



VALUE PARTNERSHIP

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Business Partnering

New contribution or change of name?



Value Partnership LLP

Research Summary and Recommendations



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Foreword

We are indebted to those who took part in our latest research *Business Partner – new contribution or simply a change of name?* Their frankness, invaluable insight and willingness to share their experience leading 21st Century business functions has shone a bright light into today's corporate function.

The analysis of the in-depth interviews has thrown up a number of challenges for function heads in all sizes and types of businesses.

For many, the job title has changed, but the functional mindset has not. But business partnering is not a role; it is a way of working based on shared ownership of an organisation's challenges.

So, the most critical shift required is not one of structure, but one of mindset, with respondents reporting that the ability to think in terms of business contribution, not business support, is what is required to be a true business partner

Partnership means different things to different people – a clear, shared definition built in collaboration with those you hope to partner with is essential.

Our research shows that the nature and detail of the partnership is often ignored, whilst functions focus on defining roles and organisation structures. The result is a pervasion of the "support function" mentality rather than the development of effective relationships based on shared goals, respect and a valued equal contribution.

Business partners must take accountability for business performance. Credible partnership relies on shared accountability for performance and yet there is still a marked reluctance among some functions to rise to this challenge.

Enlightened individuals recognise the value of true business partnership and are making significant progress through their, often passionate, contribution to driving organisational performance.

That said, even these leading lights concede that true business partnership has some way to go and for a minority of the respondents the model is yet to be embedded in any significant way.

Ultimately effective business partnership means a congruence of values, shared challenges, mutual accountability and shared responsibilities. As yet there is no organisational nirvana, but there are a growing number of courageous individuals who are grasping the true meaning of this much debated approach.

Simon Court
CEO, Value Partnership



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Background to the research

Value Partnership, which has been working for over a decade with leading UK-based companies to help them chart the right course to deliver value from business partnering, has conducted research among 50 corporate function heads to find out how much progress has been made in the development of the 21st Century "Business Partner" model. Functions included in the survey were:

- HR
- Finance
- IT

The research involved 90 minute interviews with function heads, to understand the part that their function plays in driving performance and the success of the organisation, the barriers to success and their progress in embedding new ways of working.

Findings at a glance...

- Over 70% of respondents say business partnership is valued within the business
- Around 50% are "partially" involved in defining corporate performance, with around 36% "fully involved"
- Only 50% start with the business priorities, while 50% start with HR/Finance/ IT processes when defining performance and strategy
- Only 31% report that the functional agenda is driving the success of the organisation, 50% report that the functional agenda is supporting the strategy, but 19% report the functional agenda is not playing any role in driving the success of the organisation
- 73% highlight the importance of building credible relationships with the business, to challenge and to influence
- 53% see technical ability as a key attribute
- 75% have used development programmes and workshops to embed business partnering. Of this majority, 83% redefined the role and capabilities of business partner, but only 50% redefined the actual performance needed from business partners
- When it comes to hiring, 79% changed the team as a means to try and embed business partnering. Of this majority 92% redefined the roles and capabilities of the role and capabilities of the business partner, but only 50% redefined the performance needed from business partners



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Research summary and recommendations

1. For many the job title has changed but the mindset has not. Business partnership is not a role but a way of working.

True business partnership should be based on shared ownership of the organisation's challenges, a passion for ensuring that organisations achieve their goals, and a genuine willingness to be held accountable for an organisation's successes and its failures.

However, less than 10% of respondents consider that such a business partner model is fully embedded within their organisation.

In addition, while 70% of those surveyed are changing the team in order to boost capability, and of this majority 92% redefining the roles the Business Partner, *only 50% are redefining the actual performance needed from Business Partners.*

Value Partnership concludes that in today's business environment, where adding value is king, it is imperative that business function heads change their mindset and focus on performance. The people who are really making a difference are those who are prepared to come out of their comfort zone and work hard on understanding the business.

Value Partnership says that the research shows that success arises from a deep knowledge of the business dynamics combined with functional expertise.

