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| Strategy and Human Resource Planning | Chapter  2 |
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This chapter emphasizes that HR considerations are a critical part of any organization’s strategic plan. The authors present a six-step process that shows how HR planning and strategic planning are integrated: Strategies are driven by the (1) organization’s mission, vision, and values as well as an evaluation of the (2) external and (3) internal environments. (4) Strategy formulation is followed by (5) strategy implementation. Finally, executed strategies must be (6) evaluated and assessed as a basis for determining future strategies. While studying the strategic planning and human resource planning processes in this chapter, students will see the many ways that strategic-planning decisions affect—and are affected by—HR functions.

# Chapter Outline

**I. Strategic Planning and Human Resources**

A. Strategic Planning and HR Planning: Linking the Processes

**II. Step One: Mission, Vision, and Values**

A. Developing a Mission Statement

B. HR’s Role in Establishing an Reinforcing a Firm’s Mission, Vision, and Values

**III. Step Two: External Analysis**

A. The Business Environment

1. The Remote Environment

Economic and Ecological Changes

Technological Changes

Demographic Changes

Social Changes

Legal and Regulatory Changes

B. The Competitive Environment

1. Customers

2. Rival Firms

3. New Entrants

4. Substitutes

5. Suppliers

C. HR’s External Analysis

**IV. Step Three: Internal Analysis**

A. Core Capabilities

1. Sustaining a Competitive Advantage through People

2. Types of Talent and Their Composition in the Workforce

Strategic Knowledge Workers

Core Employees

Supporting Workers

External Partners

3. Corporate Culture

Conducting a Cultural Audit

Values-Based Hiring

B. Forecasting

1. Forecasting a Firm’s Demand for Employees

Quantitative Approaches

Qualitative Approaches

2. Forecasting the Supply of Employees

Staffing Tables and Markov Analysis

Skill Inventories and Management Inventories

Replacement Charts and Succession Planning

C. Assessing a Firm’s Human Capital Readiness: Gap Analysis

**V. Step Four: Formulating a Strategy**

A. Corporate Strategy

1. Growth and Diversification

2. Mergers and Acquisitions

3. Strategic Alliances and Joint Ventures

B. Business Strategy

1 Low-Cost Strategy: Compete on Productivity and Efficiency

2. Differentiation Strategy: Compete on Unique Value Added

C. Functional Strategy: Ensuring Alignment

1. Vertical Fit/Alignment

2. Horizontal Fit/Alignment

**VI. Step Five: Implementing a Firm’s Strategy**

A. Taking Action: Reconciling Supply and Demand

**VII. Step Six: Evaluation**

A. Evaluation and Assessment Issues

B. Measuring a Firm’s Strategic Alignment

1. Strategy Mapping and the Balanced Scorecard

2. Measuring Horizontal Fit

C. Ensuring Strategic Flexibility for the Future

# Generating Interest

Consider using the On the Job Video Case to generate interest and launch the discussion of this chapter. See the Instructor’s Resource Guide for a discussion guide to the video case questions.

# Dealing with Trouble Spots

The goal of human resources planning can be described as having the right number of people with the right skills in the right place at the right time. Three factors that contribute to the challenging nature of this goal are employee turnover, absenteeism, and the cost of replacing employees. Use the chapter appendix, “Calculating Turnover and Absenteeism” (outline below) to focus on these issues.

**Employee Turnover Rates**

Computing the Turnover Rate

Determining the Costs of Turnover

**Employee Absenteeism Rates**

Computing Absenteeism Rates

Comparing Absenteeism Data

Costs of Absenteeism

Absenteeism and HR Planning

# Involving Students

Use this example for Step One: Mission, Vision, and Values:

1. Read students this **mission** statement from a well-known company and ask them to guess what company it is:

Our mission declares our purpose as a company. It serves as the standard against which we weigh our actions and decisions. It is the foundation of our Manifesto [for Growth]:

* 1. To refresh the world in body, mind and spirit.

1. To inspire moments of optimism through our brands and our actions.
2. To create value and make a difference everywhere we engage.

ANSWER: Coca-Cola.

1. Coca-Cola’s **vision** statement describes what Coca-Cola needs to accomplish in the following five areas in order to continue achieving sustainable growth: People, Portfolio, Partners, Planet, and Profit. The vision for their people is: “Being a great place to work where people are inspired to be the best they can be.”
2. Note how every one of their values relate on some level to their employees. Coca-Cola states their **values** serve as a compass for their actions and describe how they behave in the world:

* *Leadership*: The courage to shape a better future
* *Collaboration*: Leverage collective genius
* *Integrity*: Be real
* *Accountability*: If it is to be, it’s up to me
* *Passion*: Committed in heart and mind
* *Diversity*: As inclusive as our brands
* *Quality*: What we do, we do well

SOURCE: [www.thecoca-colacompany.com/ourcompany/mission\_vision\_values.html](http://www.thecoca-colacompany.com/ourcompany/mission_vision_values.html)