

CHRO
Leadership
Platforms in
Strategy

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BOUDREAU-RAMSTAD PARTNERSHIP



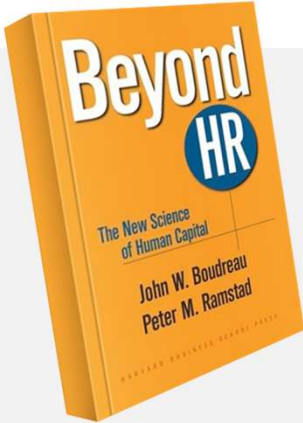
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Boudreau

- Professor Emeritus of Management and Organization at USC
- Senior Research Scientist with the Center for Effective Organizations
- Recognized global thought leader in areas including the future of work, the global HR profession and HR measurement and analytics



Pete
Ramstad

- Consulting partner at national CPA firm
- CFO and founder of the strategy practice at PDI (now Korn Ferry)
- VP at Toro (business strategy, M&A, and CHRO)
- CHRO at Capella Education Company



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CHRO's Leadership Platforms

HR Functional Leadership

Organizational Talent Strategy

Senior Executive Team

Board of Directors (Governance)

Strategy Processes

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IMPROVING IMPACT IN STRATEGY BEGINS WITH ASSESSMENT

Assessment of the Strategic Planning Processes and Capabilities of the Organization

Assessment of the Role of the CHRO and the HR Function in the Strategic Planning Process

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ASSESSMENT AS A CATALYST FOR CHRO ENGAGEMENT

?

Emergent (Jazz) vs. Deliberate (Classical)

?

Owner/leader of the strategic planning process? How centralized vs. decentralized?

?

Are the decision frameworks rich and robust? Are they teachable?

?

What level of strategic competencies do the leaders bring to the planning process?

?

Is your strategic planning process...

Variable and sporadic?

Systematic and repeatable?

Merely context for budgeting?

Deeply insightful?

Enterprise focused?

Business-unit focused?

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DIFFERENT TYPES OF STRATEGY

STRATEGY LEVEL	CORE CONCEPT
ENTERPRISE (CORPORATE) STRATEGY	PORTFOLIO STRATEGY: Creating a portfolio that is more competitive together than it would be as independent companies through strategic resource coordination
BUSINESS UNIT STRATEGY	COMPETITIVE STRATEGY: Building and executing compelling value propositions and business models to generate returns in targeted markets
DIRECT FUNCTIONAL STRATEGY	OPERATIONAL STRATEGY: Building specific operations that uniquely support the competitive positions within the targeted markets

CORPORATE FUNCTIONAL STRATEGY

RESOURCE STRATEGY: Providing governance, services, and decision support for critical corporate resources

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DISNEY: BUSINESS UNITS WITHIN SEGMENTS

Enterprise

Operating Segments

Representative Business Units*

Disney

Parks & Experiences

Media & Entertainment

Studio Content

General Entertainment Content

Interactive Media

- Disney Cruise Lines
- Disney World Resort
- Disney Land
- Disney Vacation Club

- ABC Entertainment
- ABC News
- Radio Disney

* We feature just two segments as examples, but all segments may include Business Units

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DIFFERENT TYPES OF STRATEGY

STRATEGY LEVEL	CORE CONCEPT	EXAMPLES
ENTERPRISE STRATEGY	PORTFOLIO STRATEGY: Creating a portfolio that is more competitive together than they would be independently, through strategic resource coordination.	The Toro Company
BUSINESS UNIT STRATEGY	COMPETITIVE STRATEGY: Building and executing compelling value propositions and business models to generate returns in targeted markets.	Golf Equipment Golf Irrigation Contractor Mowers Sports Fields & Grounds Consumer Mowers Consumer Snow Blowers
OPERATIONS STRATEGY	OPERATIONAL STRATEGY: Building specific operations that uniquely support the competitive positions within the targeted markets	Engineering Manufacturing Sourcing Marketing Distribution Sales Service Parts

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WHERE ARE HR SYSTEMS ALIGNED WITH STRATEGY

STRATEGY LEVEL	CORE CONCEPT
ENTERPRISE STRATEGY	PORTFOLIO STRATEGY: Creating a portfolio that is more competitive together than they would be independently, through strategic resource coordination.
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OPERATIONS STRATEGY	OPERATIONAL STRATEGY: Building specific operations that uniquely support the competitive positions within the targeted markets

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Where do your HR systems “align” with the strategy?

