

The Value of Strong HR Leadership

Transforming HR from Function to Strategic Force

by Bill Wright



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The Overture Group™
Search and Compensation Consulting



THE NEW REALITY

The Covid-19 pandemic brought about many changes in the workplace. Some of those changes started twenty years ago with the recognition in some companies of the actual value of human resource leadership, but the pandemic helped accelerate raising the profile of Human Resources professionals.

In a flash, a department that many perceived to be a mundane administrative function found itself on the front lines of one of the most challenging events in modern history. *Do we close the offices? Can we make people test? What can we ask? What can we say?* That trial by fire continues today with an evolving workplace landscape. Burnout is at an all-time high. Now more than ever, having a true leader at the helm of your human resource department is vital.



HOW AN VISIONARY HR LEADER DRIVES BUSINESS RESULTS

In today's competitive business landscape, companies increasingly recognize the pivotal role of visionary and effective Human Resource leadership in driving success and improving the bottom line. Over the last decade, businesses have faced significant challenges, making the need for strategic HR leadership more crucial than ever.

In addition to the pandemic, consider a few of the other major changes in recent years: rising healthcare costs, shifting demographics with an aging workforce, and the evolving expectations of employees. Each of these factors demands that HR leaders take a proactive role in managing the workforce, developing sound policies, and aligning HR practices with broader business goals.

Think about it: you have soft skills, you have financial skills, you have training, and you have quantitative areas like compensation and benefits that require some financial acumen.

You could opt for multiple hires to meet these needs - and manage them independently - or you can find the right HR Leader with both a long and short-term vision for success.

