

# **Welcome to Session 238**

**Business, Metrics, and HR Strategy — An Integrated Approach**

**Christina Schlachter**  
**Integrated Operations and Quality**  
**Hewitt Associates**



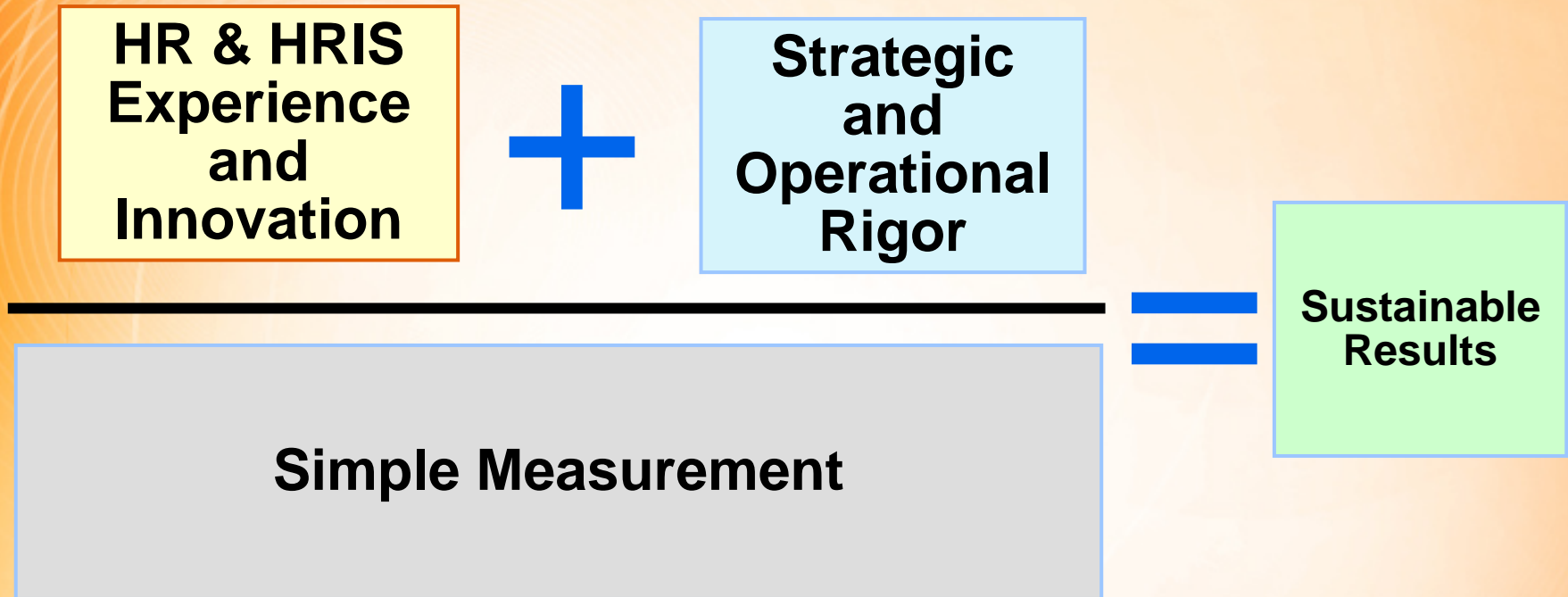
# Christina Schlachter

- 14 years of Financial, Human Resources, and Quality experience with global service and manufacturing organizations including General Electric, Hewlett Packard, BP, and Amgen.
- Six Sigma Master Black Belt; Lean Six Sigma Champion.
- Currently head of Hewitt Associate's Six Sigma program.
- PhD candidate in Human and Organizational Development.

# Why discuss Business, Metrics, and HR Strategy — An Integrated Approach?

- Business Integration:
  - A Human Resource strategy should not be separate from the business.
  - HR “owns” the rules and tools; the business shares ownership of the results.
- Metrics:
  - The saying is still true: If you can not measure it, you can not improve it.
  - Even in forward thinking organizations, integrating credible “people” metrics with business is not always inclusive.
- It is the next logical step for most HR organizations.
  - A must have with any technology integration and HR “right-sizing”/outsourcing.
  - Integration is not an initiation or a program, it needs to be part of the day to day, and year to year process within our companies.

