Holding Strategic Conversations with the Business:

HR Leaders Share Their Insights
Executive Summary

The ability of senior HR leaders to initiate and manage strategic conversations is becoming a critical skill, requiring a comprehensive understanding of the wider business and a perspective that extends well beyond their functional expertise.

Strategic HR conversations should fulfill several important roles, most notably challenging assumptions, predicting outcomes, diagnosing problems, taking the temperature of the organization regularly, and prescribing actions which add value to the wider business. The arguments need to be supported by an extensive use of rich HR data to be credible.

Successful strategic conversations entail candor, the ability to suspend judgement and openness, which collectively trigger new ideas and enable trade-offs to be weighted and decisions made.

This report draws on focus group discussions—part of the Next Generation HR research by The Conference Board—and off-the-record interviews conducted with senior HR leaders specifically for this report. Strategic conversations are at the core of HR’s ability to be a proactive and challenging partner to the business, as one executive explained:

“The most important perquisite is to acquire an understanding of how the business works. If you don’t have this understanding, it is very difficult to have the right kind of conversation. What are your customer needs? Who is the competition? What is the market landscape? How do you make money? What are the things that help you make money? What challenges do you face at a market level? This is where the core of strategy decision making lives. If you do not understand these dimensions, it is very difficult for you to connect with the conversation. You can’t really make the right challenges.”

Insights for What’s Ahead

Strategic conversations are critical for companies undergoing any kind of business transformation. The ability of HR senior leaders to hold high quality strategic conversations with the executive committee and senior operational leaders is key to ensuring the people strategy stays aligned with the changing needs and priorities of the business. This skill will ensure the long-term future and relevance of the HR function. If HR leaders are not equipped to support and lead business transformation, they will find themselves sidelined by leaders from other business functions or trusted external partners, such as vendors and professional service firms.

Skillful strategic dialogue is a key enabler for transforming HR functions to create value. Emerging new HR operating models are seeking to dismantle functional silos in favor of more nimble, blended HR teams that can quickly “flow” to where they are most needed. Deploying in this more fluid and strategic manner depends on wider and deeper understanding of organizational priorities obtained through strategic conversations between HR senior leaders (not just HR business partners) and other business leaders.

Senior HR leaders skilled in strategic dialogue are likely to become a valuable talent pool for sustainably run businesses. Such HR leaders tend to engage a range of

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1 Next Generation HR: Agile HR at JTI, a case study, Marion Devine, December 2020
stakeholders—global and regional leadership teams, vendors, and suppliers, works councils and employee groups, local community partners, regulators, analysts and investors, etc. Their skills in stakeholder relationships will make them valuable sources of talent for companies that are transitioning to more sustainable models and that need to engage a wide range of stakeholders to manage their economic, social, and environmental impact.

There is a shortage of HR leaders with skills in strategic dialogue. Developing this expertise requires exposing HR executives to a broader array of business contexts. The art of strategic conversations is not easily taught—interviewees suggest that this is a hard-won skill, requiring time, experience, and maturity. While some basics may be covered in a HR curriculum, the next generation of HR talent will need more intensive development opportunities, such as coaching and mentoring, and carefully designed, stretching work experiences, which expose them to new business contexts and challenges.

Senior HR practitioners need to “earn the right” to converse on a strategic basis with decision makers from the wider business. This will not result purely from seniority, functional expertise, or existing status but from interventions that demonstrate an understanding of the market forces that shape the business, the intricacies of the company’s products or services, the perspectives of key stakeholders beyond HR and the capabilities and strategies of key competitors.

Laying the foundation

To undertake strategic conversations, you must prep for them.

