What’s Next for HR in 2016?

11 Trends from HR Leaders
Predictions About HR in 2016 Flood HR Leaders

Key 2016 Priorities for the HR Profession  10 HR Tech Trends for 2016

Top 10 Human Capital Questions to Answer in 2016

Five Biggest HR Challenges for the Year to Come

Three HR Trends Destined for Best Practice

Emerging HR Trends for 2016

10 Talent Management Ideas for 2016

HR Leaders Still Have Two Key Questions

1. What are my HR peers planning for 2016?
2. Should I be following the trends my peers are?
Combining a Global Survey of HR Leaders with a Canon of Best Practice Research

Answering “What Are My HR Peers Planning for 2016?”

CEB 2016 Agenda Poll
We surveyed more than 350 heads of HR from organizations across the globe to assess their priorities and expected challenges in 2016.

Survey Participant Profile
- Senior HR leaders with HR functional ownership (predominantly direct reports of the CEO)
- Leaders from across the globe, representing Asia; Australia and New Zealand; Europe, the Middle East, and Africa; Germany, Austria, and Switzerland; Latin America; and North America
- Representation across industries, including Financial Services, Manufacturing, Technology, Government, Health Care, Consumer Goods, and more

Sample Subjects Addressed
- Critical issues for HR to address in the next 12–18 months
- Current effectiveness at common HR processes and procedures
- Trends that will affect HR in the next three to five years
- Plans to implement trendy HR practices
- HR leader time spend and personal objectives for 2016

Answering “Should I Be Following the Trends My Peers Are?”

CEB’s Best Practice Lens
Once we identified HR leaders’ plans for 2016, we analyzed each proposed practice based on our latest research to help HR leaders determine whether to follow peer trends.

Sample Topics Covered by Our Research

Leadership
- High-Potential Identification and Management
- Succession Management
- Leader Effectiveness

Employee Productivity and Retention
- Employee Performance
- Career Pathing
- Employee Engagement
- Employment Value Proposition (EVP) Management

HR Functional Management
- HR Strategy
- HR Business Partner Performance
- HR Metrics and Analytics

CHRO Effectiveness
- CHRO/Board Relationships
- Executive Transitions
Four Key Priorities for HR Leaders in 2016

Source: CEB analysis.

**Analytic Transformation of Talent**
Despite the enormous promise of increased data availability, analysis from HR remains among the least trusted by business leaders across all corporate functions.

**The Collaborative Enterprise**
Work has become increasingly horizontal, yet HR technology, capabilities, and workflow are still designed to support vertical organizations.

**Workforce of the Future**
The workforce is more diverse than ever, and traditional career paths and other employment offerings are not keeping up with the needs of top talent.

**Next Generation Functional Effectiveness**
Despite years of focus and investment in HR strategy and structure, 80% of business leaders rate the HR function as ineffective. In particular, traditional HR models struggle with change.
### 11 Trends HR Leaders Are Considering for 2016

<table>
<thead>
<tr>
<th>Trend</th>
<th>Description</th>
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<tr>
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<td>4. HR Leaders Proposing Simplification to Solve Performance Management Woes</td>
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**Source:** CEB analysis.

**Key to Our Perspective:** All trends on the following pages are accompanied by our commentary based on best practice research.

- Do not follow this trend; a better alternative exists.
- Think carefully before following this trend; consider if it is right for your organization and if it will deliver the desired results.
- Start making plans to follow this trend; we have support to help you.
1. HR Expanding Depth and Breadth of Analytic Expertise

**Increased Analytics Availability Doesn’t Equate to Effective Analytics Use**

- Only 5% of organizations feel they are effective at tracking and using talent analytics.

*n = 379 HR leaders.*

*Source: CEB 2016 HR Agenda Poll.*

**HR Establishing Analytics Centers of Excellence and Increasing HR Metric Availability**

- 66% of organizations have or are considering establishing an analytics center of excellence (depth of expertise).

- 89% of organizations have or are considering increasing the ability of HR business partners (HRBPs) to self-serve HR metrics and information (breadth of expertise).

*n = 296 HR leaders.*

*Source: CEB 2016 HR Agenda Poll.*

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**Our Perspective:** Breadth of Analytic Expertise Is Especially Important

HR staff, especially HRBPs, must analyze quantitative HR metrics to support the line. However, less than one-half of line leaders believe that their HRBPs are effective at applying talent and business data to support decision making. Instead of relying on a few individuals for analytics expertise, the best organizations develop analytics skills and accountability across all HR staff.

