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Strategy



Strategy is...

- A long-range plan of action oriented to achieving defined goals.
- Created and refined through a **strategic planning** process.
- Implemented through **strategic management**.

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2

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Levels of Strategy



Organizational

Business Unit

Operational

- Strategic planning is repeated at each level with increasing focus and specificity.
- Business unit and operational strategies are closely aligned with the organizational strategy to better support its implementation.

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3

3

SIRM Ford Motor Company




OUR PURPOSE AS A COMPANY

To help build a better world, where every person is free to move and pursue their dreams.

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4

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- Tesla — Accelerate the world's transition to sustainable **energy**.
- Amazon — To be Earth's most **customer**-centric company.
- Apple — Bring the best user experience through **innovative hardware, software, and services**.
- Nike — Bring inspiration and **innovation to every athlete** in the world.
- Microsoft — Empower every person and organization to **achieve more**.
- Walmart — **Save people money** so they can live better.
- Google — Organize the world's **information** and make it universally accessible and useful.
- Starbucks — Inspire and nurture the human spirit — one person, **one cup**, one neighborhood at a time.
- Southwest Airlines — Connect people to what's important through friendly, reliable, **low-cost air travel**.

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SIRM Critical Success Factors



Alignment of effort



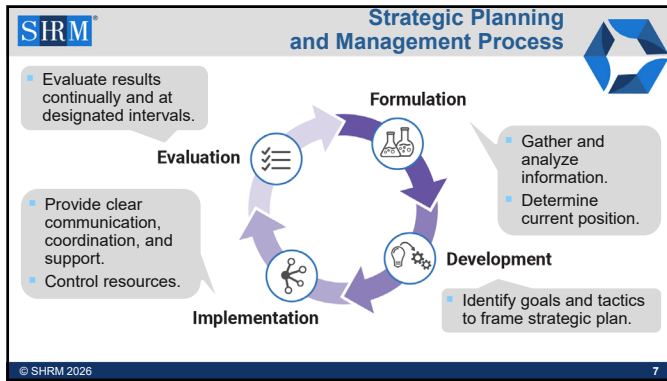
Control of drift



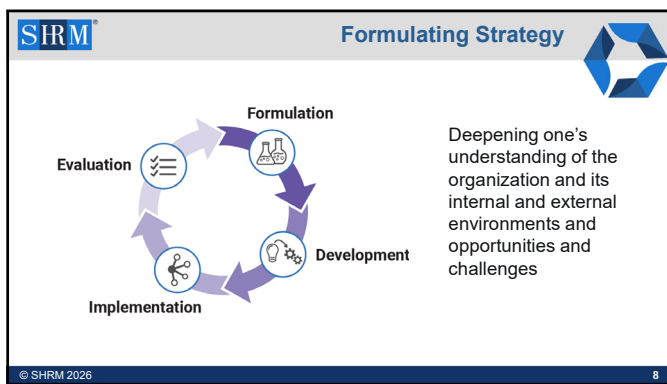
Focus on core competencies

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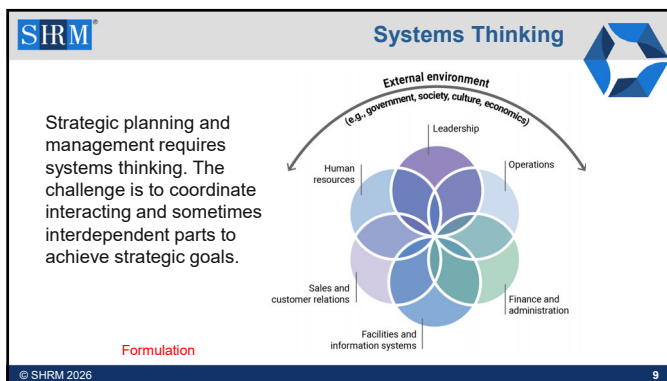
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SIRM Environmental Scanning

Systematic survey and interpretation of relevant internal and external data to:

- Identify external threats and opportunities.
- Strengthen strategic plans and goals.

✓ PESTLE analysis ✓ Growth-share matrix
✓ SWOT analysis ✓ Scenario analysis

Formulation

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SIRM PESTLE Analysis

Systematic search for environmental forces organized under specific categories.

