



STRATEGIC HR IS NOT AN OXYMORON



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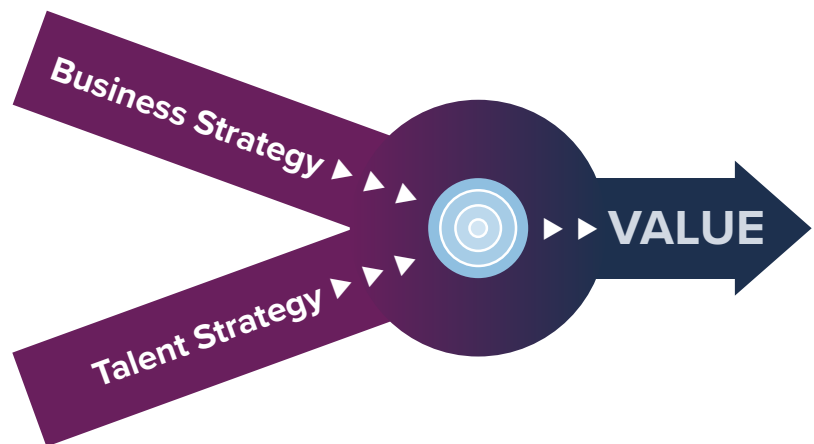


“HR’s battle for a seat at the table is over. We did ‘win,’ so to speak—no one doubts the value of strongly aligned talent and business strategies. Our challenge now is to actually use that seat to make strategic alignment a reality.”

We recently partnered with an organization seeking to increase the strategic contributions of their HR team. These words come from the CHRO, and they echo the sentiment of many HR leaders and professionals we talk to today. There is a significant difference between having a strategic seat at the table and driving maximum impact from that seat.

As a CEO, my primary obligation is to increase the value of the organization I lead, a mission shared by each of our employee team members. We do that by creating business strategies that solve our clients’ most pressing problems, thereby creating a return for those who invest in and work for our organizations. These business strategies (and therefore their impacts) are accelerated to the greatest degree when they align with and drive the strategy for managing our largest asset, our talent.

The Convergence of Business and Talent Strategy



Throughout my leadership career, I have experienced how strategic talent management directly correlates with better returns for clients, employees, and subsequently, our investors. This has led me to three foundational beliefs:

1 Organizations that create the highest “yield” on talent create greater value faster than those who don’t.

Value is created by people, not businesses. In most organizations, talent is the largest asset, and creating return on assets is how we create value. The often-stated rhetoric that “people are our most important asset,” is in fact true. Unfortunately, it’s also true that our behaviors don’t always support this fact, particularly when we fail to directly align talent strategy with business strategy. That brings me to my second core belief...

2 HR is uniquely positioned to enable an organization to create and maximize this critical alignment.

HR is the intersection of business and people. The opportunity to create the highest return on talent occurs at this intersection when strategically skilled HR professionals clearly understand their organization's business strategy and can confidently prescribe a compelling talent strategy that aligns with the business's goals.

3 To take advantage of this position, HR must break free from being perceived as merely a center of administrative expertise and become a high-impact, strategic partner to the business, capable of managing the convergence of talent and business strategy.

It's not a choice between tactical and strategic. Excellence in all facets of HR's administrative and tactical responsibilities remains critical, but HR must additionally cultivate strategic thinking, business knowledge, and consultative diagnostic and prescriptive skills to drive the convergence of talent and business strategy.

From Task Orientation to Impact Orientation

At HCI's conferences, I conduct Strategic HR workshops. During those sessions, I'm often asked, "What does it mean to be strategic?" There is still some mystery associated with "being strategic," regardless of HR function. I hear this question at every event from practitioners whether their focus is talent acquisition, performance management, employee engagement, or something else.

From my perspective as a CEO, HR must think, communicate, and act strategically along four primary dimensions:

1 HR must shift from a focus on tactical activities to a focus on business outcomes.

In addition to understanding what we do every day, HR must grow its understanding of *why* we do it, in the context of what business outcome(s) are we trying to drive. In today's business environment of rapid change, it's easy to become engrossed in the day-to-day routine of just getting tasks done. While this is necessary for tactical execution, it can distract HR from the broader objective the business is trying to achieve strategically. When you think of your next HR initiative, consider this question: "How does the successful execution of this initiative help our organization achieve its business strategy?"

