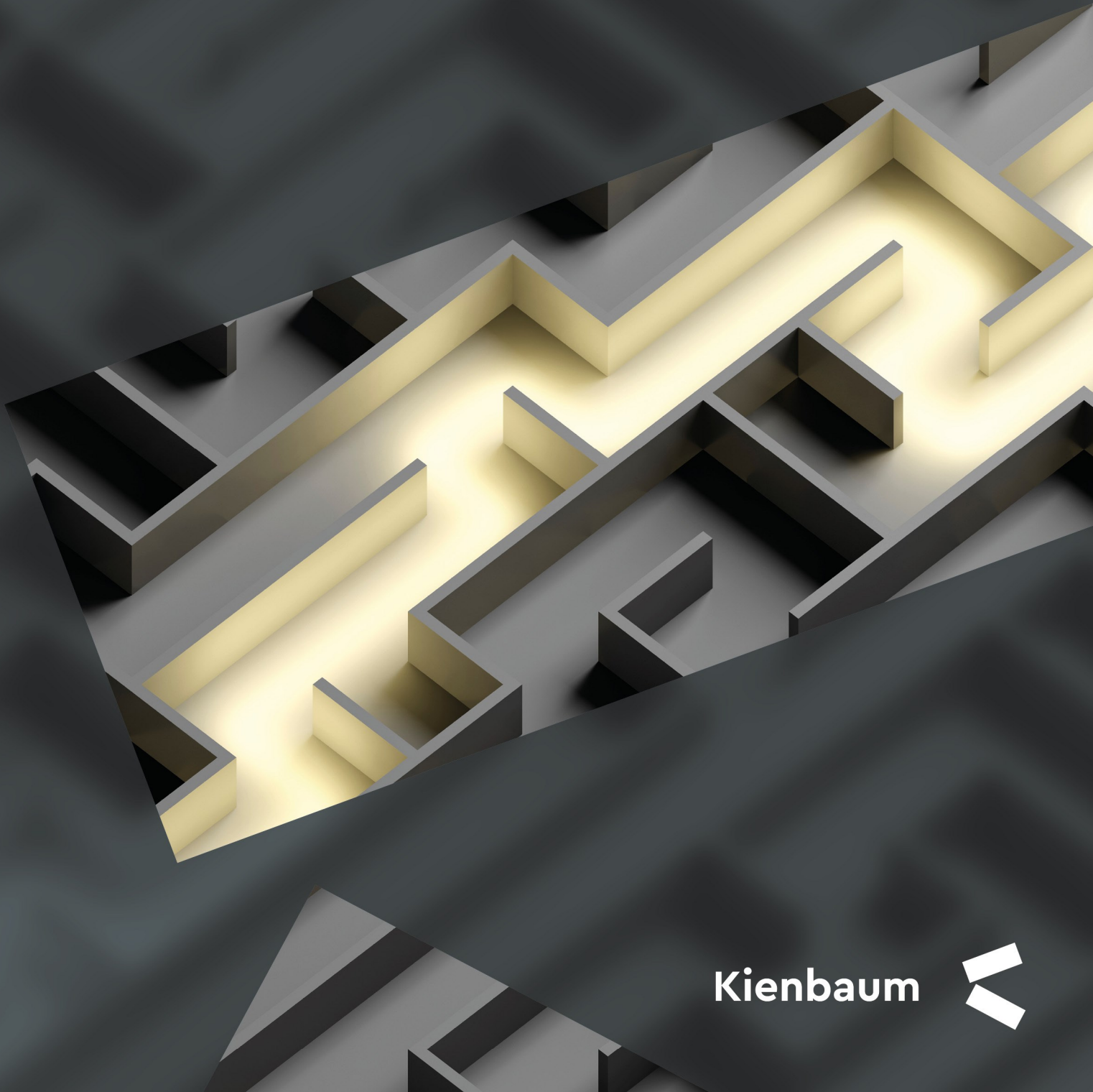


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# Driving business success with a clear HR strategy



Kienbaum





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*„At its core, a strategy is a plan – but a plan with focus. A plan that concentrates on certain topics while deliberately excluding others in order to achieve the targeted focus.“*

Organizations are currently facing challenging times, marked by consolidations and restructurings. Companies rely on clear business strategies, but their effectiveness is often compromised because the overall strategy is not translated into functional strategies. This also applies to HR: Is the HR strategy aligned with the needs of the organization? The key question is whether HR addresses the relevant issues at the right time, while deliberately leaving other issues aside. A clear plan is crucial for HR to effectively support the achievement of business goals.

**What exactly is an HR strategy?** It is often assumed to be the solution to all challenges. At its core, however, it is a plan – a plan with clear focus. A plan that concentrates on certain topics while deliberately excluding other important ones to achieve the targeted focus. Typically, the strategy is linked to a goal, such as increasing internal and external employer attractiveness or reducing personnel costs through structural adjustments. The plan provides a framework and guides decision-making. Resources are allocated consistently to actions that contribute to the strategy. The plan determines in advance what the focus of the coming months will be and what it will not be.

But what challenges arise in developing the plan, and how can they be overcome? What success factors emerge from this process?

