From implementer to influencer:

Redefining HR's role
in business transformation

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PROACTIVE
PEOPLE
TRANSFORMATION

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FOREWORD

Chief People Officers (CPOs) are facing unprecedented challenges as they navigate the People aspects of business transformation. The role of HR has evolved from being a reactive service function to a key strategic influencer and driving force behind business transformation. This shift is driven by several factors, including economic uncertainty, geopolitical tensions, ongoing skills shortages, the digital revolution and shifting employee expectations.

CPOs are now expected to lead their organisations through continuous change, ensuring that their workforce is agile, adaptable and ready to embrace new ways of working. The need for agility is critical for business success. However, this constant state of transformation can lead to change fatigue among employees, making it even more crucial for HR leaders to effectively manage and communicate change.

One of the significant challenges CPOs face is ensuring that AI and technology-driven changes keep humanity at their core. As technology continues to reshape industries, HR leaders play a vital role in balancing the drive for efficiency with the need to maintain a human-centred approach. Additionally, the integration of HR and IT functions, as seen in some organisations, underscores the importance of a collaborative approach to technology and people management.

To overcome these challenges, CPOs need strong relationships across the C-suite, ensuring alignment and collaboration with other business leaders. They must also invest in building the capabilities and capacity of their HR teams, focusing on areas such as data and analytical skills, change management and strategic workforce planning. By doing so, HR can operate as a strategic driver of business transformation.

This whitepaper is the culmination of extensive research across the C-suite, exploring the critical role of HR in business transformation, the challenges CPOs face, as well as the strategies they can employ to lead their organisations successfully through continuous change. We hope this paper provides valuable insights and practical steps for HR leaders to navigate the complexities of today's business landscape and drive meaningful transformation.

AARON ALBUREY
Founder, LACE Partners

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METHODOLOGY

In 2025 LACE Partners commissioned an independent marketing and research agency — Alan Agency — to conduct a series of qualitative and quantitative exercises with FTSE 250 organisations and global organisations with more than 5,000 employees, with the aim of better understanding the role that HR plays in the 'People' aspect of business transformation. This exercise included surveying 450 C-suite executives including:

- 250 Chief People Officers.
- 50 Chief Executive Officers.
- 50 Chief Finance Officers.
- 50 Chief Technology Officers.
- 50 Chief Operating Officers.

A total of 23 questions were asked and data was collected in Q1 2025. The recipients were anonymised and were not hand-selected by LACE Partners, to ensure full impartiality of the research.

In addition to this, LACE Partners conducted a series of focus group roundtable dinners and presentations in both Q1 and Q2 2025 with business leaders responsible for driving workforce transformation within their organisation. A total of 83 individuals formed part of seven different events, with the intention to assess hypotheses built out by the LACE Partners team on the role of the HR/People function in business-wide transformation.

To compile this whitepaper, LACE engaged with a third party writer and editor — Katie Jacobs — to also conduct interviews of key LACE staff on their perspectives of the data, the result of which is the outcomes, recommendations and key talking points that are within this report.

For a full, detailed overview of the data sources, questions used, and any outputs from the research, please contact the LACE team at info@lacepartners.com.

PROACTIVE **PEO**PLE **TRANSF**ORMATION

Throughout 2025 LACE Partners has run a campaign designed to underpin the important role the HR/People function plays in the 'people' aspect of business-wide transformation. This whitepaper is a culmination of a variety of different thought leadership pieces including podcasts, blogs, videos and events.

To find out more about the campaign visit the LACE Partners website by scanning the QR code.
www.lacepartners.com/people

ACKNOWLEDGEMENTS

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The case for proactive people transformation: Change becomes BAU

Every business today is operating within a fast-paced and volatile environment. It would be rare to find an example of an organisation that isn't reacting to this context by undergoing a series of important, even existential, transformations. Where change and transformation used to be viewed as set-piece projects to be implemented and embedded before enjoying a period of stability, now they have become business-as-usual (BAU) for every organisation.

Indeed, according to 2024 research by Boston Consulting Group published in Harvard Business Review[1], at any given time more than a third of large organisations have a transformation underway — and about half of CEOs report that their company has undergone two or more major change efforts in the past five years, with around 20% reporting three or more.

"At any given time, more than a third of large organisations have a transformation underway, and about half report two or more major change efforts in the last five years"

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[1] Transformations That Work, Harvard Business Review
https://hbr.org/2024/05/transformations-that-work

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There is a range of drivers for the volatility we are all working within, of which HR leaders are likely to be painfully aware. These include:

Continued economic uncertainty

Businesses are seeking growth in a challenging and unpredictable market. According to the World Bank[2] "The global economy is facing substantial headwinds, emanating largely from an increase in trade tensions and heightened global policy uncertainty." Global growth in 2025 is expected to be the weakest in 17 years (outside of outright recessions), and by 2027, global GDP is expected to average just 2.5% for the decade, the slowest pace since the 1960s.

Geopolitical uncertainty

Trade tensions, global conflicts and shifting political headwinds continue to disrupt supply chains, energy and other markets, and trade flows — as well as causing anxiety for workers and leaders.

Ongoing skills and talent shortages

Unemployment in the UK and other markets may have risen, but businesses still struggle to find the skills they need to plug crucial gaps. According to data from Eurofound[3], 80% of employers in the EU report are struggling to recruit workers with the right skills, leading to a quarter of them hiring people without the right skills for the job. Shifting skills needs, such as the changing requirements of digital skills and the increasing need for green skills, are hard to keep pace with. The current half-life of skills is now less than five years, even as low as two-and-a-half in some faster-evolving areas.

The digital revolution

The rise of AI and other digital technologies can outstrip the ability of some organisations and governments to keep up. The 2024 Business Barometer by The Open University and British Chamber of Commerce[4] found that 64% of organisations reported a lack of confidence in applying AI, even as the technology begins to rapidly reshape business models and entire industries. As recently reported in 2025 by the Financial Times[5] AI job cuts are accelerating with "major companies announcing thousands of lay-offs explicitly linked to AI". Evolving AI and data regulation add more complexity.

Shifting employee expectations

What people want from work continues to change, with more people increasingly craving flexibility, autonomy and a greater sense of purpose. Businesses must continue to evolve their EVP to continue to attract and retain the talent they need, including addressing the continuing tensions in getting hybrid working right.

All this means it's no surprise that a 2025 survey of leaders by executive search firm Heidrick and Struggles found that 93% of executives agreed that agility is critical to business success, with 94% saying it is critical to new ways of working[6].

Much of that need for agility is falling at the door of HR. In a series of recent roundtables contributing to this paper, we heard stories from the frontline of HR leadership about the increasing expectation and pace of change.

"Technology and competition drive the change," said one retail CPO at one of our roundtable networking sessions. "You can't stand still. If you're not constantly innovating and adjusting, you're losing market share and being left behind."

At another forum, an HR leader at a global technology firm said that their function and the workforce were having to absorb "an incredible amount of change", adding: "Cycles that would have been yearly are now monthly, or even bi-weekly. It's tough." Another HR director at a global energy firm told us it felt like their business was launching a new transformation "every quarter", leading to a level of change fatigue within the workforce. She's not alone: according to Gartner's 2025 HR Priorities research[7], 73% of HR leaders say their employees are experiencing change fatigue due to the constant nature of transformation today.

The need to overcome this change fatigue and enable employees to not only accept and embrace but also drive change makes the role of HR even more business-critical. People sit at the heart of every successful change, when change programmes fail, it is most commonly due to people-related challenges such as change resistance, fatigue or poor communications.

Download LACE's previous whitepaper:
The Efficiency Paradox

Find out more about our campaign:
Proactive people transformation

The constant nature of change and transformation means HR must no longer act or be seen as simply a reactive service function; it must be a key strategic influencer and driving force behind business transformation. This is particularly critical when it comes to AI and technology-driven change: CPOs need to ensure AI transformation keeps humanity at its heart, rather than ceding influence to a CFO who may wish to maximise efficiencies, or a CTO who is keen to roll out new tools or consolidate across the business. As a CPO present at one roundtable warned, if HR doesn't seize the opportunity to lead on AI-driven change, other functions will — perhaps at the cost of keeping things human-centred.

