

# Transforming HR: A Leadership Development Success Story for Strategic Business Growth



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## Article Summary:

At Philips Medical Systems, **HR transformed from an administrative function to a trusted strategic partner by addressing a critical business need:** a shortage of project leaders. Instead of launching a traditional HR initiative, they created a leadership development program tied directly to business outcomes, using "compass teams" to support and coach participants. This approach not only built a pipeline of capable leaders but also elevated HR's credibility across the organization. By focusing on solving real business challenges, HR earned its place at the strategic table and helped drive sustainable business growth.



***HR can earn its seat at the strategic table, but not through declarations or reorganizations. The key is finding opportunities where HR expertise can directly drive business results, then executing flawlessly to build credibility and trust.***

"They're great with employee relations, but they don't really understand the business." As the new director of talent management & organizational development at Philips Medical Systems, I heard this assessment of our HR team repeatedly during my first weeks on the job. It's a familiar refrain in many organizations: HR is often seen as a supportive yet non-strategic function, more focused on administrative tasks than business outcomes.

This perception creates a vicious cycle. HR professionals, sensing they're not viewed as strategic partners, often retreat to safe administrative work—taking meeting notes, managing action items, and avoiding challenging business discussions. The more they do this, the more they reinforce the stereotype.

But what if HR could break this cycle while solving a critical business challenge? That's exactly what we achieved at Philips Medical Systems, transforming our HR function from a "pair-of-hands" organization into a strategic powerhouse that helped solve one of our biggest business constraints: a shortage of project leaders for strategic initiatives.



## UNDERSTANDING THE CHALLENGE

When I joined Royal Philips Electronics in the early 2000s, I stepped into a complex matrix organization with five strategic business units (SBUs) operating in over 60 countries. Philips Medical Systems was one of the younger SBUs of the group with about 30,000 employees in those days. Our Sales & Customer Service North America division, with thousands of employees, was particularly challenging. Despite having resources for strategic initiatives, we lacked enough proven leaders to direct these key projects. The few capable leaders we had were overwhelmed and experiencing burnout.

My first month was eye-opening. I met with HR business partners (HRBPs) who were frustrated but resigned to their administrative role. HRBPs felt disrespected by the business. They wanted to contribute to the company's future but found themselves ill-equipped to change their fate. They attended leadership meetings but rarely contributed to strategic discussions. During my conversations with business leaders, one executive's comment crystallized the problem: "Our HRBPs are in every important meeting, but they're usually quiet. They volunteer to take notes instead of joining the tough business discussions."

Another leader was more direct: "We have aggressive growth goals, but we're seeing declining performance. We launch strategic initiatives, but many fall short of expectations. Something needs to change." When I dug deeper, I discovered that while budgets were tight, the organization could usually find resources for key initiatives. The real constraint was leadership capacity—we simply didn't have enough proven project leaders to drive these initiatives forward.

## THE LIGHTBULB MOMENT

The irony wasn't lost on me. HR, the people-experts, sat silently while the organization faced a critical talent shortage. We had an opportunity to step up, but first, we needed to rebuild our credibility.

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*--Senior Executive at Philips*

I remembered Dave Ulrich's work on strategic human resources, particularly his emphasis on aligning corporate, business, and functional agendas. We needed to stop thinking about HR transformation in isolation and start thinking about how we could directly impact business performance.

The breakthrough came when I realized we could solve two problems at once. Instead of launching a traditional HR transformation program (which would have reinforced our reputation for focusing on HR rather than business issues), we developed a leadership program to both build our project leadership pipeline and reposition HR as a strategic partner.

## DESIGNING FOR IMPACT

The program's design was intentionally different from typical leadership development initiatives. We created a nine-month program with three intensive knowledge transfer sessions spaced fourteen weeks apart. Between sessions, participants worked on their regular jobs while applying new concepts and receiving feedback from their "compass teams."



"These compass teams were the program's secret weapon. Each team consisted of:

- The participant's direct manager, who provided context and real-world opportunities.
- An HR business partner, who facilitated discussions and provided leadership development expertise.
- A peer from the program, who offered fresh perspectives and support.
- A senior leader, who provided strategic guidance and opened doors for challenging assignments.

The genius of this structure? It gave our HR partners multiple opportunities to demonstrate their expertise in leadership development while working directly with senior leaders on business challenges. It also created a natural feedback loop that helped us continuously improve the program.

## IMPLEMENTATION: MAKING IT STICK

To ensure the program's success, we took three critical steps:

First, we convinced the executive team that their inability to achieve business goals stemmed directly from the leadership shortage. This wasn't difficult—they were experiencing this reality firsthand every day. But we didn't just present the problem; we showed how our leadership program would create a pipeline of qualified project leaders. By framing the leadership program as a solution to their business problem rather than an HR initiative, we gained their full support.

Second, we added "leadership development" as a standing agenda item in business meetings. This was a game-changer. Instead of taking notes, HR partners were now leading discussions about developing future leaders and matching emerging talent with strategic projects. They facilitated conversations about how to accelerate learning through project assignments and helped leaders understand how to coach effectively.

Third, we used the compass teams to gather concrete data about the program's impact on business performance. We tracked metrics like:

- Project success rates for program participants
- Business outcomes from participant-led initiatives
- Employee engagement scores in participant-led projects
- Time to fill key project leadership roles

This data helped us demonstrate value and secure support for expanding the program.

