

HR transformation in StatoilHydro

For the past three years, StatoilHydro has been systematically and rigorously determinedly working on developing a more business-oriented HR function. The main elements in the transformation are:

- 1 Management of the HR perspective as part of the company's strategy and performance management process.
- 2 Providing a solid basis for the HR perspective in governing documentation.
- 3 Clear division of responsibility between the line management and the HR function at the group and business area level and in corporate services (GBS).
- 4 Recruitment of the right people to HR positions – and a systematic annual review of the HR employee's performance, conduct, potential and development plan.
- 5 HR as part of every important management team.
- 6 World-wide standardisation of as many HR processes as possible and use of technology wherever possible.
- 7 Systematic development of the HR network through conferences, workshops and communication technology (web).
- 8 Partnership with RBL in order to gain access to best practise and the most recent field studies.
- 9 Significantly upgraded competence development programmes for HR advisers and managers:
 - a) Two weeks' learning programme for senior HR managers in the USA together with other companies such as GE, Unilever, Nokia etc.
 - b) Five + two days' internal learning programme in the role of the business partner for experienced HR personnel
 - c) In-house HR programme (for example, in recruitment, employee development etc.)
 - d) HR spotlight: brief updates in important HR areas.
- 10 Learn from the best: Systematic exchange of HR experience with GE.



Approximately 240 workers are involved during drilling and well operations on the Statfjord C platform.
(Photo: Øyvind Hagen / StatoilHydro)

New role for 600 HR employees in StatoilHydro:

HR employees are becoming Business Partners

Competence development is not always about learning more. Sometimes it is about applying what you know in a different way.

TEXT: OLE ALVIK/PERSONAL OG LEDELSE

When 24 experienced HR employees from a number of countries gather in Hjelmeland, outside Stavanger in Norway, the purpose is not to learn about changes in regulations, or discuss staffing requirements or other traditional HR topics. This time around, it is for something much more important. In the course of five

intensive days they will learn how they – and the rest of the 600 HR employees in StatoilHydro – are going to work in the future.

The oil giant has decided that the HR function is to be much more business-oriented. They will be “HR Business Partners” and, according to StatoilHydro’s senior vice president for HR, Jens R. Jenssen, this development of the HR role is absolutely necessary.

“The one thing about the future we are certain about is that we must be prepared for constant change. Therefore, HR must be a driving force for initiating and implementing important change processes, and we must be a natural part of the strategy process in the organisation,” he says.

HR Business Partner

Simply put, the fact that HR is to become a Business Partner means that it will take a more offensive role in the development of the business.

HR will not be a bureaucratic and passive staff function waiting for assignments from the line management. They will recognise the challenges in the HR field before anyone else does, and act accordingly.

As Jon Younger, partner in the RBL Group, an American company, succinctly puts it:

“An HR Business Partner works as a businessperson who has a Masters’ in HR; not as an HR person with a foundation course in business economics.”

HR must tackle business challenges even better than they do today

There is a good reason why StatoilHydro would like to change its HR role: When the world is in a process of change, HR must be in a position to change itself even quicker.

StatoilHydro is one of the world’s largest suppliers of gas and crude oil. The group has 29,500 employees in 40 countries. As an international player, it must deal with all the challenges inherent in operating internationally:

Political decisions, the security situation, the global financial crisis etc. However, many of the same challenges are faced by other Norwegian



StatoilHydro is an international group with employees in 40 countries. The photo shows workers at the Shanghai Waigaoqiao Ship building yard in China. (Photo: Øyvind Hagen / StatoilHydro)

businesses, although on a somewhat smaller scale: rapid technological developments, demographic changes [such as the growing number of

elderly], changes in Norwegian and international legislation, increased demands from increasingly better educated employees, and changes rela-

ting to competition or demand. The list of changes in the world at large that could affect the business is practically infinite. Businesses must work both strategically and with a long-term perspective, but they must also be in a position to react quickly to changes when preconceived notions no longer match the reality.

The intention of the HR Business Partner Programme is to enable HR to understand and meet these business challenges. HR must contribute with its expertise in the drafting of the company’s strategic choices, and proactively strengthen the company’s competitiveness with the required measures in the HR field.



