

# The need for strategic HR

by Kathy Albarado



Photo by Susan Rook, courtesy Helios HR

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**W**hat is HR? In December 2005, *Fast Company* magazine ran an article entitled "Why We Hate HR." It explained the perception of HR as the "policy police" — a practice that was so compliance focused it failed to contribute strategic guidance and vision to the organization it supported.

For years human resources departments have struggled to be viewed in the same light as other key contributing operational functions such as sales or finance.

Jack Welch, former CEO of General Electric, once said,

"HR should be every company's 'killer app.'" What could possibly be more important than who gets hired, developed, promoted or moved out the door?

We'd like to think that all entrepreneurs, CEOs, board members and executive directors are "enlightened" in their approach to investing in their organizations' employees. After all, who can grow their professional services firm without an investment in the employees it serves?

Although we'd like to believe all organizational leadership inherently "gets it," many struggle with understanding what HR is and how an intentional focus on HR development will positively impact their organizations.

In today's tight labor market it becomes increasingly important to develop a strategic approach to hiring, retaining and engaging a targeted work force. So how do we leverage HR in doing so?

I encourage you to unleash the strategic impact of HR in your organization. You can take the first step by being intentional about the culture you are building, and ensuring you hire to that culture.

As you develop your organizational culture, make sure you communicate the nuances and expectations of the operating principles of your company's culture with employees and potential employment candidates alike. The Conference Board, a business research group in New York, conducted a recent study indicating that the top reasons for turnover include

performance expectations and operating principles that are not well defined.

We've had several clients who claim to hire for skills and fire for a lack of fit. It is better to ensure you "hire for fit" and develop standard operating principles for hiring new employees. Also be sure to leverage HR by identifying and developing your high-potential employees (HIPOs). According to a survey conducted by the Corporate Leadership Council, a Washington, D.C.-based human resources research and services group, 75 percent of companies worldwide are not confident in their ability to effectively staff leadership positions over the next five years.

Companies that identify and develop HIPOs are showing dramatic shareholder returns. According to a survey of large U.S. companies by Hewitt Associates, a HR services firm in Lincolnshire, Ill., companies that use a structured approach to identify high potential employees perform in the 75<sup>th</sup> percentile or higher on total shareholder return. The heightened results and shareholder returns increase even more when these organizations go on to formally develop and track the performance of their high-potential employees.

By embracing HR as a strategic component of your organizational culture and taking the initiative to integrate these suggestions into that culture, you will be better positioned to be a leader in your industry and to attract, retain and engage a stronger work force. **VB**