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Discussion Questions

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Using our framework, how would you describe your organization’s strategic planning process?

?

How effectively do your HR systems align with strategy? At what level of strategy?

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**THE HR PROFESSION HAS SET THE
BAR TOO LOW FOR EXCELLENCE IN
CHRO STRATEGY ENGAGEMENT**

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**THE HR PROFESSION
HAS SET THE BAR
TOO LOW FOR
EXCELLENCE IN
CHRO STRATEGY
ENGAGEMENT**

**Traditional Definition
of Excellence**

- Guide HRBPs and CoE to align strategic HR initiatives with the enterprise strategy
- Teach strategy concepts in leadership development programs
- Bring talent information and insights opportunistically into the strategy process
- Actively participate in the enterprise strategy process

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THE HR PROFESSION HAS SET THE BAR TOO LOW FOR EXCELLENCE IN CHRO STRATEGY ENGAGEMENT

Traditional Definition of Excellence

● Guide HRBPs and CoE to align strategic HR initiatives with the enterprise strategy

● Teach strategy concepts in leadership development programs

● Bring talent information and insights opportunistically into the strategy process

● Actively participate in the enterprise strategy process

Untapped Opportunities for Excellence

● Equip HRBPs and CoE to engage in the strategy process fully

● Employ the actual enterprise strategy process and frameworks as a leadership development platform

● Integrate talent-based decision frameworks directly into the strategy process

● Be a catalyst for bringing visibility and developing strategic planning as an organizational capability

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Action Items for CHROs to Consider:

Develop the HR functional capabilities in strategy



Focused, deep development of HR leaders in strategy to close the competency gap



Creation of specific roles for HR leaders in the strategic planning process at the business unit and operations level

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Action Items for CHROs to Consider:
Improve the Leadership Development in Strategy



Implement a specific process to provide senior leaders feedback on their performance in strategic thinking



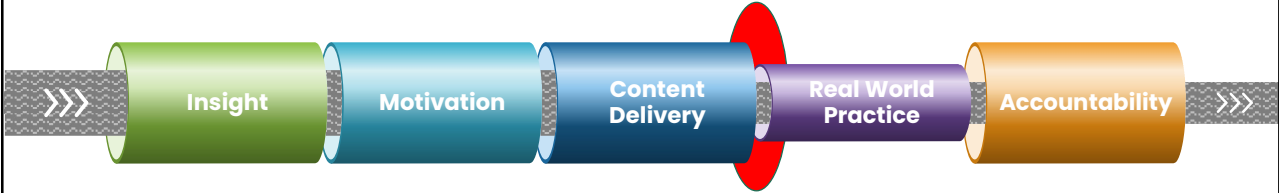
Redesign strategy competency development to engage the actual strategy process

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REDESIGN STRATEGY COMPETENCY
DEVELOPMENT TO ENGAGE THE ACTUAL STRATEGY PROCESS.



Strategy skills development should be designed around the constraint:
Real-world practice.



Many external strategy development programs end with a “case study”, “simulation”, or a “sample project” (often presented to a senior team) as “real world practice”.



It is much more “real” to integrate development into the strategic planning process itself

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How Leaders Develop Strategic Experience

Leadership Role in Strategy

Enterprise Leader in a Portfolio Context (Enterprise)

Strategic Leader in a Competitive Context (Business Unit)

Transformational Leader in a Strategic Context (Operational)

Operational Leader in a Systems Context (Team)

From operating within a system to responsibility for designing the system

From implementing a key aspect of the strategy to setting the competitive strategy

From leading a single strategy to optimizing a portfolio of strategies

Increased Complexity

Increased Ambiguity

New tools and models

Change mgmt. to support new role

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Level D

LEADER'S ROLE IN STRATEGY

LEADERSHIP POSITIONS	FUNCTIONAL* STRATEGY	BUSINESS UNIT STRATEGY	ENTERPRISE STRATEGY
Board of Directors			Coach & Analyze
Enterprise CEO		Coach & Analyze	Lead & Strategize
Business Unit Leader	Coach & Analyze	Lead & Strategize	Participate
Function* Leader	Lead & Strategize	Participate	
Team Leader	Participate		

*Function is a segment of the primary value stream, not staff functions (HR, finance, legal, IT, etc.)

