

# How to Create a Human Capital Strategy



*A LinkedIn Strategic HCM Discussion*

**Workbook for the Human Capital Strategist**

By Gail Sturgess

With contributions from the LinkedIn Strategic HCM Group



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## **Acknowledgements**

It was never my intention to create an eBook on this topic. I was merely interested in the views of the members of the LinkedIn Strategic HCM group.

However, as the conversation grew, I realized that a wealth of knowledge and experience was being developed in the conversation. It seemed almost sinful to keep this just among ourselves.

I thank the participating members for their contribution and for the most stimulating conversation in which I have participated so far on the Internet.

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## Chapter 1 – The Business Strategy

*“What business strategy is all about - what distinguishes it from all other kinds of business planning - is, in a word, competitive advantage. Without competitors there would be no need for strategy, for the sole purpose of strategic planning is to enable the company to gain, as efficiently as possible, a sustainable edge over its competitors.”*

Kenichi Ohmae in "The Mind of the Strategist"

## Business Strategy

Human Capital Strategy needs to be driven by Business Strategy which consists of the following:

- Goals and Aspirations
- Target Marketplace
- Market Strategies
- Capabilities Needed
- Systems Needed

### Notes:

- a) What if the organization does not have a defined and communicated “business strategy”? This does not mean that it does not exist – even NOT having a strategy is a strategy in itself. So the onus will be on the HR Strategist to gather sufficient information from data available to be able to fill in the information above for the organization – even if they don’t communicate it, but use THAT information as the basis of the HCM Strategy.



- b) In order for Senior HR managers to move to become Human Capital Strategists with a “seat at the table”, other skills need to be developed including: Strategy and Strategic Thinking, Finance for Non-financial Managers, Innovation, General Business Knowledge, Analytical and Systems Thinking, ability to relate HR activities to Business Performance, the ability to relate HR activities to Customer Retention
- c) It is HR’s responsibility to EARN the “seat at the table” by acting “strategically” and proving the value of HCM at “the table”.

# Your Organization's Business Strategy

## Goals and Aspirations

*What are the goals and objectives of the organization e.g. grow turnover, market penetration, become a leader in the industry, etc.*

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## Target Marketplace

*What are the target markets for the products / services of your organization, e.g. business-to-business, which specific area of the business, consumers, fast-moving-consumer-goods (FMCG), economic profile, etc?*

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## Market Strategies

*How does your organization promote and deliver the products / services to the market, e.g. advertising, social media, distribution outlets, direct sales,*

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## Capabilities Needed

*What jobs, skills, attitudes, and performance levels are needed in the workforce to enable this business strategy, e.g. customer focus, strategic selling, product innovation, etc.*

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## Systems Needed

What systems, specifically Human Capital systems, will be needed to enable better Human Capital monitoring and management to ensure the achievement of the business goals and objectives.

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## Review

Review what you have included above and ensure that this accurately reflects the organization's strategy – whether stated or not.

If necessary, ask some colleagues to review it with you. It is critically important that this is correct as it is going to impact your Human Capital Strategy and Action Plans.

## Chapter 2 – The Human Capital Strategy

*“A strategy is the pattern or plan that integrates an organization's major goals, policies, and action sequences into a cohesive whole. A well-formulated strategy helps to marshal and allocate an organization's resources into a unique and viable posture based upon its relative internal competencies and shortcomings, anticipated changes in the environment, and contingent moves by intelligent opponents.”*

James Brian Quinn, Strategies for Change:

Logical Incrementalism

## Your Human Capital Strategy

### Create the Human Capital Strategy “team”

Ideally this team will have key representatives from both HR and Line Management. But be sure that the people you select have both the inclination and the knowledge to be able to contribute constructively to the process through to completion.

#### *HR Representatives*

<b>Name</b>	<b>Reason for Inclusion</b>

## Line Management Representatives

<b>Name</b>	<b>Reason for Inclusion</b>

## *Responsibilities and Assignments*

<b>Name</b>	<b>Reason for Inclusion</b>

## Analyse Impact on Human Capital

The first thing the team needs to consider is the impact that the Business Strategy will have on the current Human Capital “framework” of the organization.

### *Organization Structure*

*What is the impact on the current structure of the organization? Is the current structure model (product, geographic, customer, etc.) appropriate to the Business Strategy?*

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### *Roles and Responsibilities*

*What Roles and Responsibilities are not part of the current structure? What Roles and Responsibilities are likely to become redundant?*

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## **Decision Hierarchy**

*What kind of decisions will need to be made to give life to the Business Strategy? Which roles are likely to be best equipped to make these decisions?*

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## **Processes**

*What Human Capital processes need to be included and excluded to facilitate both decision-making and service delivery for the Business Strategy?*

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## **Competencies Needed**

*What are the competencies needed in the organization to support and drive the Business Strategy e.g. customer focus, innovation, learning agility, etc?*

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## **What are the “core” jobs and “core” competencies that drive strategy**

*What are the “core” jobs and “core” competencies needed without which it will not be possible to achieve the Business Strategy?*

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## Analyse Human Capital Marketplace

Do not, whatever you do, underestimate this phase – both in terms of information needed, and the time that it will take to find, collect and interpret this information. You may well find it worthwhile to purchase information where available.

