

# HR challenges and opportunities: What's next for HR (and leadership)

## CIPD Master's Class Scotland

March 2008

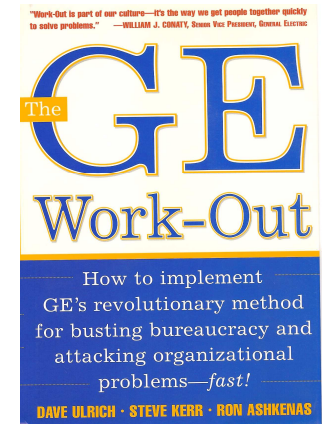
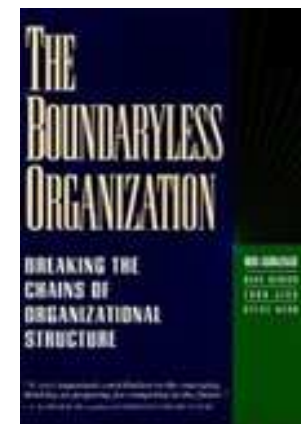
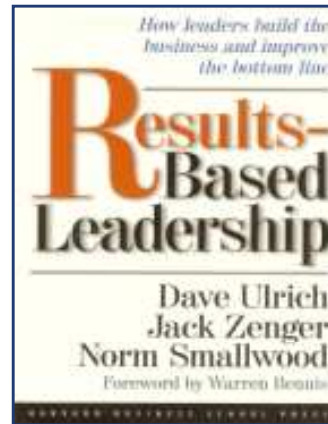
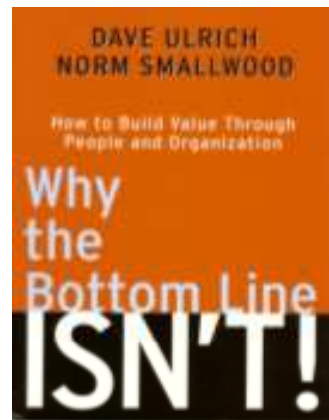
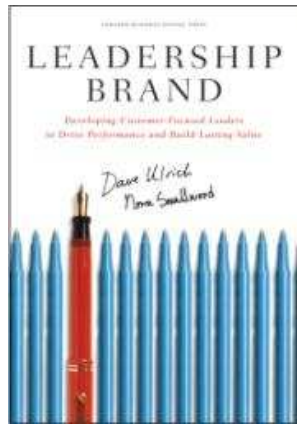
**Dave Ulrich**, Professor, University of Michigan  
Partner, The RBL Group ([www.rbl.net](http://www.rbl.net))  
[dou@umich.edu](mailto:dou@umich.edu)

## 2 Overall Goals

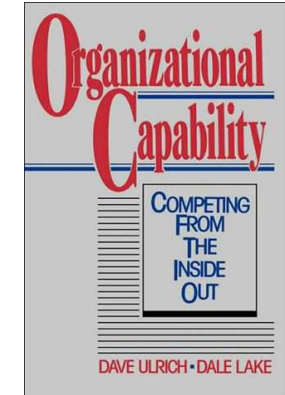
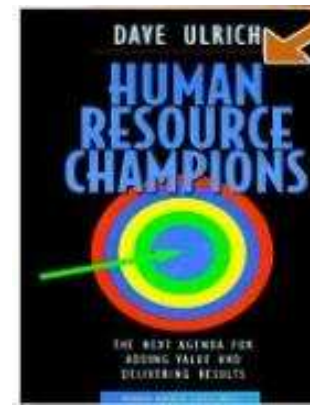
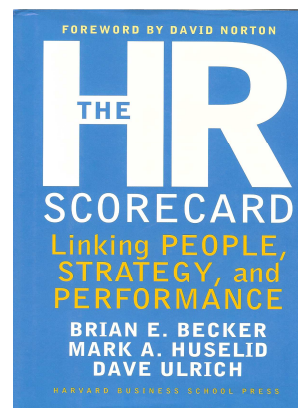
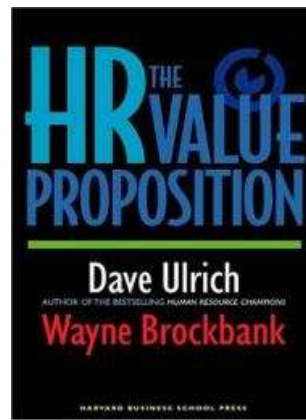
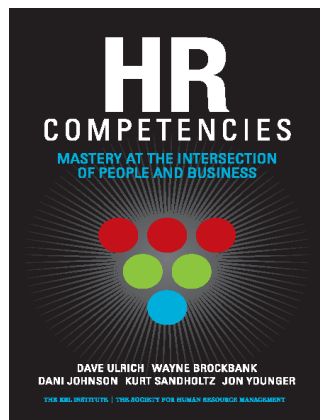
- Think....
  - How to think differently about HR and leadership
  
- Behave...
  - Be able to do something that makes a difference in business results
  
- Have fun!

### 3 Who is The RBL Group?

## Leadership



## Human Resources



## 4 Your questions: HR

- Where is HR going now - the future / What's next evolution for HR/how does he see HR developing over the next 5 years / Has the thinking developed since the 4 quadrant model was introduced and if so how?
- The role of the Business Partner / What does true business partnering look like? / HR Business Partnering model / Business Partnering Model in Small Organisations with no COE and Shared Service Centre
- The validity of the Business Partner Model. There has been criticism that the model does not work. I would be interested to hear Dave's views on this / Recent controversy regarding HR Business Partnering/what is his response to criticism of his model? / Misinterpretation of a Business Partner - how does he feel about this? Whether the Business Partner role is still relevant / Roffley Park report - 1 in 4 managers say the HRBP model is ineffective
- What does he think of RBS' HR model given its probably the truest representation of the Ulrich model in Scotland?
- How does HR become more strategic / how do organisations achieve real strategic hr function when senior directors won't let us in
- The Business Partner model has predominantly been implemented within Private/Financial Sector Organisations. Keen to hear Mr Ulrich's views on how he feels this model could operate within the Public Sector./ how to use the business partner model in the voluntary sector / Using the HR Business Partner model to best effect within the NHS
- Key HR competency requirements for the future
- HR Scorecards and Metrics - Measuring HR Impact / Measuring the value of HR / How to demonstrate financial payback from good HR / are we getting too hung up on quantifying the value of HR?

## 5 Your questions: Leadership

- Leadership Brand / What is a leader? / Leadership for sustainable change
- Leadership Code / developing "engaging" leaders / Effectiveness through solid leadership
- what are the issues for managers in the future
- talent management / Dealing with negative attitudes / Best in Practice Talent Competitive Intelligence
- Change Management / Change - embracing and communicating the need and controlling the imperative.

## 6 Outline for the session

- WHY: Context
  - What's happening in business that changes the game for HR and leadership?:
- WHAT: Implications for HR
  - Rethinking: HR paradoxes
    - Philosophy for HR work
    - Accountability for HR work
    - Target for HR work
  - Redoing: Transformation of HR
    - HR practices, department, professionals
- WHAT: Implications for Leadership
  - Trends
  - Leadership Brand

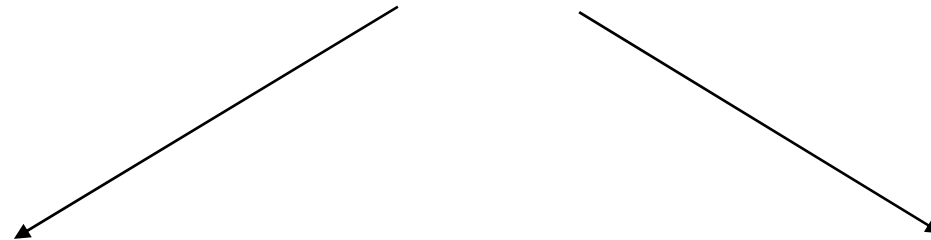
## 7 Context: general trends (why)

- **Technology**
  - Connectivity/accessibility: always connected
- **Industry/economic trends**
  - Transparency: open book management
  - Adaptability: the need to change
  - Intensity: market conditions
  - Convergency: overlap of industries
  - Regulation: country, regional, global
  - Social responsibility: sustainability, citizenship
- **Demographics**
  - Mobility: movement of talent globally
  - Diversity: globalization of work force
  - Spirituality: a need for trust and values
- **CEO Expectations**