There are even examples of organisations deciding to merge HR and IT functions. This has been well-documented in the national and trade press, particularly in the case of Moderna, where the CPO has assumed both chief people and digital technology officer roles. In that example, the increase of the CPO's portfolio is welcome as it suggests a human-centred approach to technology, but would the same be true if the CTO were taking on the People function?

Meeting the challenges of today requires not just tinkering but a wholesale reimagining of operating models, organisation design and even the work organisations need their people to do (something we have previously talked about in our whitepaper — The efficiency paradox), including those of HR itself. *Proactive people transformation* is core to successful business transformation, and the CPO and their functions need to take a leading role. But is this happening in most organisations — and if not, how can the profession put the foundations in place to drive it?

[2] Global Economic Prospects, The World Bank
https://www.worldbank.org/en/publication/global-economic-prospects

[3] Company practices to tackle labour shorages, Eurofound
https://www.eurofound.europa.eu/en/publications/2024/company-practices-tackle-labour-shortages

[4] The Business Barometer 2024, The Open University and the British Chamber of Commerce
https://business.open.ac.uk/business-barometer-2024

[5] The AI job cuts are accelerating, The Financial Times, 2025
https://www.ft.com/content/04a83e0d-0128-4f59-9835-cb434a4257ec

[6] Agility for the long-term, Heidrick and Struggles
https://www.heidrick.com/-/media/heidrickcom/publications-and-reports/agility_for_the_long_term.pdf

[7] Top 5 HR Trends and Priorities 2025, Gartner
https://www.gartner.com/en/human-resources/trends/top-priorities-for-hr-leaders

"You can't stand still. If you're not constantly innovating and adjusting, you're losing market share and being left behind"

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Meeting the moment or stuck in the past? The current role of HR in business transformation

LACE surveyed 450 C-level executives (CPOs, CEOs, CFOs, COOs and CTOs) in large organisations in the UK, GCC and North America. The findings of this research will be found throughout the rest of this paper, backed-up by qualitative research from HR leader roundtables and interviews.

First, the good news. Our research finds that 93% of HR leaders say they are either leading the transformation agenda and decision-making or playing an active role in shaping transformation projects. Just 7% say they primarily operate in a purely support capacity. And this is backed up by other C-suite leaders too, with 85% of non-HR leaders rating HR's influence as high. It is clear that HR has that seat at the table and that CPOs are seen as equals in driving business transformation by their C-suite colleagues.

However, while CPOs claim to play a leading role in the transformation agenda, the data around when they join the process paints a more complex picture, suggesting that, despite positive rhetoric, HR can remain stuck in the 'implementer' role in many organisations. The most common point at which HR leadership is typically involved in business transformation discussions is when implementation planning begins, cited by 53% of C-suite respondents. While 64% of leaders say HR is actively involved in shaping decisions during transformation discussions, a quarter (25%) say HR is considered but not central to the decision-making process, with 8% saying that HR is heard but rarely influences the outcome.

The relationship between the CPO and the CEO is critical to HR playing a leading role in transformation, as is the relationship between the CPO and the rest of their C-suite colleagues. Our data finds that while the CPO is broadly seen to play an equal, or even bigger, role in business transformation, perceptions of HR's leadership role in business transformation do differ. The CFO and COO are less likely to see HR as actively shaping business transformations. The CEO is more likely to see HR as critical.

"We have to show up in a commercial, credible way so there's no question from the C-suite about the value we bring."

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C-suite perceptions of HR's role in transformation

53%

of C-suite leaders say the most common point at which HR is brought into business transformations is when implementation planning begins

When is HR involved in business transformation?

	Strategy setting	Decisions made	Implementation planning	Execution underway	People issues arise
Chief People Officer (CPO)	42%	46%	50%	30%	15%
All other C-suite leaders	34%	51%	52%	32%	13%
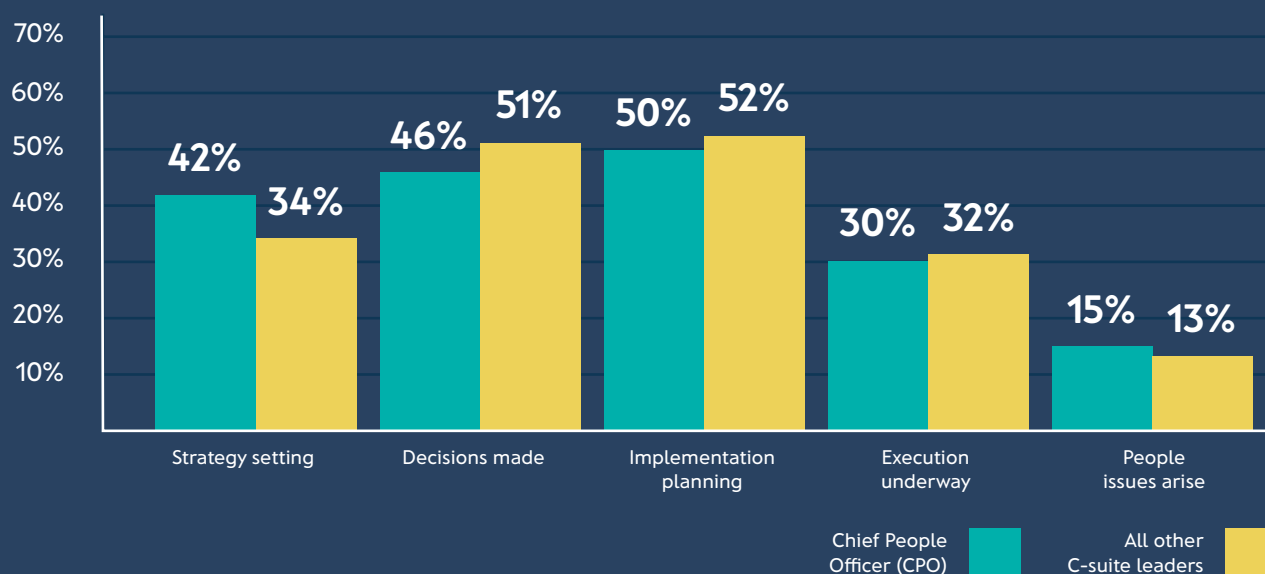
HR leaders' role in transformation discussions:

64% — Actively shaping decisions

25% — Considered but not central to decision-making

8% — Heard but rarely influence outcome

3% — Informed after decisions are made
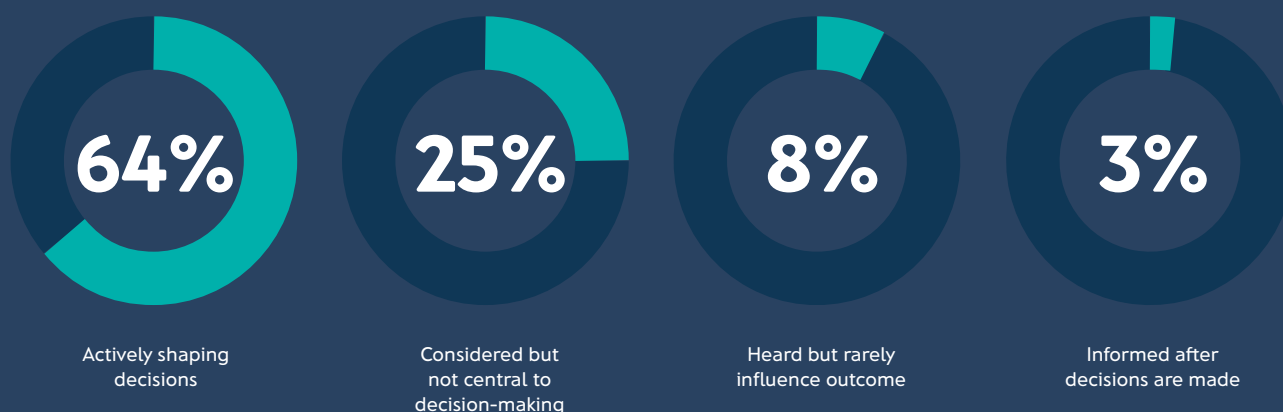
CPO perception of influence in shaping business transformation

85%
of non-HR leaders rate the CPO's influence in shaping the business transformation agenda as high

