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**Strategic Human Resource
Management**

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MIT Sloan School of Management

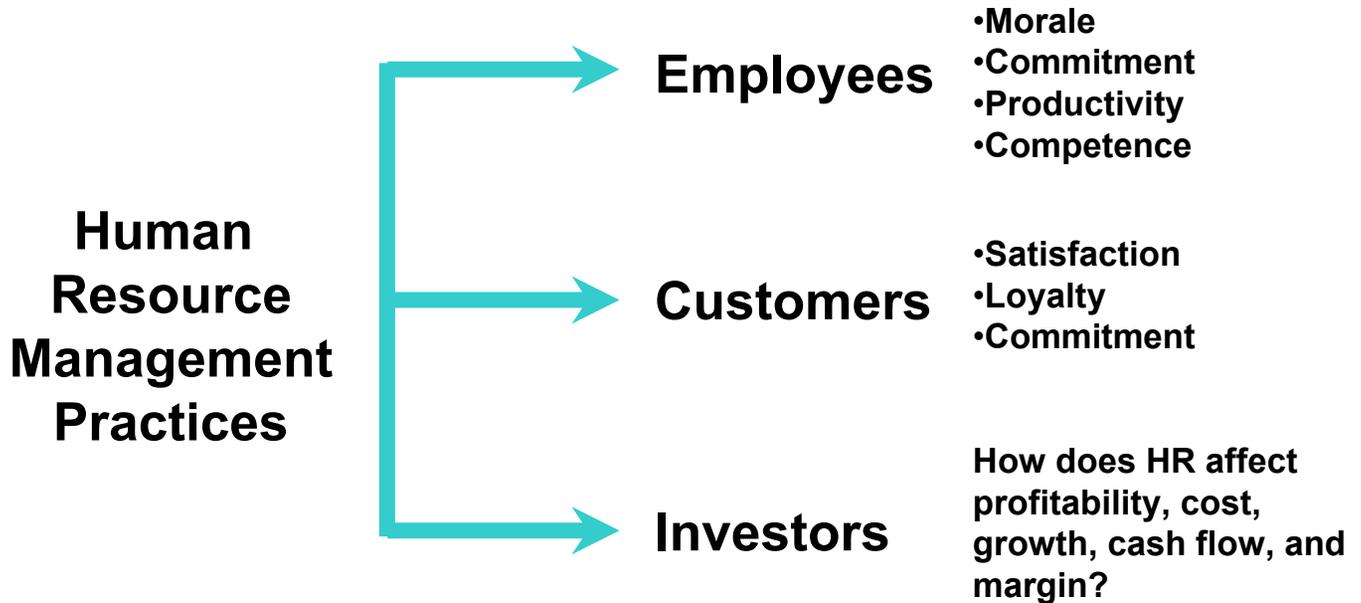
Our Goal for SHRM:



To understand the strategic issues in using Human Resources for sustainable competitive advantage and how to implement the changes necessary to achieve this. This requires that we be able to:

- ✦ Think systematically and strategically about managing human assets
- ✦ Understand what really needs to be done to implement these policies.

HR Creating Value



“The War for Talent”



“In the new economy, competition is global, capital is abundant, ideas are developed quickly and cheaply, and people are willing to change jobs often. In that kind of environment... all that matters is talent... superior talent will be tomorrow’s prime source of competitive advantage.”

Chambers, E. et al. (1998)
“The War for Talent.”
McKinsey Quarterly, 2-15

Case Studies



- ✦ Southwest Airlines
- ✦ Portman Hotel
- ✦ Morgan Stanley
- ✦ Slade Company
- ✦ NUMMI
- ✦ Saturn
- ✦ ServiceMaster
- ✦ John Snow Institute
- ✦ Eastern Airlines
- ✦ Safelight Autoglass
- ✦ Visionary Design Systems
- ✦ SAS Institute
- ✦ Harrah's Entertainment
- ✦ Springfield
ReManufacturing
- ✦ Nordstrom

