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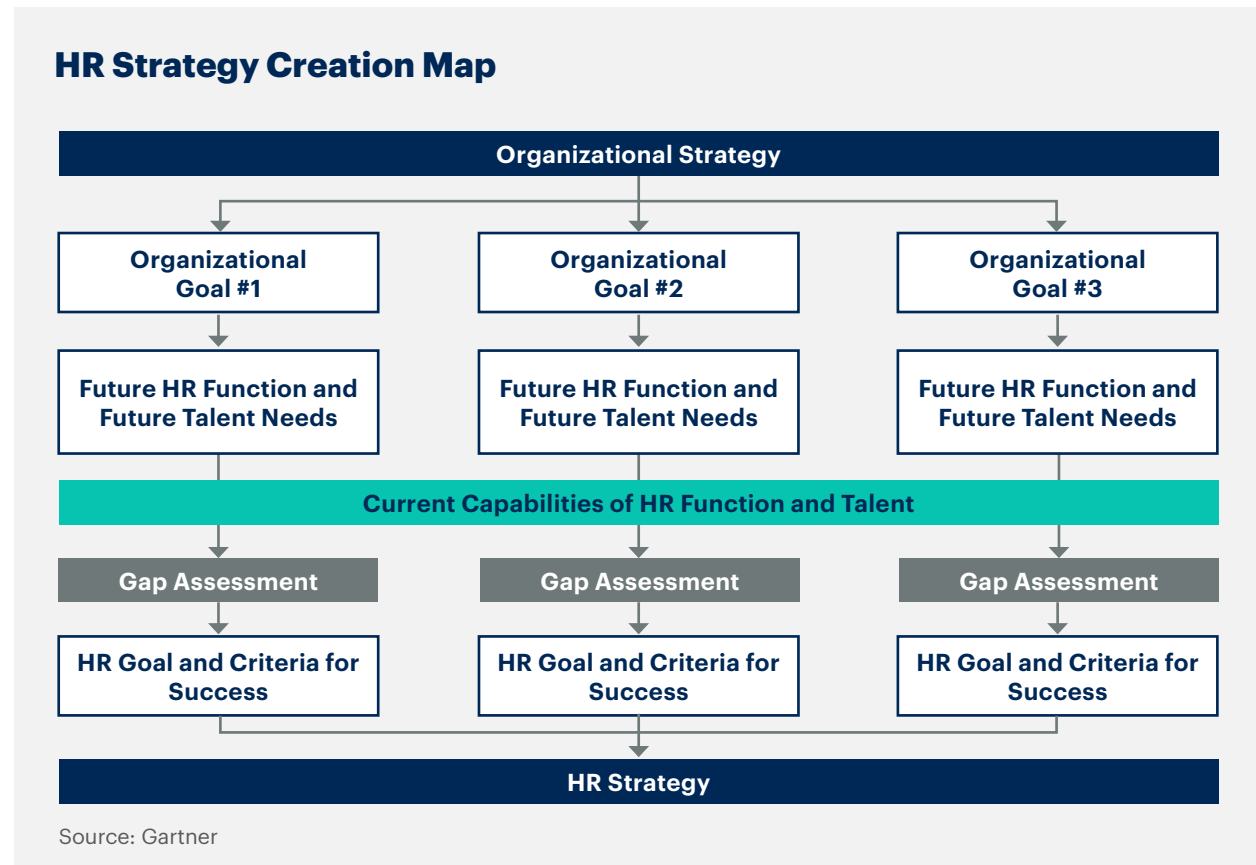
# 5 Steps to Building an HR Strategy



# HR Strategy Creation Map

Only 32% of HR leaders state that their HR strategic planning process is fully integrated with the business' planning process. The planning process should include the following five steps:

- 1 Understand your organization's strategy and goals.
- 2 Identify capabilities and skills for the future.
- 3 Evaluate current capabilities and skills.
- 4 Develop HR goals and criteria for success.
- 5 Communicate your HR strategy.