**The plan needs to be business-oriented and must have a clear focus.** Market experience, whether from projects or studies with large or medium-sized companies, often reveals similar problems in developing an HR strategy. It is noticeable that traditional HR topics often dominate. Sometimes there is a lack of focus because there is a fear that leaving out certain topics will send the wrong sig-

nal to the organization. How can it be justified that widely debated issues within the HR community are not included, or that general trends are not addressed?

Many HR strategies become diluted or risk losing focus. A good HR strategy does not aim for completeness. Valuable ideas and approaches often lose their impact, especially when it comes to implementation. Conversely, critical business issues frequently take a backseat, lacking sufficient analysis and prioritization.

**Identifying key issues and setting priorities is essential.** A thorough analysis of the business strategy, combined with discussions with representatives from other business areas, has proven to be an effective approach. This process helps to identify the key strategic issues relevant to the HR strategy. In addition to these business-driven priorities, HR should also act as a catalyst by addressing critical personnel issues.

For example, if a company is facing significant growth requiring significant investments and an increase in headcount, HR priorities should focus on areas with the greatest impact, such as strategic workforce planning, recruitment, and employer branding. Conversely, if cost savings are on the agenda, then the strategy should focus on issues such as accurate workforce and cost reporting or performance and compensation management. Like other functions, HR should also evaluate how the implementation of the corporate strategy affects its own structures, processes, and personnel issues.

Just as important as prioritizing strategic content is deliberately excluding certain topics. A strategy with, for example, twelve action areas and 3-4 measures for each rarely achieves the desired im-



impact on the business and often leads to implementation challenges. The motto should be: "Less is more." The focus of the plan, i.e., the HR strategy, should be reflected in a concise overarching message. The essence of the HR strategy must be conveyed in one or two clear and easily memorable sentences. This way, it will influence decisions and actions within the HR department, clearly aligning them with business objectives. Further differentiation between terms such as vision, mission, and purpose is not necessarily required in this context.

**Successful implementation requires clear responsibilities and realism.** Developing concrete actions and assigning responsibilities are often challenges that arise at the end of a strategy process. It can be difficult to translate overarching areas for action into specific activities at a deeper level. Moreover, honest assessments of the effort required and a clear understanding of the resources available are essential for successful implementation. Above all, it is crucial to consistently involve representatives from the business areas whose goals are to be achieved together. Often, "sugar-coated" roadmaps are created that ultimately lead to frustration rather than success because they overwhelm the HR function with implementation. Actions may not be implemented because the necessary resources are tied up in day-to-day HR operations. It is recommended to assign concrete estimates to individual actions, such as in the form of person-days based on personal experience or provided market comparisons, and then transfer these to a roadmap. This is the only way to properly quantify and demonstrate whether the function is adequately staffed, whether internal capacity shifts or external support is needed, and what timeframe is realistic. The principle is clear: good and cheap is unlikely to be fast; fast and cheap is often not good; and fast and good is rarely inexpensive. Outcomes should be made measurable through specific KPIs and assigned to individual employees or teams. Actions should focus on impact within the first 12-18 months. Long-term visionary goals, five or more years out, are often less helpful because their likelihood of being achieved is uncertain. Stakeholders in the HR function, including both leaders and employees, expect continuous results and regular communication. Achieving early success is crucial to securing support for future initiatives. Additionally, the HR strategy should be reviewed and, if necessary, adjusted on an annual

basis to ensure that it remains realistic and measurable. The strategy's impact on achieving business goals should be clearly evident, as well as the extent to which the overarching areas of action have been met.

**A key prerequisite for success is obtaining official approval.** The defined HR strategy must be approved by the relevant decision-makers at an early stage, otherwise its implementation is at risk. Without approval of its content and budget, the strategy is likely to end up shelved, just like any other unapproved project in the organization. Therefore, it is crucial to involve important stakeholders (such as the CEO, board members and committees etc.) from the outset and keep them engaged throughout the development process.

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This early involvement not only ensures better acceptance of the strategy but also allows for valuable feedback loops, through which potential obstacles can be identified and addressed during the planning phase. A continuous dialogue with decision-makers builds trust and ensures that the strategy can be successfully implemented not only on paper, but also in practice.

**Courage to embrace change as a recipe for success.** An HR strategy can only be truly effective if it is seamlessly aligned with the specific circumstances and goals of your company, as well as the requirements of your HR function. This means that the strategy should not only rely on general best practices, but also should be tailored to fit the culture, values, and strategic objectives of the organization.

Helpful questions in this context could be:

- What does the current corporate strategy look like?
- Is a completely new HR strategy needed, or does an existing one simply need adjustment?
- Does the team already have strategy experience that can be leveraged?
- Are the necessary resources available internally, or is external support required?

It is also crucial to critically assess your own mindset beforehand:

- Are you willing to have every weakness or issue within your HR function exposed?
- Are you prepared to be genuinely open about the current status and the results with your team and beyond?

Only an honest assessment of maturity, which highlights weaknesses and situations outside the comfort zone, can provide solid foundation for transformation. For example, if HR digitalization is still highly underdeveloped and there is generally little digital expertise within the function, or if

there is no central HR system or only a poorly integrated array of individual solutions for areas like recruitment, payroll, and learning, external advice can be beneficial.

However, external advice can also require courage and lead to challenging decisions that may involve fundamentally changing some processes, advocating for significant investments, developing existing staff, or discarding established practices.

**We look forward to supporting you on the path to a successful HR strategy. Please feel free to get in touch with us to start a discussion.**



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