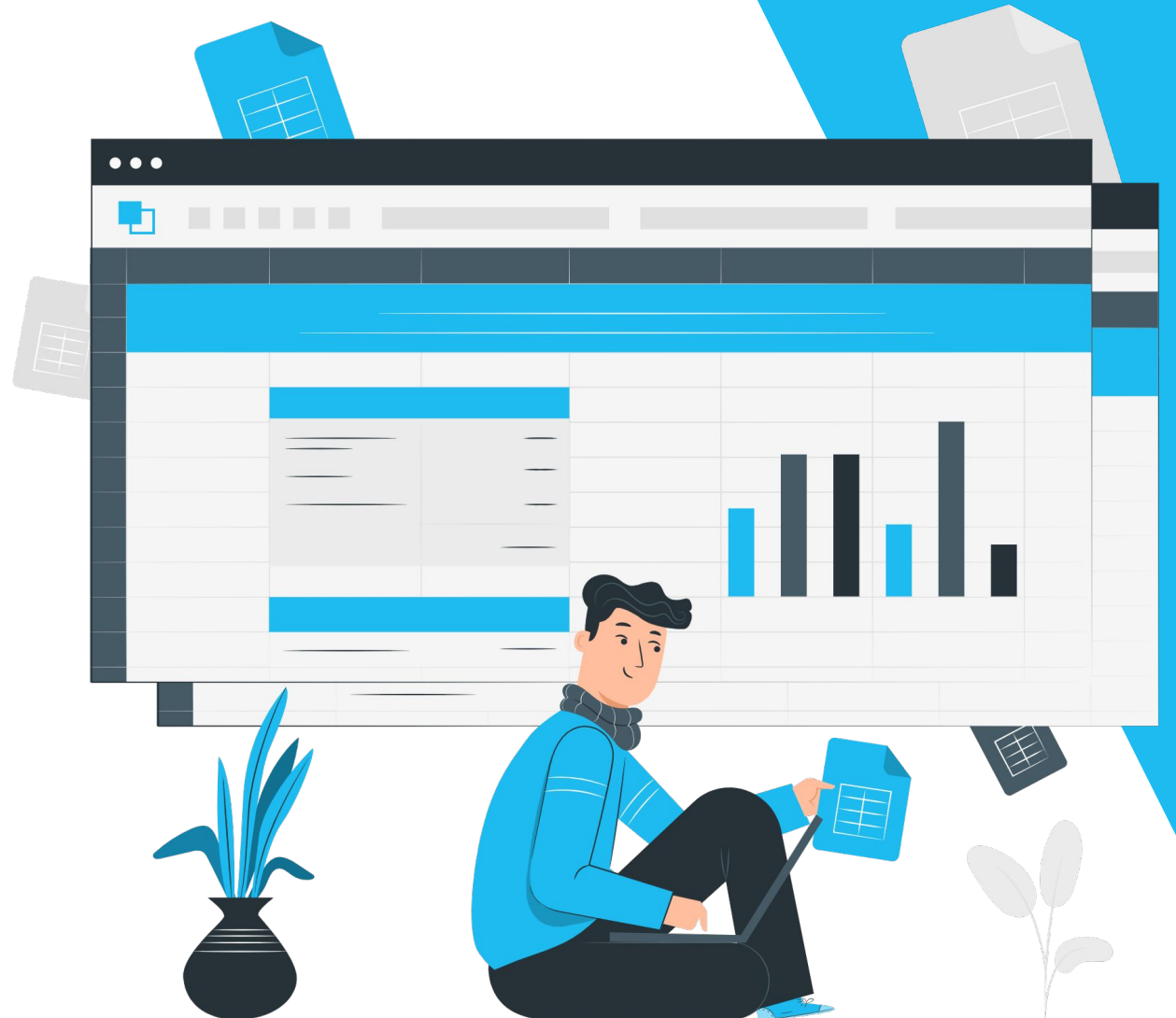


# Assignment: Creating an HR Strategy



# Introduction

Implementing and developing highly effective HR metrics is key to driving an organization forward. If HR metrics don't align with the organization's objective, it is difficult for HR to become a strategic partner.

