

# The Power of Working Strategically

## By Jim & Dana Robinson

The other day an HR director called and asked us to explain the business case for transitioning the Human Resources function to a more strategic focus from one that is tactical and administrative. The director went on to explain that the organization's leadership team was not urging HR to change its focus. Rather the director was examining future options for HR and Learning. Considering the global economic situation, the director's request was timely. We elected to respond to the HR director by addressing five questions.

### What Is Possible?

When making a decision of this scope, it is helpful look at what the thought leaders in the field have discovered about the value of an HR function working strategically. If you google "Human Resources Research about the Value of Working Strategically," you will find over 100,000 references. We will not try to review all the references, but here are a couple that reflect the thinking and research of thought leaders in this field:

- David Ulrich and Wayne Brockbank of the University of Michigan have reported that 43% of HR's value comes from the strategic contributions that are made by that function. Additionally, they have found companies that align HR strategy with business strategy and develop HR professionals to know their business and to make strategic contributions can show up to a 250% increase in business performance, compared to companies with a more tactical/transactional function. (The RLB Group Research, 2006)
- Bersin & Associates research finds that performance consulting yields the highest business value out of all tasks a performance-driven learning function executes. (Chief Learning Officer Magazine, April 2008)

There are many more studies that provide similar findings. But the bottom line is that by working strategically within an organization, HR and Learning do have significant impact on business results and can become valued players in achieving strategic goals.

### What Is True?

Unfortunately when viewing the current state of HR and Learning, we find a disappointing picture. Consider these facts:

- An Accenture study reported that only 11% of executives were very satisfied with HR's contribution to the business and only 10% were very satisfied with the contribution of their training function. (Balaguer, Cheese and Marchette, 2006, Accenture)
- The Corporate Leadership Council reported that less than one in six executives rated HR as one of the top three most important strategic functions of the organization. (Corporate Leadership Council 2006)

Why is this the case? Because most HR and Learning professionals are *delivering* tactics or solutions requested by managers and others. HR and Learning individuals are typically not engaged in helping to *form the business strategy* or *determine the solutions needed*. This keeps HR and Learning functions in a tactical, not strategic, role.

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### What Is Strategic Work?

The first step to changing this situation is to clarify what strategic work is. Strategic work is often confused with tactical work. To get a clearer picture of the differences, let's look at the three categories of work that all HR and Learning functions are engaged in:

- *Transactional or administrative work* addresses the needs of individuals. When a leader requests coaching on how to manage a situation or when an employee requests information about educational benefits, the HR or Learning professional is engaged in transactional work. These requests must be managed promptly and effectively. Unfortunately, the sheer number of requests can be overwhelming, requiring a great deal of the function's time.
- *Tactical work* focuses on activities or solutions that are intended to improve workgroup performance. Examples include reorganizing a department to improve performance or implementing an e-learning program to enhance product knowledge of sales employees. When these tactics are implemented as "stand-alone" solutions, little or no sustained change is likely to occur. Only when the tactics support a well designed strategy can we expect a sustained change in workgroup performance.
- *Strategic work* benefits the entire enterprise or any business unit within it. Strategic work directly supports business goals, is long term in scope and utilizes multiple solutions or tactics. Creating business plans and implementing actions for the purpose of improving the financial strength of an organization is an example of strategic work. Developing goals and taking actions for the purpose of enhancing customer satisfaction and loyalty is also strategic work. Note that strategic work requires that the initiative is linked to one or more business goals. To have a strategic *role* requires that the HR or Learning individual is at the table with the business leaders as they form the strategy and tactics needed to achieve the business goals.

### What Is Required of HR/Learning to Operate Strategically?

A transition to a strategic focus requires a plan that will be carried out over a period of time. This transition is a journey, not an event. It is a master plan for how HR and Learning functions will operate in the future. The plan needs to address three critical requirements that the HR and Learning function must achieve:

1. ***Build strong, collaborative partnerships with leaders in the organization.*** HR and Learning functions must identify the specific individuals within the enterprise or business units with whom strategic partnerships should be formed. The goal is to work with leaders who have accountability for achieving business results and have the power to make things happen. The specific leaders with whom partnerships are to be formed need to be identified; specific people within the HR and Learning function also need to be identified and held accountable for developing and deepening these partnerships. Only some HR and Learning professionals are assigned this responsibility. To form and grow these partnerships requires that the HR and Learning professionals:
  - Gain access to the business leaders with whom they are to develop partnerships. Face time with these leaders is a requirement.

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- Develop credibility with each business leader. Credibility is built when HR/Learning people demonstrate deep knowledge of the “business of the business” and can deliver on commitments that provide results to the business.
  - Develop the trust of the business leader. Trust is developed over a period of time and requires that the HR or Learning professional accept accountability for decisions made and results obtained, or not obtained, from those decisions.
2. **Identify opportunities to work with business leaders on strategic projects.** As the partnerships develop with business leaders, HR and Learning must identify opportunities for strategic projects. This requires assessing the strategic potential of solutions under discussion and providing the business case for moving ahead. The potential is not always evident on the surface, so asking powerful questions of leaders is a key requirement. Powerful questions are open-ended and probe for information about performance requirements and business goals. Once a strategic project is identified, HR/Learning leadership must provide the resources required to move ahead quickly and must manage the project in a manner that supports the desired business results.
  3. **Influence business strategies and direction.** Successful strategic projects, along with strong partnerships with business leaders, can lead to more involvement in strategic decisions. This means being at the table with business leaders when business strategies and future direction are being discussed and decided upon. Guiding leaders as they identify the human performance and capability implications for long-term business goals is a valuable and powerful role. This also provides an opportunity to link, in a substantive manner, the strategic plans of the HR and Learning functions to the businesses supported.

## What Is the Best Time for Strategic Work?

Organizations throughout the world are facing huge challenges in the midst of the global slow down. We also know that the intangible assets, such as an organization's talent, now comprise the greatest percentage of a company's value—about 80% according to Kaplan and Norton (2004). By optimizing the talent within an organization, we, in HR and Learning, *will* contribute value and strategic impact. The opportunity is here now. The choice to work strategically, not tactically, is ours to make. And with the choice, the future for HR and Learning functions, and the organizations these functions support, is bright indeed.