

A decorative graphic consisting of overlapping colored squares (blue, red, yellow) and a black crosshair.

« HR as a Strategic Driving Factor »

Pretention and Reality of the HR - Function

UNIVERSITY OF COLOGNE

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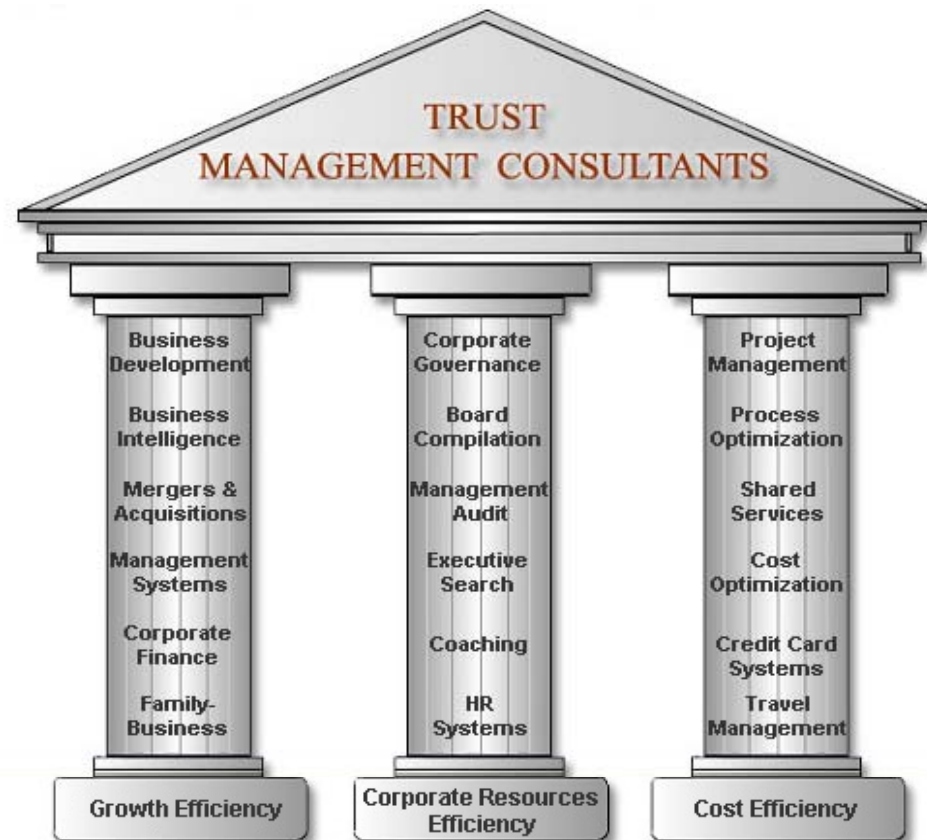
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TMC Focus: Efficiency Advisory Services



1. The HR-Function

1.1. Historical Development

- Historically, the HR-function can be assessed as an “old” and established function as opposed to IT, procurement, logistics, communication
- Although HR has had the same opportunity of developing itself into a “core function”, like accounting or controlling, HR did not succeed in being perceived as a strategical important, influential factor within a typical German organization
- HR – being pretty often assessed as a cost-generating function – consequently is always suffering in times of an economical downturn:
 - not only the HR-Department has to play the role of the “bearer of the bad message”
 - but also the HR-Department itself is one of the first and predominant areas, where the execution of a cost-saving process becomes implemented (“the breathing organisation”)

1. The HR-Function

1.2. Assessment of the HR-function

- The influential importance of an HR-Department depends pretty much on
 - the organisational allocation of the HR-Department within an organigram
 - the individuals working within the HR-Department
 - the role that the HR-Department is executing
 - as expected by a third party during the day-to-day business, perhaps even including the execution or the support of strategical development of a company (expectations from other departments, from the GM or the CEO)
 - as expected by the HR-Department itself (self-assessment, self-realisation)
- The organigram often reveals a good first impression what kind of role the HR-Department really plays – i.e.
 - a staff-function
 - a line-function
 - reporting to
 - the GM or the CEO
 - a functional officer, like the CFO, the Production Director, etc.