Increasingly it is the knowledge of the business that is allowing functional specialists to make the shift to business partnership. Indeed, respondents report that their functions are looking to recruit from the business itself, and in one case, controversially; the function head had minimal functional experience, but was adding value in a significant way.



2. Partnership means different things to different people – a clear, shared definition built in collaboration with those you hope to partner with is essential.

The research shows that the nature and detail of the partnership is often ignored, whilst functions focus on defining roles and organisation structures. The result is the predominance of the “support function” mentality rather than the development of effective relationships based on shared goals, respect and a valued equal contribution.

The good news is that 73% highlight the importance of building credible relationships with the business, to challenge and to influence. However it is essential to define the business partnership model within the unique context of the organisation. **There is no common destination.**

73% highlight the importance of building credible relationships with the business, to challenge and to influence
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When making change, it is a natural reaction to look to other organisations to find a blueprint to follow. Such an approach is fraught with risk as it ignores the need to develop a model from the perspective of the business's unique priorities. *There is no best practice, only the right practice for each unique organisation.*

The ultimate business partnership is that between the CEO and the function head. Not only does this relationship serve as a the role model for those that all business partners need to create, it is critical for ensuring that the functional agenda is integral to the success of the organisation.

The CEO is governed by the strategic priorities of the organisation and its performance success. If the functions are to truly add value, then they must also be governed by such priorities.

Respondent, UK-based building materials company, “The most talented business partners can envision having a conversation with highly powered executives and they are “business savvy” – understanding the business from its head to its guts.”

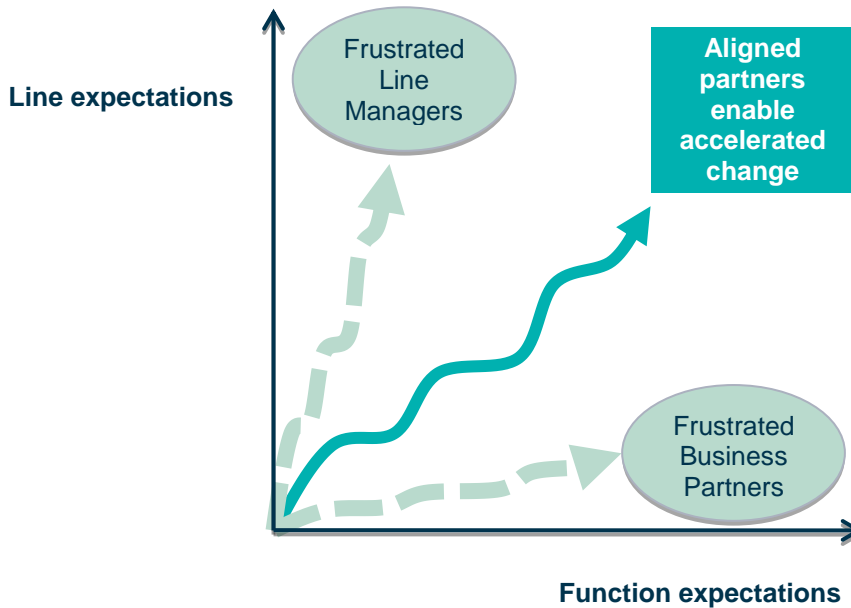
Value Partnership urges functions to be driven by what would add value in their business – not “best practice”: Business partnership is the last place for a “pro-forma” approach. It's not a case of following a set of instructions for everything to turn out fine.

Learning from others is important, but your organisation is unique, with unique challenges and unique core competencies that already exist. You may be tempted to start from scratch, and bring in the approach used elsewhere. Business partnering is a clear example of where one size really does not fit all.

Respondent, UK-based law firm, “Economic challenges mean that clients are increasingly demanding more for less and we are having to look more closely at where the work is done – for example whether to use a partner or a more junior lawyer. We're on the team tasked with defining the performance needed for the firm; this includes a talent work stream which is all about enabling our people to flourish. We are using this initiative to try to drive a different relationship between fee earners and their clients – the idea is that a lawyer is not just a legal advisor but an integral part of the client's business, organisation – a trusted confidante and advisor.”



