The New CHRO Agenda
Employee Experiences Drive Business Value
<table>
<thead>
<tr>
<th>Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Survey results</td>
<td>5</td>
</tr>
<tr>
<td>Introduction</td>
<td>6</td>
</tr>
<tr>
<td>Top takeaways</td>
<td>8</td>
</tr>
<tr>
<td>The new CHRO</td>
<td>10</td>
</tr>
<tr>
<td>CHROs across the world</td>
<td>18</td>
</tr>
<tr>
<td>Industry spotlight</td>
<td></td>
</tr>
<tr>
<td>Financial Services</td>
<td>26</td>
</tr>
<tr>
<td>Healthcare</td>
<td>28</td>
</tr>
<tr>
<td>The modern employee experience</td>
<td>30</td>
</tr>
<tr>
<td>Investing in the employee experience</td>
<td>38</td>
</tr>
<tr>
<td>Mapping the CHRO-led digital transformation</td>
<td>42</td>
</tr>
<tr>
<td>Assessment</td>
<td>50</td>
</tr>
<tr>
<td>Conclusion</td>
<td>56</td>
</tr>
</tbody>
</table>
Welcome to *The New CHRO Agenda: Employee Experiences Drive Business Value* report and survey. I’m thrilled to be the first to share new findings in our field, and what it means for aspiring CHROs and the future of work. There continues to be seismic shifts in the way we work, collaborate and enable digital innovation. Automation, new skillsets and a high demand for consumerizing the employee experience are just among some of the critical issues facing CHROs today.

CHROs are at the center of all this change, leading what is about to become a re-boot of the enterprise, unleashing their organization’s strategic assets and people to tackle new levels of digital transformation and disruption.

In speaking with more than 500 CHROs in 12 countries across 20 industries, we’ve gathered some extraordinary views and insights to encourage continued dialogue, learning and help prepare leaders for the future. Exploring, for example, how HR leaders are responding to today’s challenges, while also helping their organizations pivot and prepare for growth? What do they feel are important issues advancing or hindering our profession? What are modern CHROs doing to successfully navigate both recruitment and HR demands, while remaining a key partner of business leaders?

For example, nearly two-thirds (64%) of CHROs said it’s their responsibility to drive corporate performance. CHROs also expect their success to be defined by the consumer-like employee experience. In fact, more than half of CHROs (56%) say the ability to create a digital, consumerized experience will define their roles in the next three years. And further, the modern CHRO is looking at this new focus on employee experience not only driving quantifiable productivity gains, they see it as a key unifying element across the C-suite.

CHROs are leading radical changes, redefining the way work gets done. I’m excited to present *The New CHRO Agenda: Employee Experiences Drive Business Value* report and survey results and look forward to continuing our dialogue. Together, we’ll continue to teach, learn and help our business leaders achieve their strategic ambitions. Enjoy the journey!

Pat Wadors
Chief Talent Officer, CHRO
The Chief Human Resources Officer (CHRO) is fast becoming a driver of change and accelerator of digital transformation. And a select group of CHROs are leading the way. They are deploying advanced, innovative platform technologies to create a new employee experience. This new employee experience is designed to drive deeper engagement, higher productivity and better business results. These leading CHROs see the technology-enabled employee experience as a new way to win the war for talent.

ServiceNow commissioned Oxford Economics to survey 500 CHROs about the changing nature of the job and its impact on business performance. Respondents are based in Australia, France, Germany, Italy, Japan, Netherlands, New Zealand, Singapore, Spain, Sweden, United Kingdom, and the United States, and represent a broad range of B2B and B2C sectors. This report also includes insights from in-depth interviews conducted with leading CHROs from across the world.

This report will detail the CHRO’s continuing journey to strategic impact, how the employee experience must evolve to improve business results and the impact of an HR function’s capabilities on retaining and attracting the best talent.
The CHRO is poised to remake the way business works.
From how employees access services and information to how global teams collaborate, business as usual is being redefined for the digital era by a new brand of CHRO. Today, the CHRO is leveraging new technologies that dramatically improve employee experiences, humanize the workplace, automate tasks, facilitate cross-function partnership and collaboration, and provide insights that improve talent strategy and decision-making.

The position is building on its core service delivery toward becoming a strategic driver of digital transformation.

These changes will lead to nothing less than a seismic shift in how work gets done, as well as the satisfaction of employees who do it.

For employees, the workplace will become more personalized, predictive, and seamless. Their needs will be met through consumer-like digital interactions. Employees will receive push notifications for paperwork updates, recommendations for services based on recent behavior, and instant answers to questions through chatbots that receive data from multiple departments.

The timing is critical: companies are increasingly challenged to fill roles with the talent they desire.¹

With an improved employee experience, CHROs can enable their organizations to attract and retain the best. While improving the employee experience requires collaboration across an organization’s C-suite, the CHRO is uniquely positioned to take the reins.
CHROs are accelerating business performance through the digital transformation of the employee experience.

A growing number of CHROs have a broader scope of responsibility, and they see technology—as well as better collaboration—key to helping them achieve higher-level outcomes.

1
57% of CHROs say HR is now a driver of digital transformation. Digitization is seen as a tool to enable better employee experiences and help leaders overcome budget, time, and other talent challenges.

2
CHROs expect their success to be defined by the consumer-like employee experience. As a result, most have invested in technologies that would make employee life more personal, predictive, and seamless. However, many leaders have not yet mastered the application of those innovations to their organizations.

3
CHROs will use platform models to drive change. In the next three years, 48% expect to use platform models to help bring consistency to HR operations and encourage cross-functional collaboration, up from just 14% today. Platforms do so by integrating data from multiple sources and delivering visibility into all processes and infrastructure. Among the many benefits,
Definitions:

Digitization: Converting data and processes into a digital format

Employee Experience: The combination of organizational culture, technological environment, processes, and physical environment that determines how employees perform and feel about their job

Personal Technology: Provides services or information to a user that is tailored to individual tastes, preferences, or requirements, based on data that has been collected

Predictive Technology: Tools that preemptively provide services or information to a user based on data that has been collected

Seamless: A way of delivering services or information that is nondisruptive to work, fast, and easy

War for Talent: A term coined by the McKinsey Institute that describes the competitive landscape for recruiting and retaining talented employees
Top findings:

1. CHROs have growing strategic responsibilities over business outcomes, requiring the adoption of digital innovations to meet the challenges of an expanding workload, burdensome processes, and limited budget.

