

# HR STRATEGY

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**SHRM** 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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**SHRM** Levels of Strategy 



- 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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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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SIRM

- 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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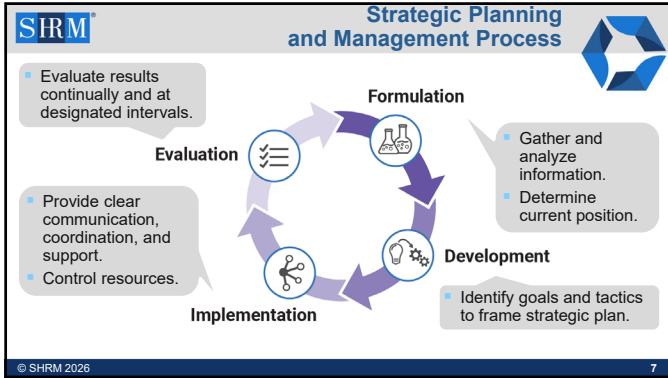
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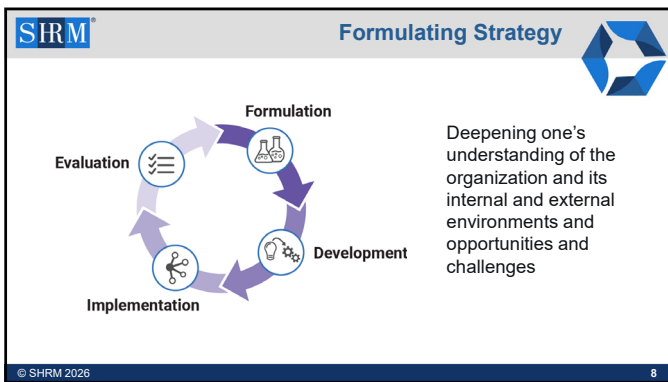
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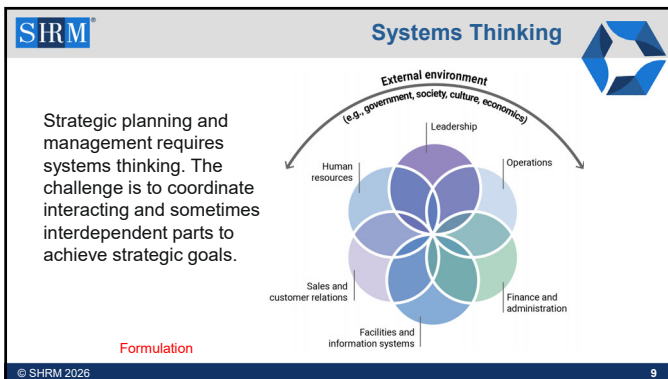
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**SIRM** Environmental Scanning

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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**SIRM** PESTLE Analysis

**P**olitical – Mid Term elections, US/China tension, Immigration policies, Iran, Ukraine, Israel

**E**conomic – Inflation, Unemployment, Private equity, Oil

**S**ocial – Workforce expectations, Gen Z, Mental health, Digital services

**T**echnological – AI, cyber security, Data analytics

**L**egal – FLSA, Non-competes, PWFA

**E**nvironmental – Insurance, Sustainability, Energy access

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**SIRM** **PESTLE Process**

**List**

- Focus groups
- Experts

**Identify impacts.**

- Positive and negative
- Short and long term
- Ripples

**Research impacts.**

- Causes
- Dimensions
- Connections

**Assess.**

- Importance
- Strength of data

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**SIRM** **SWOT Analysis**

- Uses data to assess strategic capabilities in comparison to threats and opportunities identified during environmental scanning.
- Can be performed for organizations, functions, initiatives.
- Can be applied to specific HR activities.