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## 8 Context: implications

### New business realities



#### Implications for HR

- Rethinking: paradox
- Redoing: transformation

#### Implications for leadership

- Leadership Brand
- Leadership Code

**Premise:**  
**HR and leadership must deliver value**

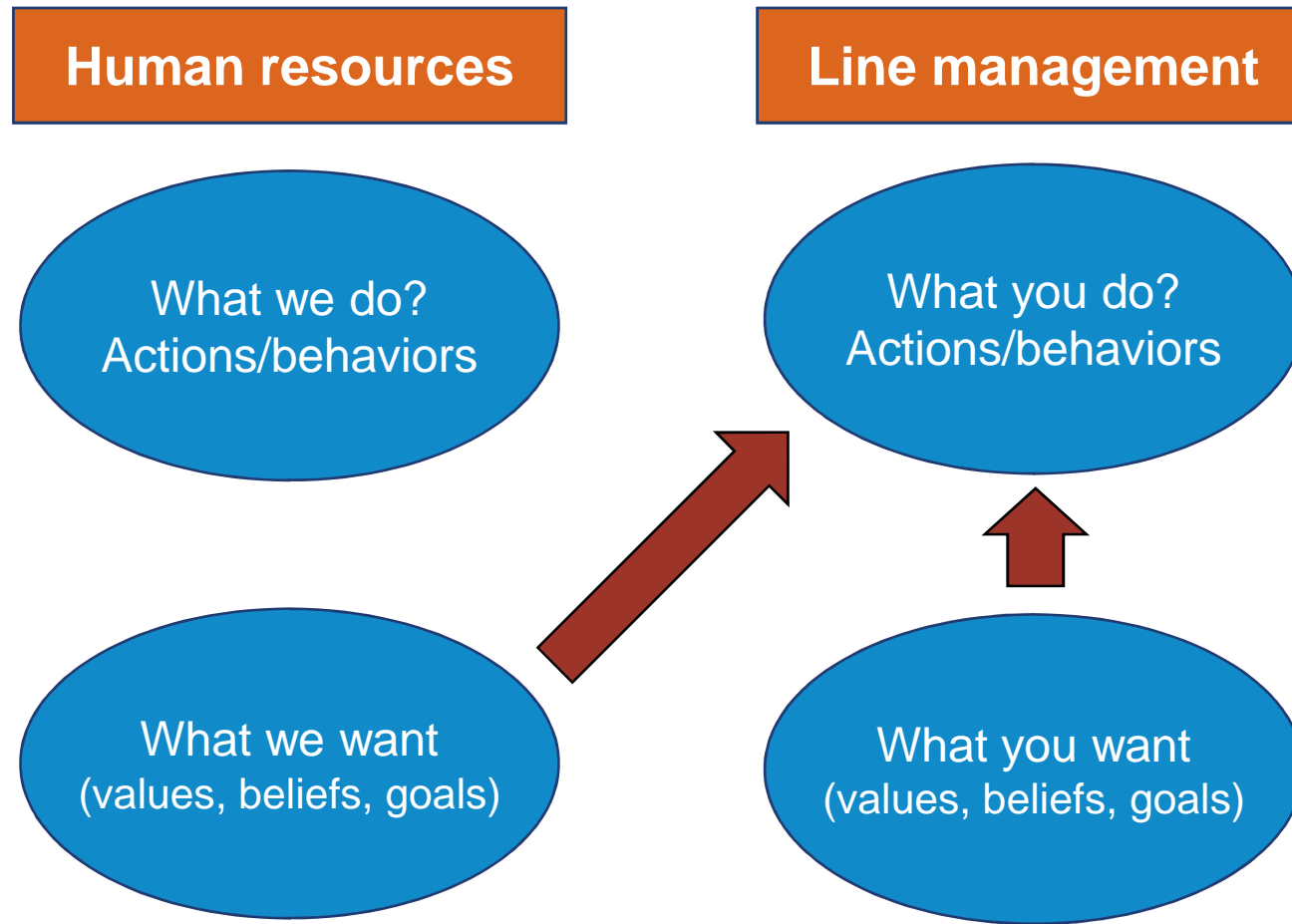
## 9 Fundamental Message (what): value is defined by the receiver more than the giver



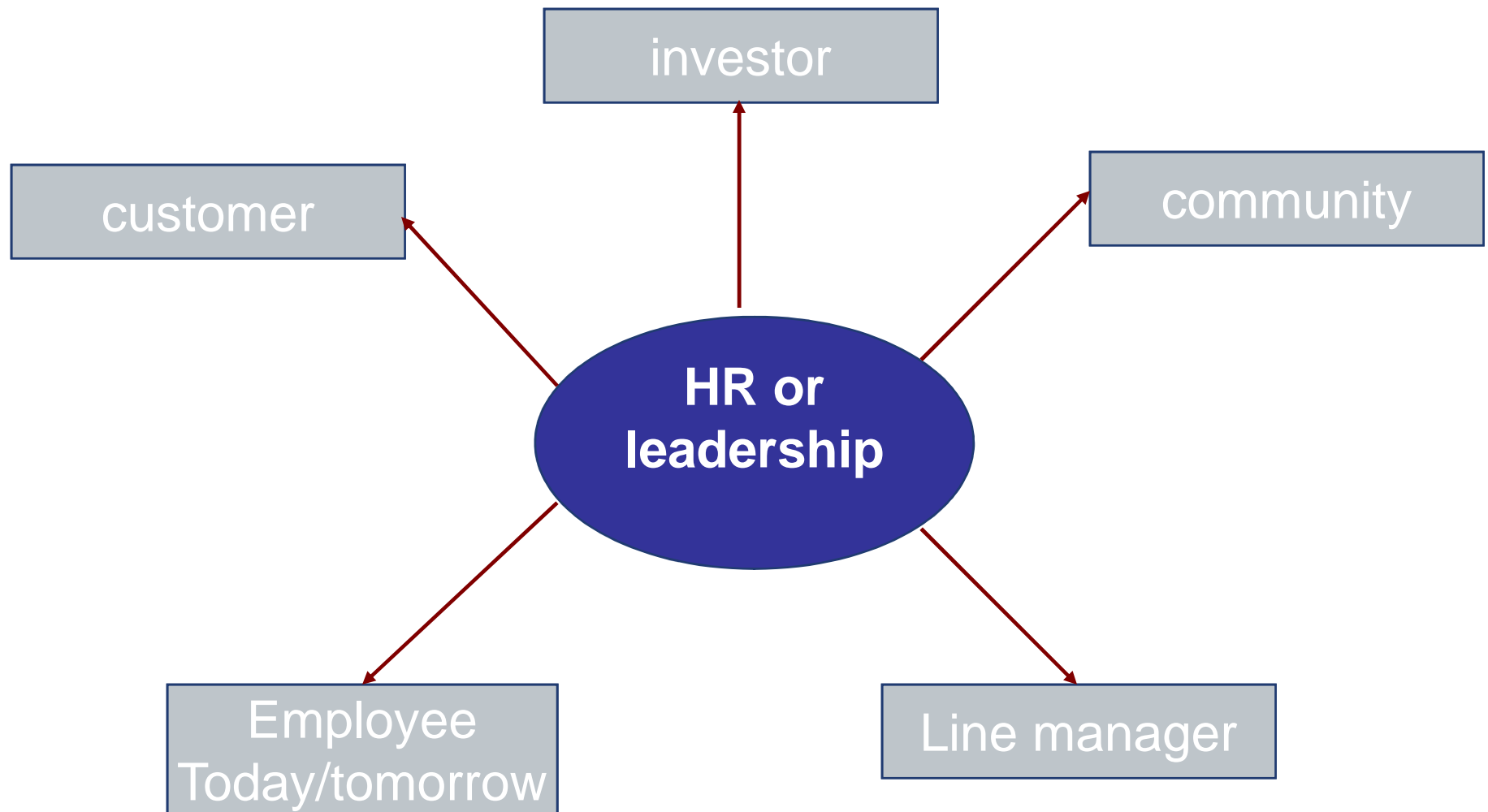
# 10 Fundamental Message: value is defined by the receiver more than the giver



# 11 Fundamental Message: value is defined by the receiver more than the giver



# 12 HR measurement from the outside/in: stakeholders



# 13 HR measurement: stakeholders

Stakeholder	HR is effective if...	Possible stakeholder measures for HR
Investor	It helps create intangible value	<ul style="list-style-type: none"> <li>▪ Keep promises</li> <li>▪ Have strategy for growth</li> <li>▪ Ensure core competencies</li> <li>▪ Build organization capabilities</li> </ul>
Customer	It helps create customer share	<ul style="list-style-type: none"> <li>▪ revenue from targeted customers</li> <li>▪ Relationship with targeted customers</li> </ul>
Community	It helps build brand image	<ul style="list-style-type: none"> <li>▪ Firm's brand image in community</li> <li>▪ Degree of social responsibility</li> </ul>
Line manager	It helps deliver strategies	<ul style="list-style-type: none"> <li>▪ Organization capabilities in place</li> <li>▪ Strategies executed</li> </ul>
Employee	It helps build employees	<ul style="list-style-type: none"> <li>▪ Competence of employees</li> <li>▪ Commitment of key employees</li> <li>▪ Contribution of employees</li> </ul>

## 14 Summary: What value does HR create?

Think of your interactions with senior line managers.