# The Key to Business, Metrics, and HR Strategy Integration.

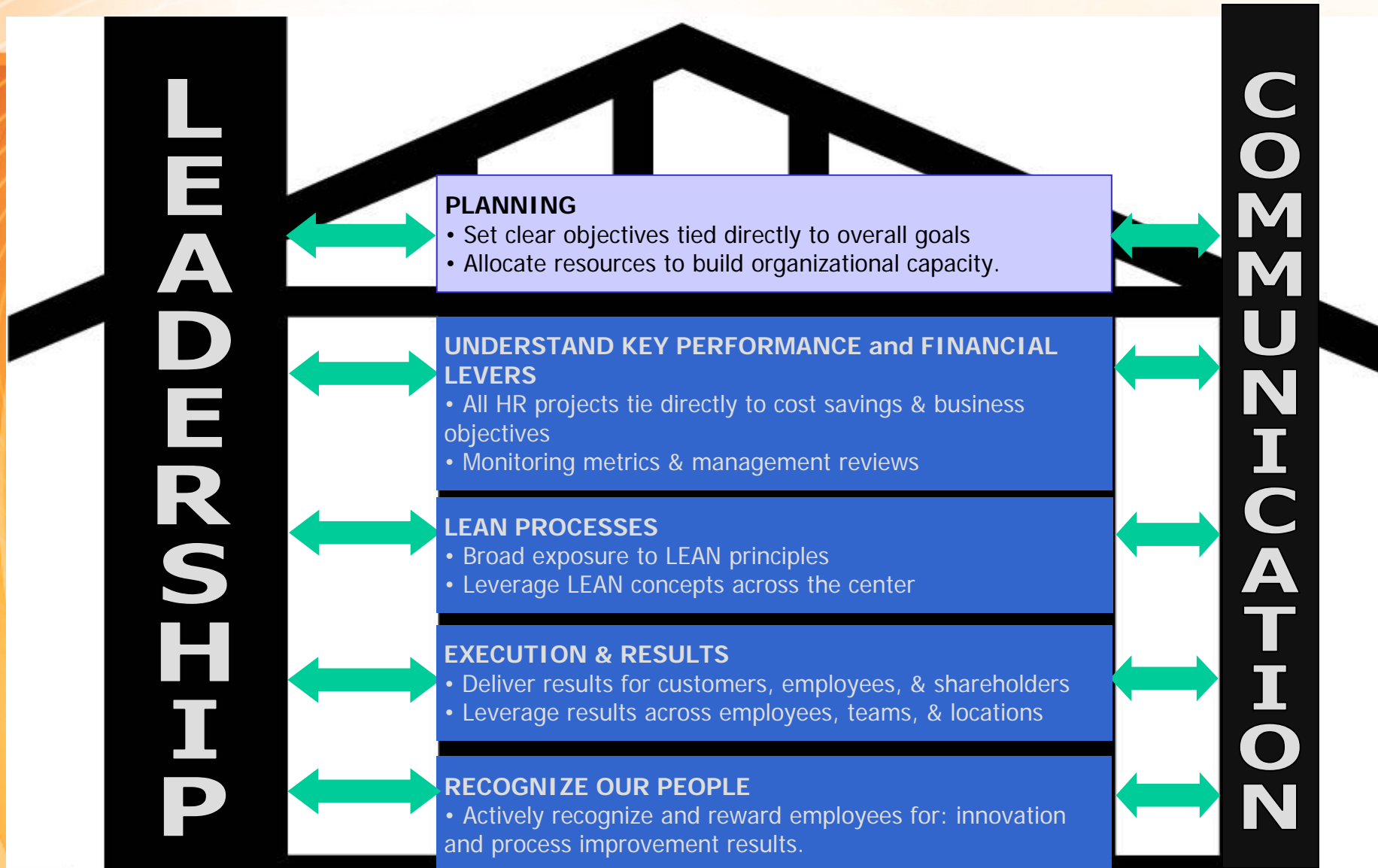


*A French peasant's saying holds true in business:  
Making good wine is simple but not easy.*

# An Integrated Model



# An Integrated Model



# Planning: A look at traditional HR strategy.

How many of these sound familiar?

1. To be successful we need to ensure that we *recruit and retain the very best talent...*
2. *Ensure that our staff receive appropriate reward and recognition...* Deliver a pay and reward strategy to drive up performance.
3. *Improve work life balance*
4. *Develop leadership capacity* – empowering managers to lead for change.
5. *Develop workforce capacity* – empowering employees to improve services.

# Why move to an integrated strategy?

- An integrated strategy facilitates performance improvement and reporting through the development of meaningful performance measures.
  - This is beyond “SMART” goals – we are talking operating income and overall improvement in shareholder and customer value.
    - It supports the achievement of business performance by promoting initiatives to attract and retain an engaged, sustainable, and competent workforce;
    - It informs the development of business cases to justify resources identified through current and future HR needs analysis.

An integrated strategy belongs to the business, not HR.

# Planning: Set Objectives

Employee Y's

Customer Y's

Shareholder Y's

The *Big Y* a core objective everyone can rally around. It should simply answer, *why* do we come to work everyday?

X's

X's

X's

The X's are how we will move the Big Y. What do we have to focus in on to make the *key* objective move in the right direction?

# Planning: Set Objectives - Example

## Employee Y's

Big Y...Such a great place to work, no one wants to leave.

## Customer Y's

Big Y...Partnership and quality: Provider of choice

## Shareholder Y's

Big Y.. Profitable Growth

### X's

*Walking the Talk* from leaders

Retain experienced  
Hires

Invest/ expand  
training for associates

Ensure career  
progression for all  
roles, not just through  
promotion.

### X's

Consistent technology  
infrastructure

Consistent testing

Solicit feedback

Wow! our customers

Proactively engage clients

### X's

Improve the RFP process  
to close the sales  
opportunity.

Ensure change orders  
maintain profitability.

