



INTEGRATED INSTITUTE OF PROFESSIONAL MANAGEMENT

Our Accreditations



Our Standards





HR Consulting

Course Objectives

Explain What is HR Consulting

List the Competencies of a Successful HR Consultant

List the Do's and Don'ts of HR Consulting

Explain the Stages in the Consulting Process

Describe the Overview of Consulting Process Model

List the Five Most Commonly Outsourced HR Services

List the Least Commonly Outsourced Functions

Explain HR Consulting Myths

Explain the Trends in HR Outsourcing Market

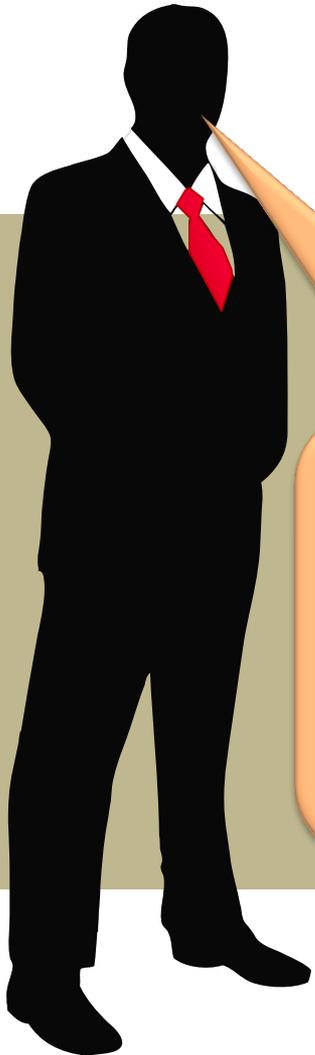
Explain the Future of HR Consulting

Describe the Typical Problems of HR Outsourcing

Explain Best Practices of HR Consulting

Introduction

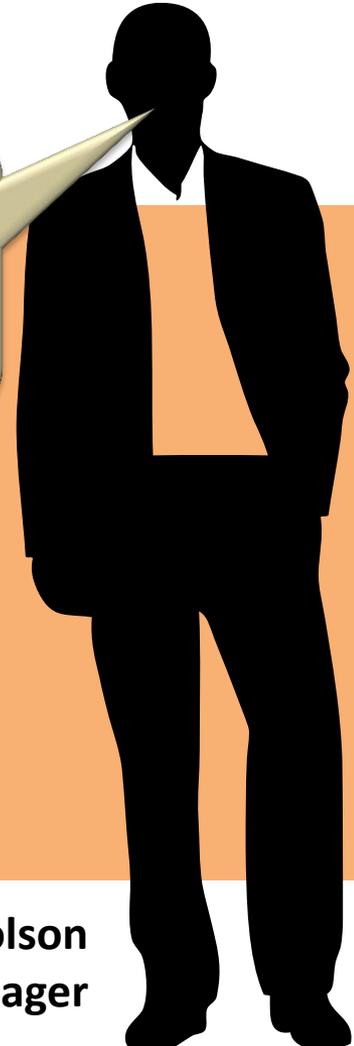
Take a look at a dialogue between David Boyle, CEO of a start up company and Sam, his project manager.



Sam, ours is a start up company, and we have to still set up our processes and policies in place. Also, we are busy and do not find the time to recruit and handle our payroll effectively. Do you have any idea?

David Boyle
CEO

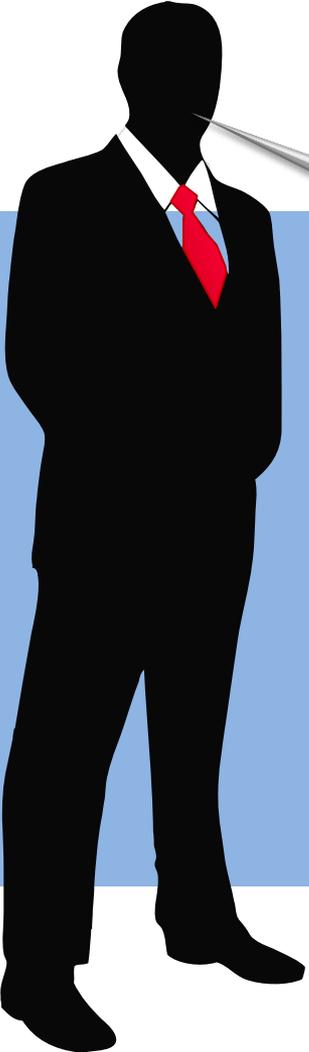
David, I think we should use the services of an HR Consulting firm, who can take care of our recruitment and payroll.



Sam Nicholson
Project Manager

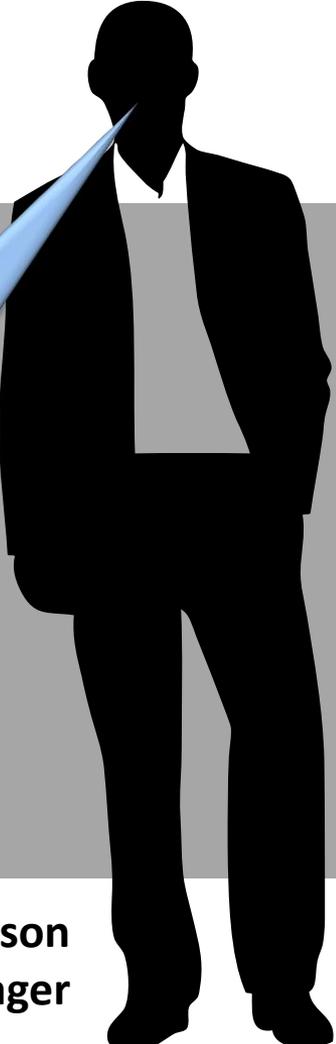
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HR Consulting?

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CEO

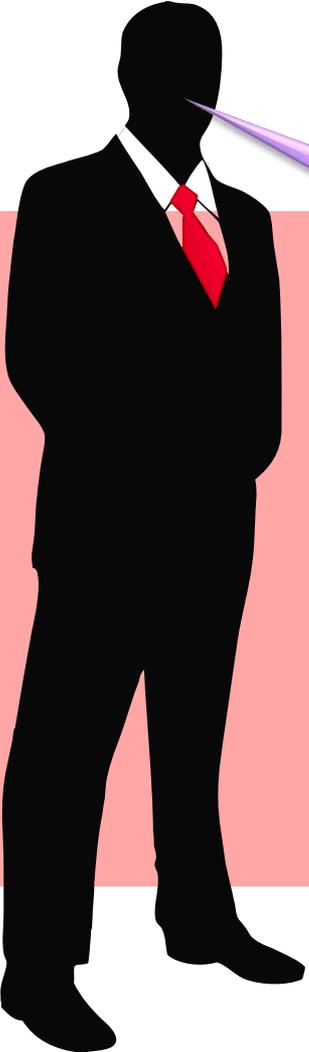


Yes, HR Consulting firms are companies that take care of all HR related services and we can outsource some or all HR related tasks to them.

Sam Nicholson
Project Manager

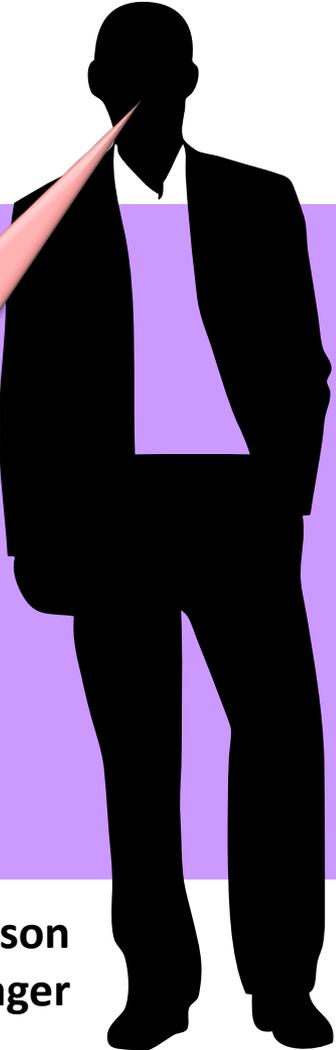
Introduction

Take a look at a dialogue between David Boyle, CEO of a start up company and Sam, his project manager.



That's great! Find a good HR Consulting firm for us.

David Boyle
CEO



So, let us learn about what is HR Consulting and it's services in detail.

Sam Nicholson
Project Manager

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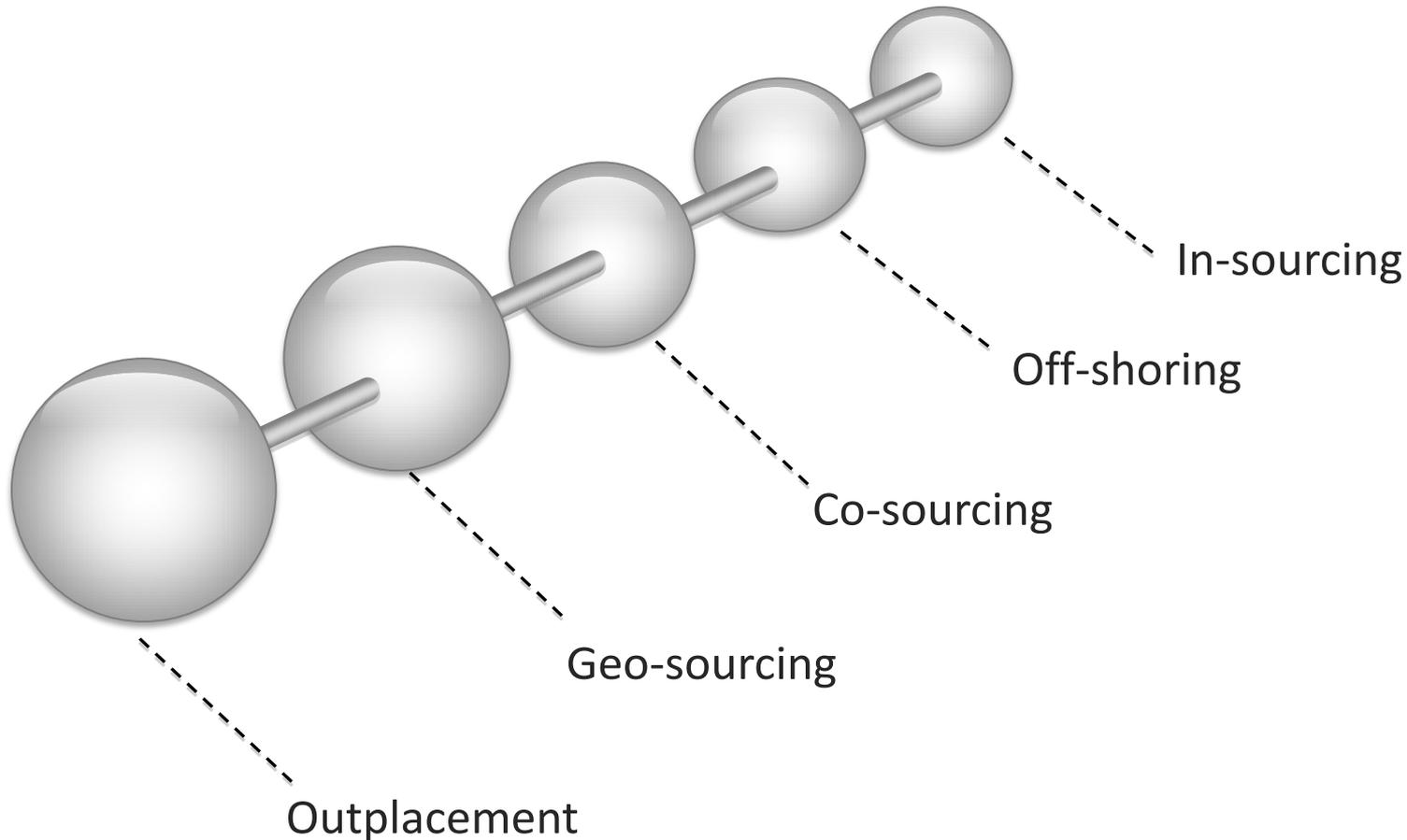
What is HR Consulting?

A large, semi-transparent image of a smiling man in a dark suit and light blue shirt. A blue sticky note is attached to the bottom left corner of the image. The note contains the text: "HR Consulting is the performance of HR-related tasks and services by outside parties, on a recurring basis that would otherwise be performed in-house in a company."/>

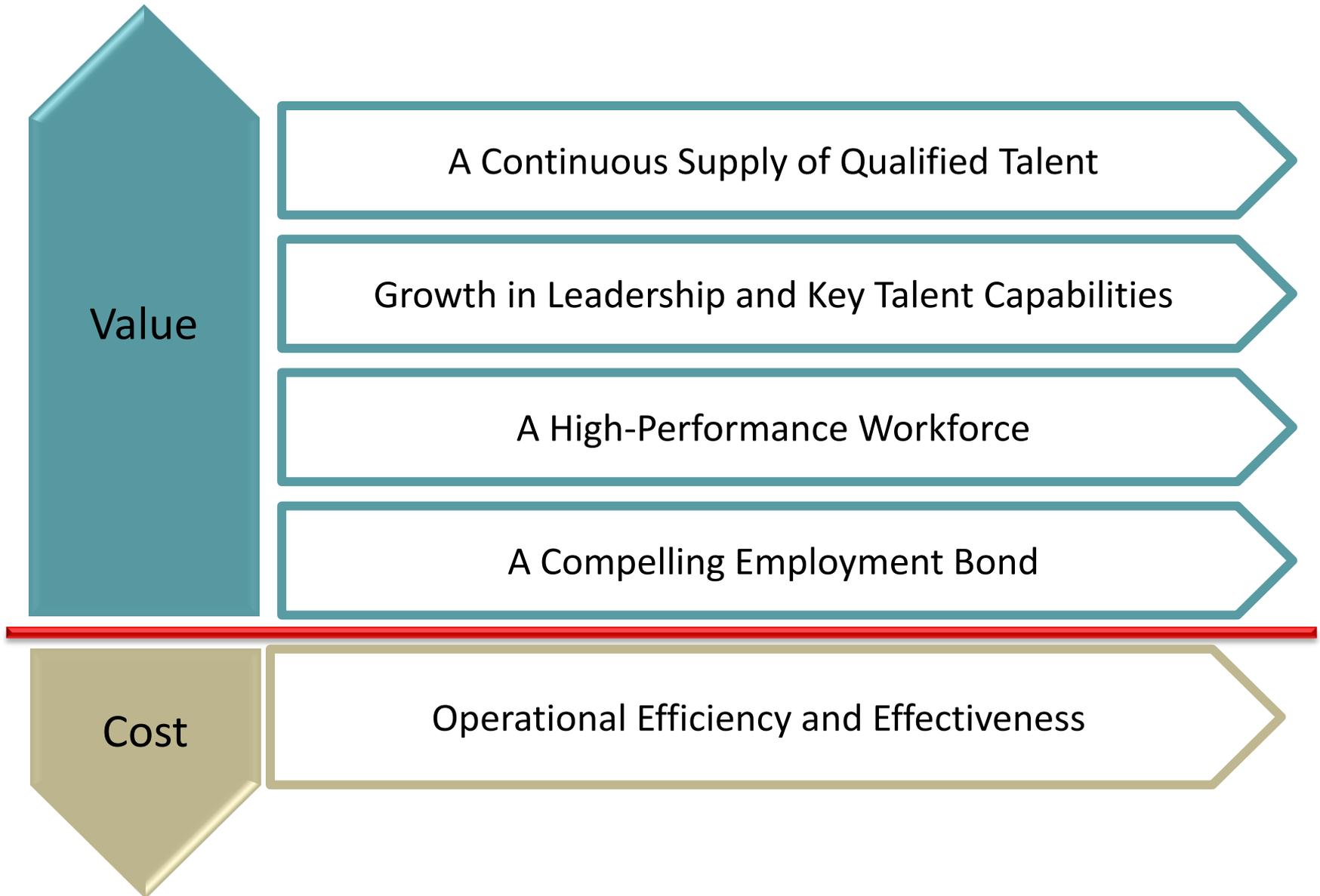
HR Consulting is the performance of HR-related tasks and services by outside parties, on a recurring basis that would otherwise be performed in-house in a company.

Other Definitions

The other terms that are associated with and are synonymous with HR Consulting or HR Outsourcing are:



How HR Consulting Creates Value



Benefits of HR Consulting

- ▶ Provides access to outside HR expertise
- ▶ Provides greater diversity of HR services
- ▶ Provides leverage of using vendor investments in technology rarely available to HR organization
- ▶ Limits fiduciary, audit, and litigation risks and liabilities
- ▶ Provides upgraded level of customer service
- ▶ Eases time pressure demands
- ▶ Good consulting firm can provide 'better, faster, cheaper' service

Risks of HR Consulting



Over promise and under delivery



Non-performance of key functions



Cost of managing and co-ordination



Loss of institutional knowledge



Difficulty in managing vendor relationship



Change in consultant's business or financial stability



Lack of fit with company culture



Organizational resistance or un-readiness

Types of Outsourcing

A business may outsource many of its various functions such as:



Hence, we see that HR Outsourcing is also a key function that is outsourced by a business to outside consultants or commonly known as vendors.

Why Outsource HR Functions?



