

Hackett IT Advisory Peer Counsel: **Building the IT-HR Partnership**

Combining IT and HR strengths to accelerate transformation and enhance their influence

By Richard Pastore

Executive Summary

The human resources and IT functions both have mandates to transform their respective teams into strategic partners that bring ideas, tools and talent to business stakeholders. By partnering with one another, they amplify and accelerate their transformation impact and help solve each other's challenges. Four leaders interviewed – two representing HR and two IT – earned credibility and the trust of their counterparts. In partnership with their business relationship managers, they collaborated to resolve talent shortages and positioned their enterprises to attract and retain hot skills in a time of escalating competition for talent.



The Hackett Group partnered with Dan Roberts, CEO of Ouellette & Associates and founder of HR2IT, to produce this panel of HR and IT leaders for The Hackett Group's North American Best Practices Conference, held May 13-15, 2019, in Atlanta, Georgia.

HR and IT, more so than any other business service function, share a common challenge and a common mission. Both must transform into an agile, responsive and innovative business partner. Both have roles and skill sets that are being marginalized by digital trends, and need to define the new capabilities and positions that will carry them forward. And both bring talent and tools that are essential to enable enterprise transformation.

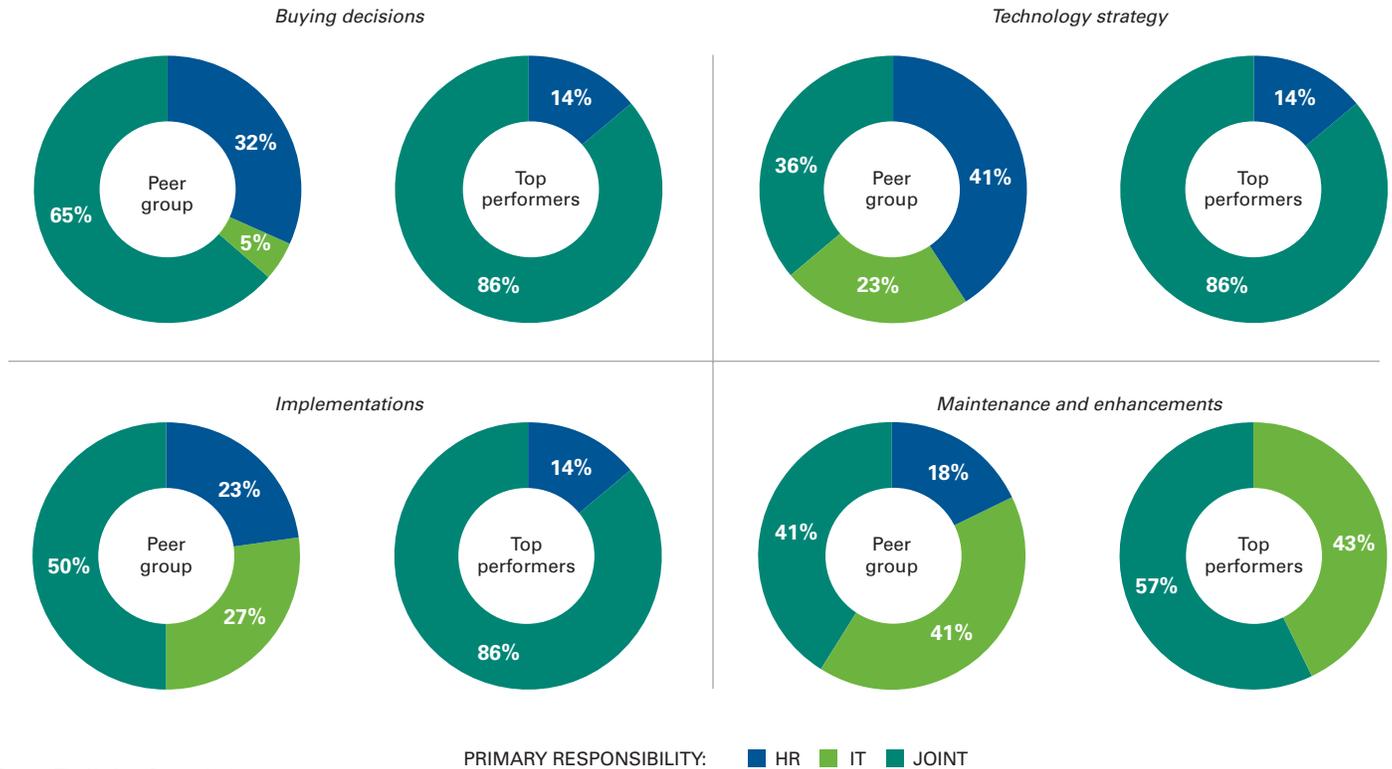
In many companies, HR and IT are going about their missions independently, despite pursuing similar goals and battling identical hurdles. By teaming up to pool their strategic knowledge and resources, they can accelerate their respective transformations and amplify their influence of, and contribution to, the future-state enterprise. In the following discussion, IT and HR leaders from a diverse set of businesses share their insights for effective collaboration.

