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# The Hidden Cost of **Fragmented HR Operations**

A Board Briefing Paper

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## Executive Summary

Most organisations believe their HR function is working. The reality, in many cases, is that it is held together by workarounds, institutional memory, and the goodwill of a small number of people who know where to find things. This is not a criticism of those people. It is a structural problem that creates real, measurable risk.

Fragmented HR operations cost more than organisations realise. Not just in direct spend, but in delayed decisions, inconsistent employee experience, avoidable tribunal exposure, and leadership time consumed by problems that should never have reached them. When People Operations are disjointed, the consequences compound quietly until something breaks.

This paper sets out how fragmentation typically presents, what it costs, and what a coherent operating model actually looks like in practice.

## What Fragmentation Looks Like

Fragmented HR operations rarely announce themselves. They develop gradually, often as a consequence of growth, restructuring, or decisions made in isolation. The following are common indicators:

- **Multiple, disconnected systems.** Payroll on one platform, absence on another, recruitment managed through spreadsheets. No single source of truth for people data.
- **Inconsistent processes across teams or sites.** Different approaches to disciplinary procedures, absence management, or onboarding depending on which part of the business you sit in.
- **Unclear accountability.** HR Business Partners, Shared Services, Centres of Excellence, and line managers all doing parts of the same process with no clear ownership.
- **Over-reliance on key individuals.** Critical knowledge held by one or two people. When they are unavailable, things stall.
- **Reactive ER caseload.** Employee relations work driven by complaints and escalations rather than early intervention and consistent management practice.

None of these are unusual. Most organisations would recognise at least two or three. The question is whether they are seen as operational irritants or what they actually are: symptoms of a structural problem that carries real cost.

## The Real Cost

The cost of fragmented HR operations is difficult to quantify precisely, because much of it is hidden in plain sight. It does not appear as a single line on a budget. It shows up as inefficiency, delay, risk, and lost trust.

### Financial Cost

Duplicate systems, manual workarounds, and rework consume budget. Organisations with fragmented HR operations typically spend more on their people function per employee than those with a coherent operating model, but deliver less. The CIPD and other bodies have consistently noted that UK organisations with mature shared services models operate at significantly lower cost-per-employee ratios.

**Up to 30%**

of HR team time can be consumed by manual workarounds and rework in fragmented operating models

### Risk and Compliance

Inconsistent processes create inconsistent outcomes. When disciplinary procedures vary by site, when absence triggers are applied differently, or when exit processes are not standardised, the organisation is exposed. Employment tribunal claims frequently cite inconsistency of treatment as a core element of the case. A fragmented operation makes this harder to defend.

**Inconsistency of treatment**

is cited in a significant proportion of unfair dismissal claims reaching tribunal

### Decision-Making

Without reliable, timely people data, leadership teams are making decisions about workforce planning, restructuring, and investment based on incomplete information. If it takes three weeks and four spreadsheets to produce a headcount report, the organisation is not equipped to make agile decisions about its people.

### Employee Experience

Employees notice when things do not work. Payroll errors, delayed contract changes, inconsistent onboarding, and unanswered queries all erode trust. In a competitive talent market, the quality of the employee experience is a retention lever. Fragmented operations undermine it.

## Leadership Bandwidth

When operational problems are not resolved at source, they escalate. Senior leaders end up drawn into issues that should be resolved two or three levels below them. This is not just inefficient. It signals to the wider organisation that the function is not working.

## What Boards Should Be Asking

Most boards receive people data through dashboards and KPIs. These are necessary, but they rarely tell the full story. The following questions are designed to surface whether the operating model underneath is fit for purpose.

1.	Do we have a single, reliable source of truth for our people data, and can we produce accurate headcount, cost, and absence reports within 24 hours?
2.	Are our core HR processes (disciplinary, grievance, absence, onboarding) documented, standardised, and applied consistently across all parts of the business?
3.	Is accountability for HR delivery clearly defined between HR Business Partners, Shared Services, Centres of Excellence, and line managers?
4.	What is our cost per employee for HR delivery, and how does this compare to organisations of similar size and complexity?
5.	If two or three key people in the HR function were unavailable tomorrow, what would stop?
6.	How many of our ER cases in the last 12 months were avoidable with earlier intervention or better management capability?
7.	When was the last independent review of our HR operating model?

## What Good Looks Like

Fixing fragmented HR operations is not about buying a new system or hiring more people. It is about designing a coherent operating model where accountability is clear, processes are standardised, and capacity is used in the right place. The most effective models are structured in distinct layers, each with a clear purpose.

1	<p><b>Self-Service - Digital First</b> <i>Reduce friction, quick access, free up team capacity</i></p> <ul style="list-style-type: none"> <li>• Online knowledge base and guided Q&amp;A for managers and employees</li> <li>• AI / chatbot functionality for simple, high-volume queries</li> <li>• Automated case routing to the right team or individual</li> </ul>
2	<p><b>Operational Excellence</b> <i>Consistency, reliability, responsiveness and colleague confidence</i></p> <ul style="list-style-type: none"> <li>• HR Services and workforce support</li> <li>• Recruitment coordination, candidate experience and onboarding</li> <li>• Contracts and lifecycle changes</li> <li>• Payroll and data changes</li> <li>• Low-level case management and standard reporting</li> </ul>
3	<p><b>Deep Expertise</b> <i>Enable transformation, solve complex issues and manage risk</i></p> <ul style="list-style-type: none"> <li>• Centres of Excellence</li> <li>• Complex ER and risk</li> <li>• Organisation Design</li> <li>• Workforce planning</li> <li>• Change and transformation support</li> <li>• Culture, inclusion and organisational effectiveness</li> </ul>
4	<p><b>Strategic Partnering</b> <i>Operational demand handled elsewhere enables truly strategic partnership</i></p> <ul style="list-style-type: none"> <li>• Strategic workforce planning aligned to business direction</li> <li>• Leadership capability and development</li> <li>• Service and workforce design</li> <li>• Aligning people strategy to organisational delivery</li> </ul>

## Underpinned By

Data-Driven Insight	Colleague Experience	Clear Governance
<ul style="list-style-type: none"> <li>• From reporting to decision enablement</li> <li>• Predictive workforce insight</li> <li>• Prioritisation based on evidence</li> </ul>	<ul style="list-style-type: none"> <li>• Consistent, human and inclusive</li> <li>• Designed around user journeys not internal structures</li> </ul>	<ul style="list-style-type: none"> <li>• What gets attention and what waits</li> <li>• Capacity protected for strategic work</li> <li>• Clarity on decision ownership</li> </ul>

***Simple things should be easy. Complex things should be expert.  
Strategic work should be protected.***

## Next Steps

If the questions in this paper have raised concerns, the most practical first step is an independent review of the current HR operating model. This does not need to be a lengthy or expensive exercise. A focused diagnostic, looking at structure, process, data, technology, and accountability, will identify the key areas of exposure and provide a clear basis for action.

One Point Four West provides independent People Function Health Checks designed specifically for this purpose. These are practical, evidence-based assessments that give boards and leadership teams a clear picture of where their people operations stand and what needs to change.

## About One Point Four West

One Point Four West is an independent People Operations consultancy founded by Tim Withnall. We work with organisations that need to fix fragmented HR structures, stabilise shared services delivery, and build people operations that perform consistently. Our work is practical, evidence-based, and grounded in real operational experience across sectors including insurance, telecoms, BPO, property, and manufacturing. We do not do fluffy. We do results.

We offer People Function Health Checks, HR operating model reviews, interim HR leadership, employee relations support, and independent workplace investigations.

## **Get in Touch**

Tim Withnall

One Point Four West

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