Allows
internal HR to
focus on core
competencies



Creates
strategic
opportunities
for HR
professionals



Improves
quality,
efficiency,
and
effectiveness



Provides relief
from
administrative
burdens



Reduces
operating
costs

When to Outsource

High HR service
delivery costs

No scope of
further
investment in
technology

To end administration
of transactions and to
focus on strategic
work

To improve
quality of HR
services

Existence of a
strong business
case

Other business
reasons

When Not to Outsource

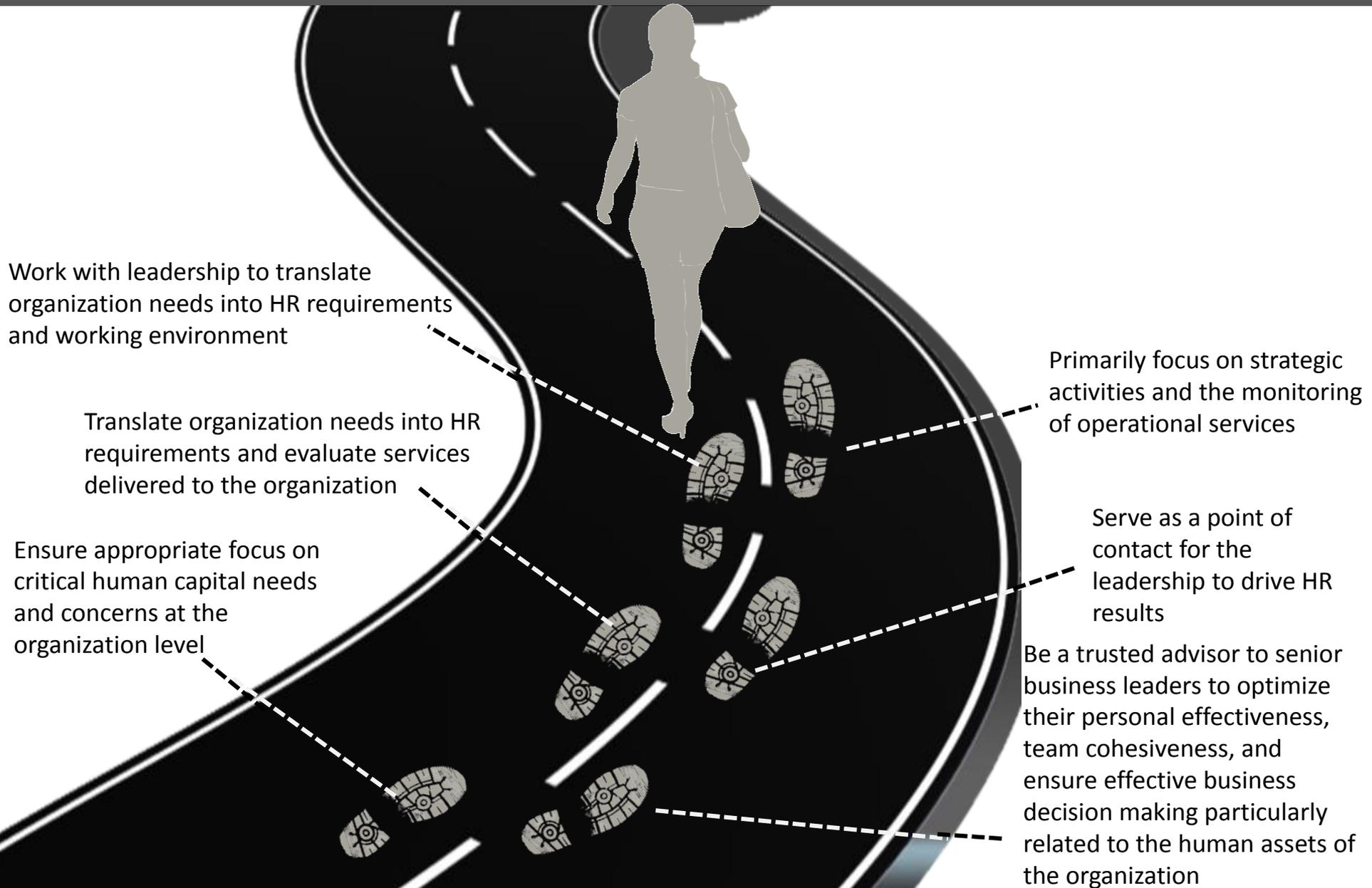


Do not outsource just
because you are
frustrated

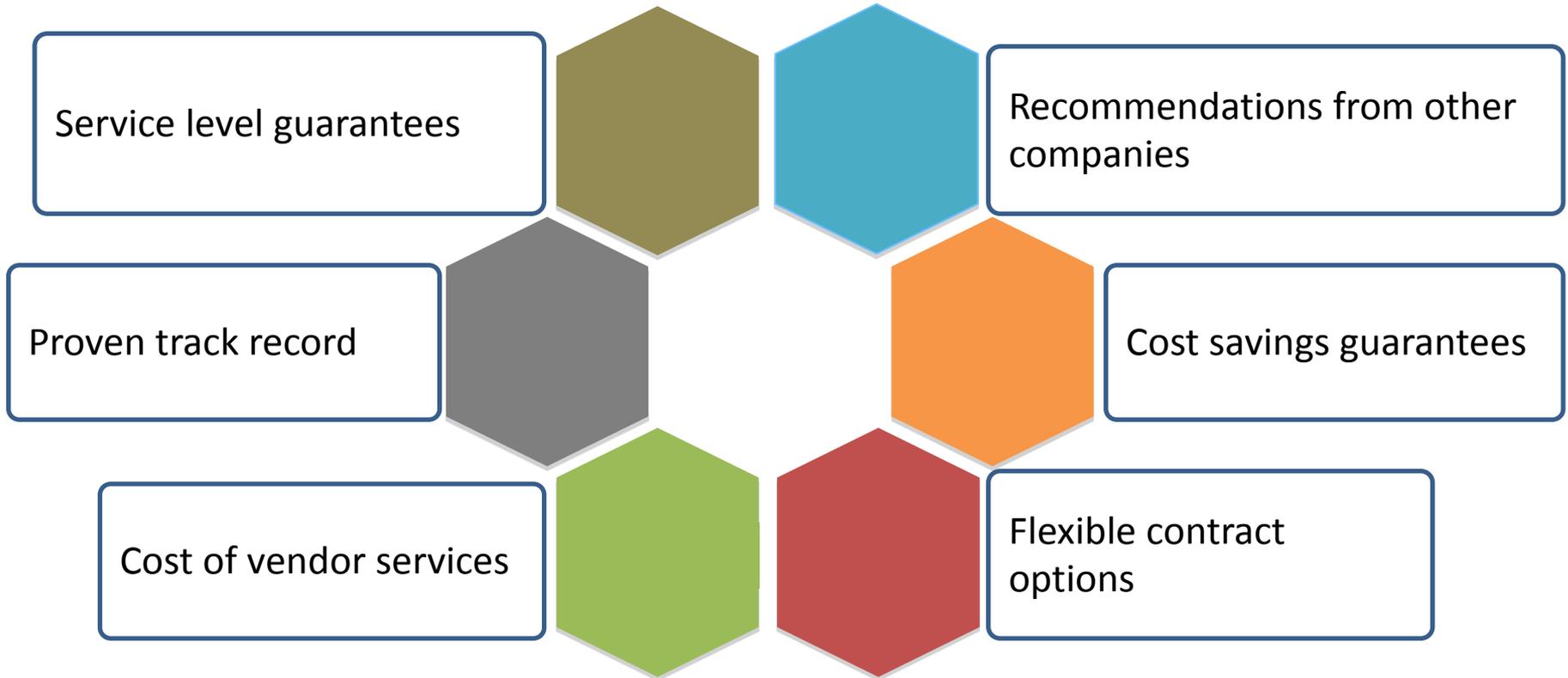


Do not outsource as a
last resort, just
because you have
tried everything else

Role of HR Consultants



Criteria for Selecting an HR Consultant



Criteria for Selecting an HR Consultant

Identify consultant's recent disappointments

Compatible corporate culture

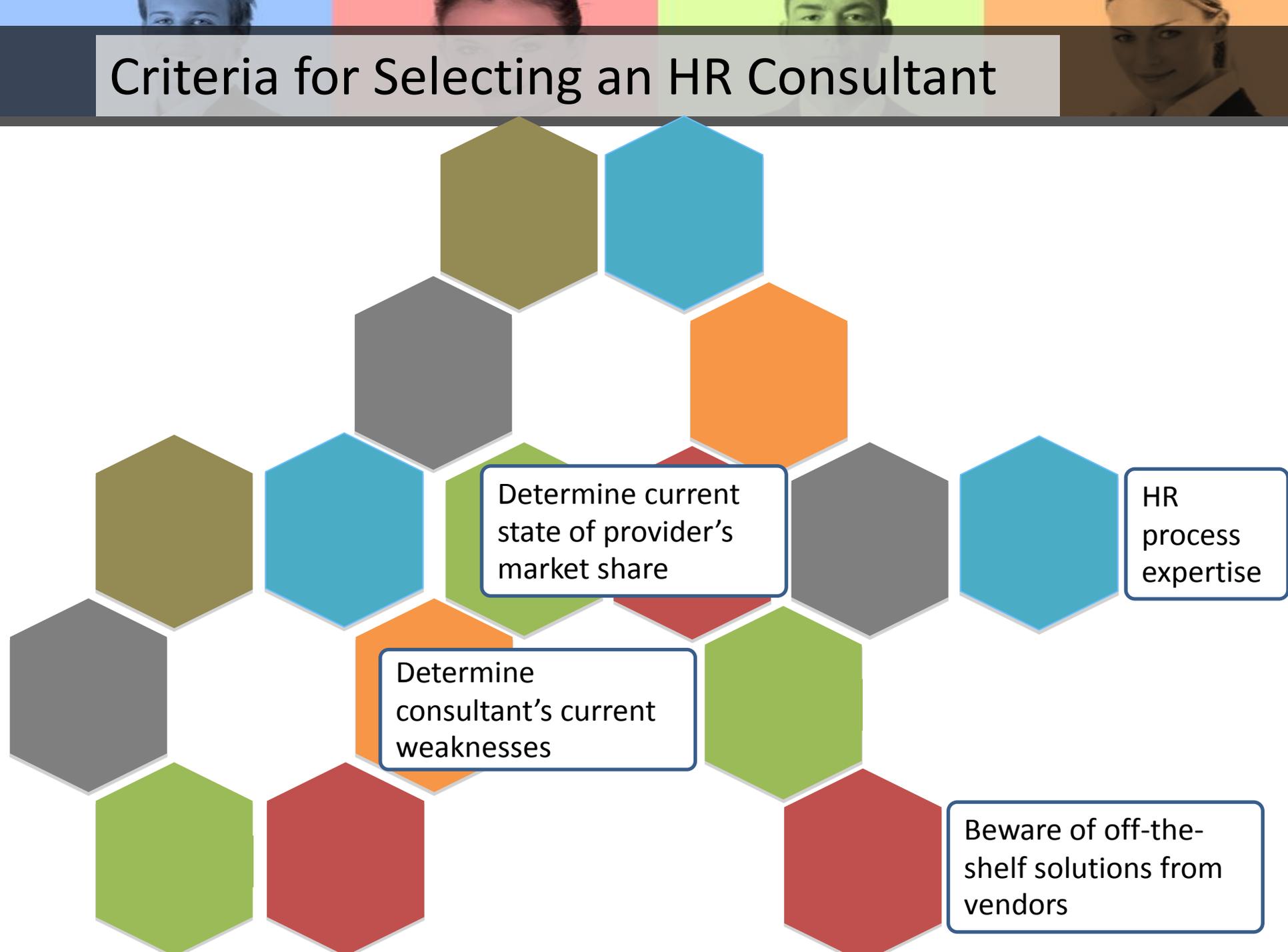
Consider local vs. remote

Determine consultant's current workload and capacity

Use of technology

Identify must have's and nice to have's

Criteria for Selecting an HR Consultant



Determine current state of provider's market share

HR process expertise

Determine consultant's current weaknesses

Beware of off-the-shelf solutions from vendors

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Competencies of a Successful HR Consultant

The following are the requisite competencies of a successful HR Consultant.

1
Facilitating

Organizational
Change

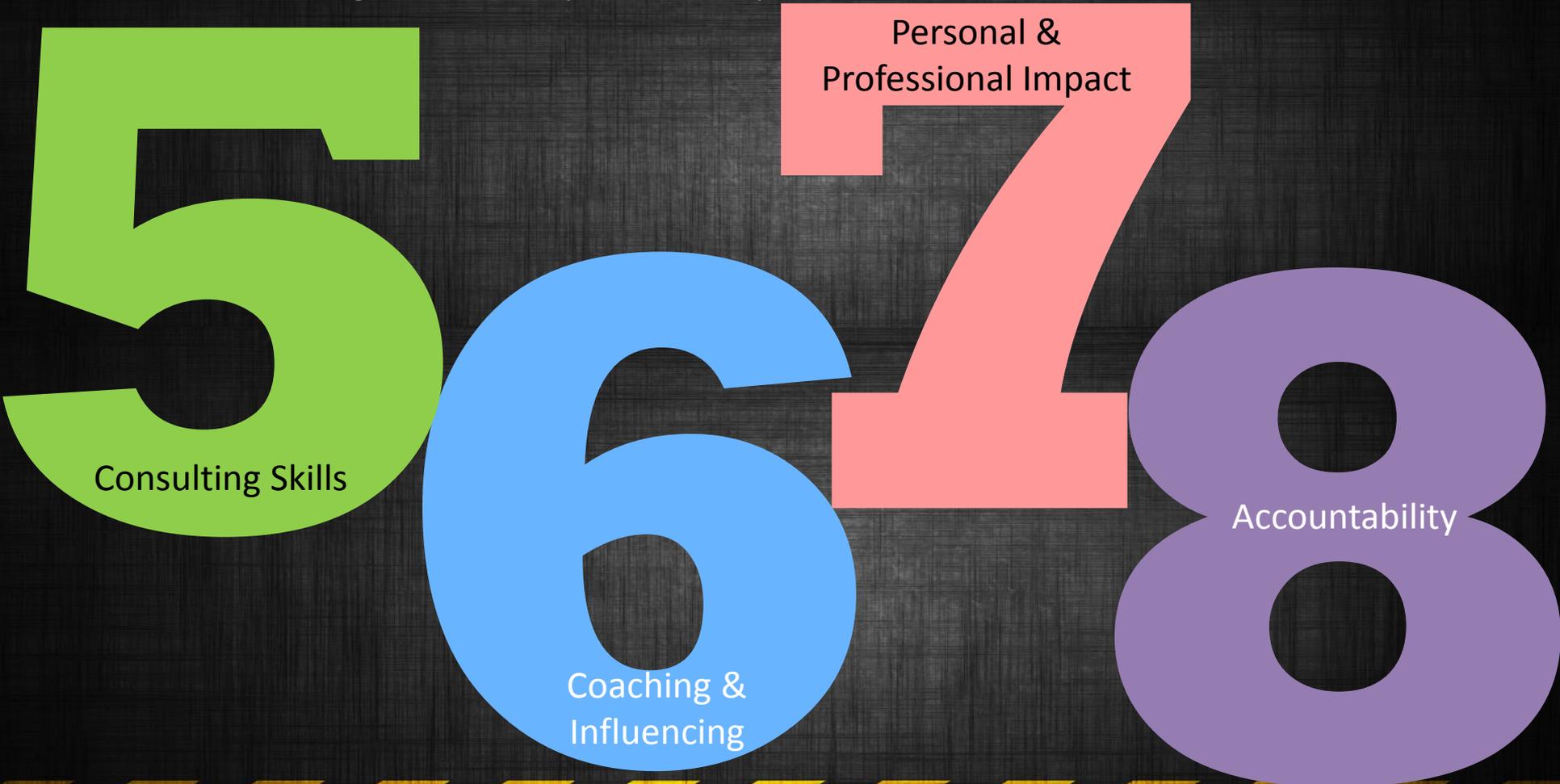
2
Business Acumen

3
Client Service Focus

4
Organizational Assessment

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Do's of HR Consulting

An HR Consultant should:

- Collaborate with leaders
- Participate in management of the business from an HR perspective
- Influence the organizations agenda with regards to talent implications
- Provide broker consulting and advisory services
- Provide input to organization to create innovative HR solutions
- Work with senior management and HR operations to ensure new programs and processes are effectively communicated and implemented within the business
- Provide feedback to senior management about effectiveness of policies, programs, and processes
- Coach and counsel senior leaders on issues of personal effectiveness, leadership, and team cohesion
- Participate in the development of leadership and manage the talent pipeline in the global business unit
- Support culture change initiatives and establish key communication strategies for events that impact people
- Advise senior leaders and managers on serious employee relation issues and manage risk effectively



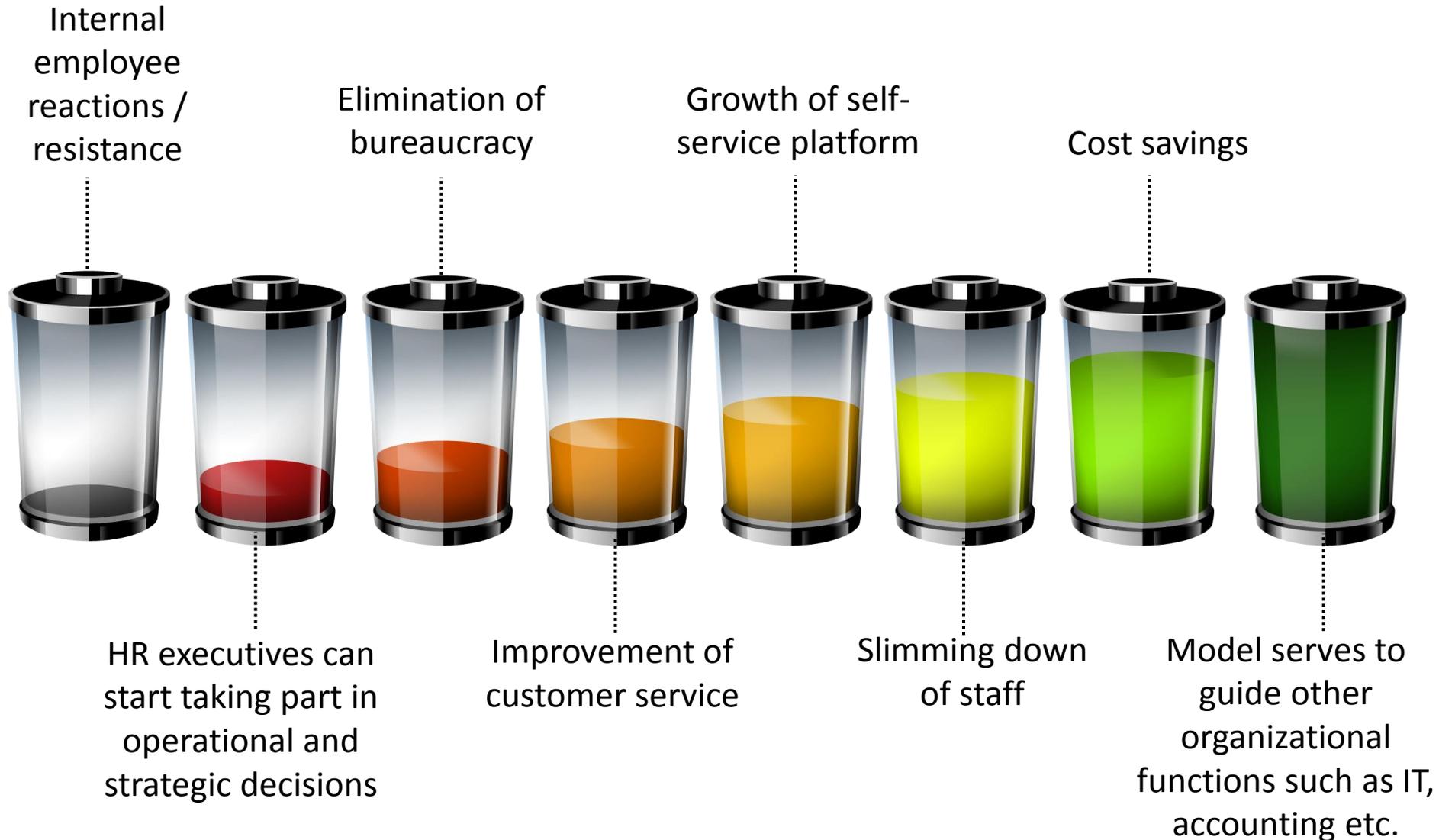
Don'ts of HR Consulting

An HR Consultant should not:

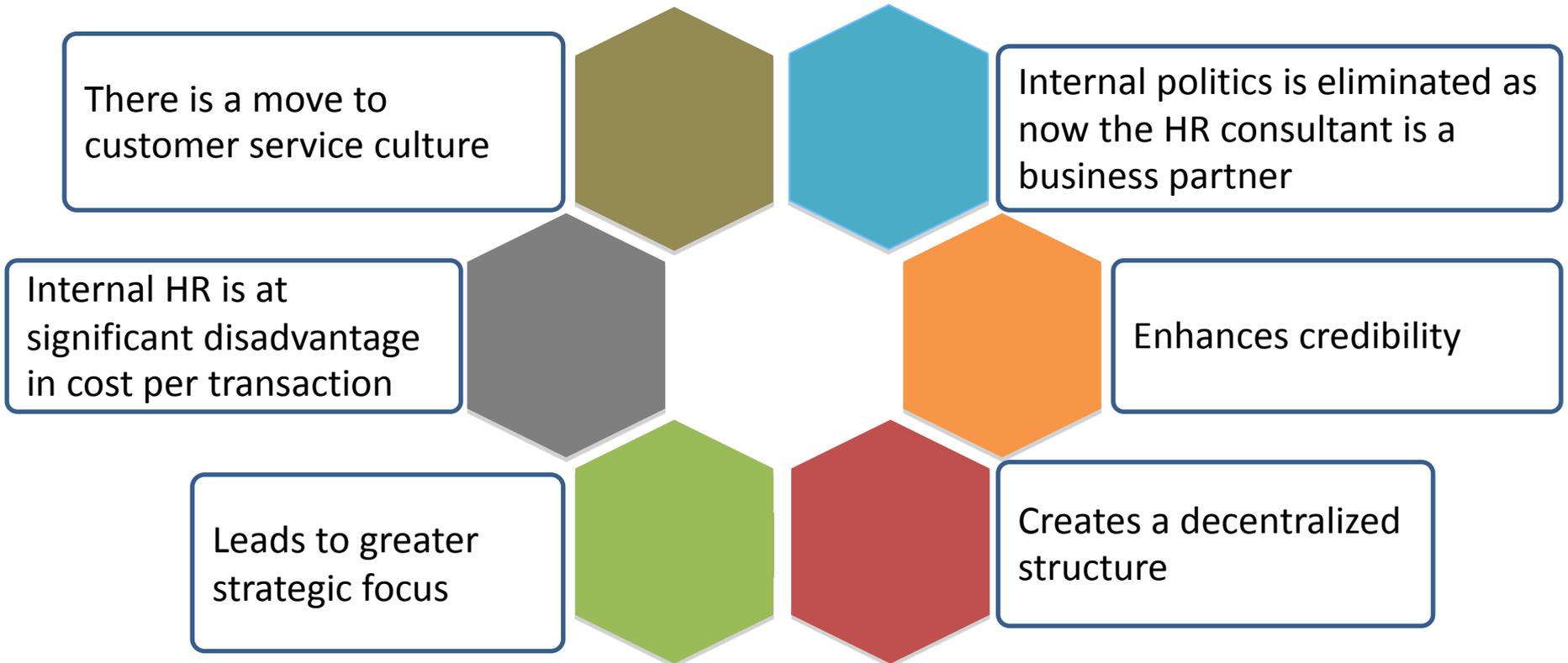
- Manage transactions either for employees or on behalf of managers
- Manage data within the HRIS, other than to view and/or generate reports for analysis purposes
- Involve themselves in more routine employee relation issues
- Answer routine inquiries from employees or managers about policies, programs, benefits, or processes
- Recruit—other than their involvement in interviewing and evaluating candidates for leadership roles
- Facilitate training or facilitate new or revised program implementations



Impact of HR Consulting on Companies



Impact of HR Consulting on HR Profession



Impact of HR Consulting on HR Profession

Leads to the development of new roles – consultant and HR strategist

HR becomes more transparent and more visible as organizational function

Develops competencies to remain valuable

Alignment of HR strategy with corporate goals

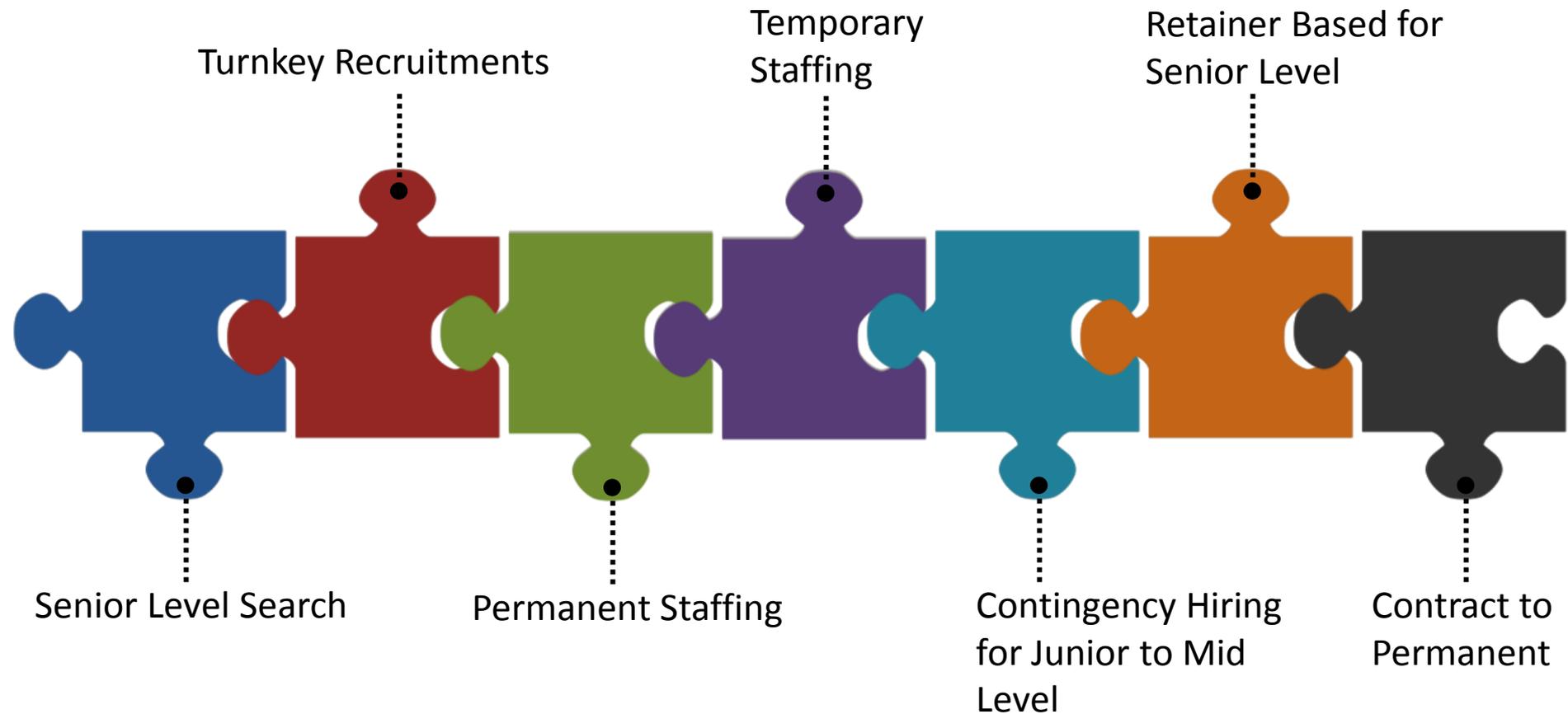
Leads to Management and Organizational Development as they can concentrate on the big picture view

HR is far more measurable



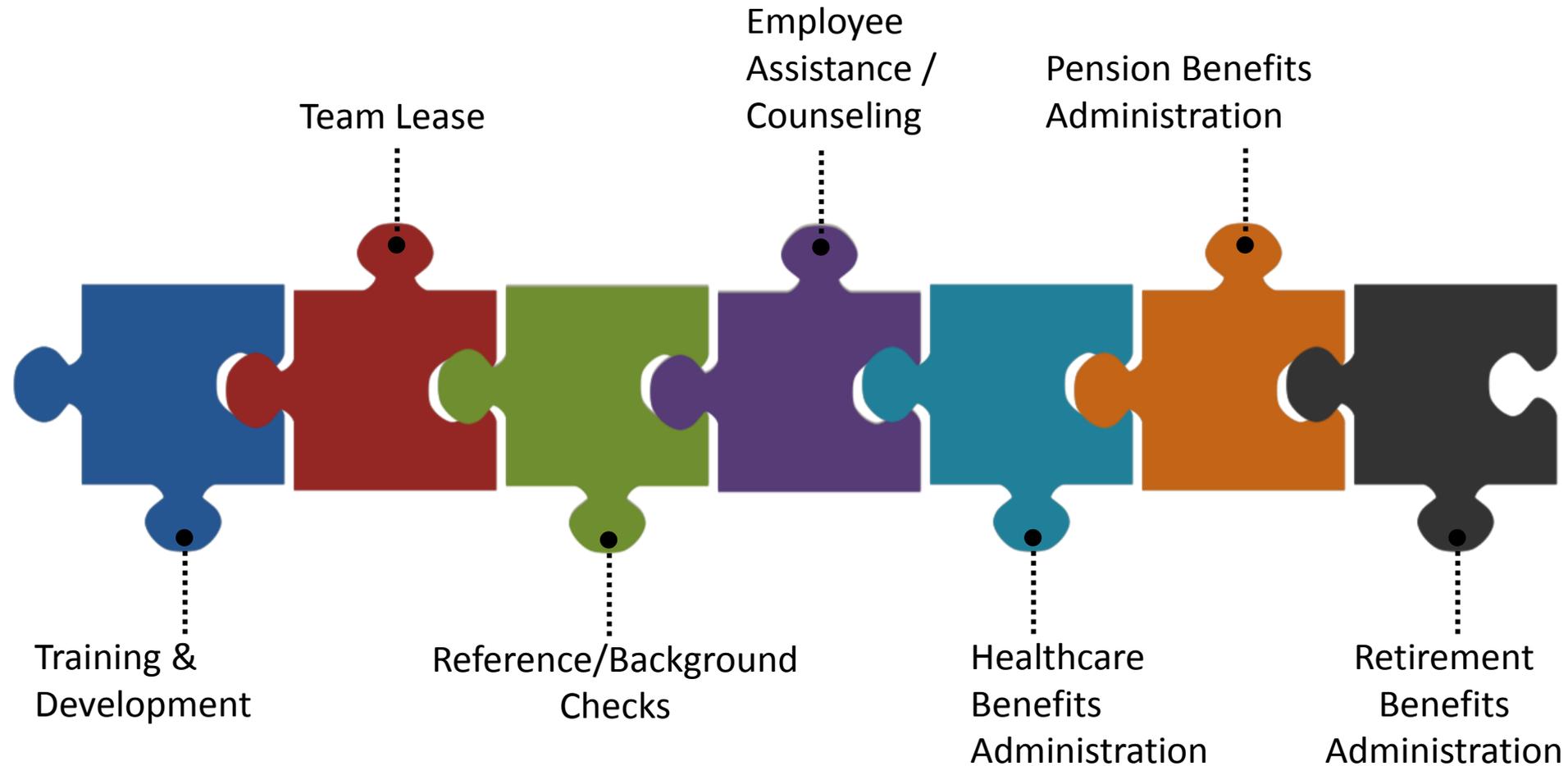
HR Consulting Services

There are various services that an HR Consulting firm will provide to its clients. Some of these services are as follows:



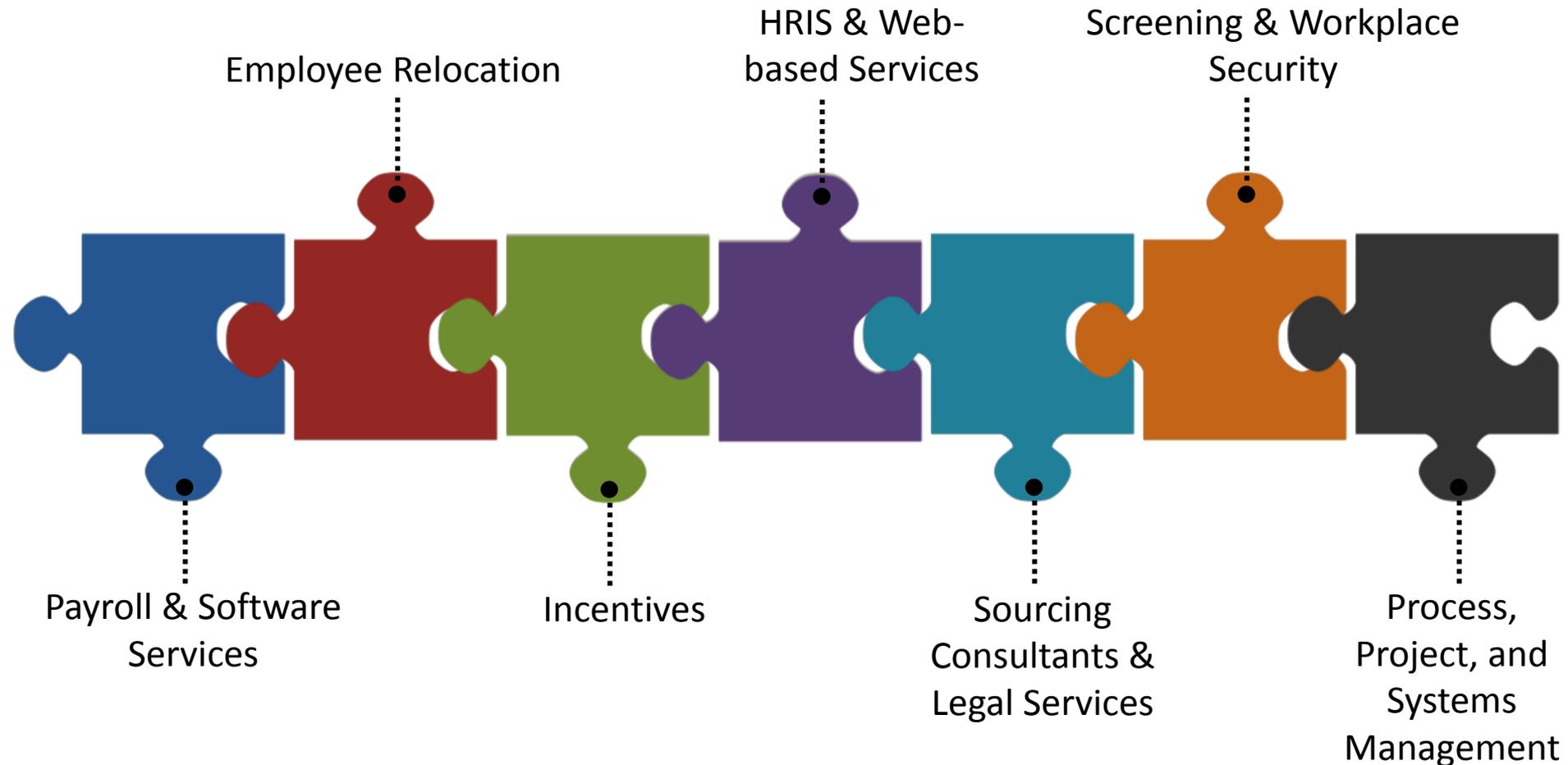
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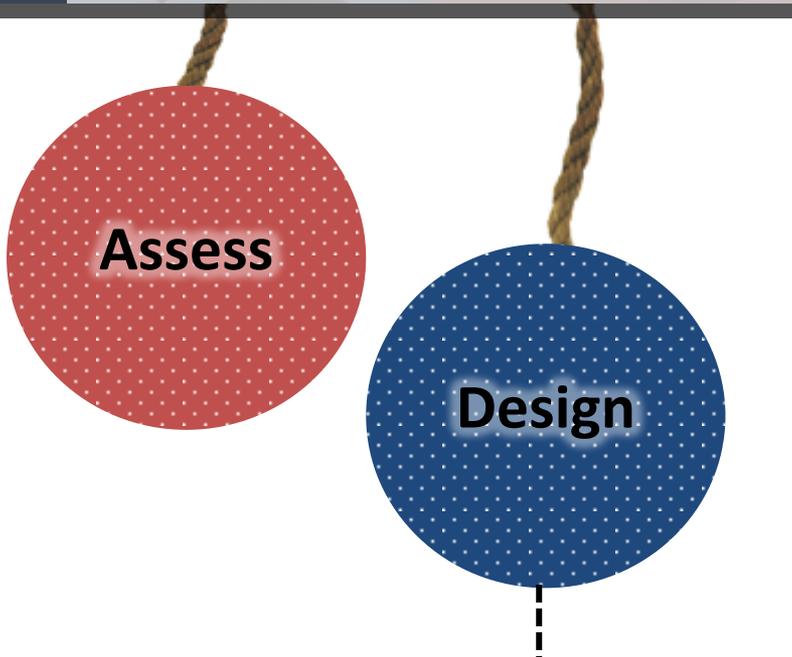
Consultative Process



Assess

- Ask great questions
- Don't accept a quick answer as to what's wrong
- Collect and use data to understand
- Get at root cause