Richard Pastore: John DeLaurentis, your role as an IT leader and overall company troubleshooter gives you a 360-degree perspective on the business and the effects of change. What do you see as the most critical joint responsibility for IT and HR today?

John DeLaurentis: They both recognize the need to develop their people, but even more importantly, identify what has changed and how it impacts those roles. In IT, cloud has been a tremendous opportunity for us. But that creates a challenge for the IT skill set and the employees who have those back-office platform-management roles. HR should be the catalyst for driving and standardizing a framework for looking at the skill sets of tomorrow. It should be the one to identify and point to corporate programs that IT and other functions can take advantage of to accelerate that learning or transition for employees. And HR should apply that to its own employees' skill set and lead by example. When we reorganized several of our shared service functions, we started with HR.

Mr. Pastore: Our research shows that the top-performing HR organizations are more likely to share responsibility with IT for key technology decisions and actions, rather than taking sole responsibility or delegating it all to IT. The contrast with the peer group is particularly dramatic for technology strategy and implementation (Fig. 1). Monica Miller, at Compass Group you have a great example of what HR and IT can do when they team up on strategy. Together, you unlocked the value of all the labor data the company was accruing.

FIG. 1 Top-performing HR organizations share technology decision responsibility with IT more often



Source: The Hackett Group, 2019

Monica Miller: Payroll and paychecks are typically limited to conversations about problems. But when you are manufacturing six million paychecks a year and you have created a tremendously high-quality data set, conditions are ripe for analytics. Our relationship with IT focused on what we could deliver together. Payroll brought a highly technical skill set and project management expertise, IT brought software development capability, and together we unlocked the power of the data. The result was a labor analytics program that has been able to identify unnecessary labor spend. We were able to drive change through the business that has resulted in significant CFO-certified labor savings.

Forging the HR-IT Relationship

Mr. Pastore: Coming up with a future-workforce strategy or turning a trove of data into insights that save millions of dollars requires HR and IT to have a thorough understanding of the needs and challenges of their business stakeholders. That knowledge is the foundation for the credibility and trust required to forge effective relationships between the two functions. Paul Wakim, as the HR business partner for IT at The Home Depot, how have you and your HR team developed the necessary know-how about IT?

Paul Wakim: You don't have to understand how to code. But you do need to understand what IT staff do, how they do it, and the things that make their jobs hard. You also must know how IT provides value to the company: what infrastructure is, what data centers are for, how software development works. You've got to be able to talk their language,

Panelists



John DeLaurentis is Vice President, Program Solutions, at **ASRC Federal**. He is responsible for the IT strategy roadmap at this this

government services subsidiary of Arctic Slope Regional Corporation, which provides technology, analytics, engineering and other services to federal civilian, defense and intelligence organizations. Prior to this role, Mr. DeLaurentis held project management and financial analyst positions at the company. He is also a practicing attorney.



