

# Strategic Human Resources Management

By Michael W. Roberts



## **Companies can be created from just two things: cash and people.**

I often meet business leaders who find the Human Resources function mildly bewildering: a collection of scattered administrative activities focused solely on compliance, without any overarching strategy or purpose. And recruiting, which always takes too long. This reputation is unfortunate. It doesn't have to be this way.

What usually surprises these leaders is that, correctly aligned, HR is uniquely able to drive their company's success. In fact, people are the *sine qua non* of a company's success. That's why we think companies should take a strategic approach to managing their people, which means aligning Human Resources activities and initiatives to the people management elements of the Human Resources Mosaic.

We think of it as a mosaic because on their own HR practices and policies and programs often do seem disjointed and disconnected. But when aligned and positioned correctly, they picture they reveal is of a coordinated focus on successfully managing people to drive growth and success.



## **The Human Resources Mosaic**

There are five key people management elements that comprise the Human Resources Mosaic. Aligning HR activity with these elements ensures that they're supporting the goals of the company. Further, these elements are mutually reinforcing, meaning they support one another to provide a comprehensive platform for managing employees.

### **1. Establishing the Foundation & Guardrails**

The employment foundation starts with an employment contract. It sets the fundamental rules governing the relationship consistent with local regulations and legislation. At a minimum, the contract should ensure compliance, protect company assets (including intellectual property), and establish a method of ending the contract.

The contract is set in the broader context of the legislation and regulations governing employment. The company must comply with these regulations, which often specify rules that must not be broken. Often these are negative duties, the requirement to not do things. As such, they should be thought of as guardrails or boundaries to avoid in pursuit of company goals.

For both of the above, companies need a strong legal partner to help develop an appropriate contract and to keep the company up to date on legislative and jurisprudence developments. The HR function owns and administrates the contracts, but they need a great partner to do it effectively.

Finally, companies will develop their own internal rules that everyone must recognize and uphold. These are usually captured in internal policies, which are most effective when focused on providing guidance for your best employees.

It's critical to remember that there's actually very little value created by maintaining compliance, but plenty of negative value that will result if you neglect to. Thus, the focus must be on developing simple and sustainable practices and policies that ensure compliance with a minimum of everyone's effort and time. Simplify and Standardize is the motto of this element.

### **2. Getting Everyone Engaged**

If compliance is boundaries to avoid, culture is the set of usually unwritten rules and behaviors that everyone embraces in creating success. Culture is the entire company.

An engaging culture is the result the relationships among employees and the company, the amorphous shared understanding of what it's like to work at a company and what it means to contribute to success. It's the entire experience of working at the company.

It's a company's Vision, Mission, and Values; it's how daily problems get surfaced and solved. It's how everyone communicates with respect to be understood. It's the

inspiration of a market-leading product or service; it's listening and responding to employees as a group. It's being a member of a winning team.

Company culture and strong employee engagement don't just happen. Careful attention will make sure a company's habits, practices, communications, and reputation are all aligned, consistent, and supportive of the company's purpose. That's a company everyone loves working for.

### **3. Managing People to High Performance**

Managing people effectively means giving each individual guidance, direction, and feedback in their role. Everyone needs a firm understanding of the goals they need to accomplish each day, each week, and each quarter and how well they're doing. Managing people also means managing their development and career progression. Your best candidates for open roles will be the people already succeeding with you. Make sure they stay with you by helping them grow.

Managers should seek the sweet spot between micro-managing their employees (which employees find annoying and too time consuming) and simply letting them figure it out on their own (which is too risky). Exemplary people management brings out your best performers and rewards them with the career of their dreams.

### **4. Rewarding People for Success**

Great employees join and stay with companies that have competitive compensation, including salaries, incentives, benefits, vacations, perquisites, and pensions. But what's competitive will change based on the size of the company, its industry, and its growth trajectory. And one size definitely doesn't fit all.

A robust system of job families and salary levels allows you to successfully benchmark competitive salaries for your industry and region, but also allows employees to understand where they currently are and where their careers can take them. Reviewing compensation on a regular basis is critical to ensuring competitiveness.

Getting compensation right allows a company to manage its largest expense while paying competitive rates. Getting it right early allows a company to grow thoughtfully, without skewing existing salaries or titles, discouraging those already on the team.

### **5. Competing for Talent**

Perhaps surprisingly, we think of this as the last element of the HR Mosaic, because recruiting is really about selling candidates on the company you have created. A strong employer brand tells them why they should work for you. Without all the other elements of the mosaic, you have only promises to attract great people.

But when everything is in place, recruiting great employees becomes easier and faster. The fundamentals of the employment relationship are easily understood, the money is competitive, managers bring out the best in people, and employees are engaged.

Properly focused, recruiting is the synthesis of the company's needs, the company's appeal to outside candidates, and the quick sagacity to recognize those few who will thrive in its culture.

## **The Employment Journey**

Another way to think of HR activities is in the way that they align with the experience of joining and working for a company, the employment journey.

It's the employer brand and reputation which attracts candidates and a streamlined recruiting process which quickly identifies the best ones to hire. Once identified, the employment contract is developed and an offer of employment is made. Competitive compensation practices provide the levels of compensation necessary to land high quality people. Once hired, orientation familiarizes the new employee with the basics of the workplace and on-boarding introduces the employee to the company's culture. The daily habits and people practices provide real world examples of company culture.

The performance review process sets the goals for the year and the development plan outlines any skill development needed for current and future roles. Periodic check-ins ensure things are on track and that problems are getting identified and solved, successes are getting recognized and celebrated. At the beginning of the next fiscal year, the process winds up, feeds into the annual compensation review cycle and starts again for the new year.

When employment comes to an end, after many successful and rewarding years it is hoped, we come full circle to the employment contract which outlines how the relationship will end and reminds of each party at their ongoing obligations after the relationship is over.

No matter how you look at it, we think all HR activity should be in service of one or more of the five elements of the HR Mosaic, and focused on helping managers and employees achieve their goals. Keeping activity focused this way makes sure that time and energy is spent on activities aligned with company goals and purpose, and creates an engaging and productive culture for your company.

Every company deserves an engaged workplace, and every employee should love their job. Contact us to see how we can help you lead a company of high performers.

**Only people can implement your vision, maximize your investment,  
and drive your business forward.**

**Only people can grow your business.**



*Michael W. Roberts is the Founder and Chief Strategist of groHR Consulting, Inc.*