



**“Driving Business Results through Effective Organizational Change”  
Survey Result Highlights**

Fidelity Investments recently conducted a survey of 106 senior HR executives at large, U.S. companies with more than 10,000 employees. Key findings include:

**THE TIDE IS TURNING FOR HR**

*The tide may finally be turning for the HR profession away from basic administration toward business strategy.*

- Two-thirds (66 percent) of large, corporate HR departments surveyed reported providing only basic or low-level operations, administration and transaction support, but nothing more.
- One-third of survey respondents, however, indicated that they have now moved beyond basic administrative functionality and up the corporate value chain:
  - *Administrative Excellence* (9 percent): These HR departments reported high performance functionality that is efficient, cost-effective and standardized, but do not have a strong organizational focus.
  - *Organizational Focus* (13 percent): These HR departments have expanded organizational capabilities and have successfully implemented workforce effectiveness initiatives, but have yet to achieve administrative excellence.
  - *Strategic HR* (12 percent): These HR departments provide both administrative excellence and organizational focus *and* help define business strategy for their companies.
- Three-quarters (72 percent) of those HR departments not currently playing a strategic business role indicated that they are moving in that direction.

## **HR TRANSFORMATION EFFORTS BECOMING WIDESPREAD**

*Nearly all HR departments surveyed are in the process of, or have recently undertaken, an HR change effort.*

- An overwhelming majority of survey respondents (97 percent) indicated that they are currently undertaking, or have recently completed, HR transformation initiatives designed to allow HR to shift its focus from routine maintenance to more value-added initiatives.
- The most commonly cited HR change initiatives over the last two years were:
  - *Improving or upgrading HR operations* (86 percent): Such as centralizing, standardizing or upgrading HR processes or systems.
  - *Implementing talent planning initiatives* (82 percent): Such as succession, retention or career development planning.
  - *Implementing self-service HR technologies* (75 percent): Whether by insourcing or outsourcing benefits or HR administration.
- An additional 70 percent reported integrating companies from mergers and/or acquisitions.
- One-third also reported implementing global workforce plans related to offshoring, managing multi-cultural issues, compensation and benefits or communications.

## **DESPITE CHALLENGES, HR CHANGE EFFORTS BRING VALUE**

*Although nearly all survey respondents found undertaking an HR change initiative to be difficult, the majority also reported that these efforts brought value to their organization.*

- Nearly all survey respondents reported HR change as difficult or very difficult.
- 90 percent, however, felt that improving or upgrading HR operations brought value to their companies.
- 85 percent advocated the implementation of self-service HR technology.
- A smaller, but still significant number (68 percent) reported talent planning initiatives as providing solid return on investment.

## HR CHANGE BEST PRACTICES

*To help other HR executives about to undertake an HR change effort, survey respondents offered several key lessons learned.*

- Having the right transition team in place was reported as the single most important success factor.
- Conducting extensive planning ahead of time and building executive and cross functional support were also noted as best practices.
- Other significant lessons learned included:
  - The necessity of reviewing policies and procedures
  - Being sure to communicate to employees the need an rationale for change
  - Identifying change agents in advance of the initiative
- Similarly, not rewarding progress was mentioned as the single most common regret. Approximately half of those surveyed did not implement an incentive program related to the achievement of key change milestones, but now wish they had.

“Driving Business Results through Effective Organizational Change” is the first annual nationwide study of senior HR executives conducted for Fidelity Investments by Richard Day Research, Inc. of Evanston, IL. Data was collected between September 6, 2005 and October 14, 2005 via a phone and/or email questionnaire sent to senior HR executives at large, U.S. companies with more than 10,000 employees. 106 executives responded, more than one-third of which were from companies with more than 25,000 employees. Survey respondents included senior vice presidents and higher (39 percent) as well as director or associate/assistant vice presidents (61 percent). Every major industry group was represented.

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