PESTLE can be used for the entire enterprise, for individual units or functions, or for specific activities.

PESTLE

- Political
- Economic
- Social
- Technological
- Legal
- Environmental

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11

SIRM PESTLE Analysis

Political – Mid Term elections, US/China tension, Immigration policies, Iran, Ukraine, Israel

Economic – Inflation, Unemployment, Private equity, Oil

Social – Workforce expectations, Gen Z, Mental health, Digital services

Technological – AI, cyber security, Data analytics

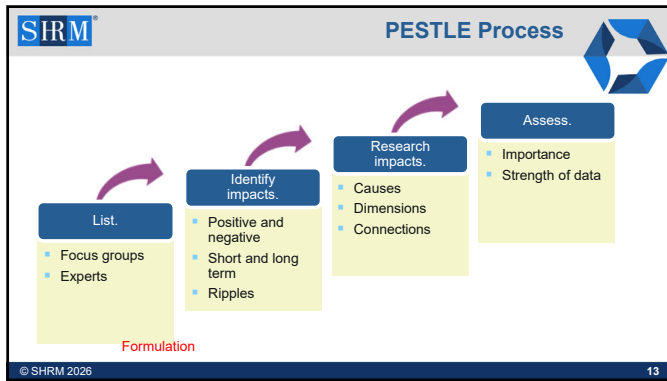
Legal – FLSA, Non-competes, PWFA

Environmental – Insurance, Sustainability, Energy access

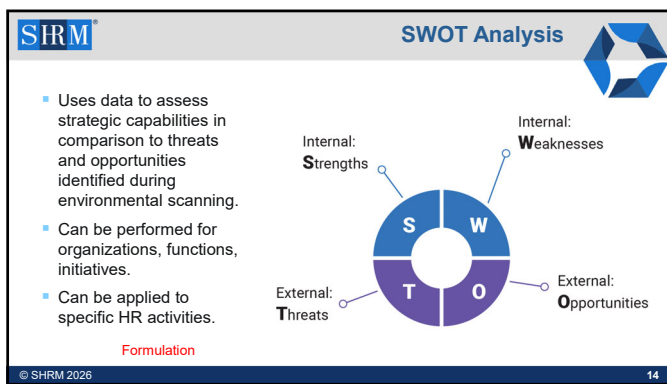
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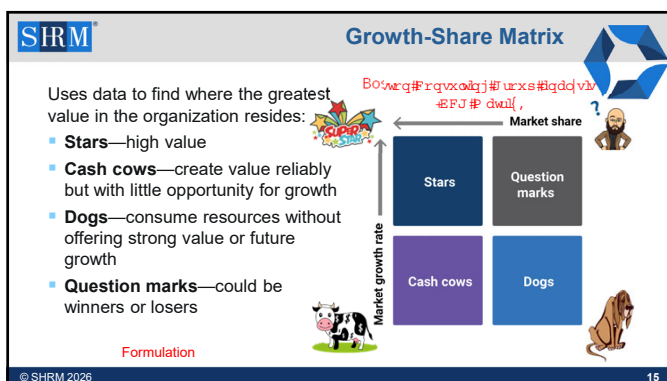
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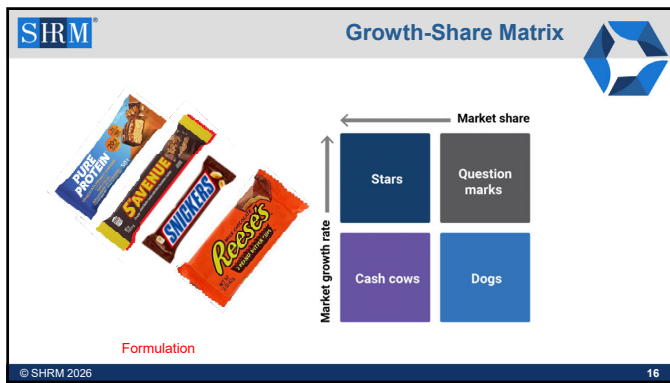
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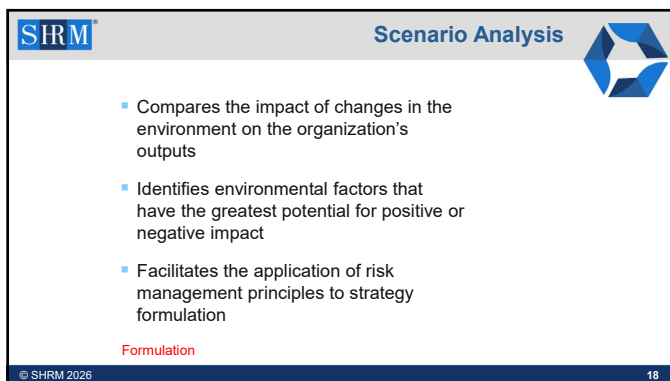
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Scenario Analysis