2. CHROs will be judged by their ability to meet the expectations of talent and gain influence among peers.

3. CHROs are focused on improving the employee experience through technology in order to accelerate productivity, collaboration, and brand performance to attract talent.
Strategic focus is replacing tactical management.

The role of the CHRO is at an inflection point. CHROs who just three years ago saw their responsibilities as largely delivering HR services and attracting top talent now see their role in broader terms: advancing corporate goals, driving digital initiatives, and contributing to business performance.

For instance, 75% of CHROs say it is their responsibility to increase employee productivity; 67% say it is their responsibility to improve the corporate brand; and 64% say it is their responsibility to drive corporate performance.

“We are part of the decision-making process, shaping and leading the strategy of this organization. Our decisions take into account the opportunities, the risks, and the trade-offs that we have to make from an HR perspective—anything that would impact our culture, talent pipeline, leadership pipeline, our performance management system and development framework. We are the domain experts in HR for the entire organization.”

–Aileen Tan, Group CHRO, Singtel
THE NEW CHRO
57% of CHROs now see HR as a driver of digital transformation, a top strategic priority for most enterprises.³

![Bar chart showing 57% agreement that HR is a driver of digital transformation at the company.]

75% of CHROs believe their role has become more strategic over the past three years, and 75% think their role will become more strategic over the next three years.

![Bar chart showing 75% agreement that the role will become more strategic over the next three years.]

As a result of broadening priorities and increasing pressure, CHROs are looking to technology to do more with less within their function, as well as enable employees to better succeed.

While talent strategy remains a top priority for CHROs, it is not always a top concern among their C-suite peers. It ranks fourth, after the digitization of internal processes, growth in new markets, and the rapid introduction of new products. And, within this context, about one-third of CHROs say they are not given enough budget to offer competitive compensation to talent, that they are overburdened by core HR tasks, and that it is difficult to reskill existing employees. That’s why 29% are focusing more on digitizing the employee experience, 22% are increasing investment in digital technology, and 18% are investing in a single company-wide platform that connects HR with other functions.
For CHROs, technology will accelerate success through collaboration, improved workflows, and easier day-to-day work experiences for all employees.

In the last three years, delivering HR services has dramatically dropped in priority for CHROs in favor of organizational strategy and digitizing their business.

<table>
<thead>
<tr>
<th>Which of the following best describes your core role three years ago?</th>
<th>Which best describes your core role today? Select up to two.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contribute to organizational strategy</td>
<td>32%</td>
</tr>
<tr>
<td>Focus on creating an amazing experience throughout the employee life cycle</td>
<td>31%</td>
</tr>
<tr>
<td>Digitize parts of the employee experience</td>
<td>20%</td>
</tr>
<tr>
<td>Digitize the life cycle of the employee experience</td>
<td>8%</td>
</tr>
<tr>
<td>Make HR workflows more digital and efficient</td>
<td>22%</td>
</tr>
<tr>
<td>Contribute to corporate performance</td>
<td>25%</td>
</tr>
<tr>
<td>Drive productivity</td>
<td>14%</td>
</tr>
<tr>
<td>Retain top talent</td>
<td>10%</td>
</tr>
<tr>
<td>Deliver training and education</td>
<td>8%</td>
</tr>
<tr>
<td>Attract top talent</td>
<td>3%</td>
</tr>
<tr>
<td>Team building</td>
<td>5%</td>
</tr>
<tr>
<td>Deliver HR services</td>
<td>4%</td>
</tr>
<tr>
<td>Onboard employees</td>
<td>3%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Three Years Ago</th>
<th>Today</th>
</tr>
</thead>
<tbody>
<tr>
<td>32%</td>
<td>11%</td>
</tr>
<tr>
<td>31%</td>
<td>31%</td>
</tr>
<tr>
<td>20%</td>
<td>30%</td>
</tr>
<tr>
<td>22%</td>
<td>8%</td>
</tr>
<tr>
<td>25%</td>
<td>20%</td>
</tr>
<tr>
<td>14%</td>
<td>3%</td>
</tr>
<tr>
<td>10%</td>
<td>8%</td>
</tr>
<tr>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td>7%</td>
<td>18%</td>
</tr>
<tr>
<td>7%</td>
<td>21%</td>
</tr>
<tr>
<td>4%</td>
<td>27%</td>
</tr>
<tr>
<td>3%</td>
<td>8%</td>
</tr>
</tbody>
</table>
The CHRO role is drawing up the blueprints of what modern HR will look like in three years. Creating consumer-grade digital experiences, influencing business strategies, and driving corporate performance will define the CHRO’s role in three years.

Which of the following capabilities and characteristics will best define the CHRO role in three years?

- Ability to create a digital, consumerized employee experience: 56%
- Ability to influence and partner with other C-level executives to set and manage strategy: 44%
- Focus on role of talent management in driving corporate performance: 27%
- Understanding of advanced analytics and its application to employee data: 22%
- Ability to manage traditional HR and talent management tasks and decisions: 6%

In the future, CHROs expect to be judged on their digitization success today. In response to which capabilities will best define their role within three years, most said the ability to create a digital, consumer-like employee experience.
To summarize, for most CHROs there is a clear connection between better use of technology, better employee experiences, and better business results, and that is why investment in technology that improves the experience is a priority.

- The use of technology to foster a sense of community and healthy corporate culture is a core goal: 70% agree, 20% neither, 10% disagree.
- Our HR technology allows us to improve the employee experience: 68% agree, 22% neither, 10% disagree.
- We expect to see improved employee experience from digital transformation in the next three years: 77% agree, 18% neither, 5% disagree.
Improving the digital experience to drive corporate performance.
Top findings:

1. CHROs in the U.S. lead in making HR workflows more digital, but struggle to retain skilled talent.

2. In Europe, CHROs have embraced the potential of digital transformation but are slow to make investments in advanced technologies that deliver an improved employee experience.