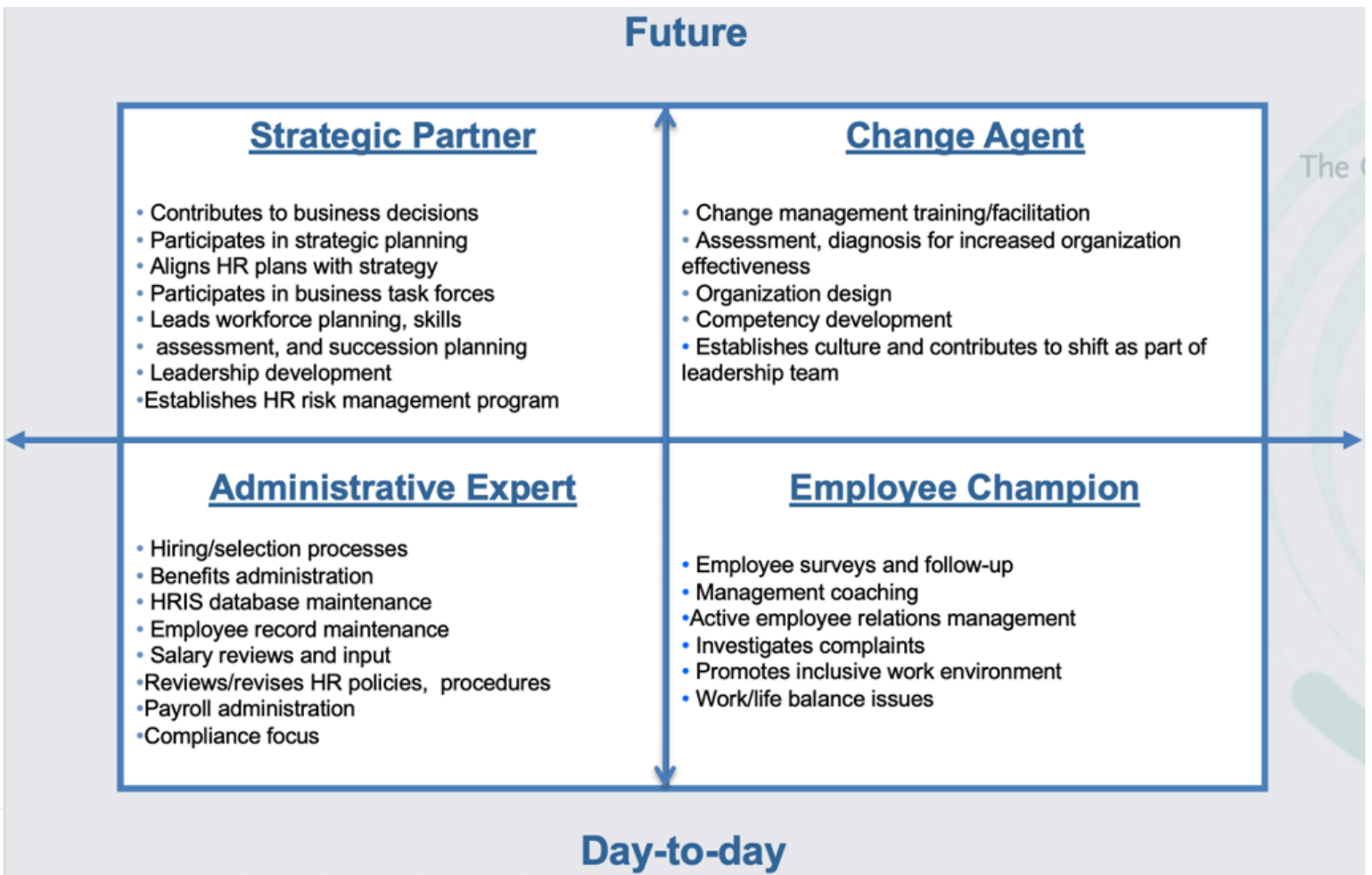


This chart separates the day-to-day tasks and long-term focus areas for each HR function and reveals how broad and varied the role of the HR leader is. The skill sets and focus areas probably vary more than any other management function or department.

HR Function	Day-to-day Activities	Long-term Focus
Recruitment & Selection	<ul style="list-style-type: none"> - Posting job openings - Screening resumes - Conducting interviews - Reference checks 	<ul style="list-style-type: none"> - Talent acquisition strategy - Diversity hiring initiatives - Employer branding
Onboarding	<ul style="list-style-type: none"> - New hire orientation - Paperwork processing - Introductions to team members 	<ul style="list-style-type: none"> - Develop comprehensive onboarding program - Mentor assignments - Setting expectations
Training & Development	<ul style="list-style-type: none"> - Conducting training sessions - Delivering e-learning modules - Coaching employees 	<ul style="list-style-type: none"> - Identify training needs - Career development plans - Leadership training programs
Performance Management	<ul style="list-style-type: none"> - Conducting performance reviews - Providing feedback - Setting goals 	<ul style="list-style-type: none"> - Performance management system design - Calibration meetings - Talent review process
Compensation & Benefits	<ul style="list-style-type: none"> - Processing payroll - Answering benefit questions - Managing employee leaves 	<ul style="list-style-type: none"> - Salary structure review - Benefits plan design - Competitive analysis
Employee Relations	<ul style="list-style-type: none"> - Addressing employee concerns - Conflict resolution - Disciplinary actions 	<ul style="list-style-type: none"> - Employee engagement initiatives - Employee surveys - Culture development
Exit/Termination	<ul style="list-style-type: none"> - Processing resignations - Conducting exit interviews - Final payroll calculations 	<ul style="list-style-type: none"> - Retention strategies - Succession planning - Employee turnover analysis