- Why do they invite you in?
- How can you build a case that HR will create value for
  - Employees
  - Line managers
  - Customers
  - Investors
  - Community
- How do you make HR *their* issue, not yours
- **Change the conversation ...**

## 15 HR legacy paradoxes

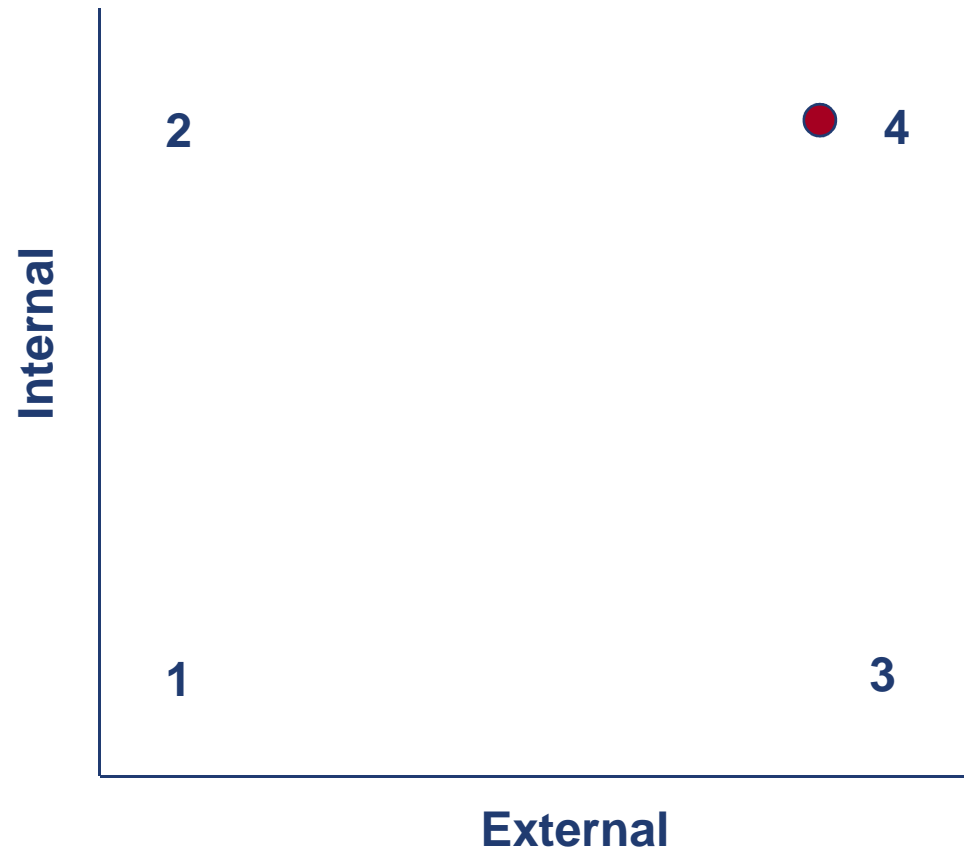
### HR legacy paradoxes...

- Set terms and conditions of work and care about employees
- Be administrative and strategic
- Focus on what we do and what we deliver
- Be short term and long term
- Etc.

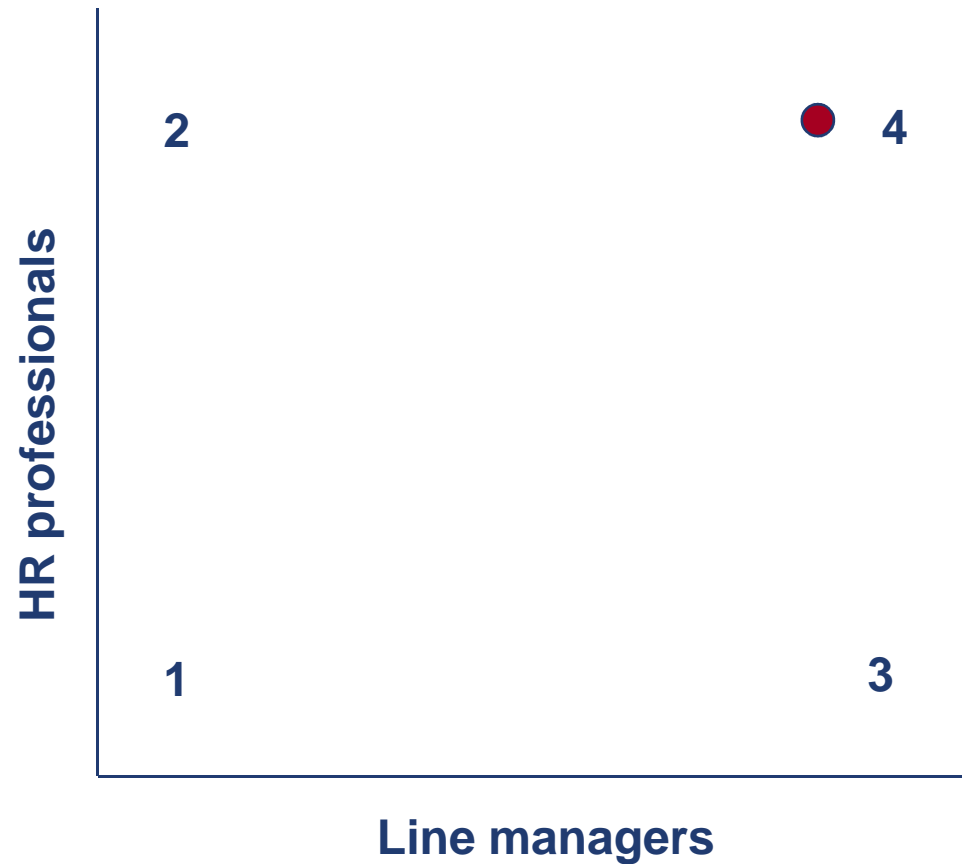
# 16 Overview of paradoxes

Paradox	Anchor	Vs.	Anchor
Philosophy	Inside		Outside
Accountability	HR		Line
Target	Individual		Organizational
Application	Transaction		Transformation
Connection	High touch (personal)		Hi technology (scale)
Responsiveness	Stable		Change
People focus	Equality		Equity

