

How To
BEAT THE COMPETITION

EMERALD POINTS

THE NEW HR

How to Beat the Competition
with a Strategically Focused
Human Resource Team

BY

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INVESTOR IN PEOPLE

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INTRODUCTION

WHAT IS THE OLD HR?

There was an old joke that when you asked someone at the front desk of a nationally owned hotel chain where the HR department was located the reply, with a weak chuckle attached, was: “Look for the dumpster, it’s right there!”. The problem was that it was not a joke. It was just the status of HR in that industry. We were present at a retirement party for a V.P. of HR at a large media company on the West Coast of Florida. The CEO thanked her for her good work and joked that HR was known for its ability to take a three-page memo and turn it into a thirty-page document. Everyone laughed except the V.P. who gave an imitation of the face of the Peanuts’ character Charlie Brown, as she struggled to smile. When we analyzed the job descriptions of the HR staff at a manufacturing company, we found that 80% of the time staff dealt with transactional items such as vacation schedules, schedules for annual physicals for managers, staff turn-over rates, and arrangements for the company picnic. They also became the “passers on” of critical information along with directions as to whom to contact for the “real” answers. For instance, if you had a question regarding the “Americans with Disabilities Act,” they would tell you which department to contact. Other activities carried out during 20% of the time that remained were undocumented.

In another situation, one of the jobs foisted upon this same HR department was to monitor company bulletin boards. Two managers were assigned to tour the entire plant and offices to see what the bulletin boards contained. If any items of a personal nature, such as one that was found that offered “a set of golf clubs free to anyone,” were found they had to be removed. A follow-up report and message were sent to all department heads that admonished them for violations. This adventure consumed hours of time. The whispers through the grapevine were, “Watch out, here comes HR again.”

In another industry, employees had to cross a street in to get from their production jobs to administrative departments, one being HR. Frequently, when employees were encouraged or told to visit HR, the employees resisted. As one can imagine, there were a flurry of continuously used excuses not to

visit. They ranged from traffic to weather conditions, the pollen count, and a variety of other reasons. Since HR and many other administrative offices were housed “across the street,” top management decided to build an elevated walkway between the buildings to alleviate any possible problems cited above. This cost the company a great deal of money. However, they built the glass enclosed and aesthetically pleasing “bridge” anyway. Top management assumed the visitation problems were solved! However, when visits to HR were recommended there were still problems and excuses. The bottom line here – employees simply did not want to deal with HR. Someone might say, “Wait a minute...that was the ‘old’ HR department, right?” Perhaps...

STRATEGIC ROLES FOR HUMAN RESOURCE TEAMS

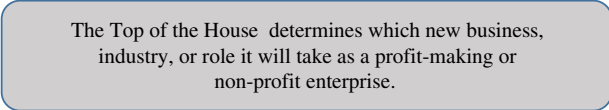
It is rumored that the HR departments of today want to take strategic roles in an organization. They seek a place at the table where strategic decisions are made but they are seldom, if ever, invited. This book is designed to guide HR departments in ways to achieve the goal of being “at the table.” A good place to start is to define what strategy is and what it will take for HR to be recognized as a strategic force in an organization (Fig. 1).

There are two types of strategic decisions: (1) *Corporate Strategy* (What new business/industry are we seeking to engage in?) (2) *Business Strategy* (How will we operate in a highly competitive environment?) Here’s how a typical *Corporate Strategic* decision process rolls out to meet a competitive challenge or a dramatic change in a business or social environment:

This is not a simple decision particularly if the organization is seeking new ways to continue to succeed in the face of new competitors and the new technologies that drives them. A major question for a profit-making organization to address is, “Do we have the resources in place that can be leveraged to enter a new business or industry?” Example: “Can we move to a business situation that requires the use of robotics?”

For a non-profit, “Are we organized to provide services required in a new realm as we have done in the past?” Example: “A cure for a childhood disease has been discovered that makes our work in that field obsolete and unneeded. Do we close shop?”

Both profit and non-profit organizations need to decide if it makes sense to find the resources needed to make a change and restructure current operations or will it be better to take what they have and repurpose those elements? A strategic human resources team can be a key contributor to add value to the decision to make about entrance into a new field of endeavor. That is, *if HR is*



The Top of the House determines which new business, industry, or role it will take as a profit-making or non-profit enterprise.

Fig. 1. Top of the House Corporate Strategy.

ready and able to provide the input to the management of talent needed for this decision (Fig. 2).

Let's look at how a Business Strategic decision often takes place:

This involves decisions on the alignment of the organization's strategic vision, mission, values, and ethics with the tactics that will drive the activities to beat the competition. Example: A strategic mission statement could speak to the continual quality of products and services we deliver and their value to our customers. A strategic human resource team should be able to lead the effort to identify, align, and enhance the skills and activities of managers to satisfy customer needs. This could lead to a sound tactic to identify the changing needs of our customers and then design and carry out management development activities in concert with the marketing staff, to enable our people to meet them.

