



HR's Ever-Evolving Contribution

By Dave Ulrich

Key Takeaways:

- *How HR creates value continues to evolve towards delivering value to customers, investors, and communities.*
- *HR's role in building talent, organization, and leadership that helps the business respond to current challenges and discover future opportunities is more critical than ever.*
- *HR professionals need development that builds a shared perspective and capability in this HR contribution and HR design.*

The year 2020 will go down in history as a year of unprecedented shock, change, and volatility. A year ago, business and HR leaders were encouraged to adapt to the “future of work” where they had to respond to rapid technology evolutions.

Now HR is center stage, needing to reinvent “today’s and tomorrow’s work” and adapt to an unparalleled global pandemic, social tensions (racial strife, refugee challenges, and political dissent), economic adversity, and personal emotional malaise since these threats have such profound impact on people and organizations.

To turn these reinvention challenges into opportunities, HR professionals should creatively answer this question: What are HR’s unique contributions to business success?

1. HR Value Creation, Delivery, and Capture

HR value creation has evolved. HR people no longer merely try to “get to

the table” but deliver value when there. **HR delivers value** through four waves that show a maturation of HR work (see **figure 1**). HR practices are no longer just about efficiency (wave 1); isolated functional excellence in areas such as staffing, training, reward, digital, analytics, and so forth (wave 2); or even integrated HR solutions to deliver business strategy (wave 3). In addition to these waves, HR is now about delivering value to customers, investors, and communities outside the organization (wave 4).

The outside-in wave moves from value creation to value delivery when HR “customers” are not just employees, leaders, or business strategies inside the organization but also stakeholders such as customers, investors (debt or equity),

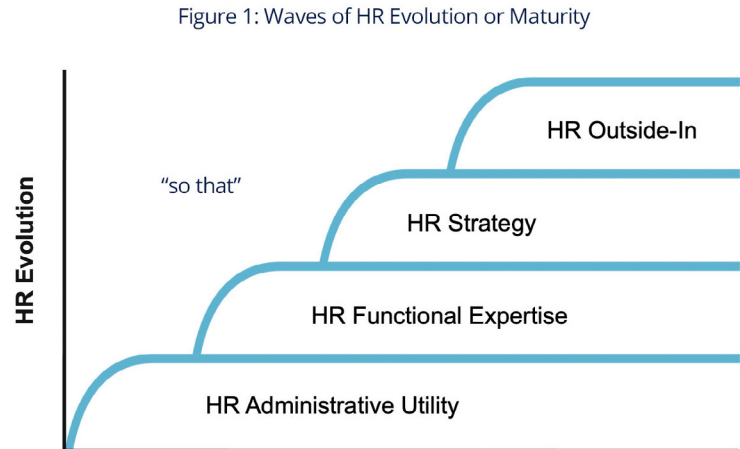
and communities outside the company. HR value delivery is captured when HR analytics are not about activities with scorecards, dashboards, and insights but about the impact of HR activities on key stakeholders (accomplished through an [organization guidance system](#)).

2. HR's Unique Contributions to Business Success

HR professionals get invited to business dialogues because they understand value creation, delivery, and capture from the outside-in (wave 4). Once invited to business conversations, HR participates by offering unique contributions in the areas of talent, organization, and leadership. These three areas of contribution are not new, but they are even more critical in responding to current challenges and discovering future opportunities.

First, talent. Traditionally, HR offered unique insights around individual competence (called workforce, skills, talent, or people). HR's legacy has been to fight the war for talent and focus on ensuring that employees have the competencies (right job, right place, right time), high commitment (employee value proposition), and contribution (a positive employee experience). Each of these talent-related efforts can evolve to be viewed outside-in to respond to changing times by ensuring that the right competencies are those that deliver customer and investor value, and by linking employee experience to customer experience. Many suggest that "people are our most important asset," but today, that should be modified to "our people are our **customers'** most important asset." HR initiatives that foster the right talent for customers will have much more lasting impact in a perilous world. As customers experience dramatic pandemic change; talent has to adapt as quickly (e.g., using digital information to access product and to manage people virtually). Building employee experience is not enough—HR must link employee experience to customer experience and investor confidence. Customers and investors can participate in talent-improvement initiatives to make sure that the talent adapts to customer requirements (e.g., invite customers or investors into hiring, training, compensation, and communication practices).

