

3 July 2008

HR - The Cog in the Wheel of Strategy

Attracting the best of available manpower is a challenge in itself, but retaining them to convert the human resources into a strategic resource is even more difficult. In the knowledge-driven economy where quality manpower is at a premium, recruiting and retaining the best talent is critical for the survival of organizations. Let us consider some of the areas in general management and HR administration that could be provided the strategic thrust by an organization in order to gain the competitive edge.

General Management

Standardizing managerial performance through metrics - Managers tend to perform in their own unique ways and rarely communicate the best practices with each other. To overcome this polarization, organizations could give incentives to each manager on the management team, subject to the cumulative performance of the team. Linking managerial performance with a common objective would enable the leading managers to enhance the performance of the below-average managers. Adoption of a 360-degree feedback mechanism and rewarding managers for efficient man-management would inspire managers to focus on their people management practices in addition to the attainment of their functional and organizational goals.

Development of managers should be given top priority – Organizations should realize that one of the main reasons for employee turnover is the unfair management practice of their direct boss. Hence, it is imperative for the organization to formulate an effective training program that could recognize ‘bad managers’, develop training programs for correcting them, transfer them back to more technical jobs or in extreme cases, even relieve them.

Have a performance appraisal and rewarding system - Managers who adopt good people management get the best out of their team in terms of productivity. Leadership qualities of such managers should be rewarded appropriately through effective performance appraisal systems and should be made a role model for others to follow.

Encourage managers to take risks – Swimming against the tide may not come easily to all, particularly those averse to taking risks. However, organizations should encourage managers to take risks if the possible returns are worthy of the plunge. To get better results, organizations should also try out various tactical or strategic moves that might prove to be productive in the long run. For example, conducting on-campus placement interviews during the off-season or when the economy is on a downturn might enable medium-level companies to manage ‘superstar hires’ that would be impossible otherwise when the top companies are on a recruitment spree. Similar off-cycle moves like implementing retention programs even during low turnover times might instill a feeling of appreciation in the employees for their organization thereby minimizing their chances of leaving it.

TenStep Supplemental Paper

Human Resources Administration

Recognize performance in human resources department - HR managers should be given due recognition and reward for their contribution in sustaining the company's competitive edge. Introduction of performance benchmarks with bonuses for achieving results would significantly enhance the productivity of the HR department. The main areas of focus in the HR department should be recruitment, generalist HR (if the respective business unit attained its objectives) and those involved in training future managers.

Reward integration of functional goals with organizational objectives – The operational role of the HR department is often believed to be at loggerheads with the overall organizational objective. To overcome this shortcoming and make certain that HR functions are executed with a common objective, the HR department should have a uniform metric and recognize the processes and performance that play a key role in the company's success. This necessitates a pragmatic approach by the HR department in terms of budget and time allocations that would also enable HR branding.

Use of managers as the 'delivery system' - The HR department conveys some of the performance output to the employees directly. However, it is the line manager who provides most of the company's people management services such as policy interpretations, performance assessment and motivation. In other words, the HR department should devise its programs in accordance with the strengths and the weaknesses of the delivery system of the respective line manager.

HR department should be vested with exclusive rights – For an effective functioning HR, it should be vested with exclusive rights to execute its functions. To enable better participation from all the employees, the HR department might have an advisory group that could offer critical input and ideas, and act as 'beta testers'. The group could comprise line managers, anti-bureaucrats, individuals from finance and other functions. This group could offer useful suggestions and brainstorm on the practicality of the existing HR policies thereby making the HR programs easier to execute and provide higher value-add to the organization.

Competitive intelligence – It is crucial for an organization to keep its employees updated about the latest trends in the market, both function-wise and sector-wise. This would also involve an HR competitive intelligence analysis between similar organizations in terms of the implementation and success/failure of their people-management programs. The output of the study could be utilized to enhance the existing HR systems that would give the organization a cutting edge over its competitors.

Introduce HR programs that are acceptable to all – One of the most difficult propositions for the HR department in an organization is to get its employee policy acceptable to one and all, particularly the management. To ensure its success, the HR department should understand the requirements of various functional and line managers and customize the HR programs and services accordingly. This would enable a greater degree of acceptance of the HR department's suggestions among the line managers. The HR department should



TenStep Supplemental Paper

also be willing to take a few risks while adopting new initiatives before converting great 'ideas' into great 'programs'.

Get going

Implementation of the above initiatives is no sure shot at success but would certainly add immense value and purpose to the HR function. If implemented with abundant planning and support from the top management, these HR initiatives could act as key strategic tools for companies in the fiercely competitive marketplace.