1. The HR-Function

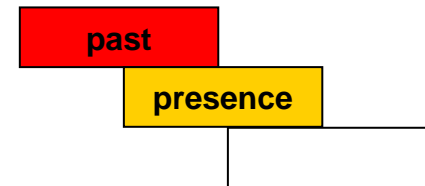
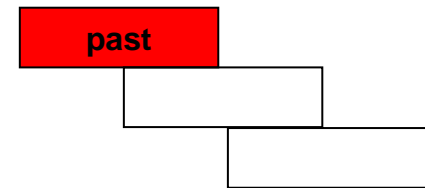
1.2. Assessment of the HR-function

- Looking at the people working within the HR-Department itself one can get a pretty good insight into the role of the HR-function. Do we find here
 - a pro-active, inspiring, charismatic HR-Director, or
 - a Manager limiting his activities to a mere execution function helping to keep the company running, or even
 - an executive focussing exclusively on wages and salaries of the people working in that very company
- The role of the HR-Department can consequently differ from
 - a mere administration role → focusing on the past
 - a role dealing with and forging the “human factor” → focusing on the presence
 - a creative and supportive role to reach the strategical objectives of a company → focusing on the future

1. The HR-Function

1.3. Contents of the HR-function

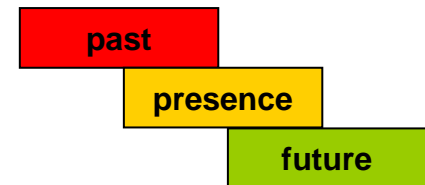
- In old fashioned companies (most likely smaller, tradition-oriented organisations) often a small HR-Department is struggling with subjects, like
 - salaries & wages
 - the cost aspect of the human factor
 - the “number-game” (quantitative approach)
- The “normal” role of an HR-Department consists of a by far broader self-understanding and a more supportive function for the complete company, covering
 - organisational development
 - people development and training
 - HR-controlling
 - recruiting
 - works counsel
 - personnel marketing



1. The HR-Function

1.3. Contents of the HR-function

- However, in the future (within modern, future oriented companies) the role of the HR-Department will be organised completely different:
 - a modern HR-Manager is used to think in “bubbles” and no longer in “boxes” [first comes the individual, then the functional responsibility(ies)]
 - a future-oriented HR-Director already today thinks and manages the problems of tomorrow (demographic development, contribution to international growth, etc.)
 - he/she develops solutions for problems not in a static, but in a dynamic way, like
 - building of a talent pipeline (war for talents)
 - dealing with diversity (women)



2. Maturity of a Company and the Role of the HR-Function

- For obvious reasons, the size and the role of an HR-Department has to adapt to and has to be aligned with the size of the company
 - During the emerging phase and the beginning of the growth pattern, the HR-function (primarily of a production company) is being executed by the General Manager, respectively the Plant Manager himself
 - At a certain stage of the growth-period and definitely during the beginning of the maturity-stage of a company, a fully-fledged HR-Department is fundamental in providing the internal and external oriented necessary services
 - It can be simply stated that “the bigger the company, the larger the HR-Department”