3. CHROs in Asia Pacific (APAC) lead their colleagues in Europe and North America in applying data and analytics to decisions making.
We analyzed the responses of CHROs across Asia Pacific, Europe, and North America to identify regional patterns. Respondents are based in Australia/New Zealand, Japan, Singapore, France, Germany, Italy, the Netherlands, Spain, Sweden, the United Kingdom, and the United States.

**CHROs increasing investment in digital technology**

- **North America**: 38%
- **Europe**: 19%
- **Asia Pacific**: 21%

**CHROs that say their current HR technology allows them to improve the employee experience**

- **North America**: 76%
- **Europe**: 68%
- **Asia Pacific**: 70%

**CHROs that say data-driven decision making is important**

- **North America**: 44%
- **Europe**: 54%
- **Asia Pacific**: 60%
North America

CHROs in the U.S. are accelerating the digital transformation of their companies faster than peers in Europe and Asia Pacific. Almost one-third (32%, vs. 20% in Europe and 15% in Asia Pacific) say that their core role is shifting toward making HR workflows more digital and efficient, and that they are increasing investment in digital technology (38%, vs. 19% in Europe and 21% in Asia Pacific).

**Improving the employee experience is at the core of this strategy.**

Three years ago, just 4% prioritized digitizing parts of the employee experience (vs. 21% in Europe and 24% in Asia Pacific) and 12% emphasized creating an amazing employee experience (vs. 33% in Europe and 33% in Asia Pacific). As a result, HR functions in the U.S. became a global laggard. For example, more CHROs in the U.S. than in Europe and Asia Pacific now struggle to retain skilled talent—27% vs. 16% and 19%, respectively. They are also least likely to say they have built a workforce to meet their future business objectives to a meaningful extent—just 22%, vs 41% in Europe and 43% in Asia Pacific.

Today, U.S. CHROs are prioritizing the digitization of internal processes to achieve competitive advantage and are more likely than both European and Asia-Pacific respondents to say that their HR technologies allow them to improve the employee experience.

This refocus in strategy has led to a shift from fear to optimism.

In fact, 84% of U.S. CHROs expect to see improved employee experiences from their digital transformation (compared to 76% in Europe and 76% in Asia Pacific). In addition, 72% believe these improvements will drive productivity gains and improvements in corporate performance (compared to 68% in Europe and 59% in Asia Pacific).
Europe

CHROs in Europe are slower to invest in new technologies that could enhance the employee experience and provide competitive advantage in attracting top talent.

However, the diverse economies and cultures of the seven European countries surveyed produce a range of localized findings:

**Germany** is well-positioned in the war for talent. CHROs in the country are most satisfied with engagement (76%) compared to CHROs in other European countries polled, and are second most likely to report low turnover rates (67%). They also report the most positive brand and employee experience perception by job candidates (73%).
France-based organizations lag other countries in the region in employee engagement, and as a result they have higher turnover rates. Only 67% are satisfied with employee engagement levels, compared to 71% for the region as a whole (76% in Germany, 73% in Italy, 71% in The Netherlands and Spain, 73% in Sweden, 69% in the U.K.). Only 51% say they have lower turnover than others, compared with 59% for Europe as a whole (67% for Germany, 62% for The Netherlands, 60% for Spain and Sweden, 53% for Italy, 62% for the U.K.). Other regions in the world also report lower turnover rates compared with France: 58% for the U.S. and 59% for APAC say their turnover rate is lower than others.

Italy-based CHROs are most likely to say senior management views talent as strategic priority (84%). In Europe, they are the most confident that they have built a workforce to meet future business needs (58%), and are especially confident about this in three years (96%). Italy-based CHROs are also the most likely in Europe to feel responsible for driving corporate performance (76%).

Netherlands CHROs are least likely to say their role has grown more strategic in the last three years (62%, compared with a 76% average for Europe, 74% for the U.S. and 75% for APAC). They are also least likely to say CHROs are responsible for increasing productivity (62%, compared to 75% for Europe as a whole, 72% in the U.S., and 76% in APAC) or improving the brand (56%, vs. 69% for Europe, 68% for the U.S., and 63% for APAC), that senior management views talent as strategic priority (62%, 71% for Europe, 62% for the U.S, and 66% for APAC), and that the CHRO is best positioned to lead talent strategy (53%, vs. 65 for Europe, 56% in the U.S., and 72% in APAC).
Spain CHROs are feeling boardroom pressure to create a better employee experience to drive business results. They are the most likely in Europe to say improving the quality of the employee experience is a top priority for senior management (87%, vs. 77% for Europe, 74% for North America, and 76% in Asia Pacific.)

Sweden CHROs are stuck in neutral—they are the most likely to say their role is defined by ability to manage traditional HR and talent management tasks and decisions (40%, compared with 27% in Europe as a whole). And they have not taken the lead in any category of advanced technology. In fact, no Sweden–based CHRO respondents said they are investing in the most advanced technologies such as process automation software, virtual reality, blockchain, chatbots, artificial intelligence, or machine learning.

UK CHROs are most likely to say their role in three years will be defined by the ability to create a digital, consumerized employee experience (71%). That’s quite an advance from three years ago, when the UK was least focused in Europe on creating an amazing employee experience (16%) and digitizing parts of employee experience (7%). However, they are least confident that they’ve built a workforce to meet future business needs (20%). The European leader in this category was Italy, at 58%. Globally, the leader was Japan, at 60%.

Example

University of Bradford

The UK–based public university is using automation and a self service portal to free–up time for HR staff. As a result, the level of resources required to deal with work requests and demands has been reduced. The HR team has also been able to better service employees. For example, resolution times are down, with 90% of employees able to resolve their query with minimal human intervention, and user satisfaction rates are up, with 90% of users either “very satisfied” or “extremely satisfied,” with the portal.

University of Bradford School of Management / commons.wikimedia.org
Asia Pacific

CHROs in APAC lead the world in competing effectively for top talent, in part because of their strong commitment to improving the employee experience. In three years, CHROs in the region expect their role to be defined by the ability to create a digital, consumerized employee experience (54%, vs. 56% in Europe and 60% in North America).

Perhaps as a result, their success in attracting and retaining top talent is second to none (62%, vs. 50% for North America and 60% for Europe).

