

HR Then and Now

By Jan K. Grude, Executive Managing Director, Buck Consultants

Business theorist Peter Drucker defined innovation as *change that creates a new dimension of performance*. Indeed, through innovation, the Human Resources profession has transformed itself over the last century from a support function to an able business advisor to senior leadership. And HR consultants have played a pivotal role in this transformation.

Ninety years ago, George B. Buck changed the course of HR consulting through innovation. In addition to pioneering the sound financing of retirement plans, he actually invented a keypunch verifying machine that revolutionized the way data would be processed at the time. He would go on to sell that machine to Thomas J. Watson, president of the company that was to become IBM. That machine sits in my office as evidence of George Buck's creativity, drive, and commitment to his company and to the HR industry.

I share this story as Buck Consultants marks its 90th anniversary, an opportunity for us to celebrate with clients but, more importantly, to remember that today their issues are rooted in an astonishing array of business challenges. Business in the 21st century operates in an increasingly complex and competitive global environment, and our clients face issues that permeate every level of the organization.

No longer relegated to back-office "personnel" tasks of an earlier era, HR now is expected to make a significant contribution to shareholder value, governance, competitiveness, and other critical business issues. As technology, outsourcing, globalization, and other factors continue to change the face of business, the HR function and the industry as a whole must rise to the challenge.

The following business issues are among the highest priorities of executive leadership:

- Creating an HR function that can support business strategy and manage costs
- Building an innovative workforce that delivers competitive advantage in a global environment continually made smaller by technology and challenged by the impending exodus of aging workers
- Managing the significant investments in human capital to maximize efficiency and minimize the risk of those programs on the organization
- Complying with the increasingly complex regulatory and legislative landscape

Business leaders demand innovative solutions to these challenges. And that's what has prompted the compelling need for the **next generation of HR**.

Its mission is to stay aligned with strategic goals and deliver the highest value to the business. Responding to the need to reinvent its role, today's business-savvy HR professional is part critical thinker who can translate business vision into HR strategy, part resourceful tactician who can implement innovative programs and measure their success, and part nimble decision-maker who can change course as needed.

So, what is next generation of HR up to?

Building an **innovative global workforce** to increase competitive advantage, for one thing. When the Board wants a rewards program that lures talented executives, when the CEO wants a corporate culture that stimulates innovation and creativity to launch a stream of cutting-edge products and services, when the VP of Sales wants a pay-for-performance program — HR leads the way. And don't forget about leadership development, succession planning, and managing a multi-generational workforce.

Managing the company's **investment in human capital**, for another. HR helps the business deliver on the promise of shareholder value through cost and risk management. Strategic benefit design, promoting shared responsibility through consumerism, avoiding capital expenditures through outsourcing, and instituting vendor oversight programs are good examples. So is the full gamut of hire-to-retain services that HR delivers to retain and engage the workforce, often through a shared services model that reduces the cost of HR while increasing its effectiveness.

Then there's **complying with regulatory and legislative mandates** to mitigate financial and reputational risk and strengthen governance. Whether it's creating transparency to executive compensation, meeting fiduciary responsibilities, understanding employment law in each country in which the company operates, or ensuring compliance with the multitude of benefits-related procedures and filings, HR has a visible role.

And so HR steps into the next generation. The world has changed, and the way we do business has changed. HR, intrepid as ever, continues to evolve to meet each new challenge, often equipped with the advice and insights of HR consultants. I'm proud of the strides that we have made in the HR consulting profession, I am invigorated by the possibilities that have yet to unfold before us ... and I can't help thinking that Mr. Buck would be, too.

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