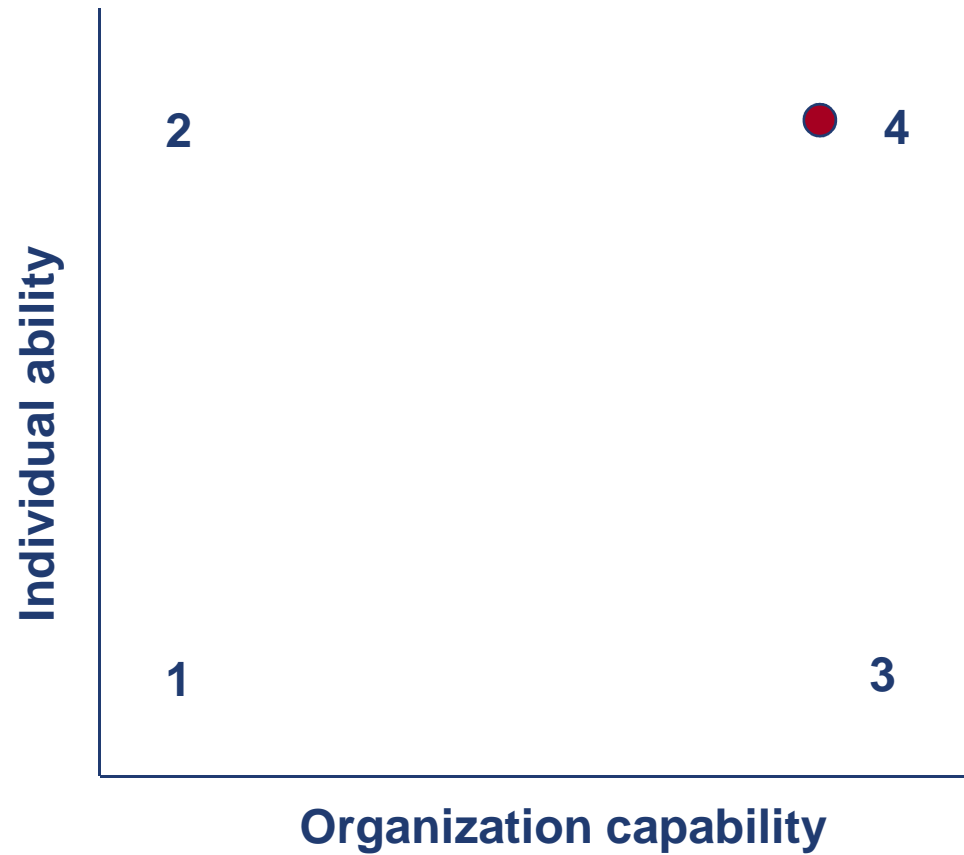
# 17 Paradox: Philosophy for HR work



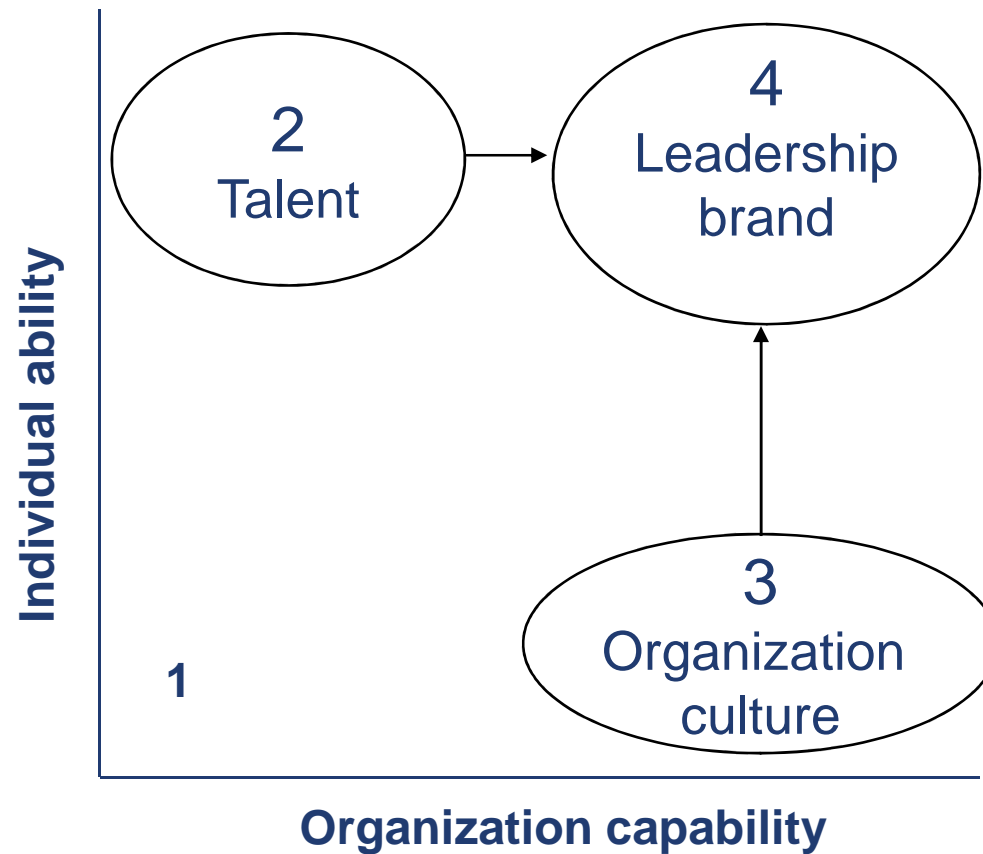
# 18 Paradox: Accountable for HR work



19 Paradox: Target for HR work



# Combining individual and organization through leadership



# 21 Assessment of where we are



Paradox	Anchor	Vs.	Anchor
Philosophy	Inside	C B A 0 +1 +2 +3	Outside
Accountability	HR	C B A 0 +1 +2 +3	Line
Target	Individual	C B A 0 +1 +2 +3	Organizational
Application	Transaction	C B A 0 +1 +2 +3	Transformation
Connection	Integrated	C B A 0 +1 +2 +3	Aligned
Responsiveness	Stable	C B A 0 +1 +2 +3	Change
People focus	Equality	C B A 0 +1 +2 +3	Equity

## 22 Transformation of HR: Overview

**HR Professionals:**  
What competencies must  
HR professionals demonstrate?

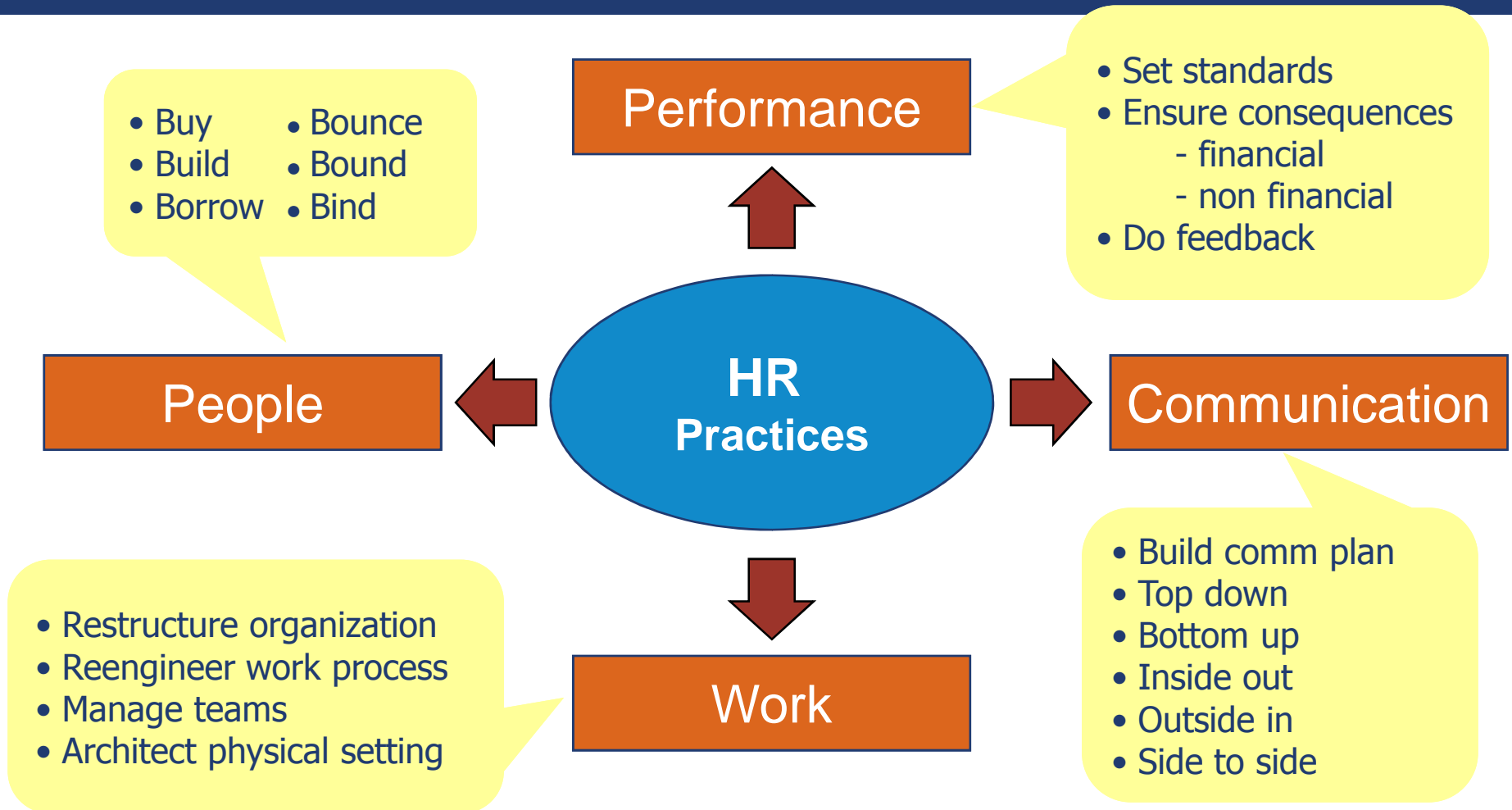
**HR's  
Fundamental challenge:  
Value to key stakeholders**

