

## HR is not a partner of the business!

Author: Nick Holley . December 2021

One of the greatest advances in HR came with Dave Ulrich's book HR Champions in 1996. He has probably done more to move HR away from being an administrative function doing HR 'stuff' to one that concentrates on making a difference to the business, but I don't agree with a key element in his three-box model. Over the years I have been involved in numerous HR transformations and HR capability-building exercises aimed at achieving this goal and I have noticed that the critical success factor when it comes to developing a truly commercial HR function isn't just learning new tools and techniques but developing a new mindset.

Core to this is breaking the mindset of being an HR Business Partner. HR is part of the business, not a partner. I do not know of any other function that talks about the business as if it is something different. HR doesn't work for line managers it works for the enterprise. It has to balance providing an HR service, important though this is, with its purpose which is to build the capability of the organisation to deliver its strategy and create sustainable values for all its key stakeholders. Therefore, it needs to be deeply connected with the future of the business not just providing a service today.

Two stories bring this to life. I ran an HR development programme in a global engineering business. As part of the programme, we brought in their finance director to work with the participants to help them understand how the company created value and what this meant for HR. The key message was if we don't improve our operational free cash flow our shareholders will sell our shares. I kept in touch with them through WhatsApp and about a month after the programme one of the participants shared a story. Three senior leaders had come to her with unbudgeted headcount increases. Before the programme, she had seen herself as providing them with service since they were 'business people and she would have implemented their requests. As a result of the programme, she challenged how these headcount increases would address the specific operational free cash flow challenge the business faced in the next 3 months. As a result, they withdrew the requests. She said that the focus of the programme on value gave her the confidence and the language, the language of numbers, to challenge the business leaders in a way that persuaded them to rethink their approach.

On a second occasion, I was working with an investment bank in Singapore. On the way up to the 30th floor the junior HR person who'd met me in reception asked me an interesting question 'do you think they value HR?'. My reply was 'I don't think they care about HR. What do you think they value?'. Her reply was 'delivering their numbers, making money!'. So, I asked her 'do you know how your bank makes money?'. She said she didn't. So, we agreed over the next couple of months she'd spend half a day a week on a trading desk not doing HR but listening, learning, understanding how the bank made money, and through this the pressure these people were under. When we debriefed, she said I thought this would help me sell my HR services more effectively. It actually showed me that 90% of

what we are doing in HR is irrelevant to the business!

So, let's not forget we aren't partners of the business we are part of the business. We need to ground everything we do not in the latest HR fad but in how we can support the business in creating sustainable value not just for shareholders, though this is critical, but for all our stakeholders. Indeed, we should be balanced challenging finance's focus on short-term shareholder value. According to a Harvard study 80% of finance directors fish with dynamite. What does that mean? When you fish with dynamite you throw a stick of dynamite into the lake. All the fish die and rise to the surface where you can pick them out of the water. It's a great strategy as you get the biggest catch of fish ever. What's the problem? The problem is you come back the next day and all the fish are dead!

80% of finance directors will cut R&D spend, cut marketing spend, cut people spend just to deliver their quarterly numbers. We need to challenge this thinking. If you cut R&D spend where will your new products come from? If you cut marketing spend where will your new customers come from? If you cut people's spending, how will you attract and retain great talent? Of course, the finance director replies, 'yes but what happens if we invest in our people, and they leave?'. Our reply is 'what happens if we don't, and they stay!'. We should not have an inferiority complex, that finance are business people and we aren't. There is a big difference between understanding the numbers and being commercial. We must become far more commercial, so we ensure our business doesn't make short-term decisions that kill our long-term sustainability.

We should sit with the business not isolated in HR. I did some work in Lagos with a mobile phone business. I spent a day in their call centre on Victoria Island. In the end, I asked the manager if he had any HR support as I hadn't met anyone from HR. He replied that he had a dedicated HR Business Partner. So, I said I hadn't met her, and he said, 'well you wouldn't she sits in our head office about five miles away. If you've been to Lagos, you will laugh as you'll know that's about a day's drive through some of the worst traffic on the planet. How could she possibly support them if she wasn't there?

We should meet our end customers, customers of the business not of HR, to understand how we create value for them. In my last corporate role, I was Director of Global People Development at Vodafone the mobile phone company. Every year I spent a day in a shop selling phones, a day out with the engineers building the network, and a day in a call centre taking calls. I don't know if you've ever worked in a call centre. It's horrible. People scream and swear at you. No wonder you get such high attrition in call centres. How can you support them if you don't understand the day-to-day reality of what people face?

We should be reading about our organisation and the market it operates in. A few years ago, I coached the HRD of the world's biggest oil company. We had exactly this discussion. I noticed on her coffee table was a bunch of HR magazines and journals. When I came back a month later, they'd been replaced by Oil and gas monthly, Petrochemicals weekly, the FT, and The Wall Street Journal.

We should become fascinated by numbers. Having said that we shouldn't consider ourselves inferior to finance. We should recognise they are our most important allies. They are one of the few functions that have a transversal role like ours looking at value from the enterprise perspective, not just the business unit we support. In many organisations they talk about the golden triangle between the CEO, CFO, and HRD. Indeed, when anyone asks me how they can understand the numbers I always say get a finance buddy, someone in finance you can ask to explain them. By the way, don't forget that it's a two-way process. They don't always have a lot of emotional intelligence and we can help them understand people!

Finally, we should challenge everything we do against the value it creates and how difficult it is to implement and stop doing anything that is difficult to implement and creates little value. The challenge is HR is full of solutions looking for problems. I would listen to the wisdom of Virgil the roman writer. In the Aeneid story of the siege of Troy, he wrote 'Timeo Danaos et dona ferentes'. Paraphrased it means 'beware Greeks bearing gifts. In our world, it means beware consultants selling us the latest greatest ideas without understanding what the problem is they are solving. Let's start with the commercial problem, not the HR solution. Let's start with the business, not with HR.

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**It was also published by Nick Holley on his LinkedIn page here, <https://www.linkedin.com/pulse/hr-partner-business-nick-holley/>**

## **About Nick Holley**

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How can I help you?• Translating strategy into performance - I have worked with organisations, teams, and individuals to turn strategy into action.• Building the capability to perform - I can help define the capability your business will need and implement plans to fill the gap.• Developing high-performing leaders - I bring extensive experience in developing leadership at every level of an organisation.•

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Transforming HR - I have supported HR teams and leaders as they become a business-focused high performing function

I bring a unique background that combines experience as an army officer, ten years as a successful future and foreign exchange broker, and sixteen years in senior organisational, leadership, and people development roles in large global organisations. In the last fifteen years, I have worked with over 100 organisations in 40 countries as well as researching and writing about key trends in this space.

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