This assignment allows you to put into practice what you've learned so far. This assignment is based on both the **HR Value Chain** and the **HR Strategy Map**.

You will work your way down from an organizational objective, break it up into key performance drivers, and translate it into several HR activities & processes.

Afterwards, you will create several KPIs based on these processes and objectives.



Example of an HR Value Chain

# Assignment

## STEP 1

**A key competency for any HR professional is business acumen. What are the key priorities of the business? Fill in the key objectives for your organization in the HR Value Chain (next page).**

1. For instance, is gaining market share the number 1 organizational objective, or is increasing profit margins more important for your organization? Each organization is unique and has its own unique **organizational objectives**. Put these into the organizational objectives box.
2. Next, identify the **key performance drivers** that impact these organizational objectives. These key performance drivers are often owned by the line managers and they are crucial in connecting HR outcomes to organizational objectives.
3. Next, locate one or multiple **HR outcomes** that play a key role in achieving these organizational objectives. Put these into the HRM-outcomes box.
4. Finally, pinpoint the most important **HR activities & process** that are influential for the HR-outcomes. These are smaller tasks that you can actively target in order to influence HR-outcomes. Put these into the HRM-activities & processes box.

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For example, **situation 1**. You are HR manager in a fast-growing Unicorn that's focused on generating market share. Your HR outcomes will likely focus on the performance of the sales team and retention of key account managers. Your HR processes may focus on decreasing your time to hire metric in order to hire the best people as soon as possible, building your employer brand to attract people, and optimizing compensation for account managers in order to attract and retain them.

**Situation 2**. You are HR manager in a hardware manufacturing company that's focusing on improving their (usually very thin) profit margins. In terms of HR outcomes, you'll likely focus on decreasing HR and workforce costs. To do this you will focus your HRM-activities on achieving optimum staffing levels, analyze performance and pay to find jobs that are overpaid, and focus on reducing your cost per hire metric.

**Two very different organizational objectives that require two very different HRM outcomes and activities.**

# Assignment

EFFICIENCY



HRM Activities & Processes

EFFECTIVENESS



HRM Outcomes

IMPACT DRIVER



Key Performance Drivers

IMPACT



Organizational Objectives

# Assignment

## STEP 2

After you've set up the HR Value Chain, you're ready for the next step. This step entails building the HR Strategy Map (on the right) for your organization. This allows you to create KPIs that will fundamentally drive the organization forward. You can do this by putting the organizational objectives, HRM outcomes, and HR processes in the HR Strategy Map.

### Step 2.1

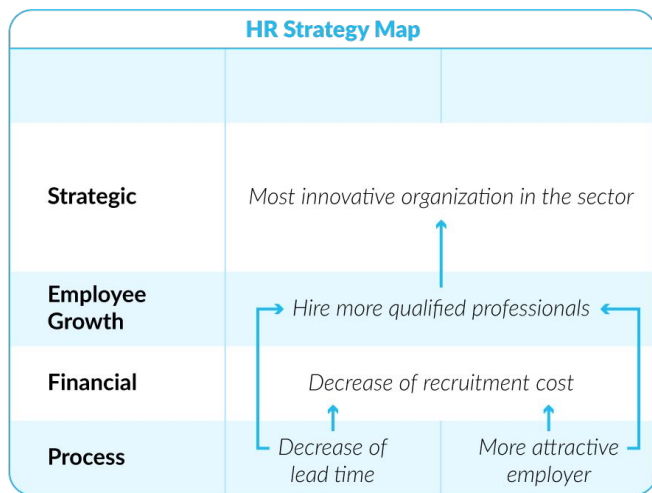
This is an example of a European shipbuilder with a workforce with lot of very specific, technical skills and knowledge.

Because of the increased competition from Asia, the organization can't compete on cost any more – as it was used to. Europe's highly skilled, technical labor enables this organization to compete on innovativeness

and it has, therefore, shifted its focus on producing highly technical marine vessels that require state of art technology to operate successfully.