**HR practices**  
What HR practices do we need to  
change?

**HR Department**  
How do we organize to  
deliver work?

# HR Practices

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# HR Practices

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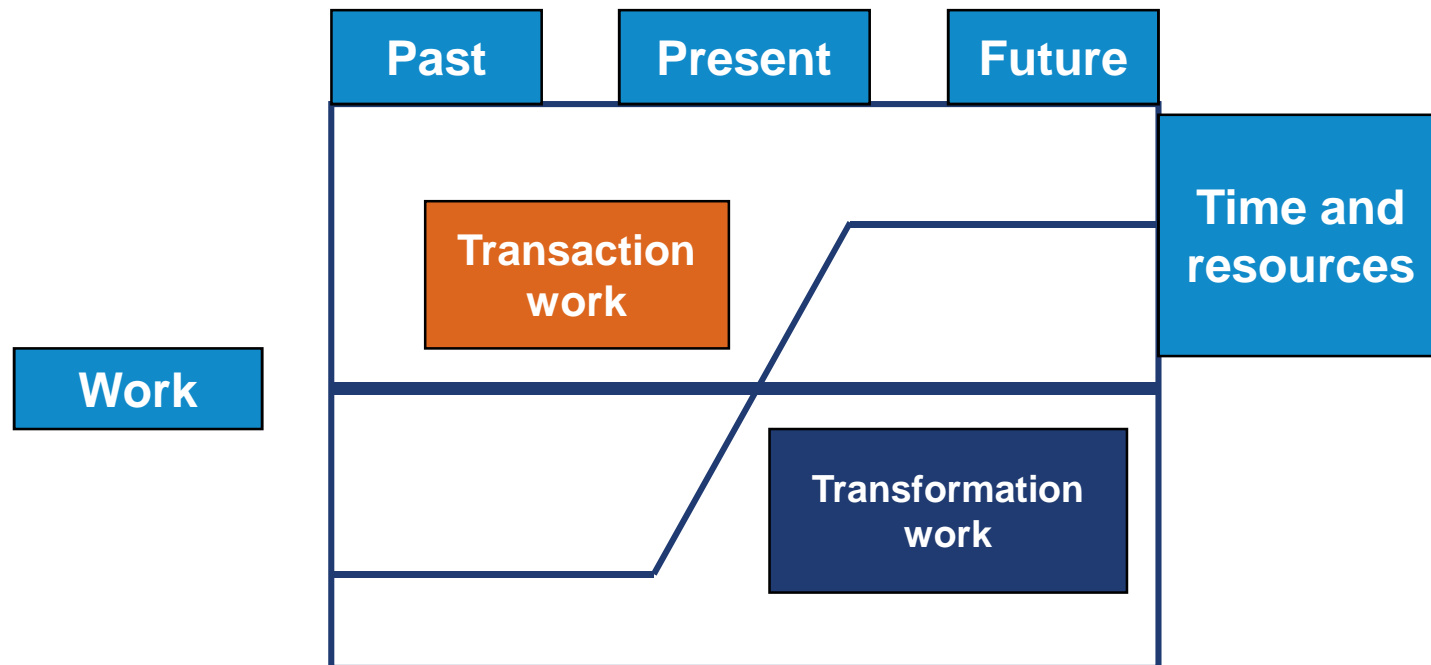
	Align	Integrate	Innovate
People			
Performance			
Information			
Work			

## 25 How HR creates value: HR Function or governance

Run the HR function as if it is a business within a business

- Strategy: what is our vision, mission, and value proposition?
- Structure: how do we organize resources to deliver our mission
  - Transaction work
    - Service centers/e-HR/outourcing
  - Transformation work
    - Centers of expertise
    - Embedded HR
    - Operational HR
    - Corporate HR

# HR is being divided into transaction and transformation



## Align our HR organization

HR work: first transaction, then transformation

### TRANSACTION

- Better, faster, cheaper
- Rationalize: remove redundancies
- Standardize: on core processes
- Optimize: reduce costs and upgrade legacy systems
- Globalize: one standard worldwide

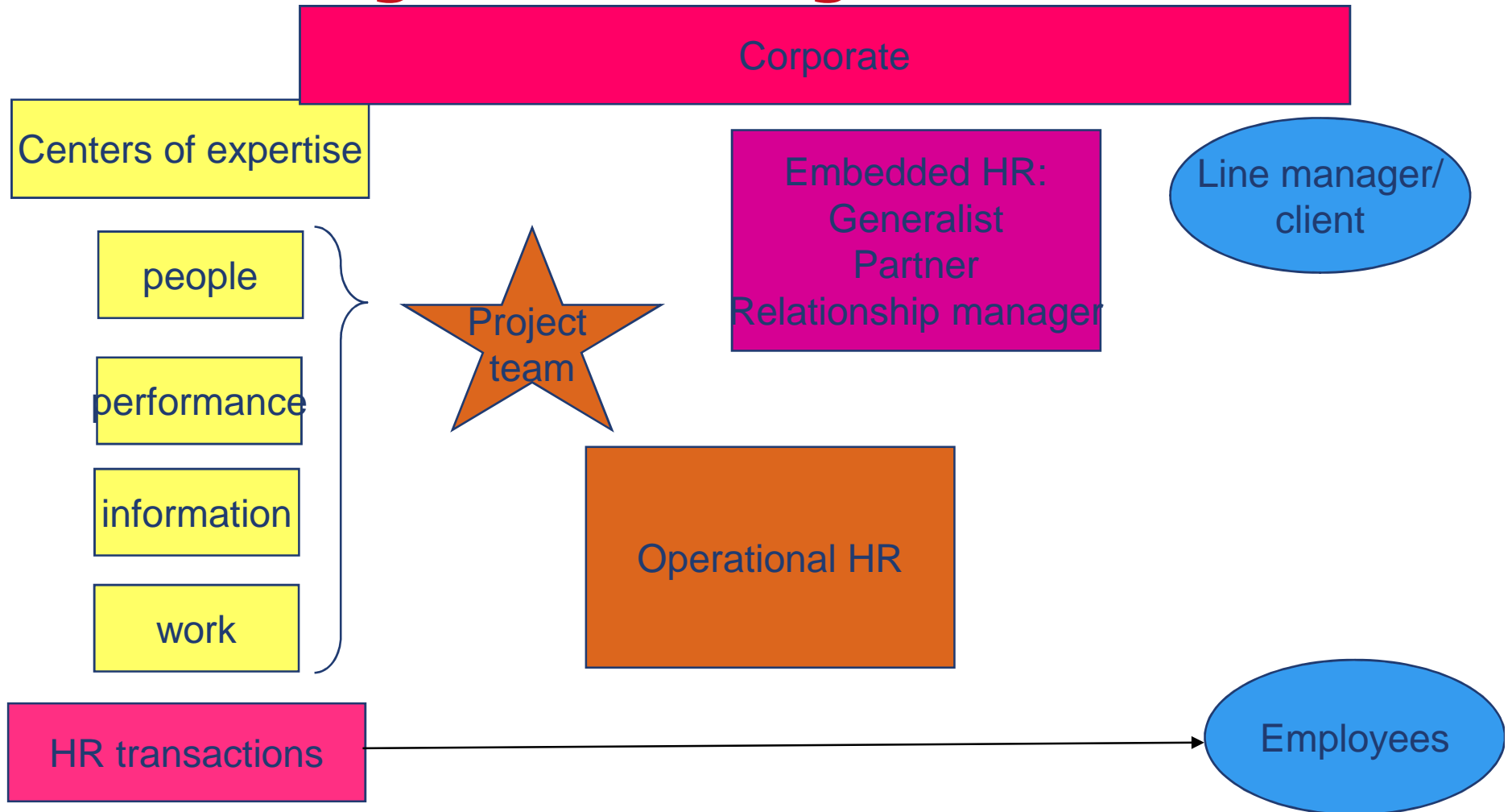
\$1500/per person @ 15-20%

### TRANSFORMATION

- Accessibility/access
- Customization
- Flexibility
- Simplicity
- Connectivity
- Adaptability