### *What are other Organizations doing?*

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### *What works, and what doesn't*

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*What tools and systems are available?*

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*What measures and metrics are used?*

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## **Analyse where the Human Capital framework is right now?**

At this stage you need to take a long, hard and critical look at what is currently in place – even if not popular! If you don't, you will miss out on opportunities for improvement that could well impact negatively on the Business Strategy.

### ***What is current structure and what needs to change?***

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***What competencies exist in the organization – and where are they situated – especially “core” competencies?***

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***How “available” are the “core” competencies in the marketplace?***

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***How much does it cost to “buy” (recruit) these competencies?***

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***How long will it take to source these competencies?***

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*How much does it cost to “make” (train and develop) these competencies?*

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*How long will it take to develop these competencies?*

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***How engaged are current employees?***

*To answer this question you are best advised to do an Employee Engagement survey. It will help with both this and the next question. This is not an Employee Climate survey!!!*

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***Where are the leadership strengths and weaknesses in the organization?***

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**Who are the “star” performers and who are the “laggards”?**

*To achieve this you need to apply the Talent 9-box matrix and you need to have objective measures of performance and potential of current employees. You really need to understand what resources you have available for the next phase. Where are your potential strengths and potential weaknesses – remember to look for misplaced people who could shine in other roles!*

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**What measures and metrics are currently available?**

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**What other information can be gleaned from existing data?**

*Now is the time to “think out of the box”. What are the “not so apparent” pieces of information that will be of use (or maybe not – but you don’t know right now) for the next phase?*

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## Bringing it together

This is the stage where you actually start the process of creating your Human Capital Strategy. You need to evaluate what the analysis of the previous phases has given you. If you don't have sufficient information, go back and collect additional information.

Sometimes what you find out leads to more questions. Go back and get whatever additional information you need. But please remember one thing – it's not the QUANTITY of information but the QUALITY of that information that will lead to a better Human Capital Strategy.

So, when you bring it all together ...

*What does all this tell us?*

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*What facts are gleaned?*

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*What assumptions can be made?*

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**What is the situation for the organization (Problem Statement)**

*What are the key issues that need to be resolved through the Human Capital Strategy? For instance: are the competencies needed in short-supply in the industry as a whole? If so, what options are available to acquire these skills?*

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## Create a Human Capital Strategy

This is the step when you put everything that you have gathered and the decisions that you have made into a written document for presentation at “the table” and approval of the plan – and the costs that will be incurred!!!

Although the HCM “Process” requires a lot of information gathering and analytical work, the Human Capital Strategy document should be a concise document that highlights:

- The broad strategy
- The Goals and Measures of Success
- Key components and deliverables:
  - For the next 12 months
  - For the next 3 to 5 years
  - Reasons for selection of the option
- Costs and Benefits for each component and deliverable
  - How much will it cost?
  - What are the anticipated benefits – in financial terms – that will be achieved?

- What is the Return on Investment?
- Main risks and measures for mitigation
- Defined control metrics
- Supporting notes.

The detail of the Human Capital Strategy, however, will necessarily be contained in each of the Action Plans that are developed from the Human Capital Strategy to ensure the achievement of the strategy.



## **Chapter 3 – The Human Capital Strategy Action Plans**

*“Vision without action is merely a dream. Action without vision just passes the time. Vision with action can change the world.”*

Joel Arthur Barker

## Human Capital Strategy Action Plans

Actions plans, based on the Human Capital Strategy, need to be defined. The combination of the Action Plans should lead to achievement of the Human Capital Strategy.

### Notes:

- a) The world is currently still trying to recover from a major global economic crisis that has impacted most of the world's largest economies. The impact from an organizational viewpoint is that they have become very short-term focused. This, I believe, is unfortunate. The "view" should not be "short-term", but the "decision timeframe" should be. In a time of crisis, shorten the decision-timeframe. That is, shorten the time between evaluating and making the next decision. If it was quarterly, it could now be monthly. If it was monthly, it could now be weekly. The point being that we need to discover what is working and what is not a lot quicker in a time of crisis so that we can react quicker and make changes to keep the organization as stable as possible. But the objective should always be to ensure that the organization achieves its longer-term strategy.

## Human Capital Planning

The first set of Action Plans is around the area of Human Capital Planning. We built a vast database of data and information during the Analysis phases of the Human Capital Strategy. Relevant data now needs to be institutionalized so that it can be used for future analysis and to measure progress towards the goals set in the Human Capital Strategy.

