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# Building strategic HR

Fit for today and fit for the future.







# Strategic HR

Given the increasing focus of executives on people and talent, HR has an unprecedented opportunity to position itself as a true strategic partner to the business. Yet very little tangible, pragmatic advice exists as to how specifically HR can make a real difference to organizational performance.

We believe there are six key requirements for building a strategic HR function that is fit for your organization's needs, both today and in the future.

## **1. Align to the business strategy**

To really add value at board level, HR professionals must understand and leverage the linkages between strategy, people, and work. And that begins by asking the right questions like 'what are the organization's people requirements over the next five years in line with our strategy?' Determining the answer requires a solid understanding of the business, as well as the impact of a number of external factors on your organization's human capital needs. These include economic conditions, competitor activity, industry and market trends, regulation, and advances in technology. This understanding must then be translated into robust workforce plans to deliver the 'five rights'—the right number of people, with the right skills, in the right place, at the right level, and at the right cost.

## **2. Focus on the right things**

Understanding where there is a requirement for basic HR practice—versus best practice—and service is critical to becoming a strategic partner. Exploring what 'lean' HR could look like, and then identifying where additional resource should be focused to deliver the strategy, enables the function to have a commercial conversation around the value it adds and its return on investment. It also maintains focus on those key services which are essential to the organization's future.

## **3. Balance standardization and differentiation**

The dominant focus on functional standardization over recent years has failed to meet business needs, leading to shadow resources and creeping costs. The reality in today's increasingly complex business environment is that some level of differentiation in HR practice and service is required. It is essential to understand how much flexibility is really needed, whether by business segment, market, region, or employee group. The key is balancing this flexibility with the advantages of standardized global practices—and understanding the value of difference—so that HR can play a critical role in developing organizational agility at the right price.



#### 4. Create an integrated HR operating model

Thinking about how the function works and creating an HR model which is fit for purpose now, yet scalable for the future, is critical. This means translating HR activity into detailed processes and policy, delivered by the right number and level of capable people, in the right structure and location, supported by the right data and technology. It also means putting the right governance and performance management in place to ensure focused delivery, and designing for scalability in line with changing business requirements.

#### 5. Ensure pragmatic, sustainable implementation

Delivering pragmatically and sustainably means acceptance of constant change, and recognition that adapting quickly is key to organizational agility and competitive advantage. This necessitates incorporating 'future proofing' into the design of discrete, standalone solutions, and understanding the interdependencies across key HR activities and processes for larger scale programs to maximize value.

#### 6. Build HR capability

The final requirement is creating a confident, capable, and agile HR team. By developing HR professionals who have the necessary skills to understand the business environment, translate your organization's strategy into human capital requirements, and engage with the business effectively, the HR function can have real strategic impact.

## How fit for purpose are your HR services?

Knowing where there is a requirement for basic, versus best practice, HR service can be a true source of competitive advantage in delivering your people requirements. Very few organizations need to be cutting edge across the board. So making your HR investment decisions informed by factors such as your business environment, level of organizational maturity, and industry issues helps you to maximize your return.

The starting point is understanding where you are right now, and where you need to be.

We have designed the following diagnostic to help you do just this. The HR Blueprint helps you identify the current and desired position for your organization across eight key HR practice areas.

For each practice area, use the descriptions to assess where you are currently, and where you need to be. This is a great exercise in which to involve the whole team, so you get the full picture.

You can then use this blueprint as the basis for your plan.