2. Maturity of a Company and the Role of the HR – Function

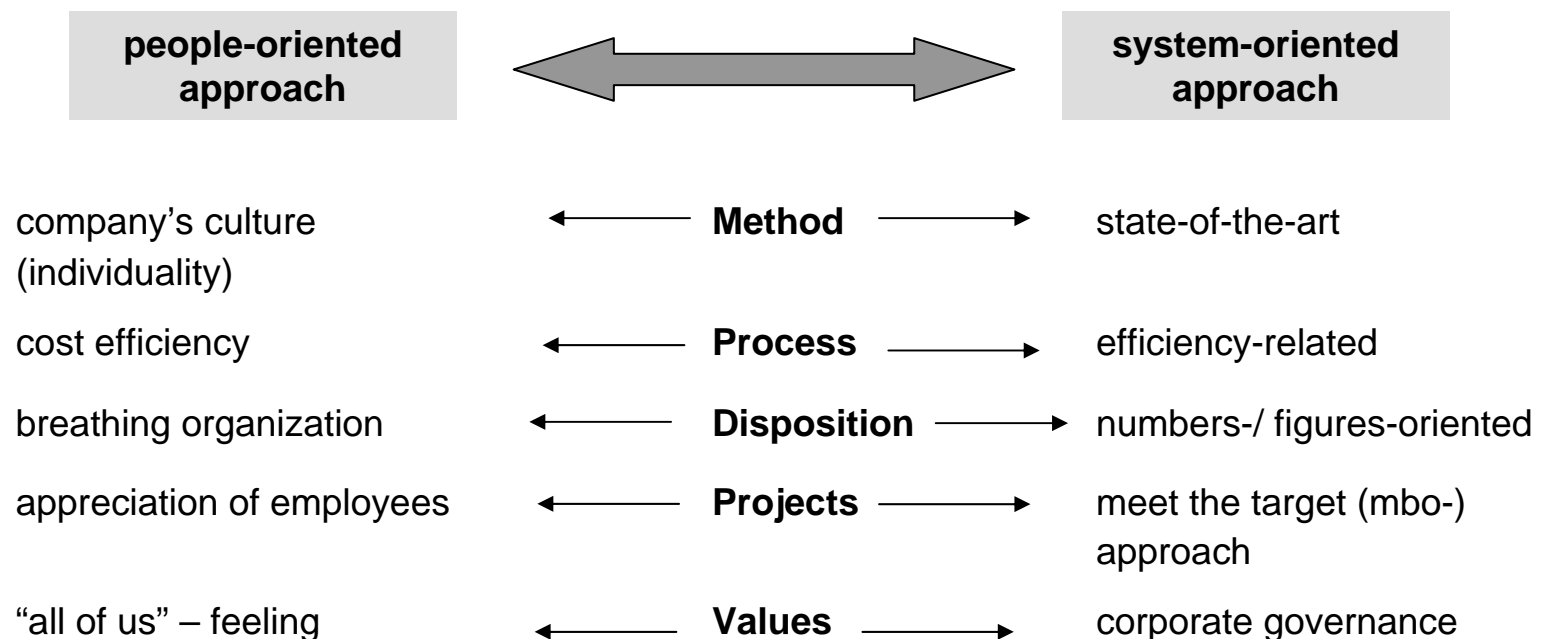
2.1. The Birth of an HR-Department

- However, during the evolution / development of a company, at what period of time is it necessary to relay on an own HR – set-up?
 - Assumed, we make a fine, but clearly defined differentiation between no HR-Department and an HR-function in place, we can definitely minimize the efforts of building up respective department by using the services of an insourcing service organization
 - As an outsourced function the HR-Department can already be build up by a third party preparing the ground of a professional HR-function so – should an inhouse department be build up – the respective HR-Manager and his/her employees would have not to start from scratch but foster and develop the HR-systems already in place

2. Maturity of a Company and the Role of the HR – Function

2.2. HR-Positioning within a mature Company

- Depending on the evolutionary process of a company the HR-function will most likely have 2 different approaches:



3. Pretention and Reality

- Like in the “real world”, we discover a gap also in the HR-function between the
 - status of wishful thinking
 - and the reality
- Very often, we are confronted with a gap between theory and the daily routine within the HR-Department, which often plays the role of a(n)
 - mere cost centre
 - administrative fulfiller of decisions taken without any previous HR-interference
 - ex-post player executing decisions taken by other functional managers

3. Pretention and Reality

- The HR-Department often pretends to have modern HR-instruments, but in reality the HR department plays the role of a “5th wheel”
- In order to discover such a difference between reality and pretention, one can
 - have a look at the company’s organigram
 - find a hint looking at the HR responsible's personality
 - identify the seize of the HR-department
 - get an idea looking at “hit-lists” for instance of the “most admired” or the “most attractive” companies
- Examples of successful HR-Managers:

■ ALLIANZ	Michael Diekmann
■ TELEKOM	Thomas Sattelberger
■ THYSSENKRUPP	Dr. Detlef Hunsdiek
■ KUEHNE + NAGEL	Klaus-Dieter Pietsch (now: Lothar Harings)

4. How to improve the Perception of the HR-Role

- In order to properly evaluate the role of the HR - function we have to observe
 - internal and external factors (of the company, the industry, the state of the competition, etc.)
 - the maturity of
 - the company
 - the organisation
 - the management
 - the employees
 - The HR - department can only act as a “driving force” on behalf of the company, if HR
 - is already being involved proactively in decisions, projects, etc.
 - is playing a proactive role being allocated on the top hierarchical level
 - is not being assessed as a “special-function” (definitely not in a staff-function) rather is being perceived as a role working in and across all operational functions helping to constantly improve the performance of a company

4. How to improve the Perception of the HR-Role

- is accepting the creative and influential role of providing
 - the right people
 - at the right time
 - in the right place
- assumes the responsibility for all soft factors, which have a direct and/or indirect influence on the corporate culture of a successful company

5. The HR-role within KUEHNE + NAGEL

- The role of *Human Resources* - contributions as Business Partner -
 - attract, develop and retain managers and professionals with skills needed in all areas and business fields to meet future demands
 - provide promotional opportunities for employees with good performance and potential to meet company's and employees expectation
 - recognize and reward performance and results delivered by managers and employees
 - ensure lifelong learning process
 - support the creation of flat and flexible organizational structures related to the needs of the company's strategy
 - facilitate the process of change needed to take advantage of future business development opportunities
 - secure fast communication and decision processes across the entire organization of the company
 - create a work climate of trust, partnership and respect
 - develop a company image in the public as an attractive employer