### *Human Capital Analytics*

#### Establish Accountabilities

*Who are the people who will be responsible for collecting and collating the data and producing the reports against which action and progress towards goals will be monitored and measured?*

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## Human Capital Management Scorecard

*You are strongly advised to establish a Human Capital Management Scorecard (see our eBook on this topic). The Human Capital Management Scorecard will typically include the following perspectives:*

Financial – e.g. Return on Investment

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Internal Customer – e.g. employee engagement, retention

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External Customer – e.g. customer satisfaction, customer retention

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Human Capital processes – e.g. planning, acquiring,  
developing, aligning

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Workforce – e.g. deliverables, leadership, succession

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Return on Investment (ROI) metrics

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## Organization Design

*What is the basis for the design of the organization? Is the basis different for different departments? Why? What Roles need to exist in the structure? Are they “Strategic”, “Core” or “Support” Roles? What are the Outcomes and Responsibilities for each “Role”?*

### Design the organization

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### Design the roles

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Create role performance metrics for all roles – ensure that they can be measured!

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Who is going to be accountable for this Organization Design aspect, including metrics and overall monitoring?

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## Competency Management

*What competencies are needed that will have the greatest positive impact on Business Strategy achievement? Where do they current exist in the organization? Where can we acquire them from outside the organization?*

What competencies are needed, and when (especially “Strategic” competencies)?

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What internal candidates are available to develop these competencies?

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What other sources are there for these competencies?

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What other interventions need to be put in place for externally appointed competencies?

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Who is going to be accountable for this Competency  
Management aspect?

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## Human Capital Acquisition

The acquisition of Human Capital Assets involves the same management decisions as any other of the organization's assets. The classic management decision is:

Do we? **Make** vs **Buy** vs **Rent/Lease**

Translated into Human Capital Strategy this is:

Do we? **Train** vs **Recruit** vs **Contract in/Outsource**

As with other assets this decision can only be based on the overall Return on Investment of each of the three scenarios and is based on the same principles of availability and cost.

Unfortunately many managers today just look at the Recruit option without any consideration of the overall cost to the organization of this critical management decision.

## **Employee Value Proposition**

*The first consideration for Human Capital Acquisition is the Employee Value Proposition. This is the “deal” that the organization offers to employees in exchange for the use of their skills and talents for the benefit of the organization. Does the organization have an Employee Value Proposition? Is it apparent to existing as well as prospective employees? Typically the Employee Value Proposition would include:*

Challenging/engaging work?

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Reputation for looking after/valuing employees?

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Training and development?

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Fun, positive and vibrant work environment?

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Career development and progression?

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Attractive salary and/ or financial incentives?

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Performance rewards and recognition?

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The importance of family life outside of work?

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Fair pay for a fair day's work?

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Definitive and strong values?

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Strong and well-communicated company vision and strategy?

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Provides meaningful work?

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***Recruitment and Selection***

Define and document the process

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Identify suitable agencies and negotiate fees

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Identify and negotiate appropriate technical and behavioural assessments

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Identify and implement interview strategies (STAR, 360, etc.)

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Establish measures and metrics (E.g. Tenure in position, Time to full productivity)

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Establish accountabilities

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Identify systems

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Acquire and implement systems

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## Onboarding

*This is NOT your standard “induction” program!!! This is a program specifically designed to bring the new recruit to full productivity within the shortest time possible. The measure of success of onboarding is how quickly this is achieved and how the process improved over time.*

Define and document the process for “Strategic” jobs.

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## Identify systems

*Don't forget how important Coaching is, especially for Onboarding. It is the Number 1 intervention for building individual capability.*

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Create onboarding procedures

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Establish measures and metrics (e.g. Time to full productivity, engagement)

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Establish accountabilities

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## Human Capital Development

### *Skills Audit*

*Many organizations want a Skills Audit. However you need some foundation for the audit. Against what are you going to measure to establish whether or not the skills and competencies exist? The ONLY documents you can use for this measure are the Job Description and Competency Profile for each job in the organization.*

Establish measures and metrics (e.g. Individual and Organizational Capability Index<sup>1</sup>)

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<sup>1</sup> The Capability Index is the intersection of Competence on the one axis and Performance on the other axis.

Establish accountabilities

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Establish competencies and levels needed (Role  
Competency Profiles)

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Assess competencies and levels in the organization

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Identify competencies and levels gaps

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## *Learning and Development*

Creating a “Learning Organization”

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Identify “Strategic” and “Core” competencies needed

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Match courseware to competencies needed

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Coaching

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“Just-in-time” competency and skills development

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Establish measures and metrics (e.g. Time to full productivity, increase in individual and organizational capability index)

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Establish accountabilities

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## Human Capital Alignment

Human Capital Alignment is about the processes that are put in place to align the performance and behaviours of the workforce (the human assets) to the strategy and plans of the organization.

The data collected and used in this phase forms part of the data needed for the next cycle of Human Capital Planning.

And so the circle of “Strategy” turns ...