Scenario or what-if analysis
Identify the impacts on X of different scenarios.

Scenario Analysis			
Price Sold	\$	3.00	Target
Units Sold		500,000	\$1,000,000
Cost to Produce			
		Profit	Difference
\$	1.00	1,000,000	\$ -
\$	1.05	975,000	\$ (25,000)
\$	1.10	950,000	\$ (50,000)

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19

SRM

Mission, Vision, Values

Mission

- What the organization/function intends to pursue and its charted management course
- Provides focus and purpose of strategy

Vision

- What the organization/function aspires to become in the future
- Provides motivation and unity

Values

- What beliefs the organization/function supports through behaviors and actions
- Provides guidepost for decision making

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20

SRM

Mission, Vision, Values

The Erbin Farmer

Vision

A future where every urban community has equitable access to responsibly sourced, natural, and nutritious food.

Mission

To build a socially driven enterprise that responsibly sources and distributes natural, nutritious foods, expanding access to healthy choices in urban communities.

Values

Compassion, Responsibility, Well-being, Imagination, etc.

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21

SIRM **Setting Goals**

General goals suggest how the organization will focus its resources.

Starts moving the organization and people in the intended direction.
Example: Increase productivity.

Organizational goal-setting process must be repeated on unit or functional level.

Creates a line of sight from the organization's strategic goals to the goals and objectives of the organization's functions and units.
Example for HR: Improve quality and efficiency of talent supply chain.

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SIRM **Mission, Vision, Values**

Mission

To build a socially driven enterprise that responsibly sources and distributes natural, nutritious foods, expanding access to healthy choices in urban communities.

- Socially Driven – What is that?
- Responsibly Sources – Who are our suppliers?
- Natural/Nutritious - What are/should we be selling?
- Distributes – How?
- Accessible – Cost?
- Healthy Choices – Education?
- Urban Communities – Where?

EAT YOUR GREENS

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SIRM **Aligning HR Strategic Goals**

Find the **value drivers**, the actions, processes, or results needed to deliver a desired value.

Enterprise Goal
Decrease time to market to increase competitiveness in mobile applications.

HR Goal
Increase effectiveness of teams throughout the organization.

Learning and Development Objective
Facilitate development of teams and team skills.

Recruiting Objective
Include screening and evaluation related to experience working in teams in all recruiting and selection tools.

HRIS Objective
Develop talent management database.

HRM Objective
Develop policies to support global talent management.

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SIRM Using Balanced Scorecards

- Originally developed by Robert Kaplan and David Norton
- Provides a more strategy-focused, balanced, multi-perspective assessment of performance



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SIRM Leading/Lagging Indicators

Balanced scorecards include leading and lagging performance indicators.

← Lagging

Describes effects that have already occurred and cannot be changed.
For example, turnover rate indicates the success or lack of success in employee engagement.

→ Leading

Describes predictive actions that can change future performance and help achieve success.
For example, employee satisfaction indicates future retention rates and associated costs of hiring.