Consultative Process

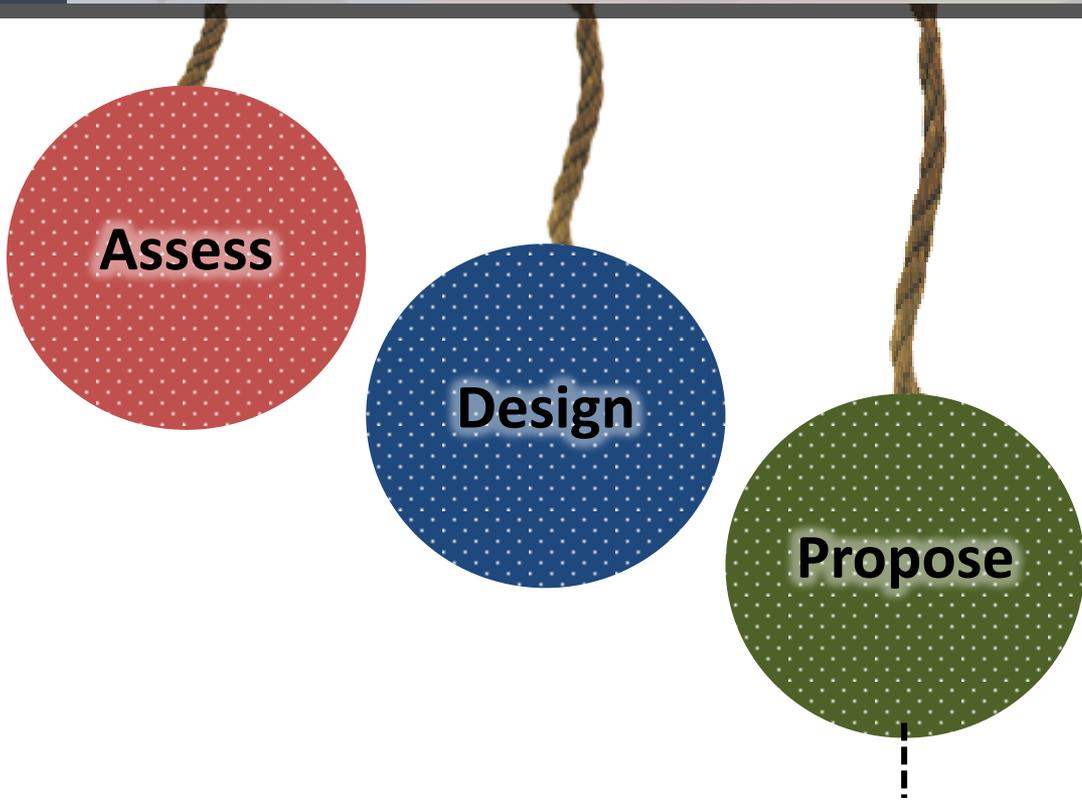


Assess

Design

- Look at alternative solutions and leading practices
- Break the solution down into manageable components
- Consider all the implications
- Architect a solution and a rationale

Consultative Process



Assess

Design

Propose

- Create the compelling story as to why this will work
- Define what the organization can expect to see
- Be clear on pros/cons and how you evaluated them

Consultative Process

Assess

Design

Propose

Implement

- Test or pilot first, if possible
- Plan well, execute flawlessly
- Listen, look at processes and seek feedback

Consultative Process

Assess

Design

Propose

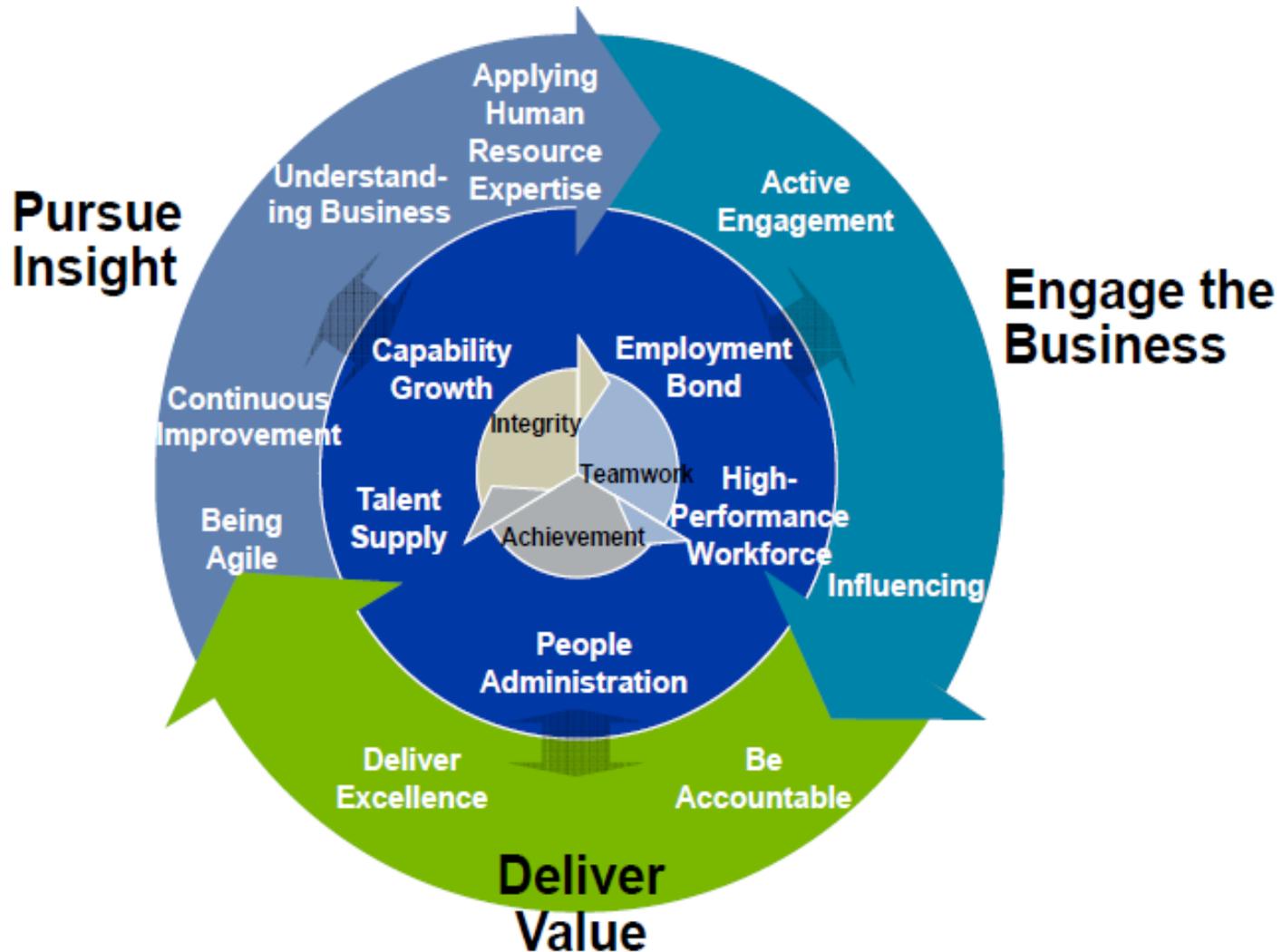
Implement

Measure

- Gather data on the impacts
- Don't be afraid of failure; tweak the process
- Share the results; institutionalize the learning

HR Consulting Capability Framework

Look at the given image. It shows the various roles and responsibilities that an HR Consulting firm should fulfil for its clients.



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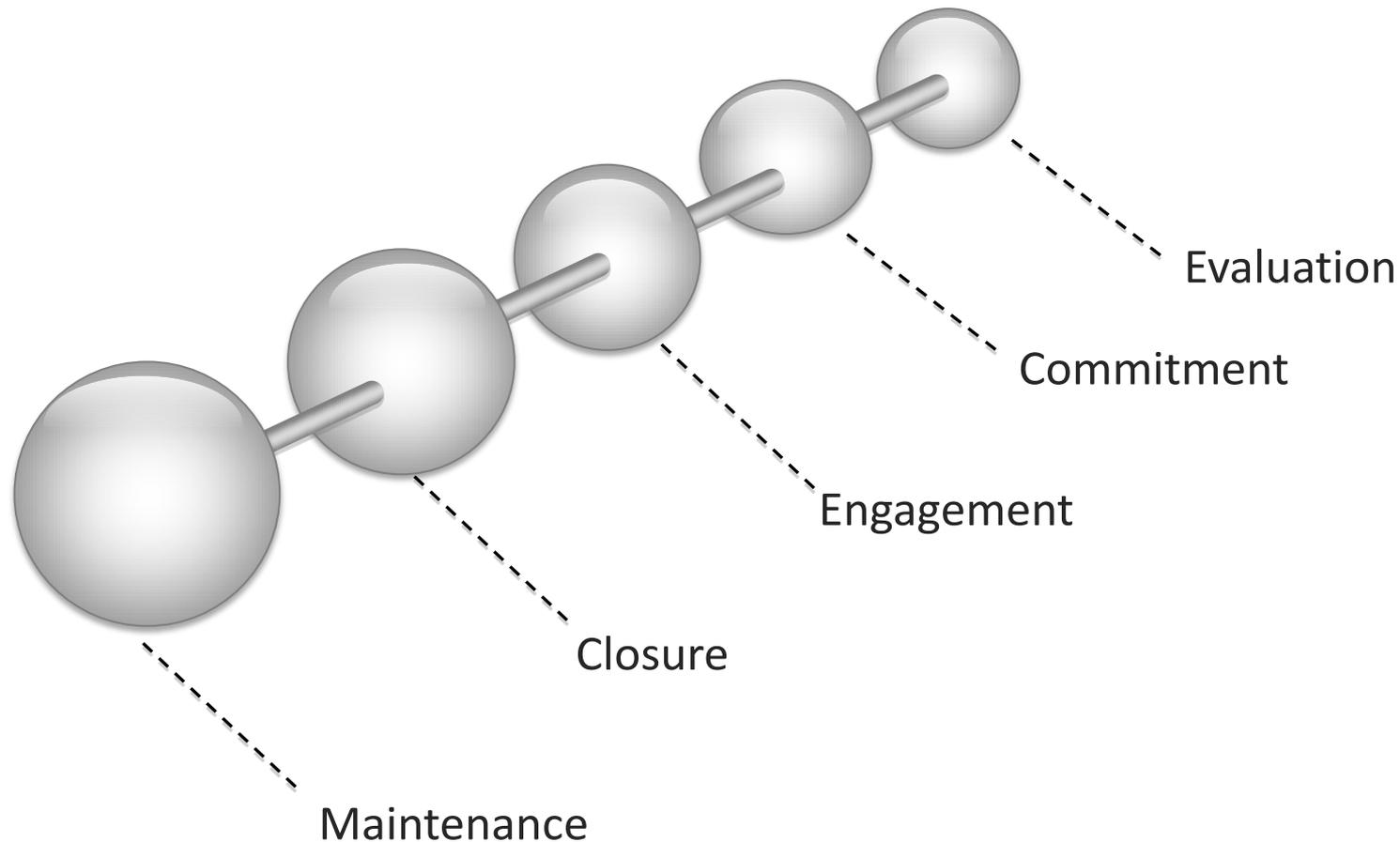
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Stages in the Consulting Process

The following are the stages of the consulting process:



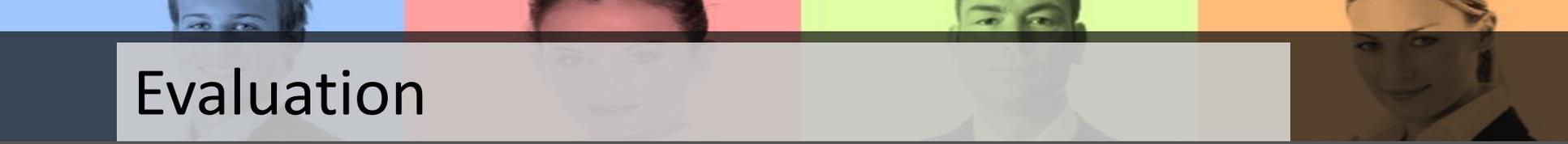
Let us look at each in detail.

Evaluation

Objective:

The main objective of the evaluation stage is to ensure that all factors related to the opportunity are considered prior to committing resources to propose for the work. This stage determines whether the client is one that the delivery organization is willing to be associated with, and that the opportunity is one the delivery organization wishes to undertake.





Evaluation

Activities

- High level lead qualification
- Client organization analysis
- Approach development
- Opportunity assessment

Evaluation

Output:

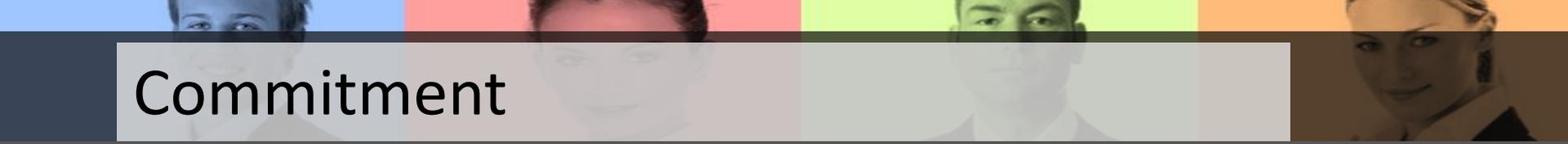
- An approach to the potential project
- Stakeholder identification
- Scope & objectives
- Initial effort and cost estimates
- Project plan outline
- Skills required
- Staffing approach
- Outline of the value proposition
- Potential benefits
- Critical risks
- Basis of contract terms

Commitment



Objective:

The objective of the commitment stage is to reach a mutually acceptable agreement on how to perform the project. The Commitment stage provides a framework for considering all factors related to the potential project prior to signing a contract. A detailed understanding of all aspects of the potential project is developed. This provides the foundation for the project and is embodied in a clear and mutually understood contract. It is very important to have a contract that covers all the work to be undertaken.



Commitment

Activities

- **Potential change identification**
- **Scope definition**
- **Project approach development**
- **Proposal and contract development**
- **Contract negotiation and agreement**

Commitment

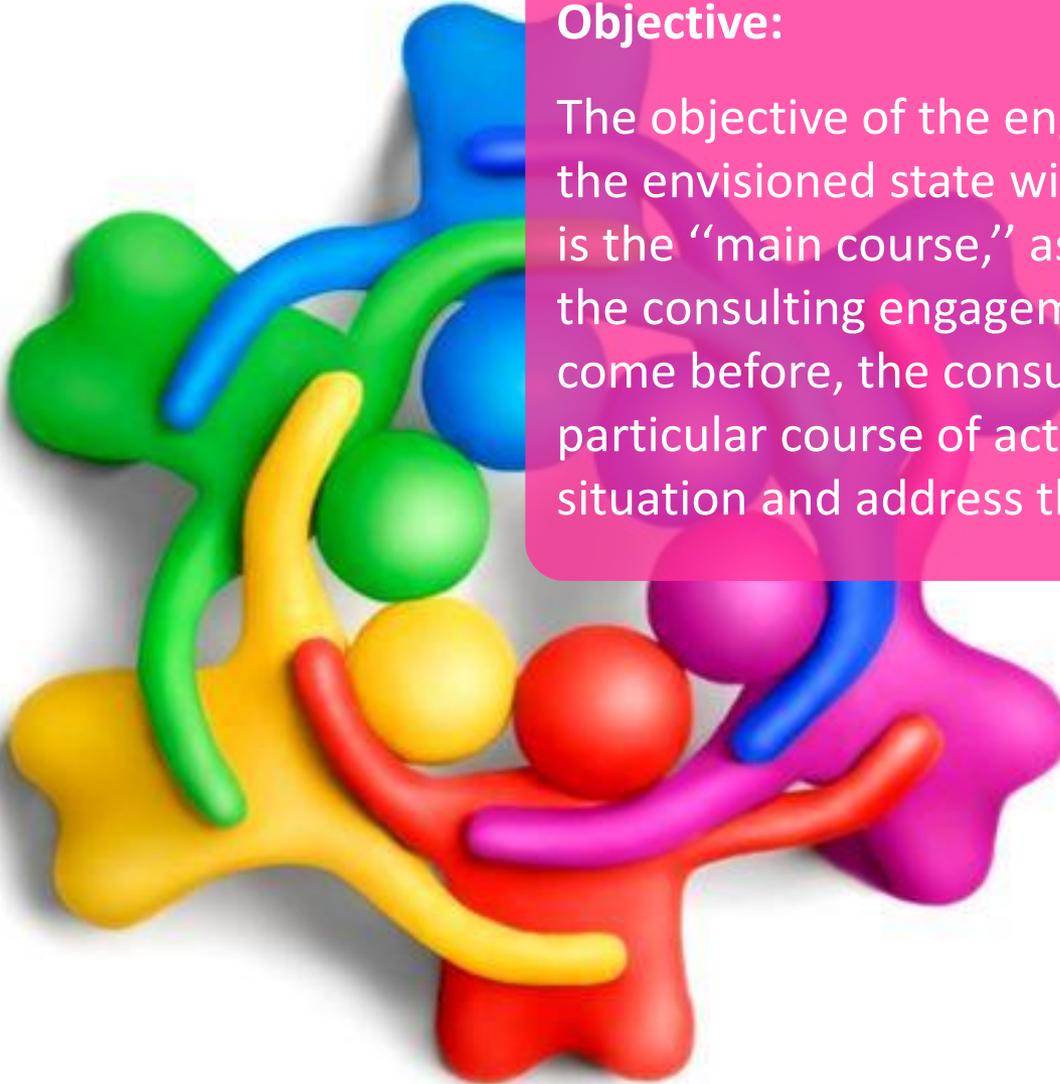
Output:

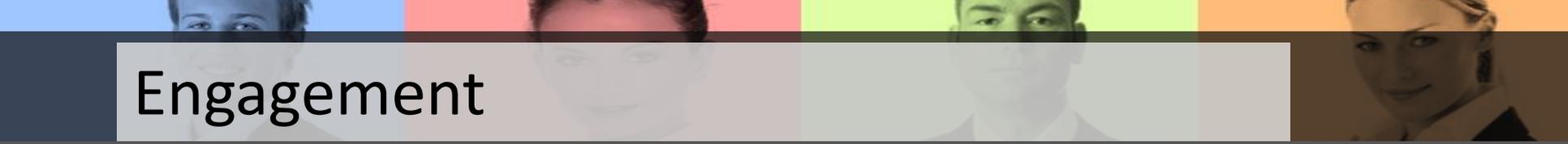
- An approach, scope and objectives to the potential project
- A contract is signed or the HR consulting organization decides not to propose
- The client rejects the HR consulting organization's final proposal

Engagement

Objective:

The objective of the engagement stage is to transition to the envisioned state within the agreed scope. This stage is the “main course,” as it represents the focal point of the consulting engagement. Building upon what has come before, the consultant progressively undertakes a particular course of action to deal with the client’s situation and address the organization’s needs.