## *Talent Management*

### 9-Box Matrix

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Succession Planning (all “Strategic” and “Core” positions)

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Competency Management

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Leadership Development (Management and Technical)

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Establish measures and metrics (e.g. individual and organizational capability index)

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Establish accountabilities

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***Career Development***

Establish measures and metrics (e.g. engagement)

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Establish accountabilities

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Create a Career Framework

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## Communicate the Career Framework

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## Provide Career Counseling

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## Performance Management

*Performance Management is no longer the old-fashioned “Review” system that happened once, maybe twice, annually, that reviewed past performance with little or no reference to what the situation was at the time – and then gave a score, generally 1 – 5, based on some arbitrary and generally subjective assessment. Performance Management today is about understanding what is impacting performance on as frequent a basis as necessary (even daily), and then taking corrective actions at the time to improve performance to ensure that goals and objectives are met.*

Establish measures and metrics (e.g. Scorecard, individual and organizational index)

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Establish accountabilities

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Cascade organizational goals to department and team/  
individual level

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Establish job performance measures (measures related  
to specific job)

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Establish performance criteria (measurable measures of performance)

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Conduct "Performance Management" Status meetings as often as necessary

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## ***Reward Management***

Establish measures and metrics (e.g. bonus scheme, incentive schemes, etc.)

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Establish remuneration strategy

Broad Banded structures

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Traditional multi-grade structures

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Dual career paths (Technical and Managerial)

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Performance and Competency based remuneration structures

*This is impossible to achieve effectively unless you have the appropriate measures in place*

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Market-based remuneration structures

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## Employee Progression Programmes

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### *Establish benefits strategy*

#### Medical

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## Pension / Provident

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## Housing

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Car

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Computers, cell phones, etc.

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Professional society membership

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***Establish reward strategy***

Recognition reward

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## Mobile workforce

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## Virtual workforce

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## Environment of work

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## Work/Life balance

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## **Chapter 4 – Structuring HR to Deliver the Human Capital Strategy**

*“A lot of us have jobs where we need to give  
people structure but that is different from  
controlling.”*

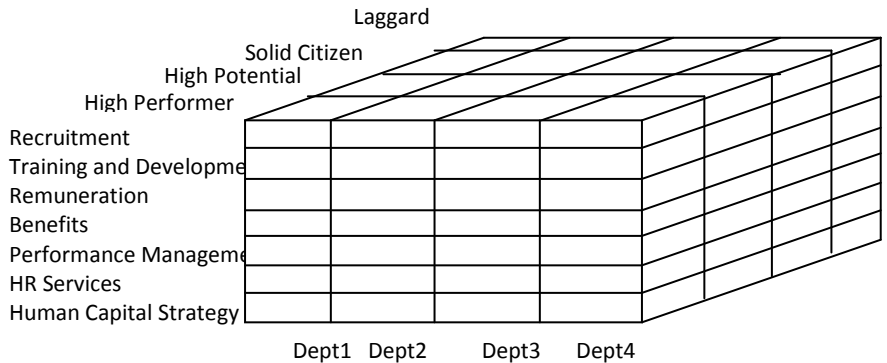
Keith Miller

## The Structure of HR

HR has, traditionally, been a siloed structure with specialist functions around, for instance, recruitment, training and development, remuneration, benefits, performance management, etc. In an attempt to break out from this siloed structure as well as to try to align more closely with business, the HR Business Partner was introduced, and the concept of HR Services (payroll, employee administration, etc.) was introduced.

The final phase is to ensure that HR has the structure in place that will be empowered and enabled to drive and deliver the Human Capital Strategy.

Perhaps a different approach to structuring HR is based on the Nasik Cube (*Squares that have many more summations than just rows, columns, and diagonals. Frost extended this idea to cubes, where various sections may have the same singular properties*) as depicted on the next page.



In this graphic, the vertical axis represents the “siloes” which now become “Centres of Excellence” in a specific discipline, e.g. Recruitment, Training and Development, Human Capital Strategy, etc. The horizontal axis represents different “Centres of Excellence” based on departments of business, e.g. Sales, Manufacturing, Corporate Services, IT, etc. The diagonal axis represents the Talent Centre of Excellence

For each small “cube” in the greater cube matrix, the different “Centres of Excellence” collaborate in order to optimize the Human Capital Strategy and manage the Human Capital Strategy Action Plans.



## Chapter 5 – The LinkedIn Strategic HCM Discussion

*“A single conversation across the table with a  
wise man is better than ten years mere study of  
books.”*

Henry Wadsworth Longfellow

To respect the privacy of the contributors, I have removed photographs and hyperlinks.

**Gail Sturgess • I would like to start a discussion on "strategy", and, specifically how it can be applied for Human Capital Management.**

Following on from the energetic discussion "What's HR's biggest challenge today?", I would like to focus, specifically JUST on "What is Strategy", and how can strategy be applied for effective Human Capital Management?