However, broad variations exist across countries, with CHROs in Japan much more mature in nearly every critical area, and CHROs in Australia and New Zealand lagging. The diverse economies and cultures of the countries surveyed produce a wide range of localized findings:

**Japan** leads in viewing HR as a strategic function, with 84% of CHROs saying their role has grown more strategic (84%, vs. 71% in Singapore and 69% in ANZ) and that the CEO holds them accountable for employee experience strategy (82%, vs. 62% in Singapore and 56% in ANZ). More CHROs from Japan say they have the information they need to win the war for talent (89%, vs. 58% in ANZ and 64% in Singapore), and improve the employee experience (84%, vs. 56% in ANZ and 64% in Singapore).

**Australia and New Zealand** CHROs lag their peers in Singapore and Japan in their effectiveness at using technology to create a positive employee experience, and positioning the CHRO as a strategic member of the organization. For example, 16% say they do not use technology in a meaningful way, compared with 2% in Japan and 9% in Singapore; they also are less likely to say the HR function is a driver of digital transformation at their company (47%, vs. 64% in both Japan and Singapore).
CHROs in Singapore were more advanced than peers across the region in digitizing the employee experience: They are more likely to say their core role three years ago was making HR workflows more digital and efficient (38%, vs. 29% in ANZ and 18% in Japan). However, Singaporean CHROs say they are less successful at retaining talent (31%, vs. 51% in ANZ and 58% in Japan).
Financial Services

Key findings:

Financial services CHROs are more focused on creating an experience that meets individual needs rather than a sense of community and collaboration—and they’re lagging their industry peers in building a workforce that meets business objectives.

Financial services CHROs are behind the curve in building an exceptional employee experience—perhaps because they were slow to prioritize it in years past. For example, they were far less likely than industry peers to say their core role three years ago was to focus on creating an amazing employee experience throughout the employee life cycle (14%, vs. 33% of others). And today, they remain less likely to say their core role is to digitize parts of the employee experience (18% vs. 32%).

They also seem less focused on collaboration and community building. CHROs in financial services are far less likely to say the use of technology to foster a sense of community and healthy corporate culture is a core goal (54% vs. 72%).
In three years, financial services CHROs will still value collaboration skills less than their peers (58% vs. 72% in other industries). And they are less likely to agree that a platform that streamlines cross-functional collaboration would drive productivity and improve the employee experience (52% vs. 70%).

<table>
<thead>
<tr>
<th>CHROs that say they have built a workforce to meet future business objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Services</td>
</tr>
<tr>
<td>Other Industries</td>
</tr>
</tbody>
</table>

Unfortunately, many financial services firms are paying a price for not focusing on the employee experience and collaboration capabilities. They are less successful at meeting demand for skills their companies require, including industry-specific expertise (46% vs. 71% in other industries) and client management and communication (38% vs. 54%). They are also less likely than all others to say they have built a workforce to meet future business objectives (28% vs. 42% others).

“There is a war for talent... and our top management considers the corporate culture to be a key element for success and even for sustainability in the future.”

—Jaime Perez Renovales, CHRO, Banco Santander
Healthcare

Key findings:

Healthcare CHROs trend ahead of the pack in prioritizing superb HR experiences and building positive relationships. They are on par with other industries in building a workforce that meets future business objectives.

Healthcare CHROs we polled—from organizations including hospitals, clinics, and insurance companies—lead peers in other industries in using technology that makes it easier for employees to do their jobs (68% say they’re successful or highly successful, vs. 55% for non-healthcare industries), and they are more likely to be successful at delivering HR experiences that match the technology that employees use in their personal lives (72% vs 58%).

Example

Magellan Health

Magellan rolled out a self-service HR portal to nearly 10,000 employees, deflecting 75% of routine inquiries about pay, benefits and policies. They also digitized HR communications so that they no longer needed phone support. Today, most cases are closed in under three hours, far less than the 48-hour SLA the company put in place, and the quality of the information available through the portal is rated highly by employees: a 4.0 average rating on articles. The company also has better data about the services and information employees want most, so it can continuously improve the quality of HR services based on tangible metrics.
CHROs in the healthcare industry also see improving the employee experience as a key link in a chain that leads to improving the corporate brand and driving corporate performance. They are more likely than other CHROs to say improving corporate brand (80% vs. 66%) and driving corporate performance (78% vs. 62%) are their core responsibilities.

In contrast to financial services CHROs, healthcare HR leaders excel at fostering positive relationships among coworkers and between employees and managers. Today, they are the most confident in their HR function to effectively measure employee recognition (78% vs. 46% in the financial sector and 58% in other industries) and employee performance (62% vs. 54% in the financial sector and 50% in other industries). In three years, they still expect to be more effective than their peers in measuring employee recognition (88% vs. 78%), and they are confident in their ability to effectively measure employee performance (78% vs. 76%).
The modern employee experience.

Top findings:

1. Most CHROs are adopting technology that creates a more personalized and predictive workplace and provides easier access to services or information.

2. Many CHROs have experienced a lag time between implementing technological solutions and achieving expected results.

3. CHROs will transition from using single-purpose HR applications to multi-purpose applications or platform models that simplify service and information delivery, as well as collaboration across the enterprise.
The employee experience determines results for the business.

If an employee is waiting days for an email response or can’t locate the right colleague to answer a question, the process drags, results stall, and time and money are wasted. Human resources and talent management aren’t just about payroll and benefits. This function can make it easier for employees to do the real work that provides them with satisfaction and the company with growth.

66% of CHROs say digital technology that delivers more personalized, predictive, and seamless employee experiences drives quantifiable productivity gains across the business.

83% of CHROs say employee experience is important to their organization’s success.

However, there is a gap between the promise of technology and its application by HR functions. Most are investing in solutions to make the employee experience more personalized, predictive, and seamless. At the same, they say these solutions aren’t working for many. The reason may be the pace and scope of adoption—the technology isn’t able to deliver on its promises if HR organizations don’t digitize more tasks and data. This shift, however, is on the horizon.
Personalizing the workplace to raise productivity.

A majority of CHROs are working to create a more personalized workplace that connects employees with the services and information they need, when they need it through better use of employee data.