There are many important reasons for conducting research in StatoilHydro. One of them is to give the company a competitive edge. HR must also think in these terms. (Photo: Guri Dahl / StatoilHydro).



Staffing is one of many important tasks that HR specialises in. HR must therefore also play an active role when circumstances change and new measures are required. (Photo: Harald Pettersen / StatoilHydro).

StatoilHydro has developed the HR Business Partner Programme in collaboration with RBL. RBL's founder is Dave Ulrich, a familiar figure in the HR and research community. Dave Ulrich and Jon Younger are two of the authors of the book "HR Competencies - mastery at the intersection of people and business" The book is a cornerstone of the thinking behind the HR Business Partner programme. Jon Younger is one of the main speakers and architects of the programme.

"A marketing manager is a businessperson who focuses on marketing. HR must embrace the same business-oriented attitude. This means that they must be familiar with the expectations and demands that customers, investors and other players have of the company, and of the HR measures required to satisfy these expectations and demands," he says.

Strategic partner

The HR function must therefore play an even greater role in enabling the organisation to meet challenges in a competitive market. In reality, this is anything but easy. It is not just about providing HR employees with information about what

a HR Business Partner is. They must also be motivated to work in a more proactive manner, be armed with a higher degree of expertise, and be introduced to new work tools - and all this takes time in a large business. But, perhaps most importantly, it is about changing attitudes to what HR's role is and to the way we work.

HR senior vice president Jens R. Jensen describes what is happening with the HR function in StatoilHydro as a transformation process. The week at Hjelmeland is important in its own right, but it is just a small step in a comprehensive development programme.

"We have a competence programme so that our HR people can develop, and a systematic career-development programme for the HR discipline. We will invest in the simplification and standardisation of HR processes, and evaluate both what we do and the way we do it. All these factors combined will help transform HR. We must invest something now in order to reap the rewards later, but it is a continuous process," he says.

Translating words into action

"We must continue to build on our current HR base and become a world-

class HR network," says Hilde Sannes, vice president for people development in StatoilHydro, addressing the specially selected participants in the programme, the majority of whom are managers or specialists with extensive HR experience. This is the fourth group to complete the programme in 2008.

"The most important thing that you must learn this week is the importance of translating our business strategy into an HR strategy, and how we have to revise our role as HR managers," she says, before adding: "Change does not come about through one individual learning programme. Implementation depends on what you do when you return to work on Monday."

With renowned speakers from the RBL Group and many top people in StatoilHydro included on the list of speakers, by the end of the week the participants will gain a good insight into what it means to be a HR Business Partner. Come Monday, however, they will return to their daily work, where they will encounter line managers who do not necessarily understand what it means to be a HR Business Partner.

Some participants might encounter a



“HR must become a business-oriented and strategic partner in the organisation,” says Jens R. Jenssen, vice president of corporate human resources in StatoilHydro. (Photo: Ole Alvik)

Jon Younger, partner in RBL Group, the American consultancy firm, is one of the programme’s main speakers. (Photo: Ole Alvik)

local business manager whose primary wish is for the HR manager to pick up where he/she left off the week before, and continue to do the same good job he/she has always done. A change in the HR role also demands something from the rest of the organisation. They have to learn to work in new ways.

Hilde Sannes is patently aware that the greatest challenges lie in the practical implementation.

“Many employees work alone out there in the business areas, and are faced with operational challenges that have to be solved from day to day. The risk is that these tasks are all-consuming, and that there will be little or no time left to work proactively or to define one’s own agenda. Most people think that what we are doing now is very exciting, but it has fuelled discussion about who is going to attend to the other tasks,” she says.

Nonetheless, Hilde Sannes is convinced that this is the right way to go. “We must constantly develop. What may be the right thing to do today may not necessarily be the right thing to do in five years’ time. Most HR employees are delighted that a start has now been made, and that we are now spending time on investing in

ourselves. This has created tremendous impetus,” she says.

Further challenges

“We probably have to accept that not everyone will master this development,” says Jens R. Jenssen, senior vice president for HR.