Chart data:
- 1: 1%
- 2: 3%
- 3: 6%
- 4: 15%
- 5: 23%
- 6: 24%
- 7: 28%

Low ← Influence → High
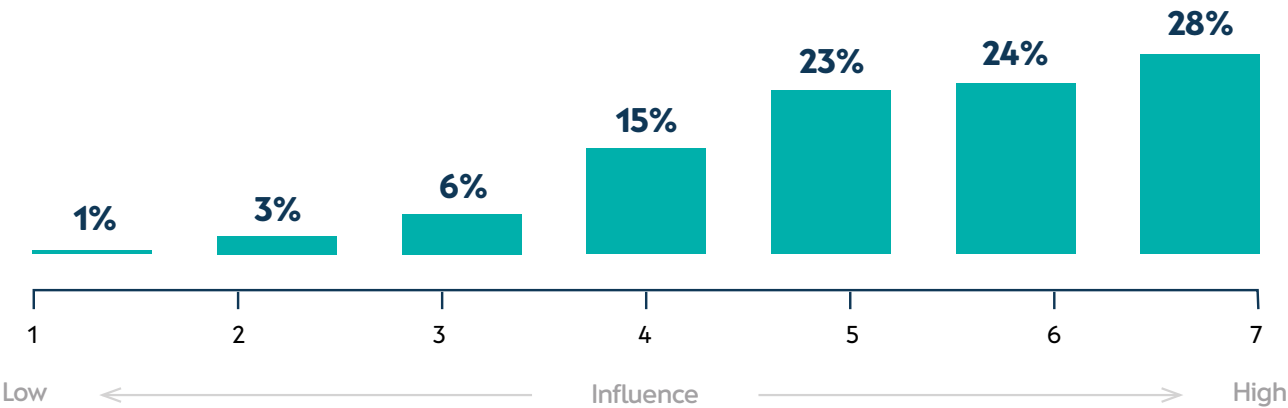
Top reasons for the CPO being seen as having less influence in business transformation than other execs*

- **41%** — Being reactive rather than proactive in transformation planning
- **41%** — Contributions are less tangible and measurable
- **37%** — Other functions are seen as more directly tied to business outcomes
- **33%** — Lacking capacity to influence
- **26%** — Lacking capability to influence
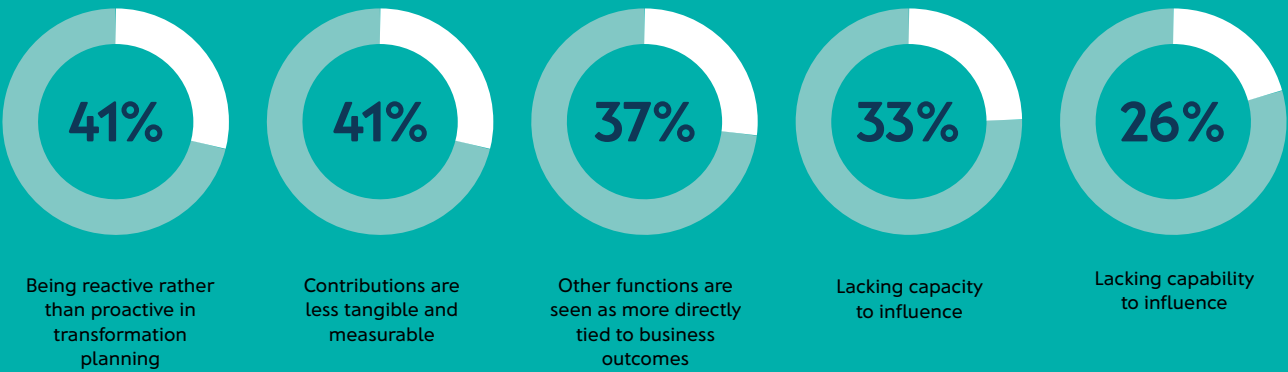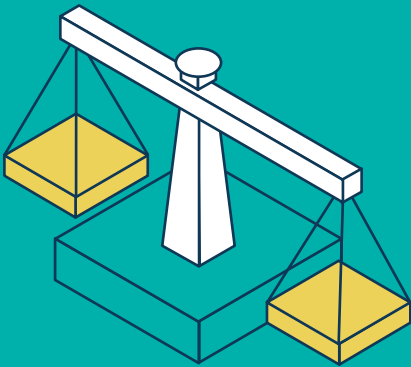
* Respondents were asked to select multiple answers

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In 62% of companies, the CEO reports having regular contact with the CPO, which is encouraging. But this also highlights that regular communication between these two roles, who should be walking in lockstep, isn't happening in 38% of organisations.

At LACE-hosted roundtables, HR leaders spoke about the need for "CPOs to set the tone and get in early" when it comes to setting expectations around their role in transformation. Others questioned how many CEOs and other C-suite leaders understand how to leverage a strategic and commercial CPO. As one CPO told us: "We have to show up in a commercial, credible way so there's no question from the C-suite about the value we bring." We will further explore the need for CPOs to build the narrative of strategic, commercial HR later on in this paper.

When the CPO is perceived to be less influential in business transformation than their C-suite peers, this is mainly down to being seen as playing a reactive rather than proactive role in transformation planning (cited by 41%), bringing less tangible and measurable contributions to the table (41%) and other functions being seen as more directly tied to business outcomes (37%). A third (33%) believe their CPO lacks the capacity to influence, while 26% say they lack the capability to influence, and 22% believe they lack the data and metrics to make a strong case for transformation decisions.

A CEO on HR's role in business transformation

If the CEO treats HR as an administrative function, then HR probably doesn't get to play a role in transformation. But to me there is no transformation without the HR/People Function. Any transformation, whether it's systems and tools, market segments or geographic entry, is entirely predicated on the people within the business that deliver it. You can make systems and process changes, but they mean nothing if employees within your business are stuck in old ways of working. You can enter a new market, but it won't deliver if employees aren't skilled, equipped and measured to serve the new agenda. HR is critical to this.

The CEO, the CPO and the CFO are a triumvirate. We do a daily stand-up to explore and understand any change we are undertaking. The CPO is like a sparring partner to ascertain the magnitude of the people change in any transformation, although they aren't the sole voice on the people perspective. In my world, the CPO is an absolute equal on every single aspect of the business.

SIMON WALSH
CEO, OneAdvanced

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When change fails: Barriers to people-driven transformation

While the data outlined above shows encouraging signs of HR stepping up to leverage strategic influence and add greater value in many organisations, this is by no means universal. There are signals that in some businesses, alignment between people workstreams and broader business transformation can be more rhetoric than reality, with a gap between intent and execution.

The vast majority of the leaders we surveyed — 95% — believe their organisation's people strategy is either fully or somewhat aligned with broader business transformation objectives, but the data also uncovers several common structural, operational and cultural barriers that prevent HR from delivering people transformation effectively.

The biggest structural and operational barriers preventing HR from delivering people transformation workstreams effectively are that business leaders don't see HR as central to transformation (36%), HR lacks capacity (33%), and that HR does not prioritise people transformation workstreams against other operational or strategic priorities (31%).
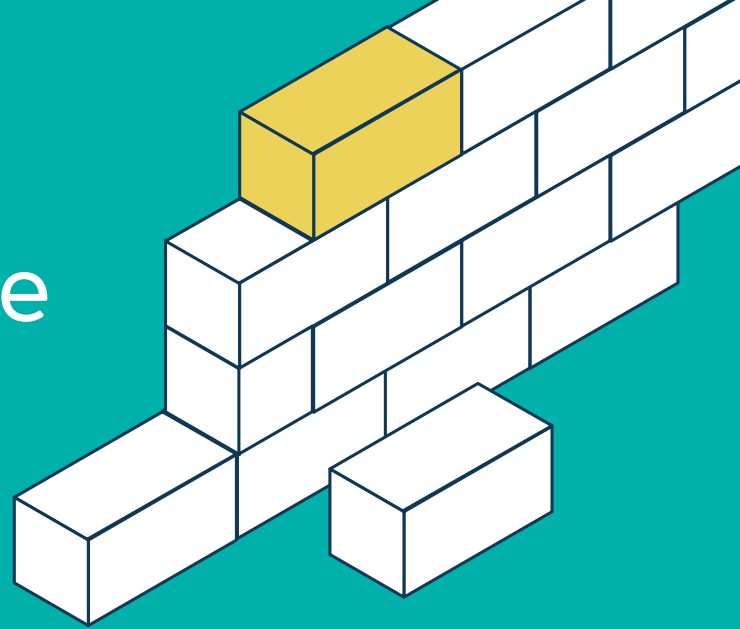
The most cited cultural and attitudinal barriers facing HR are business leaders primarily associating HR with administrative or compliance functions (48%), HR being seen as a support function rather than a strategic driver (44%) and transformation initiatives prioritising technology and operations over people-related change (38%).