Engagement

Activities

- Mobilize team
- Analyze issues
- Envision solution
- Implement recommendation
- Manage the stage with project management processes

Engagement

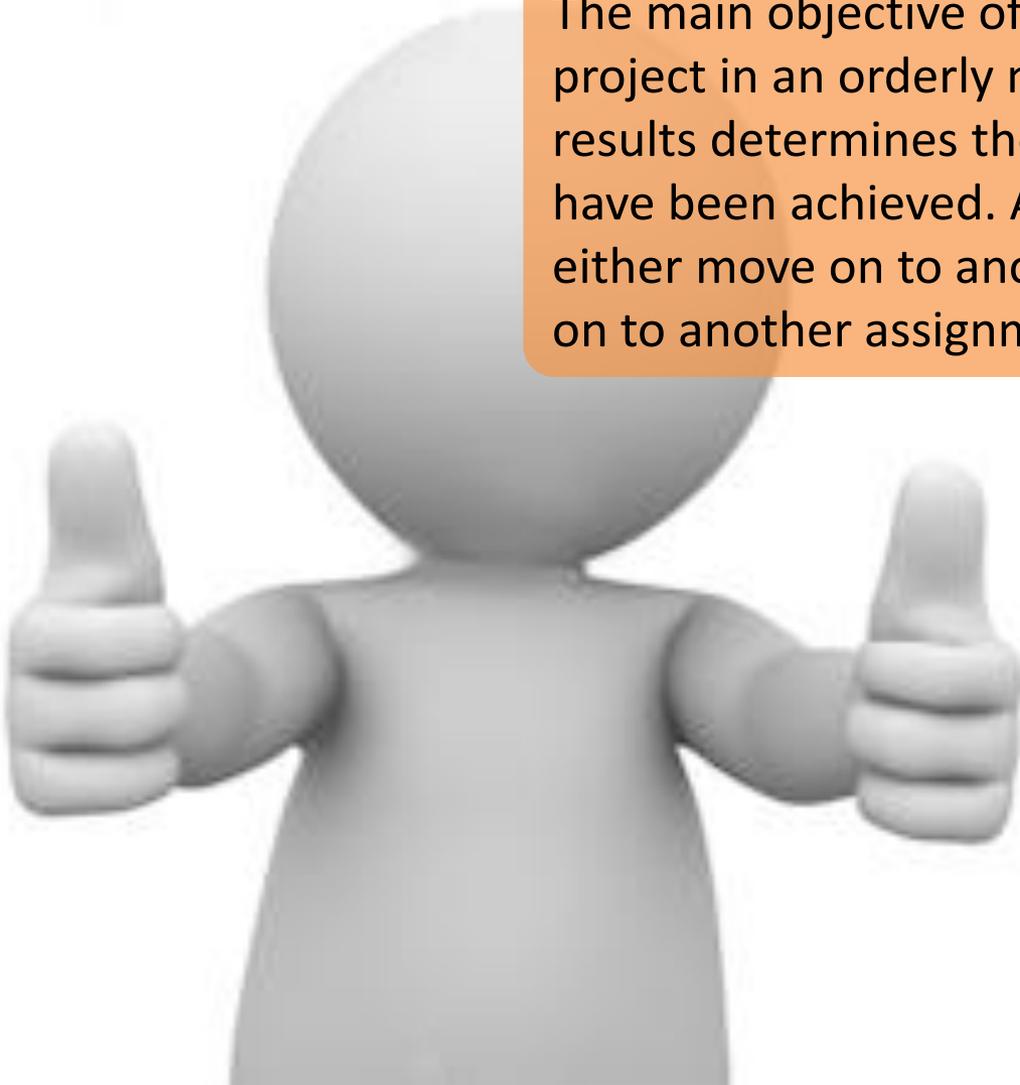
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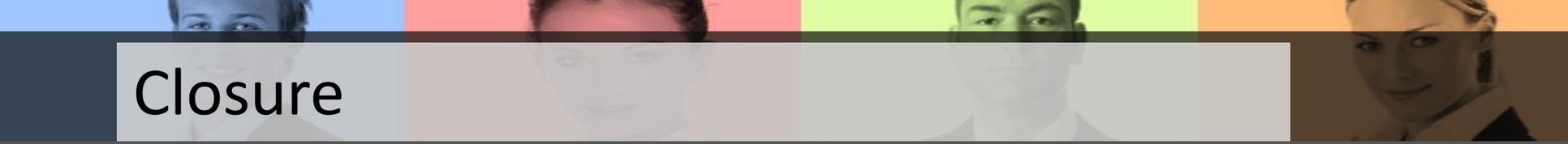
- Project charter
- Supporting project management documentation
- Sign offs on phase deliverables/ intermediate work products
- Final deliverable to meet the project objective

Closure

Objective:

The main objective of the closure stage is to close the project in an orderly manner. Evaluation of project results determines the extent to which anticipated goals have been achieved. After closure the consultant may either move on to another project for the client or move on to another assignment elsewhere.





Closure

Activities

- Review project
- Measure client satisfaction
- Harvest project knowledge
- Confirm project completion
- Demobilize team
- Finalize billing and collection

Closure

Output:

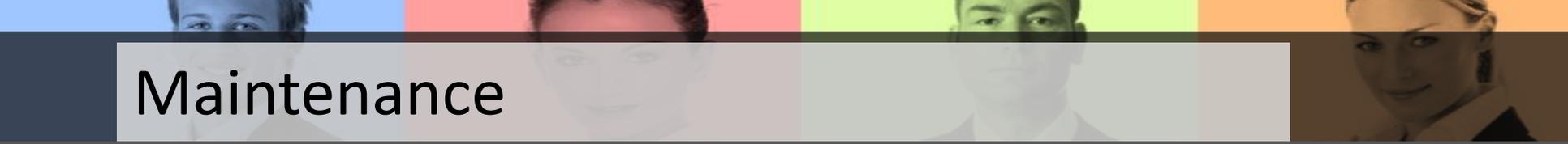
- Plan for continuous maintenance and improvement
- Formal evaluation documentation, including evaluation criteria and measurement, and summary reports
- Informal debriefings

Maintenance



Objective:

The maintenance stage is the period during which consultants develop a post-project strategy for maintaining client contact, protecting their investment, and migrating their involvement to other areas within the account.



Maintenance

Activities

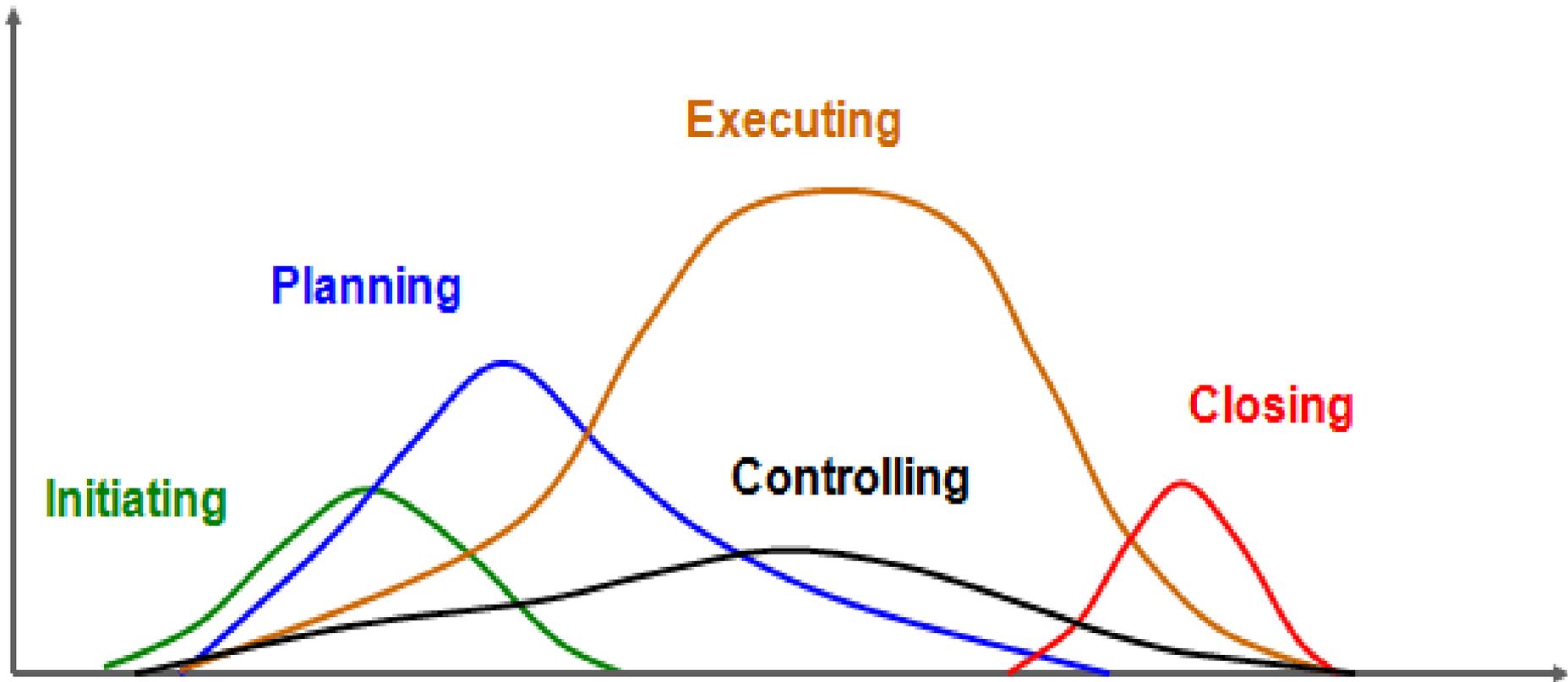
- **Providing client management with information current/ future events**
- **Receiving feedback on success by client management as a result of consulting assignment**

Maintenance

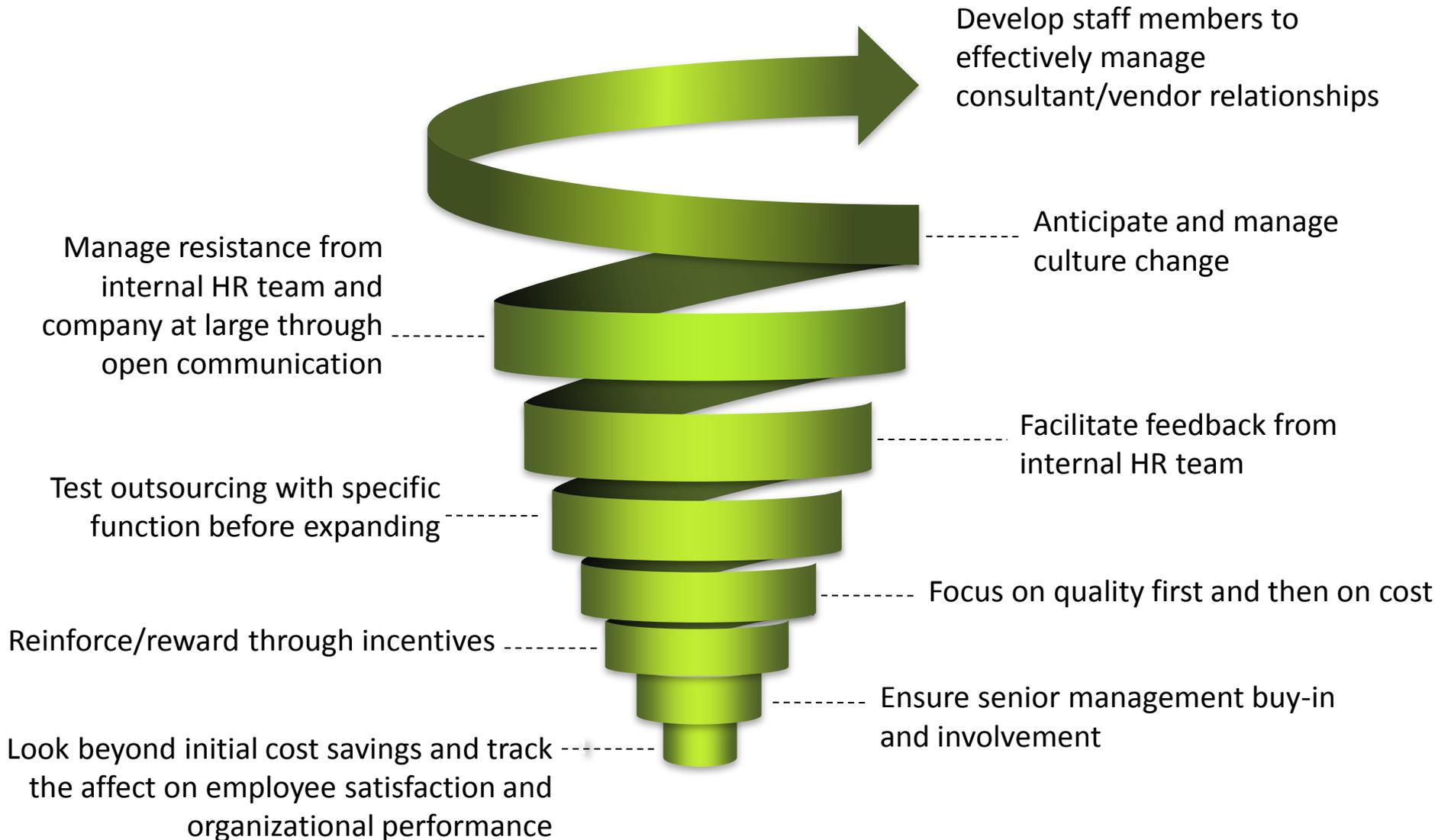
Output:

- Better relationship between the client and the consultant
- A returning client for a subsequent assignment

Process Overlaps



Managing the Consulting Process



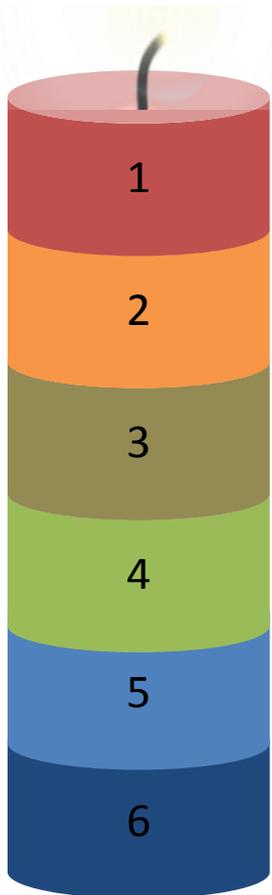
Measuring Performance

It is very important to measure the effectiveness of the HR Consultant as it helps the company to know if the desired results are achieved or not.



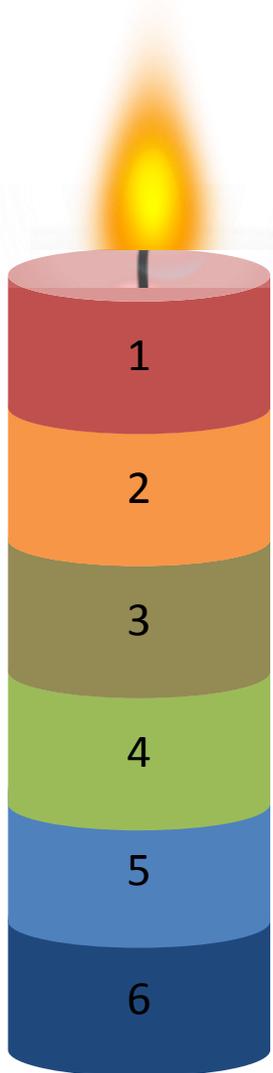
Measuring Performance

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Measuring Performance

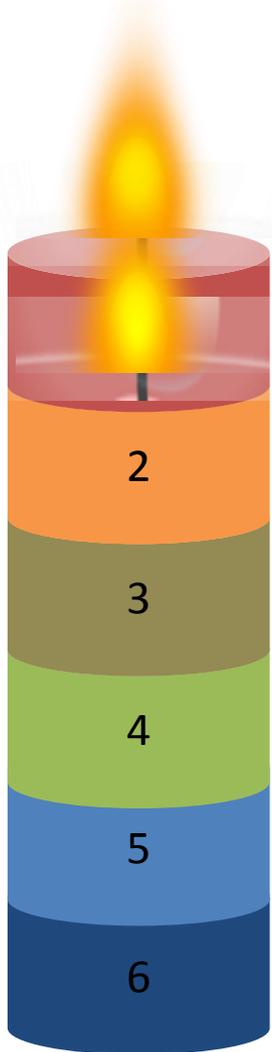
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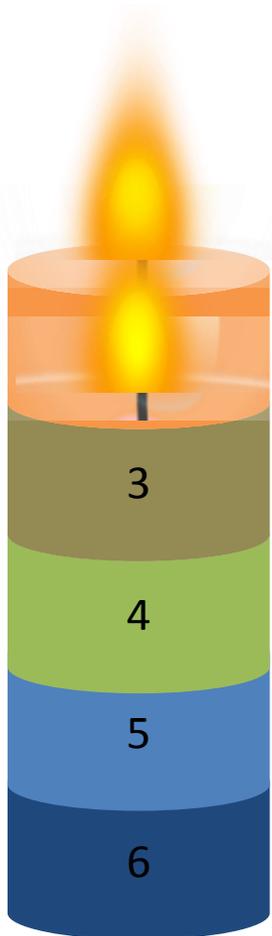


Insist on accurate and frequent status reporting by consultant/vendor

Demand immediate notification when problems arise

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Establish proper and well-defined performance metrics

Measuring Performance

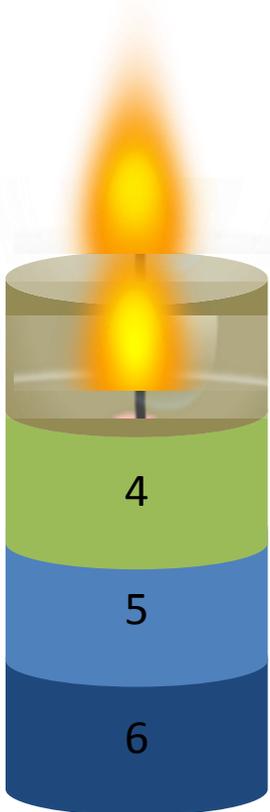
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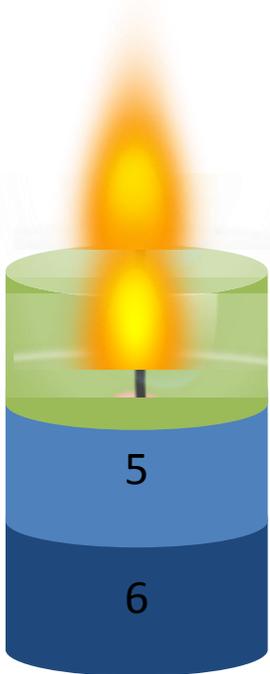
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Spread the measurement phase to incorporate multiple time periods



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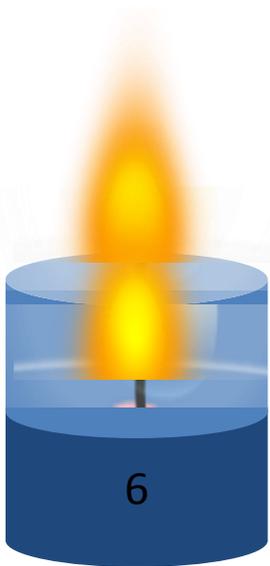
Demand immediate notification when problems arise

Establish proper and well-defined performance metrics

Ensure that major part of the metrics are in quantitative terms

Spread the measurement phase to incorporate multiple time periods

While measuring, consider and reflect upon the investments today that would yield payoff in future periods



Performance Metrics



It is crucial that the performance measurement of the consultant is carried out on a regular basis.