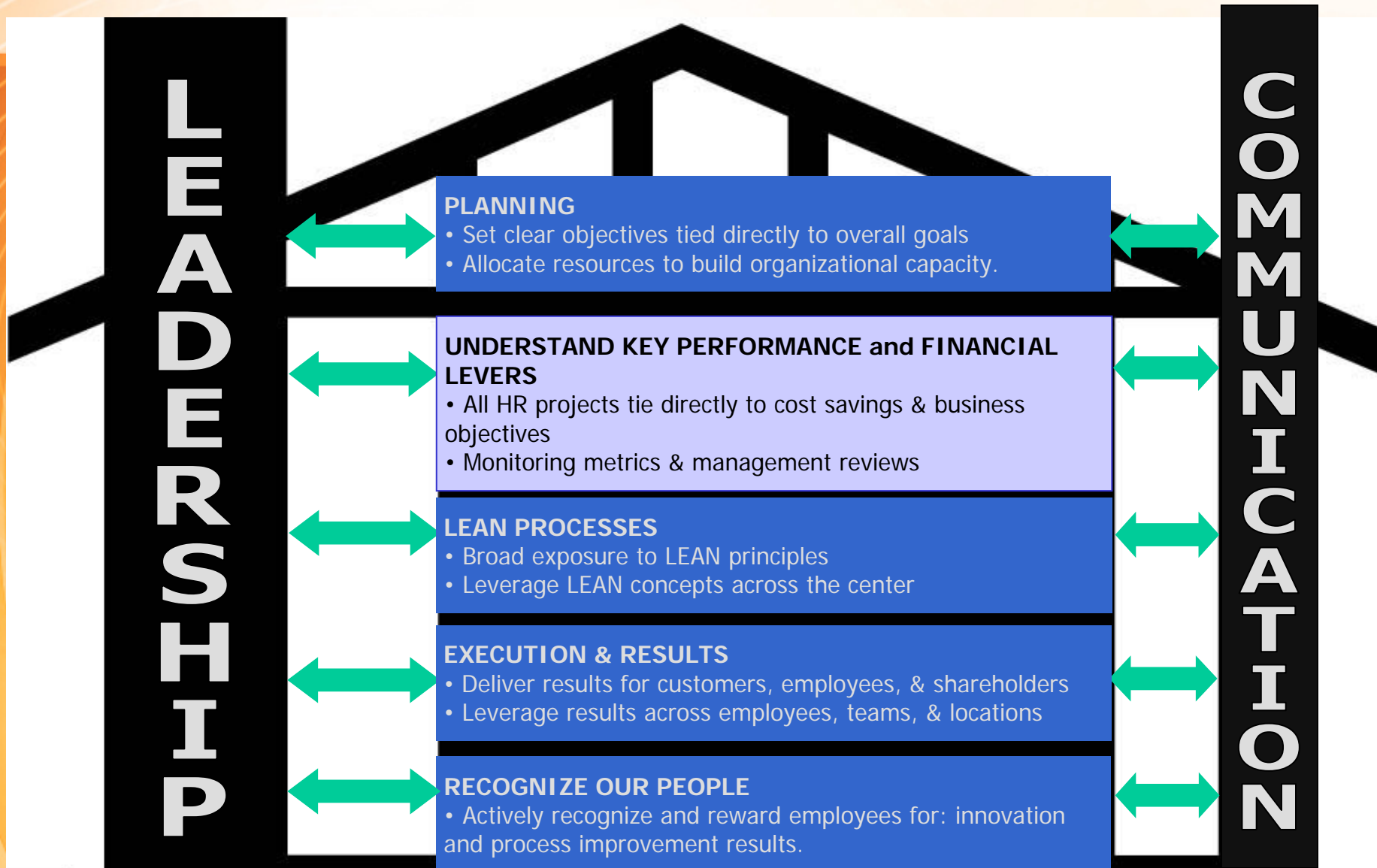
Deliver for the right  
clients.

