The Strategic Approach to HR

DIAGNOSING AND SOLVING BUSINESS PROBLEMS THROUGH HR AND EMPLOYEE INTERVENTIONS
Diagnosing the Problem

- Identify causal map to understand problem
  - Look backwards from future desired state to identify needs for new objective
  - Map against current state to identify gaps
- Keep the process simple
- Measure success of the process through the richness of the dialogue
- Focus on the few themes that will make a real difference
Industry Forces

Competitive Advantage

 VALUE CREATION

Organizational Competencies based on:

People
Processes
Technologies
Other Resources

Costs
Service
Products
Brand

Company Tools and Techniques to Supports Workforce Requirements

Workforce Requirements

- Competencies
- Behaviors
- Abilities
- Attitudes
- Networks
- Retention
Case Study: Hershey’s

External Factors
- Societal pressures on snacks industry
- Large competitors with greater scale
- Tight margins with large buyers
- Opportunities in global markets

What are the workforce requirements to support global growth:
- Knowledge of markets
- Global brand mgmt.
- Global supply chain

Capabilities
- Innovation/new product development
- Consumer insights
- Brand management

Strategy
- Grow global markets by $1.5B

HR system/intervention to drive workforce to support capabilities
How to Operationalize?

- Start with a specific business – difficult to do at corporate level
- Identify underlying external factors, organizational competencies, and business strategy
  - What is changing in external market?
  - How is organization trying to win in this market – what is the strategy?
  - How will company support this strategy?
How to Operationalize?

- Identify required employee behaviors, knowledge, and capabilities to support
  - What is missing that is preventing company from driving current strategy
  - What is missing that is preventing company from driving future strategy
- Design the HR interventions that will correct missing employee requirements
Systems Perspective to Influencing the Workforce
OD Model of Performance

- Organizational Structure
- Work Unit Climate/culture
- Task Requirements
- Employee Motivation
- Individual Needs/Values
- Individual and Organizational Performance

Management Practices
Leadership Behaviors
5 Key Factors to Influencing Workforce Requirements

- Leaders and top team
- Structure
- Employee Capabilities and Motivation
- Company cultures and climates
- Employee Engagement HR practices
- Talent Management HR practices
Leaders and Top Team

- Charismatic style
  - Sets vision
  - Employee involvement
  - Feedback/development
- Style and degree of communication
- Resource allocation
- Personal commitment
Structure

- Organizational structure
  - Formal design
  - Informal structure and processes
- Work design
  - Flow of work
  - Degree of specialization and division of labor
  - Key processes and systems for completing work
  - Teams versus individualized jobs
Talent Management HR Practices

- **Bringing in Talent**
  - Employer of choice
  - Recruiting
  - Selection

- **Developing talent**
  - Identification
  - Short-term and immediate job training
  - Long-term growth and development
Employee Engagement HR

- Compensation
  - tied to individual
  - tied to company or unit
- Rewards and recognition
- Performance management
  - set goals
  - provide feedback
- Meaningful work/line of sight
- Personal growth
Company Culture

- Core beliefs of the organization
- Norms of behavior
  - company
  - unit/division
- Management philosophy
- Operating style
  - how do people work together
  - how do people interact with one another
HR Analytics: Building the Business Case for an HR Intervention and Measuring the Impact of HR on the Organization
Balanced Scorecard and Analytics

- **Data driven research** – is a change in an employee outcome impacting the organization?
- **Linkage Analysis** – can you diagnose the problem and make the case for an HR investment?
- **Dashboard metrics and monitoring** – can we track the impact of the HR solution and observe continuous improvement
Balanced Scorecard: Strategy Mapping

Shareholder value (profit) is driven by processes, related to cost and asset utilization. (Prof=Margin x Volume)

Financial

- revenue growth
  - productivity
  - asset utilization

VALUE = f
  - income
  - growth
  - (risk)

The BSC also shows the link between customer value and shareholder value (revenues).

Process

- innovation
- operations & SCM
- customer mgmt & service

ATTRIBUTES
- cost
- quality
- time

Customer value is driven by core systems & processes related to quality, reliability and speed (competence).

Customer

- product leadership
- operational excellence
- customer intimacy

VALUE = f
  - prod/serv attrib.
  - relationship
  - image/reputation

Customer value is also created "line of sight" by selected talent pools.

People

- key talent pools (skill groups)
- attitudes and behavior
- resource flows (composition, retention)

Process execution and improvement depend on people.
Example at Cornell

Cornell University
ILR School
Shrinking state funding
Smaller grant pool
Escalating salaries

Seamless student experience
Highest quality education

Increase alumni giving to balance budget
What We Found

- Interviews with largest donors, alums who give right away
- Expected – faculty
- Unexpected - advisor in the office of student services
- What are the capability gaps
  - Not enough time
  - Too focused on classes but not the student as a “whole”
- Need more of them and different profile
- How to build business case?
## Business Case for HR Interventions – Advisor Role

### Financial Objectives
- Higher alumni giving
- Increase in discretionary funds

### Logical Connections
- Give first year out
- More frequent giving
- Larger donations

### Customer Objectives
- Commitment to the school
- High satisfaction with experience
- More points of connection

### Logical Connections
- Delight with experience
- Relationship with trusted advisor
- Reduced stress

### Process Objectives
- Reduced number of incidents
- Higher frequency of visits/student
- Cover more checkpoints

### Logical Connections
- Diagnose kids in trouble
- Interactions increase
- Time for deeper discussions

### Employees Objectives
- Lower turnover
- More time per student
- Employee knowledge of counseling

### Logical Connections
- Help students in trouble
- Deeper student connections
- Work with the “whole” student
Creating an HR Strategy

- What is your role and level within the organization?
- What is your level of influence?
- Where can you have maximum impact?
- What resources are available?
- How severe is the change?
- Is there a business case for an HR change or intervention?
- How can you measure the impact of the change?
- Can you or someone else on the team stick with the change effort?
Final Thoughts on Creating an HR Strategy