It is also crucial that well-defined and proper performance metrics are used to measure the consultant's performance to rule out any ambiguity in the performance results.

Performance Metrics

A few performance metrics that are used for measuring a consultant's performance are:



Let's look at each in detail.

Performance Metrics



- **Effectiveness**
- **Efficiency**
- **Quality**
- **Productivity**

**Internal
Metrics**

Performance Metrics

- Revenues
- Expenses
- Market share
- Customer relations
- Quality
- Productivity
- Cost savings

External Metrics

A 3D white figure stands in the center, holding a large wooden arrow that points to the right. The arrow has the text "External Metrics" written on it. To the right of the figure is a large brown sack and several stacks of money. The background is white with a dark vertical bar on the left side.

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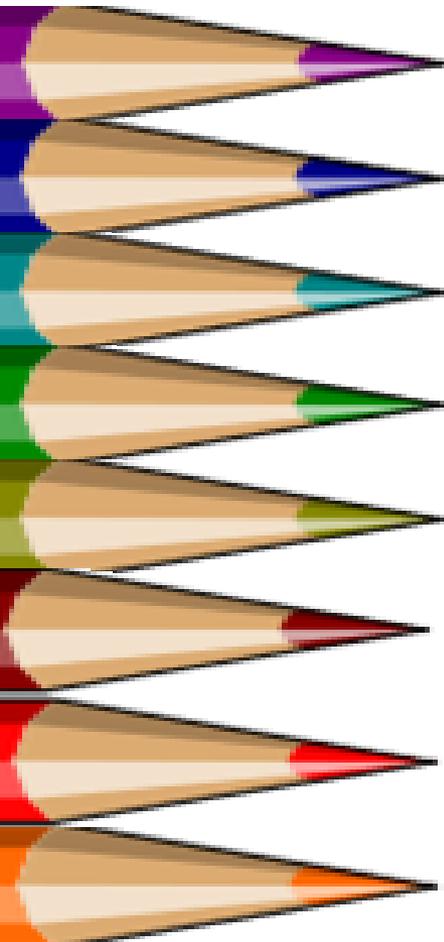
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Overview of HR Consulting Process Model

The following are the high-level stages involved in an HR consulting process model:

- **Planning to outsource**
- **Exploring strategic initiatives**
- **Analyzing costs/performance**
- **Selecting providers**
- **Negotiating terms**
- **Specifications of Contract**
- **Transitioning process and resources**
- **Managing relationships**



Let us look at each in detail.

Planning to Outsource

- **Planning to outsource**



Prepare HR

- Develop and communicate new HR strategy
- Define new roles and responsibilities
- Restructure HR
- Hire new employees to fill skill gaps
- Provide training for employees in new roles

Prepare Organization

- Develop HR strategy within overall organizational strategy
- Create and enforce an effective communication plan
- Resolve issue of whose payroll the various individuals are on
- Consider whether all or some of the HR employees should be employees of the provider
- Consider whether the Head of HR should be an employee of the company or the provider

Exploring Strategic Initiatives

- Exploring strategic initiatives



- **Assessment:**
 - Define opportunities and benefits
- **Self examination:**
 - Build the business case – consider all costs and impacts on organization
- **SWOT of HR department:**
 - All functions that are not core competencies should be considered for HR outsourcing and no HR function should be grayed out for outsourcing consideration.
- **Organizational scan:**
 - Consider the driver behind HR outsourcing decision

Analyzing Cost/Performance

- Analyzing costs/performance

- 
- Understand market trends and competitive position
 - Identify goals and objectives
 - Determine added value
 - Gather baseline HR costs and metrics
 - Compare current HR operations to benchmarks
 - Determine which processes have highest strategic importance and add most value

Selecting Providers

- Selecting providers

- 
- Providers can be identified and selected through:
 - Referrals/Networking
 - Newspapers and Magazines
 - Internet
 - Mailings
 - Professional Association Lists

Negotiating Terms

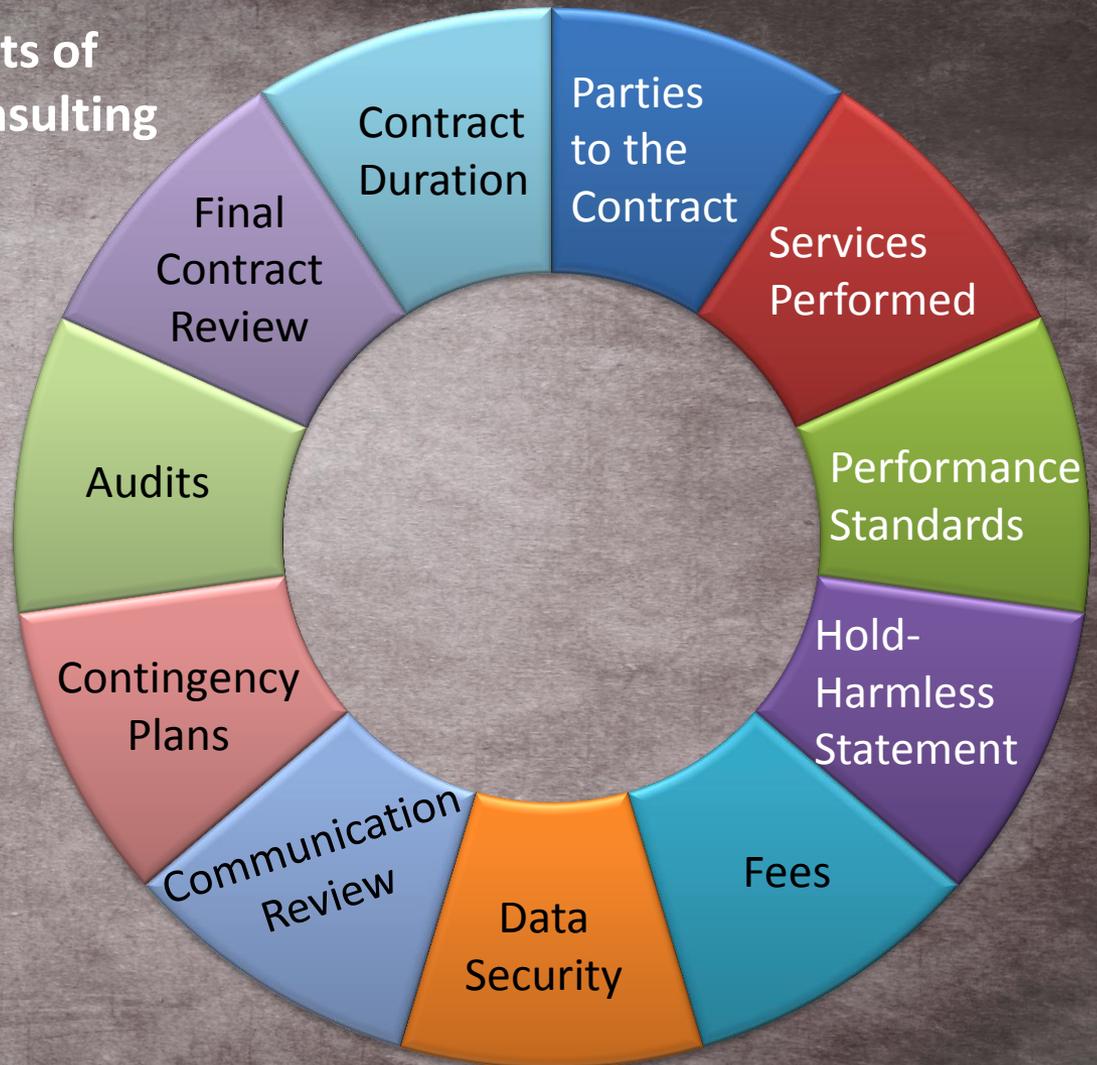
- **Negotiating terms**

- It is important to negotiate clearly the terms of the contract with the HR Consultant. The negotiating terms should clearly articulate that if for any reason contract negotiations should fail to produce mutually agreeable document within specified time frame, you will move to runner-up vendor.
- The key points to be kept in mind during the negotiations are:
 - Good contracts make good partners
 - Maintain heat of competition during negotiation
 - The negotiation terms should be reasonable and have clearly established expectations
 - The terms should include well-documented deliverables regarding every aspect of deal
 - There should be the involvement of an attorney and legal binding in the terms

Specifications of Contract

- Specifications of Contract

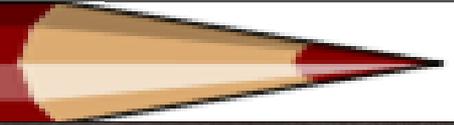
The following are the key aspects of the specifications of the HR Consulting contract:



Let us look at each in detail.

Specifications of Contract

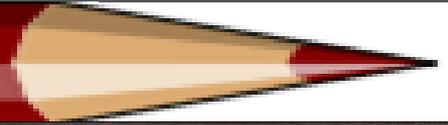
- Specifications of Contract



- Exact beginning and ending dates of the relationship
- Financial penalties for early termination

Specifications of Contract

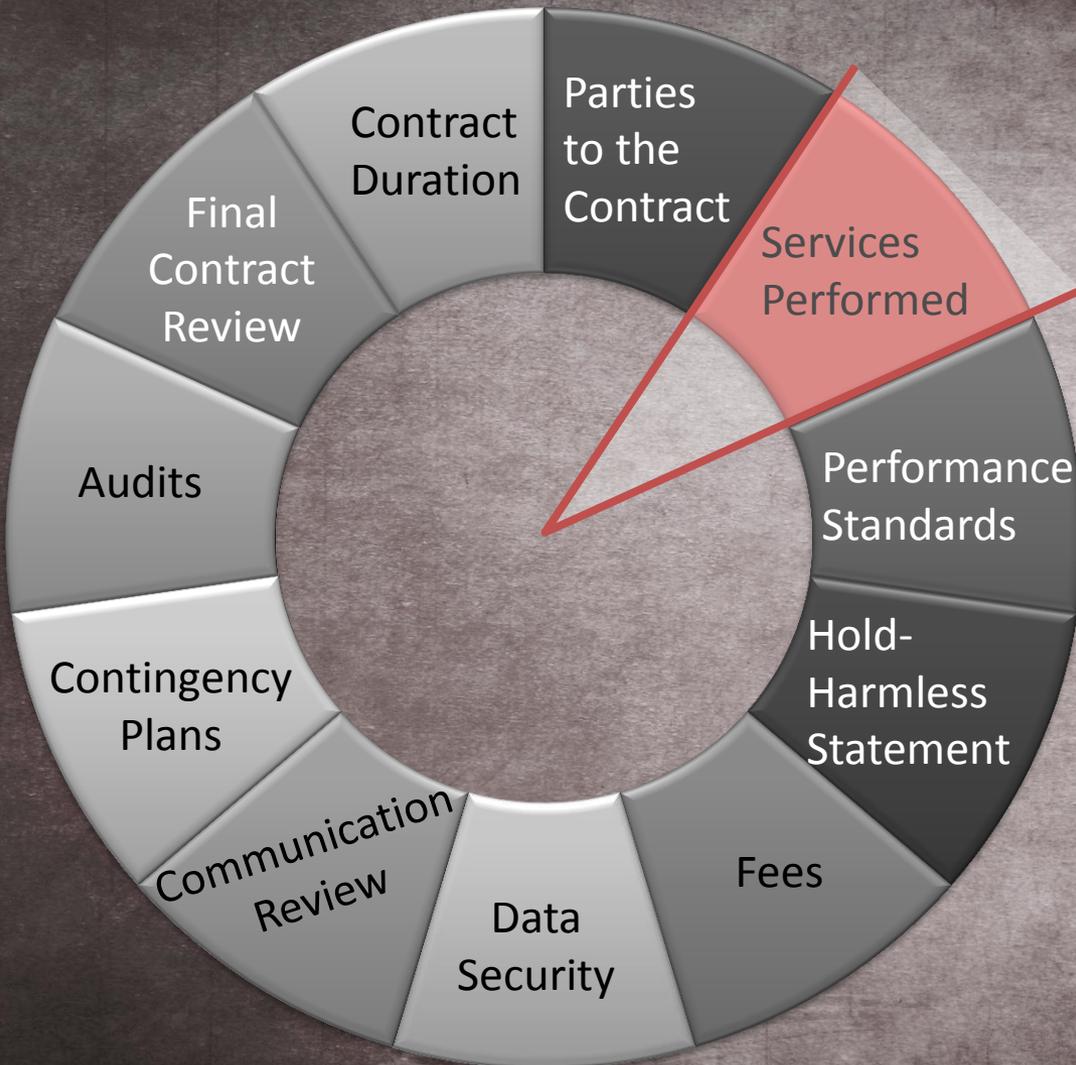
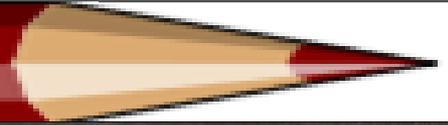
- Specifications of Contract



- Allow for additions or deletions (in case of acquisitions or divestitures)
- Require vendor to name all subcontractors and give the company the right of approval for those introduced later

Specifications of Contract

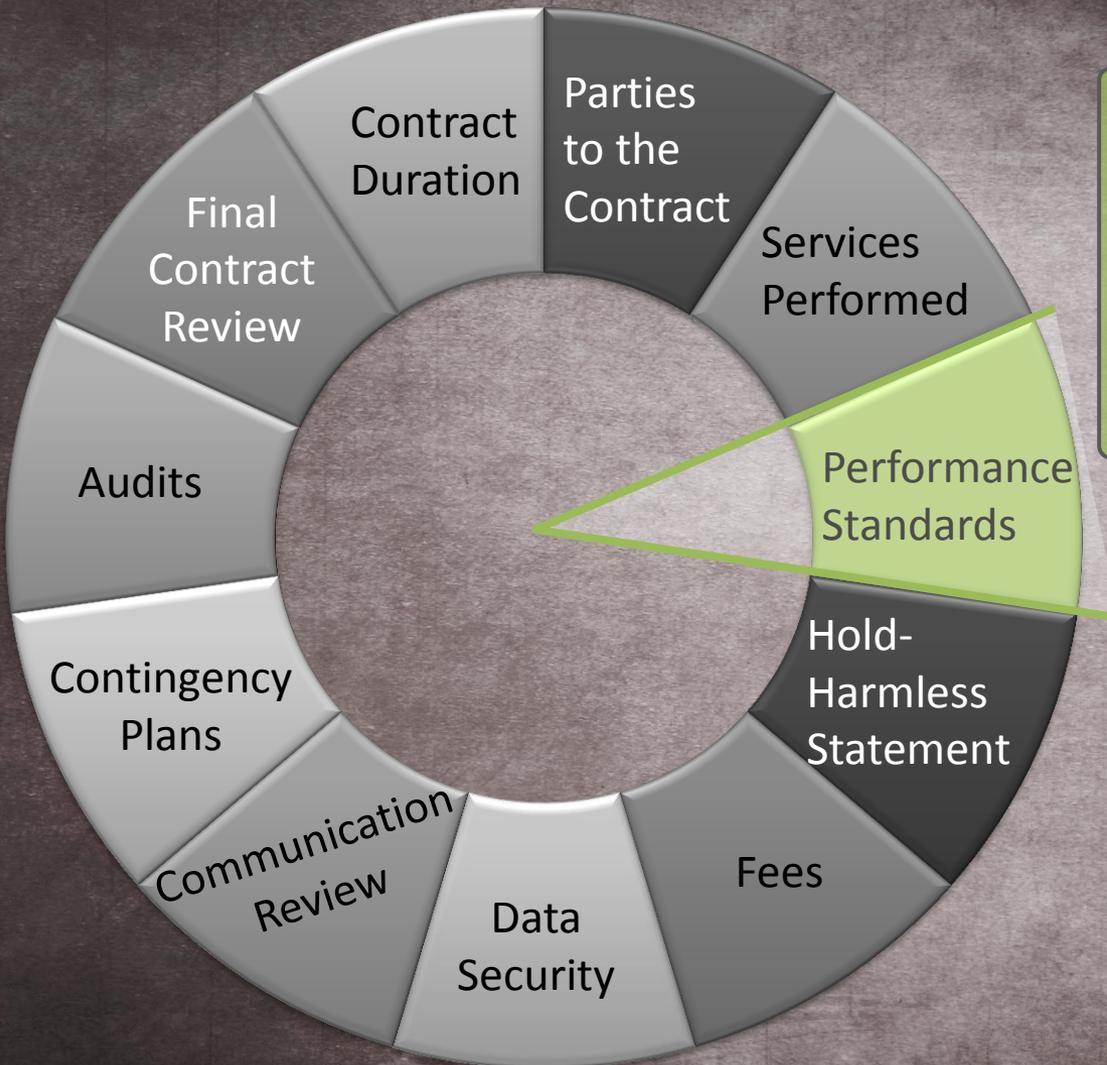
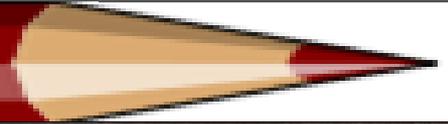
- Specifications of Contract



- Specify all functions to be provided
- Outline all support services
- Ensure escalation process and dispute governance included

