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HUMAN RESOURCE ASSOCIATES

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HOW HR BECOMES A STRATEGIC PARTNER?

We all know that changes are coming. Experienced HR professionals have already seen and been part of the dramatic and sweeping changes that have been developing every year in the American workforce.

40 years ago the average U.S. worker was industrial, heavily unionized and working for a company he intended to stay with for life. 20 years ago it was still a white male worker aged 18 to 40 just looking at his first personal computer. Today almost 70% of all newcomers to the workforce are females, minorities and immigrants. Outside of government employees, they are primarily non-union, and all are computerized in some way.

Those workers in the 1960s who refused to recognize and adapt to the change from blue collar to white collar jobs watched their jobs slowly vanish until they did as well. Those workers in the early 1980s who refused to accept computers into their work lives experienced the same end result.

Nothing stays the same. Everything is in motion. You have only to identify the direction to see where it's going to go. All of this applies to those of us in HR as

well. We know the profession is changing and we know the direction it's going. As the administrative support functions of HR are more and more being outsourced and automated, HR professionals are going to move away from those functions and become the executives accountable for the end-result productivity of their company's workforce. HR will move from being a cost center to a profit center.

Initially HR will create measurement systems to monitor and analyze productivity and everything that affects it. That process is already taking place in more innovative companies. So if we decide to move into the next stage of the HR revolution and take charge of the most important resource the company has, how do we get started?

Dr. Larry Bienati, teaches HR certification at U.C. Berkely and at Saint Mary's College and is also a principle founder of Consultants to Management, an HR consulting firm. He has developed the following 8 principles he uses to guide HR professionals who are proactively taking on the role of strategic partner.

1. If It Cannot Be Measured, It Cannot Be Evaluated

HR professionals are now being asked, “What value does HR have at this time? Do we need it? Can it be outsourced?” No longer can we expect our achievements to be remembered all year long. This is a time when organizations are focusing on financial and operational milestones and the 90-day return on investment. In order to be recognized for your accomplishments, you must have measurements that can be monitored. HR must establish measurement systems to reflect their contribution.

2. Who Do You Report To?

A visible sign and a message to everyone occurs when the HR professional reports to the key decision maker in the company. This says that HR *can* be a strategic partner. If HR is layered deep within the organization, then there is little chance to have any effective leadership. Position yourself at the top.

3. The HR Plan Must Be Linked To The Company’s Strategic Plan

HR should be part of the strategic planning and budgeting process. As a strategic partner, you want to assure that the HR plan is linked to the business plan. Like building a house, HR isn’t going to be a tool shed in the back yard. HR must be designed as a major column in the entire structure.

For example, let’s assume that your firm decides that one part of the company’s strategic plan is to improve profitability by 5% in the coming year. You might ask yourself what impact HR can make if you:

1. Reduce turnover of good employees by 5%.
2. Find more effective and efficient ways to staff the operation.
3. Reduce the cost per hire by 5%.

4. Institute new variable pay / reward systems linked to productivity and sales targets.
5. Reduce costs through automated HR systems.
6. Reduce your Workers Compensation rates by improving your safety record.
7. Reduce legal actions through preventive training.
8. Improve managerial and sales performance through successful development programs.

The list is endless. What can HR do with the company’s human resource to achieve the companies strategic plan.

4. Overhead Or Profit Maker?

This has to start with a change in your mindset. The HR department is not a “necessary evil” in the organization. It’s not a “catch all” dumping ground and it’s not simply focusing on hiring, retaining and maintaining legal compliance. Like the Finance department, we manage (human) assets and should employ proper accounting procedures in measuring asset performance. Every dollar saved in HR goes directly to the bottom line. Imagine an organization with a net operating profit of 10%. In this organization it takes \$10 in revenue to generate \$1 in profit. Every dollar saved in HR is therefore equal to \$10 in revenue. For example the benefits professional saving \$10,000 in benefits costs last year was the same as bringing in \$100,000 in revenue.

5. Educate Yourself In financial Principles

Every HR professional should take a course in finance and accounting. Whether we are in the public, private or non-profit sector. We are all driven by financial ratios, cash flows and other

financial benchmarks. The primary reason people work at all is for their financial interests. And that's why the company is there as well.

