



Global HR Transformation

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Today's world

Today companies operate in an increasingly complex global environment, defined by four key trends:

Growth

Now that economies, particularly developed economies, have largely rebounded from the late recession, companies are once again starting to look for opportunities for growth. With that, big projects such as product expansions and mergers and acquisitions are back on the table.



The main driver of change is our growth agenda. This is a very competitive marketplace and there are lots of changes in the industry.

Sales director, Manufacturing sector

Our goal is to take out substantial savings, but the intention is to use savings to reinvest in the business and fuel growth. We are looking at our product set to make sure that it meets the current needs of consumers and we are reinvesting in some existing brands to reposition them.

IT director, Manufacturing sector



Digitization

Although the talk for many years, digitization arguably reached a tipping point in 2014. The digital revolution is now a huge driver of change across sectors and geographies as companies are trying to figure out what big data and the internet of things mean for their businesses.



We're investing in digitization; we're playing catch-up in many areas. My area is sales and marketing and certainly in those areas it is impacting everything from customer and consumer relationships, go to market strategy, and selling products – everything.

Sales director, Energy and resources sector

Digital will grow exponentially in the next few years – it's urgent that we act now.

Finance director, Manufacturing sector



Risk and regulatory compliance

With an increasingly complex regulatory environment, particularly in Europe and the United States, companies are feeling the pressure to stay compliant and are facing high costs if they do not. Furthermore, they are looking to navigate the risks that the new digital economy poses along with the opportunities.



Information security is a huge risk – and this probably held us back from exploiting options such as mobile technology in the past. There are technical issues to take into account and one of the biggest constraints is information security.

Operations director, Public sector



Talent – An enduring challenge

The challenges differ across sectors; however, talent is a primary concern across the board. Some sectors that are perceived as less attractive by millennials, like manufacturing, find it difficult to attract young employees; others, like digital, although attractive, are fiercely competing for the same pool of qualified candidates. Add to that the fact that companies are facing the pressure of baby boomers reaching retirement and it is easy to understand why talent is one of the biggest issues on the agenda.



The shortage of talent is being compounded by what we've all seen coming for a long time – baby boomers retiring. If companies don't address this issue, three years from now they'll have no bench to speak of.

CEO, Services sector



Source: Source for Consulting Complete 2015 Country Research



The KPMG difference

Our brand promise

With passion and purpose, we work shoulder-to-shoulder with you, integrating innovative approaches and deep expertise to deliver real results.

The client perspective

The market forces impacting our clients are varied and many. Top of mind for our clients are issues surrounding globalization, the changing workforce, uncertain economic forecasts, and regulatory complexity. Our clients tell us that these forces, coupled with competing, and often contradictory, challenges drive the need to have trusted business advisers that:

- ✓ Bring the right teams and approaches
- ✓ Deliver consistently superior work and results that are impactful to their business
- ✓ Have an informed perspective and are willing to challenge the status quo
- ✓ Understand their business deeply
- ✓ Have their best interests at heart – and strive to make them successful



The KPMG perspective

As a business composed of deep functional and industry professionals, we are combining our services and bringing our capabilities together to best serve our clients' complex needs. Our value proposition is grounded collectively in our people – a common way of thinking and a common way of working that shapes our culture, our experience, and our clients' experience:

- ✓ **We are passionate about what we do** – We have high ideals and integrity.
- ✓ **We are not “one size fits all”** – Our people have wide-ranging and diverse backgrounds; we do our best work when we bring our collective strengths to our clients in a unified and coordinated way.
- ✓ **We have a high devotion to our clients' success** – We are tenacious advocates for our clients' success and we strive to leave behind capability so our clients can sustain value.
- ✓ **Our working style is highly collaborative** – We work best with clients who want to team closely with their advisers to create an approach that is finely attuned to the specific needs and culture of their organization.
- ✓ **We are practical and action-oriented** – We are astute at wading through complex issues to pinpoint root causes of problems, swiftly driving forth realistic approaches that can exceed our clients' expectations.
- ✓ **We are specialists in what we do** – We have equally deep industry and functional knowledge in the three broad areas we have chosen to specialize in – business transformation, technology enablement, and analytics.
- ✓ **We bring the breadth and scale of all our partners and staff to bear for our clients** – With sophisticated knowledge around the globe and advanced research and thought leadership, we strive to facilitate communication and knowledge sharing globally across KPMG member firms.

KPMG's People and Change (P&C) practice


P&C

Manifesto

What we do makes a fundamental difference to the way people are managed, led, and developed. This can result in a significant improvement in business performance.