A recent report by The Conference Board highlights the foundations for this preparation.² They include creating a set of values that pinpoint the distinctive contribution the HR function makes to the wider business and can be easily embraced and articulated by all HR staff; developing appropriate HR capabilities that promote and inculcate innovation, creativity, and both online and face-to-face business partnering skills; adopting an operational structure and procedures that mirror and align with those of the wider business; and developing measures that assess and demonstrate accurately the added value provided by the HR function.³

This foundation is important because the justification for senior HR practitioners to “sit at the table” of strategic decision makers will depend on their ability to make informed interventions around talent, culture, and organization design based on the distinctive values and capabilities of the HR function and the strategic insights these provide.

“We have a common business strategy and, every single year, we check it out and revisit our people strategy. We examine how much it fits. And with that, I have my compass


because there are no more than three or four topics from the people strategy that need to be addressed and these are the focus for any strategic conversation that might occur.”

“For sure my role plays a part in giving me the credibility to report to the top table, because my role is crucial to the eco system of the People and Organization function. Knowledge is power. But being in the room also means that you are able to connect the dots and you are able to make relevant choices about relevant recommendations.”

Strategic credibility

As the last comment implies, credibility stemming from specialist expertise is only the first step. The ability of senior HR leaders to be accepted into the inner circle and engage in strategic conversations that really make a difference to the business will depend on the individual’s ability to demonstrate a comprehensive understanding of the wider market forces that shape the business, the intricacies of the company’s product or services, the perspective of key stakeholders beyond HR, and the capabilities and strategy of key competitors.

It may take some time for this acceptance to occur since this entails earning the trust of the key players on the senior executive team and understanding the language of the wider business—especially when the goal is to “earn the right” to be listened to and to challenge constructively:

“I am a firm believer that it doesn’t work to have an intro that says: ‘Come on. I am a senior HR executive. Let’s have a strategic conversation’. I have seen many HR colleagues fail by adopting an entitled attitude, portraying themselves as strategic from the very first minute. It took me one year to earn the necessary credibility and then, and only then, was I in a position to give strategic input, have strategic discussions and to be influential. You do not start right away with this status. As an HR professional, you need to earn this trust the hard way.”

Content

A number of academic sources, together with the insights of senior HR leaders to whom we spoke, highlight the roles these conversations should fulfill.4 These include:

- **Challenging assumptions**—questioning or clarifying the opinions of strategic decision makers that are based on poorly informed viewpoints

- **Predicting outcomes**—assessing the chances of meeting key business goals from a people perspective

- **Diagnosing problems**—pinpointing precisely why the company might not be performing well or meeting its goals;

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• **Prescribing actions which add value**—such as recognizing someone’s hidden talents and adding that individual to the list of high potentials, moving someone from one position to another to ignite growth in a new market, or bringing in someone from the outside to develop capability in a new technology;

• **Taking the temperature of the company on a regular basis**—picking up internal or external signals that might cause problems further down the line and that need addressing now;

• **Planning ahead**—exploring key people issues, such as “will we have employees with the right skills, training, and temperament to achieve our targets?” or “will our people have the flexibility to adapt to changing circumstances?”;

• **Drawing on past learning**—interviewees spoke of the value of looking at past experiences of major change to see whether these lessons can be applied to new challenges. According to one interviewee, looking at the future through the lens of the past also helps to answer key questions:

> “Have we done this in the past? What makes us feel so good about it that we will be able to do it again in the future. What is it that we have learned from the past that we can apply? What are the capabilities we need? Can we undertake it with our existing set of competencies, people, processes, systems and resources?”

**The importance of HR data**

The extent to which strategic dialogue is informed and supported by HR data is critical to its credibility and acceptance by senior decision makers. This was another point stressed by the HR leaders interviewed.

“I work with strategic decision makers who are very fact-based. Drawing extensively on HR data makes your case stronger and easier when you come to this level of discussion.”

“Strategic conversations are where we need HR data even more. Strategy is often based on assumptions and perceptions that are highly subjective and liable to likings and biases, which we do not always realize we are prone to. It can become anecdotal. To me, data is really needed to challenge these assumptions and to understand whether these assumptions will work in practice or not, in order to draw the right conclusions. You can only achieve this with data because otherwise, strategic discussions turn into a contest between ‘my view versus your view’. In this sense, the more data you can present to support your arguments, the better.”