# 1 Understand Organization's Strategy and Goals

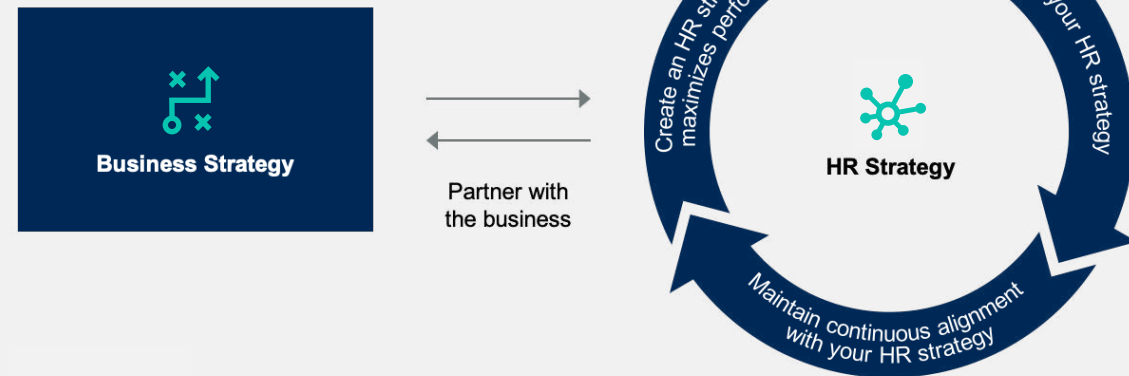
The first step to building an HR strategy is to understand your organization's mission, strategy and business goals.

Alignment between HR strategy and the organization's mission, strategy and business goals not only ensures that the HR function drives to desired business results but also provides a clear business case for HR initiatives down the road. HR leaders should work with senior business leaders to verify what business priorities mean for the HR function.

## Tips to align HR strategy with business priorities:

- Routinely meet with the CEO one-on-one in either a formal or informal setting to discuss their priorities and current strategy.
- Partner with the CFO by routinely reviewing financial updates and profit-and-loss statements, participating in regular business reviews, and discussing financial priorities and initiatives.
- Review quarterly market analysis reports and routinely discuss market research findings and their impact on business priorities with the organization's functional leaders.

## Relationship Between Business and HR Strategy



Source: Gartner

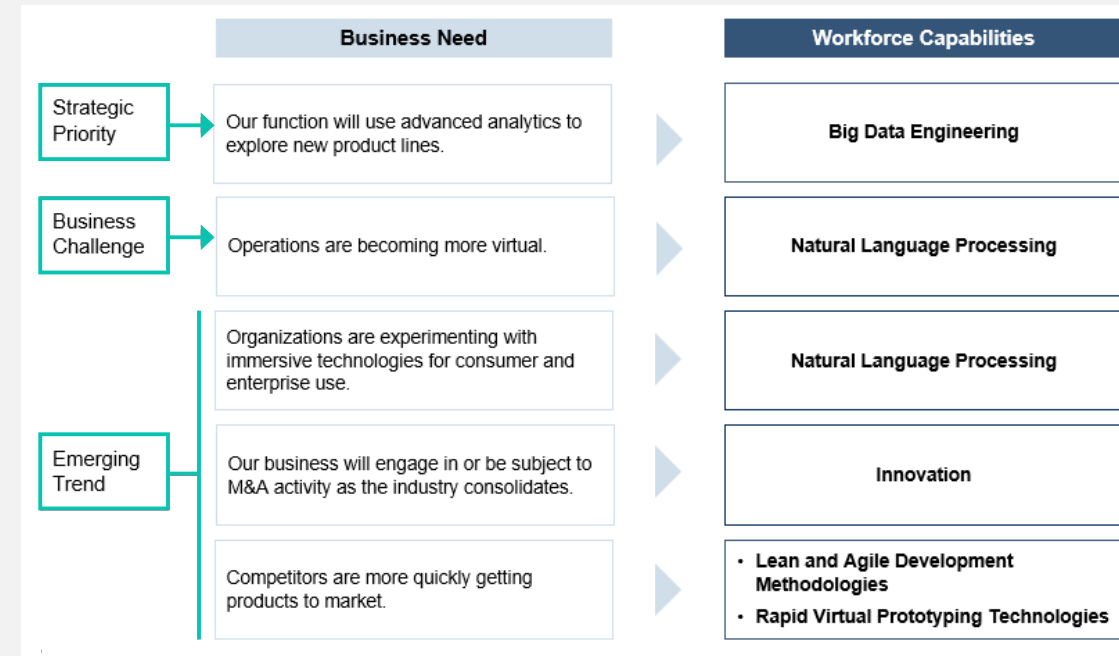
## 2 Identify Capabilities and Skills for Future

HR leaders should meet with leaders of each business unit or function to understand the implications for each of the organization's goals on their function's workforce. At this point in your strategy creation process, you should talk to the heads of each function to understand how the strategy will impact their individual functions and what they will need from HR in the future.