Monica Miller is Vice President of Payroll Services and Labor Analytics at food-service contractor **Compass Group USA**. During her 20-year career

at the company, she has led payroll from supporting 70,000 payees to over 200,000 payees today. Ms. Miller also created a labor analytics group that leverages analytics and robotic process automation to improve employee productivity. Prior to Compass Group, Ms. Miller led payroll for SUPERVALU stores.



Sarah Urban is Vice President of IT at **Charter Manufacturing**, a family-owned steel and iron production and manufacturing company. Previously, she led the

finance function for Charter Steel. Besides IT and finance, Ms. Urban has experience as a marketing leader and director of data and customer analytics, among other roles at workplace services company Brady Corp.



Paul Wakim is Senior Director of Human Resources at **The Home Depot**. In this role he is the HR leader for IT, finance, HR, legal and public relations at

the home improvement retail company. He was HR director solely for IT for 10 years of his nearly 15-year career at the company. Previously, Mr. Wakim held HR leadership roles at industrial manufacturer Habasit Belting and several auto parts retailers.

but also, you can't be afraid to say, "Hold on – explain that to me." By understanding their business, I can talk to them not just in HR terms, and make better decisions about how to help.

Most business folks see HR as the people who get in their way or whom they are forced to go talk to. I never want to be that person. I try to connect with the teams on a different level and earn their trust. You must be courageous and transparent. When I have difficult discussions with the CIO or the IT directors or their people on the line, I'll tell them the real story, listen to them, and then do something about it. I also need to own my mistakes. I'll say, "Yep, we did that and we're going to get it fixed."

Because I have the trust of the team, the CIO involves me in things that aren't traditional HR responsibilities. It's more of a chief of staff or operations role, making sure that the CIO's team understands what he's really asking for, and is working on the right things. I feel really good when he does that because then I know I have really made a difference here, and that he doesn't see me as just the "HR dude."

Mr. Pastore: IT organizations suffer from the same lack of knowledge and trust as HR. IT leaders below the level of CIO often don't understand the business of their constituents, and in many cases, don't seem all that interested in learning. At Charter, IT leadership had a history of not listening to the business. That was one reason that you, Sarah Urban, were asked to take over IT, moving over from heading Charter's finance group. How did you change IT's course?

Sarah Urban: In IT, the previous attitude from the top was, "We know what's best for you. We can talk about it, but you're going to do this." And that really wasn't working for our business. When I took over IT, I worked with The Hackett Group to interview stakeholders about what they wanted from us, and the majority said they wanted us to bring ideas for innovation to them. But they also said we didn't understand their business enough to do that well. At the time, IT was the only function at Charter that was completely centralized, with no one sitting in any of the business divisions. We needed to have IT business relationship managers at the table participating in strategy cycles so that we could really understand where the business was going and how we could help as technologists. The first step to becoming a partner is the ability to say, "We understand and can help you get there." The second step is being able to say, "We have ideas for you based on what we know and understand." That's what the stakeholders are asking for.

To me, having representation on each other's teams is one of the key components for IT and HR to partner effectively. On our IT leadership team, we've got our HR business partner and our finance business partner, and they're included in all our leadership meetings and in any strategy development or team-building that we do. That way they always know what we're doing and can contribute all along the way to anything we need their expertise for, up to and including talent.

Mr. Pastore: From what I have been hearing so far, you all seem to regard your business stakeholders as partners and collaborators, versus only as internal "customers" to whom you are providing services. This is the paradigm of the future, and the "customers" for IT and HR will increasingly be the business's end customers, along with other external constituents. What are some external customer experiences that HR and IT are collaborating to deliver?

Ms. Miller: Everything we do is about making things simple for Compass's unit managers – the people who run food services in our clients' facilities. For a contract food service company, there's no cookie-cutter approach like you might see in a

The Hackett Group's benchmark data shows a correlation between world-class IT functions and the degree to which they collaborate with HR on addressing staffing challenges.