# Planning: Allocate Resources to Build Organizational Capability.

*Point of view the HR team must bring to the table:*



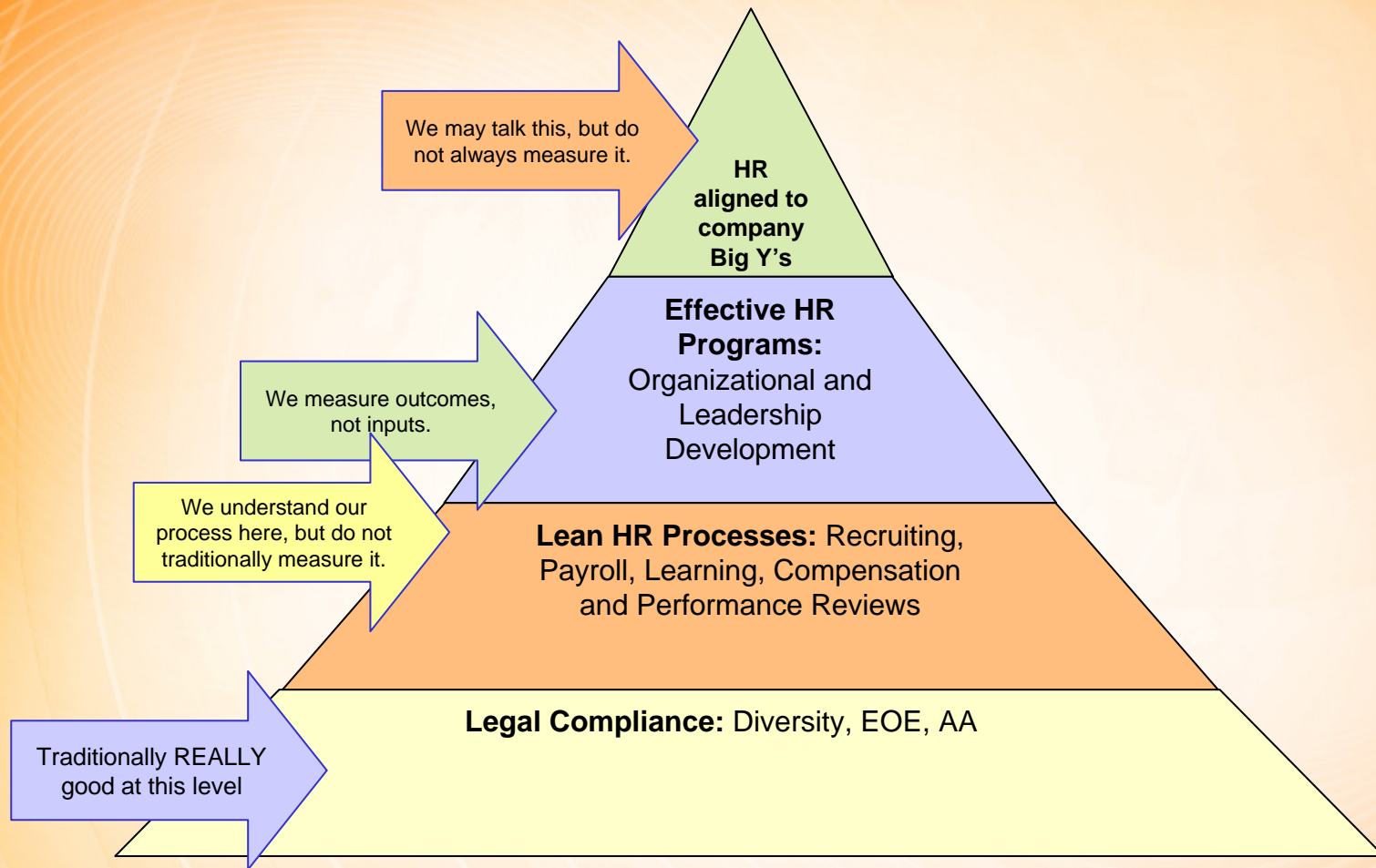
# An Integrated Model



# **Not all that counts can be counted; Not all that can be counted, counts.**

- We are not trying to define all the metrics that could determine success, but articulating and gaining agreement on the vital few metrics can be your most challenging task in the integration process.
- A few questions to ask your business partners:
  - What are the three things they need from the HR team?
  - What part of the process do they own?
  - During implementations and initiatives, remember you can have it good, fast, or cheap: pick any two.

# Understanding Key Performance Indicators: Four key factors.



# Understand How We're Doing

## Ensuring HR is aligned to company Big Y's

### Measurable Critical to Quality Elements

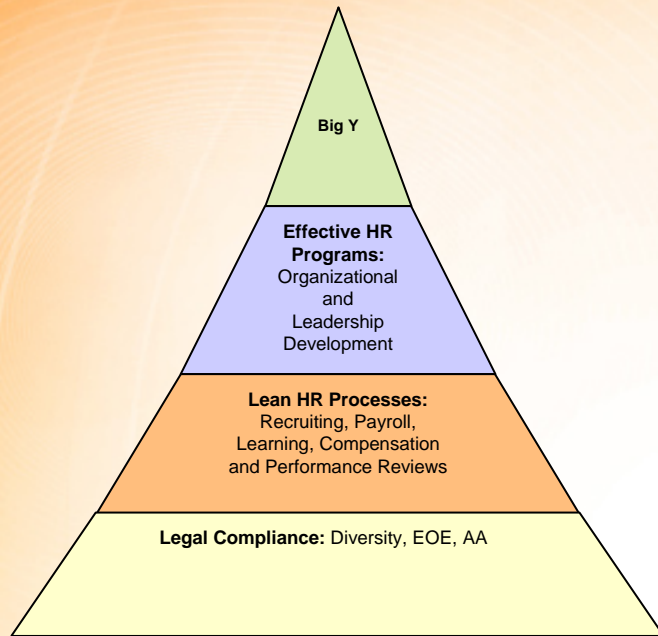
1. **Consistent Quality**
  - Our clients can depend on us to give us the right result/answer from everyone, every time.
  - Give me the “one-click” tools to use to answer the questions myself when appropriate.
2. **Partnership**
  - Our clients want us to work with them to propose solutions with actionable results in recruiting, organizational development, and leadership.
3. **Help Clients Measure and Articulate Value**
  - Ensure everything we do and recommended has measurable and actionable results.
    - Show me you can do better than I can do on my own.

### Harder to Measure Critical to Quality Elements

- HR knows me & our full relationship.
- Innovator... cares about me, makes life better.
- Sustainability... will be around, regardless of who is my “HR person”
- Integrity.

