Finding a Seat at the Table

The information presented by Inquirehire is not intended to be legal advice.

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Alan Kinsey

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What is Strategy?

What is Strategy?

According to Webster:

- A careful plan or method for achieving a particular goal usually over a long period of time

- Skill of making or carrying out plans to achieve a goal

- Other synonymous terms
    - Blueprint
    - Game plan
    - Road map

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What is Strategy?

Don't Confuse Mission and Strategy:

• Mission is the WHAT

• Strategy is the HOW

Objective: Find your seat at the table.

Our Agenda:

1. **Examine Key Trends**

2. **Review CEO's Opinion of Human Resources**

3. **Case Study – how Human Resources performed in a critical business situation**

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The Changing Role of Human Capital

Macro View: Challenges - Opportunities

- CEOs generally believe HR performs well within HR parameters.

- CEOs generally perceive HR as a trusted sounding board.

- But, CEOs have doubts about HR's full understanding of the wider organization, and this prevents the transition from **Administrator** to **Strategic Partner**.
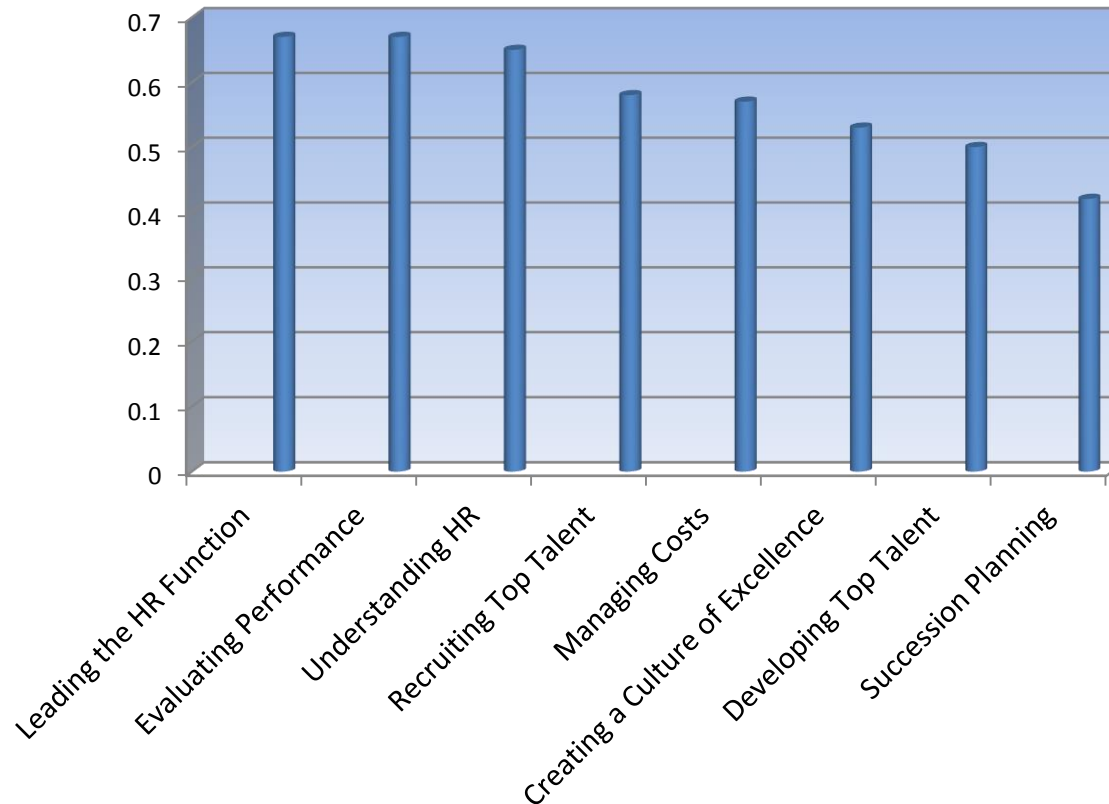
Source: Economist Intelligence Unit

What do CEOs worry about?