No more HR for HR	People as a strategic lever	Holistic approach
We always start with the business strategy and the business outcomes and help clients achieve these through better people practices.	We identify the people implications of changes and strategies early on and challenge our clients to consider these as strategic levers for success.	Our people methodologies are part of every KPMG transformation proposition.

We have a truly global capability of more than 1,100 P&C practitioners, supported by a Center of Excellence (CoE) team of 12 full-time dedicated resources based in 3 key regions.



U.S. & Canada 270	Europe & ME 420	Asia 120
Global COE 12	Latin America 90	Africa 80
	KGS 35	Australia 110

Indicates the number of P&C practitioners only

Our global P&C practice transforms the performance of organizations across the world by changing the way people are led, managed, and developed. We do this by focusing on two areas of the change agenda – delivering the people agenda on large scale, complex, transformational change programs and transforming the HR function. We have 5 key offerings:

Behavioral change management	Talent management	Workforce intelligence	Organizational development	HR transformation
A proactive, structured approach to make complex change happen 	A holistic approach to attract, develop, and retain talent and capability to deliver a competitive advantage 	A focus on strategic workforce planning and HR analytics 	An approach to design and redesign organizations to achieve specific performance objectives 	A strategic transformation of HR functions through process, technology, and operating model innovation



Our value proposition

Defining HR transformation

At KPMG, we define HR transformation as creating fit-for-purpose people functions by aligning HR and business strategy and putting the appropriate structure, capabilities, and systems in place that enable HR to deliver real value to the business.

Our point of view – The case for evidence-based HR

We believe the HR function is at its best when its strategy, structure, tools, processes, and measures are configured to reflect the unique characteristics of its wider organization – and when data and analytics are at the heart of the function. Evidence-based decision making and workforce analytics can be the key to understanding where powerful connections in people management can be made. In our experience, analytics bring the rationale for how and where HR should “place its bets.” It brings the justification for moving away from a “me too” leading practice driven HR to one that is configured to the specific needs of the organization to drive business value. This is the journey to what we call “My HR.”

Our capabilities

The primary objective of HR transformation is to successfully build HR capabilities that drive scalable and sustainable business value. It requires a broad set of resources, skills, disciplines, experiences, and commitment from leadership to achieve a successful outcome. KPMG’s HR advisory capabilities span the full life cycle of HR transformation and focus on six key areas:

HR
assessment



The HR assessment is the foundation for decision making and justification for further investment. It is a review of the current operating environment with the objective to identify the issues and opportunities for improvement (i.e., size of the prize).

Strategy alignment
& planning



HR strategy alignment and planning set the expectations for project scope, timing, resources, and outcomes. They focus on defining an HR strategy that supports the transformation of an HR organization with the goal of driving business objectives and maximizing HR’s efficiency and effectiveness.

Service
delivery model



The HR service delivery model is the underlying conceptual framework that supports the delivery of HR services. It creates the overall “game plan” for roles, responsibilities, span of control, and how work will be allocated across three dimensions of the organization – operational, strategic, and consultative.

HR technology strategy
& implementation



An HR technology strategy is an essential element of the service delivery model and should be closely aligned with the overall IT strategy supporting the business. An objective understanding of the leading technology practices and associated vendor solutions is critical to an effective transformation of the HR function.

Business case
& roadmap



The business case is used to assess alternatives and justify a final set of recommendations to present to management. It contains the required level of economic and intangible detail to support the service delivery model. It is a fact-based document and successfully demonstrates a value proposition for senior management to make a decision to move forward with a project.

Detailed design
& deployment



The detailed design and implementation of the recommended approaches can begin once the key stakeholders have aligned on the service delivery model and the business case has been approved by senior management. The focus is on finalizing the approach, design, and procedures as well as implementing the technologies to support the new operating model.

Our approach


We focus on creating fit-for-purpose people functions by aligning HR and business strategy and putting the appropriate structure, capabilities, and systems in place that enable HR to deliver real value to the business. Our services include HR strategy, HR service delivery model development, HR process redesign, HR team effectiveness, HR team efficiency, and HR value-added measures.

We believe . . .


- Focus should be on My HR, not Me Too HR
- HR systems are there to support, not to drive, the strategy and operating model
- Firms should measure the impact of HR practices and policies on the delivery of business benefits
- HR should align strategy and operating model to business objectives

Our differentiator


Our accelerated, end-to-end approach that integrates



strategic



functional



and technical

requirements configured to **deliver value.**

KPMG Powered HR helps clients focus on what matters

What is it?