When asked why people workstreams within business transformation programmes fail to deliver, the leaders we asked cited the fact that people-related areas are more likely to be underfunded or deprioritised compared to technology or operational workstreams (41%), HR being brought into the process too late (37%) and change management skills being weak (33%). Concerningly, despite previous answers suggesting other C-suite leaders view the CPO as an equal, 30% of business leaders still don't view HR's role in transformation as essential. If the alignment is so strong, why do people workstreams continue to underdeliver, get deprioritised or lack sponsorship?

While most respondents saw a good level of C-suite alignment on people transformation priorities, there is a recognition of the damage misalignment can cause. Conflicting priorities can lead to a lack of clear direction for HR and people transformation workstreams (recognised by 42%), employees can experience uncertainty due to leadership inconsistency (40%) and business leaders can prioritise technology workstreams over workforce transformation (40%). If the CPO is able to truly speak the language of the business, create a compelling narrative around the need for keeping people at the centre of transformation, as well as play a convening and coaching role for the rest of the C-suite, they should be able to reduce the risk of misalignment across the leadership team.

Barriers to proactive people transformation

The biggest structural and operational barriers preventing HR from delivering people transformation workstreams effectively

36%

Business leaders don't see HR as central to transformation

33%

HR lacks capacity (budget, resources etc)
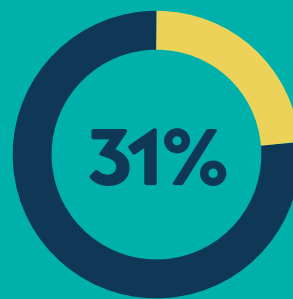
31%

HR does not prioritise people transformation workstreams against other operational or strategic priorities

The biggest cultural and attitudinal barriers preventing HR from taking a leadership role in business transformation

48%
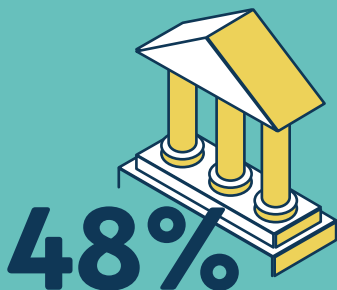
Business leaders primarily associate HR with administrative or compliance functions

44%

HR is seen as a support function rather than a strategic driver

38%

Transformation initiatives prioritise technology and operations over people-related change

When people workstreams within business transformation programmes have failed to deliver the required outcomes, what are the underlying reasons?*

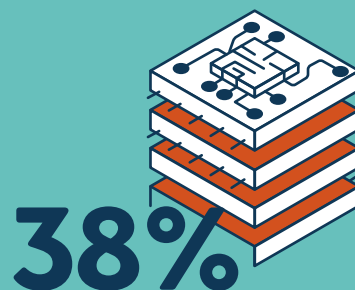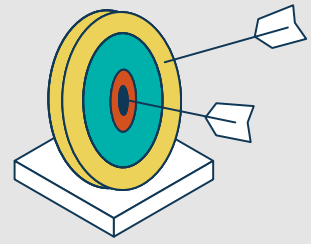|	
People transformation workstreams are underfunded / deprioritised compared to tech or op workstreams	**41%**
HR is brought into transformation discussions too late to make a meaningful impact	**37%**
Change management efforts are weak, leading to low adoption of transformation initiatives	**33%**
Business leaders do not view HR's role in transformation as essential	**30%**
HR teams are siloed and do not integrate effectively with each other or other business functions	**28%**
HR lacks access to data to justify investment in people transformation workstreams	**27%**
HR's operating model lacks agility to adapt to transformation needs	**25%**
Workforce planning is not aligned with business transformation agenda	**23%**

How misalignment [of priorities] in the C-suite affects people transformation workstreams and outcomes in business transformation projects*

Conflicting priorities lead to lack of clear direction for HR and people transformation workstreams	**42%**
Employees experience uncertainty and resistance due to leadership inconsistency	**40%**
Business leaders prioritise technology and operations over workforce transformation	**40%**
People-related initiatives receive inadequate investment and executive sponsorship	**39%**
Change adoption suffers due to inconsistent communication from leadership	**39%**
Transformation efforts stall due to competing agendas within leadership	**36%**
HR receives mixed messages on workforce priorities, leading to ineffective execution	**37%**

* Respondents were asked to select multiple answers

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Redefining HR's role in business transformation

Having explored some of the challenges holding HR back from playing a stronger strategic leadership role in business transformation and some of the barriers to creating effective people-driven transformation, it's time to look at some of the solutions. CPOs and the HR Function has the potential and the opportunity to overcome all these challenges, creating huge value and operating as an essential driver of business transformation. The seat at the table is there in many organisations: the question is over how HR chooses to fill it.

Defining transformational HR leadership

It's no secret that the role of the CPO and HR function as a whole is evolving to keep up with today's challenging environment and the shifting world of work. According to our survey, the most valued traits for a CPO today are being a strategic business leader, a transformation enabler and a champion of workforce agilty (you can read more about that in a blog on the LACE website — scan the QR code below). The role of the CPO continues to stretch far beyond the confines of traditional HR, a far more exciting, promising and impactful place to be if the profession has the skills and the mindset (and the space) required to succeed.

The four hats of the CPO

https://www.lacepartners.com/the-four-hats-of-the-cpo/

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The top five most valued traits for a CPO

A trusted advisor to the C-suite

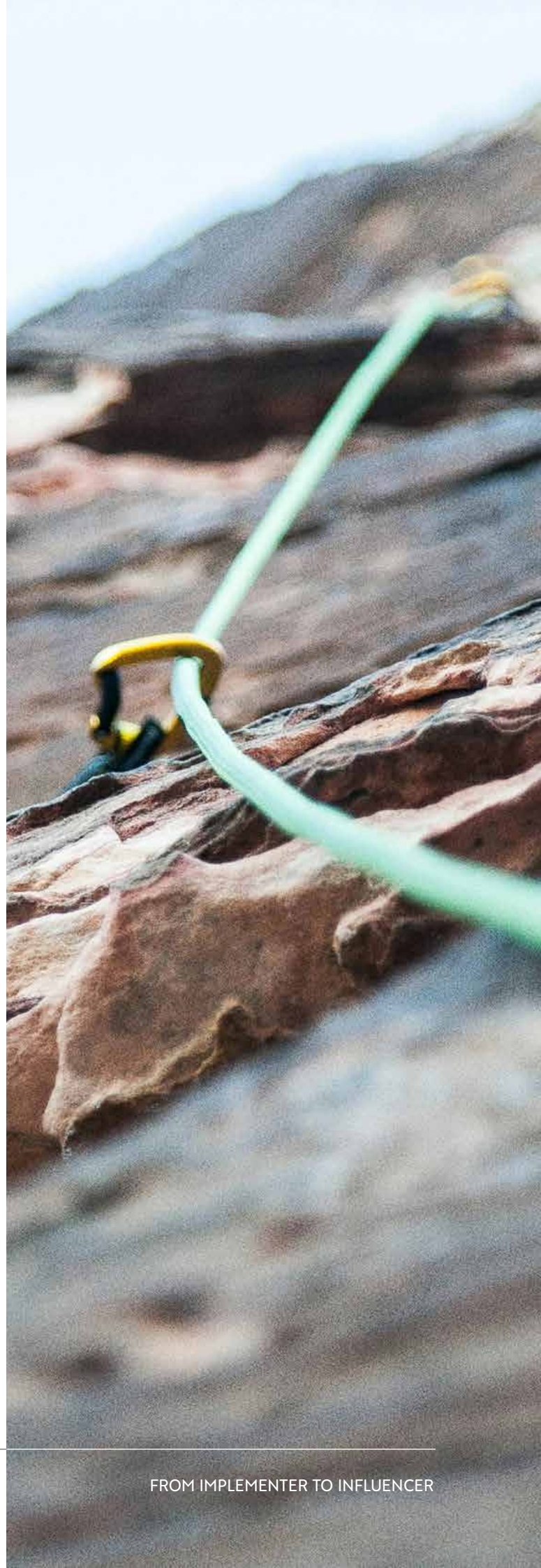**A driver of cultural and behavioural change**

A champion of workforce agility

A strategic business leader

A transformation enabler

Showing impact to grow influence

Our research suggests a core challenge for HR leaders around visibility and impact. Overcoming this requires a significant shift from reactive to proactive and developing their ability to demonstrate tangible value directly links to business outcomes.