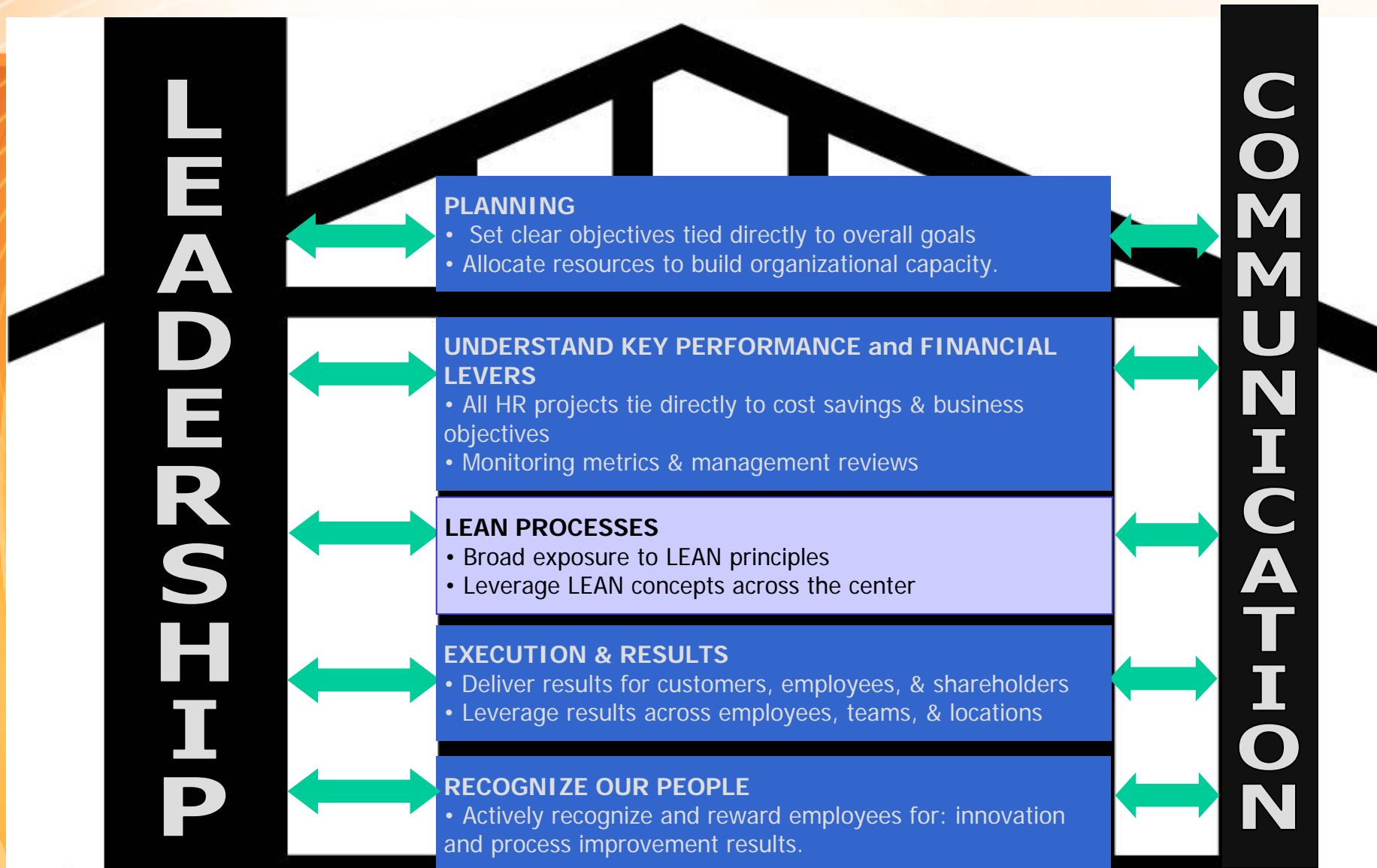
We need to ask our clients what they want. Too often we just “know what is right for them”.

# Weekly HR Scorecard



- When developing your scorecard, look at the inputs, not the outputs.
- We often try to measure the “Big Y” – when what we really need to identify what goes into the Big Y and what levers we need to pull to make the change we want to see.

# An Integrated Model



# Lean Principles

- Specify value in the eyes of the customer (our internal business partners).
- Identify value stream; eliminate waste and variation
- Make value flow at pull of the customer
- Involve, align & empower employees
- Continuously improve knowledge in pursuit of perfection

# Lean Processes: Integrating Quality and Lean

## Lean

Speed + Waste Elimination

- **Goal** – Reduce waste and increase process speed
- **Focus** – Bias for action
- **Method** – Kaizen events, Value Stream Mapping