# 28 HR transformation: HR department

## Align our HR organization



## 29 HR transformation: HR department

# Align our HR organization

## Key roles in the new HR organization

### Corporate

- \*Top management
- \*Integration and oversight
- \*corporate initiatives
- \*corporate brand

### Centers of Expertise

- \*Create menu of choices
- \*Provide specialist expertise
- \*Form team
- \*Share learning

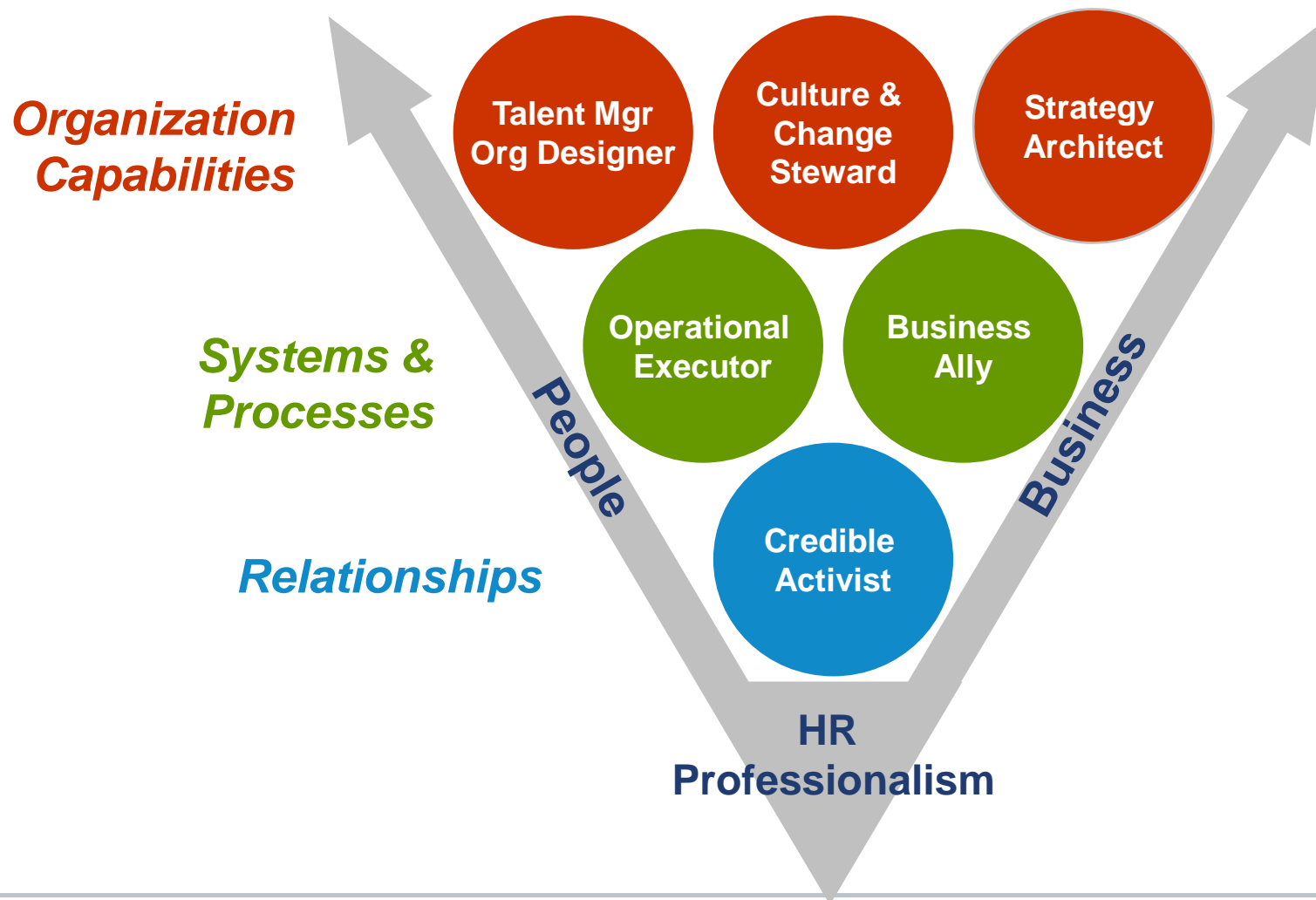
### Operational HR

- \*project support
- \*consult to business
- \*operational support
- \*implement

### Embedded HR

- \*Diagnose wants needs
- \*Broker solutions
- \*Be part of business team
- \*Make strategy and change happen

30 Assuring HR professionalism  
(actions, roles, and **competencies**)



# 31 HR professionals: HR roles, and **competencies 2007**

## **Credible Activist**

- Delivering results with integrity
- Sharing information
- Building relationships of trust
- Doing HR with an attitude

## **Culture and Change Steward**

- Facilitating change
- Valuing culture
- Crafting culture
- Personalizing culture

## **Strategy Architect**

- Sustaining strategic agility
- Engaging customers ++

## **Talent Manager / Org Designer**

- Ensuring today's and tomorrow's talent
- Developing talent
- Shaping organization and communication
- Fostering communication
- Designing rewards systems ++

## **Operational Executor**

- Implementing workplace policies
- Advancing HR technology

## **Business Ally**

- Interpreting social context
- Serving the value chain
- Articulating the value proposition
- Leveraging business technology

## 32 Trends in Leadership

- Transition 1: from leader to leadership
- Transition 2: from leadership to leadership brand