The shifting role of the CPO

In the CPO role, you wear a business hat, not an HR hat. HR should have an equal voice in determining what transformation is needed, what impact you're trying to achieve, what the market is demanding, how the business needs to evolve, and what that means for people's jobs, the technology we use, the skill sets and capabilities we need, and how you pivot the organisation to where it needs to go.

You have to be able to play a wider business role. You have to understand what the business is doing, and play a part in governing the programmes, bringing together the right resources, removing risks and blockers, and helping to be the spokesperson for change.

In any transformation, you need to think about what to start, stop and continue doing which is linked to foundational job and behaviour changes, whether that's using new technology or changing organisational structure. The CPO has a good idea of how to enact behaviour change, but also HR needs to have a voice on the market and how the business needs to evolve, not just be a voice around the people.

KATIE OBI
CPO, OneAdvanced

CPOs need to build stronger links between people strategy and business outcomes, using metrics that align with commercial and operational goals to better quantify success such as productivity, capability, adaptability and workforce readiness not purely in traditional HR metrics like engagement scores. They need to amplify the numbers to better quantify and demonstrate HR's value.

Showing impact and growing influence requires using workforce data and long-term strategic workforce planning to guide business transformation decisions. Our survey still shows plenty of room for improvement in how workforce data is being used to transform the transformation agenda, such as in scenario planning. Less than half say workforce data is regularly used to guide transformation decisions and 15% even admit that they mostly rely on gut feel over hard data.
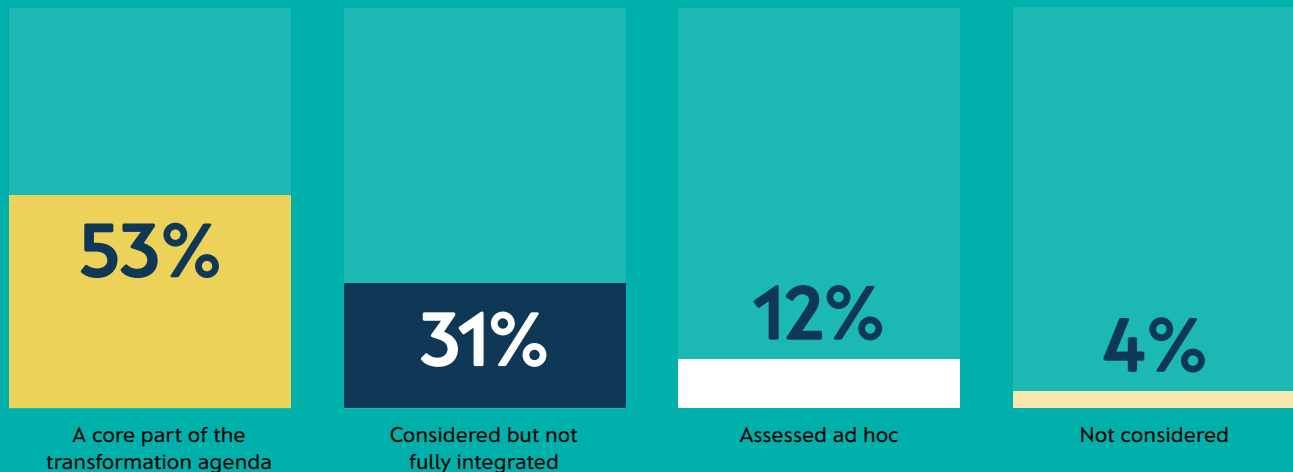
There is also a concerning lack of scenario and strategic workforce planning in many organisations. This finding is backed up by other studies. Gartner, for example, found that most organisations still rely on headcount-based planning, with only 15% of companies engaging in strategic workforce planning[8], hindering HR's ability to align talent with long-term business goals.

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[8] Top 5 HR Trends and Priorities 2025, Gartner
https://www.gartner.com/en/human-resources/trends/top-priorities-for-hr-leaders
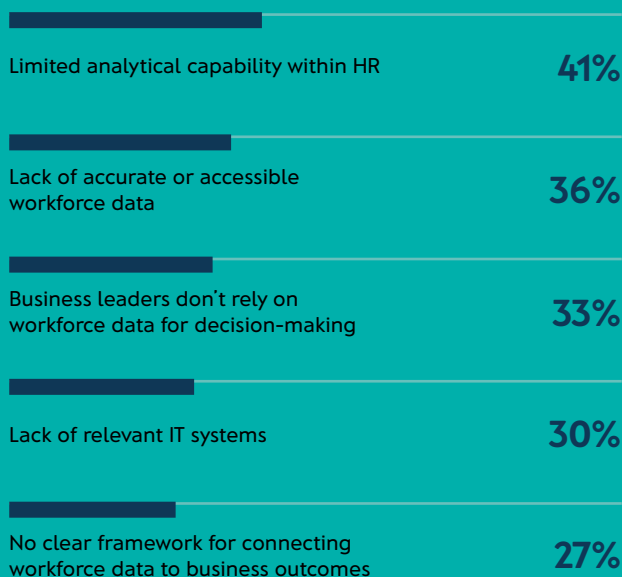
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Room for improvement on workforce data

How integrated is long-term workforce planning (three to five years) into firms' transformation agendas?

53%	31%	12%	4%
A core part of the transformation agenda	Considered but not fully integrated	Assessed ad hoc	Not considered

What are the biggest barriers preventing the use of workforce data in business transformation planning?

Limited analytical capability within HR — **41%**

Lack of accurate or accessible workforce data — **36%**

Business leaders don't rely on workforce data for decision-making — **33%**

Lack of relevant IT systems — **30%**

No clear framework for connecting workforce data to business outcomes — **27%**

To what extent are organisations using workforce data, modelling and analytics to inform transformation agenda?

Workforce data is regularly used to guide transformation decisions — **47%**

Workforce data is sometimes used, but not systematically — **21%**

Workforce data is available but not widely leveraged — **17%**

Workforce decisions are based on gut feeling rather than data — **15%**
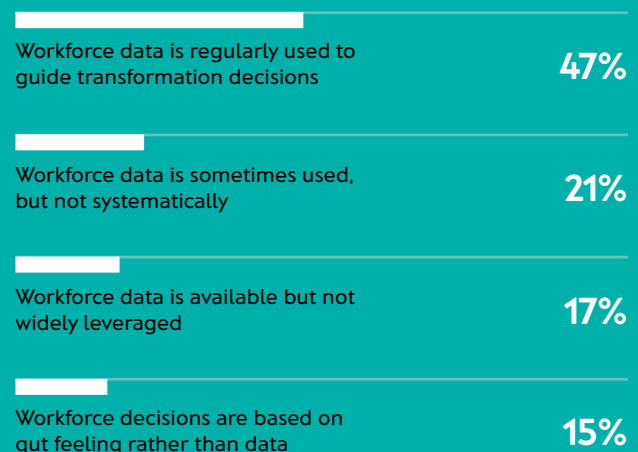
Analytical thinking is central to transformation

Many HR teams understand basic metrics, reports and analytics, but HR can still fall behind on credibility to influence senior decision-making with data-led insights. The field of people analytics has evolved, creating expectations for HR to connect data to business outcomes, differentiate between causation and correlation, build maturity to convert business challenges into data queries and interrogate, assess the validity and quality of insights, not just report.

This means moving away from metrics for metrics' sake. We stopped building dashboards unless we can clearly define the decision they're meant to inform and what business problem statement we're responding to. Every report, dashboard and visualisation must earn its place.