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Discussion Questions

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How capable is your HR team in strategy? How significant is their role in the strategy processes?

?

How might you improve the ways that you develop strategic competencies in your leadership development processes?

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THE HR PROFESSION HAS SET THE BAR TOO LOW FOR EXCELLENCE IN CHRO STRATEGY ENGAGEMENT

➔

Traditional Definition of Excellence

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Untapped Opportunities for Excellence

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Action Items for CHROs to Consider:

Add Talent Frameworks to the Strategic Planning Process



Incorporate talent competitive positioning frameworks into situational assessment



Deploy talent optimization frameworks into strategy formulation

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WHERE DO CHROs ENGAGE IN THE STRATEGY PROCESS?

Situation Analysis

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Strategic Alternatives

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Strategic Direction

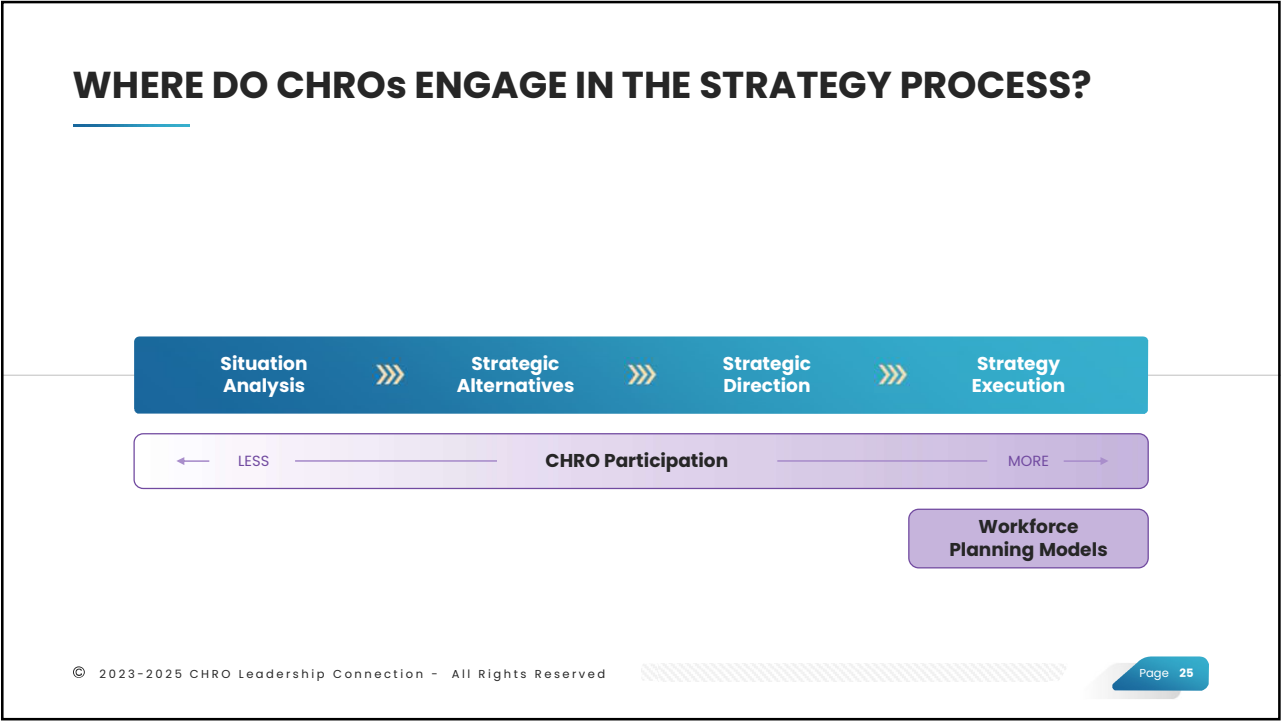
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Strategy Execution