McDonald's or Wendy's. We have 14,000 units and each one is different. So we must have technology that's easy and intuitive for each unit manager. They are dealing with 40% annual employee turnover, so they don't have time to do complicated training. It has to be as simple as pushing a button. We partner with IT to make that happen.

Waging the War for Talent

Mr. Pastore: Besides customers, you all have another set of external constituents: potential employees. Our research found that one of the more effective ways to win the war for talent is to position the company brand as an attractive place to work.¹ Paul, how has HR helped IT and the other functions you partner with convince young professionals with cutting-edge expertise to come to work for a big-box store?

Mr. Wakim: We're not just a store, we're a technology company that's doing some amazing things with amazing technology. We're investing literally billions of dollars in IT over the next four to five years to yet again transform the platforms that serve our customers, specifically becoming a more interconnected and omnichannel experience. This is part of our goal to grow to \$120 billion by 2020. That's the message I want potential employees and our associates to know. Yes, we're a retailer and we sell hammers, but we're a fascinating technology company that is doing cutting-edge stuff that few other retailers are doing.

We have a very aggressive intern program. Last year we had 220 interns. We must make it clear on college campuses that interns are not going to work in a store. We are an end-to-end shop and create a lot of our software. We've got a phenomenal supply chain organization, merchandising, and buying groups that are powered by IT.

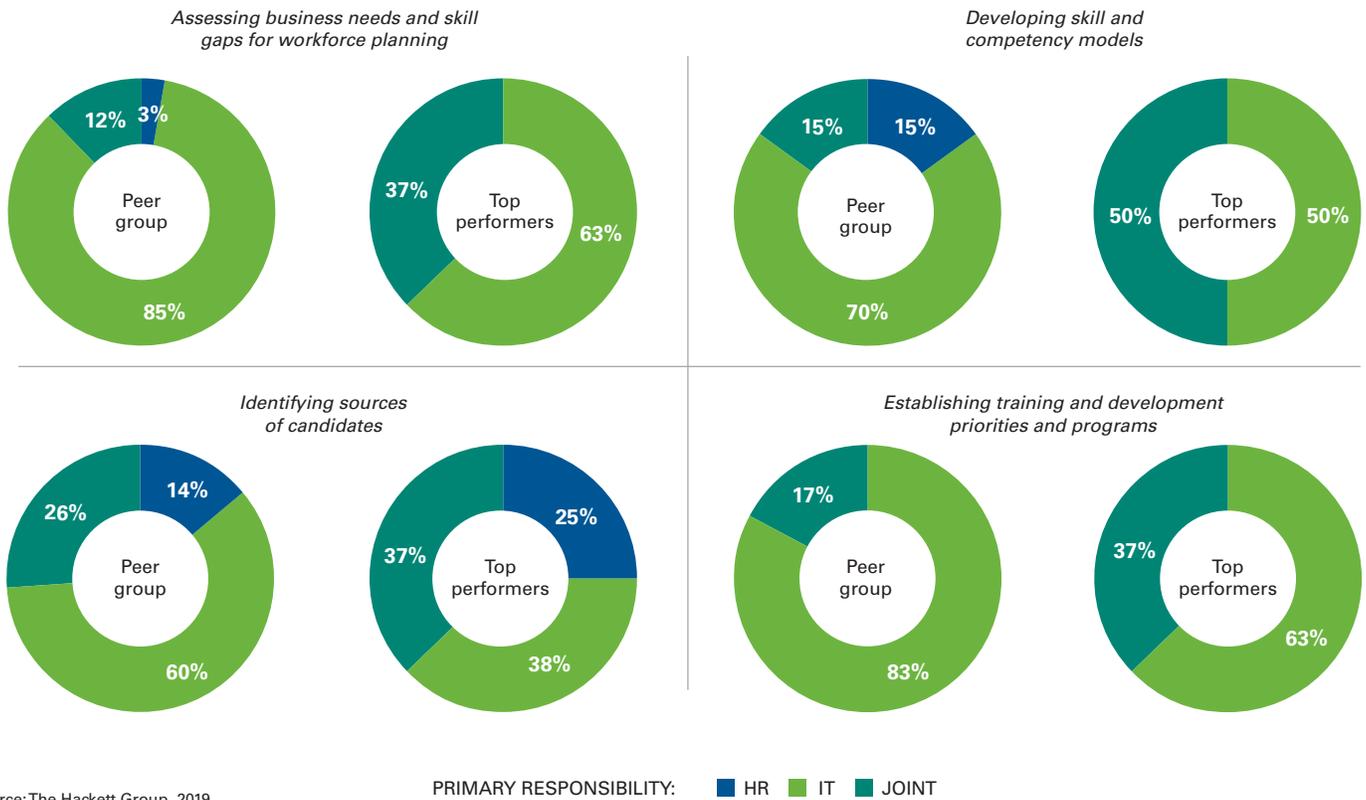
Mr. Pastore: Companies need to back up the attractive image or brand they paint when recruiting with actual processes that meet expectations of the young talent they hope to hire. This is particularly important for first impressions. John, how are HR and IT handling this for ASRC Federal?