“At the same time, we do not want to lose that part of HR that we can call the care and support role, where, traditionally, HR has been strong. But our goal is clear. HR must become a business-oriented and strategic partner in the company,” he says.

Time has already been cited as one of the greatest challenges. Jens R. Jenssen points to two other factors that he believes represent major challenges posed by the change process.

“The first is competence. We have a high degree of competence in HR, but we must also understand the basis for our business. The second is attitude and motivation. Those working in HR have to really want to make an effort in this area,” he says.

Jon Younger believes that the greatest obstacles to creating a more effective HR function are competence, focus and, not least, giving priority to the right things.

A vital question that HR departments should ask themselves is: Do we give priority to those tasks that the organisation is most in need of – or are our priorities steered by what others in the organisation have conventionally demanded?

Common understanding

One of the participants in the HR Business Partner programme is Kari Anne Brattetaule, who is recruitment manager for energy and retail in Europe. Prior to the merger, she worked for Statoil.

“Without doubt, HR work has changed considerably during the past few years,” she says.

“We have greatly increased our focus on how HR can contribute to the overall success of our business operations.”

She believes the programme is useful.

“It is important that we reach a common understanding that underpins the HR Business Partner mindset, so that we can communicate this further to the organisation in a professional manner. It is also beneficial to discuss specific challenges facing our business across entities.”

Kari Anne Brattetaule believes that, in

At Hjelmeland, outside Stavanger, a StatoilHydro course about the HR Business Partner programme is being held for experienced HR employees. Here, Jens R. Jensen, senior vice president for HR, is giving a talk.



time, the managers in StatoilHydro will change their attitude to the role of HR.

“They recognise the benefit of us playing an increasingly proactive role,” she says.

Fulfilling a need

Before starting on the learning programme, the participants were tasked with interviewing their local business managers. The question was brief and to the point: How can HR better contribute to making the business more competitive? According to Hilde Sannes, the answers provided by management often reflect the line that HR in StatoilHydro will now pursue.

“They want HR people to recognise HR-related issues before they themselves do - that we are the ones to challenge management on these issues and not the other way around,” she says.

“We do not need to change as a result of being poor at what we do, but because we must be better at meeting the challenges faced by the company at all times. This means gaining an even greater understanding of the external framework conditions, while also understanding how the internal mechanisms in the organisation work. We began this transformation process a few years ago and I believe that, in the course



“The HR employees think that it is great that we are now spending some time on developing ourselves,” says Hilde Sannes, vice president for people development in StatoilHydro. (Photo: Ole Alvik)

of a three-to-five-year period, we will witness a fairly unequivocal difference in the way we work,” she says.

Ideally, a future email from a HR Business Partner in StatoilHydro will look something like this:

“Hello marketing manager. Re your proposal on how to win a greater share of the US market. I have some important points in that connection that are based on my own experience, facts and research. I have discussed the matter with



“I believe that our managers will increasingly recognise the benefit of what we are doing,” says Kari Anne Brattetaule, European recruitment manager for energy and retail. (Photo: Ole Alvik)

my HR network, both here in Norway and in the USA. We have identified some measures that should be implemented immediately in order to succeed. I am preparing a presentation of the measures for the next management meeting. Best regards from the HR manager.”

So, take note of the term “HR Business Partner” sooner rather than later. Where a giant like StatoilHydro ventures, others are sure to follow.

An efficient and professional HR function

Since 1988, the RBL Group have conducted five major surveys (1988, 1992, 1997, 2002 and 2007) in order to ascertain what both HR personnel and others in the organisations believe to be the most important areas of HR competence. Over 10,000 respondents worldwide have given their answers. The survey method has been the same every time, and both HR personnel and their colleagues have taken part.

