

How to Prove the Value of HR to Your Company's Decision Makers

Description

As a human resources professional, you know [HR](#) can and should do more than manage the company's performance appraisals, benefits and hiring. If you sense indifference from your executive team, what can you do to change your leadership team's opinion of HR's value?

First, you must understand that human resources does not generate revenue and thus starts at a disadvantage with profit-focused business executives. In order to earn a seat at the big table, human resources leaders must demonstrate to the C-suite how their work affects the company's profitability.

Your task is not as daunting as it may sound. Now's the time to develop an in-depth understanding of company operations. Such understanding will allow you to position human resources as an essential tool that helps your company thrive.

Embed in other departments

HR professionals sometimes live (and think) in an ivory tower of theory and best practices. If you've fallen into this rut, it's time to change your perspective. The best way to do this is to embed yourself into business operations.

You need answers to the company's basics, such as how the company makes money, how sales and operations communicate, customer characteristics and what differentiates your company from its competitors. This knowledge will help you develop strategies to address your company's most important workforce issues.

Reach out to leadership in other departments and explain what you're trying to do. Schedule at least one day a month to shadow someone in each major department. While embedded in other departments, ask questions such as: What are your key workforce issues? If you could change one pain-point, what would it be? What makes us different from our competitors?

The information you gather will give you valuable perspective in everything from efficiency issues to workforce challenges to promises made to customers. Your feedback and counsel will improve, and become more vital to other departments, the better you understand the business.

Build a business vocabulary

Want the CEO to love you? Stop the HR-speak. Learn to talk in bottom-line terms. In the case of business executives, that usually means dollars, threats to profitability, logistics and other business metrics.

Yes, you should report the basics:

â??This quarter HR interviewed 200 people for positions in five departments, on-boarded 45 new hires and supervised the firing of two people.â?•

Nowâ??s the time to go deeper:

â??This quarter we also conducted a study of turnover in our sales force which resulted in a 10 percent drop in widget sales. We also evaluated where our compensation package stands in relation to our competitors. We found that the company may need to re-evaluate its salary and bonus structure in order to recruit and retain top sales performers.â?•

Connect abstract concepts like turnover to dollars and cents, to sales, and impact on the companyâ??s ability to grow. Your growing business acumen and familiarity with the company will help you become a valued team member.

If you donâ??t already know how, learn to read a balance sheet and income statement. If you work for a publicly traded company, familiarize yourself with the 10K, other public documents and history of the stock price. A deeper understanding of the business and its financial challenges will allow you to identify areas where HR can impact the bottom line.

Get proactive

If youâ??re waiting for the phone to ring then youâ??re not adding value. Use your new-found knowledge of the business to spot and help correct issues before things get out of hand and plan for strategic workforce needs.

Say your embed time reveals that manufacturing and sales arenâ??t communicating effectively. Nowâ??s the time to bring those department leaders together to find solutions. By improving productivity and efficiency, youâ??re proving that HR can impact the bottom line.

Another example: If 20 percent of key [employees](#) will retire in the next five years, HR should be the first to identify this looming issue. Step up and lead the effort to plan for those retirements, create a framework for knowledge transfer and communicate those efforts to senior management.

Yes, every company needs solid human resources to direct best practices in hiring and firing, new hire orientation, retention, engagement and performance management. But what every company really needs is HR leaders who know the business and think strategically.

Category

1. HR Strategy & Trends

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