

BUSINESS ACUMEN

HR professional: a part of the business becoming a business partner

Edited by Federica Guerra, Martina Mariniello & Giuseppe Marotta

In 2012, SHRM interviewed a sample of HR professionals present in its database. The aim was to identify the **skills** that they will need in order to face **the evolution of the economic environment**. 42% of respondents indicated **Business Acumen** as the most relevant field of expertise.

What is Business Acumen?

It is the ability to understand and apply information which can contribute to the organization strategic plan.

The people who possess "business acumen" are able to obtain the essential information about a particular

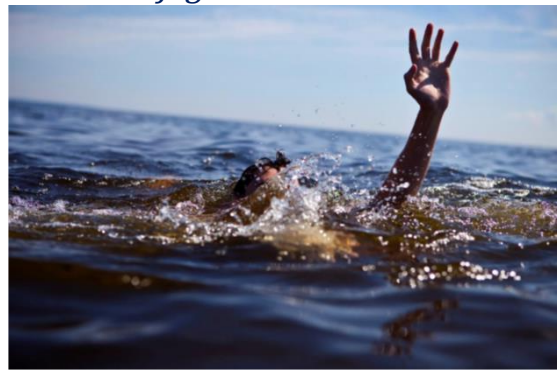
business opportunity, focus on the **core objectives**, process all the **possible scenarios**, and choose the most appropriate **action plan**, putting it into practice.

The key elements that distinguish this skill, as well as emphasize its uniqueness, can be traced back to other specific aptitudes:

- analyze the **business environment** within which the organization operates;
- understand and use the **organizational metrics** and their correlation to business success;
- understand the **relevant links** between HR management and core business functions;
- align the objectives and HR strategies to the **global strategy** of the organization for the purpose of business success;
- **assess** the strengths, weaknesses, opportunities and risks of business initiatives and utilize them to guide choices concerning human resources;
- make proper use of **business language**.

Business Acumen **is not an innate skill**. It is acquired and developed through a combination of training and professional experience. An example of a learning method to develop business acumen is the **Income/Outcome**, a business game that allows you to understand the principles of economic and financial management of a company through real life simulations. Participants pretend to be part of a company management and take key decisions in risky situations. In doing so, they understand the reasons behind the economic choices of the company and how their actions/decisions have an impact on financial results.

*Leaders who lack Business Acumen,
are like lifeguards who can't swim!*



The HR role: from support to Business Partner

Which professional figure in the HR structure fully exerts this competence?

In order to answer this, we must first highlight the transition from Porter to Ulrich.

The **value chain** theorized by **Porter** in 1985 has placed the HR function among the **business support processes**.

However, in a dynamic environment, the processes of change need the influence of all stakeholders and business functions, especially those who give a clear contribution to human capital management.

This has required the placement of the HR function among the **core** processes of the business instead of being a mere support of it. Ulrich was decisive in accelerating the evolution of the person in charge of personnel management: from functional and specialized approaches to roles that are based on the integration with top management and business priorities. The Ulrich model, developed in 1997, based on the concept of **HR as partner**, stresses the need for HR professionals to play simultaneously strategic and operational roles.

HR Business Partner and Business Acumen

A study conducted by the consulting firm Orion Partners on a group of 30 HR Business Partners highlighted the importance attributed by these figures to **thought and communication in business terms** and to the focus on results in order to **align business strategy to HR structures**. All of this can be related to Business Acumen.

The HR Business Partner (HRBP) is able to actively take the field to become a true partner for the line functions, strongly asserting that **HR is a core part of the business**. This person must have professional skills and sensitivity to management culture, and must be practical and conscious of the rules of business and of the mechanisms that characterize it. How does the figure of HRBP fit in the Italian business landscape?

The presence of this job title mainly depends on the company's organizational context and on the number of employees. In realities with a **large number of employees**, such as Vodafone and Nestlè, the HRBP supports the line manager in the management of its specific area.

We have, in this cases, a **stratified HR hierarchy** that is as follows: HR Director → HR Manager → HR Business Partner.

In **business realities with a more restrained number of employees** such as that of Phillips Italy, which has about 600 workers, this role is not present. The activities conducted by the HRBP are enclosed in those of the HR Manager, who manages both the strategic and the operational phase.



The company that avails of the HRBP has the advantage of having a professional who monitors all the HR processes related to a function, who becomes the interface of the line with the HR management, helping to reduce the transition times between the study phase and the operational phase.

Furthermore, the HRBP is a person who can connect the HR agenda with business strategies and requirements and knows how to ultimately translate everything into **concrete, effective and personalized action**, in order to facilitate and help to achieve the desired business results.

The professional figure analyzed, as already mentioned, fully embodies Business Acumen and gives an idea about the importance of having such expertise in a competitive and dynamic environment such as the one we find ourselves in today.

In Italy, a new and unique reality has used the typical activities of the HRBP, separating them from the typical organization chart. We speak of "Business Partner Italy", a BNP Paribas company founded in 2014. It is a center specialized in providing services, dedicated to all the entities of the BNP Paribas group on the Italian territory, in a spirit of partnership. Thanks to the strong cross-integration, the new company aims to enhance the skills and experiences of professionals from different companies of the group. The goal is to promote **development opportunities and professional development for employees**.

One of the projects realized by this company, "Capacity and Versatility, Forecast and Optimization", stems from the desire to increase the efficiency and flexibility of operations of the bank's back office (capacity management) by means of mutual support between organizational units, which usually operate in different processes and sites. It provides continuous investment on employees' training in order to improve their skills and involvement as well as on the introduction of two new IT applications that optimize processing stock and the waiting time of the customer. The project has enhanced the skills of individuals and increased their involvement, maximizing operational flexibility, and ultimately received the **Innovation Award 2015** of the Italian Banking Association.

Business Acumen for all the HR role

The examples we have done and the realities we have mentioned make us understand the importance of considering the Business Acumen as a **company core value**, as skill that must be present in all HR figures that act in it.

The Talent Management System, for example, supports the organization in achieving its business goals: best applied in phases of its cycle (Selection, Performance Management, Development, Succession Management), it allows to always have **the right people in the right role and at the right time**.

A clear and efficient structure of the cycle ensures that the micro- and macro-strategies are aligned: the HR professional may not handle all of this without having Business Acumen.

In conclusion, in light of all this and considering the needs of the current and ever-changing labour market, it is critical for the HR world to strengthen its **strategic impact** while assuming more and more weight in decision-making.

A complex and fascinating challenge that also implies an expansion of competences within the function.



This because, if the CEO is the pilot, the HR is the co-pilot, and both have the task of leading the company towards strategic change.

“SHRM Competencies” is a series of articles written by the students of the 34th edition of GEMA Master’s Degree in Human Resources Management.