### Sample questions:

- From a talent perspective, what must be true for the organization to achieve its objectives?
- What, if put in place, would significantly accelerate achievement of goals or enhance the organization's ability to execute its strategy?
- Considering different talent risks (e.g., competitors), what is the degree of impact and likelihood of risk for each talent risk?
- What talent issues would both leaders and employees agree must be addressed for the organization to succeed?

### Examples of Workforce Capabilities Needed to Execute Business Needs



Source: Gartner

### 3 Evaluate Current Capabilities and Skills

Conducting an evaluation of the current capabilities and skills of the organization allows HR leaders to understand the talent implications of the organizational strategy and identify gaps between the current state and future needs of the organization. HR leaders should enlist executives from functions across the organization as well as the HR leadership team to discuss the current state of skills and capabilities. Depending on the organizational strategy, the existing workforce may not be prepared to support the future needs of the business. This step enables HR leaders to identify potential talent objectives for the HR strategy.

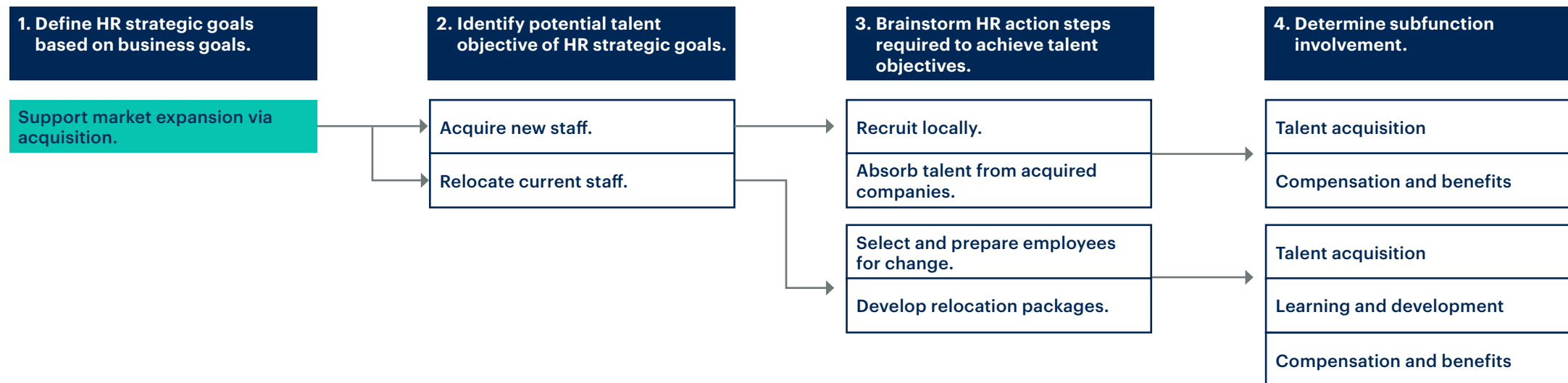
Organizational Goal	Do We Have the Skills Needed to Accomplish? (Y/N)	Do We Have the Resource Capacity Needed to Accomplish? (Y/N)	If No, What Skills and/or Resources Are Needed?	Budget Implications	Business Case Required?
1. Expand market into Asia	No	No	<ul style="list-style-type: none"> <li>Hiring and/or relocation of 200 FTE to staff offices in Asia</li> <li>Multilingual employees</li> </ul>	<ul style="list-style-type: none"> <li>Compensation and benefits for new hires</li> <li>Relocation packages and incentives for expats</li> </ul>	No
2.					
3.					
4.					

Source: Gartner

# 4 Develop HR Goals and Criteria for Success

Develop goals and establish the criteria for measuring successful strategy execution. When thinking about goals, consider what defines long-term success for your HR function and how you would prioritize these goals (based on what will be most helpful in supporting the organization’s strategy).

Having developed your goals, identify the best indicators (4 to 7 key performance measures) that describe the level of performance of the HR function currently and use these same indicators to measure performance in the future. You should make sure that these measures are specific, quantifiable and clearly tied to the desired performance.



Source: Gartner

# 5

## Communicate Your HR Strategy

Craft a clear and concise statement that captures the core of the strategy and summarizes the key objectives on which the HR function will focus over the next year. Tailor the communication to each stakeholder group to provide employees with direction for their decision making.