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26

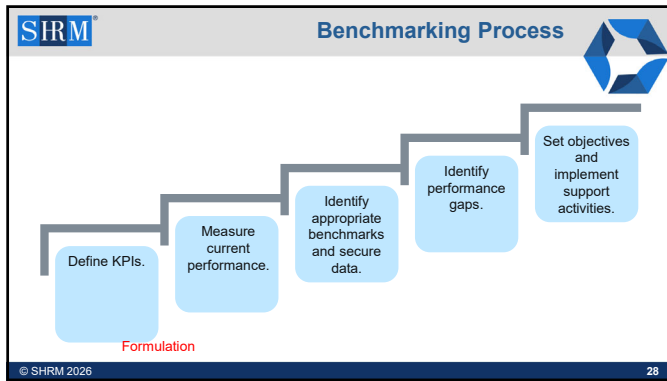
SIRM SMARTER Performance Objectives

S	Specific
M	Measurable
A	Achievable
R	Relevant
T	Time-based
E	Evaluated
R	Revised

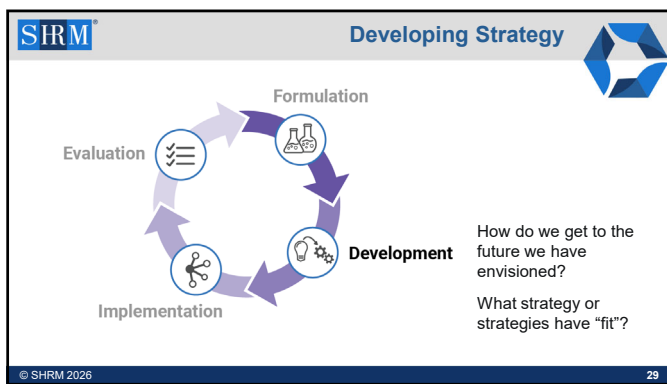
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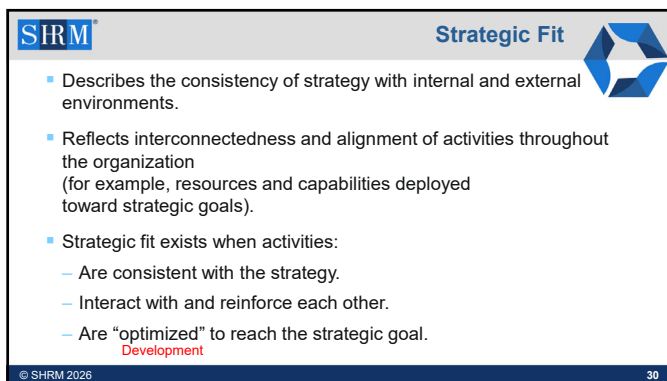
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30

SIRM **Creating Competitive Advantage**

There are two ways that an organization can create competitive advantage, and both involve change.

External changes

Compete by adapting quickly to changes in the external environment.

Internal changes

Compete through change, innovation, and reinvention.

Development

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SIRM **Red Blue Ocean Strategy**

Red Ocean Strategy

- Compete in **existing** market space.
- Beat the competition.
- Exploit **existing** demand.
- Make the value-cost trade-off.
- Align the whole system of a firm's activities with its strategic choice of differentiation or low cost.

VS

Blue Ocean Strategy

- Create **uncontested** market space.
- Make the competition irrelevant.
- Create and capture **new** demand.
- Break the value-cost trade-off.
- Align the whole system of a firm's activities in pursuit of differentiation and low cost.

Development

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SIRM **Impact of Business Strategy on HR**

HR strategy can influence a primary lever of organizational strategy—employees:

- Talent management
- Workforce planning
- Compensation
- Employee engagement
- Organizational effectiveness
- Inclusion & diversity

