

## The Million Dollar Question

*How do you tie your Organization's Strategy to Employee Performance?*

As the end of the year approaches, many of us in the business world are putting the finishing touches on our planning for 2013. Those of us who are really on top of it may even be able to consider it “strategic” in nature. Regardless of the size of company, division, department, or group to which you belong, chances are you’ve touched on some type of planning for the upcoming year. For HR managers this should be a good thing as we are the champions of the tangible and documentable (yes, this is a made up word but every HR professional on this planet understands and appreciates what this is)! Having a Plan denotes organization, purpose, and direction while having a *Strategic Plan* conveys thought, vision, and leadership. But like most good things, it does not come without a wrinkle.

Before we discuss that “wrinkle” let me ask you a question. We think it’s a pretty important question—so significant in fact, that we posed it to several hundred assorted employees: Do you know what your company’s goals are? Can you list out, right now, the top five strategic objectives your company hopes to accomplish in 2013 and do you know how they define success for those things? Don’t feel bad if you can’t. You are not alone. Only 24% of our respondents answered that their company does a good job sharing this information and in a SHRM/BSCol research study entitled, “Aligning HR With Organization Strategy,”\* 95% of a typical workforce did not understand its organization’s strategy (after all, knowing what it is and understanding it are two totally different things).

Your company has a Plan—let’s be positive and assume it is even a Strategic Plan. This Plan was created at the highest level of your organization by leaders who understand the direction the company should take. So here’s the wrinkle: your workforce is in the dark. Based on industry research it’s clear that most employees don’t know what the Plan is and even if they do, they probably don’t understand it. They want to though. 87% of employees in our survey stated that having that information would help them better understand and accomplish their objectives. Let me ask another question (one I hope to answer in short order.) As an HR professional or Talent Management expert, how do you remedy this? How do you ensure that every employee in your organization is not only familiar with The Plan, but actually “gets it” and utilizes it as a tool to guide their performance?

This is, in my humble opinion, the Million Dollar question. It’s been researched, analyzed and debated endlessly--yet for HR professionals, we feel no closer to a resolution. Let’s be truthful, there is not a miracle pill that will enlighten managers on strategic issues and ensure they can incorporate it into their performance management and appraisal documentation. The answer is not easy nor is it something that can be thoroughly covered in one short article. BUT what we can

do is outline some simple steps and basic principles on how to tie organizational strategy to individual performance planning. As we all know, simple is a great place to start.

1. **Educate Yourself.** As soon as upper management releases the Strategic Plan, procure a copy and study it. Some company plans are extremely lengthy and others are only a few pages. Regardless of size make sure you:
  - a. Identify your organization's strategies for the upcoming year. If they are not summarized, create an overview that's appropriate for employee consumption.
  - b. Understand each division's and department's strategies. Again, create summaries.
  - c. Capture metrics and definition for success on each strategy. These should have been set and approved before the plan was released. If they're not in there, talk to the "owner" and find out what they should be.
2. **Create an Employee Overview.** Employees don't have the time (nor do you want them to take the time) to slog through a strategic plan. Not only that, there may be confidential or restrictive information contained in the document. Your job is to now make it employee friendly by:
  - a. Condensing the content. Employees don't need to know the research, recommendations, or background in the plan. Strip all that away and take it down to the very essentials.
  - b. Break it down. I recommend creating three sections that will outline what the strategies are, what activities will support those strategies, and then objectives or metrics that have been assigned to teams or individuals in your organization. The activities and objectives might be added in stages and that's OK. Start with strategies and add the other components as they come.
  - c. Remember, keep it simple! You should be able to tell employees in 2 sentences or less what a key strategy is. Attached is a sample form that may work for you.
  - d. Seek approval. Take your simplified outlined version to your leadership and get their authorization. Explain that the outline will be sent out to managers and employees. Incorporate their feedback but resist the urge to make it too complex or lengthy.
3. **Communication.** Everything you've done to this point will not matter much if you don't get the information to your employees in an effective and timely manner. At this point you'll want to:
  - a. Timing. Don't wait to get the Plan into the hands of your staff. The sooner they have access, the quicker they can start applying its direction.
  - b. Meet with your managers. Whether you gather a single large group, meet by department, or deliver the information by webinar it is imperative that managers have an opportunity to review the strategies, receive clarification, and ask any

questions they may have. If possible, invite a member of the senior management to the meeting. They will provide additional insight and lend credibility to the process.

- c. Gather information. Strategies are set by the leadership but the objectives that support those strategies should be set by managers and employees. If you conduct annual appraisals at the end or the beginning of the year, encourage your managers to consider the Plan when creating their new employee goals. As managers define key objectives, be sure to include them in the condensed Plan. Both the strategies and the objectives can and should be captured in your employee performance management system. Make sure they are linked to simplify reporting.
  - d. Review the plan. Once all the data has been compiled, find the opportunity to meet with both the leadership and managers of your organization. The leadership will appreciate having a high-level overview of all the objectives that support strategies. The employees will benefit from a comprehensive examination of The Plan. Knowing not only what the annual strategies are but what key activities and objectives will be tackled helps personnel at all levels truly work towards common (and understood!!) goals.
4. **Don't Panic.** See? Three simple steps right? It really is a very doable process however we get that starting out can be a little overwhelming. If you feel you need some guidance, give us a call. We're happy to help!

**MANAGERS!! We've asked employees their thoughts on sharing strategic plans now we want to know what you think. Share your thoughts by taking a few minutes to complete a survey:**

**<https://www.surveymonkey.com/s/HRNManagerStrategicObjectives>**

\* SHRM®/Balanced Scorecard Collaborative - Aligning HR with Organization Strategy Survey; November 2002

Strategy	Key Activities	Supporting Objectives
<b>Product and Other Scalable Services</b> Improve scalable revenue with growth in both partnerships and manufactured products	<ul style="list-style-type: none"> <li>Plan and develop XYZSystem as a new product</li> <li>Establish partnership with industry leader and other related providers</li> <li>Explore partnership with supplemental service vendor</li> </ul>	Achieve X% sales growth across ABC solutions Increase visibility and brand awareness of ABC solutions in targeted vertical industries  Objective number three Objective number four
<b>Flagship Product and Service Enhancement</b> Improve the competitiveness, quality and market share of our core performance, compensation and HR management products and services	<ul style="list-style-type: none"> <li>Upgrade FlagshipSystem</li> <li>Release web-based version of ABCModule</li> <li>Suite Integration</li> </ul>	Execute, review and update 1, 3 & 5 year product development roadmap Objective number two  Objective number three
<b>Primary Vertical</b> Fully develop and leverage relationships within Vertical market players and client focus groups.	<ul style="list-style-type: none"> <li>Build new relationship with Example Partner</li> <li>Activity number two</li> <li>Activity number three</li> </ul>	Achieve X% revenue growth in primary vertical industry through sponsored activities Objective number two Objective number three
<b>Customer Service, Research, and Training</b> Improve understanding of client needs and our ability to serve them.	<ul style="list-style-type: none"> <li>Conduct focus groups and customer surveys</li> <li>Activity number two</li> <li>Activity number three</li> </ul>	Achieve 1.5% improvement in customer retention rating Build customer satisfaction library or case studies, testimonials, quotes and video Objective number three
<b>Strategy Number Five</b>  Definition of the Strategy	<ul style="list-style-type: none"> <li>Activity number one</li> <li>Activity number two</li> <li>Activity number three</li> </ul>	Objective number one  Objective number two  Objective number three