As you can see, the strategic objective is a key performance driver, while the main HR outcome is labeled as 'employee growth'. The financial and process focus areas can be categorized in the HRM-activities and processes box.

*In order to show you the full complexity, we've added a number of lines which could indicate a relationship. A decrease of lead time often enables a company to hire better people, better people lead to more innovation, et cetera*



# Assignment

## Step 2.2

For each pointer, one or more specific KPIs are added. These help to measure what we're trying to achieve.

HR Strategy Map			HR Scorecard		
			<b>KPI</b>		
<b>Strategic</b>	Most innovative organization in the sector		<ul style="list-style-type: none"> <li>Position in the sector-wide innovation benchmark</li> <li>Time to market of last 5 new products (in days)</li> </ul>		
<b>Employee Growth</b>	Hire more qualified professionals		<ul style="list-style-type: none"> <li>Satisfaction score of manager after 1 year (quality of hire metric)</li> </ul>		
<b>Financial</b>	Decrease of recruitment cost		<ul style="list-style-type: none"> <li>Recruitment cost (in dollars)</li> </ul>		
<b>Process</b>	Decrease of lead time	More attractive employer	<ul style="list-style-type: none"> <li>Time to hire (in days)</li> <li>Acceptance ratio (in %)</li> </ul>		

## Step 2.3

For each KPI we identify our current score to see where we stand now.

HR Strategy Map			HR Scorecard		
			<b>KPI</b>	<b>Current Score</b>	
<b>Strategic</b>	Most innovative organization in the sector		<ul style="list-style-type: none"> <li>Position in the sector-wide innovation benchmark</li> <li>Time to market of last 5 new products (in days)</li> </ul>	5	
<b>Employee Growth</b>	Hire more qualified professionals		<ul style="list-style-type: none"> <li>Satisfaction score of manager after 1 year (quality of hire metric)</li> </ul>	121d	
<b>Financial</b>	Decrease of recruitment cost		<ul style="list-style-type: none"> <li>Recruitment cost (in dollars)</li> </ul>	0.70	
<b>Process</b>	Decrease of lead time	More attractive employer	<ul style="list-style-type: none"> <li>Time to hire (in days)</li> <li>Acceptance ratio (in %)</li> </ul>	4 MM	
				32d	60%

# Assignment

## Step 2.4

For each KPI we add a target. This approach helps to make a specific, measurable, attainable, result-driven and time-based goal that enables us to steer our organization.

HR Strategy Map			HR Scorecard		
			KPI	Current Score	Target
<b>Strategic</b>	Most innovative organization in the sector		<ul style="list-style-type: none"> <li>Position in the sector-wide innovation benchmark</li> <li>Time to market of last 5 new products (in days)</li> </ul>	5 121d	Top 3 95d
<b>Employee Growth</b>	Hire more qualified professionals		<ul style="list-style-type: none"> <li>Satisfaction score of manager after 1 year (quality of hire metric)</li> </ul>	0.70	0.85
<b>Financial</b>	Decrease of recruitment cost		<ul style="list-style-type: none"> <li>Recruitment cost (in dollars)</li> </ul>	4 MM	3.5 MM
<b>Process</b>	Decrease of lead time	More attractive employer	<ul style="list-style-type: none"> <li>Time to hire (in days)</li> <li>Acceptance ratio (in %)</li> </ul>	32d 60%	16d 95%

# Assignment

## FINAL STEP

Use the HR value chain you created in Step 1 to create an HR strategy map and HR scorecard on the next page, applied to your organization.

Try to at least relate it to a key performance driver, or an organizational objective. You can either choose to focus on one HR subdomain (like recruitment, as we did in the example above) or take a broader scope. A narrower scope is advisable for people working in larger organizations.

HR Strategy Map		HR Scorecard		
		KPI	Current Score	Target
Strategic				
Employee Growth				
Financial				
Process				