



The HR Audit : HR Alignment with Business Strategy

Greater Valley Forge SHRM
April 19th, Dinner Presentation
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- ▶ Understand the process of conducting a strategic HR audit.
- ▶ Discuss the difference between a strategic HR audit and a functional/operational HR audit
- ▶ Understand & utilize the HR audit report to implement change.
- ▶ Make a strong business case to senior leadership to implement recommendations of an HR Audit Report.

Agenda

The purpose of the HR Audit is to conduct an in depth analysis of the HR function to identify areas of strength and weakness. Conducting an audit involves comprehensive look at the services and value HR brings to an organization.

Why an HR Audit?

- ▶ Merger
- ▶ Recent litigation
- ▶ Recent change in strategy
- ▶ Cost reduction goals
- ▶ Organizational Restructuring
- ▶ Perception that HR is not meeting needs
- ▶ Part of a performance improvement program
- ▶ HR's own need to improve operational efficiency and organizational effectiveness

What are the Drivers?

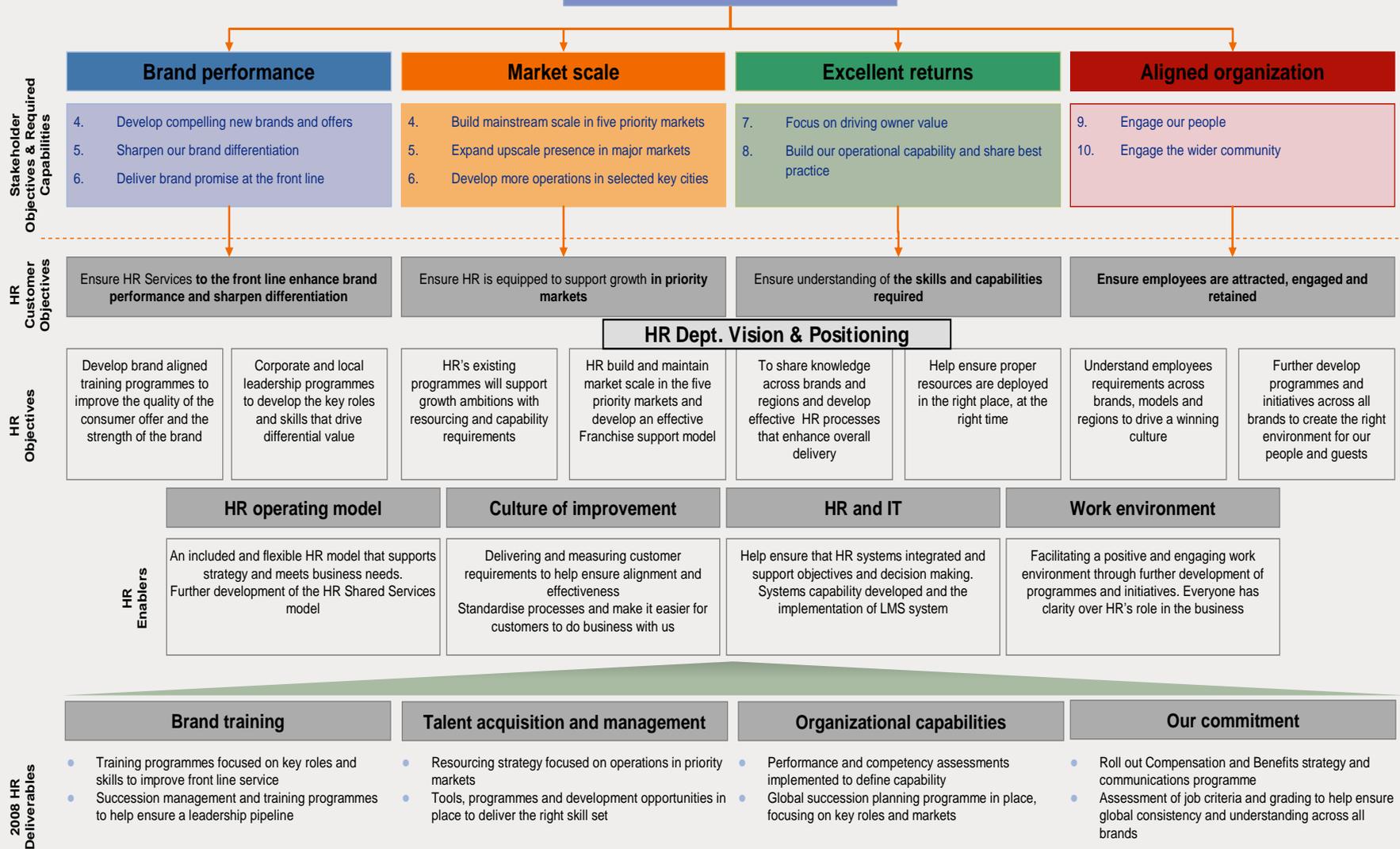


- ▶ Strategic HR Audit - Alignment?
- ▶ Functional HR Audit - Alignment?
- ▶ Operational HR Audit - Alignment?
- ▶ Initiative/Project Audit – Alignment?