2 HR must go beyond simply knowing the company to also knowing the industry.

Your company is not only competing for new business. It's competing for top talent, too. HR must know the competitive landscape and industry structure to achieve the greatest impact. By stepping back to understand the bigger picture, you develop the broader sense for the state of your industry, how your company competes and ultimately how that drives the talent decisions you make.



3 HR must expand its horizons beyond internal customers and understand external customers as well.

Be clear as to what problems they have and how your organization is trying to solve them. This is the essence of the value you bring to the marketplace and drives how relevant your organization is. The bigger the problem we can solve for our customers, the more relevant we are to them. Companies that are the most relevant to their clients win more often. Period. The more you know about your customers, the faster you can anticipate changes in their mindsets and position yourself accordingly.

4 HR must deepen its understanding of the organization's purpose—knowing what your company does is important, but it's *more* important to know how your company *creates value*.

Most people have an “elevator pitch” that succinctly describes what their organization does. To think and act strategically, HR must understand all the ways in which what an organization does drives the creation of value. In other words, what does your company do, specifically, that drives its ability to make money? What is your competitive advantage? Understanding your business from this standpoint will significantly affect your strategy for acquiring, developing, engaging, and managing your talent for the highest return.

Your Call to Action

We are in the business of creating maximum value on behalf of all our stakeholders (clients, employees, and investors). The question, “Should HR be strategic?” is no longer legitimate in today’s volatile and uncertain business environment. When business and talent strategies exist separate from each other, we under-deliver on that obligation. A high-impact, strategic HR team enables an organization to fulfill its primary responsibility to drive maximum value. by aligning talent and business strategy. The question isn’t even, “When do we begin?” That answer is *now*.

The *real* question is, “*How* do we begin?”

What Now?

Every journey begins with a vision of where we want to end up. In this context, HR leaders seeking to increase their strategic impact require a clear understanding of business strategy, much like their operating colleagues. This working understanding of the current business strategy is a mandatory (and empowering) starting point for prescribing a talent plan of action that aligns with the business’s goals.

Depending on your own skills and experience, the magnitude of change can seem daunting. To build your momentum, following are ten questions to help you develop a working knowledge of your organization’s business strategy, open a productive and relevant strategic dialog with your business partners, and give you a frame of reference to begin to assess the degree to which your current talent strategies align with your business strategy:

1 What problem, specifically, does your business solve for your customers or clients?

2 Who are the primary users/target segments for your products/solutions and why?



- 3 Why is your product/solution the best choice for your customers? In other words, what is your value proposition and why is your offering the best choice among all the alternatives your clients have?
- 4 What capabilities are required for your organization to deliver this value proposition better than your competitors? Is there a gap between those capabilities and your current ones?
- 5 Who are your top competitors and what are their value propositions?
- 6 How do you take your product or solution to the market (through what channels and sales teams)?
- 7 What are the business metrics your operating colleagues use that demonstrate your business strategy is working (financials, market share, sales growth, etc.)?
- 8 What are the key assumptions that must happen for your business strategy to be successful?
- 9 What are the top three core strategic initiatives that will drive the business strategy and how does your talent strategy support those?
- 10 What things should you *stop* doing *because* of your business strategy? In other words, knowing what you now know, what doesn't make sense to continue and is burning unnecessary resources?

As you deepen your understanding of the business strategy, these questions should lead to a better understanding of what your talent strategies should be. HR leaders must ask themselves, "Because of what we know about our business strategy, what should our talent acquisition, development, engagement, retention, and management strategies be?"

For those HR professionals who have not engaged in these types of strategic conversations previously, you can expect a renewed level of engagement and depth in your business partner relationships and the positive repositioning of the HR brand within your organization.

Decide to Go

Knowledge in and of itself is interesting. Knowledge combined with a purposeful shift in perspective and purpose upends the status quo and builds momentum. The difference is a decision only you can make.

Many years ago, a reporter asked Jim Lovell, NASA astronaut and Apollo 13 commander, about the "miracle" of going to the moon. Lovell, in his confident, matter-of-fact style responded, "It's wasn't a miracle. We just decided to go."

As a relevant HR leader uniquely positioned to make a critical contribution to increase the value of your organization, will you decide to go?