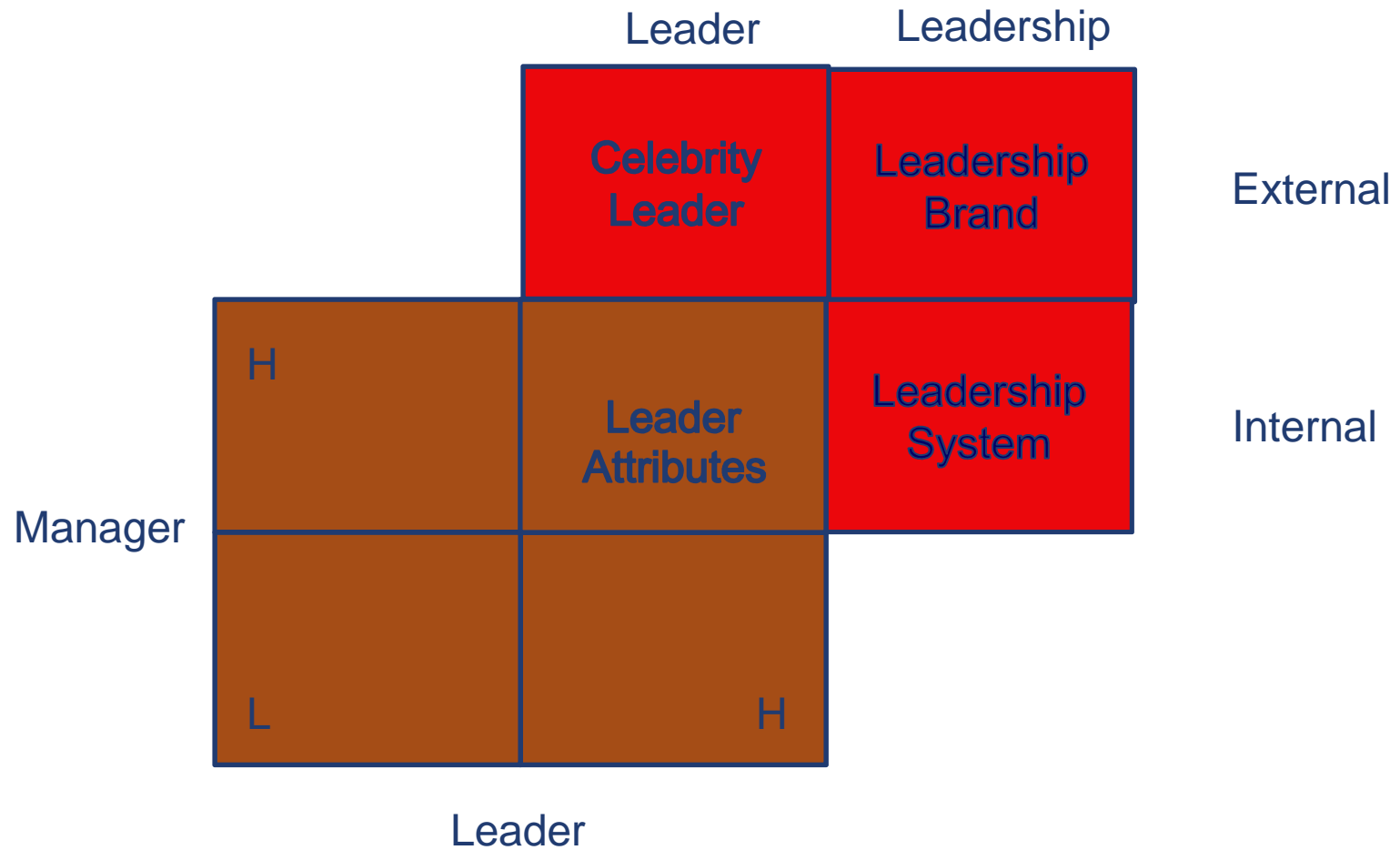
# 33 Summary of Transitions

	<b>Leaders</b>	<b>Leadership</b>	<b>Leadership Brand</b>
<b>Focus</b>	Individual	Organization	Market
<b>Perspective</b>	Psychological	Business	Customers and Investors
<b>Result</b>	Competencies	Strategy Implementation	Market Value

# Manager/Leader/Leadership/Leadership Brand



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External	Celebrity Leaders	Leadership Brand: Code * differentiators
Internal	Competent Leaders	Leadership Systems
	Leaders	Leadership

1. Product Brand



2. Firm Brand



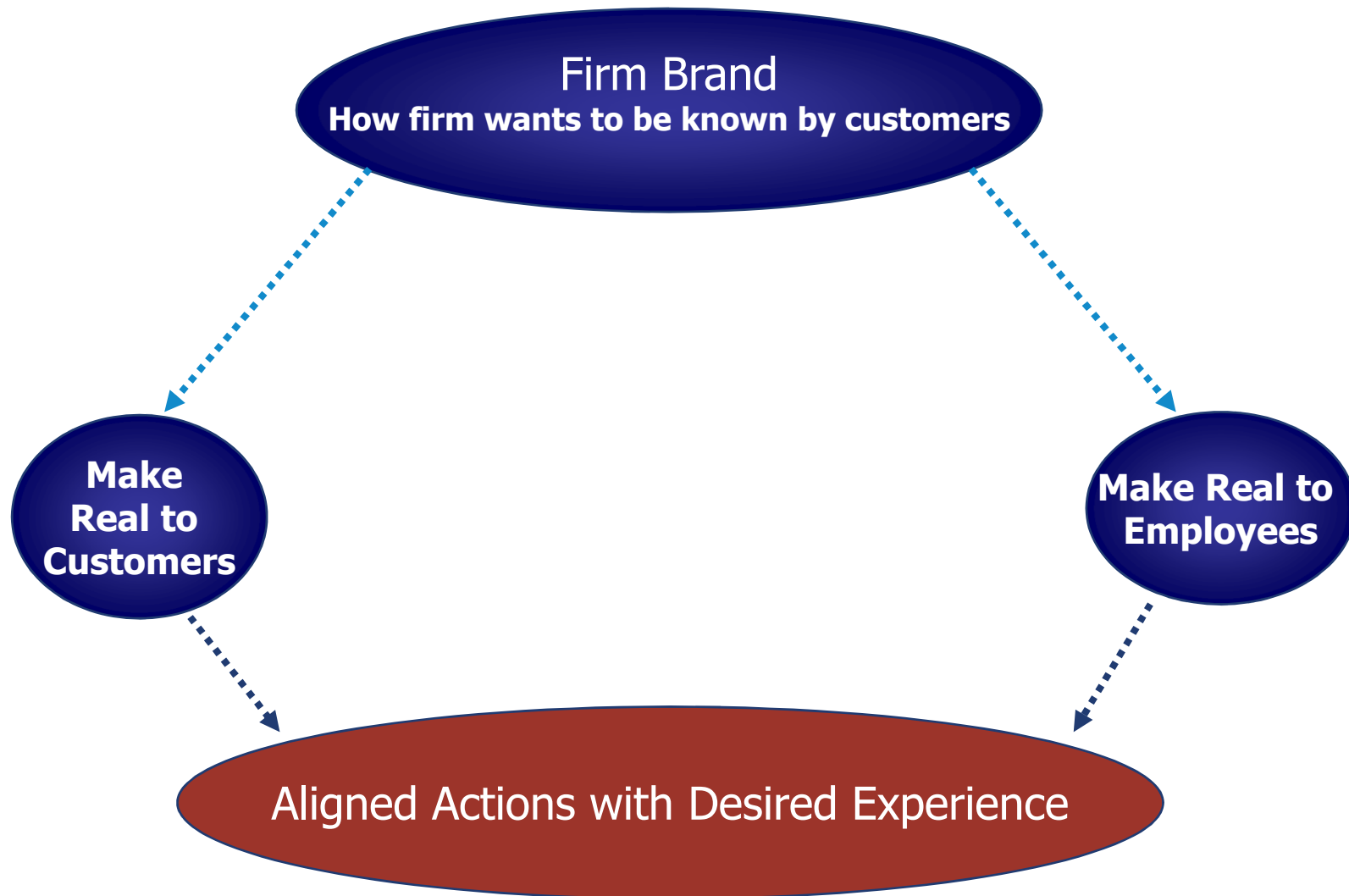
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3. Leadership Brand

# Firm Brand: Actions Speak Louder Than Slogans

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**Leadership Brand** is the bridge between employee actions and the desired customer experience

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# Translating Firm Brand Into Leadership Brand



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	Firm Brand	Leadership Brand
	This organization is known for...	Leaders at this organization are known for...
<b>Wal-mart</b>	Always low prices	Managing costs efficiently, getting things done on time
<b>FedEx</b>	Absolutely, positively, doing whatever it takes	Managing logistics, meeting deadlines, solving problems quickly
<b>Lexus</b>	Pursuit of perfection	Managing quality processes (lean manufacturing and design, Six Sigma) for continuous improvement
<b>Procter &amp; Gamble</b>	Brands you know and trust	Developing consumer insights, precisely targeted marketing, product innovation
<b>McKinsey</b>	CEO's trusted adviser	Leading teams that deconstruct business problems, synthesize data, and develop solutions
<b>Boeing</b>	People working together as a global enterprise for aerospace leadership	Solving global problems, working as teams, possessing technical excellence in aerospace
<b>Apple</b>	Innovation and design	Creating new products and services that break the industry norms
<b>PepsiCo</b>	Appealing to the younger generation	Building the next generation of talent