KPMG Powered HR is a cloud-based solution that puts HR professionals at the forefront of their business's strategy. It offers:

- Pre-built operating models across several industries to help you standardize your HR processes more quickly and more effectively
- Integrated KPMG analytics dashboards to turn data into real-life insights
- Efficient travel and visa tools
- A single, consolidated system to maximize speed to value

Along with those pre-built models, we bring our consultancy to the table and ensure that the models are configured for you. Whether your focus is talent acquisition, efficiency or efficacy, KPMG Powered HR will demonstrate the power of HR to enhance broader business goals and drive value in your organization. And with options available for the technological framework, you choose the software. We provide the solution.

What is the value to HR?

Creates an evidence-based HR function via access to analytics

Improves HR decision-making ability

Increases efficiency and effectiveness in HR process delivery


Helps demonstrate HR is not a sunk cost but a function critical to profitable growth

Enables future-focused change and helps ensure the talent is fit for the organization

Provides business leaders with access to people data across their enterprise

Provides differentiation where desired, and standardization where needed

Establishes quickest route to leading HR practice adoption





Our methodology and tools

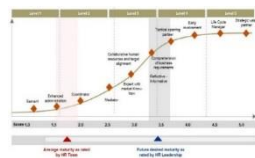
Our Next Generation HR methodology combined with a robust set of tools and benchmarks allows us to quickly add value to our clients.

Our practitioners work alongside clients to design and implement strategically differentiated HR functions that can enable sustainable competitive advantage for our clients. Our work is aligned to industry trends and informed by the insights from the highly regarded HR Transformation Survey (formerly the Towers Watson HR Service Delivery and Technology Survey).

Maturity assessment

Area	Level 1	Level 2	Level 3	Level 4
Strategic Alignment	HR is not aligned with business strategy	HR is partially aligned with business strategy	HR is aligned with business strategy	HR is fully aligned with business strategy
Operational Efficiency	HR processes are inefficient and manual	HR processes are becoming more efficient	HR processes are efficient and automated	HR processes are highly efficient and fully automated
Employee Experience	Employee experience is poor	Employee experience is improving	Employee experience is good	Employee experience is excellent
HR Data & Analytics	HR data is not collected or analyzed	HR data is being collected	HR data is being analyzed	HR data is being used for strategic decision making
HR Technology	HR technology is outdated	HR technology is being updated	HR technology is modern	HR technology is cutting edge

HR benchmarking



New operating model



Implementation roadmap



What is the people agenda?

People agenda

- Which roles drive the most value in the value chain?
- Which HR levers can be used to enable this value creation?
- How should value through people be measured and tracked?

How does the organization's strategy drive the HR function?

Strategic value proposition

- What is the current business strategy and what are the critical success factors for delivering it?
- What are the implications of the business strategy and other corporate initiatives on the requirements of HR?

KPMG has been named a Vanguard Leader in HR transformation by ALM Intelligence (formerly Kennedy). The prestigious ranking reflects KPMG's global leadership in the HR transformation consulting space. KPMG was one of only two providers worldwide found to be "advancing service breadth or depth" of its HR transformation services.