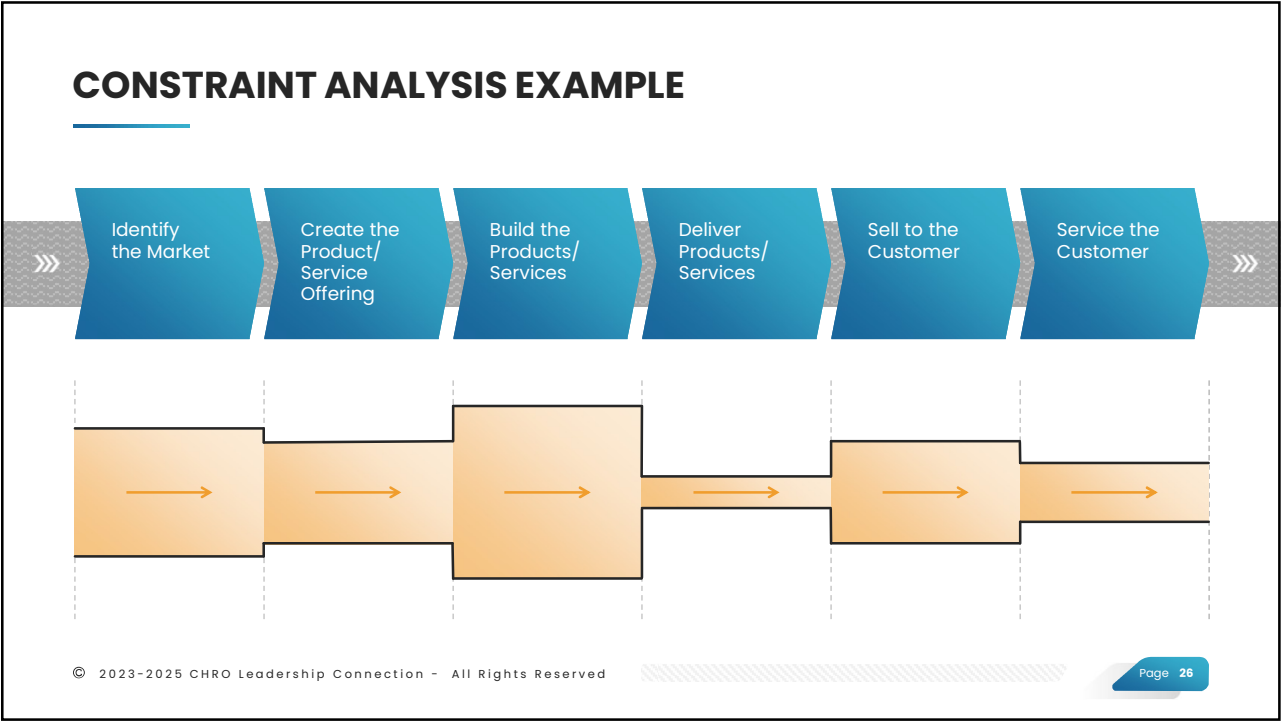
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SAMPLE: EXTERNAL ANALYSIS

For each competitor, assess your divisional advantages (+) or (++) & disadvantages (-) or (--) for each segment of the value chain; use (=) if equal

Organization’s Business Unit Value Stream

	Identify the Market	Create the Product/ Service Offering	Build the Product/ Services	Deliver Product/ Service	Sell to the Customer	Service the Customer
A. Competitor X	+	=	=	=	-	=
B. Competitor Y	+	+	=	=	+	+
C. Competitor Z	-	=	-	-	=	=

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Action Items for CHROs to Consider:

Develop the organizational capability in strategic planning



Identify strategic planning processes as key organizational capability



Make an assessment of the strategic planning process



Take a significant leadership role in development of this organizational capability

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Recap of Potential CHRO Engagement Opportunities

+	Develop HR Capabilities in Strategy	• Focused development of the HR team in strategy • Specific rolls for HR team in the strategic planning process
+	Improve Leadership Development in Strategic Competencies	• Implement a specific feedback process for senior leaders in strategic planning performance • Redesign strategy competency development to engage the actual strategy process.
+	Add Talent Decision Frameworks to the Strategy Processes	• Incorporate talent competitive positioning frameworks into situational assessment • Deploy talent optimization frameworks into strategy formulation
+	Develop Strategic Planning as an Organizational Capability	• Identify strategic planning processes as an organizational capability • Assess of the strategic planning process • Significant leadership role in development of strategy capabilities

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Discussion Questions

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How has your view of the opportunities for HR in the strategy process changed?

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In what new ways might you engage to improve your strategic planning and strategy competency development processes?

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