



people, not processes

aligning HR with business strategies

In my studies of Chief HR Officers (CHRO) over the past 10 years a few things repeatedly appear as themes. First, one of the critical reasons that CHRO's may become former CHROs stems from an inability to align HR and the business strategy. As one CHRO told me, when interviewing for the CHRO role at a new company, the CEO stated that the HR function had some of the state of the art tools and processes. However, he was looking for a new CHRO because the former one had built these great processes that were in no way supporting the firm's strategy.

Second, each year my survey of CHROs reveals that the clear priority that CEOs have for CHROs and the HR function is the delivery of talent. At best the variance in responses might be regarding whether leadership talent, technical talent, or executive talent is the priority, but to be seen as valuable by CEOs requires HR playing a critical talent role.

Third, every year's survey also reveals that the people in the HR function act as the critical obstacle to meeting the CEO's expectations for HR. Often they are described as lacking business acumen, lacking confidence, or being too risk averse.

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Let me put these three themes together. CHROs may lose their jobs if they are not aligning the function with the business. Aligning the function requires delivering talent necessary to the business. Delivering talent requires an HR function made up of assertive, accountable, business people. Clearly, the weak link in this chain stems from the quality of the people in the HR function.

Most recent models for aligning HR and business strategy focus on identifying the firm's key capabilities, ascertaining the key talent pools upon which those capabilities depend, and then ensuring that the right people with the right skills are in the jobs comprising those talent pools. This requires a rigorous approach to attracting, developing, motivating and retaining the critical talent. The question is, while HR does that in the organisation, does it do the same with regard to its own business?

For years I have heard of firms "transforming" their HR functions, and much of this transformation focuses on the skills of the people in the function (in addition

to technology and processes). Yet, I still hear about the need to "transform" HR today as much as I did 15 years ago, so obviously this transformation has not gone so well.

Any transformation requires some balance between buy (bring in talent that has the right skills) and build (try to increase the skills of existing professionals). However, at this stage I would suggest that the buy strategy will increasingly lead to bidding up the prices for a limited supply of talent in the labour market. Thus, HR leaders should invest more time, energy, and money in building the skills of those currently in their organisations. The internal customer-facing roles (strategic partners, in particular) need the greatest priority. If they cannot speak the language of the business, translate business challenges into talent discussions, and provide solutions, then the best tools in the world won't save the CHRO's job.

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In light of the story of the CEO feeling the processes, while state of the art, did not align with the business, I have always wondered whether the problem was the HR processes or the HR people. In seeing what the new CHRO did to transform the function, I would suggest his greater leverage point stemmed from changing the people than from changing the processes.

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