Today, 67% of respondents agreed their HR technology allows them to collect and understand employee data, compared with only 11% who did not. However, there is a long way to go in leveraging employee data to create a more personalized experience. While 74% agreed better employee data would help them address HR challenges, just 56% called their organization effective at customizing the HR experience for individual workers. In fact, 44% said their organization is only somewhat ineffective at customization.

“A good employee experience is one where each employee feels that they can fully be themselves, freely contributing their talents, bright ideas and energy to support the organization’s mission and success.”

–Tim Huval, CHRO, Humana
Predicting employee needs in order to retain talent.

CHROs said better use of data can help companies predict employee needs, which can translate to higher employee satisfaction and lower attrition rates. Today more than half of CHROs say they have the data and technology to predict employee needs, but success of use is uneven. While 55% said HR technology allows them to predict the services and information employees need, 59% said the HR function is unsuccessful or just somewhat successful at using predictive analytics to respond to employee data.

These results are consistent with the findings of other major studies:

- According to Deloitte, 77% of executives rate people analytics as a top priority, but only 44% are using workforce data to predict business performance, and only 29% are performing well in leveraging external data.\(^5\)

- In its “CHRO Report Card,” Slate Advisers reported that 69% of business leaders believe their CHRO should use data and analytics to help make workforce decisions—while only 31% believe their CHRO does.\(^6\)

Example

Using Analytics to Predict and Plan

A major US insurer facing high attrition rates gathered data to help create profiles of at-risk workers. By applying sophisticated data analytics, the company found that employees in smaller teams, with longer periods between promotions and with lower-performing managers, were more likely to leave. Once these high-risk employees had been identified, more informed efforts were made to convince them to stay, and attrition rates dropped.\(^7\)
Enabling seamless collaboration to make work easier.

CHROs say the greatest inhibitors to collaboration are difficulty changing traditional ways of working (51%) and office politics (46%). That’s why HR organizations want to leverage digital innovations to collaborate across the business and overcome those organizational challenges.

Technology can create a more seamless process, which would simplify the employee experience. Indeed, 68% of CHROs agree a platform that streamlines cross-functional collaboration would drive productivity and improve the employee experience. However, just 16% of respondents strongly agree their HR technology enables collaboration with other functions.

Example

Cox Automotive

When Cox Automotive acquired AutoTrader, two HR service centers serving 25,000 employees were struggling to respond effectively to employees’ needs via calls and emails. Cox Automotive created an HR self service portal, automated processes, and made it simpler for employees to get the information they need quickly. The company also moved to a tiered support model where cases could be escalated according to priority or complexity, thereby increasing responsiveness and freeing up service center call agents to deal with HR inquiries more efficiently.
The pace of digitization will accelerate.

Why are CHROs facing hurdles to success in adopting these new technologies? We might find the answer in the solutions they are using and the pace of change to which they are committing.

The majority of CHROs today use just a single HR application to simplify one or more processes. Furthermore, 62% have digitized less than 30% of HR tasks and 36% have digitized between 31% and 60% of tasks. If the data and processes are not digitally mapped, the technology won’t work. Inputs yield outputs.

“There is a change, I would say, in our HR management that makes each one of our employees the center of every project—making it easier for them to take the initiative to plan their own careers, for example making it easier to receive training, to give them information whereby they can find other opportunities in the group. We’re encouraging initiative.”

—Jaime Perez Renovales, CHRO, Banco Santander
Within three years, CHROs plan to opt for more innovative technology solutions. Almost 50% aim to use an HR platform that systemizes the automation of many HR processes. Furthermore, 75% expect to digitize 31% to 60% of tasks, and 18% expect to digitize more than 61% of tasks.
The “platform” model explained.

The platform model helps bring consistency to HR operations and encourages cross-functional collaboration. It does so by integrating data from multiple sources and delivering visibility into all processes and infrastructure. This makes it possible to consolidate data, tools, and legacy systems, and to automate processes. Platform models can deliver any HR service as well as other business services across the organization for great employee experiences.

Attributes of an amazing employee experience.

Personalized

- Tailoring health insurance offerings to individual requirements
- Making customized learning and development content easily accessible on a broad range of mobile devices

Predictive

- Using analytics to create customized benefits in order to increase the likelihood of job acceptance
- Predicting when employees are likely to require new apps or compute resources and making sure they’re available when needed
- Turnover modeling: predicting when an employee may be likely to leave the company and creating additional incentives to persuade them to stay

Seamless

- Providing single-sign-on access to multiple HR services that may rely on other departments for information
- Integrating access to onboarding, communication, collaboration apps
- Delivering instant answers to questions through chatbots that are fed data from multiple departments
Investing in the employee experience.

Top findings:

1. CHROs are beginning to invest in advanced technologies that are instrumental in delivering superior employee experiences, such as automation, big data, and analytics.

2. Investment in machine learning and artificial intelligence is slow but likely to accelerate as the payoff from foundational technologies, such as mobile and cloud, are realized.

3. Most CHROs have already digitized some HR processes and are now looking to digitize “softer” HR tasks, such as career planning and education.
Increasing adoption of advanced digital technologies.

Most CHROs remain focused on investing in foundational technologies required to power the digital transformation of their companies. That includes cloud, social, and mobile. However, leading CHROs are clearly identifying the value of more advanced innovations. They are looking to big data and analytics, virtual reality, blockchain, and chatbots to improve how their organization succeeds at work.
Other studies also indicate that overall enterprise investment in these technologies is likely to accelerate in the years ahead. For example, 53% of CIOs polled by ServiceNow (servicenow.com/cio-globalpov) say machine learning is one of their core priorities as their role expands from traditional IT operations to business-wide strategy.\(^8\)

“Technology really can be an accelerant for a great employee experience, too. Here’s an example: At Humana, the HR Digital team partners with IT and Corporate Communications to run our associate intranet—which we call Hi!—and last year we had over 110 million page views on our intranet. Every one of these short sessions is an opportunity to put our employment brand out in front of our associates.”

–Tim Huval, CHRO, Humana
Accelerating digitization of HR workloads.

Today, CHROs are focused on digitizing core HR tasks, including payroll, performance review, recruitment, and benefits management. However, as their responsibilities expand with the capabilities of technology, the prioritization now visible in the types of work that digitized will disappear. Instead, they want to digitize all HR responsibilities, including the “softer” tasks, such as career planning and continuing education.