One of the real keys to HR partnership is to speak the same lingo as the decision makers. Know what is happening financially and equate as many HR factors as possible to the financial objectives of the firm. HR professionals should lead HR as a business unit and strategically align their assets to provide the financial goals the company is striving to achieve.

Consider connecting with the financial, MIS and accounting departments to find ways to systemize your initiatives. Work with them to establish ways to quantify and measure the results of the human resource. Some HR departments have created a quarterly *financial* report that demonstrates how HR performance contributed to the company's bottom line, stayed within budget or met a critical aspect of the strategic business plan.

6. Get Strategic Or Get Outsourced

Companies are expanding their outsourcing and focusing more on their core competencies. They say that they want to spend more time and money doing what they went into business to do and it wasn't administration. And they're finding the issues of cost saving, efficiency, quality and fewer problems associated with outsourcing very attractive.

Outsourcing is not all about sending customer telephone support to India. Many people who do what you do have left their companies and started their own firms down the street, doing for profit what they used to do for wages. Much of this work is being outsourced to them.

Part of your strategy is redesigning some basic HR concepts. Recognize that in most companies, most of the HR decisions are made outside of HR. Your strategy must begin with acting top-down instead of bottom-up. Find out what constraints are blocking your company from reaching its goals. Find out what HR can do about them. Not just supporting other executive's HR decisions but identifying the solutions yourself up front.

But be careful that you do not become a technocrat. Eating, drinking, talking and living numbers only cannot accomplish your goals as HR head. To accomplish those numbers your strategy should include your ability to:

1. Facilitate change.
2. Lead teams
3. Develop organizational leaders.
4. Develop skills in organizational development techniques.
5. Establish systems to enhance worker productivity.
6. Increase job satisfaction.
7. Provide for organizational continuity (succession plans).
8. Communicate effectively to the employees, the department heads as well as to the key executives.

No one told you that HR was an easy job.

7. Don't Wait For An Invitation To Join The Inner Circle.

HR professionals are sometimes perceived as strictly "touchy feely: and "spenders of the company's assets". So we have another mindset to change. Acquiring real respect from senior management may not be so easy. But its up to you to find ways to provide the value to the bottom line and to be perceived as someone who, like themselves; understands the financial mission of the organization. You may

have to invite yourself to the first few meetings. Determine senior managements “hot-buttons” and deliver some small victories to each member of the senior team.

Your ultimate value and the level of respect you command will be measured by the contribution you make to the success and continuity of the firm. The firm is your customer.

8. Publish And Sell The Plan.

If your HR strategy is linked, integral and directly supportive to the company strategic plan, then formalize it as a document and distribute it. This HR Strategic Plan should be updated and released on a periodic basis. Not as a form of bureaucratic paper work but as a plan in progress and easy to read. State the company’s goals. Show how HR is part of, and important to that plan. Show the *measurable* progress made on the specifics in the plan. Explain what those results mean and the value they create.

Solicit feedback from all corners and visit the field regularly to talk about the plans. The old system of “management by walking around” still has much value. Strategic partners are visible partners. They visit the field and talk to the troops often. They gather and discuss ideas. They can produce value by simplifying life; coaching people and creating support teams that also become part of your strategic plan family.

A Few Things To Avoid In Building Strategic Partnerships

A Don’t be pushing a private agenda. Connect to the business goals. Avoid the ego trips and the personal religious or political engineering. You are not an advocate for anything. As a business

partner, your interest is in your common goals.

B Don’t Gossip Away Your Integrity.

Don’t talk about others people problems behind their back. Share successes, give recognition and credit where due, but protect confidentiality.

C Don’t be afraid to say no.

Realistically commit only to what you can and will do. Doing so will build your integrity in the eyes of others. Always saying yes will put you back into the catch all “dumping ground” that HR is moving away from.

D Don’t Avoid The Political Game.

Many people think of organizational politics as shady, distasteful and some even brand it as evil and they don’t want to play in that game. But if you intend to be influential in your organization, you must understand how things get done. You may call it politics, but it’s actually organizational savvy. And it’s the language of the strategic partner.

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