To set a basic outline for the discussion:

1. Human Capital Strategy needs to flow from the Business Strategy. This means that we need to both understand, at a deep level, what the business strategy is over the full term of that strategy.
2. We then work out what the ramifications are for Human Capital Strategy. Does the structure of the organization need to change to achieve the strategy? How will it impact on the overall capability (competency + performance) of the organization? What are the core competencies needed to achieve the strategy? Do we need to build them (training and development), or can we buy them (recruitment)? And many

other questions such as these - but all over the full time frame of the business strategy.

3. We may well find that we need to do some research - both internally and externally, to find some of the answers to these questions and to provide a foundation for an effective Human Capital Strategy.

4. Then we need to understand what competitive organizations are doing. What is their "strategy"? Do they have a Human Capital Strategy? If so, what does it entail? How does it translate into plans and actions in the different areas of HR (recruitment, development, remuneration, etc?)

5. The big question then is - how are we going to differentiate our business, in line with the business strategy, that will ensure that the business has the right skills, in the right jobs, at the right time and for the right cost? If you are doing this correctly, you should come up with a number of different ways, or combinations of ways. These need to be "tested", and the ones selected should be the ones that provide the greatest impact for the lowest cost - not just the lowest cost! Simple business decisions.

6. These translate into HR Plans and Practices that need to be implemented by the HR team, in partnership with line management.

If your plans and actions are for the next 12 months, this is not strategy - this is "operational effectiveness".

I'd like to hear your views on this, and perhaps we can, together, develop an overall "framework" for effective Human Capital Strategy.

[Ron Wolf](#) likes this

[Helen Kidston](#) • Hi Gail - I think you've outlined a very good framework for HCM strategy, covering all the major elements. The thing that really strikes me about HCM is how complex it is and how it draws upon all the various HR/OD etc fields to come up with something integrated. And all the various levels or elements of strategy that flow from that - be it an overall HCM Strategy (HCM in capital letters and outlining a 3+ year plan), or specific employee relations negotiation strategies (to gain needed flexibilities), or business alignment strategies, or recruitment/branding strategies etc.

It makes me think that if we put all these under the banner of strategy we could all be talking about different things without realising it. Hence why your question is such a good one!

I know some workforce planners/HCM practitioners that think it's just metrics and recruitment, but it's broader than that I believe. I've also come across someone with a Manager role in Workforce Planning who thought it was all about HR policies. Others think its engagement culture. It - like the strategy framework you are talking about - is all that and more.

[Barbara Garabedian](#) • Ladies, first off let me say I'm in total agreement w/ your thinking.

HCM Strategy should align with & enable the successful execution of the business strategy. That said...how many org today actually have a 3+ year business strategy in place? Given the recent market conditions, many were/are just trying to stay afloat. I'm not saying they shouldn't think more long-term but how many actually have been able to execute those plans?

It's unfortunate that many HR functions don't think cross-functionally and holistically and as such, can't formulate an effective and comprehensive HCM Strategy to align with and support the business. Many CHROs continue to think of HR in terms of isolated functional categories and then allow those functions to perform independently. As long as that continues...a comprehensive HCM Strategy can't be formulated or executed upon.

[Yuvarajah Thiagarajah](#) • Gail, you have covered well basically all that needs to go into a strategic framework. I would like to add that whatever business strategic roadmap/plan you come up with, make sure you bounce it down 2 levels to validate the ideas and proposals.

I have a poser. In some cases, trying to get hold of the business strategy is like looking for the holy grail. What does HR do when things are not as "strategic" in perspective as we would like it to be? Does that mean HR can't chart a reasonable HCM strategy that can support the business in moving forward in a less than ideal pace?

I have been in such situations, doing my best to dovetail the HR strategy based on gaps identified against whatever information available at hand and benchmarked against best industrial practices, legal compliance and progressive HR strategies.

Sometimes, a strategic HR player may not be as privileged to have the benefit of an informed business strategic team. In which case, the first strategic HR initiative ought to be to get them up to speed on strategic management competency. Only then will you be able to get everyone on the same page,

thinking through strategically. I believe this is critical if we ever want to make business strategy the bedrock of business leadership accountability.



[J. Keith Dunbar](#) • Hi Gail...

I concur with the others that this is a very good framework for how HCM gets aligned and integrated with the business strategy. My experience tells me that others know this as well because there are a number of books, articles and blog posts about...yet...we don't see it happening on a large scale. There could be a number of reasons for this...access to senior executives of organization and business units to understand the strategy and how HCM can support and possibly just not the right skill sets within HCM to plan and execute such activities.

In my organization, three critical planning processes are misaligned...strategic planning, budget planning and performance management planning...none of these processes are aligned nor synchronized, so it creates challenges.

I have also found that there are really very few people in HCM organizations that have the right skills and knowledge to manage this process or in the right positions to influence. Someone like this needs to be a systems thinker looking at how things relate and connect now....but also how they

relate and should connect in the future. Today's activities may not/probably will not be tomorrow's new business model. Most HCM professionals are focused on what is happening in the box of the line-and-block diagram and not the white space between the boxes...where creativity and innovation reside...and where strategic planning should be occurring...