## Six Sigma/Process Improvement

Quality + Cost

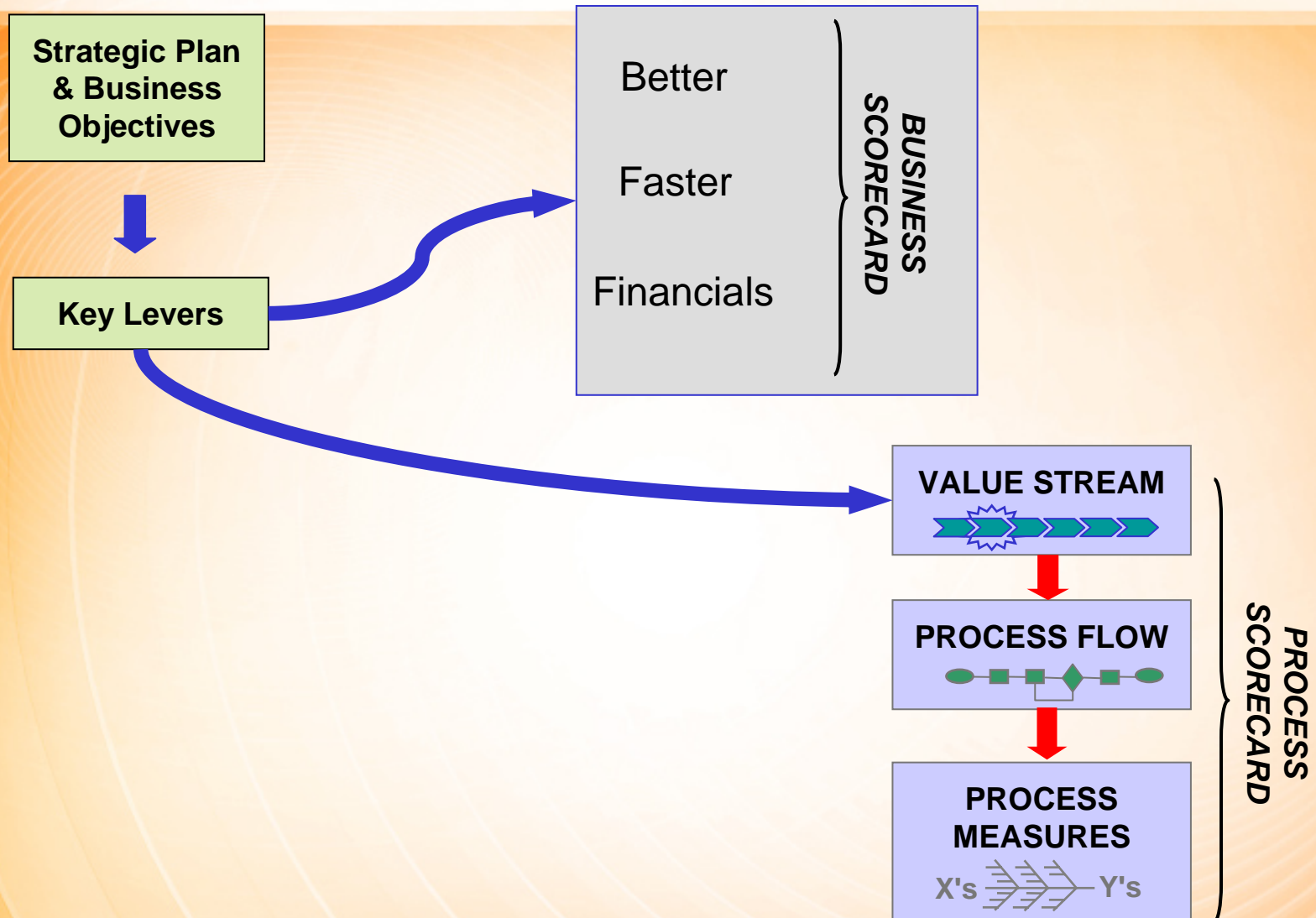
- **Goal** – Improve performance to customer's expectations
- **Focus** – Eliminate variation
- **Method** – Management engagement, Dedicated Champions and Black Belts