**If we can help you in any way to build your HR function, then please do not hesitate to contact us.**



## Attraction, recruitment, and retention

		Current?	Desired?
<b>Basic</b>	<ul style="list-style-type: none"> <li>■ No clear employer brand.</li> <li>■ Ad hoc hiring to meet short-term needs.</li> <li>■ Basic vetting and selection with a focus on interviews.</li> <li>■ Basic induction in place.</li> <li>■ Limited retention.</li> </ul>		
<b>Progressing</b>	<ul style="list-style-type: none"> <li>■ Some employer brand differentiation.</li> <li>■ Established recruitment processes.</li> <li>■ Varied assessment / selection methods.</li> <li>■ Local onboarding.</li> <li>■ Ad hoc, reactive retention.</li> </ul>		
<b>Advanced</b>	<ul style="list-style-type: none"> <li>■ Strong brand with clear employee value proposition, incorporating corporate and social responsibility, sustainability, and ethics.</li> <li>■ Targeted campaigns.</li> <li>■ Articulated employee value proposition.</li> <li>■ Mature employee referral program.</li> <li>■ Selection on both capability and 'fit.'</li> <li>■ Onboarding tailored by level and function, with global and local content.</li> </ul>		
<b>Best practice</b>	<ul style="list-style-type: none"> <li>■ Global recruitment strategy linked to workforce plans.</li> <li>■ Sophisticated digital employer brand.</li> <li>■ Employee advocacy measured and rewarded.</li> <li>■ Flexible recruitment model incorporating physical, virtual, digital, and mobile channels to engage with potential, current, and ex-employees.</li> <li>■ Sophisticated use of technology to facilitate direct sourcing of candidates.</li> <li>■ Corporate and social responsibility, sustainability, and ethics incorporated into candidate assessments.</li> <li>■ Onboarding tailored to individual needs and requirements for critical roles.</li> <li>■ Individual preventative retention plans in place for stars and critical roles.</li> <li>■ Global analysis of exit data, translated into actionable plans.</li> </ul>		



## Resourcing and workforce planning

		Current?	Desired?
<b>Basic</b>	<ul style="list-style-type: none"> <li>■ Focus on reacting to short term supply pressures for today's skills and capabilities.</li> <li>■ No tracking of employee education, skills, and capabilities.</li> <li>■ Ad hoc use of contingent workers.</li> <li>■ Ad hoc international assignments.</li> </ul>		
<b>Progressing</b>	<ul style="list-style-type: none"> <li>■ Basic workforce analytics to meet local needs.</li> <li>■ Basic data on employee skills and capabilities captured as part of hiring process.</li> <li>■ Some local graduates and apprentices employed on an ad hoc basis.</li> <li>■ Some level of procurement to manage contingent workers.</li> </ul>		
<b>Advanced</b>	<ul style="list-style-type: none"> <li>■ Workforce planning integrated into business planning and performance management.</li> <li>■ Resourcing models cater for flexible working patterns, locations, and contracts.</li> <li>■ Developing alumni and contingent workforce management.</li> <li>■ Employee skills and capabilities data collected via annual performance management process.</li> <li>■ Formal global graduate and apprenticeship programs, with defined competencies and structured development.</li> <li>■ International assignments managed centrally according to business need and succession plans.</li> </ul>		
<b>Best practice</b>	<ul style="list-style-type: none"> <li>■ Deep understanding of future capability requirements in line with business scenario planning.</li> <li>■ Integrated, global plans for transforming workforce capabilities.</li> <li>■ Sophisticated, proactive contingent workforce management (including alumni, freelancers, independent professionals, consultants) using a range of sources (direct, indirect, crowdsourcing).</li> <li>■ Flexible delivery models to cater for both planned and unplanned global fluctuations in business activity.</li> <li>■ Integrated global graduate and apprenticeship programs.</li> <li>■ Global mobility at the right price, incorporating permanent moves and assignments.</li> </ul>		



## Performance management and reward

		Current?	Desired?
<b>Basic</b>	<ul style="list-style-type: none"> <li>■ Focus is on base pay.</li> <li>■ No clear line of sight between performance and reward.</li> <li>■ Minimal differentiation.</li> <li>■ Basic benefits provision with limited choice.</li> </ul>		
<b>Progressing</b>	<ul style="list-style-type: none"> <li>■ Established performance management cycle.</li> <li>■ Underperformance is managed effectively.</li> <li>■ Some variable pay differentiation.</li> <li>■ Some level of periodic base pay benchmarking for critical roles.</li> <li>■ Online benefits administration via multiple systems, sites, and suppliers.</li> </ul>		
<b>Advanced</b>	<ul style="list-style-type: none"> <li>■ Explicit link between overall remuneration, performance measures, and strategy execution.</li> <li>■ Differentiated remuneration at all levels with visible impact of individual performance.</li> <li>■ Wide range of flexible benefits, benchmarked periodically against sector peers.</li> <li>■ Increased focus on employee health and wellbeing.</li> <li>■ Global recognition programs.</li> </ul>		
<b>Best practice</b>	<ul style="list-style-type: none"> <li>■ Holistic performance culture, incorporating behaviours, CSR, sustainability, and ethics.</li> <li>■ Focus on intrinsic and self-determined extrinsic motivators at an individual level.</li> <li>■ Wide range of benefits appealing to multi-cultural and multi-generational workforce.</li> <li>■ Total reward benchmarked annually for all disciplines against sector and non-sector peers.</li> <li>■ Global recognition programs incorporating peer and customer nominations.</li> </ul>		