You cannot do this alone...



The real value comes from working with the line in times of change and to ensure the business is fit for the future in terms of capability and capacity. Great business partners should help to define the change, challenge the business to set clear goals and understand how they may be achieved. Once defined, Business Partners play a vital role in managing the change process, providing expert guidance and transforming employees' experiences of change. Line managers will appreciate the new model when they experience contributions such as these.

Respondent, international tobacco business, "Briefing and shifting line manager's mindset – including communication about HR tools and processes from centre has been important. HR is now involved in the annual strategic planning process and this is new for our people."

Business partners must take accountability for business performance - credible partnership relies on shared accountability for performance and yet there is still a marked reluctance among some functions to rise to this challenge.

Working to a new job description and taking a new job title is simply not enough.



3. Effective business partners seek shared responsibility for an organisation's challenges and feel equipped to make a value-adding contribution to tackling them.

Achieving this shift means developing those individuals already in place "growing your own", and recruiting new talent into the function. Indeed people development and changing mindsets is the biggest challenge of all. Changing the team may accelerate the change, but the key is to attract or develop people who have the appetite, and the ability, to make a very different contribution.

Development programmes can certainly help people to understand the change required and equip them with the skills for success. But also essential to effective transformation is the creation of a culture of responsibility. Very often this is the area where many business functions need the most help, but invest least effort. For those embracing this approach, it is essential to celebrate early wins and recognise progress.

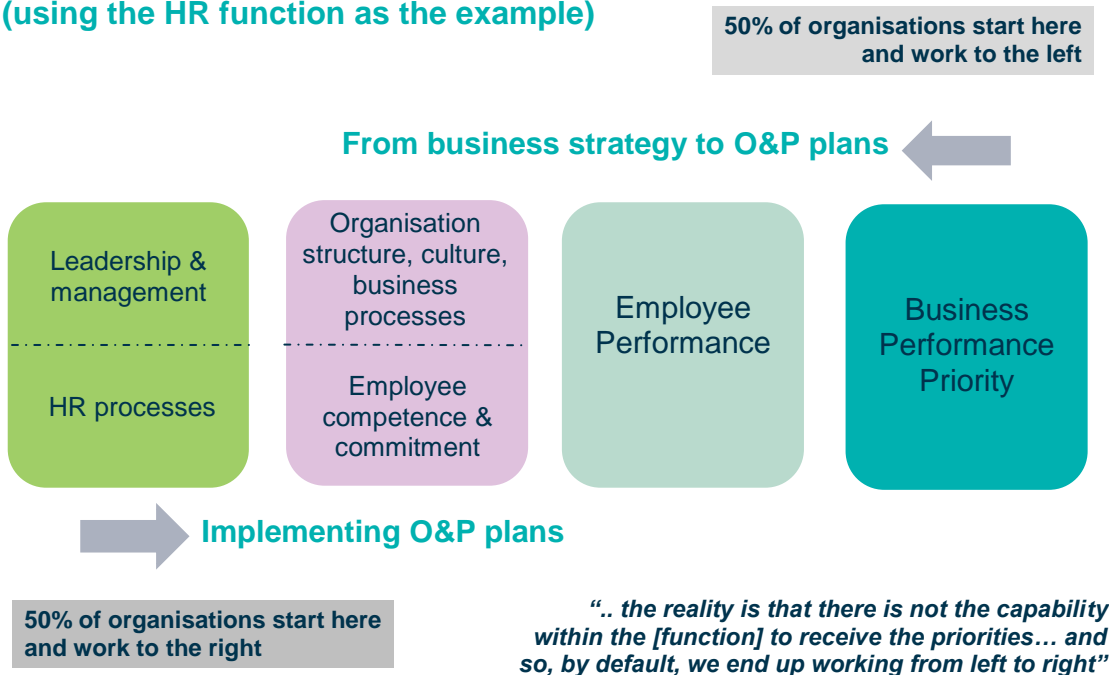
Functional transformation requires change leadership: this means mobilising senior management support for functional and process change. However, ensuring that the function is positioned as a business partner is not about "selling" the concept, but rather making a vital contribution that speaks for itself. Much of this means moving out of the transactional comfort zone. Yes structures are important, but they can get in the way. Mindset and contribution are the twin pillars of success.