Note: tactics and strategy differ. Tactics answer the questions starting with the word, "What." Strategy answers questions starting with the word "How." Documentation of employee turnover is tactical thinking. Creating employee job satisfaction initiatives that ensure retention and sustain the mission's focus on product and service quality, is strategic thinking.

THE READINESS OF HR TO HANDLE STRATEGIC THINKING, BEHAVIORS, AND ACTIONS

Readiness requires evaluation in five areas, (1) the organizational structure of HR, (2) the current goals and objectives of HR activities, (3) the willingness of employees to learn new skills and abilities to become more strategic, (4) the quality and availability of strategic thinking skills held by incumbent HR staff, and (5) the ability of HR professionals to identify and meet the needs of all key stakeholders (Fig. 3).

At first glance you might have these comments and thoughts: "Hold on there, what's new about this arrangement? Except for 'outsourcing' & 'succession' it looks familiar. But what does an outsourcing manager do? And where are compensation & benefits people? How about the retirement dinner?

The Top of the House expands the decision making of how to do business to direct line department heads and managers.

Fig. 2. Top of the House Business Strategy.

HR always handles it. I don't get it. In our organization security and building maintenance are part of HR. Who does all that work?" Note: Culture and industry often determines security & maintenance needs and requirements.

Realistically, there will always be a need to have inhouse plans made for someone who retires, the annual "party," key birthdays, and other socially important business events. These things are "nice to do" on a "to do" list and reflect the culture of the enterprise but we recommend that support staff who are not in charge with making strategic decisions handle these situations.

The answer to what's new is not in the reporting relationships. It's in the strategic functions assigned to each manager that make the difference (Figs. 4–8). As an example, let's start with a detailed look into the role of the manager who leads *outsourcing* of tactical functions. Currently, Human Resources Information Services (HRIS), Compensation, Benefits, and anything else that soaks up time with record keeping and storage tends to be done in-house. In addition, external recruitment of workers is handled in-house in most organizations. You might ask the question, "What strategic thinking is required to be made by the outsourcing manager?" A seminal strategic need of every organization to meet its mission is to ensure financial strength.

A Simplified 21st Century Structure for the New HR

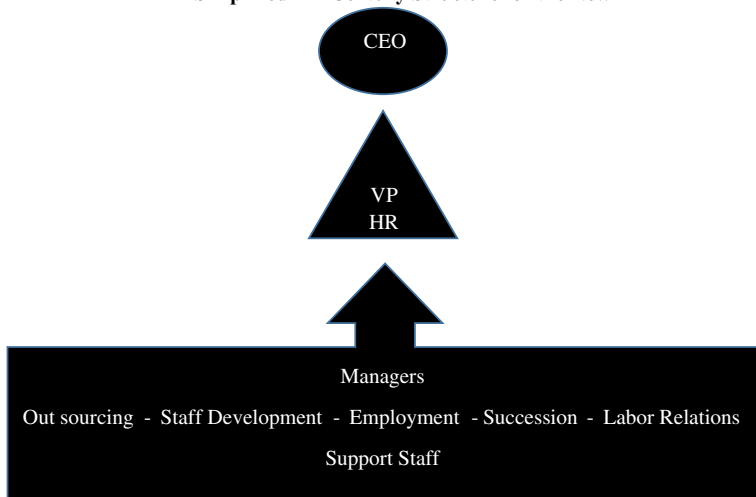


Fig. 3. New HR Strategy.

Well-chosen and managed third party partnerships can achieve this with cost reduction and a strategic focused manager can do this. Think about the fact that the total compensation of every inhouse staff member includes about 33% for benefits. Retirement obligations also loom strong on the balance sheet for years after the employee leaves.

Equipment and office space are necessary to process all this in house. Let third parties worry about those things. In the experience of the authors, all these functions can and should be outsourced.

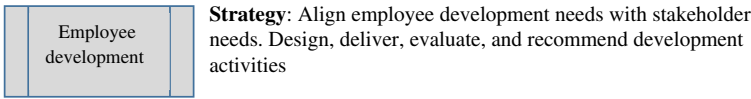
For example, when HRIS is placed in the hands of a competent and trusted third party company, the tasks relating to compensation records, benefits records, and external recruitment advertising and vetting of application information can be done. They can be transmitted on demand to the appropriate manager who asks for information to make strategic decisions relating to stakeholder needs.