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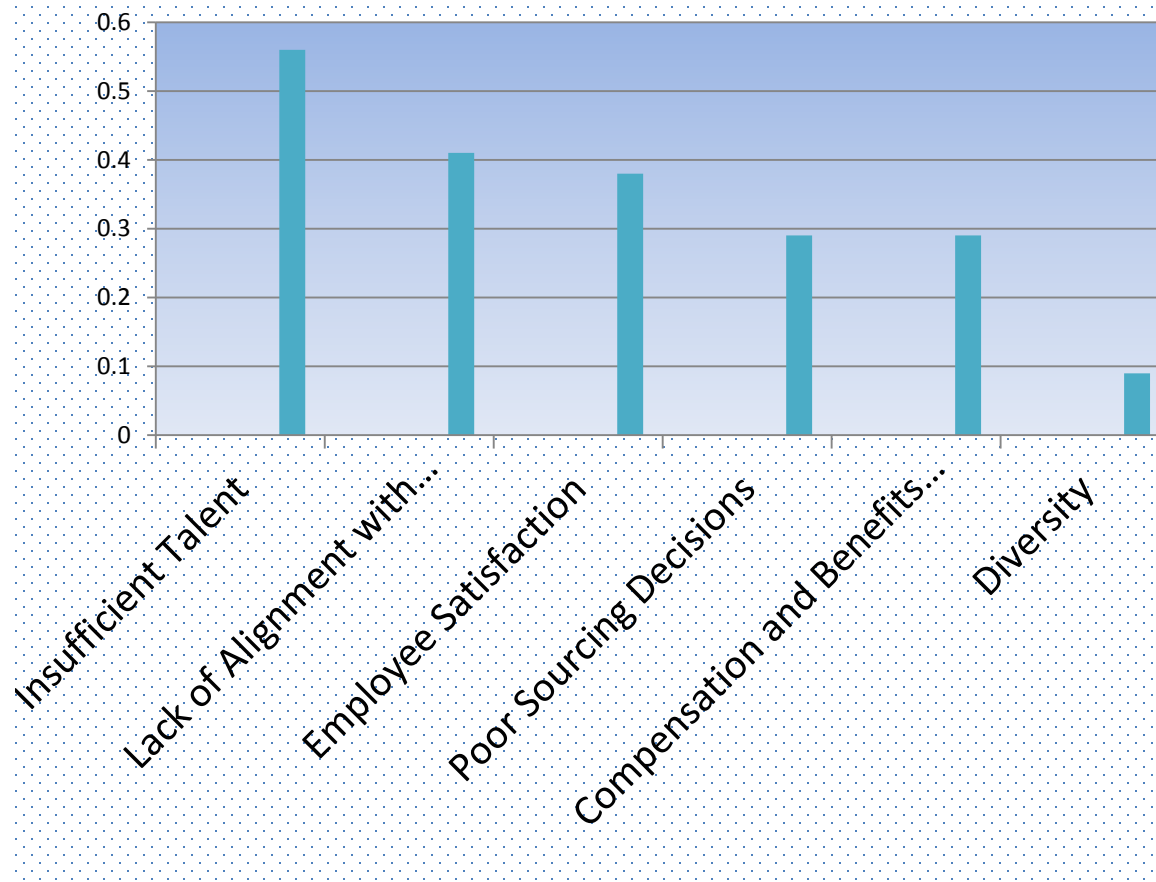
Do CEOs want HR involved in strategy?

<u>Want</u> HR Involved in Strategy   70%

<u>Do Not Want</u> HR Involved in Strategy   16%

Source: Economist Intelligence Unit

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CEOs think HR does well:

Source: Economist Intelligence Unit

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CEOs think HR could improve in key areas:

- Too focused on process and rules

- Don't understand the business well enough

- Not fully versed in analytical decision making and data driven decisions

Source: Economist Intelligence Unit

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Case Study:

Underperforming Fortune 500 business unit needs to improve productivity and improve quality.

Major Themes:

- Significant human capital issues present

- Key HR functions affected include recruiting, training, compensation management, and employee retention.

Case Study:

Underperforming Fortune 500 business unit needs to improve productivity and improve quality.

Key Facts:

- Sales produces an average of $500,000 dollars of software revenue monthly. Implementation capability is approximately $300,000. The company recognizes revenue and pays commissions on implementation – not sales.
- The backlog of software pending implementation exceeds 9 months worth of work at current levels of productivity. The implementation team has the lowest quality scores in the company.
- Many newly signed clients are threatening cancellation. Sales is angry, implementation people are stressed out, and the business unit's financial performance is well below plan.

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Failure is the opportunity to begin again more intelligently

-Henry Ford

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Case Study:

Underperforming Fortune 500 business unit needs to improve productivity and improve quality.

