

the HR business plan

A Road Map to Talent Management

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Business plans are vital to the success of any business. They provide a road map to the future, as well as the resources and key action steps needed to optimize growth and the opportunities and threats that the business might face. Like every department in a successful organization, HR teams should have a formal business plan aligned with the company's overall plan.

As the role of human resources becomes more directly linked to a company's performance through the concept of talent management, it is critical that human resources develops a plan for its services and their delivery. Human resources should be creating,

QUICK LOOK

- A good business plan positions human resources as a strategic business partner within the company.
- The first step in creating a strategic business plan is to make sure HR professionals have the broadest possible perspective.
- A business plan must include an assessment of where it is today and where it wants to go.



implementing and directing the talent management process of recruiting, managing, assessing, developing and maintaining the companies' workforce.

A good business plan positions human resources as a strategic business partner within the company. It also demonstrates human resources' capabilities and its integral involvement in, and influence on, the company's overall success. It provides solid direction by setting out measurable goals. However, most importantly, it enhances the perception of human resources within an organization, helping others to view the department in a leadership position.

contribution is a written HR business plan that delineates how the services the department provides support the company's overall strategic plan.

To Start, Step Back

The first step in creating a strategic business plan is to make sure HR professionals have the broadest possible perspective. Become knowledgeable about the industry, the HR function and the marketplace. Understand the company as a whole: read financial reports (or learn to read them). Define the customers of the HR department—the C-suite, the employees, the managers and supervisors

their goals and what role you can play in supporting those goals.

After your meetings and information-gathering efforts, you should be able to answer the following questions:

- What talent do we need in terms of knowledge, skills and abilities?
- How can we attract the talent?
- How can we grow and develop the talent we have now?
- How can we retain that talent?
- How do we measure the performance of our workforce?
- How do we reward our workforce?

Not only should the information-gathering process relate to the internal

HR professionals must understand their role as a strategic business partner.

They should be aware of how human resources can affect profits, earnings and growth and be prepared to implement business strategies.

In a 2006 survey by *CFO Magazine*, 43 percent of chief financial officers (CFOs) responded that human-capital management is the most important factor in the success of their businesses. Another 48 percent said it was one of the two or three most important factors. HR professionals must understand their role as a strategic business partner. They should be aware of how human resources can affect profits, earnings and growth and be prepared to implement business strategies, as well as positively and directly influence employee performance. The foundation for this crucial

and prospective employees. Now HR professionals can gather data to understand the customers' perspectives.

HR professionals should start by acquainting themselves with as many internal customers of human resources as possible; ask them about the services and timeliness of HR delivery. Consider conducting a survey through an easy-to-use service, Survey Monkey for example, asking employees, managers and senior management what they think are critical services the HR department can provide. Conduct focus groups and meet with senior managers and other people of influence to understand

aspects of the company, but HR professionals need to consider the marketplace as a whole. It is important that they have a comprehensive understanding of external factors, such as politics, economics, the labor force and technology impacting your company and its industry. Take time to conduct a situation analysis, evaluating the strengths, weaknesses, opportunities and threats facing the company. In the end, there should be an environment and organization profile that addresses business strategy and organizational capabilities.

HR professionals should be able to answer the following questions about

their company, competitors and the general marketplace.

- What are the company's short- and long-term goals?
- What are the company's mission and core values?
- What is the corporate strategy?
- Who are the stakeholders, and what is their influence?
- What best describes the organization's general business strategy?
- Where are you in the business lifecycle?

metrics are developed around all the key functional areas that fall under the responsibility of the HR department, training and development, compensation, benefits, performance management, employee relations, leaves of absences and workers' compensation, to name a few.

The Business Plan

Now HR professionals are ready to formulate their business plan. It should

1. Executive Summary

Start with a one- to two-page executive summary. Keep in mind that this may be the only piece that senior management reads in detail, so make it powerful and to the point. While the executive summary begins the document, it is usually the last thing that is written.

2. The Marketplace Environment

This is where HR professionals want to demonstrate their understanding

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- What are the company's competitive advantages and vulnerabilities?
 - What are the key business objectives and strategic drivers?
- Finally, HR professionals should establish their own "numbers," because top executives such as the CEO and CFO are used to communicating via numbers. Develop key HR metrics that will be reported monthly or quarterly to senior management. Ensure the metrics are evaluated for variances, so that HR professionals can track success and enact plans for improvement. These metrics should include activity around recruitment and selection, such as time and cost needed to fill a position, sources that result in high performers, etc. Make sure

include an assessment of where human resources is today and where it wants to go, which should be consistent with the company's overall strategy. The plan's ultimate purpose is to close the gap between where human resources is and where it wants to be. The needed resources—such as technology, people, tools and money—must be detailed to move forward and help drive the organization's strategic goals.

Components of the HR Business Plan

1. Executive summary
2. The marketplace environment
3. Company overview
4. HR department overview
5. HR department strategic goals.

of the marketplace including politics, economics, the labor force and technology impacting your company and its industry. The HR business plan and the initiatives that you outline should be a result of the impact the marketplace has on your company and the strategic directive of the company.

3. Company Overview

The company overview should be at a high level, but should include enough detail to demonstrate that you understand the company culture, mission and strategy and have developed your HR business plan in keeping with the larger organizational goals.

In the company overview you also want to include a review of the

company's human capital. Provide a written and statistical overview of the workforce. List key facts such as:

- The number of employees
- The average number of years employed
- The number of employees in each management level
- How many employees are high performing

Here is also where you present your departmental performance numbers. HR metrics are important for you and others to measure and track the success of the HR department.

5. HR Department Strategic Goals

In this final part of the business plan, establish goals for the HR department for

are much more likely to provide support for the plan if it is clearly linked to the overall organization's strategic goals.

Make the plan part of human resources' day-to-day activities. It can help keep human resources on track and help it meet its goals all year long. Remember to learn from failures and celebrate successes. And remember, after

Provide an overview of the HR department, including a list of who's who as well as services provided and the results of any HR delivery survey and focus groups you have conducted.

• How many employees in managerial roles will be retiring in the coming 12-month period, five-year period, etc. Discuss the organization's talent management situation. Who do you have in place now, and what knowledge, skills and abilities do you need in the future? Chart the ways you currently attract and retain critical talent and what programs are needed to increase your success in this area.

4. HR Department Overview

Provide an overview of the HR department, including a list of who's who as well as services provided and the results of any HR delivery survey and focus groups you have conducted. Discuss the education, training, experience and area of focus for each HR staff member. You should also include the percent of time each HR staff member spends in key activities and the dollars associated with those activities.


2008 and beyond. These might include:

- The acquisition of HR technology solutions, such as applicant tracking systems
- A plan to reduce the time required to fill a position
- A plan to increase the number of training programs offered to employees
- The rollout of a comprehensive total rewards program.

Use the SMART concept (specific, measurable, attainable, results-oriented and time-related) when setting goals for the department. All of these must clearly support the company's long- and short-term goals. By aligning each of the HR department's goals to those of the firm, it demonstrates the integral value of the department's contributions to the company.

Wrapping It Up

Once the plan is in place, share it with senior management. Their buy-in is critical to the success of the plan, and they

creating the first one, writing business plans in future years will seem easy. 

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