5. The HR-role within KUEHNE + NAGEL

Leader and Networker

- Professional
- Coach
- Communicator
- Integrator
- Achiever
- Innovator
- Change Agent



Attributes

- expert in HR matters
- supports development of managers and “talents”
- facilitates the information process on strategy and objectives
- fosters the dialogue between management and subordinates across the entire company
- gets things done and projects executed
- creates a frame for a continuous improvement process
- initiates and facilitates the change process to support company’s strategy achievement

6. HR contributions to company's success

6.1. Example I

- **Purpose:**
 - creation of a high performance company
- **Characteristics:**
 - clear and focused customer oriented medium and long-term company strategy
 - flat, flexible and easy to change company structure
 - highly developed performance and result driven company culture
 - human capital is perceived as priority to support the company's long term strategy

6. HR contributions to company's success

6.1. Example I

- **Means and Tools:**

key elements	expected results
mission statement and framework of strategic priorities	foundation for direction and guidance to the entire corporation
analysis and judgement on strengths and weaknesses of the organizational structure of the company	base for allocating tasks and accountabilities as well as common understanding of networking, teamworking on all levels
evaluation of managers' profiles and potential according to company's requirements (actual/future)	framework for establishing personal development plans and recruitment needs
identification and appraisal of young talents with potential	procurement of back-up candidates for succession planning and transparency on the talent pipeline

6. HR contributions to company's success

6.2. Example II

- **Purpose:**

- creation of the image as an attractive employer in the respective industry

- **Characteristics:**

- provide a promising future to employees based on a reliable and transparent company strategy
- establish a network and relationship with Universities and Business Institutes with access to interesting and interested students (early identification)
- attract and retain professionals on all levels with skills to support the company's strategy and ensure future success

6. HR contributions to company's success

6.2. Example II

- **Means and Tools:**

key elements	expected results
personnel data base with employees' personal data and performance	transparency on human capital of the company
organizational charts and job specifications with accountabilities related to company's requirements	clarify on future company's requirements for employees' and development / training needs
Internships and project offering to students as well as international trainee programs	talent pipeline for succession planning

7. HR - Manager as Business Partner

■ Prerequisites for success

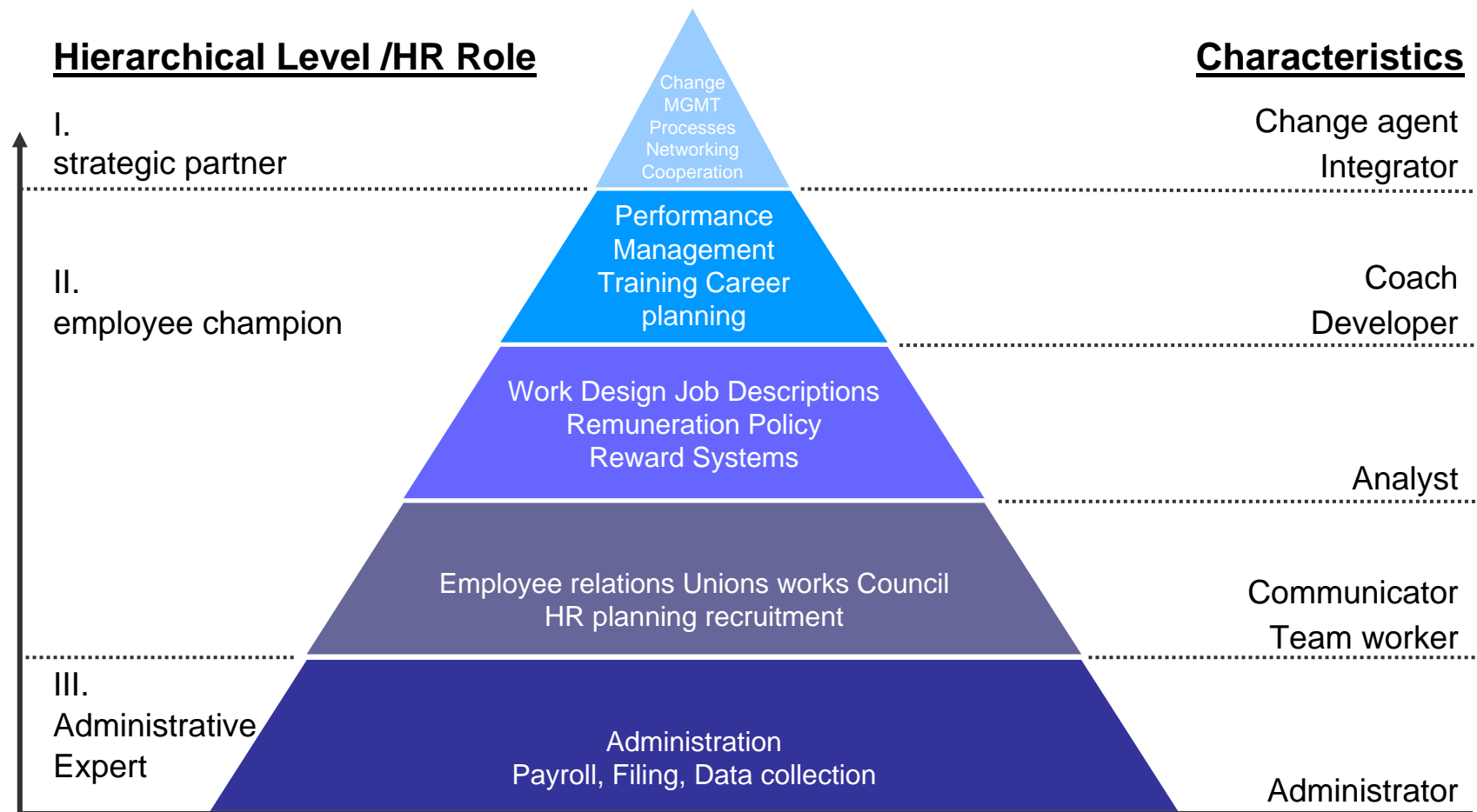
- HR responsibility is accepted and supported by the CEO and the top - management team as a strategic partner and a “change agent” across business fields and regions
- top management accepts the need for a change process and supports the realization (continuous improvement)
- top management team creates a culture for fast and reliable decision processes and accepts overall responsibility (consequence management)
- top management team encourages a constructive dissent in an atmosphere of trust required that any dissent is discussed in an open and respectful way (open door communication)
- HR Manager understands the business, is proactive and delivers results to company's longterm success