The most effective people analytics teams blend three types of skills: technical (data engineering, system architecture and data modelling), strategic (business understanding, scenario planning, cutting through the noise), and storytelling (translating business questions into hypotheses to be tested and converting findings into action). We built a maturity model that tracks progress across four dimensions: data quality, tooling, skills, and impact. This helped us shift from reactive, descriptive reporting to predictive, prescriptive and scenario-based analytics. It's helped us position analytics as an active part of business transformation and analytics leads sit on transformation programme core teams.

HR needs to stop outsourcing analytical thinking. If we want to lead transformation, we need to build data muscle into every layer of the function, from analyst to CPO.

CIPRIAN ARHIRE
Former global head of people programmes and analytics, FTSE100 company

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Address issues in HR capacity and capability

Our survey and conversations with HR leaders uncover two major barriers to be overcome if HR is to reach its potential in shaping business transformation: HR capacity and HR capability.

Even under the direction of a strong and well-respected CPO, HR teams can encounter persistent capacity and capability issues.

In terms of capacity, HR teams in most businesses are already stretched thin with access to limited resources and budget. Levels of burnout within the profession are high: a 2025 survey by Cezanne found that 64% of HR professionals report experiencing near-constant stress, with 93% having experienced burnout at some point in their careers[9]. Often, HR teams are working to enable organisation-wide transformation while simultaneously undergoing their own functional transformation.

When it comes to capability, there is a clear need to rethink and strengthen the HR skillset in areas including data and analytical capability (41% of leaders told us limited analytical capability within HR was preventing the use of workforce data in transformation planning), commercial acumen and organisation design and development. Other in-demand skills raised by HR leaders at roundtable events include stakeholder management, strong communications skills, programmatic and project management expertise, risk management and experience in technology implementations.

Addressing capacity and capability, HR leaders need to be more flexible and agile around how they source and deploy talent and skills within their function. This may mean drawing on third-party relationships, borrowing talent from other areas of the business for short-term 'gigs', or tapping into the vibrant freelance HR market. It could mean automating for greater efficiency, optimising HR operations into a slick machine and minimising the distractions of the day-to-day during transformation. Ensuring HR operations continue to run seamlessly during transformation is essential to HR's credibility in the wider business and the CPO's ability to influence business stakeholders and build trust.

All this requires a robust strategic workforce planning capability that can assess demand, prioritise and flex supply based on business value and outcomes. This builds the planning and prioritisation muscle that HR functions need for the future and ensures the function remains focused on the work that matters most to the business. Alongside this, HR must think differently about how it funds change programmes. It needs to shift to a model where investment is driven by dynamic business cases (constantly reassessing the changes you are making, rather than a singular, static, up-front request for investment). The mindset of 'self-funding' transformation (HR proving it can pay for its own change and demonstrating that it adds value without adding cost to the business) is key to measureable value. This should ensure resources are directed to the highest-impact priorities and also positions HR as a disciplined and value-creating partner, rather than a cost centre.

However transformation is delivered, building capability in the HR function is a deliberate and ongoing priority for every CPO. This can be accelerated by treating the HR function like the business it serves, with a clear strategy, the right skills in the right place, as well as a focus on outcomes that matter to the organisation.

Even when bringing in consultancy or freelance support to fast-track skills and inject new thinking, leaders can focus on building internal capability through transformation by transferring skills from the external experts, as well as building foundations in the future skills the function needs to remain relevant (see below). CPOs can give their teams the skills to be able to deliver on the promises of transformation, rather than suffering from the all-too-familiar 'cobbler's children' scenario.

Freeing up capacity via automation and progressing towards becoming an AI-enabled function, doubling down on high impact areas like data insight, organisation design and change leadership, will help both lift functional performance and give their business an edge in a fast-changing world.

[9] HR Under Pressure, 2025, Cezanne
https://cezannehr.com/l/hr-under-pressure/
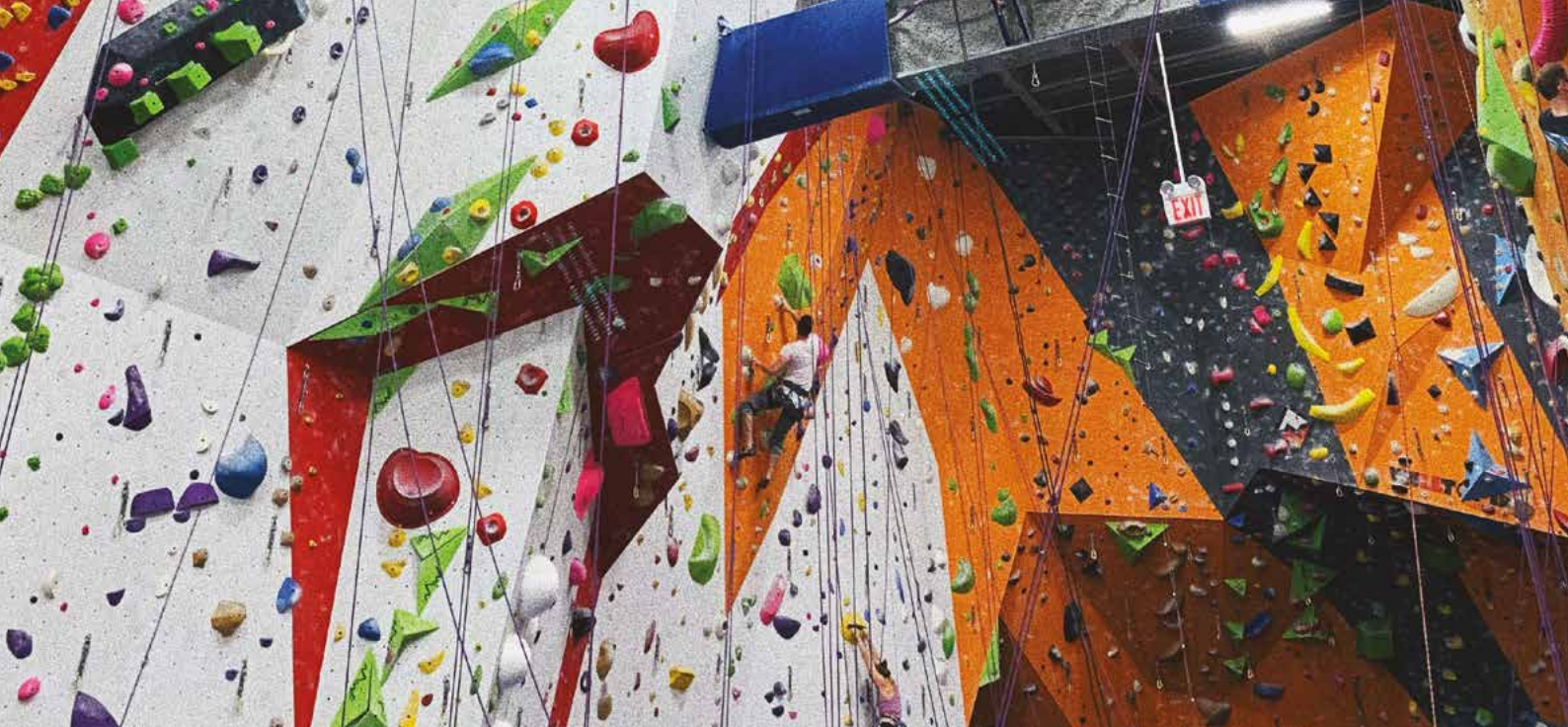
Boosting capacity and capability

Doing transformation alongside the day job is tough. As CPO, you have to be prepared to bring in that extra resource to allow you to carry on the day job and to support your HR business partners. That could mean buying in expertise, or scouting it out across the organisation. If you're not prepared to do that, the initiative is probably going to fail.

I'm looking for HRBPs who are able to see the future and are open to change and working differently. They need change management expertise, with the capability of shaping, influencing and selling change to a range of stakeholders. As CPO, you need to invest in change management — that's the catalyst. Not putting people at the centre of the transformation or looking seriously at change management is why so many technology transformations fail.