<table>
<thead>
<tr>
<th></th>
<th>Today</th>
<th>In 3 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll</td>
<td>57%</td>
<td>32%</td>
</tr>
<tr>
<td>Performance review</td>
<td>50%</td>
<td>30%</td>
</tr>
<tr>
<td>Recruitment</td>
<td>42%</td>
<td>24%</td>
</tr>
<tr>
<td>Benefits management</td>
<td>34%</td>
<td>46%</td>
</tr>
<tr>
<td>Retention</td>
<td>32%</td>
<td>25%</td>
</tr>
<tr>
<td>Payroll on-boarding</td>
<td>19%</td>
<td>28%</td>
</tr>
<tr>
<td>Career planning</td>
<td>17%</td>
<td>26%</td>
</tr>
<tr>
<td>Continuing education</td>
<td>15%</td>
<td>28%</td>
</tr>
</tbody>
</table>

Example
CHRISTUS Health
CHRISTUS Health is a $4 billion healthcare provider with more than 600 facilities employing 45,000 associates and 15,000 physicians. The firm has transitioned from manually handling HR inquiries—in person, via email, and over the phone—to a self service digital portal and automated HR service delivery processes. By increasing HR productivity and delivering more strategic value to their business partners, the company has saved $9M over a three year period.
Mapping the CHRO-led digital transformation.

Top findings:

1. The digital transformation of the HR function, and the business overall, by the CHRO is accelerating.

2. Divided into a three-tier model, most HR functions operate at Level 1. They are focused on delivering core services with basic technology.

3. The Level 3 HR functions are characterized by an intense focus on creating amazing employee experiences and forging cross-unit collaboration.
The HR digital journey.

Most HR functions are early in their digital transformation. They have their hands full with the delivery of core HR tasks and processes and are only beginning to use technology to improve the employee experience. We call them Level 1.

The next level of maturity, Level 2, is a group of CHROs who are responsible for driving corporate performance and are beginning to deliver a stronger employee experience, with the goal of improving organizational culture and securing the best talent. In Level 3, CHROs comprise a small group of visionary leaders who are ahead in optimizing how the HR function operates to more effectively utilize resources and transform the employee experience so that it becomes an important lever for creating business value.

This model underscores the significant competitive advantage available to CHROs to distinguish their companies—and their careers. It also offers a roadmap for how to mature an HR organization to deliver more for the enterprise.

**Steps on the journey**
- Playing a larger role in setting organizational strategy
- Setting digitizing the employee experience as a core goal
- Understanding the role of analytics in improving the employee experience

**Level 1**
- Focus more on administrative HR tasks and processes
- See a narrower role for the CHRO, in terms of contribution to corporate strategy and performance
- Do not create personalized, predictive, seamless employee experiences of effectively use HR technology at the same rate as more mature organizations

**Level 2**
- Are responsible for driving corporate performance and productivity
- Deliver personalized, predictive, seamless employee experiences that drive productivity gains
- Work with other functions to meet employee needs
- Build a healthy organizational culture
- Do not focus on digitized, consumerized experiences at the same rate as Level 3s, or use HR technology as effectively

**Level 3**
- Are responsible for driving corporate performance and productivity
- Will focus on digitized, consumerized experiences within three years
- Deliver personalized, predictive, seamless employee experiences that drive productivity gains and effectively customize employee experiences for individual workers
- Work with other functions to meet employee needs
- Use HR technology that improves the employee experience
- Effectively onboard employees
- Build a healthy organizational culture
Level 1: Furthest to go on the path to leadership.

Almost three quarters of HR organizations (74%) are categorized as Level 1 today, which is defined by a focus on carrying out core administrative tasks and HR processes. They have farther to go than their Level 3 peers in their collaboration with other functions, digitization of the employee experience, and investment in HR technology. Today, CHROs from these organizations:

- **Do not have a seat at the table.** Level 1s are less likely to say their role has become more strategic over the past three years (68% of Level 1s, vs. 93% of Level 2s and 100% of Level 3s), or will become more strategic over the next three years (67% vs. 96% of Level 2s and 97% of Level 3s).

- **Focus on core activities.** Level 1 CHROs are more likely than others to say their core function is offering basic administrative services (10% of Level 1s, vs. 2% of Level 2s and no Level 3s).

- **Are less accountable for strategic goals.** Level 1s are less likely to say it is their job to improve the corporate brand (58%, vs. 91% of Level 2s and 97% of Level 3s) or drive corporate performance (51%, vs. 100% of Level 2s and Level 3s). They also are less likely to say their core role is about contributing to organizational strategy (27%, vs. 37% of Level 2s and 68% of Level 3s), or digitizing parts of the employee experience (18%, vs. 33% of Level 2s and 37% of Level 3s).

- **Are only beginning to incorporate digital technology.** They are more likely to say their HR function does not use technology in a meaningful way (10%, vs. 6% of Level 2s and no Level 3s), and the least likely to say they use an HR platform that systematizes the automation of many
processes and collaboration with other business functions (11%, vs. 20% of Level 2s and 34% of Level 3s). They are also less likely to say the ability to create a digital, consumerized employee experience best defines the CHRO role today (12%, vs. 27% of Level 2s and 24% of Level 1s).

However, the attitudes and outlooks of Level 1 CHROs are changing rapidly. Three years from now, 51% expect the defining capabilities of the CHRO role to include the ability to influence and partner with other C-level executives to set and manage strategy, and 80% expect to have built a workforce to meet future business objectives.

All but 32 Level 1 CHROs (94%) are actively taking steps toward Level 2. They are playing a larger role in setting organizational strategy, setting digitalization of the employee experience as a central goal, and beginning to understand the capabilities of analytics in improving the employee experience.
Level 2: More strategic than Level 1s, but less successful than Level 3s.

Level 2 organizations (18% of the total) are better at collaborating with other functions, more focused on the employee experience, and playing a more strategic role in the organization. But, they are not as likely to leverage advanced technology and are less effective at onboarding and customizing the employee experience to individual workers. Level 2s CHROs:

- **Branch out from core HR services.** One-third say that in addition to delivering routine HR services and improving onboarding and culture, they collaborate well with other functions and achieve competitive advantage by creating positive, digitized employee experiences (vs. 47% of Level 3s and 29% of Level 1s).