Stakeholders/Audience	Communication Tips
<b>C-Suite and Executive Committee</b>	<ul style="list-style-type: none"> <li>• Provide high-level overview of the HR strategy and its alignment to the corporate strategy.</li> <li>• Identify any major changes that may result from strategy (such as restructuring or technology implementation requiring capital expenditure).</li> </ul>
<b>Business Unit Leaders</b>	<ul style="list-style-type: none"> <li>• Conduct one-on-one discussion with each business unit head.</li> <li>• Customize the presentation to indicate benefits of the strategy for the relevant business unit.</li> </ul>
<b>Direct Reports to Head of HR</b>	<ul style="list-style-type: none"> <li>• Find high-impact regional or global leaders who can be champions to help build support for the local HR strategic plan.</li> <li>• Identify people likely to resist change and target them proactively.</li> <li>• Segregate the team into smaller groups for communicating strategy plans.</li> <li>• Personalize presentations for each group to tell them exactly what they must do to support the implementation of objectives.</li> </ul>
<b>HR Managers and Staff</b>	<ul style="list-style-type: none"> <li>• Describe how the strategy relates to the business plan and organizational direction.</li> <li>• Explain how the strategy will affect the day-to-day work of employees to minimize uncertainty.</li> <li>• Assess employee-related factors that may impact strategy execution.</li> </ul>

Source: Gartner

Bonus: Use a powerful visual to communicate your HR function's strategic plan.

# Strategic Plan for Human Resources Leaders, 20XX-20XX

This is an example. Use the fillable template on page 9 to customize for your needs.



## Vision Statement

State where the organization wants to go, what you want to accomplish.

**Example:** Manage investments in people and technology while cultivating a positive culture and employee experience.



## Statement of Strategy

Develop a concise statement to summarize the essence of the plan, the target state and required initiatives.

**Example:** Implement a formal development program to build employees' digital dexterity, redeploy strategic noncritical talent and identify current employees' skills in the workforce.

## Current State

### 4 to 7 key metrics characterizing your current state

#### Do

- Accurately measure the organization's baseline and progress toward target state
- Capture risks to achieving mission-critical business priorities

#### Don't

- Create overly detailed metrics related to day-to-day performance

**Example:** Retention rate for critical talent — 60%

**Example:** Successor coverage for critical positions — 60%

## Plan

### 4 to 7 initiatives required to achieve the target end state

#### Do

- Reconcile conflicting views
- Build strong buy-in
- Focus resources and attention

#### Don't

- Push ahead without consensus and buy-in

**Example:** Embed new hybrid work model to drive productivity.

**Example:** Launch new employment value proposition to attract new digital skill sets.

### 4 to 7 assumptions that must be true for the plan to succeed

#### Do

- Communicate explicitly
- Specify quantifiable thresholds
- Allow for real-time course corrections

#### Don't

- Create confusion or disagreement around basis of strategy
- Omit risks that must be mitigated

**Example:** Digital skill sets may only be available in labor markets outside our core locations.

**Example:** Budgets for additional reward packages will remain constrained.

## Future State

### 4 to 7 key metrics characterizing your target state

#### Do

- Describe the organization's desired end state
- Set goals to determine when the end state will be reached

#### Don't

- Target scenarios too distant from the current state


**Example:** Retention rate for critical talent — 85% within 6 months



**Example:** Successor coverage for critical positions — 95% by end of 20XX

Source: Gartner



# Template: Strategic Plan on a Page

Type in the fields below to complete the interactive form. 

 <b>Vision Statement</b>	 <b>Statement of Strategy</b>		
<b>Current State</b>	<b>Plan</b>		<b>Future State</b>
<b>4 to 7 key metrics characterizing your current state</b>	<b>4 to 7 initiatives required to achieve the target end state</b>		<b>4 to 7 key metrics characterizing your target state</b>
	<b>4 to 7 assumptions that must be true for the plan to succeed</b>		

Source: Gartner

# Actionable, objective insight

Explore these additional complimentary resources and tools on HR Strategy for Human Resources leaders:



## Toolkit

### HR Transformation Toolkit

Explore this go-to resource to transform the HR function to deliver more impact.

[Download Now](#)



## Webinar

### The 7 Key Trends That Will Impact Your Strategic Planning

Drive confidence in decision making while exploring bold new opportunities.

[Watch Now](#)



## Tool

### Gartner HR Score

Measure, prioritize and improve your HR function's effectiveness.

[Learn More](#)



## Conference

### Gartner ReimagineHR Conference

Find out how your HR executive team can build a world-class HR function.

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