JON DAWSON
CPO, Lore Group

The most commonly anticipated changes in the HR function over the next 10 years

1   Integration of AI and automation

2   Shift to skills-based hiring and development

3   Expansion of remote and hybrid work models

4   Advancements in people analytics

5   Emphasis on employee well-being and mental health

6   Implementation of enhanced employee surveillance tools

7   Increased focus on diversity, equity, and inclusion (DEI)

8   Adoption of virtual and augmented reality (VR/AR) in training

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Position HR as a strategic partner when leading through change

In many businesses, the CPO is already a strategic partner in business transformation, but this is not true across the board. To seize the opportunity on offer, HR leaders need to tell a compelling and convincing narrative around the strategic impact and value of their function, overcoming the fact that, according to our survey, 48% of leaders still believe HR is seen as an administrative or compliance function.

Shifting this narrative means learning, in the words of one CPO at a roundtable, "to speak the language of value, not just values". CPOs can position people activity as enablers of competitive advantage rather than cost centres, showing how areas like workforce capability, culture and leadership directly support growth, innovation and resilience. It is important to collaborate with Strategy, Finance and Technology Functions to integrate people data with business performance data, building a narrative around the value of HR through both numbers and stories.
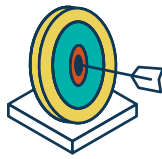
And while HR can add value beyond the confines of 'the people stuff', the function can also provide the tools and expertise to drive and embed the behaviour change required to enable any successful transformation. Part of the challenge is to ensure the business knows this, couching it in language that resonates and embedding change through powerful processes like reward, performance management and job design. This will help HR own the change agenda, keeping the focus on people and culture shifts to make change stick.

Leading successful transformation

The CPO needs to play a clear role in getting leadership alignment around any transformation, making sure all the execs are aligned. You need to ensure your HRBPs are fully briefed on the narrative so they can hold their execs to account. As CPO, you need to be prepared to make the tough calls, ready to call things out if the exec is misaligned.

Remember that all of your practices will need to change. Business transformation needs to be threaded through everything you normally do — recruitment, performance management, comms and so on. The earlier you do that, the more successful and sustainable the change is going to be. One of the biggest successes I had was when we did a huge organisation redesign and made sure all the consultation, design and recruitment for new roles was done using the new tools. We were sewing the future in.

During transformation, there's a capacity question: are you going to hive off part of your function as a transformation team? Are you going to bring in external resources or are you going to weave it into the HRBPs' roles? If you do that, what are you letting go off — what's not a priority for the next six months? As CPO, I've tended to build the transformation muscle in my team, which can then be used many times for on-going change. It's a question of the capacity and capability of your function.

LOUISE WILSON
Former CPO, Clark's and The Body Shop, now NED, mentor and advisor

"We need to speak the language of value, not just values."

The top defining features of a high-impact HR function

| Technology integration | Strategic alignment | Agility and flexibility | Data-driven decision-making | Proactive change management |

Creating a change-ready culture

For cosmetics company Avon, transformation has been driven by two reasons. Firstly, the financial health of the business demanded a reduction in fixed costs; secondly a shift from direct selling through representatives (the iconic 'Avon lady') to broadening the customer choice to an omnichannel model, adding online & retail. "It's about how you can get the organisation to embrace that strategic shift without being fearful," says CPO Michelle Parczuk.

One of the challenges for the People team is how to balance the tough, cost-cutting side of transformation with the change required to enable growth. Parczuk sits around the executive table, partnering with the CEO, CFO, CTO and other functional leaders. "It's explicit that I'm leading culture and mindset change, along with skills and capability change," she says. "You agree as a leadership team on the transformation journey and the role you play together."

Tracking the impact of transformation with clear metrics to define success is critical: "We are hand in hand with the transformation office, with a roadmap that's aligned on the elements of change HR is driving." KPIs include monthly people costs as a percent of revenue, availability of critical roles and talent reviews. The bar has been kept high on the talent needed to drive the business forward, with changes made in over 30% of the top 100 leadership roles.

While hard metrics matter, Parczuk believes that equally important to success are "the less tangible metrics of people's buy-in and commitment to change, underpinned by psychological safety". "You can't bring people on a change journey with you unless they feel safe to challenge and have dialogue," she adds. Much of that is done at team level, with psychological safety assessed and discussed at a team level, backed up by central communications.

Alongside a systematic approach to psychological safety, Avon introduced "quite brutal transparency", moving from a more paternalistic culture to one where employees are treated like adults. "We put the brutal facts on the table, around how we needed to save this business, getting people bought into the why of the journey," Parczuk explains.

While challenging — the business reduced headcount by 25% this year for example — people have remained engaged and motivated. "We want to be the team that creates a sustainable future for Avon," Parczuk says. And so far, the signs are positive that Avon will be able to face the future with confidence.

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Proactive people transformation: Practical steps to success

YOUR SEVEN STEPS TO SUCCESS

1 — **Anchor people strategy in business value:** Make your people strategy impossible to ignore by framing it in commercial terms, tied directly to outcomes and numbers the business cares about, like growth, productivity and innovation.

2 — **Strengthen relationships across the C-suite:** Don't let your credibility rest solely on your strong relationship with the CEO: get to understand what drives and challenges each of your peers; and bring them insights and solutions.

3 — **Build transformation skills within your HR team:** Invest now in your team's capability in driving transformation end-to-end, building change leadership, organisational effectiveness, planning, prioritisation and systems thinking skills.

4 — **Invest in building a people intelligence and insights engine:** Build a capability that combines workforce data, market and customer insight, listening and predictive analytics into a single, always-on intelligence hub — moving HR from reacting to problems to guiding the business.

5 — **Build agility into the HR operating model:** Design HR to flex, creating teams that can pivot between BAU and new priorities without slowing down, assisted by AI, as well as focusing the right skills where they are most needed.

6 — **Optimise HR operations:** Get the basics right to ensure credibility, via streamlining processes, cutting duplication, using AI to free up your people for more value-added work and take away any 'noise' related to operational performance.

7 — **Build cultures that embrace change:** A resistant culture can derail the best transformation plans, so work with leaders to create a culture where change is expected, understood and acted on quickly, with clear communications and leadership commitment.

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So, what are the practical steps CPOs and their HR leadership teams can take to be successful in both redefining HR's role in business transformation and enabling and leading proactive people transformation? This is a complex area, but below are ideas of where to start and where to focus:

Anchor people strategy in business value

The people strategy and critically its success measures, should be anchored in drivers of business value, outcomes and goals, framed in commercial terms. Rather than talking about people metrics, CPOs can create a narrative around the value their function can deliver against business metrics and goals.

This includes moving from intangible to tangible value statements, showing how people can impact business numbers and quantifying HR's value. The CPO needs to be savvy and comfortable around not just static business cases but more dynamic scenarios like reinvestment cases, scenario planning and business modelling. It's about articulating and delivering measurable business impact.

A people strategy tied directly to outcomes the business cares about, like growth, productivity, risk reduction and innovation, becomes impossible to ignore. Every HR priority should answer the question: How does this move the business forward?

Strengthen relationships across the C-suite

The CPO has a seat at the table and from our survey, the CEO firmly in their corner, a CPO's real influence comes from winning the confidence of the whole C-suite. Our survey found that while the CEO-CPO relationship is strong in many organisations, in more than a third of companies the CPO and CEO aren't in regular communication. It also found that the CFO and COO tend to be less convinced of the influence and impact of the CPO than other functional areas.

With strong coaching skills and a good understanding of the business, the CPO role can act as an integrating voice across the C-suite, ensuring alignment between different leaders and resolving conflict and misalignment where necessary. This means adapting chameleon-like to speak about the value HR and people can bring in language that resonates with the various C-suite members, from CTO to CFO to CMO. The fastest way to shift sceptics is to show how the HR agenda moves their numbers, whether that is revenue, efficiency, innovation or risk. Over time, the CPO becomes recognised as a critical driver of business success, not just the 'people' person.

The relationship between the CPO and the rest of the C-suite is central to transformation, given how critical it is to work across silos. Different business functions, for example IT and HR or HR and operations, must be closely aligned and working in partnership to deliver successful and sustainable transformation.

Build transformation skills within the HR team

As outlined above, HR skills are evolving fast and it's likely that, to deliver successful and sustainable transformation, CPOs may need to upskill, reskill or refresh their HR teams. One CPO in a technology firm undergoing significant transformation told us that she had replaced 80% of the People function since joining, building a team from scratch to support transformation within a fast-paced and demanding private equity-backed environment.