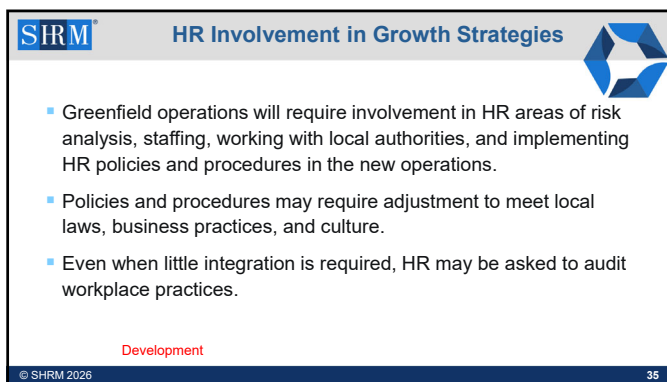
Development

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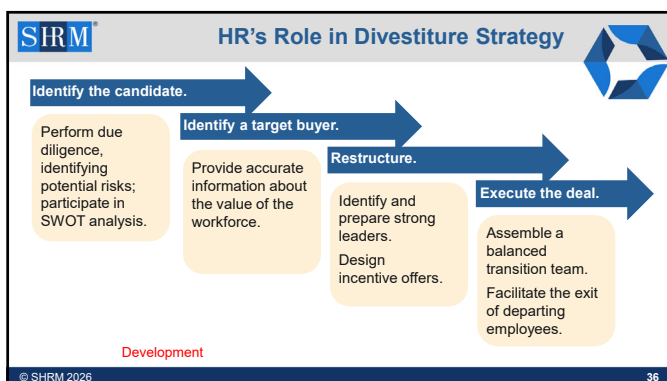
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36

SIRM **Implementing Strategy**

Translates strategic intent into specific plans of action.

Requires communicating the value of the strategies to all members and effectively managing the implementation of plans.

Implementation

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SIRM **Aligning Budgets with Strategies**

Operational Budget	Strategic Budget
Funds ongoing activities required to provide HR services to internal customers	Funds initiatives aligned with strategic goals (line of sight)
Examples: - Talent acquisition costs - Compensation and benefits	Examples: - Development of mentoring program - Initiative to improve cultural alignment
Many items are variable and affected by organizational and HR strategies.	Initiatives must compete for available resources and are funded according to strategic priorities.

Implementation

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SIRM **Communication Strategy**

- Communication occurs in different ways and at different levels.

Examples: Formal communication or team meetings

- The communication plan should include ongoing opportunities for feedback.

Core Elements of Success

- Outward to entire team
- Inward to leaders
- Leadership support
- Free flow of information across organizational boundaries
- Helping team members see how their work connects to the strategy

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SIRM Managing Strategic Initiatives

HR action plans are implemented through normal operations and through specific initiatives managed as time-limited projects.

- Multiple phases
- Simple or complex deliverables
- Large or small budgets

Projects can vary in complexity. Some require dedicated project managers.

Implementation

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SIRM Project Stages

Planning	Executing	Closing
- Working with stakeholders - Creating project charter - Defining deliverables - Scheduling - Assembling team	- Communication - Leadership - Removing obstacles - Managing stakeholders - Monitoring and controlling	- Assessment and evaluation - Team debriefing - Continuous improvement - Continuous learning

Implementation

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SIRM Specialized Project Management Approaches

Lean	Six Sigma
Agile	Critical chain
Kaizen	Design thinking

Implementation

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SIRM Lean



VALUE
=
what **MATTERS**
TO customers

<https://youtu.be/XrKtxBxDoFI>

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43

SIRM Agile

- 1) communication with parties is more important than standard procedures and tools,
- 2) focus on delivering a working application and less focus on providing thorough documentation,
- 3) collaborate more with clients, and
- 4) be open to changes instead of freezing the scope of the work.



AMAZING

Implementation



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SIRM Critical Chain

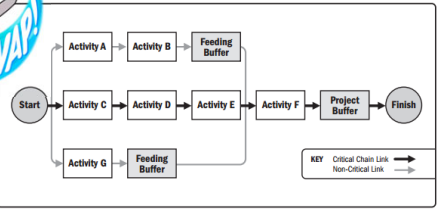



Figure 6-19. Example of Critical Chain Method

Implementation

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SIRM **Measuring Strategic Performance**

■ KPIs:

- Quantifiable measures of performance
- Gauge progress toward strategic objectives or agreed standards of performance

Effectiveness

Efficiency

Impact

Implementation

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SIRM **Evaluating Strategy**

Essential for:

- Sound management
- Good governance
- Continuous improvement

Evaluation

Formulation

Development

Implementation

Evaluation

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47

SIRM **Evaluating Strategic Results**

Appears as the final phase of strategic management but is often a factor in the preceding stages.

Requires:

- Developing tools and establishing processes to collect data.
- Analyzing data in an ongoing manner.
- Investigating discrepancies between planned and actual.

Evaluation

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Communicating Strategic Results



- Information must be presented efficiently and effectively.
- Challenges caused by quantity of data.
- Create a narrative supported by data.
- Data should not drive the report.

Evaluation

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