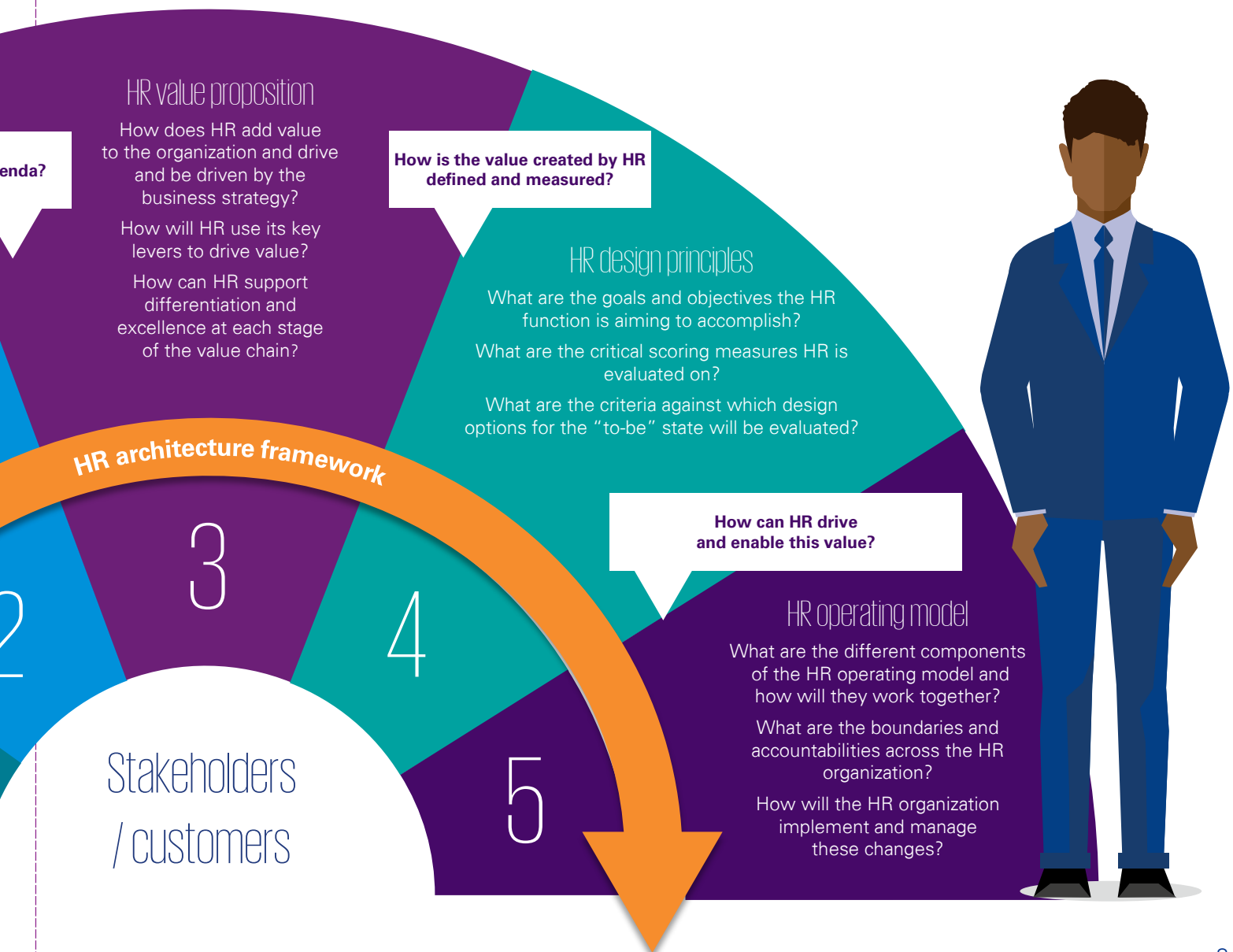
Powered HR is a fully integrated, end-to-end HR transformation methodology that combines HR strategy, operations, and technology consulting in a cloud-enabled environment.

KPMG has also advanced its thinking on building an **evidence-based HR capability in research** (enhanced analytics) that shows the connection between HR and business performance.

KPMG's **acquisition of Towers Watson's HR Service Delivery practice** makes KPMG a **global leader in Workday-based HR service delivery consulting**. With this deal, KPMG also assumes ownership of Towers Watson's renowned HR Service Delivery and Technology Survey and Forum.



Recognized for strengths in "analytics capabilities and the Powered HR platform that leverages cloud technology to accelerate HR transformation"





Our credentials

Case study: Financial services organization

Client challenge

- A global investment management organization required a review of their HR function to increase efficiency, enhance service delivery, and ensure the organization had a fit-for-purpose HR function for future global growth ambitions.
- A key focus was vendor selection for a new HR system as the legacy system was highly manual and did not provide adequate reporting functionality and managed information (MI) to support business decision making.

KPMG's response

- Conducted an HR operating model assessment and high-level review of current HR systems based on cost, functionality, effectiveness, and risk
- Completed a benchmarking and external market assessment to highlight leading HR practices and compare performance against similar organizations
- Produced a short list of potential HR system vendors that were assessed against cost, organizational fit, complexity to implement, and alignment to business requirements; supported the RFP process for the HR system vendor short list
- Developed a current cost model and high-level business case, including a high-level implementation plan
- Developed the people and HR strategies utilizing the output from the opportunity assessment, helping to ensure alignment to the overall business strategy
- Designed detailed operating model including defining roles and responsibilities, ways of working, and number of full-time equivalents (FTEs)

Benefits to the client

- Global HR operating model that will enhance service delivery
- Enhanced MI and reduced administrative burden through new HR system to enable focus on business partnering activity
- Clear direction for the HR function, alignment of people and business strategy

Case study: Consumer products organization

Client challenge

- A family-led global consumer product organization required help to align its HR organization to leading market practices and optimize the services offered to the business and employees while continuing to foster their unique culture.
- They needed a service provider to evaluate alternative service delivery options supported by a high-level business case and design a scalable and flexible HR infrastructure adaptable to the needs of the businesses.