To succeed, HR professionals need strong change management skills, with a focus on OD and OE (organisational effectiveness) expertise, Strengthening muscles in strategic planning, project management and prioritisation, and value case development. HR business partners need commerciality and strong data literacy, as they work alongside their executive stakeholders to ensure transformation remains on track and aligned to agreed business goals.

> Systems thinking is really important during transformation. There is often a lot of wading through ambiguity to be able to figure out the path forward, and to navigate and execute it. People who are systems thinkers can start to piece things together in a way that makes sense in the context of the business and understand how it will work end-to-end, which helps them anticipate challenges.
>
> **KATIE OBI**
> CPO, OneAdvanced // CPO, technology firm

Invest in building a people intelligence and insights engine

As outlined in the previous section, analytical capability within HR is more critical than ever, with a lack of it is holding some organisations back from successfully driving and landing transformation. As well as focusing on building data mastery within the HR team, CPOs need to invest in building the foundations required to ensure access to high-quality workforce data. A people intelligence and insights engine should serve as the beating heart of a modern HR function, acting as a strategic insight generator.

Sitting at the centre of the HR operating model, this HR intelligence centre is a strategic pillar within the People Function rather than a support or service area. The aim is to create a truly intelligent function. Doing so will enable the business to self-solve more effectively, freeing up HR's time to focus on more value-add activities like supporting business transformation. Think of it like an 'HR control tower' that will provide early signals, such as forecasting supply and demand trends, enabling HR to be proactive and agile.

Investing in a central people intelligence hub will also help HR and the business build strength in strategic workforce planning (SWP). SWP is a critical tool for futureproofing the business during constant change and aligning talent and skills strategy with future business goals, yet our survey found longer-term workforce planning was not integrated into transformation plans in 47% of organisations. SWP needs to be central to transformation, with the tools in place to achieve this.

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Build agility into the HR operating model

Rather than assuming capacity is constant, CPOs need agility in their HR operating model, giving them the ability to flex up and down as required and deploying teams and individuals to where they are most needed at any point within the business. If the business decides to make an acquisition or enter a new country for example, or a share price crash leads to a need to quickly increase efficiency ratios, CPOs need to ensure their function can respond fast, armed with the right skills and capabilities.

Responding to the capacity challenges inherent in transformation means expanding the organisational ecosystem and embracing agile resourcing models, whether through working with trusted third parties and/or tapping into the gig economy, that blended workforce of contractors and freelancers, to deliver work as required.

Getting this right requires strong governance, planning and prioritisation capabilities. Does the CPO have access to core transformation-ready skills? How is the CPO assessing and measuring demand, including the ability to quickly divert attention and resources to higher priority tasks?

Taking inspiration from Agile methodologies can inject pace and accountability into HR functions and projects. This could include setting up cross-functional squads focused on specific business outcomes, working in terms of sprints and releases, or taking a 'product ownership' approach to processes, policies and set pieces.

Optimise HR operations

When HR operational services break down, HR teams get pulled out of more value-added or commercial work to fix the problem. The reputation of the CPO and the entire HR Function is tied to how smoothly HR operations run — without great, drama-free operations, the CPO as the functional owner can lose credibility.

HR leaders need to ensure the foundations for efficient, slick HR operations are in place to free up time and space to focus on driving transformation. HR operations can be optimised through automation and AI to ensure the essential day-to-day service provision doesn't distract from other longer-term priorities. As Gen AI continues to advance, embedding agentic AI, essential AI co-workers, could further supercharge efficiency and operations.

Build cultures that embrace change

With change a constant companion to our working lives, CPOs need to focus on building cultures that can not only cope with, but welcome change. The CPO role is unique in its ability to take a bird's-eye view across the whole organisation, meaning CPOs can act as integrators, guiding other C-suite members in building a culture that is ready for, rather than resistant to, change.

One CPO at a roundtable event reflected that change can often feel like "organised chaos", with work and direction constantly shifting, destabilising people. HR leaders should aim to bring an element of control to this chaos, helping to build psychological safety and bringing intention and purpose to the development of agile, accountable and resilient cultures that can deal with and embrace ongoing change.

Agile HR supports transformation

At one global entertainment company, the People Function has become more like a product organisation, with cross-functional squads and dedicated HR product owners. Teams operate on sprint cycles, regularly reviewing backlogs and reprioritising based on changing business needs. "It's shifted the mindset from delivering initiatives to solving problems and continuously improving," HR leader explains. "We start with design principles and researching end-user needs and challenges, develop a prototype and an MVP [minimum viable product], and then drive evolution and maturity. We shifted our thinking from HR in isolation to system and ecosystem thinking and redesigned our service lines and journeys."

This is all supported by more agile governance, including fortnightly HR change approval boards with business sponsors, helping remove blockers and pivot faster. "Agility only works if the team culture supports it," the leader says. "We put a lot of effort into helping HR teams become more comfortable with ambiguity, experimentation, and iteration. That's a shift for many who've been trained to aim for perfection before delivery. We now talk openly about testing, failing fast, and shipping version 1 (MVP) rather than waiting for version 10 with the perfect end-state design.'

"Agility in HR is about being relevant," he concludes. "It allows the function to respond faster, partner more closely with the business, and deliver transformation that actually sticks."

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Are you transformation-ready?

Key Questions every HR Leader should be asking:

☐ **Do you have the right HR capabilities to enable business change at speed?**
Do you have in-house organisation design and change capability that can flex to the scale and pace of transformation?

☐ **Are your HR leaders equipped to drive transformation, not just support it?**
Have you upskilled your Business Partners with deeper change, OD, data and commercial acumen?

☐ **Can you see what's happening, and prove your impact?** Is your function data-enabled — able to gather, interpret, and share insight that supports decision-making and tracks the people impact of change?

☐ **Are you playing a lead role in the transformation office or equivalent governance?** Are you part of the team running or steering the change, or just being updated on it?

☐ **Are your best people at the heart of the change?** Have you seconded high performers into critical transformation programmes to influence from the inside?

☐ **Have you taken control of the employee narrative?** Is internal comms under HR's remit so you can align messaging and experience during periods of disruption?

☐ **Is strategic workforce planning a business tool — or an HR spreadsheet?** Do you have a clear and repeatable approach that links workforce plans to business strategy and transformation needs?

☐ **Are you building a culture that can handle constant change?** What have you done to embed behaviors of adaptability, experimentation and resilience?

Time to seize
the opportunity

Our data found that in many organisations the CPO is already playing a leading role in driving proactive people transformation, and that this is welcomed by other members of the C-suite. However, there remains room for improvement in many businesses and signs of a potentially damaging gap between rhetoric and reality, intent and execution.

CPOs already have many of the tools they need to act as a strategic partner of business transformation, shaping and leading the people and business agenda to deliver productivity, efficiency and sustainable growth. In most organisations, the door is open, the seat at the table is there, it's about operating confidently in that space with the right capabilities and capacity to deliver, armed with a narrative that makes clear how the People Function can and is contributing to business outcomes. Done right, no one is better placed than the CPO to enable transformation, creating alignment between people and business goals.

Now is not the time to tweak around the edges — it's fundamentally orchestrating a different HR ecosystem to deliver ongoing change. It's the time to take the radical steps needed to start building a data-intelligent, multi-skilled and transformation-ready HR function, futureproofing the effectiveness of the business transformation to come.

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About LACE Partners

LACE Partners are recognised as leading experts in HR, workforce, and payroll transformation. We partner with large multinational organisations to navigate the complexities of modern business, driving strategic change and optimising people strategies. Our deep expertise spans HR technology, workforce planning and payroll modernisation, enabling us to deliver tailored solutions that meet the unique needs of our clients.

We believe in empowering organisations to unlock the full potential of their workforce. Through our strategic consulting, we help businesses align their people strategies with broader business goals, ensuring sustainable growth and competitive advantage. Our approach emphasises collaboration, innovation, and a commitment to delivering measurable results. Partner with LACE Partners to transform your HR, workforce, and payroll functions and achieve lasting success — because we're passionate about your project and the work that we can do together, we act with care on everything we do (and with each other as a business), as well as innovative in the solutions we provide — through our LACE Way approach that is unique to us and if we work together, will be unique for you too.