- **Participate in high-level strategy.** Three years ago, these CHROs were most focused on creating positive employee experiences; today, their core role is contributing to organizational strategy. Level 2 organizations are less likely than Level 3s, but more likely than Level 1s, to say their core role is contributing to organizational strategy (37%, vs. 27% of Level 1s and 68% of Level 3s).

- **Make strides in digitizing the employee experience.** They are more likely than Level 1s to say the core role of the CHRO at their company is creating a digital, consumerized employee experience (27%, vs. 12% of Level 1s and 24% of Level 3s) or understanding advanced analytics and its application to employee data (52%, vs. 30% of Level 1s and 58% of Level 3s).

- **Report growing enthusiasm for the application of technology to HR processes and strategies.** 89% of Level 2s say digitizing HR processes is a core enabler of their
talent strategy, vs. 55% of Level 1s and 97% of Level 3s; 73% say digitization is critical to improving their brand (vs. 51% of Level 1s and 92% of Level 3s).

Fare better in the war for talent, but have not won yet.
50% say they have built a workforce to meet future business objectives, vs. 35% of Level 1s and 79% of Level 3s. They also are more likely than Level 1s, but less likely than Level 3s, to say they successfully meet demand for skills in a broad range of areas.

A distinct group of Level 2 CHROs, 51 respondents (57%), are on the brink of Level 3 status. They are more focused than the rest on contributing to organizational strategy and understanding of advanced analytics and its importance to employee data. In three years, they say their core capability will be creating a digital, consumerized employee experience.
Level 3: Broader use of technology delivers advanced performance.

In addition to matching the capabilities of Level 2s, Level 3 CHROs (8% of the total) meet specific strategic performance requirements, digitization of HR processes, collaboration with other functions, and improvement of the onboarding process and employee experience. These CHROs:

- **Hold an increasingly strategic position in the organization.** Level 3s are more likely to agree their role has grown more strategic over the past three years (37% of Level 3s strongly agree, vs. 22% of Level 2s and 15% of Level 1s, and 97% of Level 3s agree their role will grow more strategic over the next three years.

- **Prioritize attracting and retaining talent.** Level 3 CHROs are most likely to say that attracting and retaining talent is a top priority (29% “strongly agree,” vs. 18% vs. 14%); and they are more likely to say senior talent executives are viewed as strategic leaders in the company (“strongly agree,” 63% vs. 32% vs. 20%). Level 3s are also more likely to say talent strategy is critical to meeting profitability goals (100% vs. 89% vs. 82%).

- **Weave technology into their HR processes and strategy.** Level 3s are more likely to use an HR platform that systematizes the automation of HR processes and collaboration (34% vs. 20% for Level 2s vs. 11% for Level 1s). They are more enthusiastic about the use of technology in their HR function: they see the use of technology to foster a sense of community and healthy corporate culture as a core goal (100% vs. 90% vs. 62%), and they use HR technology to improve the onboarding process (97% vs. 84% vs. 59%), improve employee experience (100% vs. 84% vs. 61%) and onboarding (97% vs. 84% vs. 59%), collaborate with other functions (92% vs. 76% vs. 48%), and predict services and information employees need (92% vs. 75% vs. 46%).
Are focused on creating positive employee experiences. Three years ago, Level 3s already were starting to focus on creating an amazing employee experience (37% of Level 3s vs. 32% for Level 2s vs. 30% for Level 1s), and were more likely to be contributing to organizational strategy and corporate performance (35% of Level 3s vs. 20% of Level 2s vs. 12% of Level 1s). Levels 3 and 2 are more likely to say understanding of advanced analytics and its application to employee data (58% of Level 3s vs. 52% of Level 2s vs. 30% of Level 1s) and the ability to create digital, consumerized employee experiences (24% of Level 3s vs. 27% of Level 2s vs. 12% of Level 1s) are core capabilities of the CHRO role at their company today.

Are more effective at creating cultures that can drive employee engagement. Level 3s are most likely to say they provide competitive compensation and benefits (97% of Level 3s vs. 82% of Level 2s vs. 61% of Level 1s), and most likely to customize the HR experience for individual workers (100% of Level 3s vs. 66% of Level 2s vs. 49% of Level 1s). They also have big leads over Level 2 in many areas, including providing a positive workplace environment (92% of Level 3s vs. 87% of Level 2s), creating clear career paths and providing training/continuing education (89% of Level 3s vs. 86% of Level 2s), building high-performance teams (87% of Level 3s vs. 84% of Level 2s), fostering positive relationships among coworkers and between employees and managers (87% of Level 3s vs. 76% of Level 2s), managing change (87% of Level 3s vs. 83% of Level 2s), making it easier for employees to gather necessary HR information (89% of Level 3s vs. 80% of Level 2s), and making it easier for employees to do their jobs by automating routine tasks (82% of Level 3s vs. 71% of Level 2s).

A select group of Level 3 CHROs, representing less than 2% of the total survey respondents, are already taking steps toward another level of performance. In addition to meeting all other criteria for Level 3 membership, these visionaries are automating/digitizing at least four HR tasks (5 respondents, or 1%)—and the most elite are also collaborating well with at least 5 out of 10 business functions (3 respondents).
CHRO self-evaluation.
Which level are you in?

The following criteria determined which level survey respondents were assigned to. To calculate your organization’s level, check each of the following that applies to your organization.

Check all that apply to you:

1. It is my responsibility to drive corporate performance AND increase employee productivity.
2. I am focused on the ability to create a digital, consumerized employee experience in three years.
3. My core role includes doing at least one of the following: contribute to organizational strategy, contribute to corporate performance, digitize parts of the employee experience.
4. I agree that digital technology that delivers more personalized, seamless employee experiences drives quantifiable productivity gains across the business.
5. Employees across the business frequently work with other departments to meet their HR needs.
6. Our HR technology allows us to improve the employee experience.
7. I am satisfied with the onboarding process for new employees my organization has in place.
8. My organization is effective at building a healthy organizational culture.
9. My organization is effective at customizing the HR experience for individual workers.

