



HR Departments — Drivers of Change

14/03/2024 Personnel questions are high on the agendas of many executive board meetings. And top managers are considering how HR departments can be even more effective in shaping the future of their companies.

HR departments naturally need to stay on top of their companies' everyday operations. That includes addressing the skilled worker shortage, recruiting and retaining outstanding talent, optimizing processes, and integrating innovative technologies. At the same time, they are facing a growing need to manage specific situations and respond in flexible ways to unanticipated events — meaning external influences from the world at large as well as internal company developments.

Influencers and AI

"It's no longer enough for HR departments to manage the status quo," says Ninjo Lenz, Partner at the Porsche Consulting management consultancy. "HR must now become the driving force behind the

success of the business and business service areas." That means acquiring the right talented people as an attractive employer. In the process, Lenz notes, they are making ever greater use of innovative concepts such as corporate influencers, individualized applicant outreach with the help of AI, and alumni recommendation programs.

The importance of agile and adaptive HR departments is especially evident in difficult times when companies are not performing as well as they would like. As Lenz explains, "HR should be able to respond flexibly to changes and take effective steps to adapt work models, restructure remote work, and apply organizational tools to deal with crises." HR managers should keep a sharp eye on employee life cycles, which cover the entire spectrum of company-employee relations, and become inventive designers of working conditions.

Business sense and expertise

"In light of the major changes affecting all parts of companies, HR departments need new ways of thinking and an entirely new approach. Not only in their functions but also in their skills," says Lenz. In his expert opinion, "Many companies don't seem ready for this, or are having trouble doing so in practice." Lenz's colleague, Isabel Neitzel, a psychologist and business coach at Porsche Consulting, explains how the restructuring process can work. "The HR department first has to initiate its own transformation to be fit for the future. That requires a deep understanding of current and future challenges, plus a desire to develop further at all times." Creating a team of top employees with a strong business sense and broad range of expertise is of crucial importance here, she adds. It puts employees in a position to respond flexibly to new challenges and develop innovative solutions.

A dynamic personnel department with a versatile and talented team can respond rapidly and effectively to unforeseen events such as a pandemic. At the same time, a "well-established ecosystem is important in order to integrate new ideas and perspectives." This might be achieved by working with external experts, for example, or by participating in industry or other open-space events. Developing clear models for functions and roles is another crucial task if HR is to command the right abilities and expertise for handling future demands. One suitable instrument is the following: "By creating a range of career paths for HR personnel from different disciplines, a department can safeguard its successful trajectory on into the future."

Courageous designers needed

In Porsche Consulting's experience, HR managers are a long way from occupying board or executive positions at all companies. Historically, HR departments have been considered mere employee administrative bodies and have therefore often remained in the background. "It's obvious, however, that HR heads should be just as present as chief financial officers," says Lenz. He gives an example: "HR should be supporting strategic investment decisions about new sites with workforce and job market data. That's another reason why HR heads need to be visible at the highest company levels. If

necessary, they have to go out and get this visibility themselves.”

Isabel Neitzel develops concepts and training for forward-looking HR departments. They’re about a “new self-understanding,” says the psychologist and business coach. “Away from the administrative role and toward that of a powerful component and catalyst. HR departments need even more boldness. And above all, self-confident designers.”

Info

Text first published in Porsche Consulting Magazine.

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