Over 70% of respondents say business partnership is valued within the business

Respondent, Publishing Company, "Finance is at the heart of everything we do. The CEO and the CFO have a monthly review with each of the MDs. Finance educates them that it's ok to take risks, about cost disciplines and about margins. We've gained a break through on this – reaching a consensus that it's OK to achieve a 35% margin, in a business that had previously rejected anything below 75%. I had been staggered at this arbitrary benchmark when I arrived – and challenged the view that margins matter more than profitable revenue growth."



Performance Priority Value Chain (using the HR function as the example)



Respondent, UK technology business, “The HR agenda drives the success of the organisation and is seen as key in terms of setting the strategy and considering all people issues to realise the strategic goals. Barriers to success include confidence and time – you’re only as good as your ability to create time and space to think about how to impact the business strategically.”

The relationship between the CEO and function head is critical – it is the role model business partnership that the rest of the organisation will follow. It’s not what you do but how you do it. This means creating a culture of challenge – one HR respondent gave an example of their role in a rethink around the branding of the company’s national fleet of vans. This resulted in a much higher profile for its profitable loyalty scheme. Functions heads need to face up to a number of key challenges:

- Do you have specific goals and performance targets that relate to business challenges?
- As you deploying your best people on these challenges, as a matter of priority?
- Are you devoting the ‘lion’s share’ of your time, energy, and skill to making a success of these challenges?
- If you do not agree with the prevailing view, are you trying to influence a different definition of the business challenges?

31% report that the functional agenda is driving the success of the organisation

Avoid becoming too fixated on structure. Beware, for example, that centralised models can undermine local partnerships: global businesses and maturity paths are complex, and highly centralised models can cause havoc in local operating environments.

The corporate centre should provide, for example, strategic HR and financial guidance for the company. This will also mean monitoring and providing feedback on results as well as promoting the corporate vision and identity, allocating capital and ensuring the required capabilities are available.



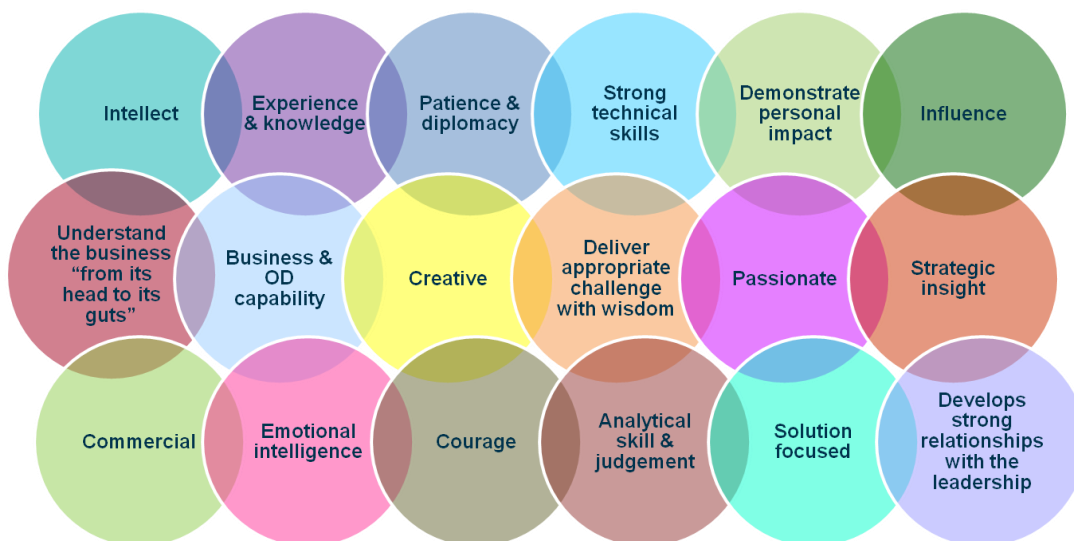
4. Enlightened individuals recognise the value of true business partnership and are making significant progress through their, often passionate, contribution to driving organisational performance.