**Supporting Resources:**
- Build HR Capability for Translating Data into Insights\(^a\) (Public preview available)
- CEB HR Analytics Leadership Academy

*COMING IN 2016: Research on Innovations in Talent Analytics*

\(^a\) For CEB Corporate Leadership Council™ members only.

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**Analytic Transformation of Talent** > The Collaborative Enterprise > Workforce of the Future > Next Generation Functional Effectiveness
2. Predictive Analytics on the Horizon for HR

HR Organizations That Use Predictive Analytics for Talent Decision Making

12% of organizations have done so.

49% of organizations plan to do so in the near future.

$n = 296.$

Source: CEB 2016 HR Agenda Poll.

Our Perspective: Match Analytic Sophistication with Business Application

Many organizations believe that technology and methodological sophistication are critical for Analytic Impact (i.e., the extent to which talent analytics improves decisions and supports key stakeholders). However, beyond basic levels of analytic sophistication, additional investments focused only on improving sophistication provide minimal additional benefits. To improve Analytic Impact, focus on prioritizing efforts based on critical business questions, applying business judgment to data science, and driving end-user ownership of talent analytics.

Supporting Resources: The Analytics Era³ (Public preview available) and CEB TalentNeuron™

³ For CEB Corporate Leadership Council™ members only.
3. HR Calling for a Data-Driven Approach to Identify HIPOs

High-Potential and Future Leader Identification in Need of Analytic Rigor

58% of heads of HR chose high-potential and future leader identification as most in need of improved HR analytics.

*$n = 85.$
Source: CEB 2015 HR Agenda Poll.

Our Perspective: Use External and Internal Benchmarks to Better Identify HIPOs

The global marketplace is more competitive than ever. Today’s HIPO program managers need to understand how their HIPOs compare to their competitors’ rather than relying on internal evaluations alone. Without understanding how your talent compares to best-in-class peers’, you risk developing your talent ineffectively, focusing on the wrong skills for the market challenges you face.

Supporting Resources: Identify HIPO Employees* and CEB High-Potential Solution

* For CEB Corporate Leadership Council™ members only.

Analytic Transformation of Talent > The Collaborative Enterprise > Workforce of the Future > Next Generation Functional Effectiveness
Performance Management Systems Are Failing

Only 4% of HR leaders feel they are effective at accurately assessing employee performance.

\[ n = 379. \]
Source: CEB 2016 HR Agenda Poll.

HR Leaders Believe Simplification Is the Solution

Percentage of HR Leaders Who Have Implemented or Are Considering Each Solution

- **85%** Simplify Performance Management Processes
- **49%** Eliminate Performance Ratings
- **38%** Eliminate Annual Performance Goal Setting

\[ n = 296. \]
Source: CEB 2016 HR Agenda Poll.

Our Perspective: Simplification Shouldn’t Be the End Goal of Performance Management Redesign

Before implementing sweeping performance management simplification, pause to analyze. The organizations that are getting the best results from performance review redesigns don’t see simplification as their end goal. Instead, they are asking questions about how to revamp the review process to actually drive performance, not just to record past performance.

Ask: Is our performance review backward looking? Who’s providing the input during a review? Is feedback provided constantly or just once or twice a year?

Supporting Resources: The Performance Transformation* (Public preview available) and Performance Management Solutions

* For CEB Corporate Leadership Council™ members only.
5. HR Streamlining Job Titles to Cut Through Complexity

Organizations Looking Toward Job Title Simplification to Mitigate Growing Complexity

Why Organizations Are Streamlining Job Titles
- Create consistent titling nomenclature across the organization.
- Increase clarity of career opportunities for employees.
- Emphasize titles that provide clarity and impact in external markets.
- Reduce the gap between junior- and senior-level employees (flatten organizational structures).
- Reduce overspecialization of roles and responsibilities.

66% of organizations have already or are considering reducing the number of job titles.

n = 296 HR leaders.
Source: CEB 2016 HR Agenda Poll.

Our Perspective: Find the Right Balance Between Simplification and Specification
Reducing the number of job titles at your organization can deliver many of the results organizations are looking for. However, organizations should also consider the risks. First, employees may perceive reducing the number of job titles as minimizing promotional opportunities because organizational structures flatten. And if simplified too much, job titles can become generic and ambiguous, making it difficult for employees and external partners to identify and understand roles and responsibilities of their peers.

