White Paper

What’s Right in HR

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Every few years there are public critiques about the HR field: *Why We Hate HR; It’s Time to Split HR; and It’s Time to Blow Up HR*. I have an alternative approach. Some prophets see what is wrong and then tell people they’re damned and going to hell. Others see what is wrong and give them a pathway to heaven. I prefer the latter and offer a positive view of HR’s value by discussing HR’s perspective, outcomes, and transformation (or POT, if you will.)

**Perspective**

HR does not start with HR. HR shapes business value in leading companies because it starts with the business. The scorecard of good HR is the business scorecard. HR investments help deliver growth through product innovation, geographic expansion, and customer connection. But beyond strategic HR where business strategy is a mirror in which HR reflects business goals; strategy can be a window so that HR work is being connected to external customers and to investor confidence (called HR outside in). Customers are increasingly involved with staffing (sourcing and interviewing candidates), training (designing, attending, and teaching), performance management (doing 720 more than 360), and leadership (leadership brand). Investor confidence increases when they monitor quality of leadership through a leadership capital index assessing individual leaders and human capital systems.

Often those critiquing HR are like those who wonder why the 20-year-old telephone, computer, or television does not deliver against modern standards. They rely on the dated straw man of HR as an administrator of benefits or policy police which is as out of date as old electronic devices. With an HR outside in perspective, HR starts and delivers customer and investor value.

**Outcomes**

HR is not just about talent, even though the “war for talent” has been the dominant metaphor for HR for the last 20 years. Some even want to change the name from “human resources” to “talent.” But leading organizations are now pivoting from a focus on war for talent to victory through organization. Individuals are champions, but teams win championships. Leading HR professionals manage both the workforce and workplace, talent and teamwork, individual competence and organization capabilities.

I believe there are three general outcomes of great HR work -- talent, capability, and leadership. Talent audits ensure employees have the right competence (knowledge, skills, and abilities), commitment (behavioral engagement), and contribution (emotional engagement and meaning). Capability refers to the organization and its culture, systems, process, or teamwork. Capability audits ensure that the organization has the right systems and culture to meet stakeholder requirements. Leadership bridges talent and capability. Employees (talent) will often do what leaders do. Leaders
who embody the culture or capability of the company can perpetuate it through their thought and actions. Leadership audits ensure that leaders at all levels make choices for future success.

Transformation

Strategic investments in HR emphasize governance, practices, competencies, and analytics. HR governance or an HR department is increasingly seen as a professional service unit within organizations, where experts turn their insights about people, performance, information, and work into client value. They deliver foundational work through HR technology and strategic work through business partnerships. Innovative HR practices have improved business results by focusing less on bureaucracy and more on simple and integrated solutions. For example, complex performance appraisals are replaced with informed conversations that ensure accountability. Technology enabled hiring, training, and compensation help deliver the administrative work of HR so more attention can be focused on strategic HR. HR competencies ensure that HR professionals have the unique skills to deliver business results and demonstrate personal credibility. HR analytics have helped make HR investments that have business impact.

HR’s “POT”

After decades of research, we know how to invest in HR governance, practices, competencies, and analytics so that HR shapes talent, leadership, and organization outcomes. That’s the perspective, outcomes, and transformation, or “POT,” of HR. This in turn delivers strategies that build customer and investor value.

About the Author:

Dave Ulrich, PhD, is a professor of business administration at the University of Michigan's Ross School of Business and a cofounder of the RBL Group. He has consulted and done research with over half of the Fortune 200 and published more than 200 articles and book chapters as well as 23 books. He served as the editor of the Human Resource Management Journal from 1990 to 1999 and is a fellow of the National Academy of Human Resources. HR Magazine has named him the number one thought leader in HR for several years.