Even these “leading lights” concede that true business partnership has some way to go and for a minority of the respondents the model is yet to be embedded in any significant way. It is clear that many are on an evolutionary journey. That functions can no longer be solely concerned with the traditional process- driven activities, but in making a lasting contribution to business success. However, building value and becoming a true strategic partner is still some way off for many.

In a number of organisations the job title “Business Partner” is used, but in reality the majority of team members are carrying out traditional transactional activities, or responding to the line, rather than working collaboratively to the good of the organisation.

What makes a great Business Partner?

What your experience taught you...



“They are engaged, credible, recognised for driving the business agenda. Personal drive, enthusiasm, understands the business and talks the business language. Challenges others”

Reminder: while 70% of those surveyed are changing the team in order to boost capability, and of this majority 92% redefining the roles the business partner, **only 50% are redefining the actual performance needed from Business Partners**

The findings tell us that only 50% start with the business priorities, while 50% start with HR/Finance/ IT processes when defining performance and strategy and indeed only 31% report that the functional agenda is driving the success of the organisation.

With only around half of the respondents reporting that the functional agenda is supporting the strategy, there's clearly a need for functions to up their game. Many function heads have used development programmes (around 75%) to embed business partnering, and of this majority, the majority redefined the role



and capabilities of business partner. But as we have seen only 50% redefined the actual performance needed from business partners.

And when it comes to hiring, 79% changed the team as a means to try and embed business partnering. Of this majority 92% redefined the roles and capabilities of the role and capabilities of the business partner, but only 50% redefined the performance needed from business partners.

And be clear what you are expecting from people...

We need to define the performance contribution

Development programmes

75% of participants have used development programmes and workshops to embed business partnering

- 83% also redefined the role and capabilities of the Business Partner
- Only 50% redefined the performance needed from business partners

Hiring Business Partners

75% of participants changed the team as a means to try and embed business partnering. Of those...

- 92% also redefined the role and capabilities of the Business Partner
- Only 50% redefined the performance needed from business partners



5. Implementing business partnership represents a significant and complex change for most organisations. Multi-dimensional solutions are needed and it is essential that organisations create a comprehensive change roadmap that includes the involvement of, and collaboration with, line partners.

Functional transformation requires strong change leadership: vision, courage, persistence and strong communication. Multi-dimensional solutions are needed – and respondents say that this means creating a change roadmap: to move from the current state to a one where not just the function head, or key individuals, but the entire function is seen as a valuable partner to the business.

A recipe for success?

Do you have these ingredients in your road map for change?



Start from where you are: linked to the above, remember you are on a journey. Your organisation may well be some way down the road, and you need to take stock. The development of a business partnership approach is not an over-night task that will deliver a magic solution. Rather it is a roadmap for change that will start out with overcoming resistance to such change. People often fear change: change needs to be turned on its head as a positive. Courage is required, particularly when the status-quo has not yet been challenged – you can drive the change.

