

Competitive Thinking

Helping HR deliver the true business partnership

Today's HR strategic landscape

HR's strategic value is defined by several factors, including the ability to attract and retain key talent, the promotion of high levels of organisational performance, and actions to help 'future proof' the organisation from future threats.

In pursuing these aims, HR's effectiveness must be based upon a clear understanding of the ever-changing influences affecting that corporation. To comprehend competitive drivers separating exceptional organisations from the ordinary is an essential part of this.

Today, increasing emphasis is directed at developing resilient HR initiatives which create opportunities for significant improvement, across the organisation. These new types of HR initiatives come to be perceived as the opposite of plodding 'Mega HR' projects from years past - the opposite of expensive initiatives of unknown worth that easily succumb to budget-cutters' scalpels.

Recent years have seen five developments which have swung the HR community towards more critical self-questioning:

1. **The increasing adoption of HR outsourcing, directed not just at specific transactional services, but in some instances at the HR function overall.**
2. **The dramatic growth in electronic human resources tools and capabilities (e-HR), along with other forms of process and content automation.**
3. **The centralisation of standardised HR services within shared services groups, in conjunction with other internal functions.**
4. **HR 'business partnerships' as described by Ulrich and others, encouraging the creation of a 'strategically-focused' business partner elite, with outsourcing limited to transactional HR activities.**
5. **Failures – regular disappointments in rolling out these strategies.**

Accompanying these five developments has been a perceived sea-change by some business decision makers towards HR overall, prompted by some convincing consultant-gurus and pop business media.

A major commitment to HR development was once automatically accepted as critical to



company effectiveness. That era is gone forever. The mid-1990s saw the emergence of some calls for severe downsizing of HR, or even outright elimination of the function.

The more draconian HR elimination solutions are readily deflected, as few executives welcome chaos in the company's most important resource area. Nonetheless, the evolution of opinions towards HR has left many on the defensive. Increasingly, the question is posed: what new value is HR bringing to our organisation today?

HR as the Steward of Competitive Thinking

For many HR organisations, such questions represent unwelcome threats. But to others equal to the challenge, a new opportunity beckons: for HR to become a steward of the company's Competitive Thinking.

Momentum is growing for effective Competitive Thinking, across and within organisations.

Competitive Thinking refers to the development of the superior approaches across the organisation for growing corporate value while strengthening relative competitive position. It means acting and thinking in ways that outmanoeuvre the firm's toughest competitor. 'CT' means initiatives that consistently exceed alternatives. This implies maximum efficiency and effectiveness in all support operations, even redesigning and redirecting specific roles to further enhance company value.

Optimally designed and deployed, CT results in a systematic approach aimed at root causes of corporate value destruction: disruptive cultural influences, personal and organisational values, and measures and incentives that squander corporate resources.

Competitive thinking means actions. Visible behaviour affecting all employees across the organisation. Actions that touch upon all aspects of the organisation operations in an increasingly competitive market environment.

HR's Competitive Thinking Leadership Role

How the HR function contributes to the creation, deployment, implementation and management of superior Competitive Thinking becomes an essential concern.

Without the continuing presence of a clearly engaged 'point person' to guide the range of Competitive Thinking initiatives, momentum fades. Head of HR emerges as the logical candidate for the role of internal leader of competitive thinking.

First, the HR department overall must be re-directed to commercial/competitive thinking - not just in terms of company-wide themes, but rather, actions.

In the next article in this three-part series we address Competitive Thinking 'Inside and Outside Jobs' for HR, and the replacement of losing approaches with winning strategies. Once the HR function fully addresses its internal and external CT challenges, it positions itself as a true value partner within the organisation – the first step towards a meaningful business partnership role for HR.

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