Supporting Resource: Motivate Employees with Employability, Not Title Progression* (Public preview available)

* For CEB Corporate Leadership Council™ members only.
6. More Talent Conversations Planned to Keep Up with Change

**Talent Management Not Keeping Pace with Change**

Only 5% of organizations have talent management processes that are effective at helping employees adapt to change.

\[ n = 320 \text{ HR leaders.} \]
\[ \text{Source: CEB 2016 HR Agenda Poll.} \]

**Organizations Increasing Frequency of Talent Management Interventions**

Percentage of HR Leaders Increasing or Thinking of Increasing Frequency of Each Intervention

- **Talent Reviews**: 66%
- **Succession Conversations**: 76%
- **Performance Conversations**: 78%
- **Engagement Measurements**: 80%

\[ n = 296. \]
\[ \text{Source: CEB 2016 HR Agenda Poll.} \]

**Our Perspective:** Embed Talent Conversations in Ongoing Interactions, Not Just Formal Interventions

More frequent conversations about talent can help HR and the organization more proactively address talent challenges and adapt to changing business and employee needs. However, the benefit doesn’t come from adding more formal talent interventions to the business’s agenda (e.g., more performance reviews), but instead from finding ways to introduce briefer, informal discussions about talent in business processes and daily interactions.

Supporting Resource: CEB Ignition™ Guides*(Public preview available)

COMING IN 2016: Research on Managing the Workforce Through Change

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* For CEB Corporate Leadership Council™ members only.

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Analytic Transformation of Talent > The Collaborative Enterprise > Workforce of the Future > Next Generation Functional Effectiveness
7. Expanding Development Opportunities for HIPOs

Diverse Opportunities Planned for HIPOs in 2016
Percentage of HIPO Programs

- Internal Rotations (e.g., to Another Business Unit, Function, Role) 76%
- Mentoring 76%
- Executive/Leadership Coaching 72%
- Continuing Education (e.g., Granting Time/Funds to Attain Degree or Certification) 42%
- External Rotations (e.g., to Another Organization Like a Supplier, Customer, or Partner) 13%
- External Volunteer Opportunities (e.g., Pro Bono Consulting, Teaching, Presenting) 13%
- None; We Plan on Eliminating Our HIPO Program 0%

n = 78 HR professionals.
Source: CEB Quick Poll and Discussion Forums.

Our Perspective: Focus Foremost On Visibility and Challenge of HIPO Experiences
Over 60% of HIPOs are dissatisfied with their development experiences, and two-thirds of organizations will face an internal skill shortage in the next three to five years. More conventional approaches to HIPO development (e.g., internal rotations) might still be right for some HIPOs, but others may benefit from opportunities outside the organization. No matter where experiences come from, consider the individual development plans of HIPOs to identify highly visible, important, and challenging experiences that align with their career goals and development needs.

Supporting Resources: Beyond the HIPO Hype and CEB High-Potential Solution COMING in 2016: Research on HIPO Programs

* For CEB Corporate Leadership Council™ members only.
8. Limited Adoption of Trendy Work–Life Balance Policies

Trendy Work–Life Balance Benefits Make the News

Sample Headlines

Most Organizations Are Not Following the Trends
Percentage of HR Leaders who Have or Plan to Implement Each Policy in the Near Future

- **9%** Provide Unlimited Maternity/Paternity Leave
- **9%** Allow Employees to Take Unlimited Vacation Days

\[ n = 296. \]
Source: CEB 2016 HR Agenda Poll

What They Are Considering Instead

- Providing employees relevant and achievable growth opportunities
- Offering flexible work–life schedules
- Making changes to the work environment in a way aligned with current business strategy and EVP
- Providing more comprehensive management of employee stress

Our Perspective: Make EVP Decisions Based on What’s Right For Your Employees, Not What Competitors Are Doing

Organizations should distinguish their EVPs, especially rewards packages, based on the specific ways their plans meet employees’ most important needs, not how they compare to market practice. Organizations that design rewards based on employee needs see a 15% increase in employee intent to stay. Steps to doing so include understanding which types of needs drive talent outcomes, identifying needs that are right for your specific workforce, and selecting needs based on organization differentiators and capabilities.

