

Can HR Really Be Strategic?

Today's buzzword in the human resources (HR) field is **strategy**. Many HR departments want to become a strategic player within their organization, but they are not always clear about what that means. Basically, it means actively participating in business planning activities and linking HR initiatives to business objectives. The bottom line is that HR needs a seat at the table to align with and provide insight into the company's plans. But how?

Surveys show that HR is one of the least-respected departments within companies, and suggests that HR organizations are often not well run — or if they are, they are performing HR's traditional, operational tasks such as recruiting, administering compensation and benefits, and training. HR needs to be proactive, but being proactive doesn't automatically equate with being strategic.

Transforming your HR department into a strategic factor will require a serious effort at:

- “Stepping up to the plate” with knowledge;
- Assessing how HR is currently doing its job; and
- Ensuring that HR operates as one unit

Knowing the business

In order for HR to take its place at the strategy table, it needs to equip itself with knowledge. HR leaders must know the business, thoroughly grasp HR's expanding role, and understand analytics. They must be familiar with the industry as well as their own company's structure, financial position, and challenges. And they must understand the types of people who drive the business to success.

The key to knowledge building for your current HR staff is training and developmental activities. HR staffs need training on business fundamentals (e.g., economics and statistics) and analytics (e.g., how to make sense of turnover data, conduct environmental scans of the external market, and calculate the return on investment for HR programs). Developmental activities could include cross-training within the business units, participating on non-HR committees to learn more about the business, and participating in a mentor program outside of HR.

Armed with knowledge, HR managers can confidently attend business meetings, bringing hard data and analysis relevant to business priorities, and make a strategic contribution.

Assessing HR

HR leaders need to know where they're starting from and be prepared to take measures to improve any deficiencies in their current

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organization. An assessment of HR may uncover that certain functions work against the business strategy, the necessary skill set of staff to move HR in a strategic direction may not exist, and that technology is not leveraged to provide the kind of metrics you need for analytics.

Functions. Start by assessing all HR functions — compensation and benefits, training, recruitment, performance management, HR business partner roles, and any other HR functions. It's important to understand how your programs are working from several perspectives, specifically those of your HR staff, the business units, and the company's employees.

In Recruiting, for example, some questions to ask are: Are qualified candidates being delivered to hiring managers to interview? How long does it take for that candi-

date to get to a hiring manager? How efficient is this process? Of course process efficiency means nothing if the hiring strategy is not aligned with business needs.

Do you have an employee performance appraisal system, and is the process smooth or cumbersome for HR staff and company employees? Are the ratings for employees valid? What are the next steps — career planning for the employee, training,

or developmental courses as needed? How does this process tie into your HR planning and total human capital management efforts?

Similar questions should be asked of other HR functions. The point is to determine not only which tasks are being done efficiently, but also whether or not each task or function is effective. In the case of HR a truly effective function is one that can be connected to specific business objectives.

People and roles. Here's the key question: Do you have people in HR who can operate at the strategic level? Thinking strategically means planning ahead for leadership and future skill set needs. How will you replace those baby-boomer managers soon to retire? What technologies should next year's workers be familiar with? The strategic thinkers will know the business and know analytics to provide business managers with sound HR strategies.

How can you identify the strategic thinkers? Why not conduct a thorough skills assessment of your staff and understand their capacity or potential to take on a strategic role? As an HR leader you will need to determine how to capitalize on your current human capital.

Assign stretch tasks to your staff.

You may also want to consider how your organization is structured and determine if you have the right people in

the right roles. At this point, you will also want to make sure that you clearly define all roles within HR and communicate that to the staff when they are finalized.

Technology. What is the state of your HR technology? Today's HR department needs technology that holds all employee data; enables staff to pull data out readily; and supports analytical processes that yield a meaningful picture of present and future resources. Hand in hand with having adequate technology is making sure the system contains data that's accurate and up to date. You need to have the appropriate controls in place to facilitate this.

In sum, your assessment should determine how capable your HR organization is to become a strategic factor. You should determine what in your HR organization is working well and what isn't and what is already functioning in a strategic capacity. You may learn some things you didn't know — for example, you don't have staff that are analytical, or some processes are not working smoothly. What you discover will suggest changes that are needed to move your organization in a strategic direction.

Functioning as one HR

Too often, HR functions as a collection of horizontal silos; people perform their own tasks but are unaware of how they mesh with other parts of the organization.

The training team doesn't have access to performance evaluations; recruitment doesn't receive information on what future business needs are; and so on.

Building a team environment is essential for HR to play a strategic role, and for that, communication is essential. Someone reviewing performance appraisals needs to determine the next steps after the review.

The training team must know if staff have any developmental needs. Recruiters must know if staff already in positions they are recruiting for are missing specific skill sets that were highlighted at performance appraisal time. Without a strong, systematic communication effort, none of this can happen strategically.

Nor can it happen without a clear set of goals in place. HR should have an explicit mission statement that connects to an HR strategic plan and defines goals in terms of the company's business objectives — and then, make sure everyone in HR understands the mission.

Conclusion

For HR to deliver value — the ultimate goal — it must establish its credibility by knowing who it is and what it can do, and becoming a strategic partner in the business. By functioning smoothly and knowing how to tie data together to assist the business, HR can help drive business results.

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