Great topic...

Cheers,

Keith

Wil Houtzager • Gail,

I would like to add a different perspective to HCM, also referring to what Gail said. Today's world is very short term focused. This makes it very difficult for HR to realize a HCM, as Yuvarajah confirms. Personally, for the last years I am focused on what differentiates the company from other companies. Not in the meaning of benchmarking, which is very useful but, since it is used by every company, also business as usual. I start looking for those signature processes that are authentic. 'The way we are doing things'.

For instance like a consultancy firm that is focused on educational institutes. What I found is the process of getting connected to their customers. Always there were very strong and passionate relationships with key people in the client organizations. Digging deeper in this very significant process of connecting with the business I found all their consultants are true missionaries who want to improve the educational system. Comparing their business model and processes with their competitors they look alike very much. This very authentic way they connect makes the real difference and is very difficult to copy by competitors. It has grown over many

years based upon the philosophy the company was founded on.

I believe in a fast moving world we are in now, strategy is a both ways process. Next to the thorough process you described HCM-Strategy is about finding, cherishing and developing the philosophy and signature processes (long term focus). Second, the labour market is changing significantly in the western world. Replacing human resources due to a strategy will become more difficult as not impossible. This means in my view strategy must also be based upon the collective strength of the resources available. Connecting these (potential) strengths with the opportunities on the market place is a key driver for HCM.

[Gail Sturgess](#) • First of all I would like to sincerely thank you all for such considered and constructive input to this discussion. At some point soon, I will summarise the conversation so far, then we can look at the summary and work on ways around the different challenges faced in trying to achieve a Human Capital Strategy.

I think this is the first discussion that I have taken part in where the WHOLE conversation has been positive, constructive and adds to the topic as a whole. Many thanks.

**Ron Wolf** • Gail, great job - as are others' comments. The elephant in the room when talking about strategy as related to HR professionals - is how you get a seat at the table. Previous comments are spot on about the role of strategy, positioning and the like. But if HR is treated as an overhead expense, then your wisdom about strategy is just nice cocktail talk. The majority of my experience suggests that the biggest challenge facing HR is for the HR exec to have the business savvy and credibility to influence - and really be a player in business strategy.

[Johann Gauthier](#) • Really great conversation. My own view on HRM is we've come to a point of casting things more from a broader Talent Management perspective. There are great books and research speaking to this flowing all around. So what we're witnessing these days is a major culture shift in the making, where business line managers really need to take ownership of TM, since TM is not just an HR discussion left to HR practitioners. To realize the full potential of TM, CHROs need to have a seat at the table, and add value and help make those strategic TM linkages. Cheers all.

[Karin Walters](#) • Gail, thank you for starting a stimulating conversation. I agree with Keith that theoretically there is general agreement on how a Human Capital strategy should be compiled and what key elements should be contained in it, but I also want to echo his opinion that not many organizations are successful in practice.

Very few HR influencers has gained that level of expertise to get into the heart and mind of the business role-players to play that connecting and broker role of where we want to be and how we can support the business in getting there. One of the reasons for this is that strategies are often reduced to a detailed and sometimes boring(?) document that people should read and comment on - here the discussion around it becomes the side issue where it should be the other way around.

The strategy in paper should be just a concise summary of the agreement with the business. The focus here is on the credible relationship and the quality discussion with Business and the strategy remains the reference to the agreement reached in the discussions.



I'm in agreement with the comments of everyone that contributed but would like to add a few other observations that take the discussion maybe more to a practical delivery level where I believe most of the stumbling blocks are:

The HC strategy document must be a simple reference document just highlighting broad strategy per HC process, key components, deliverables agreed to for the next 3-5 years, main risks and control measures, supporting technologies noted and defined metrics (kept to the absolute 3-5 indicators indicating the health of the business where this process have an impact). Further detail can always be made available in collaboration portals when required e.g. specific project plans leading to deliverables, specific detail strategies etc. It is also important that all your other processes and practices should be aligned with this e.g. your risk management process, your reporting format to business etc. to make it a practical and relevant strategy. Often the strategy says one thing and processes and subsequent practices are designed to do something different.

Many organizations have above in place and have quality discussions on a strategic level and still find that they are not successful in practice. I believe what is lacking is the

translation of this strategy into a framework of recommended practices and accountabilities to the different levels of the business that will be expected to contribute to the deliverables in the strategy. This is a worthwhile process for HR to coordinate because you often don't realise the confusion in the business where different levels in the organization don't see how their contribution dovetails with others to get to specific deliverables in a process. Where this is lacking, you often hear the criticism that Corporate does not understand challenges at Business unit level.

Once HR has defined this with all key role-players, everyone knows exactly what the recommended/agreed processes are and the interdependencies of contributions become clear. I know this may sound theoretical to some... I can forward an example of such a framework of 1 process e.g. Talent Acquisition to anyone interested to get a practical idea but the value of this is in the collaboration around it, not the framework itself.