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## OVERCOMING RESISTANCE

Not everything went smoothly. Some HRBPs were initially uncomfortable taking on a more visible role. "I know the theory of leadership development," one HRBP confided, "but discussing it with senior executives who've been running the business for decades? That felt intimidating." We addressed this by offering them focused training, providing coaching, and creating safe spaces for them to practice facilitating discussions before doing so in business meetings. One of the areas that we decided to emphasize in the HR training was "Flawless Consulting" – we wanted HRBPs to be comfortable, effective, and professional when engaging with business leaders. The work of Peter Block was immensely popular with the top consulting firms then, so we decided to embrace his teachings. As a result, HRBPs realized the importance of building strong client relationships, effective communication, and empowering clients to find their own solutions.

The resistance wasn't limited to HR. Some business leaders were skeptical about investing time in compass teams. "Another HR program?" one division head said during an early meeting. "We need to hit our quarterly targets, not spend time in development sessions." This reaction highlighted a crucial lesson: any HR initiative, no matter how well-designed, will fail if it's not clearly aligned with business priorities.



We overcame this resistance in three ways. First, **we demonstrated early wins**—cases where compass team guidance helped participants address business challenges more effectively. For example, one participant used insights from the program to restructure a struggling product launch team, turning it around in just two months. The division head, who had been skeptical, became one of our strongest advocates after seeing these results.

Second, **we made sure every aspect of the program tied directly to business outcomes**. During compass team meetings, discussions focused not on abstract leadership concepts but on real projects and challenges. "What surprised me," another executive later shared, "was how the program helped us think differently about assigning and supporting project leaders. We stopped thinking about leadership development as separate from business execution."

Third, **we emphasized flexibility and time efficiency**. We adjusted compass team meeting schedules to align with existing business reviews and adapted the program's timing to accommodate quarterly business cycles. This demonstrated that we understood and respected business priorities—a key factor in building credibility.

Dave Ulrich's research on HR transformation emphasizes this point: "The most successful HR initiatives are those that start with the business agenda and work backward to HR activities, not the other way around." Our experience validated this approach. By consistently linking every aspect of the program to business outcomes, we gradually shifted the perception from "another HR program" to "a critical business initiative."

## THE TURNAROUND

The results exceeded our expectations. Within four years, we had transformed from a talent importer to a talent exporter, with other Philips strategic business units seeking our leaders for key roles. More importantly, the perception of HR changed dramatically. Our HRBPs were now seen as trusted advisors, regularly consulted on strategic decisions.

One senior executive who had initially been skeptical told me, "I used to think HR was just about hiring and firing. Now I see how they can help us solve our most significant business challenges."

The program's success led to requests for similar initiatives at other organizational levels. We eventually developed leadership programs across all levels, including executives. But the real victory wasn't just in the programs we created—it was in how HR's role evolved from administrative support to strategic partner.



## THE RIPPLE EFFECT

The transformation yielded unexpected benefits. As all members of the HR organization gained confidence in their strategic role, they began contributing more extensively to business discussions. They helped leaders think through organizational implications of new strategies, identified potential talent risks in business plans, and suggested innovative solutions to business challenges.

The compass teams created a network of relationships that extended beyond the program itself. HRBPs were no longer seen as outsiders trying to implement corporate policies but as valued business advisors who understood both people and business dynamics.



### FIVE KEY STEPS TO TRANSFORM HR'S STRATEGIC ROLE:

#### 1. Start with a Business Problem

Don't try to change HR's image directly. Instead, identify a critical business challenge that HR is uniquely positioned to solve. This gives you a platform to demonstrate strategic value while delivering real business results.

#### 2. Create Structured Opportunities

Look for ways to integrate HR expertise into regular business discussions. Our standing agenda item for leadership development created natural opportunities for HR to contribute strategic value.

#### 3. Build Credibility Through Results

Use data and concrete examples to demonstrate how HR initiatives drive business performance. This builds trust and creates momentum for broader strategic involvement.

#### 4. Develop HR Capabilities in Context

Instead of sending HRBPs to training programs, give them opportunities to develop new skills while working on real business challenges. Our compass teams provided this kind of practical development.

#### 5. Think Long-Term

Strategic transformation takes time. Start with a focused initiative that can demonstrate clear value, then build on that success to expand HR's strategic role.

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## THE PATH FORWARD

The lesson from our experience is clear: **HR can earn its seat at the strategic table**, but not through declarations or reorganizations. The key is finding opportunities where HR expertise can directly drive business results, then executing flawlessly to build credibility and trust.

In our case, leadership development provided that opportunity. For your organization, it might be a different challenge. The important thing is to start with the business need, not the HR agenda. When you do that, the transformation from administrative partner to strategic leader becomes not just possible, but inevitable.

### MEET THE AUTHOR

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Enio hails from Peru and has always had a knack for tackling business challenges with strategic thinking and quantitative methods.

His career took a turn towards HR when he discovered the critical role of human capital management during system implementations while providing consulting services to local companies in Massachusetts in the late 80's. After more than three decades in HR leadership roles at major multinationals, including Philips Medical Systems, Enio retired in 2021. These days, he's shaping the minds of future business leaders as a university professor at Northeastern University and a part-time faculty member at Villanova University.