Managers who are ready to work in strategic ways already know that all stakeholders have the same need for *financial strength* as that of organizations as explained below:

- (1) The *Parent* organization thirsts for the recruitment and retention of talent to build *revenue*.
- (2) One of the needs of *Employees* is a good *wage with benefits*.
- (3) When the wage with benefits need is met, *talent* tends to remain in place. Talent loyalty has the potential to raise productivity, lower costs, and increase *revenue*.
- (4) Lower costs can increase margins and *drive prices down* for *Customers*. Customers tend to buy more products and services when prices fall.
- (5) The increased revenue builds financial strength for the Parent Organization and *Communities* might expect to receive more *financial support* from local industries.
- (6) *Shareholders* could see their *stock values rise* and *Suppliers* have the potential to move more product and services to the Parent Organization that increase *revenue*.

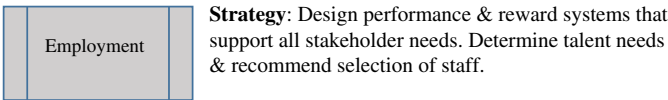
These stakeholder needs are not surprising when viewed individually. The ability of an *outsourcing manager* who envisions them as interrelated makes the difference between a manager that is a strategic thinker and one who is not. The managers who don't have the skills and abilities to meet universal needs are not ready to take a strategic path to the success of the organization. i.e., outsourcing of HR functions when done poorly, will negatively affect employees, customers, suppliers, communities, and shareholders.

SNAPSHOTS OF STRATEGIC KEY ROLES OF OTHER HR MANAGERS



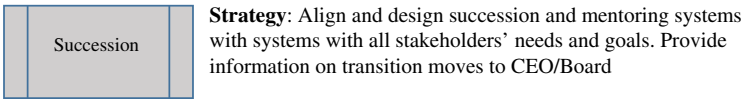
Source: The Delta Group Network, Inc. 2022.

Fig. 4. Employment Development Strategy.



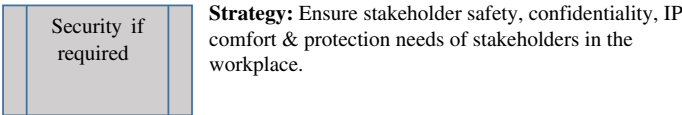
Source: The Delta Group Network, Inc. 2022.

Fig. 5. Employment Strategy.



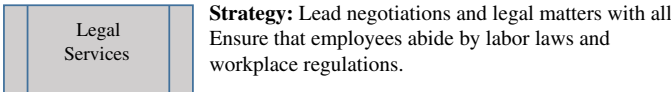
Source: The Delta Group Network, Inc. 2022.

Fig. 6. Succession Strategy.



Source: The Delta Group Network, Inc. 2022.

Fig. 7. Security Strategy.



Source: The Delta Group Network, Inc. 2022.

Fig. 8. Legal Strategy.

THE NEW STRATEGIC ROLE OF THE V.P. OF HR

The person who has this leadership position must exercise the ability to hold conflicting needs of stakeholders in mind as decisions are made to ensure that the contributions of HR add value to the enterprise (Chart #1). As an example, employees need rewards that are meaningful and encourage their efforts to

increase productivity and maintain the high standard of quality expected by the organization and its customers. The needs of your employees, the organization, and its customers have the potential to present conflicts that affect decisions about budgets, marketing, and resource distribution. HR can design reward and performance systems that address these challenges and use them as opportunities to satisfy conflicting needs.

The V.P. should take the lead on identification of the needs of key organizational stakeholders. While every organization has unique needs determined by the industry they are in and the cultures that guide decisions, there are a few common needs that all organizations must face. Consider the following chart. How does it stack up in comparison to your place of business?

Every stakeholder has a need for Financial Strength (*Shown in bold with \$*).

COMMON STAKEHOLDER NEEDS IN AN ORGANIZATION					
Parent	Employees	Customers	Communities	Shareholders	Suppliers
N Financial \$	Job Satisfaction	Quality	Support \$	Gain \$	Contracts
E Strategies	Good Wages \$	Service	Jobs	Growth	+
Reputation					
E Growth	Safety	Fair Prices \$	+Reputation	Pride	Sales \$
D Reputation	Careers	Trust	Services	+ Ethics	+ Ethics

Source: The Delta Group Network, Inc. 2022.

Chart 1. Common Stakeholders.

When this seminal need is satisfied it can drive and support the activities necessary to meet other needs of stakeholders.

What other common needs appear in the chart? What are some common needs of your stakeholders not shown in the chart? Take time to create a stakeholder needs chart for your situation. Pinpoint areas where HR can contribute strategic ideas to meet the needs of your stakeholders. This analysis will be the key to presenting the concept of a strategic HR team and department.

HOW TO BUILD A STRATEGIC HUMAN RESOURCES TEAM
THAT WORKS

It’s a major leap from a traditional tactically focused HR team to one with the skills and abilities to think strategically. This is a change in the way HR does