## Learning and development

		Current?	Desired?
<b>Basic</b>	<ul style="list-style-type: none"> <li>■ Ad hoc skills and classroom-based training for basic qualifications and induction.</li> <li>■ Limited leadership development.</li> </ul>		
<b>Progressing</b>	<ul style="list-style-type: none"> <li>■ Blend of learning and development approaches.</li> <li>■ Learning and development offer spans technical and behavioral competencies.</li> <li>■ Ad hoc leadership development.</li> <li>■ Learning evaluation measures immediate participant feedback.</li> </ul>		
<b>Advanced</b>	<ul style="list-style-type: none"> <li>■ Learning Academy provides a 'one stop shop' for employees to access leadership, technical, and behavioral development.</li> <li>■ Clear linkages exist between competencies, career paths, and learning and development.</li> <li>■ Leadership development programs exist at different levels, equipping leaders to manage and inspire an increasingly diverse workforce.</li> <li>■ Learning evaluation measures change in performance and behavior.</li> <li>■ Sophisticated knowledge transfer between employee groups.</li> </ul>		
<b>Best practice</b>	<ul style="list-style-type: none"> <li>■ Sophisticated learning organization with segmented, blended learning spanning languages, cultures, styles, geographies, and generations.</li> <li>■ Application of advanced cognitive techniques and neuroscience research to achieve behavioral change.</li> <li>■ Use of innovative technologies and delivery mechanisms.</li> <li>■ Global platforms to share knowledge and learning, and encourage collaboration.</li> <li>■ Integrated leadership assessment and development, aligned with business strategy.</li> <li>■ Balance between organization and employee-led learning.</li> <li>■ Learning evaluation measures impact on business results and return on investment.</li> </ul>		



## Talent management

		Current?	Desired?
<b>Basic</b>	<ul style="list-style-type: none"> <li>■ No formal succession planning other than at board level.</li> <li>■ No high-potential programs.</li> <li>■ Promotions managed locally on an ad hoc basis.</li> <li>■ Limited diversity management.</li> </ul>		
<b>Progressing</b>	<ul style="list-style-type: none"> <li>■ Diversity managed at a local level.</li> <li>■ Some level of local succession planning, high-potential identification and development.</li> <li>■ Formal, calibrated promotion process, supported by competencies.</li> </ul>		
<b>Advanced</b>	<ul style="list-style-type: none"> <li>■ Diversity managed at a global level.</li> <li>■ Clearly articulated career paths, supported by defined competencies and development.</li> <li>■ Formal succession planning for key leadership, technical, and professional roles.</li> <li>■ Global high-potential program to identify a diverse pool of candidates for defined roles and capabilities.</li> <li>■ Formal learning and development for high potentials with ongoing assessment.</li> <li>■ Promotions built into the performance management and salary planning cycle with clear exception management and sign offs.</li> <li>■ Focus is on individual employee and organizational needs.</li> </ul>		
<b>Best practice</b>	<ul style="list-style-type: none"> <li>■ Proactive, global diversity management with regular reviews of business policy, practice and processes.</li> <li>■ Integrated global succession plan for all key leadership, technical, and professional roles.</li> <li>■ Integrated high-potential program incorporating managed moves, linked to employee development plans.</li> <li>■ Accurate forecasting of promotions.</li> </ul>		