If HR understands this strategy, they can live and influence components within this strategy in their relevant sphere of influence whether it is with local, regional or corporate business leaders. This way HR have a better chance of being

seen as a credible partner in the strategic planning process and they will automatically lean on you for performance support in delivering the strategy to reach the business goals. The follow-through from strategy to well-defined operational guidelines and buy-in of suitably equipped people in your HR infrastructure is the key to move from a strategy on paper to living the strategy.

[Helen Kidston](#) • Just have to pop back into this conversation to say I agree entirely with Karin's comments. First that if you don't have a structure of accountabilities for the strategy to work within then there is a very real risk of the strategy getting lost. As they often say 'what isn't measured, isn't done/seen'. I've seen this problem arise out of attempts to develop strategy and vision at a more emergent level outside of the normal business planning processes, and while the process to do that was energetic and enlivening the outcomes then got lost - not through any deliberate limits being placed but just because, at the end of the day, people tend to do what they are directly accountable for etc first. So if you don't have an effective mechanism to translate emergent innovation into the existing accountability/performance framework you are likely to get lost somewhere along the way, no matter how well intentioned.

I also agree that one of the real benefits of HCM strategy development is in the collaborative discussions with the business that help develop it. In many ways that is perhaps the most productive part - the strategy that comes out of it more like the icing on the cake. The more that dialogue to

develop mutual understanding between HCM and business occurs the better! We've noted in the development of our HCM/workforce planning frameworks that a large part of ensuring uptake/engagement was in having those in depth consultations in developing the tools - a shared sense of ownership etc.

I think these observations are all consistent with Gail's original framework and really only go to some of the 'how' to build that, rather than an alternative model.

22 hours ago

[Johann Gauthier](#) • I really like Wil's take in terms of "authentic signature processes", what makes each organization unique, stand on its own. I don't like fads. It's always (and necessary) to look at what others are doing, and agree that engaging leaders within the organization is a key determinant factor to help shape the collective thinking. In the end, it's always key never to lose sight of why we're doing all of this: for the clients, by the clients. Our own thinking where I'm working is precisely evolving for such a perspective. Any new bold vision and strategies flowing from it has to be firmly rooted in people's passion and engagement. HRM is not just a buzz, much like TM. And it's our job as experts to unlock the value propositions. As see my role these days as one of enabling, facilitating, working collaboratively to leverage opportunities and maximize investments. There are always a delicate balance to be achieved between corporate, business line and individual perspectives. In the end, we're all working towards achieving the same goal, managing change on a larger scale based on strong business imperatives and a sense of joint responsibility across the organization. People make a difference, as well as quality relationships. I try to maintain

an appreciative enquiry mindset, observing what others are saying, taking it in, comparing notes and building new meaning, together with senior business line managers. The power of collaboration.

[David Fox](#) • I love this discussion! Beautiful framework laid out by Gail. Maybe add a couple of points.

Yes, many organizations are focused on just the 'now', and either believe they cannot see the future or don't see the value in anticipating the future. Consequently, they are almost always in reactive mode, being driven by the market instead of driving their addressable market - a hallmark of immature organizations. But, I completely understand survival mode and it is hard to think about tomorrow's crop yields when you are starving today.

However, having no strategy is, in fact, a strategy. Just as avoiding the need to make decisions is itself a decision.

Whether explicit or not, whether they intend to or not, every organization has a strategy and deals in its HCM practices with the implications of their strategy.

I like Kaplan/Norton's definition of business strategy, that it is a hypothesis about how we add value for customers (for which they are willing to pay, and hopefully pay a premium).

A hypothesis is just a guess. We find out if our guesses work when the marketplace rewards us or not.

We make long-term and short-term guesses. Long-term guesses can be more fundamental in their essence, less



detailed, less subject to change; such as guessing the market will value an innovation strategy over a low-cost leadership strategy. The longer-term gives us a star to steer by when enacting our HCM strategy, although there will be many small course adjustments in the short-term along the way. Because the world is VUCA, short-term guesses must be tested and revised more often, more quickly. The results of each test should be put into a management feedback loop to see if results are aligned to and supportive of longer-term strategy. It's less risky to fail quickly and recover quickly. Managing strategy in the short-term is analogous to agile software development methods or crowd-sourcing beta products and rapidly incorporating feedback in product revisions - very iterative. Our HCM strategy needs to be agile and resilient enough to accommodate fast cycles of strategy evolution. If the HCM framework is perceived as too cumbersome to operate and to lag strategy cycles, then HR justifiably earns the 'irrelevancy' anchor to wear around its neck.

Here's a good article on the whole "deliberate vs emergent" strategy debate and which model is most relevant for today (Porter vs Mintzberg):

[http://blogs.forbes.com/karlmoore/2011/03/28/porter-or-mintzberg-whose-view-of-strategy-is-the-most-relevant-today/?feed=rss\\_search](http://blogs.forbes.com/karlmoore/2011/03/28/porter-or-mintzberg-whose-view-of-strategy-is-the-most-relevant-today/?feed=rss_search)

Cheers!

