

Defining the strategic agenda for HR

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Sunita Malhotra, Electrolux

Not many people can say that they took the first steps in their HR career aged 12. This was the age at which Sunita Malhotra, now HR director for the European sales and marketing function at Electrolux, first realized she wanted to do something to help people reach their full potential.

She volunteered to help one of her classmates with schoolwork and found it a rewarding and inspiring experience. "I realized that while coaching and helping her, all I really did was create the right environment for her to reach her potential. She progressed from a grade 'F' to a 'B' and the excitement I felt as a result made me see that I wanted to do something in that area."

The road to HR

Some years later, while in various sales and marketing roles, and then in consulting, Malhotra again saw that similar people-related issues were key to organizational – and individual – success. "Problems I saw were primarily due to lack of communication and misunderstandings about how the organization functions. If I could be in a place where I could see how all the functions worked together, I knew I could really make a difference."

Malhotra's first HR role was with Philip Morris, which she joined in 1993.

ELECTROLUX

Electrolux is the world's largest producer of powered appliances for kitchen, cleaning and outdoor use. It has over 70,000 employees and its products are sold in more than 150 countries.

In one of her roles with the company, she treated the HR function itself as a startup: "I built up a strategic HR function from scratch," she says, "moving it from administration-focused to strategic business partner."

Her next role was at pharmaceuticals company Bristol Myers-Squibb as HR director for the European research and development arm, where again she built up HR's strategic capability and helped make change management and organizational development part of the organization's vocabulary.

Speaking the language of business

Malhotra now manages HR for around 7,200 employees in the sales and marketing function at the world's largest producer of powered appliances for kitchen, cleaning and outdoor use, Electrolux. To some degree, Malhotra again sees HR as "a startup" because she is building buy-in from the sales and marketing function on HR's role, the importance of talent management, the future business model, etc.

However, her own experience in sales and marketing is a great advantage when it comes to speaking the language of the business. "It's very important – if I were a sales and marketing director working with an HR person who really understood what I did, there would automatically be more credibility there."

Malhotra is a fan of Dave Ulrich's four dimensions of HR model: strategic partner, change agent, employee champion and administrative expert. "In terms of the four aspects, balance is important," she says. "You can't do more of one and less of the other. The

Sunita Malhotra

is HR director, sales and marketing, Europe at Electrolux.

She joined Electrolux in

December 2004 and has held previous senior HR roles with Bristol Myers-Squibb and Phillip Morris as well as working in consulting and sales and marketing.



way I have always operated is that I am a business manager with HR expertise and that's what I call myself." Malhotra is also one of a growing number of senior HR practitioners who only hire people into their HR function who have experience outside HR, whether it be in finance, sales and marketing or logistics.

The new HR director

As someone who has worked in industries including FMCG, pharmaceuticals and consumer durables, Malhotra is well-placed to advise her peers on joining a new company in a senior HR role. Again, she uses the Ulrich model as the foundation. In her first three weeks at Electrolux she met with over 75 people from across the business to gauge organizational culture, begin to look at change management, meet employees and learn existing HR processes.

"In order to work effectively as a strategic business partner you must know how the whole corporation operates," she says. "Next, I will be meeting with country general managers and also doing some customer visits to really get a feel for our distribution network, development pipeline, products and customers."

After learning as much as possible about the company and its operations, driving innovation and building brand equity will be important areas of focus for Malhotra. "There's very little differentiation in our industry so innovation and superb marketing thinking are absolutely critical," she says. "I'm looking forward to helping build the sales and marketing capability we need to succeed."





METRICS

The latest ideas on how to approach measurement and evaluation of HR activities

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Five steps to effective metrics

Gathering, analyzing and presenting pertinent information to upper management is the single strongest means HR has to provide critical input on strategic business issues. Talent management processes and performance optimization based on powerful intelligence drawn from good metrics will deliver proven value and real ROI – and make you a valuable strategic player.

The utilization of metrics in your talent management process requires a commitment and resource allotment, so it's important to do it right. However, there are some common errors in the design and use of metrics, namely:

- Metrics for the sake of metrics.
- Too many metrics (no action).
- Metrics not driving the intended action.
- No record of methodology.
- No benchmark.
- Underestimation of the data extraction.

We use metrics to base decisions on and to focus our actions. To be effective and reliable, the metrics we choose should have the following five characteristics.

1. Aligned with business strategy

In a Corporate Leadership Council survey, 62 percent of respondents cited "to better align HR strategy with corporate strategy" as their number-one goal. More than half the respondents in a Towers Perrin study considered "shifting HR's role to help address critical business issues" as the most significant challenge for HR leaders.

Clearly, HR alignment with business goals is a priority, but it's also difficult to achieve. First, corporate business targets (i.e., the direction set by the

CEO) and HR strategies need to be synchronized, and then translated into tactics implemented by HR.

2. Actionable and predictive

A good metric must provide information that can be acted on. Too often HR measures for the sake of measuring without really asking, "what do I do if the metric is lower or higher?" Metrics must trigger appropriate action. A metric that merely measures finite or completed actions, not ongoing activity, is only of retrospective interest.

The issue with many data points is that they are usually lagging indicators, or in other words, show what happened in the past. Data that, when analyzed, can forecast the direction actions should take in the future is what provides true power. Presenting these leading indicators that drive aligned action is where strategic HR should be going.

3. Consistency

A good metric is consistent in what it measures. Cost-per-hire, for instance, has been a popular HR metric. Yet a SHRM/EMA study identified more than a dozen components included at widely varying degrees by different companies to calculate cost-per-hire. Make sure that the data included in any metric you use is defined at the outset, and remains consistent, otherwise the value of its comparison is useless.

4. Time trackable (internal benchmark)

A good metric must be trackable over time. It's not a snapshot of an activity at

iLOGOS RESEARCH

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one moment in time. For example, the number of job applications received per week can be tracked and graphed to see both the weekly trend – as well as a monthly, quarterly or longer interval – and forecast a shortage.

The frequency of reporting for a metric varies with different metrics. We recommend that the time-to-fill metric for instance, should be reported weekly. Metrics addressing longer-term evaluations such as hiring manager satisfaction, and new hire performance could be tracked quarterly or annually.

5. Peer comparison (external benchmark)

In addition to analyzing internal performance, good metrics should be compared to external benchmarks among a peer group. That peer group may be another business unit within your company, another company similar, for instance, in size or location, or an industry benchmark.

A metric viewed only as an internal measure may not reveal the need for improvement until tracked against an external benchmark. Conversely, that metric may show superior performance when viewed in a wider context. Benchmarking by quartile can be another beneficial indicator of relative performance.

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