VERSATILITY = VALUE

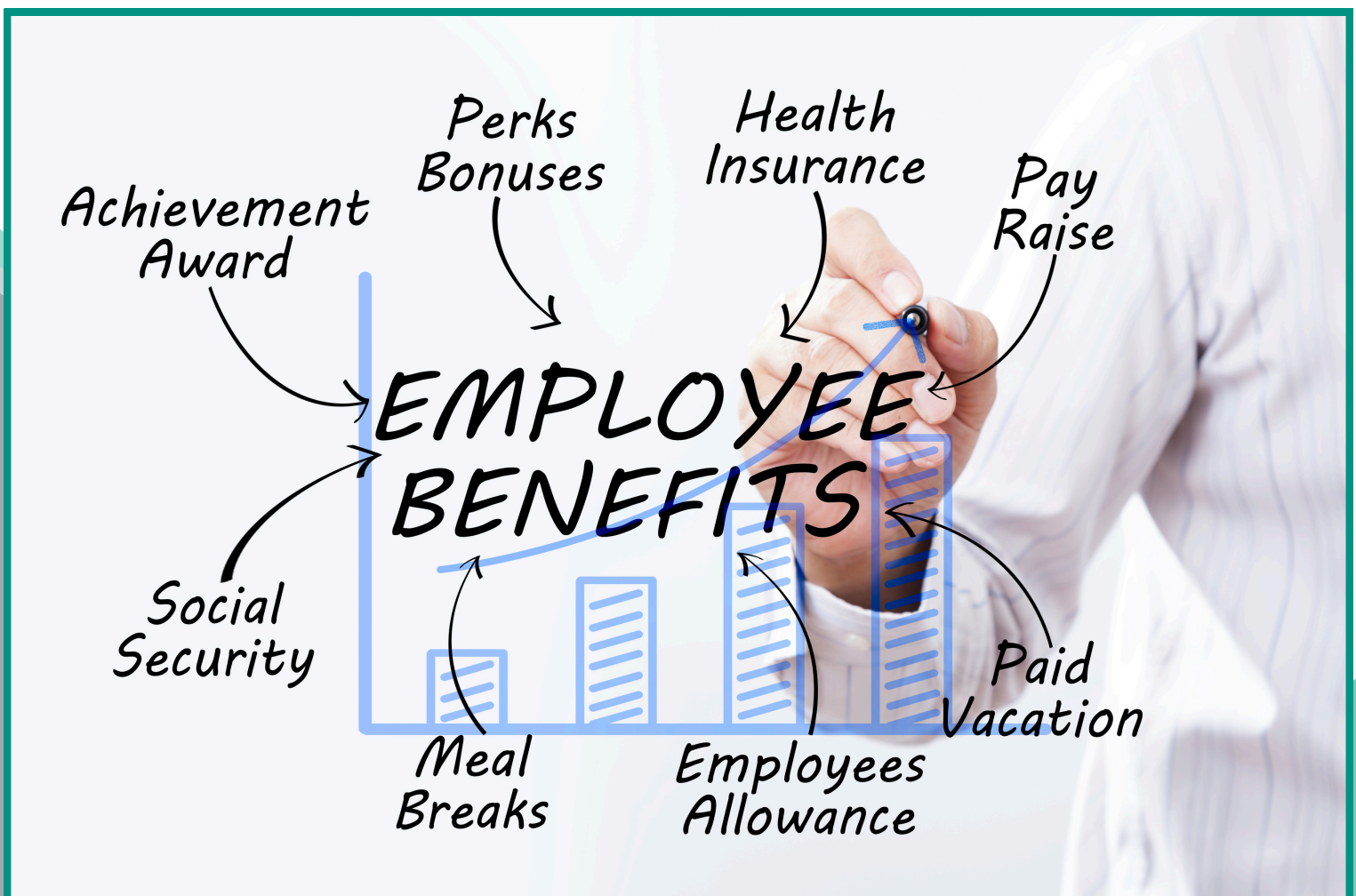
This diagram highlights a few skills that middle-market companies should focus on when selecting an HR Leader. These skills and attributes are broken down into four quadrants to facilitate a better understanding of the diversity of the skills and attributes.



Source: The Overture Group

COMMUNICATING THE VALUE OF EMPLOYEE BENEFITS

One critical responsibility of an HR leader is effectively communicating the value of employee benefit programs. As healthcare costs have skyrocketed—outpacing inflation threefold over the past decade—the design, evaluation, and administration of benefit plans have become increasingly complex. Determining which benefits fit the employee population of an individual company is critical and must be done in a cost-beneficial manner. The communication aspect is equally important. Helping employees navigate health insurance options like HSAs, PPOs, and HMOs, along with managing wellness programs, impacts both employee well-being and the company's financial performance. HR leaders must ensure that employees understand their benefits, empowering them to make informed decisions. This not only affects the company's ability to attract and retain talent but also has direct financial implications. A poorly managed benefits strategy can significantly erode profit margins.