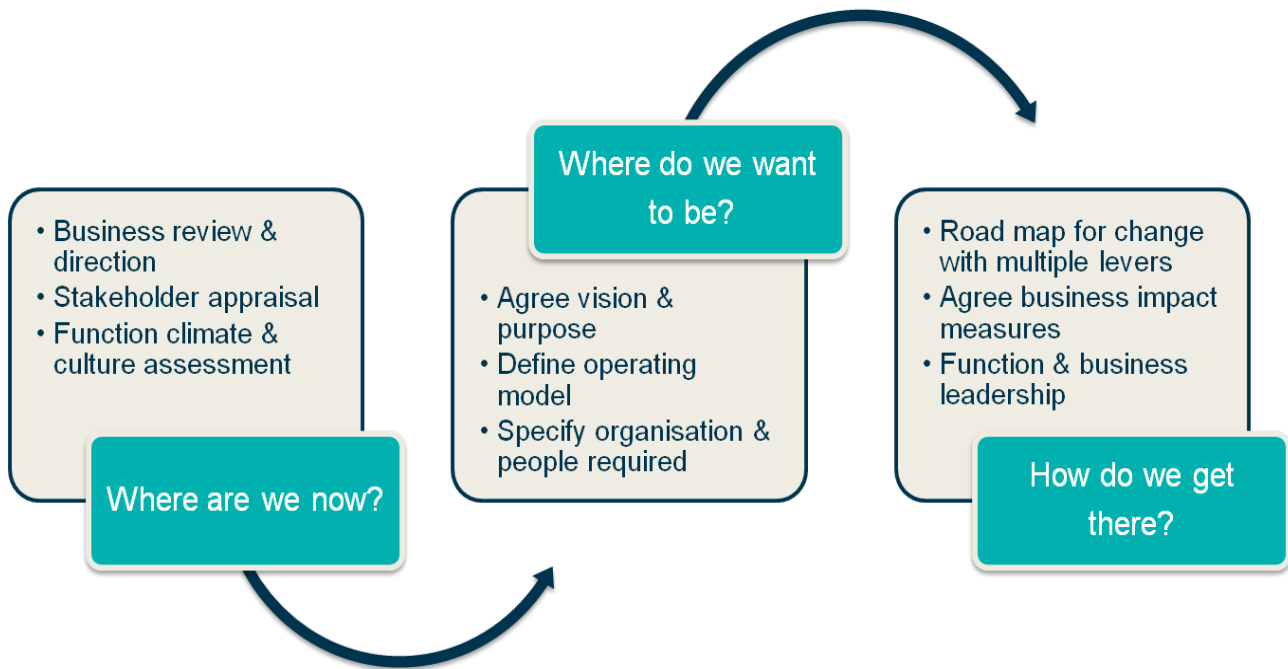
A roadmap provides a step-by-step programme that enables the function to begin its transformation. It starts with assessing current capability and speaking to the business leads to get their feedback. The roadmap should be multi-dimensional, not linear or inward-focused. It should look at how processes could be redesigned; provide clear role profiles and development opportunities. Above all it should secure a relationship of trust with the CEO and executive team.



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Respondent, UK-based global IT Company, “We need to understand the impact that we are having on the bottom line – and to be able to measure it. Ultimately we need to be passionate about what HR can offer.”



Respondent, Building Materials Company, “We face different economic situations in each of the countries that we operate in – for example, Germany is quite strong at the moment but Benelux/ France/ Italy are poor. We need to produce profitable growth however difficult the circumstance and we need to start with the business performance priority for every project we embark on. Capability development work is very difficult in every country.”

Keep line management partners in mind: a number of respondents raised the issue of needing to keep line management on board. Line managers were quoted as sometimes seeing HR as “policing the system” or finance as “the money department”.

Line managers have come to rely on central functions for tasks such as payroll and budgeting. They will continue to need such transaction-based services, but in the new model much of the transactional work can be automated or outsourced

Respondent, international tobacco business, “Briefing and shifting line managers’ mindset – including communication about HR tools and processes from centre has been important. HR is now involved in the annual strategic planning process and this is new for our people.”



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Conclusion

The economic crisis we have faced demands deeper reflection by those who lead functions. This is time to consider long-lasting change throughout business functions, not just temporary cost-cutting efforts.

True transformation, which leads to improved performance and productivity, means breaking down ingrained structures and behaviours throughout the organisation.

Above all it means changing mindset.

Function heads should raise their game and grasp the window of opportunity to rethink and review the way they operate.

Function heads are well positioned to make a lasting contributing to strategic and management thinking. To evaluate the resources and capabilities needed to implement business plans and to lead a multi-disciplined team engaged in strategic and tactical planning.

If your organisation is stuck in a functional status quo, it's time to proactively drive decisions regarding the overall business model design.

This is nothing less than exploiting the opportunity to add value to the business.