15.660
Strategic Human Resource Management

MIT Sloan School of Management
What value does HR add?

“Nothing is more dangerous than a group of people trained in the art of monitoring compliance with rules, fluent in a language that does not include a word for ‘customer,’ and who have time on their hands and are looking for something to do.”

Thomas Stewart
“Taking on the last bureaucracy”
*Fortune*, June 15, 1996
Lessons...

• Staff managers must think like operating managers; i.e., they must understand the business strategically and operationally.

• To do this, they must be prepared to demonstrate their ability to add-value—this requires measurement and analysis (e.g., balanced score card, financial analysis).

• HR is a line management function; the only activities that should be centralized are those the line is willing to pay for.
Surveys have also shown that the typical HR function spends their time on the following activities:

- 68% on administration and risk management
- 10% assisting line management
- 22% developing employees
Typical Time Devoted to Various HR Activities

HR Roles in Building Competitive Advantage

**Strategic Focus**

- Focus: Strategy Alignment
  - Role: Business Partner

- Focus: Managing Change
  - Role: Change Agent

- Focus: Design of HR Systems
  - Role: HR Expert

- Focus: Administer HR Programs
  - Role: Employee Champion

**Operational Focus**

Source: Ulrich
What HR functions are strategic and should be retained? What should be outsourced?

| Retain | Outsource |
Conclusion

- Next Class:
  - The Slade Plating Department