ADAPTING TO A DIVERSE WORKFORCE

Shifting workplace demographics have introduced new complexities. Generation Y and Millennials, for instance, often seek more flexibility in their benefits and work schedules, while older employees may prioritize retirement planning. A strong HR leader tailors communication to meet these diverse needs, ensuring employees can make informed decisions aligned with their individual circumstances.

To complicate things further, as Baby Boomers approach retirement age, succession planning has become a critical focus for many companies. Unlike previous generations, retirement patterns are less predictable, making it essential for HR to create strategies for retaining key talent and planning for future leadership transitions.

THE TRUE COST OF TURNOVER

I am Human. Hear me Roar. The pandemic forced members of the workforce to adapt. They may have been laid off. They may have jumped into the “gig” economy – working for themselves – on their terms. They may have liked it. Now, companies are facing the challenge of defining which workplace model works for them – Hybrid? Fully Remote? Or in the office full-time. Work-Life Balance is a key factor for the majority of the workforce. Creating and implementing a plan to address those concerns – while remaining focused on a company’s needs - adds a new wrinkle to an already complex equation.

Unwanted employee turnover has become increasingly expensive. SHRM estimates that losing a key employee can cost 30% to 150% of their salary. In a competitive job market, turnover is driven by various factors, including job dissatisfaction, lack of a succession plan, and better opportunities elsewhere. Effective HR leadership can reduce turnover through strategies like employee engagement, career development, and targeted retention efforts.

TRAINING AND DEVELOPMENT: INVESTING IN GROWTH

A well-trained, motivated workforce is crucial to increasing productivity and profitability. Engaged employees contribute more value, with some estimates suggesting they can add \$5,000 to \$10,000 in revenue per employee. HR leaders must partner with department heads to assess training needs and implement tailored programs that drive both employee and organizational growth.

Training programs range from onboarding and technical training to leadership development and diversity education. While HR may not deliver all training directly, they play a key role in overseeing program quality, identifying external resources, and securing grants to fund development efforts.

Cameron Jacobson, an Enterprise Account Executive at WorkForge – a company designed to train and empower employees with the skills essential for safe and effective job performance notes that investing in training can more than pay for itself in the long term. *“We see our clients improving almost immediately. The fact that the company is committed to their employee’s growth and education creates a positive culture, and they see employee retention increase .”*



PERFORMANCE MANAGEMENT: DRIVING ENGAGEMENT

Performance management is another area where HR leadership can make a significant impact. Employees need meaningful feedback to grow and adapt to changing business demands. While direct supervisors conduct performance appraisals, HR designs and implements the systems that support this process. Effective performance management fosters engagement, reduces turnover, and positively impacts the company's financial performance.



MANAGING EMPLOYEE AND LABOR RELATIONS

With labor relations continuing to evolve, HR must stay informed on legal and compliance issues. The number of employment discrimination claims has risen steadily, making it crucial for HR leaders to handle employee relations with care. Smaller companies often rely on HR generalists but they may benefit from specialized labor relations training or outside consulting to handle complex cases. Pay parity and transparency are also issues that are moving out of the shadows and into the spotlight. To remain competitive, companies must address these issues.

TECHNOLOGY & STRATEGIC HR METRICS

Today's technological advances are adding valuable tools to the world of HR. By investing in technology and tools like generative AI (GAI), HR professionals can quickly scale to meet demand and work faster and more efficiently.

Tracking key HR metrics is essential for improving efficiency and effectiveness. Well-run companies measure financial and operational performance alongside HR metrics to gain insights into areas such as employee retention, engagement, and training outcomes. Metrics help HR align its initiatives with broader business objectives and continuously improve HR practices.



THE COMPELLING NEED FOR HR LEADERSHIP

Perhaps never before in our lifetime has the need for strong Human Resource leadership been greater. From compensation management to employee relations, HR leaders who align their strategies with business goals can significantly improve profitability, enhance competitive performance, and foster a positive workplace culture. By investing in HR – the leadership to guide the department – companies not only strengthen their workforce but also secure a long-term strategic advantage in the marketplace.

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Managing Partner, Executive Search

BWright@TheOvertureGroup.com



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