“Using data analytics in discussions is vital to help business leaders interpret trends and determine how they are going to respond, and to agree what outcomes they want to drive for over time.”
Style

Interviews with corporate decision makers suggest that four characteristics promote healthy strategic conversations:  

- **Candor**—the willingness to express honest ideas and opinions;  
- **Suspension**—the discipline to actively without judging;  
- **Openness**—the ability to thrive in a situation where the outcome is unknown; and  
- **Conciseness**—the ability to be brief and to the point—especially in the COVID age when strategic conversations often take place online but also because strategic decision makers are often time pressed.

The participants’ ability to embrace these characteristics can encourage new and different perspectives that can trigger new ideas, concepts, and breakthrough strategy. New strategic conversations facilitate the exchange of insights and understanding. In follow-up discussions, the participants break down these insights into actionable strategies and accountabilities. In some ways, these often-difficult discussions (which inevitably necessitate agreeing trade-offs and compromises) can be as important as their outcomes, as this interviewees explains:

“At the end of the day, it is not just about delivering a specific business objective. It is also about how we change mindsets, so that we can respond effectively to change and build resilience and agility in our response. This is where business leaders expect HR to take the lead.”

Participants

While most of their conversations are with senior executive teams, interviewees were keen to stress that they also took part in dialogue with managers and stakeholders across the organization. While not always strategic in nature, these more informal check-ins helped them undertake one of the most important strategic roles of a senior HR manager, namely taking the temperature of the company on a regular basis.

“My strategic conversations are primarily with the business leaders who are directly responsible for determining the strategy. But then you also need to have conversations with a slightly wider population. You need to have them with their direct reports. You need to have them within a relevant set of the business’ key stakeholders because when you try to create HR alignment with the wider business, the people who are directly impacted will eventually be the ones who have to implement the strategy.”

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5 Leadership and Success Website, May 7th 2020.
Business partners and strategic conversations

Two of the managers we talked to stressed that initiating and engaging in strategic conversations was an integral role of an HR business partner. They advised that preparing senior HR practitioners for this role should be an essential part of any internal HR talent development program, whether achieved by, for example, coaching, or formal training.

However, a third interviewee stressed that there was widespread inconsistency in the abilities of HR business partners in this regard, and that in her view, the talent for engaging in strategic conversations was inherent, not teachable. As she put it:

“Having the ability to engage in strategic conversations should be an integral part of the business partners’ role. It is not in reality—but it should be. The notion that business partners should be strategic in their perspective has been around for a while. But it is also clear that not every business partner is allowed to be strategic or has the capability to be strategic. The business partner model suffers from the fact that the organization looks to the individual to provide that capability off their own bat. There is a learning component, but when it comes to strategic thinking there is also a very simple ‘either you have it or you don’t’ element. If an individual does not have an innate capability to express a strategic vision for the organization, it is a lot harder to develop compared to other HR skills—and I speak as a talent development expert!”

In conclusion, there is a diversity of views about this aspect of leadership development, and we may explore this in more detail in a later study.

Recommendations

• Establishing a strong foundation
  o Articulate the value that HR can bring to the business confidently and often: both in terms of the “what” of business outcomes, and the “how” of how HR can inculcate valued and forward-looking cultural values and behaviors in any people related interventions (such as designing key employee experiences).
  o “Connect the dots”—be prepared to consistently and frequently communicate the link between the business strategy, people strategy, and high priority HR activity.
  o Maximize the impact of these conversations by focusing on no more than three priorities from the people strategy that provide a compass to guide strategic conversations.