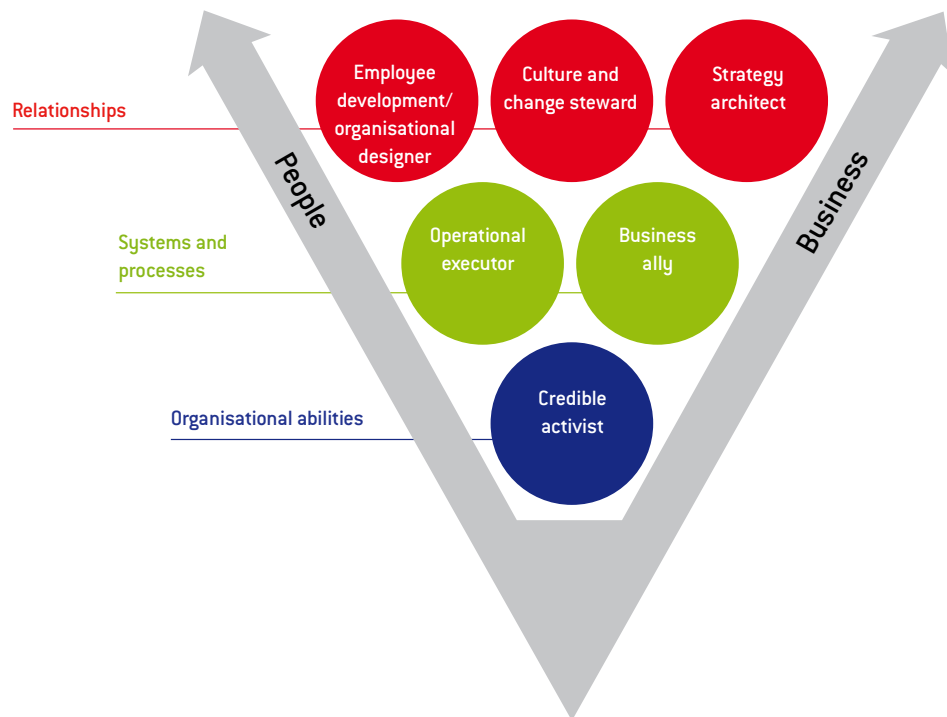
Their answers show that there has been an evolution in what characterises proficient HR people and departments. HR personnel who were successful 20 years ago would not have been successful today, claim the authors of the article “Human Resource Competencies: Responding to Increased Expectations”.

Jon Younger is one of the authors of the article. The others are Dave Ulrich, Wayne Brockbank and Dani Johnson from the RBL Group. In the article they present part of the thinking that forms the basis for the “HR Business Partner Programme” in StatoilHydro.

Six factors for good HR work

Based on the results, they have defined six factors that they believe stand out as particularly important for the HR function to be a professional player in a changing world (see model), based on the most recent study (HR Competency Study 2007).

The two arrows illustrate that HR cannot be just business-oriented or just people-oriented. HR must consider both these aspects of the enterprise. The six circles within the V show what characteristics/roles HR people must have/play in order to achieve the best results.



Credible Activist:

A proficient HR employee is both credible and active. He/she is listened to and respected, makes decisions and stands by those decisions.

Credible but passive HR managers may be admired, but go unheeded. The same applies to active but non-credible managers. They may well come up with many ideas, but ideas that are not based on facts and knowledge are ignored in professional organisations.

Operational Executor:

HR also has administrative tasks that need to be properly addressed (for example, pay, recruitment, training etc.), and is charged with drafting and implementing personnel policies and guidelines. Carrying out these tasks in a proper manner strengthens the credibility of HR.

Business Ally:

The HR managers know how the company earns money. They know who the customers are and why they purchase the company's products. They also have good knowledge of the various parts of the company (for example, finance, research and development), and of how they work together to enable the company to make a profit.

Culture and Change Steward:

Proficient HR managers help to formulate, communicate and create the organisational culture. They coach managers on how the culture is affected by the managers' actions, they translate the culture into the HR work and they demonstrate the culture to the employees. They also contribute to implementing the changes in the organisation.

Talent manager/Organisational designer:

HR managers have a high level of competence both in terms of employee development (for example, competence and career development), and in terms of how the enterprise should be organised to meet internal and external requirements, which they regard as interrelated.

Strategy Architect:

HR managers have a vision about how the business can achieve success in the future, and play an active role in drafting the enterprise's overall strategy to fulfil this vision. This means that, among other things, HR attempts to understand market trends and their significance for the business. Furthermore, they work on preparing themselves for future challenges and draw up strategies to meet these challenges.