Figure 1. Waves of HR Evolution or Maturity



Second, organization. HR also offers unique insights about organization capabilities (called workplace, culture, or process). Wars are fought with people, but victory comes from how well the organization turns individual ingredients into organizational identities. Just like individual personalities (e.g., the big five) are more important predictors of personal well-being than traits (eye or hair color, height, weight), organization capabilities matter more than organizational demographics (number of levels, span of control). [Our research \(The RBL Group and University of Michigan\)](#) found that the capabilities of an organization have four times the impact on business results than the competence of individuals. For example, teams with individuals who work well together as a team will outperform a team of individual all-stars that don't work well together. HR professionals engage leadership teams in defining and embedding the [right organization capabilities](#) such as agility, external sensing, innovation, collaboration, or efficiency. These organization capabilities are "right" when they are chosen with an outside-in perspective that is dramatically changing in today's world and capture value for customers, investors, and communities. For example, just describing a culture (values, behaviors, or roots of a tree) is no longer enough; identifying and ensuring the "right" culture (the fruits and leaves of the tree) that creates, delivers, and captures value for customers and investors is incumbent. The "right" culture

can be defined as the identity of the firm in the mind of its best customers that then shapes employee behaviors and HR practices. In this volatile year, the right culture focuses on customer identity to help an organization stay connected to customer changes rather than being focused on internal values.

Third, leadership. Talent and organization are shaped and driven by leaders. Employees (individual competencies) often mimic what their leaders do, and organization capabilities often reflect leaders' personalities. More importantly, leadership at all levels of the organization signals thoughts and actions that get attention. Again, defining effective leadership may be done with customers in mind (Leadership Brand work) and with investor impact (Leadership Capital Index work). In the current uncertain world, it is more important than ever to ensure that the right leadership exists to create value for customers and investors.

3. Development Priorities to Support HR's Ability to Add Value

HR professionals more fully contribute to business impact through creating, delivering, and capturing valuable insights on talent, organization, and leadership. To effectively enable these behaviors, organizations must ensure they have the tools they need to succeed.

Several factors are more critical than ever.

First, the skills HR professionals need continue to evolve. For years, we have highlighted the research-based skills that lead to better HR professional contributions. The earliest research over 30 years ago highlighted the importance of HR professionals who are credible activists. Over time, other critical skills emerged, including the importance of HR professionals who can connect the outside-in as strategic positioners. The last round of research highlighted the importance of the ability navigate paradox in order to craft solutions that will have impact for the business.

As we pull together **the most critical skills for HR development**, the following six skills are key development priorities for today's HR professionals:

- Build skills to **co-create solutions** with stakeholders that **impact results** from the outside-in.
- Define a **clear path** to respond to **changing context within which the business operates**.
- Identify and develop the right organizational capabilities to **succeed in the new economy**.
- **Generate competence, contribution, and commitment** for individuals.
- Identify specific **HR outcomes in organization, leadership, and talent** to impact business results.
- Understand how to succeed through the **organization of your own HR department**.
- **Innovation:** We create and deliver new products, services, business models, and ways of working that are commercially successful (product creation, curiosity, knowledge management).

Efficiency: We reduce the costs of our business activities (standardization, re-engineering processes, streamlining).

Accountability: We set and meet commitments on time and within budget (execution, discipline, high performance orientation).

Information/Analytics: We acquire, analyze, and apply information to improve decision-making (predictive analytics, dashboards, scorecards).

Leverage Technology: We exploit and

apply the latest technological trends (digital age, AI machine learning, Internet of things).

Second, in the wake of the disruptions created by a global pandemic, the mode of delivery for HR development has shifted permanently. Particularly in HR departments where professionals are often spread across different geographical locations, there has been a rapid shift in development strategies from in-person day-long classes to development platforms that combine independent learning with interactive sessions. These virtual, blended, and accredited development experiences create lasting impact when subject matter experts provide the content and support learning by challenging learners to apply tools and share learning during impactful weekly application sessions similar to [RBL's Dave Ulrich HR Academy](#).

Conclusion

The year 2020 will likely be long remembered for the crises our world has faced. I hope that 2020 will also be remembered as a time when HR insights on talent, leadership, and organization enabled employees to find well-being, organizations to deliver digital and other strategies, customers to continue receiving products and services, investors to keep confidence, and communities to thrive through increased social citizenship despite all the crises.

As 2021 begins, I hope that we can all commit to supporting the development of HR professionals who have done, and will continue to do, the work that moves our organizations forward. I also hope those interested in this agenda will consider the unique opportunity to participate in the Dave Ulrich HR Academy experience.

Learn the details about the [Dave Ulrich HR Academy](#) or [contact us](#) with specific questions.

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