• Strategic credibility
  o Earn your invitation to the “inner circle” by demonstrating business acumen and a deep understanding of your business’ services, products, markets, customers, and competitors.
  o Be prepared to put in time and effort, often over months and sometimes years, to build relationships with key stakeholders and earning their trust and respect. Do not assume your title and position automatically give you the right to hold strategic conversations.
• **Content**
  - Hold frank conversations, using non-judgmental, open-ended questions with a range of individuals and teams to unearth useful information and ideas, concerns, or needs.
  - Use frequent, informal conversations with a wide range of leaders and managers (not forgetting middle managers who are likely to implement new strategy) as opportunities to regularly take the temperature of the organization (e.g., appetite for change, resistance to change, hot spots in terms of stressors like talent shortages or leadership problems).
  - When you have established trust and credibility, look for opportunities to challenge assumptions (especially by using data) and encourage new or more forward-looking thinking.
  - Be patient in building influence. Start with small advice or suggestions to build traction or “seed” ideas that could grow into more significant initiatives.

• **Draw on HR data**
  - Look for every opportunity to draw on HR data to encourage fact-based conversation and decisions.
  - Be vigilant to recognize in senior leaders any subjective thinking and assumptions, closed or habitual thinking, and challenge this with convincing HR data and evidence—present this data as compelling and accessible as possible.

• **Style**
  - Achieve healthy conversations through role modelling key behaviors such as openness, honesty, humility, respect, open-mindedness, and conciseness.
  - Look to facilitate insight and mutual understanding, but then ensure this translates into actionable strategies and clear accountabilities. Be clear and open about the need to prioritize and agree compromises and trade-offs.

• **Participants**
  - As well as focusing on primary stakeholders, such as the c-suite and senior executive teams, hold regular conversations with managers and other stakeholders for the purpose of:
    - Creating HR alignment with the wider business;
    - Anticipating potential challenges to strategy implementation;
    - Understanding and acknowledging the contributions these stakeholders make to ensuring an impactful people strategy; and
    - Gathering different perspectives to ensure a reality check for executive and board level leaders who may sometimes operate (according to one interviewee) in a “protective bubble”.

• **Growing future HR talent**
  - Consider acting as a mentor or coach to up-and-coming HR talent, or other leaders in the organization who need to develop expertise in strategic dialogue.
- Become more mindful of your own developmental needs to enhance your skills in strategic dialogue, especially being vigilant to recognize the need to engage with new stakeholders.
- Contribute to any HR curriculum within the organization or the HR community to help identify and develop the skills and experiences needed for strategic conversations.
- Contribute your ideas about the range and type of work experience or strategic projects that would help the next generation of HR leaders develop capability in strategic dialogue.

**Related Resources from The Conference Board**

⇒ [https://conference-board.org/topics/next-generation-HR/Next-generation-HR-maturity-model](https://conference-board.org/topics/next-generation-HR/Next-generation-HR-maturity-model)

⇒ [https://conference-board.org/topics/next-generation-HR/Next-Gen-HR-Playbook](https://conference-board.org/topics/next-generation-HR/Next-Gen-HR-Playbook)

⇒ [https://conference-board.org/topics/next-generation-HR/skills-based-to-talent-development](https://conference-board.org/topics/next-generation-HR/skills-based-to-talent-development)

⇒ [https://conference-board.org/topics/innovation-leadership/innovation-more-than-technology](https://conference-board.org/topics/innovation-leadership/innovation-more-than-technology)

⇒ [https://conference-board.org/topics/innovation-leadership/explaining-generative-leadership](https://conference-board.org/topics/innovation-leadership/explaining-generative-leadership)

⇒ [https://conference-board.org/topics/innovation-leadership/who-are-leaders-part-III](https://conference-board.org/topics/innovation-leadership/who-are-leaders-part-III)

⇒ [https://conference-board.org/topics/innovation-leadership/ambidextrous-leadership-and-innovation](https://conference-board.org/topics/innovation-leadership/ambidextrous-leadership-and-innovation)