previously sat within the OD skill set. The model in figure 2a, left, illustrates the shared capability set. Widening the strategic agenda means looking to future business needs, having excellent business credibility and working on strategic change, capability planning and workforce strategy. It requires the ability to raise future issues that will affect the business at the management table. Increasing the challenge is about noticing and being able to challenge what is going on in the “here and now” – this includes patterns of recruiting, talent development or cultural issues that get in the way of strategic progress in organizational change.

Both these areas require a combination of ability to challenge and ask the right questions and capacity to work with what is happening in the room and with future trends. Traditionally, OD has operated in this space using process and facilitation skills. For the HR business partner embedded in a management team, this can be a greater shift. Where the culture of the organization or senior team needs to radically change, this is often where HR can bring in OD.

At a recent discussion among the Bath Consultancy Group OD Learning Value Network, participants from GSK, HP and BA suggested some descriptions of the OD skill set; these have been mapped onto the model of developing strategic partnership in figure 2b, left. The group recognized that it was important for practitioners to get the language right. One participant said: “We need to translate into the client’s world – avoid jargon, labels or limited thinking, use their language and be able to describe what’s happening, be eloquent

without judgement and not have to have expert answers.” This includes the ability to say no, take risks, challenge the status quo, be an “organizational agnostic” and not defer to senior people.

Looking to the future

It seems that shifts in HR and OD practice mean that partnership enhances the strategic positioning of both. Takala’s view is that: “Most of the time the businesses/line managers we’re supporting would not have to make this difference at all. OD, HR, communications, strategy development, marketing, etc. should work together in a seamless way to achieve the business goals and longer-term renewal. So, in the best cases, it’s joint project work, where sometimes one function leads and others support, then roles can change depending on the competence needs.”

“It seems that shifts in HR and OD practice mean that partnership enhances the strategic positioning of both.”

John Holland uses the metaphor of “shuffling along the perch,” where functions change position or offering rather than becoming less or more strategic. He suggests that this shuffling is shaped by three key factors:

- The need to reposition business HR professionals in ways that are most strategically beneficial. These individuals have the key role to play – they understand the culture of the organization and how to operate within the system – but are often not positioned to benefit the business as best they might.
- The natural reprioritization of the work agenda. The above repositioning becomes more likely as “low-value” transactional HR work moves off the agenda, allowing a reprioritization of the nature of the work undertaken by business HR professionals.
- The ensuing need for the OD offering to change. As HR moves to deliver on some of the areas perhaps more traditionally recognized as OD, the OD function needs to respond in a timely fashion to the changing needs of the business HR professional.

So, what might the nature of OD practice become? John Holland suggests that it might look something like the following:

- More time spent consulting on a strategic level across the organization but also between organizations, particularly in joint ventures/merger situations.
- Externally focused networking, spending time with colleagues beyond the organization and exploring trends and best practices that can be fed back into the organization.
- Background support as a shadow consultant of HR practitioners as they pick up OD tasks. There will be

a need to provide support around the new tasks and during the transition period of the learning curve.

- Development activities including coaching, mentoring and delivering courses in order that skill gaps can be managed as HR practitioners take on new roles.

At Nokia, this future is already here. Takala comments: “The OD team works very closely with HR in businesses – we’re part of the same organization – more perhaps as partners than in traditional consultant/client relationship. A very important part of our role is also to support competence development in OD and change-related areas – in HR, but also in other functions and line management. Expectation for OD is more and more about bringing new insights, external connections and experimentation, contributing to strategy work and also supporting Nokia-wide initiatives, where several business entities need to collaborate.”

In this sense OD is not being “moved out”; rather, the focus is shifting to enable both HR and OD to fulfil a more strategic positioning. An example of preparation for such change is taking place at HP. Senior HR managers are engaged in a six-month program encompassing:

- Organizational assessment: looking at the strengths and weaknesses of HR practice and exploring the changing role of the HR function.
- Decision science: considering the “what” and “how” of using data to drive OD.
- Business transformation: exploring best practice in the HR field regarding the positioning of the HR and OD functions.
- Translating skills into action: learning how to influence strategic change within the organization.

This program is facilitated in-house by the leader of the internal OE Centre of Excellence and supported between sessions by action learning groups. The program evidences a real acknowledgement of the types of shift we might see facing HR and OD practitioners and how development and support are essential to a successful transition. Furthermore, pitching this at a senior level illustrates the sponsorship such change requires.

The challenge ahead for HR is nicely summarized by Ulrich: “For HR to master a new role centered on deliverables, with new patterns of behaviors, both learning and unlearning needs to occur. Learning means appreciating new alternatives; unlearning means letting go of the past.”² The roles of HR and OD are changing and by working in partnership rather than seeing each other as a threat, the organization will benefit and be more equipped to deal with future challenges.

Reference

1. *Human Resource Management*, Spring 2004, Vol. 43, No. 1, pp. 49–66
2. *Human Resource Champions*, 1997, Harvard Business School Press

CONTACT

Fiona Ellis

E-mail: fiona.ellis@bathconsultancygroup.com