## Employee relations, communications, and engagement

		Current?	Desired?
<b>Basic</b>	<ul style="list-style-type: none"> <li>■ Largely reactive industrial relations practices with a focus on grievance and disciplinary proceedings, and trade union activity if required.</li> <li>■ Basic understanding of local legal and regulatory requirements, with basic, local policies.</li> <li>■ Ad hoc communications and basic employee engagement.</li> </ul>		
<b>Progressing</b>	<ul style="list-style-type: none"> <li>■ Specialist capability in employee relations.</li> <li>■ Employee relations issues are managed by HR, with some knowledge transfer to the line.</li> <li>■ Coordinated communications and engagement plans.</li> <li>■ Employee engagement measured by periodic survey.</li> </ul>		
<b>Advanced</b>	<ul style="list-style-type: none"> <li>■ Employee relations understood in a global context, with clarity on comparative practices across geographies.</li> <li>■ Flexible guidelines cater for a wide variety of contracts in response to increasingly fluid working practices and careers.</li> <li>■ Centrally defined guidelines are adopted locally.</li> <li>■ Business-led grievance and disciplinary proceedings with HR support.</li> <li>■ Clearly defined and communicated employee engagement strategy.</li> <li>■ Engagement success measured by periodic survey. Results are analyzed and translated into action.</li> <li>■ 'Employee' engagement extends beyond the organization's boundary to include alumni and contingent workers.</li> <li>■ Coordinated, multimedia communications, segmented by employee group.</li> </ul>		
<b>Best practice</b>	<ul style="list-style-type: none"> <li>■ Proactive industrial relations approach with a focus on 'win win' and corporate and social responsibility.</li> <li>■ People-related operational, legal, and regulatory risks are fully integrated into corporate risk management.</li> <li>■ Managers own 'people issues.' HR intervention limited to coaching or specialist support in complex or high-risk cases.</li> <li>■ Employee engagement fully owned by the Executive Team and the engagement needs of different employee groups are understood, articulated, and actioned.</li> <li>■ 'Adult' culture with policies limited to the essential.</li> <li>■ Global platforms and multiple channels are utilized for two way engagement and communications.</li> <li>■ Ongoing measurement of communications impact, engagement, and enablement.</li> </ul>		



## Managing change

		Current?	Desired?
<b>Basic</b>	<ul style="list-style-type: none"> <li>■ Ad hoc, reactive approach to change.</li> <li>■ Limited change management toolkit.</li> <li>■ Limited organizational development capability.</li> </ul>		
<b>Progressing</b>	<ul style="list-style-type: none"> <li>■ Developing change management and organizational development capability, supported by basic toolkits and practices.</li> <li>■ HR own or contribute to 'people' related workstreams in transformation projects.</li> </ul>		
<b>Advanced</b>	<ul style="list-style-type: none"> <li>■ Strong organizational development capability with a range of human capital implications incorporated into business scenario planning.</li> <li>■ Systematic approach to anchoring change, including deployment of sophisticated change management and culture change practices.</li> <li>■ HR mobilize transformation teams in line with business need and activity.</li> </ul>		
<b>Best practice</b>	<ul style="list-style-type: none"> <li>■ Business strategy aligned with business model, operating model, organizational structure, culture, and processes to optimize organizational effectiveness.</li> <li>■ Application of advanced systems thinking, cognitive techniques, and neuroscience research to achieve business outcomes.</li> <li>■ Extensive use of advanced facilitation techniques and change environments to foster collaboration, innovation, and engagement.</li> <li>■ Human capital measures are linked to business and transformation outcomes, with articulated benefits and a clear return on investment.</li> </ul>		



## Managing employee data

		Current?	Desired?
<b>Basic</b>	<ul style="list-style-type: none"> <li>■ Local management of employee data.</li> <li>■ Combination of paper and electronic media.</li> <li>■ Local, manual reporting.</li> </ul>		
<b>Progressing</b>	<ul style="list-style-type: none"> <li>■ Accurate employee data managed via local system or application.</li> <li>■ Local, automated reporting.</li> </ul>		
<b>Advanced</b>	<ul style="list-style-type: none"> <li>■ Basic employee data integrated globally, supported by standard data 'dictionary.'</li> <li>■ Some global, systematic reporting.</li> <li>■ Developing capability in data analytics.</li> </ul>		
<b>Best practice</b>	<ul style="list-style-type: none"> <li>■ Global cloud-based system providing one source of employee data with full use of workflow capabilities, incorporating performance management, reward, talent, learning, and development.</li> <li>■ Easy access to data for managers via apps, tablets and hand held devices to facilitate decision making and development.</li> <li>■ Employee and manager self-service is accessible via multiple channels.</li> <li>■ Global, systematic reporting.</li> <li>■ Integrated HR data used by other functions e.g. finance.</li> <li>■ 'Big data' capability to enable complex analysis e.g. sophisticated algorithms to predict workforce trends.</li> </ul>		



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## About Korn Ferry

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