KPMG's response

- Assisted in refining the HR vision/strategy and development of guiding principles to direct design of the HR transformation
- Performed an activity analysis survey of HR employees to determine how they spend their time compared to leading practices and drafted recommendations for improvement
- Interviewed executive stakeholders external to HR and subject matter professionals from within HR to understand leadership perception of HR strengths and improvement areas
- Created and conducted an online stakeholder survey to identify employee perceptions of the relative importance of HR processes and their level of satisfaction with each process
- Conducted workshops with key HR leaders to recommend activities to be moved to a shared services operating model and help them to understand the benefits of transformation
- Developed HR service delivery recommendations, including a new operating model with supporting cloud technology
- Proposed sourcing alternatives with integration, service, and financial implications

Benefits to the client

- Clear financial business case to support the proposed operating model enabling the transformation
- Agreement on prioritized process and technology improvement recommendations for both "quick wins" and long-term initiatives
- Improved understanding of stakeholder perceptions and requirements of HR

Leaders in thought

KPMG is a recognized HR transformation thought leader with a global CoE dedicated to creating leading insights, assets, and tools.



Case study: Oil and gas EPC firm

Client challenge

- A global Tokyo-based Oil and Gas engineering, procurement, construction (EPC) firm needed to operate stand-alone after acquiring an asset that received shared services, including HR, from its former parent company.
- The firm wanted to upgrade the existing shared services function and create an organization that had the right processes and capabilities in place to support the new business needs.

KPMG’s response

- Conducted a current state analysis of the HR, IT, facilities, and back-office functions to gain a clear understanding of current processes and practices
- Developed alternative back-office and executive organization structures and approaches for review with the president to select the organization best fit to the new company circumstances
- Recommended a holistic framework for sourcing, interviewing, assessing, and selecting new employees based on behavior-based questionnaire
- Suggested list of competencies and behavioral interview questions along with prevailing leading practices in behavioral interviewing techniques
- Developed detailed job descriptions for back-office roles, along with core competencies prerequisite for the given roles

Benefits to the client

- Agreement by senior leadership team on the back-office structure going forward, including key position decisions, recruitment and assessment approach
- Roadmap to implement upgraded, independent back-office organization

Case study: Government and public sector agency

Client challenge

- A Defense agency launched an HR shared services (HRSS) program to deliver a more efficient, effective, and connected people service to all of Defense. This initiative aimed to improve the way people services were delivered by examining and refining business processes and practices.
- As part of the HRSS program, the Customer Access Channels (CAC) project aimed to improve and simplify access to the full range of people services by reviewing and revising existing channels and developing new ones.

KPMG’s response

- Worked with Defense staff to gain an in-depth understanding of customer access requirements and engage HR business owners to help ensure people services were readily accessible by individuals and their managers
- Convened and facilitated workshops involving HR business process owners, service delivery staff, Web site content managers and other key stakeholders to identify the most efficient and effective mechanisms for providing information
- Developed and deployed People Connect, a new quick and easy online gateway that enables military and civilian personnel to access the full range of people services, information, advice, support, and delivery
- Helped standardize internet/intranet content management applications to provide access to a “single source of truth”
- Developed an ownership framework that identifies the functional leads responsible for the development and sustainment of documents and scripts

Benefits to the client

- Enhanced people services intranet site that provides a self-service environment for accessing people service information, advice, support, and delivery
- Enhanced operations of the customer service center, improving responses to customers’ telephone enquiries
- Streamlined access to online forms and other artefacts

We have done this... many times before.

 <p>Investment company</p> <p>KPMG assisted in transforming the HR function to drive efficiency, enhance service delivery, and develop a fit-for-purpose HR function to support future global growth ambitions.</p>	 <p>Consumer products company</p> <p>KPMG assisted in evaluating alternative service delivery options and designing a scalable and flexible HR infrastructure.</p>	 <p>Professional services company</p> <p>KPMG assisted in global process design and offshoring of HR and payroll processes from Australia, United State and Canada to a shared service center in Malaysia.</p>	 <p>Telecommunications company</p> <p>KPMG assisted in the development and transformation of the international HR service delivery model.</p>	 <p>Financial services organization</p> <p>KPMG assisted in redesigning the employee experience to deliver a consistent, mobile-enabled experience across the entire employment lifecycle.</p>
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