Mr. DeLaurentis: From the moment they apply for a job until the moment they are onboarded, there has been a dramatic change in expectations from younger employees as far as the tools they expect to use and how they connect from an IT perspective. That's IT and HR speaking to those applicants, telling them how modern we are as a company and how much we value their time as applicants. "Did we make it easy for you? Did we invest in technology that made it convenient for you to convey your skills? Or have I been negligent in leaving some practices in place too long?" When ASRC Federal had older tools in place, I talked to the folks we hired and they said, "You know, that was my first impression. I almost stopped filling out the application right away." So, HR and IT should definitely come together on attracting talent.

Mr. Pastore: The Hackett Group's benchmark data shows a correlation between world-class IT functions and the degree to which they collaborate with HR on addressing staffing challenges. Although the majority of world-class IT functions still go it alone on most of these tasks, they are far more likely to share responsibility with HR compared to the peer group (Fig. 2). One of these challenge areas is training. Charter is headquartered in Wisconsin, which is not a robust market for new digital skills such as data science. You've got to develop those skills internally. Sarah, how are you addressing that, and how can HR assist?

¹ Enterprise Digital Skills Poll, The Hackett Group, 2018

FIG. 2 World-class IT organizations engage more with HR to solve staffing challenges



Source: The Hackett Group, 2019

Ms. Urban: Like most companies, we have an annual talent review, which generates follow-up actions. In finance, we introduced a process where every six weeks or so the leadership team meets to make sure that we are following up on the development actions from the review. We also make sure that people are getting the experiences that can help develop them for leadership. So, it extends what could otherwise be just a once-a-year thing throughout the course of the year.

We brought that same process into IT this year, and it has really started to shift how people think. We've been able to promote some people who were kind of stuck where they had been in the past. We're teaching our managers better ways to develop the talent under them to be prepared for their next roles. For this to work, you need to upskill your managers so they can do development, planning and coaching. Our IT people are really starting to appreciate that and feel like they've got a lot more opportunities for advancement and developing new skills.

Mr. Pastore: Competition for talent has made it tougher to retain people, particularly those with the hottest skills. A remote workforce doesn't make managers' jobs any easier when it comes to sensing who they are likely to lose. But employee-tracking data provides a new tool for IT and HR to apply to retention risk assessment. John, you have an interesting perspective on that.

Mr. DeLaurentis: We have all this data on our employees that we never had access to before. Today, when many people are working from home remotely or are spread out across the globe, this data makes it possible to get a sense of how employees are doing, which used to happen by managers walking around and visiting with employees. We can look at things like their commute time, how long it's been since their last promotion, see that they are no longer high-performing since they were assigned to a new manager. With all this available data, modern HR organizations can be much more real-time in recognizing challenges and responding before they become a turnover issue. IT has the technical skill to analyze and visualize the data, and can kick-start that for HR.