Key Facts:

HR typically recruits fresh college grads with a relevant degree but limited or no work experience.

With the current training program, the average new hire achieves 50% of full productivity after 12 months, and reaches 100% productivity at 24 months.

Case Study:

Underperforming Fortune 500 business unit needs to improve productivity and improve quality.

Key Facts:

The business unit has successfully hired some candidates with relevant job experience and these individuals became productive at a much faster rate, but they require higher compensation.

Management believes that candidates with relevant work experience will achieve full productivity in 12 months instead of 24, therefore justifying the increased compensation costs.
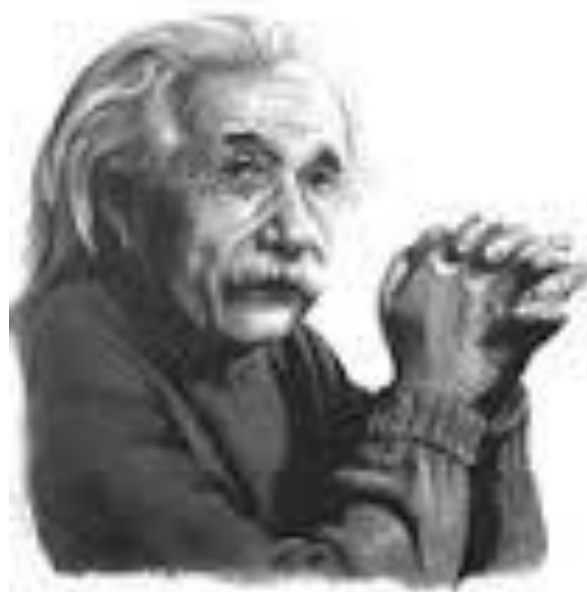
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Case Study:

Underperforming Fortune 500 business unit needs to improve productivity and improve quality.

Key Facts:

Management requests the hiring model be modified to source and recruit candidates with prior experience working in the vertical market served by the software provider. To successfully hire these candidates, the employer must increase new hire compensation by 20% over the current practice.

HR denies the request to modify the recruiting model because it would create a wage compression issue which they believe will result in high employee turnover.

Instead they recommend hiring more people faster and spending more money on company training.

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"Insanity: doing the same thing over and over again and expecting different results." Albert Einstein

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Case Study:

Underperforming Fortune 500 business unit needs to improve productivity and improve quality.

Key Facts:

Management proceeds with their recommended recruiting plan without HR support, utilizing industry contacts to source the desired candidates. New hires were paid 20% more than the target new hire rate and a wage compression did occur.

The wage compression did not cause employee turnover as projected by human resources.

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Case Study:

Underperforming Fortune 500 business unit needs to improve productivity and improve quality.

Key Facts:

New hires with relevant job experience achieved full productivity in 6 months instead of the estimated 12 months. Historical new hires achieved full productivity in 24 months.

The increased productivity resulted in an additional $500,000 in annual revenue per person compared to the historical new hire. The increased annual compensation costs were $15,000 per person.

Even after this information was presented, local and division HR attempted to end this recruiting practice because of the wage compression issue.

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What do you think happened next?

The Outcome:

The underperforming business unit improved from worst in productivity and quality to best in the nation in both categories in 2 years.

The new hiring practice was adopted across the entire division against the objections of HR. Some HR reputations and careers were damaged in the process.

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Questions to Consider:

- What is the MISSION in this case study?

- What were the competing STRATEGIES in this case study?

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- What is the MISSION in this case study?

- What were the competing STRATEGIES in this case study?

  ➢ Buy More Training vs. Buy Maturity

Questions to Consider:

- Was HR too focused on rules compliance and process in this case?

- Do you think HR had a thorough understanding of the metrics driving this business unit's performance?

- Why didn't the wage compression result in increased employee turnover?

- What if employee turnover had increased – would that have been so bad in this case?

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Getting Started:

- Name 1 or 2 key performance metrics in your organization that you would like to understand more thoroughly.

- Identify 1 or 2 individuals in the organization that can help you gain a better understanding of how the performance metric(s) work.

- With your newfound information, think of ways that you can help your organization make improvements in the performance metric(s). This is the Mission(What).

- Key Question – What do top performers do differently than average performers in our organization? Knowing this answer will help you determine the Strategy(How).

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