

## **HUMAN CAPITAL MANAGEMENT (HCM) WITH BUSINESS SUCCESS ADVOCATING FOR THE ROLE OF THE STRATEGIC HR BUSINESS PARTNER FUNCTION**

*- FROM THE TOOLBOX OF THE GOINGER KREIS E.V. -*

### **Statement**

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*"HR Business Partners are useless, except when you want to achieve (business) success."*

HR Business Partners (HRBPs) do not exist for their own benefit. How would management achieve business goals without dedicated HRBPs? At the same time, economic and social goals (goal dualism) must typically be well balanced for HCM. In other words, by skillfully managing the "human resource", the economic effectiveness of a company can be increased. Smart decisions regarding the workforce make a company more productive and significantly contribute to success.

### **Approach**

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We focus on the professionalization of Human Capital Management to maintain and increase business success. This is achieved through improved predictability of sustainable profit and growth, better cost control, and the promotion of innovation. Our approach makes the impact on business success transparent and lays the foundation for more effective collaboration between the HR function and other departments.

### **Strategy Map**

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In our view, the contribution to a company's financial goals plays a central role in determining which HCM activities should be prioritized. To identify which activities might contribute to corporate goals, we suggest that HRBPs use a Strategy Map<sup>1</sup>.

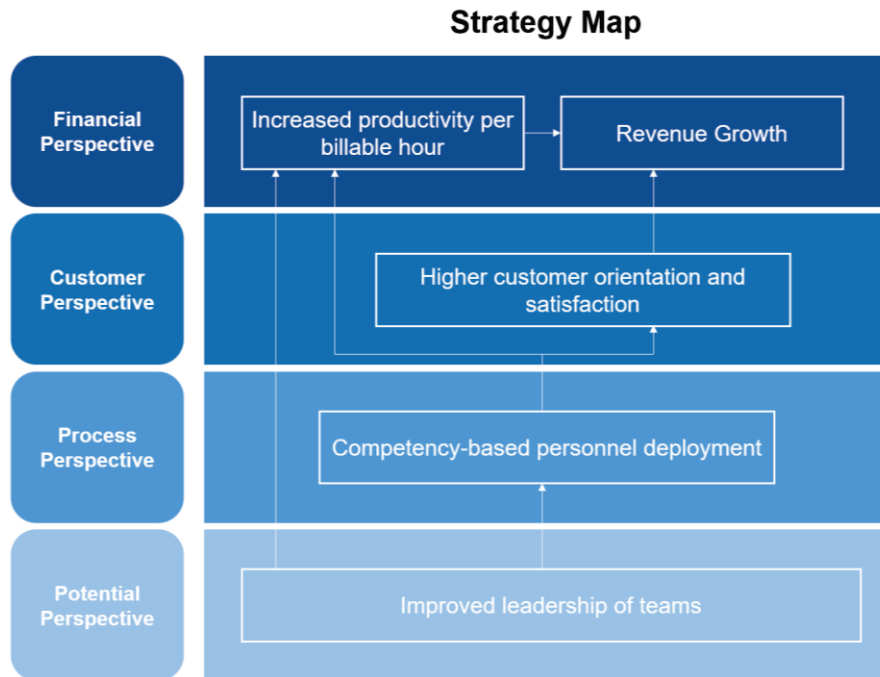
The basis of the Strategy Map is the Balanced Scorecard<sup>2</sup>. This management tool suggests that companies should pursue goals in the perspectives of *finances, customers, internal processes, and employees* to ensure a balanced strategy and capture all relevant aspects of business success.

First, clear and relevant goals of the own company in the four perspectives are defined, which are expected to contribute to business success. To verify if these goals truly add value, cause-and-effect chains are examined: it is evaluated whether achieving goals in the perspectives of *customers, internal processes, and employees (potential)* supports the achievement of *financial goals*.

Typically, the process begins "from bottom to top." This approach involves beginning with the perspective of *employees* to identify success contributions of HCM work and then examining how the goals defined at this level affect *internal processes, customers, and finances*.

The Strategy Map, as a further development of the Balanced Scorecard, is ultimately just the accompanying communication tool that visualizes the cause-and-effect chains.

The plausibility check of these cause-and-effect chains help to examine the purpose behind HR practices and to select those practices that best pursue the goals at higher levels. From a HCM perspective, this results in the necessary fields of action for the success contribution of workforce-related activities. For example, the Strategy Map illustrated below demonstrates the justified relevance of leadership development in the consulting industry.



Example of a simple Strategy Map to visualize the relevance of leadership development in the consulting industry.

Strategy Maps can vary greatly in their complexity. To illustrate, we provide another example at the end of the document.

## Measurable Results

The use of the Strategy Map provides transparency on how HCM activities directly contribute to specific business goals or which HCM activities are needed to achieve certain goals. In addition to the effective and efficient use of HCM capacities, it serves as a basis for improved communication and understanding between the HR function and other departments. This gives HCM work a (business) benefit.

## Key to Success

All individuals engaged in HR tasks (recruitment, development, leadership, restructuring, etc.) should internalize the company's business purpose and the foundation for its economic success, using it as the guiding principle for their daily actions.

*For questions on this topic, feel free to contact us: [goinger-kreis.de/mitglieder.html](https://goinger-kreis.de/mitglieder.html).*

## Sources

<sup>1</sup> Kaplan, R. S., & Norton, D. P. (2000). Having trouble with your strategy? Then map it. Harvard Business Review, 78(5), 167-176. Article available as a reprint at [https://mycourses.aalto.fi/pluginfile.php/2221835/mod\\_resource/content/4/Having%20Trouble%20with%20Your%20Strategy\\_%20Then%20Map%20It.pdf](https://mycourses.aalto.fi/pluginfile.php/2221835/mod_resource/content/4/Having%20Trouble%20with%20Your%20Strategy_%20Then%20Map%20It.pdf)

<sup>2</sup> Kaplan, R. S., & Norton, D. P. (1992). The Balanced Scorecard – Measures that drive performance. Harvard Business Review, 70(1), 71-79. Article available as a reprint at <https://hbr.org/1992/01/the-balanced-scorecard-measures-that-drive-performance-2>

## Further Strategy Map Examples

### Global Financial Service Provider

#### Financial Perspective

Increased profitability (cost-income ratio) due to a higher conversion rate in customer closures (offer-to-sell)

#### Customer Perspective

Increased trust in the consulting approach due to enhanced customer experience with the consultant.

#### Process Perspective

KPI and performance-oriented selection processes (e.g., promotion, incentives, restructuring, etc.) for employees in relation to customer interaction.

#### Potential Perspective

Identification of high potentials and acquisition competencies for customer interaction.

