

Developing an HR Strategic Plan

A Step by Step Approach



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Agenda

- The HR Strategic Plan
- Critical Success Factors
- 5 Steps to Creating an HR Strategic Plan





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By a Show of Hands:

- How many of your businesses have a **Strategic Business Plan**?
- How many of your businesses have a **Strategic Marketing Plan**?
- How many of your businesses have a **Strategic Sales Plan**?
- How many of your businesses have a **Strategic HR Plan**?



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HR Strategic Planning

- Is a top priority for HR Leaders
- Only 10% of HR Leaders actually have a formal HR strategic plan in place
- 60 % of HR departments are currently planning to develop a strategic plan at some level



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What is an HR Strategic Plan?

- It is a formal written document
- It clearly outlines high level goals and objectives for key areas of HR management
- It describes the initiatives that will be undertaken in order to meet those HR goals and objectives



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Strategic HR Plan - Example

Company Objectives	Senior Leadership Objectives	HR Goals & Objectives	Metric
Use this section to identify the overall Company Goals/Key Business Drivers / Objectives/ Vision / Mission, etc.	Use this section to align the Senior Leadership/Key Business Drivers' Objectives to the Company Objectives.	Use this section to align the HR Goals / Objectives / Actions to the Senior Leadership and Company Objectives.	Use this section to clearly identify the metrics associated with the HR Goals / Objectives.
Example	Example	Example	Example
Be an agile and effective organization aligned with our business strategy	Advance our leadership bench strength	Strengthen and expand leadership capacity. Expand opportunities for high potential (HPO) employees. Identify critical and key employees. <ul style="list-style-type: none"> • Meet with CEO, VPs, and Directors to assess department's talent with regards to succession planning. Complete in 30 days by 10/31/13. • Increase collective team's accountability for the development of HPO's. Directors present HPO employees to Senior Leadership at the strategic planning meeting in December. • Assess needs and develop strategies to keep top talent interested and engaged leading to higher retention rates. 	Retain key employees at a retention rate of 90% or higher

What is the Goal of an HR Strategic Plan?

The Goal is to answer two key questions:

1. What people do we need to manage and run our business to meet our strategic business objectives?
2. What programs and initiatives must be designed to attract, develop and retain the right people to compete effectively?




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Why it is Important to Have an HR Strategic Plan?

- It prepares HR for change
- It increases HR's overall efficiency
- It improves HR's business relationships




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Critical Success Factors

- Top Management commitment
- Strategic linkage of HR's programs to the company's mission and objectives
- Line Management's ownership of the HR Strategic Plan




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What is your biggest challenge with creating an HR Strategic Plan?





5 Steps to Create an HR Strategic Plan

1. Conduct a strategic analysis
2. Identify strategic HR issues
3. Prioritize HR Issues and determine actions
4. Finalize HR Strategic Plan
5. Communicate the HR strategic plan and evaluate progress on key metrics





Step 1: Conduct a Strategic Analysis

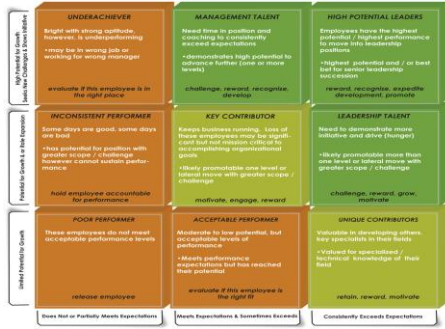
What to do

- Conduct a strategic review
 - What are the company objectives?
 - What is the strategic direction of each department?
 - What are the critical success factors?
- Identify strategic challenges
 - Are there internal organizational issues?
 - What challenges do you face externally?

How to do it

- Review key departmental documents
- Interview senior departmental staff (9 Box)
- Interview key stakeholders
- Prepare a SWOT analysis





Step 2: Identify Strategic HR Issues

What to do

- Assess the findings of the strategic analysis
- **Identify the department's strategic HR issues (Checklist)**
- Identify the ongoing HR issues facing the departments

Checklist (Sample Questions)

- Do people have the competencies to meet the strategic objectives?
- How can below standard performers be coached and developed to improve performance?
- Is the staffing level sufficient to meet the future business requirements?

Step 2: Identify Strategic HR Issues

What to do

- Assess the findings of the strategic analysis
- **Identify the department's strategic HR issues (Checklist)**
- Identify the ongoing HR issues facing the departments

How to do it

- List out potential HR implications arising from the strategic analysis
- Conduct employee focus groups to probe further
- Conduct interviews to identify ongoing HR issues
- Conduct employee surveys

Step 3: Prioritize Issues and Determine Actions

What to do

- Involve the department's top management team to confirm and prioritize the issues which:
 - Reinforces line management's role
 - Ensures recommendations are actionable
 - Develops management commitment and ownership for HR Strategic Plan implementation

How to do it

- Conduct a top management strategic HR workshop
 - Present findings
 - Prioritize the HR Issues
 - **Develop actions plans to address issues**
- Incorporate feed back and comments



Example: Sales & Marketing Strategic Talent – Action Items

Initiative	Line Management	Human Resources
We need to strengthen the executive talent bench in Sales & Marketing by significantly upgrading our brand management talent by attracting, developing and retaining the right people. Fifty percent of the brand management team is not meeting expectations.	<ol style="list-style-type: none"> 1. VP of Sales & Marketing will initiate the hiring of a Director of Marketing 2. The Director of Marketing will create development plans for Brand Managers targeted to grow top talent into Director positions 3. The leadership team of Sales & Marketing is accountable for measurable progress in workforce development in the next two years 	<ol style="list-style-type: none"> 1. HR works with VP of Marketing to create a recruitment plan 2. HR must develop career growth models for the Brand Managers to accelerate the development of "top talent" into Director positions 3. HR in conjunction with the VP of Marketing must acquire / develop at least one new Brand Manager and exit all "Inconsistent and Poor Performers" in the next 12 months



Step 4: Finalize the HR Strategic Plan

What to do

- **Circulate the HR Strategic Plan** to concerned parties for their final feedback and comments
- Then*
- Communicate the final HR Strategic Plan to top management to get buy-in and approval to proceed

How to do it

- Face to face meetings or follow up conversations
- Incorporate feedback and comments
- Identify KPI's, metrics and measurements for buy-in and line management ownership



Example: Sales & Marketing Strategic Talent – Metrics

Metrics	Description	Goal
Recruitment: External Time-to-Fill	Average number of calendar days taken to fill a position from outside the organization	Director of Marketing is on-board within 90 days of posting the position
Learning and Development: Cost of Payroll	Total costs of learning and development as a percentage of the total department labor costs	Director of Marketing to identify the learning and development program cost for growing Brand Managers within 60 days from date of hire. An appropriate goal will be set upon review of the cost analysis.
Productivity: Human Capital Return on Investment	Rate of return for each dollar invested in employee pay and benefits (based on pre-tax profit)	Increase of 25% productivity in the Sales and Marketing Department over the next 24 months



Step 5: Implement Then Evaluate the Progress of the HR Strategic Plan

What to do

- Implement the HR Strategic Plan through various communication vehicles
- Evaluate progress on set measurements
- Create systems and processes for HR Strategic Plan changes and updates during the life of the plan

How to do it

- Make the communication simple, clear and concise – easy to understand
- Develop a dashboard or scorecard to clearly track progress along the way
- Schedule review / revise sessions with key stakeholders as an ongoing activity



Let's Review

- Top Management commitment and Line Manager's buy in is critical
- Every Initiative in the HR Strategic Plan should be directly linked to the business needs
- Consider timing if your business currently doesn't have a strategic plan





Thank You





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