Two Mysteries



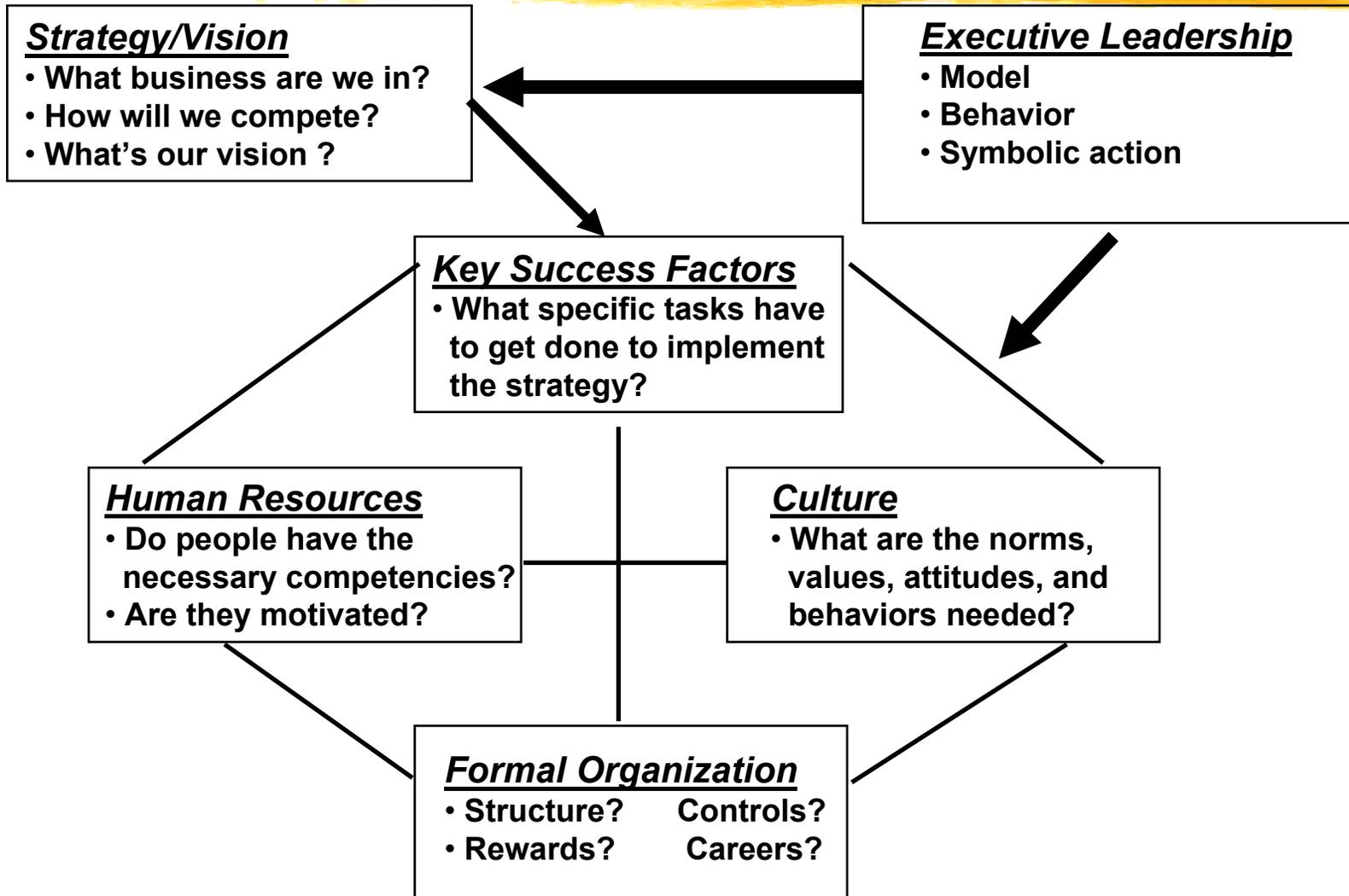
- ❖ How have these companies achieved extraordinary performance with people who are no different from those employed by the competition?
- ❖ If what they are doing is so understandable, why haven't their competitors simply replicated them and achieved similar competitive advantages?

Several Integrative Themes



- ❖ The role of HR in the execution of strategy
- ❖ The importance of alignment and consistency of HR with business strategy
- ❖ The range of HR levers available to managers

Organizational Alignment



Strategic HR Consistency

Business Unit

Strategy/ Vision / Objectives

- Products/Services
- Customers/Markets
- Technology
- Timing

Key Success Factors

- 1.
- 2.
- 3.
- 4.
- 5.

Human Resource Levers

- Vision\Purpose
- Recruitment/Selection
- Training/Development
- Reward and Recognition
- Careers/Promotions
- Job Design/Teamwork
- Measurement
- Information Sharing
- Culture

Degree of Alignment (- / 0 / +)

+	0	0	0	-
+	+	+	0	+
+	+	+	0	+
+	+	-	0	-
+	0	-	0	-
+	0	-	0	0
0	0	0	0	0
+	+	-	0	0
+	+	-	0	+

Looking Back on the course....

Exposure to some intriguing HR practices

- *Vision, values, and key success factors*
- *Open Book Management (critical #s)*
- *Team-based systems (social control)*
- *Selection for "fit" as well as skills*
- *Investing in people (intellectual capital)*
- *Long-term employment vs. free agency*
- *Psychological vs. financial ownership*
- *Performance management*

HR's Role



- ✦ The job of Human Resources is *NOT* primarily to:
 - ✦ Keep the company out of court
 - ✦ Enforce rules and maintain consistency.
 - ✦ Manage administrative processes.
 - ✦ Tell people “No”.
- ✦ HR's job is to:
 - ✦ Help build and reinforce the company's values and culture
 - ✦ Play a leadership role in building capabilities that ensure the successful execution of business strategy.



“The most effective way to forge a winning team is to call on the player’s needs to connect with something larger than themselves.”

Phil Jackson
Former coach of the
Chicago Bull, now coach
of the L.A. Lakers

References and Resources



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