How does HR Measure Up?



Vision



Strategic Alignment Self Assessment



- ▶ Have you identified 2016 HR customer objectives that align directly with the core capability requirements of your business?
- ▶ Is the HR Vision/Mission derived from and linked to key customer objectives?
- ▶ Have you created enablers of your HR practice that support the HR vision and mission?
- ▶ Have you created your 2016 HR deliverables you can tie directly to HR practice enablers and customer objectives?
- ▶ Do analytics capabilities deliver data that drives business decisions?
- ▶ Is your utilization of cloud services tied to business processes?
- ▶ Mobility applications –have you identified where and when you need them?
- ▶ Are you using technology to enable change?

Take a moment and answer the following...

Allocate one row to each project

Allocate one column to each of the identified business objectives for the project

Identify the timeline for the project

Identify the costs associated with each phase of the project

HR Initiatives	Business Objectives					Duration	Expense			Impact	
	1	2	3	4	5	(months)	Development	Implementation	Maintenance	What?	How?
1	Blue	Amber	Red	Blue	Blue	Light Green	Yellow	Yellow	Yellow	Orange	Orange
2	Green	Blue	Blue	Blue	Blue	Light Green	Yellow	Yellow	Yellow	Orange	Orange
3	Blue	Amber	Amber	Green	Blue	Light Green	Yellow	Yellow	Yellow	Orange	Orange
4	Green	Blue	Red	Green	Amber	Light Green	Yellow	Yellow	Yellow	Orange	Orange
5	Blue	Blue	Blue	Blue	Blue	Light Green	Yellow	Yellow	Yellow	Orange	Orange

Describe the net effect of the project on the HR Strategy (+ or -)

Assess the value that the HR project makes toward each of the identified business objectives using the following scale:

- Red: Low Value
- Amber: Medium Value
- Green: High Value

Example HR Initiative Audit

- ▶ Client #1 – Full HR Audit
- ▶ Client #2 – Mini HR Audit focused on Compensation Practices
- ▶ Client #3 – Leadership Audit

Case Studies



Step #1: Commitment

- ▶ Engage stakeholders
- ▶ Confirm Scope of Audit

Step #2: Data Collection

- ▶ Develop the audit questions
- ▶ Collect and analyze the data
- ▶ Benchmark results against internal and/or external measures

Step #3: Report and Recommendations

- ▶ Report the findings & recommendations
- ▶ Create a plan to address issues

HR Audit Process

Costs associated with....

- ▶ ...a poor hire
- ▶ ...a workers compensation claim
- ▶ ...time to interpret confusing vacation/benefit information
- ▶ ...inadequate succession planning
- ▶ ...handling a wage and hour claim
- ▶ ...defending an EEOC claim
- ▶ ... not managing poor performance
- ▶ ... rewarding non value added performance
- ▶ ...investing in the wrong technology
- ▶ ...no alignment with business drivers and strategy

Cost/Benefit of an HR Audit

Q&A

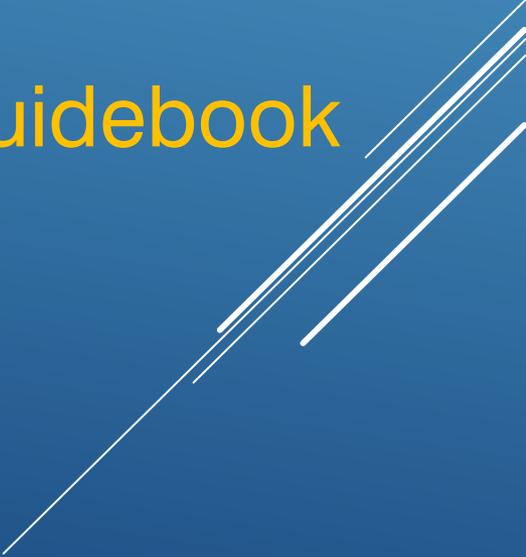


Overview Guidebook

- ▶ Overview Conducting an HR Audit
- ▶ Leadership Audit Process Overview
- ▶ Sample Stakeholder Questions
- ▶ Sample Document Request list
- ▶ Links to Operational/Functional HR Audit Questions assessing alignment by function

<insert link>

Presentation Bonus: HR Audit Guidebook



Thank You

