

Is Your HR Department Strategic?

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Is your HR department a passive service provider to the organization, or does it play an active and strategic role in achieving your goals? Many HR departments have been mired for so long in the minutia of administrative and legal responsibilities, that they don't even realize they could be adding strategic value to the company.

After all, if a company's most valuable asset is its people, then shouldn't the function that is responsible for that asset – Human Resources – be strategic, be a talent magnet for your best and brightest, and be known for its business effectiveness?

Here are some ways companies can transform their HR departments into powerful strategic partners:

1. Focus on Outcomes

Too often HR falls into the trap of focusing on the "role" it plays versus the outcomes it drives. Instead of focusing on roles (policy guardian, benefits administrator, employee advocate, etc), HR needs to be held accountable for the outcomes it drives by being held accountable to a scorecard.

2. Align Priorities to the Business Strategy

HR priorities need to be driven by the business strategy, not by HR's own predetermined internal agenda. Every HR activity should align back to a part of the overall business strategy, and should plan their yearly objectives as part of the business strategy planning cycle.

We recently worked with a client who had a large innovation agenda for their upcoming year. We made sure that the HR priorities included things such as:

- Skill Gap Analysis for new innovation skills
- External recruitment goals from companies with strong innovation agendas
- Organizational effectiveness analysis of the new innovation department

3. Take the Veil Off – Treat It Like Every Other Function

Too often when we begin to ask our clients questions about their own HR departments, they tell us that they aren't really sure how HR operates, and that HR seems to have its own set of operating guidelines which they (even C-Level executives) aren't privy to and don't understand well.

HR needs to be accountable to the same standards as your other functions. Just because they may help create the standards and determine how to reward people based on those standards doesn't mean they are exempt from adhering to them. You need to ensure that:

- HR has its own scorecard.
- Performance management forums include discussions of HR staff.
- Service and delivery standards used in other functions apply to HR.
- HR is abreast of external human resource trends.

4. Deal with HR Operations Separate than Strategy

The HR function can own many operational aspects in your company from managing compensation and benefits to managing the facilities. Often the more strategic discussions get pushed to the side in order to manage day-to-day operations. After all, if a payroll system goes down, your first priority is to make sure people will still get paid on time. However, if distinct strategic groups or forums are established, then you will ensure that HR will make the time to focus on business strategy.

We have helped many of our clients establish the following types of strategic mechanisms:

- Talent teams – focused on building talent pipelines and mitigating talent risks.
- Diversity function – focused on creating the conditions for everyone to release their potential.

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If you are not sure if your HR department is operating strategically, you should ask yourself: Has HR made strategic choices about where to spend its resources, or is it focused on the same things it was doing 10 years ago? Challenge them to rethink their role in the business and the strategic value they can add.