

Where HR is left out of business planning

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HR is too often an "afterthought" in business planning processes now commonly undertaken by organisations, despite people being crucial to delivering on operational goals, according to a business strategy advisor.

Integrated Business Planning (IBP) is a "common-sense process" that organisations across many industries and sectors are increasingly adopting, [Oliver Wight](#) partner [Stuart Harman](#) says in a [whitepaper](#).

It allows senior managers to plan and manage the entire organisation over a 24-month horizon or more.

"Plans are done in isolation in different parts of the organisation and you get the best impact if you can bring all those plans together and really integrate them," Harman told HR Daily.

"This is really about making sure that HR understands why they need to be involved with IBP and that the plans they're working to, the support they're providing for the operational parts of the organisation, are aligned.

"Too often HR is an afterthought, or it is running its own race. When organisations do design the HR team and their plans into the IBP process, they get great outcomes."

Harman says IBP aligns strategic and tactical plans each month and allocates the critical resources – people, equipment, inventory, materials, time, and money – to satisfy customers in the most profitable way.

"Quite often HR departments are reactive. In the absence of a good integrated planning process, the whole organisation can be reactive," he says.

"Companies that run IBP well are proactive; they are looking to the future, they are anticipating the needs of other functions and they are getting plans in place.

"If an HR team can get ahead of the curve on things like recruitment and hiring talent, they can have the right people in the right place with the right skills to then deliver on the medium-term plan.

"If they find out about it late, they're constantly scrambling. Generally what happens is the recruitment's delayed, the capability's not in place, performance goals are missed, or the organisation ends up working in a very stressed manner."

Harman says HR should be involved in the following five steps of business planning:

1. Product management review – Changes to an organisation's portfolio of products and services requires teams of people with leadership, project management and technical skills. "Understanding what skills will be required when and in what quantity, and then planning for this is a key task for the HR department";
2. Demand review – The demand for an organisation's products and services is driven by activities such as marketing and promotion, which require people with skills. "HR plays a key role in planning for the number of people and skills required to enable the demand plan to be successfully executed";
3. Supply review – HR is integral in the forward plans for supplying products and services to meet the demand plan, with its key considerations including the available capability, capacity and people's roles in dividing them;
4. Integrated reconciliation and reconciliation review – This process identifies and resolves misalignment between plans, across the organisation, at the lowest possible level. "The HR function can play a vital role

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here, identifying and communicating the behavioural changes required by the leadership team and integrated reconciliation participants for IR to be effective. HR can also provide feedback and coaching as those new behaviours are adopted"; and

5. Management business review (MBR, "the final seal of approval") – The final step in the monthly IBP cycle is chaired by the CEO or MD and attended by their leadership team, as well as the IBP leader. "The HR director attends, as a member of the leadership team, and is expected to be able to provide input on any issues and decisions required where people are a factor."

The organisation's HR leader or director should be involved in the MBR stage "at a minimum", Harman says, with the earlier stages of the process typically performed by HR business partners.

"No matter who gets involved, it is important HR plays an active role in the IBP process," he says.

"When times get tough, the first thing an organisation typically does is cut people-related expenses. If this is done without understanding the impact on future capability and capacity, an organisation can get stuck in a short-term cycle of destroying potential growth or success."

[People watching: HR's role in integrated business planning](#), Oliver Wight, September 2018