Internal: **S**trengths      Internal: **W**eaknesses

External: **T**hreats      External: **O**pportunities

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**SIRM** **Growth-Share Matrix**

Uses data to find where the greatest value in the organization resides:

- Stars**—high value
- Cash cows**—create value reliably but with little opportunity for growth
- Dogs**—consume resources without offering strong value or future growth
- Question marks**—could be winners or losers

Market growth rate

Market share

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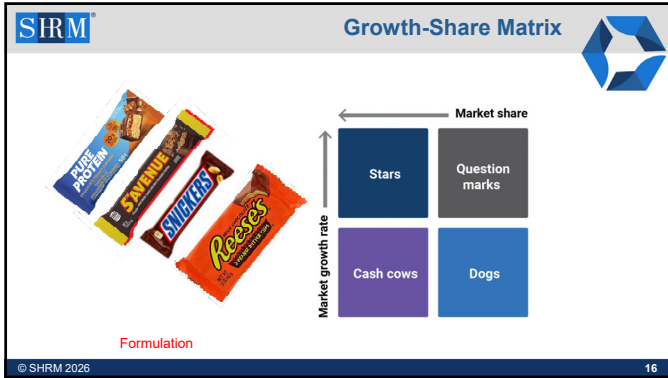
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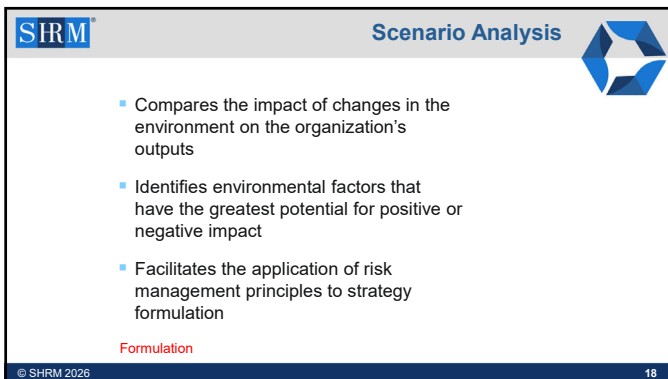
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**SIRM** Scenario Analysis

**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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**SIRM** 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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**SIRM** 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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**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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**SIRM** SMARTER Performance Objectives

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

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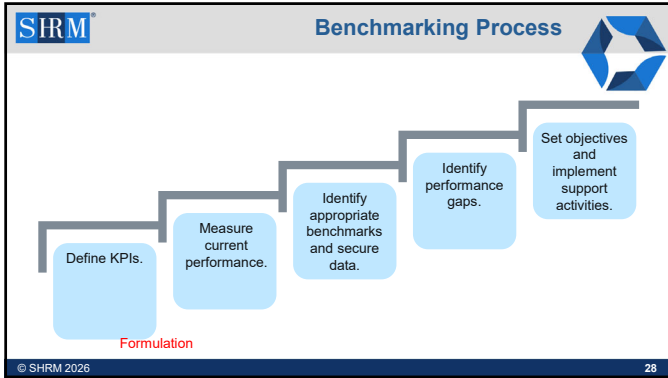
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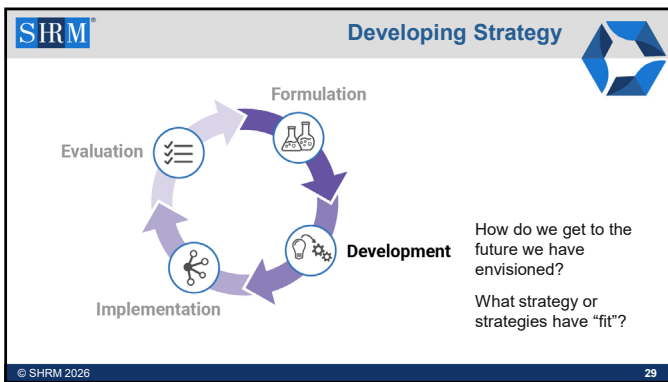
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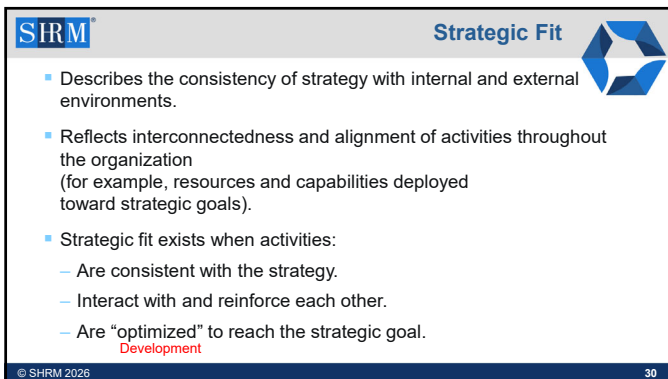
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**SIRM** **Creating Competitive Advantage**