Extra credit:

A. I answered yes to all the questions above, and my organization is also automating/digitizing at least 4 tasks.
B. I answered yes to the question above AND we’re collaborating well with at least 5 out of 10 business functions.
How do you stack up against your colleagues?

LEVEL 1: 0–5 checked (372 total respondents)

Subgroup A: 0 checked (32 respondents)
Your core capability today is managing traditional HR tasks and decisions. You’re beginning to prioritize creating amazing employee experiences, talent retention, and digitizing the employee experience, but you’re not yet contributing much to organizational strategy.

Subgroup B: 1 checked (77 respondents)
Your core capabilities today are evenly divided among working with other C-suite executives, managing traditional HR tasks, and using talent management to drive corporate performance.

Subgroup C: 2 checked (107 respondents)
Three years ago you were focused on delivering HR services, making HR workflows more efficient, and creating amazing employee experiences; today, you are more focused on digitizing the employee experience to make it amazing.

Subgroup D: 3 checked (155 respondents)
Three years ago, you were most focused on creating an amazing employee experience; today are more focused on contributing to organizational strategy, and your core capability is understanding advanced analytics and its importance to employee data; in three years, your core capability will be creating a digital, consumerized employee experience.

Subgroup E: 4–5 checked (1 respondent)
You’re doing everything Subgroup D is and more. You’re playing a larger role in organizational strategy, prioritizing the employee experience, and starting to explore the possibilities of analytics—but you haven’t met the criteria for Level 2 yet.
LEVEL 2: 6–8 checked (90 total respondents)

Subgroup A: 6–7 checked (10 respondents)
Three years ago you were most focused on attracting top talent; today you’re more focused on digitizing the life cycle of the employee experience. Your core capability is understanding advanced analytics and its application to employee data and, to a lesser extent, using talent management to drive corporate performance and managing HR decisions; in three years, your core capability will be creating a digital, consumerized employee experience.

Subgroup B: 8 checked (51 respondents)
Three years ago, you were most focused on creating an amazing employee experience; today, you prioritize contributing to organizational strategy. Using analytics and creating a digital, consumerized employee experience are high priorities—and that’s put you within striking distance of Level 3.

LEVEL 3: 9+ checked (38 total respondents)

Subgroup A: 9 checked, 0 extra credit (30 respondents)
Three years ago, you were focused on creating an amazing employee experience; today, your main focus is contributing to organizational strategy.

Elite: 9 checked + 1 extra credit (5 respondents)
You meet all the Level 3 criteria, plus you’ve automated or digitized at least 4 HR tasks (such as payroll, performance review, recruitment, onboarding, career planning, etc.).

Super-elite: 9 checked + 2 extra credit (3 respondents)
You’re at the pinnacle. You’ve met all Level 3 criteria, you’ve automated at least 4 HR tasks, and you’re working well with other C-level executives and collaborating in at least 5 business functions, such as legal, finance, security, R&D, sales and marketing, etc. You’re a rare breed.
Winning the war for talent.

Level 1s are behind Level 2 and Level 3 organizations.

Level 1s say they are less successful in attracting and retaining talent with a broad range of skills needed to meet their business goals and they are less likely to have built a workforce to meet future business objectives (35% say they have, vs. 50% of Level 2s and 79% of Level 3s).

"The war for talent is an everyday affair for us. Over the years, we have always been proactive and progressive in adopting technology. We are now looking into digital HR in order to attract and retain talent, and definitely in much better shape to compete and face future challenges."

–Aileen Tan, Group CHRO, Singtel

Level 3s are doing better in the war for talent. These organizations:

✓ Are more likely to say they have built a workforce to meet future business objectives (79% of Level 3s, vs. 50% of Level 2s and 35% of Level 1s).

✓ Report lower turnover than their peers (84% of Level 3s, vs. 77% of Level 2s and 52% of Level 1s).

✓ Are much more satisfied with engagement levels at their company: 29% of Level 3s are highly satisfied, vs. 19% of Level 2s and 12% of Level 1s.

✓ Have a stronger employer brand: 34% of Level 3s say it is significantly better than others, vs. 21% of Level 2s and 10% of Level 1s.

✓ Are much more successful at recruiting (97% of Level 3s, vs. 80% and 53%) and retaining (79%, vs. 63% and 41%).

✓ More successfully reskill their existing employees (63% of Level 3s, vs. 58% and 41%).
Adoption of advanced technologies is a key to victory.

Investment in technology is directly connected to success in the war for talent. Level 3s are more likely to use a platform model that systematizes the automation of HR processes and collaboration (34% of Level 3s vs. 20% of Level 2s vs. 11% of Level 1s). They are more enthusiastic about the use of technology in their HR function: they see the use of technology to foster a sense of community and healthy corporate culture as a core goal (100% of Level 3s vs. 91% of Level 2s vs. 62% of Level 1s), and they use HR technology to improve the onboarding process (97% of Level 3s vs. 83% of Level 2s vs. 59% of Level 1s), to improve the employee experience (100% of Level 3s vs. 84% of Level 2s vs. 61% of Level 1s), to collaborate with other functions (92% of Level 3s vs. 77% of Level 2s vs. 48% of Level 1s), and to predict services and information employees need (92% of Level 3s vs. 76% of Level 2s vs. 46% of Level 1s).

Simply put, the more they invest in and adopt technology aimed at improving the employee experience, the more likely they are to be building a workforce that meets future business objectives.
Once only focused on core service delivery, the new CHRO is now driving digital transformation.

The new CHRO has made the critical connection between creating a fantastic employee experience and achieving superior corporate performance. The leaders of a new movement in HR are focusing their budgets on technology that fuels increased collaboration, engagement, and job satisfaction—and they are being rewarded not only by winning the war for talent but also by being awarded more prominent roles in the C-suite and higher responsibilities for organizational strategy.

The new CHRO is transforming HR into a new source of employee loyalty, strategic relevance, and business value.

“...We need to continue to invest in our leaders’ ability to create positive experiences that actively support our strategy and performance. The end goal, of course, is to build an employee experience that enables the consumer experience we intend.”

—Tim Huval, CHRO, Humana
Investment in the employee experience pays multiple dividends.
ENDNOTES


2 https://books.google.com/books?id=simZCd_YUC4C&printsec=frontcover#v=onepage&q&f=false


