

HR- Target Operating Model

To survive and sustain in competitive market conditions, structure of the organization is very crucial.

Organic organizational structures, characterized by flexibility, decentralization and low formalization are more suitable for operating in the present day dynamic environment. HR functions need to be reorganized from time to time to meet changing market demands and fluctuating global governance models.

E.ON, one of the largest power and gas companies in Germany with more than 72000 employees reorganizes its HR functions into a new target operating model (HRTOM) to meet the high cost pressures and changing market conditions and to increase its efficiency levels across all units.

HRTOM introduced three distinct roles for all global and regional units:

- HR Centers Of Competence (COCs)-responsible for governance and HR policies
- HR Business Service Center (BSC)-provides clearly defined global HR services
- HR Business Partners (BPs) coordinate between COCs and BSC and provide coaching and guidance.

The new model HRTOM supports employees in several ways:

- Training the Trainers by conducting workshops
- Collocation of COCs to promote interaction among HR experts
- Focus on value creation in the BSC in recruitment and other HR activities
- Careful selection of BPs
- Clearly defined governance model for defining the roles and responsibilities of all the components of HRTOM

E.ON by implementing this new model HRTOM has significantly reduced costs and created prerequisites for qualitative delivery of global services.

For increasing the efficiency levels of organizations, they need good structures which can deliver good HR services.

The organizational structure is primarily concerned with the allocation of activities or tasks and delegation of authority. An organization can be structured in many different ways, depending on their objectives- formal and informal; tall and flat; mechanistic and organic. New models are emerging and HR managers have to work effectively and efficiently to cope up with the demands.

Source: Rainer Strack. 2013, "Creating People Advantage 2013", The Boston Consulting Group, 2013