It would be considered negligent if a manager did not visit regularly with employees to see how they are doing and to recognize whether they are having work-life problems that might impact their ability to do their job. Now we have digital trails on our employees, and it would be negligent not to use it for the same purposes with remote employees. As a manager, I should look for patterns of behavior, such as arriving late or sending emails in the middle of that night, that could signal that an employee is having problems. To do that credibly, you must have good relationships so they understand that you want to accommodate their life situation because it is important to the company.

Mr. Pastore: No matter how digital we get, it all comes back to relationships. And that is also what's at the heart of all effective HR-IT partnerships. I thank our IT and HR peer counselors for sharing their partnering experiences and insights with us.

Key takeaways

- Recognize and acknowledge that IT and HR have mutual challenges and goals to be responsive transformation partners for the business and each other. By coordinating efforts to build digital tools and talent, the two can be a powerful combined force for change.
- Emulate world-class IT and HR organizations, which our research shows work more collaboratively with their counterpart functions to solve their challenges.
- Build credibility and trust by learning about the goals and pain points of IT/HR stakeholders.
- Replace ineffective business liaisons with a trusted, knowledgeable and high-level business partner/relationship manager situated on the respective IT/HR leadership team.
- Co-develop innovative opportunities for the business such as labor savings identified through labor data analytics.
- Attract new digital talent by crafting an exciting story about the company brand, and back it up by presenting candidates with a fully digital application process.
- Apply proactive retention solutions by analyzing employee activity data patterns associated with turnover.
- Co-develop a digital workforce strategy by analyzing demand for digital skills across the enterprise.

Related Hackett Group Research

Hackett IT Advisory Peer Counsel: Insights on Leading IT Culture Change, April 2019

The State of HR Business Partners, January 2019

Reaching the Next Level of Talent Management, Part 2: How HR and the Business Must Work Together, December 2018

Changing IT's Culture, Part 2: Challenges and Best Practices, December 2018

About the Advisor

Richard Pastore

Senior Director, IT Research Advisor



Mr. Pastore develops and delivers research and related resources for The Hackett Group's advisory programs, including IT. He has over 25 years of experience working with CIOs and their teams to apply thought leadership and best practices to help them extract the maximum business value from strategic investments in technology. Mr. Pastore has spent the last 10 years designing, implementing and managing IT and business transformation leadership programs, including best practices research, seminars, workshops and conferences, assessment tools and frameworks for Fortune 1000 companies. He is former editor of *CIO* magazine and vice president of the CIO Executive Council.

The Hackett Group (NASDAQ: HCKT) is an intellectual property-based strategic consultancy and leading enterprise benchmarking and best practices digital transformation firm to global companies, offering digital transformation including robotic process automation and enterprise cloud application implementation. Services include business transformation, enterprise analytics, working capital management and global business services. The Hackett Group also provides dedicated expertise in business strategy, operations, finance, human capital management, strategic sourcing, procurement and information technology, including its award-winning Oracle and SAP practices.

The Hackett Group has completed more than 16,500 benchmarking studies with major corporations and government agencies, including 93% of the Dow Jones Industrials, 89% of the Fortune 100, 83% of the DAX 30 and 57% of the FTSE 100. These studies drive its Best Practice Intelligence Center™ which includes the firm's benchmarking metrics, best practices repository and best practice configuration guides and process flows, which enable The Hackett Group's clients and partners to achieve world-class performance.



Email: info@thehackettgroup.com
www.thehackettgroup.com

Atlanta +1 770 225 3600
London +44 20 7398 9100
Sydney +61 2 9299 8830

Atlanta, Chicago, Frankfurt, Hyderabad,
London, Miami, Montevideo, New York,
Paris, Philadelphia, Portland, San Francisco,
Seattle, Sydney, Vancouver