8. Future Challenges for Human Resources

■ Threat or opportunities?

- aging as well as decreasing or stagnating population in developed countries (Europe, North America)
- financing of social security systems and protection by labor laws
- unemployment rate as well as increasing demand for qualified employees, professionals and leaders
- globalization and increasing boundary-less countries and continents requires international cooperation and networking
- continuous changes of the world economy will demand for adjustment and adaption of companies (strategy – structures – cooperation – qualification profiles)
- increasing restriction due to labor laws, regulations and unions resulting in loss of flexibility

9. Future – HR-Management



10. Challenging environment for Human Resources

- Highly qualified and motivated staff will dictate the speed of growth, the level of company's success and sustainable profit
- Human capital is more and more being perceived as strategic advantage and competitive edge
- Globalization will require more networking and cooperation across companies, continent and the world



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6. CV's of the TMC – Partners

6.1. Rainer V. Zimmek

- 1946: born in Kampen/Sylt
- 1969-1976: UNIVERSITY OF COLOGNE
 - studies of Business Administration
 - studies in Paris and London
 - Degree: Business Degree (Dipl.Kfm)
 - Lecturer in Accounting
- 1977-1982: PEAT MARWICK MITCHELL & Co., (FRA /DUS)
 - Senior Consultant, Manager
- 1982-1989: HEIDRICK & STRUGGLES
 - specializing in the field of „executive search“
 - Foundation and Management of offices in DUS, MUN, FRA
 - Manager, Partner, Member of the Board
- 1989 – date: TRUST MANAGEMENT CONSULTANTS, (DUS, FRA)
 - Founding Partner, Managing Director
 - corporate resources efficiency
 - growth efficiency
 - cost efficiency



6. CV's of the TMC – Partners

6.2. Klaus-Dieter Pietsch

- 1941: born in Berlin
- 1966-1969: AXEL SPRINGER, Berlin
 - Head of Training & Development
- 1970-1984: OTIS ELEVATOR-UTC, Berlin
 - Member of the German Management Board
 - HR-Change Management – Organization
 - Development, IT, Quality
 - Chairman of the int. HR Committee
- 1984-1986: CARRIER Int.-UTC, Syracuse (USA)
 - Member of the Int. Management Board
 - HR worldwide restructuring of regions
- 1987-2009: KUEHNE + NAGEL Int., Switzerland
 - Member of the Int. Management Boards
 - HR worldwide, Organization
 - IT, quality
 - Change Management
- 2009-date: TRUST MANAGEMENT CONSULTANTS – group
 - Partner



TMC-Coordinates



Trust Management Consultants

growth efficiency corporate resources efficiency cost efficiency

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