Supporting Resources: EVP Design Center, Total Rewards Employee Preferences Tool, and EVP Survey

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* For CEB Corporate Leadership Council™ members only.
* For CEB Total Rewards Leadership Council members only.
9. HR Looking to Dedicated Teams for Quick Change Response

Organizations Slow to React to Need for Change

Only 21% of organizations are able to initiate change as soon as the need arises.

$n = 312$ HR leaders. Source: CEB 2016 HR Agenda Poll.

HR’s Response = Building Dedicated Change Expertise

62% of organizations have or are considering establishing a change management COE.

$n = 296$ HR leaders. Source: CEB 2016 HR Agenda Poll.

Our Perspective: Create Flexible Change Teams, Not a Dedicated Change Team

Establishing a dedicated change team does not significantly affect the probability of change success due to expense, narrow specialization, and fixed capacity. Instead, the best organizations assemble diverse change teams as needed and adjust their composition over time to ensure that the right skills are deployed to each change initiative, and that HR has the capacity to lead multiple, overlapping change projects.

Supporting Resource: Organizing HR to Lead Enterprise Change

* For CEB Corporate Leadership Council™ members only.

Analytic Transformation of Talent > The Collaborative Enterprise > Workforce of the Future > Next Generation Functional Effectiveness

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10. Heads of HR Seek to Increase Personal Business Acumen

Heads of HR Have Increased Their Business Influence

83% of HR leaders report they are influential in shaping decisions.

Size Indicates Prevalence of Response Among Heads of HR

n = 87.
Source: CEB 2016 HR Agenda Poll.

Our Perspective: Strong Business Acumen is the Foundation of Strong HR Strategies

A CHRO’s effectiveness as a strategic partner is compromised when his or her strategic planning process does not identify, explore, and translate business strategy into HR strategy. To create effective and lasting HR strategic plans, CHROs must understand business needs by interacting more with other leaders and developing strong professional relationships, and demonstrate how HR can be a strategic partner by translating the business’s needs into HR solutions.

Supporting Resource: CHRO Portal*

* For CEB Corporate Leadership Council™ members only.

Most Important Skills Heads of HR Need to Develop in the Next Year to Succeed

Size Indicates Prevalence of Response Among Heads of HR

- Strategic Thinking
- Aligning HR and Business Strategy
- Leadership
- Workforce Planning
- Communication Effectiveness
- Leadership Development
- Champion of Change
- Communication Strategy
- Negotiation
- Analytics
- Working with the Board
- Influence
- Collaboration
- Culture Change
- Global Perspective
- Business Acumen
- Analytic Influence
- Coaching
- Change Management
- Analytic Influence

n = 87.
Source: CEB 2016 HR Agenda Poll.
Heads of HR Spending More Time on Non-HR Business Projects

71% of heads of HR are spending more time on business issues not related to HR or talent.\(^a\)

\(n = 83.\)
Source: CEB 2016 HR Agenda Poll.
\(^a\) Includes somewhat increased, increased, and significantly increased time spend.

70% of heads of HR are spending more time participating in business projects in a leadership capacity.\(^a\)

\(n = 84.\)
Source: CEB 2016 HR Agenda Poll.
\(^a\) Includes somewhat increased, increased, and significantly increased time spend.

Our Perspective: The Best CHROs Are Enterprise Leaders

CHROs have a dual relationship with C-level executives. First, they are peer business leaders, working side by side on strategic and board-level priorities. Second, CHROs are peer coaches, guiding new-to-role corporate officers through difficult transitions and performance challenges. So CHROs must excel at enterprise leadership and continually share new ideas, tools, and processes to accelerate their peers’ performance.

Supporting Resources: Five Imperatives to Become an Enterprise Leader\(^a\) and CEB Enterprise Leadership Solution

\(^a\) For CEB Corporate Leadership Council™ members only.
## Insights and Support Tools for HR Success in 2016

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# Critical Issues for HR in 2016 by Region

## By Percentage of HR Leaders

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<td>Improving the effectiveness of HR BPs</td>
<td>Managing internal mobility and career paths</td>
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<td>Identifying and implementing new HR technology systems</td>
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<td>Improving employee engagement</td>
<td>Tracking and using talent analytics</td>
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\( n = 379. \)

Source: CEB 2016 HR Agenda Poll.
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