Specifications of Contract

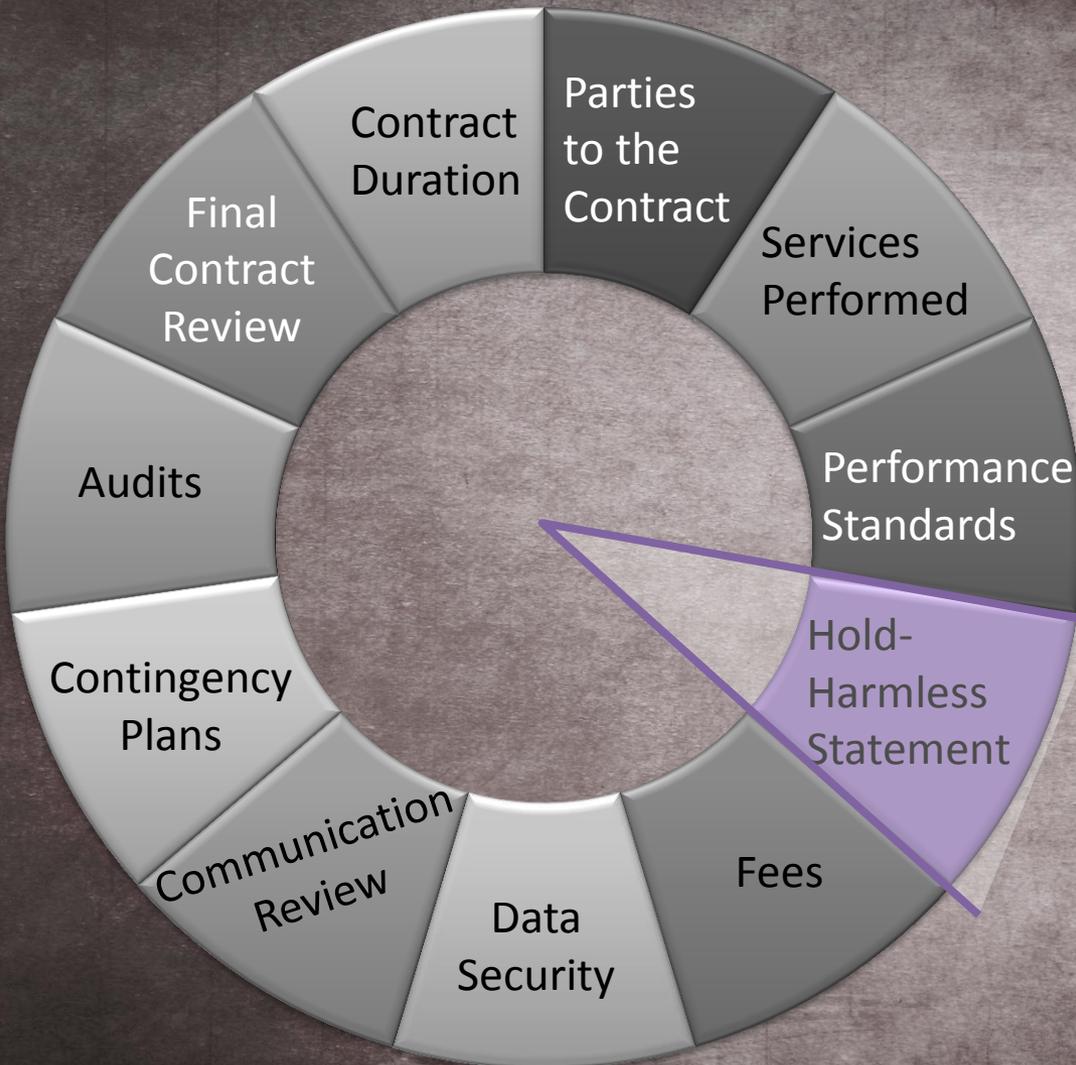
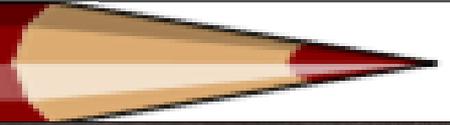
- Specifications of Contract



- Tweak standard performance guarantees
- Reinforce performance guarantees through at-risk fees

Specifications of Contract

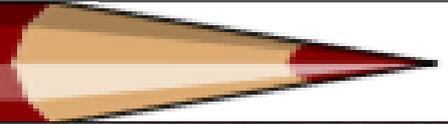
- Specifications of Contract



- A hold-harmless statement will protect the consultant/vendor during a dispute
- Such a statement helps in holding them unaccountable for anything short of gross negligence
- It can be a deal breaker
- If your company has own hold-harmless clause disclose it in RFI/RFP to avoid later problems

Specifications of Contract

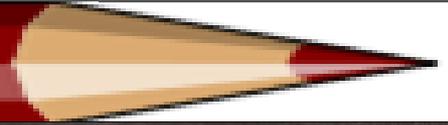
- Specifications of Contract



- Indicate level of billing detail and any reconciliation process you need to satisfy treasury or internal audit
- Negotiate general and administrative percentage and fees at risk for non-performance

Specifications of Contract

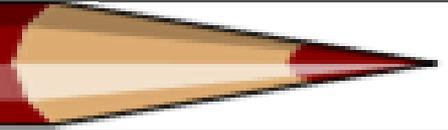
- Specifications of Contract



- Ask IT to underwrite these provisions
- Ensure that all the shared data is protected by proper Non-disclosure Agreement (NDA).

Specifications of Contract

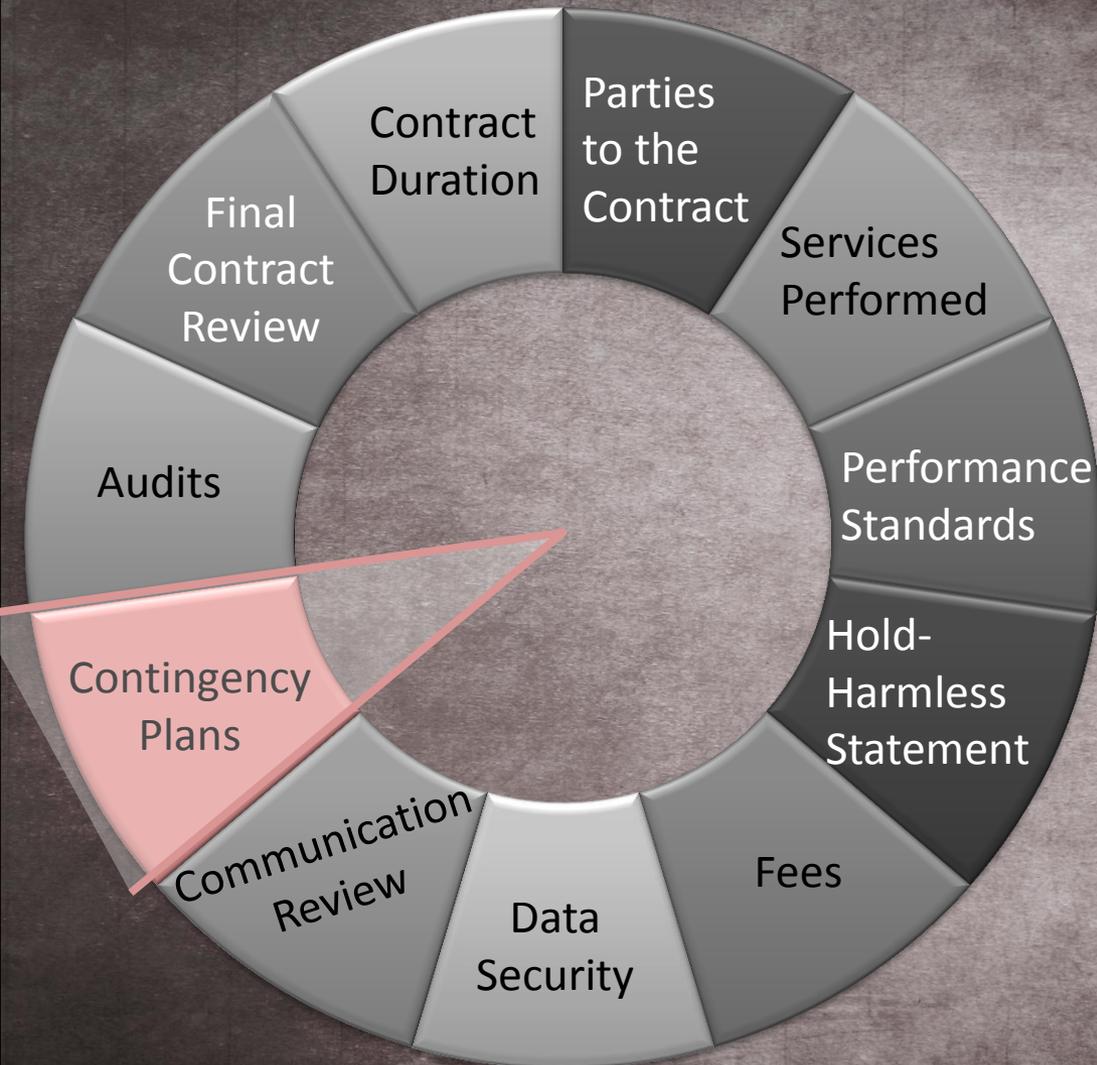
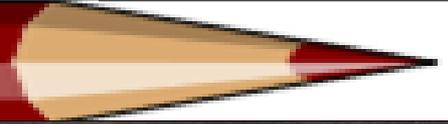
- Specifications of Contract



- Stipulate that the company has the right to review communications sent directly to internal employees before they communications are sent out
- Define process for reporting emergencies

Specifications of Contract

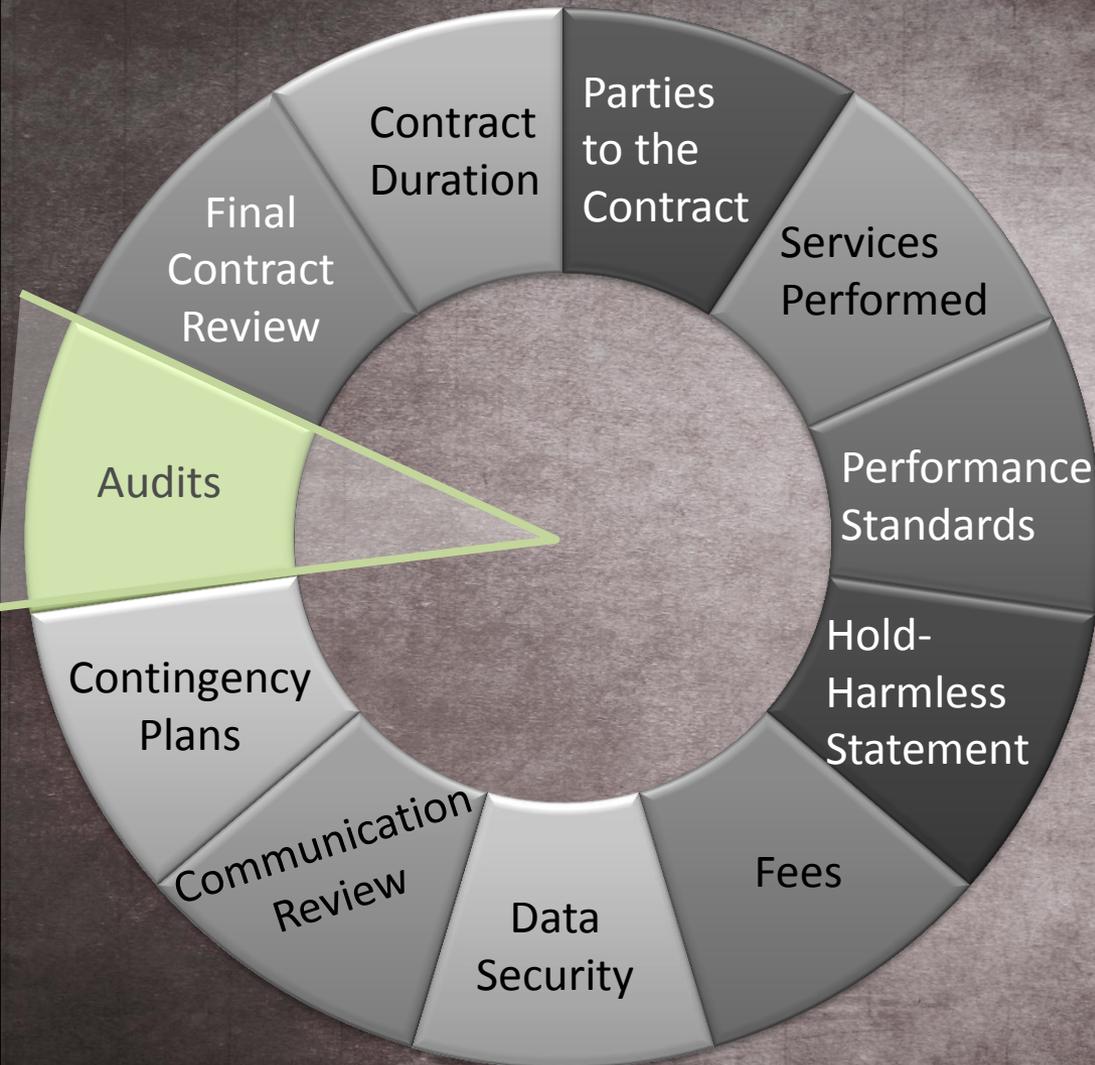
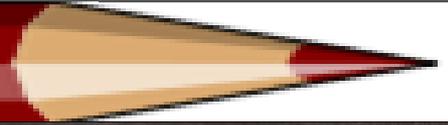
- Specifications of Contract



- Anticipate disasters
- Anticipate the impact of disasters upon consultant's/ vendor's ability to provide service

Specifications of Contract

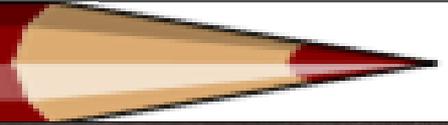
- Specifications of Contract



- Specify details of audits in the contract to avoid fees and misunderstandings later

Specifications of Contract

- Specifications of Contract



- After the HR has developed the contract, ensure that other departments review and sign off on their relevant sections

Transitioning process and resources

- **Transitioning process and resources**

The transition process is a key element of the HR Consulting business. Whenever, a new project with a client is taken up, the HR Consultant has to ensure a smooth transition to include the new resources in the HR department. Communication and project management plays an important role in facilitating a smooth transition.

The following key points should be kept in mind to ensure a smooth transition:

- Plan to jointly review all project plans, services, equipment and staff who will be in transition
- Ensure responsibilities for transfer are defined and confirmed in advance
- Transition process should be transparent to the organization
- An important factor to consider in the transition is the culture of the company
- There should be a launch period between selection and implementation
- Provide the new resources a time for learning in order to gain mutual understanding of company and processes
- Slowly turn over control to new resources as you transition resources
- Measure results only after the transition process is over

Managing Relationships

- **Managing Relationships**

Outsourcing an important aspect such as the HR-related responsibilities of your company is a challenging task in its own way. Hence, it is important to find a good HR consultant who can partner with your company in the right way and it is equally important to make sure that you manage the HR consultant effectively to ensure an effective and smooth working relationship.

Some of the key points to consider for managing an HR Consultant are:

- Establish performance targets and set expectations up front
- Determine priorities and communicate them to consultant
- Establish reporting protocols up front
- Provide forum and timing for discussion of issues
- Anticipate and plan for conflict resolution – arbitrate when it occurs
- Ensure ongoing ownership, involvement and supervision
- Where continuity is critical, establish long-term relationships with consultants
- Review annual operating plans and major initiatives
- Provide guidance for provider and buyer's managers' oversight
- Plan for competitive bidding for outsourced service at regular intervals
- Review contract terms and suggest changes as needed

Who Manages Relationship with HR Consultant?



HR Consulting Market

58% of companies outsource some HR function

91% of companies with \$1 billion+ annual revenues are now considering HR Outsourcing

HR Outsourcing or the HR Consulting business is growing annually at approximately 30%

In next 5 years, global spending on HR Outsourcing will double – from \$40 billion to \$80 billion