[Rainee Busby](#) • Great points and discussions. Love to talk strategy!

I look at strategy from three different lenses.

1. Strategic capabilities:

On-going - what differentiates you from your competitors such as quality, operational excellence...)

2. Strategic goals and initiatives

~12 month timeframe - improve sales, reduce costs...)

3. Strategic plans

~2 to 3 years out - open new facility, develop a new product...).

Each strategy has a specific link to a unique set of talent management initiatives and should be looked at separately based on the time constraints.

Think about it from a high level in the perspective of strategic roles. If one of the strategic capabilities is quality then a quality engineer would be a strategic role.

For strategic goals and initiatives if a targeted cost reduction was the goal then a continuous improvement expert may be the strategic role.

For longer term planning strategic roles apply during the duration of that plan and then are no longer considered

strategic unless they meet the other strategy criteria.

Of course, what you do with those roles and the people who hold them is really the key to everything.

Best of luck on your journey!

**Max Underhill** • If the organization is using modern human capital management approaches they will be able to plan, measure and manage the human capital as well as (if not better) than any other asset whether materials, plant & equipment, inventory or finances. This commences with the strategic planning process which is a dynamic and rolling process usually 3 to 5 year focus.

These days Strategic planning is human capital management and involves development of performance and capability frameworks (the basis for the Board and CEO performance measures). By definition a performance management system is a system where the expectations are properly defined and the individual manager or employee can manage their own performance and utilise it as a regular reporting tool (empowerment). Under good governance principles the development of performance management systems that are also reporting systems is essential. The technology and tools are available that enable the HR assets to be placed on the balance sheet.

A company can invest in an expensive piece of say road building equipment worth millions – the output of this machine is determined by the competence of the players –

operator, geologists, surveyors etc. A human capital management approach to strategic planning will identify the capabilities the organization needs (at the corporate level) and how this will be measured. This becomes the Board and CEO measures and start of the good governance model. These are then cascaded down often drive by “performance driven strategies”.

[Sarajit Poddar](#) • I believe strategic HR has been in practice from the time of inception of the idea of strategic planning - although not part of the portfolio of the HR function in the organisation.

Be it any business strategy - say growth (market, customer, product etc) or operational excellence or cost reduction etc. there is a people component in everything. For growth strategy effective leaders need to be recruited/ trained in-house, workforce planning need to be drawn out, training programs to be planned etc. Whatever it is, there is no business strategy which does not have people component.

The issue in most cases is formal recognition that the people strategies discussed along with business strategies are part of HR portfolio and is usually retained by the key business leaders. Usually the strategic decisions are made at the top and then the execution is delegated to the HR function.

As the HR function is getting more recognised, the people strategies are becoming part of the HR function.

[Chirayath Vasudevan Mohanan](#) • A successful human capital management strategy begins with understanding your business: the competitive environment, customers' expectations, strategic and operational goals and other factors affecting your organization.

A well-defined HCM strategy distinguishes actions to guarantee your workforce consists of the right people with the right skills in the right roles at that right time and are supported with the right tools to achieve your business priorities.

It is also important to tie-in HCM strategies to the Capability Maturity Level of the organization.

One size does not fit all.



## And a GREAT Summary of the Conversation .....

[Yuvarajah Thiagarajah](#) • This is one of the most productive "strategic" HR learning I have experienced. It carries many ideas and insights. Thanks to all.

Everyone brought out the bits and pieces of the puzzle that made the picture clear. I like Wil's "signature" (As what Blue Ocean strategy advocates), Keith's creativity and innovation drivers, Max's good governance criteria, Johan's point on Collaboration, Karin's practical inputs, Barbara's cross-functional importance, Ron's "elephant" caution, Helen's engagement culture, Chirayath's Maturity capability (linked to PCMM model?), David's 'flexibility and agility" criteria and Sarajit's HR involvement for the outset. There is so much that HR people can "contribute" to the strategic discussions and framework, not just on HR framework but also add value to the discussion and decisions that sets the tone of direction and sustainability of the business.

It just seems sad and unfair to see HR having to 'earn' their seat at the table, as the growing demands of the new generational workforce moves towards a more inclusive, transparent, visible, accountable, engaging and collaborative.





## About Gail Sturgess



Author, speaker, coach, and management consultant, Gail Sturgess, is also the head of TalentAlign, a South African-based online provider of human capital management tools and guides, and human capital

management coaching and consulting specialising in the IT industry. Gail is a partner in Mi-ITCareer, an IT career management and coaching firm.

Gail is recognized as one of the leading authorities on human capital management in the IT industry and works with organisations to help them build the human capital management capability they desire.

Gail's emphasis is on fundamental tools and processes that help to transform organisations and position them where they want to be in terms of their IT Human Capital.

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