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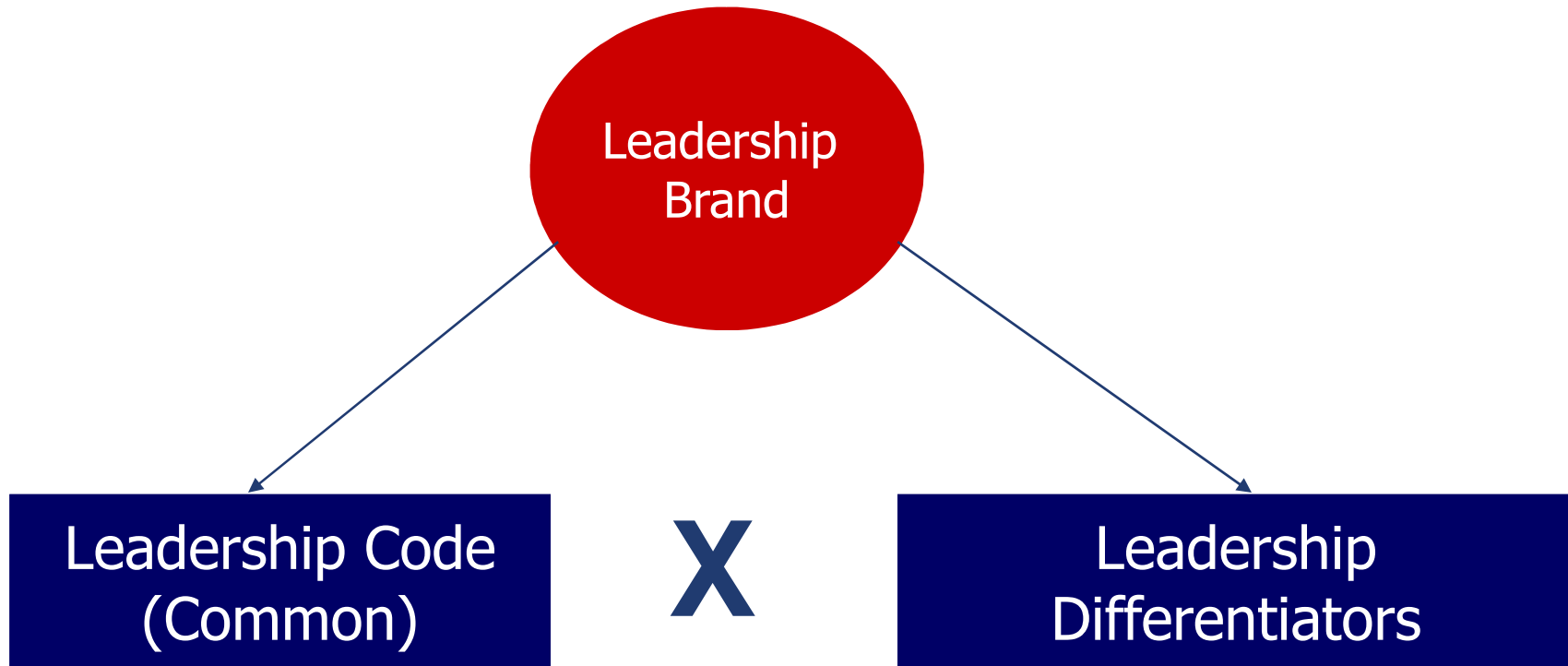
## Leadership brand makes a difference. 10 year P:E vs. industry average



Company	P/E ratio of company for the past 10 years	P/E ratio of industry (not counting the firm) for the past 10 years	Market Capital (in Billions)
GE	27.58	12.88	363.61
J&J	26.02	24.42	174.40
Teva	33.25	23.39	28.75
Pepsi	28.75	21.12	119.2
Boeing	23.82	15.83	70.17
Disney	27.15	19.57	70.53
P&G	27.0	21.2	199.29
Lexus (Toyota)	10.40	9.89	231.33
Nordstrom	22.98	19.23	13.63
Herman Miller	23.85	14.75	2.16

What the metaphor of leadership brand offers:

- Brand focuses on value from the **outside/in** and the impact of leadership more than activity of leaders
- Brand puts leadership into **business language**
- Brand applies across **all levels** of leaders now and in the future
- Brand combines **leadership code** and **leadership differentiators**





# Leadership Code: Specific Competencies



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## HUMAN CAPITAL DEVELOPER

- Identify Future Talent
- Nurture/Groom Future Talent
- Delegate/Empower

Long Term /  
Strategic

## STRATEGIST

- Provide View of Company Future
- Understand Value Creation
- Connect Outside to Inside
- Understand Organizational Processes/Implication

## PERSONAL PROFICIENCY

- Personal Integrity
- Courage
- Intuition
- Technical/Functional Competence

Individual

Organizational

## TALENT MANAGER

- Communicate Effectively
- Motivate as Appropriate
- Provide Employees with Aligned Direction

Short Term /  
Operational

## EXECUTOR

- Build accountability for goals
- Manage Change
- Make Strategic Decisions
- Build Teams

## Leadership Brand: The Code Implications

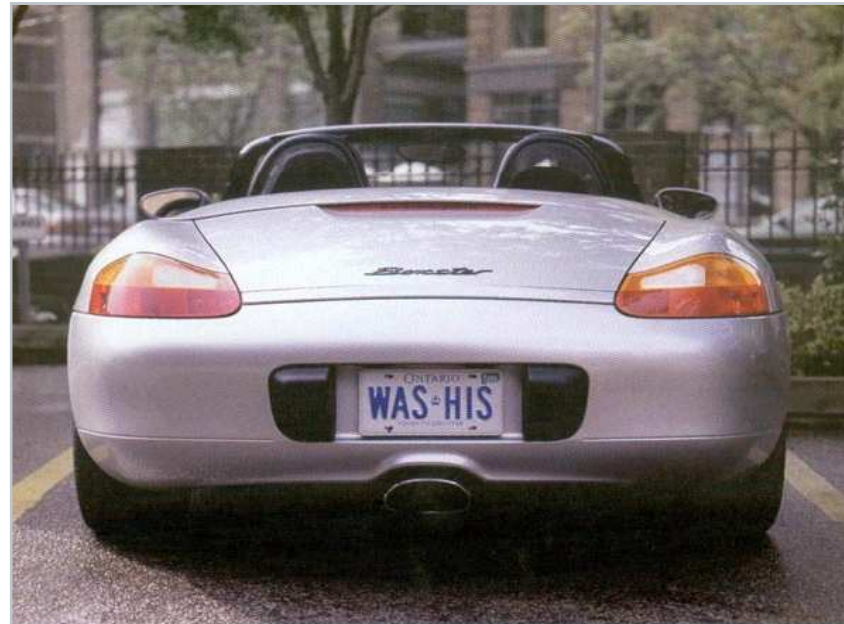


1. Compare my organization's leadership competency model to the Code- where is our emphasis?
2. Is our competency model over/under invested in any area?
3. If our competency model contains the foundational elements for leadership, what are the differentiators that really count? i.e. What's our leadership brand?

# Firm brand to leadership brand: 46 outside/in



**Being able to turn an external firm brand or identity  
Into internal employee actions**



**Sanders, Lyn & Ragonetti Associates, Trial Lawyers**

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# 6 Steps to Build Leadership Brand

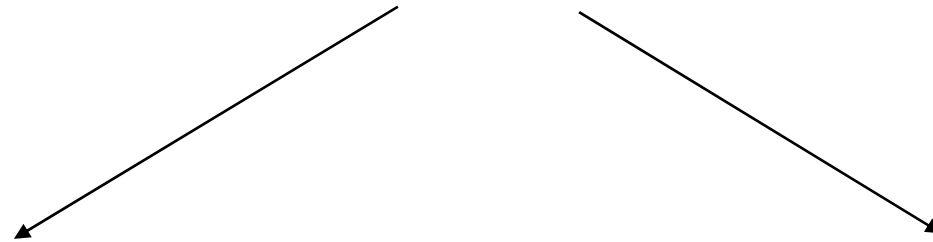
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Step	Action	Question	Outcome
1	Identify target customers	Who are our key customers for the future?	Segment key customers who define and represent the future
2	Create firm brand	What do we want to be known for by our target customers in the future?	A statement of firm identity, or brand, that can become the basis of our culture
3	Define leadership differentiators	What leadership behaviors go with the firm brand?	A definition of leadership through the eyes of the customer
4	Assess leaders against statement	How well do we do as a company and as individuals?	Audit quality of leaders and leadership
5	Invest to build leadership	How can we upgrade our leadership by training, assignment, and experience?	A personal and organizational leadership investment strategy
6	Measure or track leadership	How well are we doing at building leadership?	An assessment of leadership investment and quality

## 48 Context: implications

### New business realities



Implications for HR

Implications for leadership

- Rethinking: paradox
- Redoing: transformation

**Premise:**  
**HR and leadership must deliver value**