There is an annual rise by 14% of large firms that consider HR Outsourcing

Objective

Explain What is HR Consulting

List the Competencies of a Successful HR Consultant

List the Do's and Don'ts of HR Consulting

Explain the Stages in the Consulting Process

Describe the Overview of Consulting Process Model

List the Five Most Commonly Outsourced HR Services

List the Least Commonly Outsourced Functions

Explain HR Consulting Myths

Explain the Trends in HR Outsourcing Market

Explain the Future of HR Consulting

Describe the Typical Problems of HR Outsourcing

Explain Best Practices of HR Consulting

5 Most Commonly Outsourced HR Services

Background Checks – 73%

Employee Assistance / Counseling – 66%

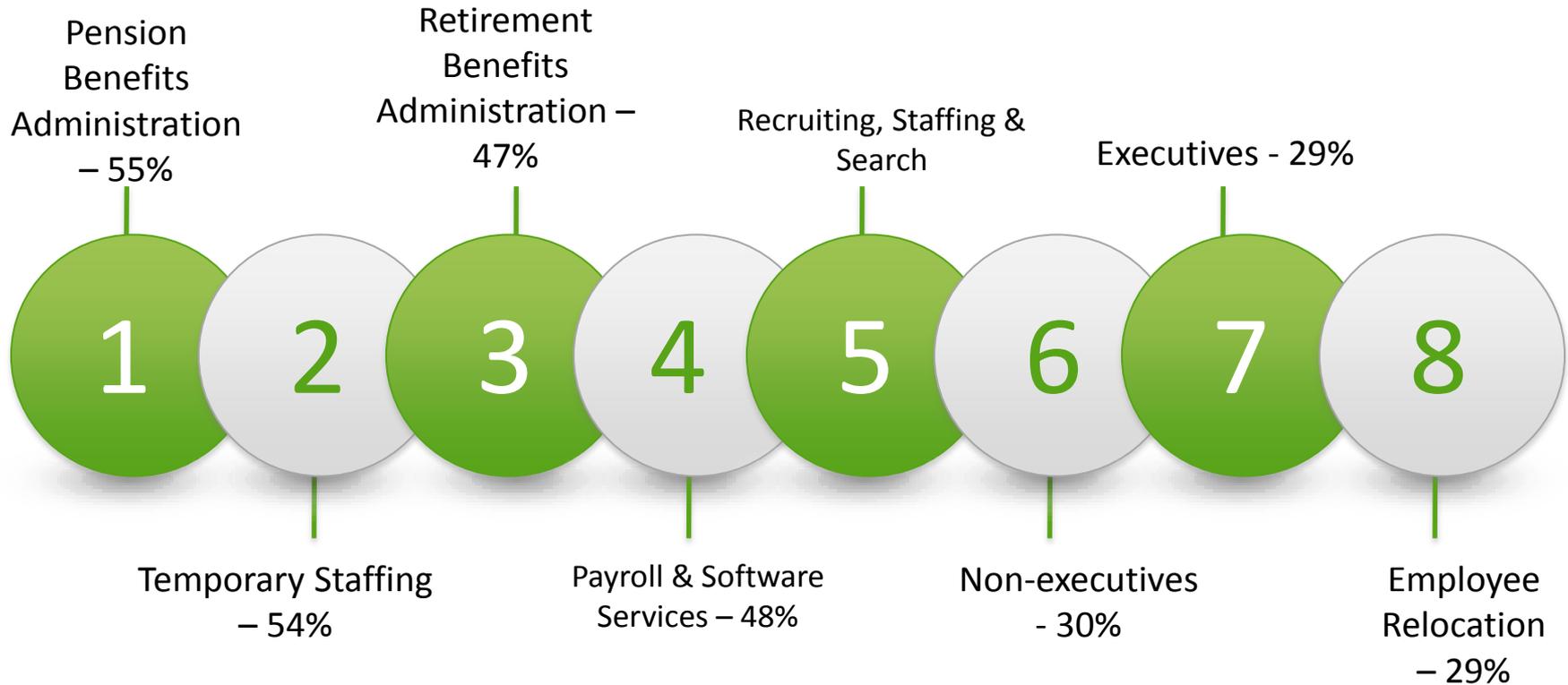
FSA Administration – 67%

COBRA – 55%

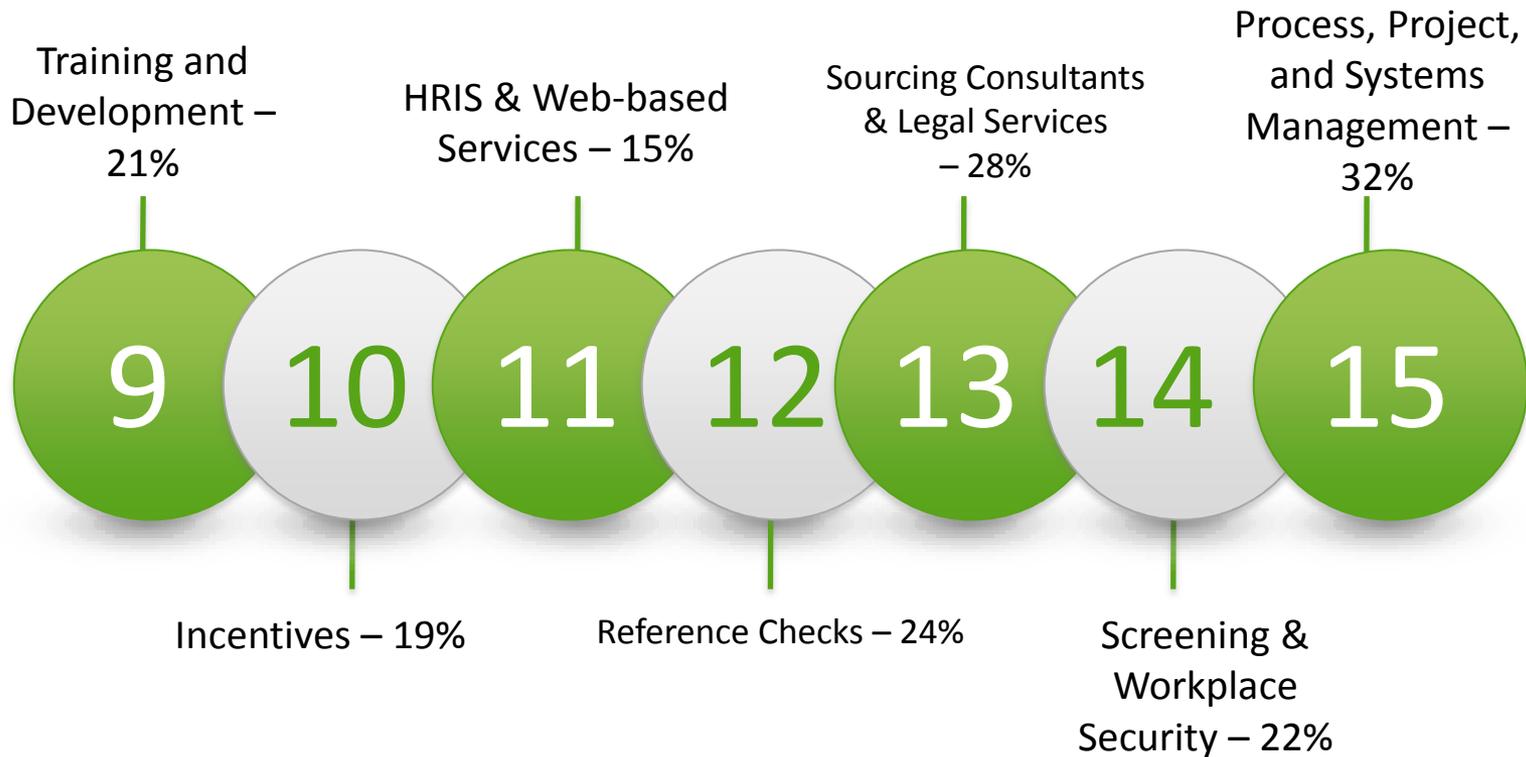
Healthcare Benefits Administration – 60%



Other Types of HR Outsourcing



Other Types of HR Outsourcing



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Least Commonly Outsourced Functions

Performance Management 3%

Strategic Business Planning – 4%

Policy Development/Implementation – 4%

Employee Communication Plans – 10%

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HR Consulting Myths

1

Consulting is just a fad

2

Consulting can be kept secret from employees

3

Consulting is only for the large companies

4

Messes must be fixed before consulting

5

Consulting is for everyone

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Trends in HR Outsourcing Market

- ① **Specialization**
- ② **Globalization**
- ③ **Standardization**
- ④ **Regionalization**
- ⑤ **Consortia Buying**
- ⑥ **Mid-market Mania**
- ⑦ **Utility Model Evolution**
- ⑧ **Consolidation and Partnering**

Let us look at each in detail.

Trends in HR Outsourcing Market

1

Specialization

2

Globalization

3

Standardization

4

Regionalization

5

Consortia Buying

6

Mid-market Mania

7

Utility Model Evolution

8

Consolidation and Partnering

Specialization:

A few HR Consulting firms specialize in certain HR functions and adopt that special line of work as their expertise domain.

Trends in HR Outsourcing Market

- ① Specialization
- ② Globalization
- ③ Standardization
- ④ Regionalization
- ⑤ Consortia Buying
- ⑥ Mid-market Mania
- ⑦ Utility Model Evolution
- ⑧ Consolidation and Partnering

Globalization:

A few HR Consulting firms are more concentrated on growing the company in terms of its HR related practices on a global or worldwide scale.

Trends in HR Outsourcing Market

- ① Specialization
- ② Globalization
- ③ Standardization
- ④ Regionalization
- ⑤ Consortia Buying
- ⑥ Mid-market Mania
- ⑦ Utility Model Evolution
- ⑧ Consolidation and Partnering

Standardization:

Some consulting firms are experts in the imposition of standards or regulations related to HR functions.

Trends in HR Outsourcing Market

- ① Specialization
- ② Globalization
- ③ Standardization
- ④ Regionalization
- ⑤ Consortia Buying
- ⑥ Mid-market Mania
- ⑦ Utility Model Evolution
- ⑧ Consolidation and Partnering

Regionalization:

Some HR Consulting firms are experts in catering to HR related functions specifically related or limited to a particular region.

Trends in HR Outsourcing Market

- ① Specialization
- ② Globalization
- ③ Standardization
- ④ Regionalization
- ⑤ Consortia Buying
- ⑥ Mid-market Mania
- ⑦ Utility Model Evolution
- ⑧ Consolidation and Partnering

Consortia Buying:

A growing trend in the outsourcing market is the buying of groups and cooperatives that will help to share resources and as a group dramatically leverages their scale and aggregated purchasing power for outsourced services that benefit each member of the buying group.

Trends in HR Outsourcing Market

- ① Specialization
- ② Globalization
- ③ Standardization
- ④ Regionalization
- ⑤ Consortia Buying
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- ⑦ Utility Model Evolution
- ⑧ Consolidation and Partnering

Mid-market Mania:

Some HR Consulting firms' strategy is to focus on mid-market clients. Mid-market companies are those that have 3,000-15,000 employees. Such consulting increase focus around building leveraged and repeatable technology-driven components to their HR offerings.

Trends in HR Outsourcing Market

- ① Specialization
- ② Globalization
- ③ Standardization
- ④ Regionalization
- ⑤ Consortia Buying
- ⑥ Mid-market Mania
- ⑦ Utility Model Evolution
- ⑧ Consolidation and Partnering

Utility Model Evolution:

Some HR Consulting firms develop their own utility model. A utility model is an exclusive right granted for an invention, which allows the right holder to prevent others from commercially using the protected invention, without his authorization, for a limited period of time.

Trends in HR Outsourcing Market

- ① Specialization
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- ⑤ Consortia Buying
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Consolidation and Partnering:

Some HR Consulting firms partner with a company and help provide their expertise in the HR-related areas so that the company can focus on its core competencies.

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Future of HR Consulting

• 1

Growth-Maturation of HRO market:

Organizations increasingly use outsourcing as a strategic business model in order to remain competitive.

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Future of HR Consulting

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Increasing weight of non-cost drivers:

The reasons behind outsourcing are strategic. Hence, companies outsource in order to gain expertise and not simply to save money.

Future of HR Consulting

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“Commodization” of HR functions:

HR services are “commoditized” and susceptible to marketplace competitions. This is because companies engage in HRO in order lower costs/remain competitive.

Future of HR Consulting

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New roles for internal HR departments:

HR Outsourcing has changed amount and types of activities handled internally. So, it provides an opportunity for HR to become strategic participant within executive suite.

Future of HR Consulting

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New career opportunities for HR professionals:

It lays emphasis on new career opportunities for HR professionals and provides more opportunities for HR to play strategic role and there are increased external HR career opportunities.

Future of HR Consulting

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Expansion of small/mid-sized HRO markets:

As outsourcing market grows, costs go down and outsourcing may become financially viable for small and mid-sized companies; meanwhile, large organizations find a total solution in outsourcing

Future of HR Consulting

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Demographic changes:

There is an increasing appeal of outsourcing due to demographic changes such as labor recruitment. Hence, the selection is more difficult as labor market changes and hence the benefits of outsourcing recruitment and selection increase.

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Future of HR Consulting

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Improved HRO metrics:

There is a greater reliance on improved HR outsourcing metrics. The HR activities are being standardized and quantified. So, organizations can benchmark and compare performance with other organizations.

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Future of HR Consulting

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Reshaping of industry:

Reshaping of industry is done by consolidation and competition. Consolidation provides broader range of services, more competitive offerings, and specialized services.

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• 10

Future of HR Consulting

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Trends:

Trends are catching up and various new trends are expected to gain momentum within next 2-5 years. New trends helps the HR consulting firms to expand scope and quality of their services.

• 10

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Typical Problems of HR Outsourcing

Overly focused on cost savings

Lack of stipulation of metrics in terms of the contract

Unrealistic expectations and goals

Rush into autonomy too soon

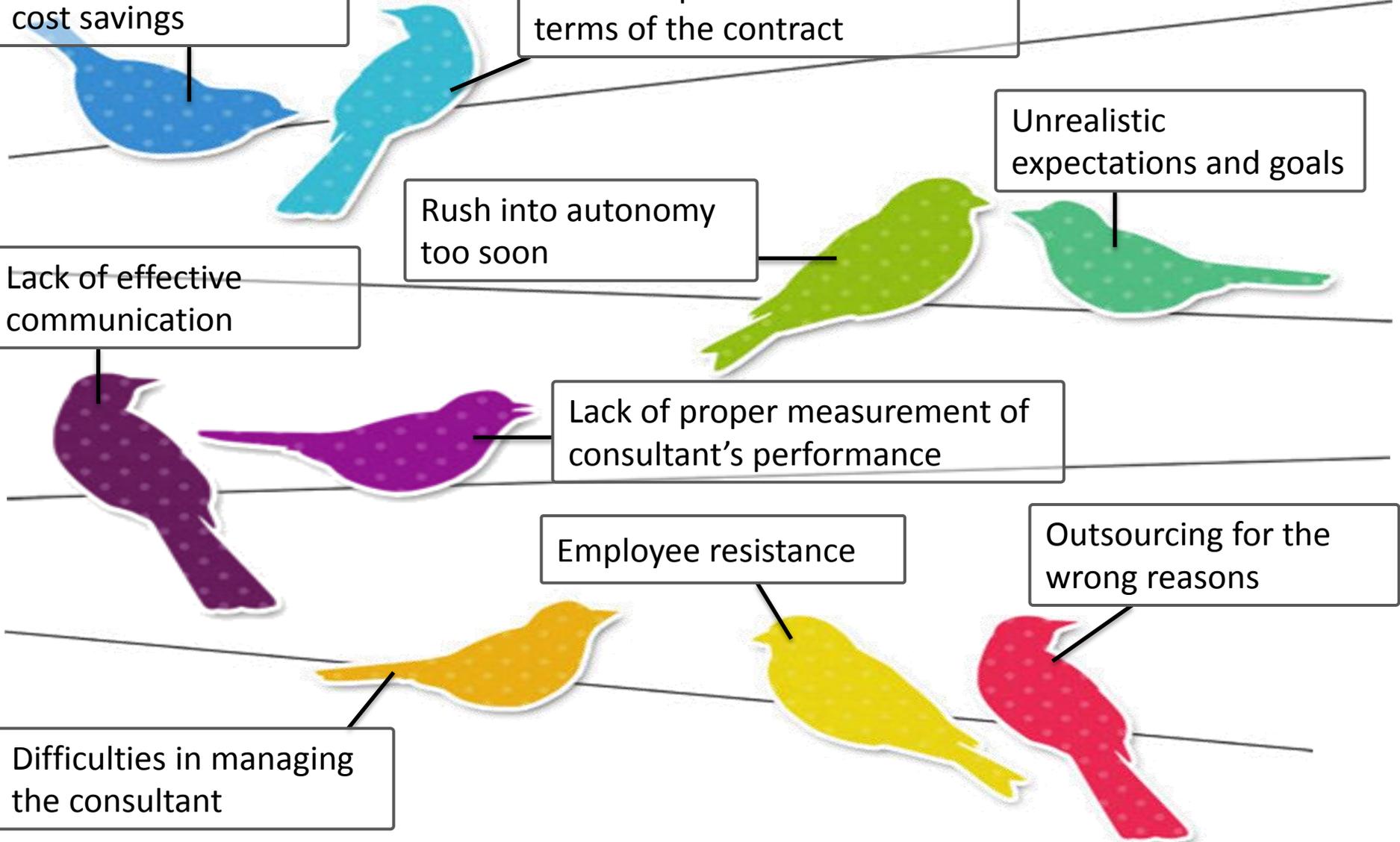
Lack of effective communication

Lack of proper measurement of consultant's performance

Employee resistance

Outsourcing for the wrong reasons

Difficulties in managing the consultant



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Best Practices of HR Consulting

Selective path toward HR Consulting:

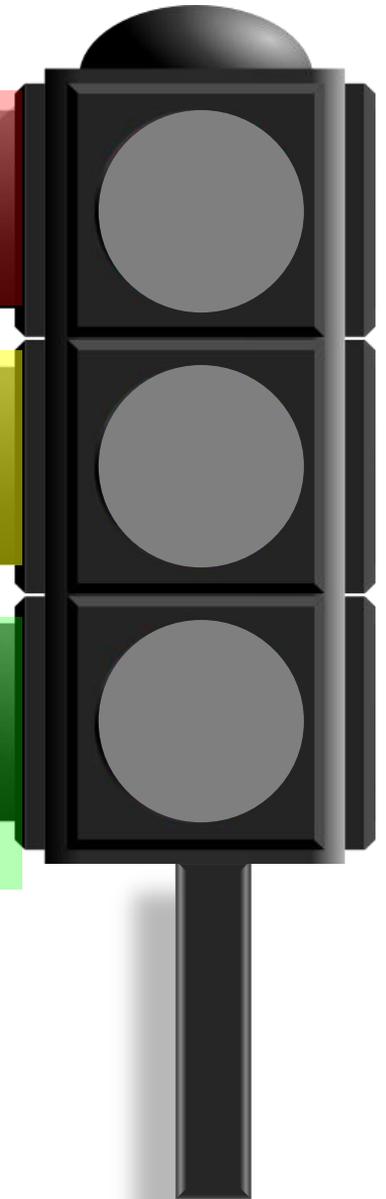
A company should explore individual sourcing strategies for different HR functions rather than total outsourcing strategy.

Multiple consultant/vendor relationships:

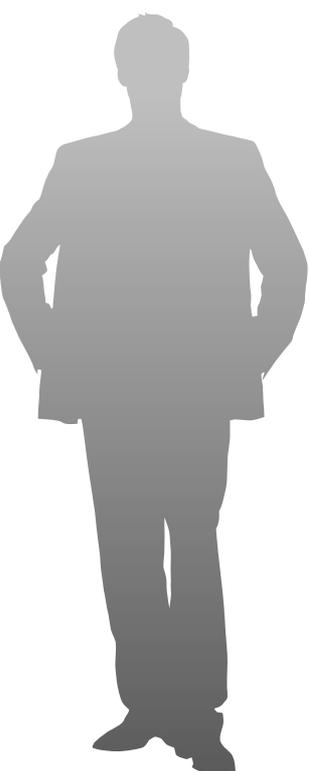
A company should choose a consultant/vendor that is right for each function rather than focusing on vendor consolidation.

Combination of internal and external strategies:

It is important to combine internal and external strategies such as shared services between the internal resources and the external consultant/vendor.



Case Study



Helium Inc. is a software development company that requires talented IT professionals to complete projects and develop software. Helium requires particular resources that can cater to specific projects at different times of the year as and when the demand arises such as for Java, DotNet, C++, SAP etc. It does not require the same resources all round the year.

1. What would be the perfect solution for Helium Inc. to meet its varying demand of talented resources?
2. What aspect should Helium take care of while fulfilling its human resource needs through an HR consulting firm?

Summary

In this module you learnt that:

HR Consulting is the performance of HR-related tasks and services by outside parties, on a recurring basis that would otherwise be performed in-house in a company.

The following are the high-level stages involved in an HR consulting process model:

- Planning to outsource
- Exploring strategic initiatives
- Analyzing costs/performance
- Selecting providers
- Negotiating terms
- Specifications of Contract
- Transitioning process and resources
- Managing relationships

The performance measurement of the consultant is carried out on a regular basis. It is also crucial that well-defined and proper performance metrics are used to measure the consultant's performance to rule out any ambiguity in the performance results.

Summary