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.

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31

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**SIRM** **Red Blue Ocean Strategy**

Red Ocean Strategy	VS	Blue Ocean Strategy
Compete in <b>existing</b> market space.		Create <b>uncontested</b> market space.
Beat the competition.		Make the competition irrelevant.
Exploit <b>existing</b> demand.		Create and capture <b>new</b> demand.
Make the value-cost trade-off.		Break the value-cost trade-off.
Align the whole system of a firm's activities with its strategic choice of differentiation or low cost.		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

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**SIRM** **Growth Strategy Options**

Each strategy requires different levels of investment and offers different levels of control and return.

- Strategic alliance
- Joint venture
- Equity partnership
- Merger/acquisition
- Franchising
- Licensing

- Contract manufacturing
- Management contract
- Turnkey operation
- Greenfield operation
- Brownfield operation

Development

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**SIRM** **HR Involvement in Growth Strategies**

- Greenfield operations will require involvement in HR areas of risk analysis, staffing, working with local authorities, and implementing HR policies and procedures in the new operations.
- Policies and procedures may require adjustment to meet local laws, business practices, and culture.
- Even when little integration is required, HR may be asked to audit workplace practices.

Development

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**SIRM** **HR's Role in Divestiture Strategy**

Identify the candidate. → Identify a target buyer. → Restructure. → Execute the deal.

Perform due diligence, identifying potential risks; participate in SWOT analysis.

Provide accurate information about the value of the workforce.

Identify and prepare strong leaders. Design incentive offers.

Assemble a balanced transition team. Facilitate the exit of departing employees.

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**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)
<b>Examples:</b> <ul style="list-style-type: none"> <li>Talent acquisition costs</li> <li>Compensation and benefits</li> </ul>	<b>Examples:</b> <ul style="list-style-type: none"> <li>Development of mentoring program</li> <li>Initiative to improve cultural alignment</li> </ul>
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**

- Working with stakeholders
- Creating project charter
- Defining deliverables
- Scheduling
- Assembling team

**Executing**

- Communication
- Leadership
- Removing obstacles
- Managing stakeholders
- Monitoring and controlling

**Closing**

- Assessment and evaluation
- Team debriefing
- Continuous improvement
- Continuous learning

Implementation

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**SIRM** Specialized Project Management Approaches

- Lean
- Agile
- Kaizen
- Six Sigma
- Critical chain
- Design thinking

Implementation

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SIRM Lean



**VALUE**  
=  
what **MATTERS**  
TO customers

<https://youtu.be/XrKtxBxDoFI>

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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.



Implementation

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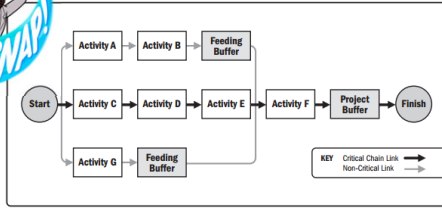
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SIRM Critical Chain



OH SNAP!

KEY Critical Chain Link —> Non-Critical Link —>

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

Formulation

Evaluation

Development

Implementation

Evaluation

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**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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**SIRM** **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.

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Evaluation

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