



SmartHR – People Management

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The 4 Foundations of Business Savvy for HR

The CIPD's Next Generation HR research identified the need for the profession to be insight-driven, moving away from service delivery and process focus. Four foundations of business savvy emerged:

1. Understanding the business model at depth

This is fundamental, so that solutions will be informed by, and attuned to, the business realities. Three key insights are identified:

- **Knowing where value is created and destroyed across the complete value chain.** This will enable HR strategy and delivery to be focused accordingly to add value to the business.
- **Understanding the top line (where business drives revenues) and bottom line (where it incurs and contains costs).** HR should spot opportunities to drive revenue and reduce costs.
- **Finding the improvement points around people which drive value.** HR should be focused on delivering sustainable organisation performance through people management activities. Strategically identifying where improved capability could enhance business performance.

2. Generating insight and impact through evidence and data

HR professionals should use data of all kinds to gain insight, make decisions and put forward solutions. Three key insights are identified:

- **Having an evidence focus.** A wide variety of data should be used to investigate issues and build evidence to determine an approach to address an issue.
- **Mining data for insight, inspiration and impact.** This means exploring new ideas and connecting old ones into new insights and scenarios. Looking for inspiration to push thinking forward, and looking at impact to make a positive and continuous improvement and contribution to the business.
- **Standing up to the numbers and standing the numbers up.** Thinking about how business data relates to HR data. Understanding statistics and using people and performance-related data as a decision-informing / making tool. Developing HR management information e.g. payroll, headcount, staff revenue, absence, cost of absence, cost of benefits, length of time to recruit, staff retention etc.

3. Connecting and collaborating with curiosity, purpose and impact

Understanding why and how the business operates with the purpose of improvement. Working collaboratively, being curious and having the courage to challenge are all business-savvy behaviours. Three key insights are identified:

- **Stepping outside the HR boundary.** Connecting internally with different parts of the organisation. Understanding and engaging with the perceptions and expectations of non-HR managers.
- **Cultivating curiosity through practice, learning and networks.** Thinking about how HR interventions are delivered e.g. accessing and sharing learning and using networks across the organisation.
- **Actively seeking and scanning for opportunities to collaborate and improve.** Being involved and offering to help without being asked. Proactively identifying opportunities for improvement using insight, judgement and expertise.

4. Leading with integrity, consideration and challenge

This is the hallmark of a business-savvy leader and any HR practitioner in a managing and leading context. Two key insights are found:

- **Integrity, consideration and challenge stop business savvy becoming boardroom servility.** Integrity, consideration and challenge are critical to how we lead a business-savvy HR department. Integrity is how we conduct ourselves: our honesty, truthfulness and reliability. It is also about how we defend and protect the reputation of good people management. Leading with values to challenge unsustainable practices; and using data, insight and evidence to generate purposeful debate and discussion. Showing consideration but not avoiding difficult decisions; and keeping clear focus and decisiveness to make business-critical decision around people and performance.
- **Serve stakeholders, not power structures.** Acting with integrity, consideration and challenge means serving stakeholders of all kinds, not just power structures. Engaging employees, connecting with customers and recognising the needs of wider society. It also means challenging ourselves and our colleagues to improve their performance and contribution.

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