Faster Cycles of  
Production / Delivery



Fewer Defects Means Less  
Work Spent on Rework

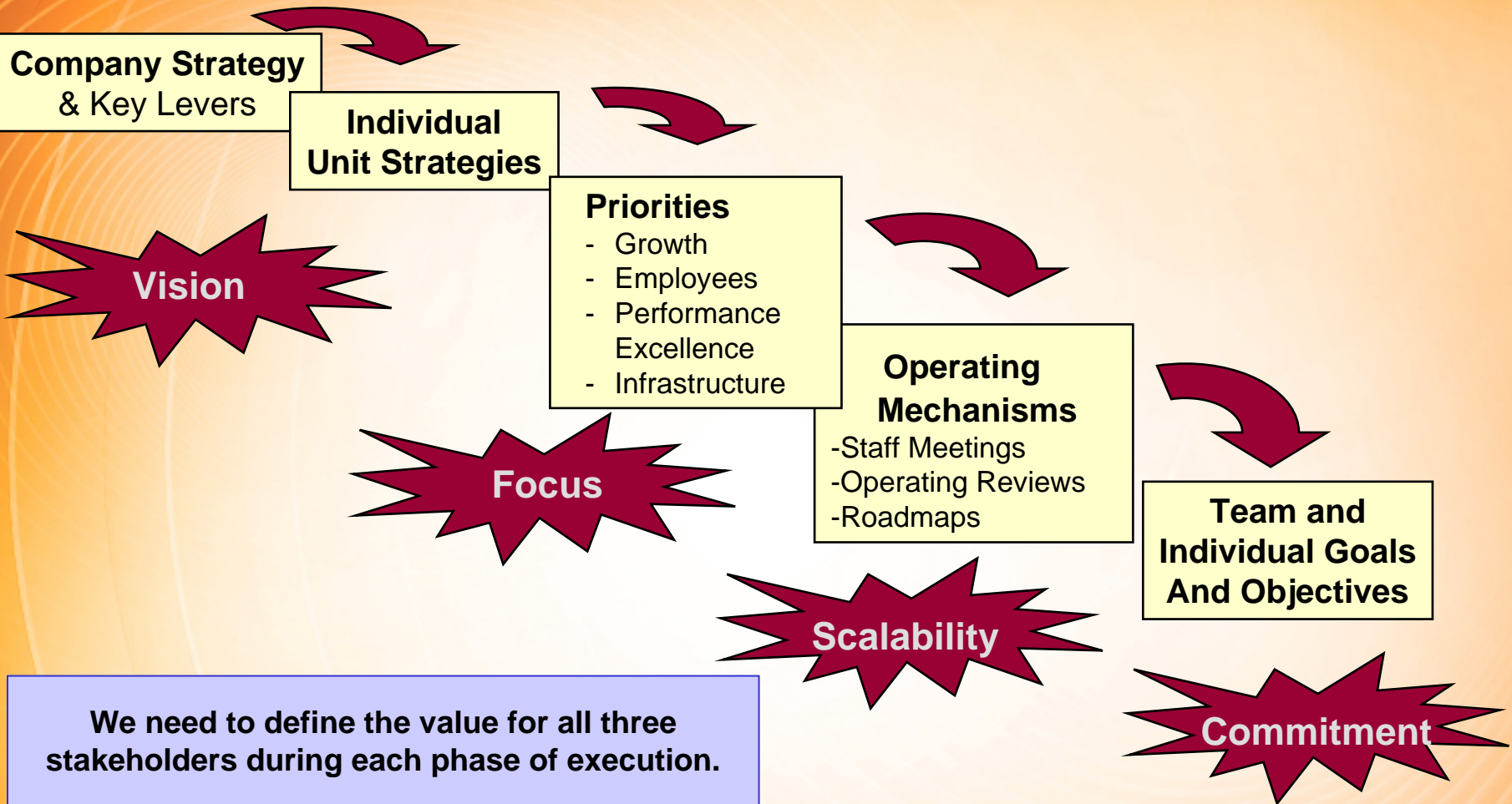
# Lean Process Measurement



# An Integrated Model



# Execution and Results

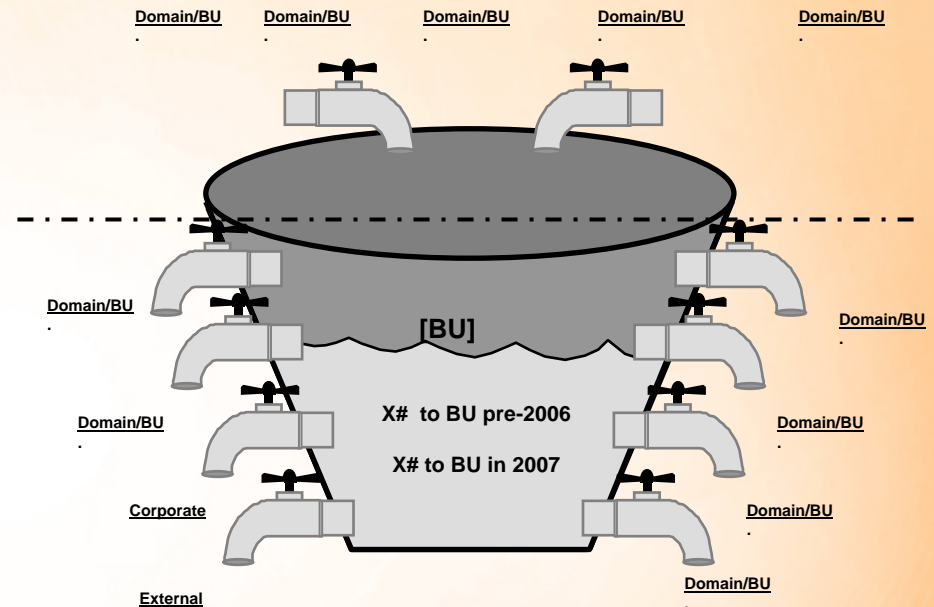


# Execution: Leveraging People

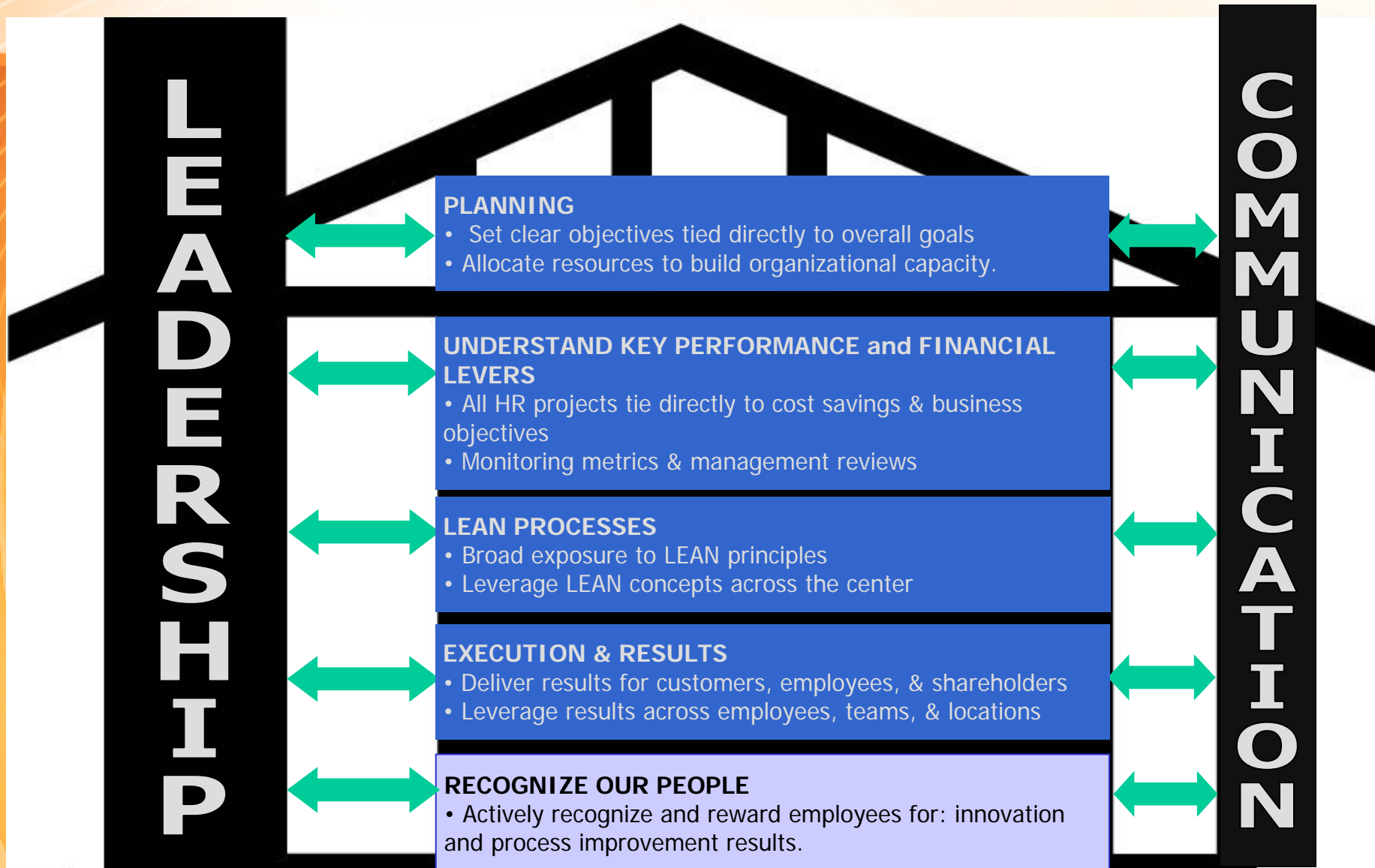
- How often are your best people laterally promoted and leveraged throughout the organization?
- How often are your “Steady Eddy’s” moved around?
- Do you do this at all levels in the organization?

# HR Operating Review Components

- In addition to reviewing the metrics, HR should bring to the table a monthly/quarterly talent review.
  - Include: education, experience, next position, and stretch position.
  - Where is talent moving, and why.
- These components help demonstrate and articulate value (a CTQ).



# An Integrated Model



# Recognize our People

*Where do you recognize your people?*

**Proactive  
Initiatives  
...Business  
Improvements**

**Day to Day Stuff**

**Stuff Happens  
Reactive,  
Firefighting**

# Recognizing our People

- More than a performance management system, although that is a start.
- Do all employees have a scorecard?
- Do employees know how their individual work rolls up into the organization's scorecard?
- Do leaders have line of sight back to individuals, and are you rewarding individuals based on these measures.

Biggest mistake a company can make is to reward behavior that is not measured.

# Final Thoughts

- There is an almost an infinite choice of HR metrics, the vast majority of which are meaningless outside the HR function but easy to report.
- Many of the components in an integrated system may already be in use at your organization, the trick is to pull it together to show how all the pieces fit together rather than them being seen as one-off objectives or programs.
- A truly integrated approach uses knowledge-based metrics that are meaningful to the business.

# Questions

**For more information on this topic**

**Go to [www.ihrim.org](http://www.ihrim.org)**

**The IHRIM Learning Center**

**<http://www.ihrim.org/resources/LCindex.asp>**

**IHRIM Publications**

**<http://www.ihrim.org/pubonline/index.asp>**

**IHRIM needs your feedback!  
Please complete a session  
evaluation for**

**Session 238**

**Business, Metrics, and HR Strategy —  
An Integrated Approach**

**Christina Schlachter  
Integrated Operations and Quality  
Hewitt Associates**

***Thank you!***

