

21 July 2008

### **Value through Strategic Alignment**

With the growing impact of the services sector on the overall economy, it is imperative for the HR department to redefine their role. They must provide greater value to their functions. Traditionally, the HR department was caught up in routine, low value added activities, like employee data, recruitments and promotions, benefits administration and so on. However, with automation and outsourcing options, the HR function in organizations has been realigned to two key roles. They are policymaking and strategy formulation. While policy making is more like a one-time affair, strategy formulation is a continuous value adding process. The latter necessitates the support of the top management to optimize the HR department's effectiveness.

#### **Understanding the business model**

The HR department must fully comprehend the business model of the organization (revenue and cost model) and the critical success factors of financial and non-financial performances for effective and efficient functioning. It should maintain transparency in communicating the organization's HR policies and procedures to all the employees in the organization. The HR department should encourage the development of people management skills in all line managers apart from formulating an effective and efficient performance evaluation system.

Since HR is the strategic as well as operational interface between the management and the employees, it should either outsource or automate its operational/routine activities. This will enable the HR department to deliver more value from the strategic perspective. Some of the proactive measures that the department may take to increase its value delivery besides its stipulated activities include:

- Undergo process and operations training
- Encourage the finance professionals to work in concurrence with the HR department
- Play an active role in customer interface

A feedback mechanism to evaluate the effectiveness of the HR systems is another tool to improve the functioning of this department. The quantitative measures of evaluating the effectiveness of the HR department may include:

- Ratio of HR costs to total employee costs
- Lead time in recruitment
- Value of the employer brand
- Attrition rates
- Total employee cost of the firm
- Productivity of HR function, which is directly proportional to its ability to automate the routine HR operations



## **TenStep Supplemental Paper**

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On the whole, management of human resources becomes effective only with full support from the top management. They should inspire and facilitate higher productivity levels, better motivation and performance. The management should provide the right impetus to the HR department for instilling the company's culture and philosophy across all employees in the organization. The department must also ensure all-around growth and development of its employees.