Strategic HRM Is What Matters – Part II

Last month, we discussed an HRM strategy with strong roots. This month, we discuss the little things that will make your HRM strategy grow. By Naomi Bloom

Last month's column defined strategic human resources management (HRM), discussed what constitutes strategic HRM (processes that improve revenues and profitability), explained that KSAOCs (knowledge, skills, abilities, and other characteristics) are central to strategic HRM processes, and tried valiantly to show some of the interconnections between KSAOCs and strategic HRM. But we saved a key point for this month's column, namely that strategic HRM processes depend to a large extent on the data used and collected during the transaction of administrative HRM processes.

Yes, recording the termination of an employee is clearly administrative record-keeping, but determining, for example, which managers are having disproportionately high turnover is important information for driving the design of supervisory and manager developmental programs. And keeping track of employee eligibility and enrollment in various health and welfare benefit plans is certainly an administrative function, but determining to what extent the design of these same plans is enabling or working against retention of top performers is essential to managing organizational performance. In fact, we can find strategic data connections inside nearly all our humble administrative transactions, and therein lies a very real challenge for comprehensive HRM BPO.

How do we ensure that, even as we're looking for a major cost reduction from comprehensive HRM BPO, we don't achieve that cost reduction at the much larger cost of having reduced capabilities to deliver what really matters via strategic HRM? For example, if we've never defined our positions well, relying instead on convoluted job codes, our HRM BPO provider may let us continue down this path rather than push for a transformation that will delay migration to their platform and, therefore, delay the start of their revenue stream. But not having detailed position definitions that include the relevant KSAOCs hobbles our ability to have proactive, role-based self service at a useful level of detail. It hobbles our ability to use those positions in KSAOC-based staffing or performance-based processes. Without well-defined positions, how do you do succession planning or design development programs? While we might have moved faster to outsourcing without bothering about those pesky positions, we certainly won't be able to do any type of analytics on position-based retention questions.

Another good example, and one that is so familiar as to lull us into a false sense of security, is managing headcount. It's on the backs of such administrative transactions as hires, terminations, promotions, and transfers that headcount reports are made. But what's really important about headcount management is to understand what KSAOCs are coming and going through the organization. Are we losing critical KSAOCs at twice the rate at which we're replacing them? Are the confirmed deadwood staying, even as our best and brightest walk out the door? Are offers made but not yet accepted—turning into offers never accepted for reasons that could be avoided? And why are some managers' staff self-identifying for every posted opportunity? Is it a rush to get away from said managers or is it that those managers are encouraging career development at their own expense? The answer to these questions depends on having the data surrounding those administrative transactions designed to support these more strategic questions.

When we owned the entire HRM delivery system, we only had to negotiate with ourselves when we realized that we had failed to design the initial data, processes, and transactions to serve more than an administrative purpose. But when we have outsourced a good chunk of that HRM delivery system, we have to negotiate with our outsourcing provider to redo those early data, process, and transaction designs in order to achieve our HRM business outcomes. Of course, if we never defined those business outcomes in the first place, or if we failed to link those outcomes to the needed HRM delivery system capabilities, then we don't even know what strategic HRM processes are needed, let alone by what metrics we would measure their delivery.

The bottom line is that you must anticipate your strategic HRM needs even as you're negotiating your first phase of comprehensive HRM BPO—because redoing the data, process, and transaction design after you have migrated to the provider's platform is going to cost you. Or, even worse, you'll discover that the provider's platform runs out of steam before getting to the strategic HRM processes when you're ready to consider them. **HRO**

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