



How Well Do You Manage Your “Portfolio” of Organization Effectiveness (HR) Initiatives?

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Key Takeaways:

- *Combining stakeholder results and organization effectiveness initiatives creates a simple portfolio grid for how to prioritize and invest in organization effectiveness initiatives.*
- *A portfolio approach to HR initiatives— talent, leadership, organization, and HR— will better allocate resources to key organization effectiveness priorities.*
- *The Organization Guidance System integrates the portfolio approach so that businesses can deliver desired results.*

Few doubt that HR work delivers value to key stakeholders both inside (employees, business strategy) and outside

(customers, investors, communities) the organization.

To deliver value and results to these five stakeholders, HR professionals provide insights and initiatives (programs, processes, practices) around organization effectiveness comprised of [1] individual competence (workforce, talent, people), [2] organization capabilities (workplace, culture, and process) and [3] leadership at all levels. In addition, [4] the **HR department's ultimate effectiveness** is the extent to which HR initiatives deliver value to these five key stakeholders.

Combining stakeholder results and organization effectiveness initiatives creates a simple but informative portfolio

grid for how to prioritize and invest in organization effectiveness initiatives (see Figure 1). The columns in this figure suggest the five stakeholder results that a company may prioritize [1] employee (well being, competence), [2] business strategy (differentiated position, ability to execute), [3] customer (net promoter score), [4] investor/financial (profitability), and [5] social citizenship (environmental, social, governance). Organizational effectiveness from HR initiatives may occur along four pathways represented by the four rows: [A] talent, [B] leadership, [C] organization capability, and [d] HR department.

Each of the 20 cells in Figure 1 represents where business or HR leaders could focus initiatives to deliver the five results.

Allocating 100 points across these 20 cells describes the portfolio of organization effectiveness investments that deliver stakeholder results.

Moving towards more precision, based on decades of theory, research, and experience, we have identified specific organization effectiveness activities in talent, leadership, organization, and HR department that might deliver the desired results.

Talent Initiatives

In our work on improving talent, we have identified nine possible initiatives that increase competence (e.g., acquiring talent, managing employee performance, development employees, communicating with employees, retaining and removing employees), commitment (tracking employee engagement), and contribution (creating a positive employee experience).

Leadership Initiatives

In our work on **Leadership Brand**, we have identified six possible initiatives for **improving leadership**: building a business case, agreeing on what leaders know and do, assessing leaders, investing in leaders, measuring leaders, and ensuring reputation.

Organization Initiatives

In our work on creating the right organization, we have identified 12 key organization capabilities that can be created.

Twelve Organization Capabilities

1. Talent

We attract, motivate, develop, and retain talented and committed people at all levels of the organization. (workforce, competence, people)

2. Agility

We make change happen fast. (change, adaptability, flexibility, cycle time)

3. Strategic Clarity

We create a shared agenda, and broad commitment and engagement around our strategy. (strategic unity, purpose, new

Figure 1. HR Portfolio Grid of Key Results x Pathways to Organization Effectiveness

| | | KEY STAKEHOLDER RESULTS | | | | |
|--|------------------------------|-------------------------|----------------------|-------------|--------------------------|-----------------------|
| | | 1. EMPLOYEE | 2. BUSINESS STRATEGY | 3. CUSTOMER | 4. INVESTORS / FINANCIAL | 5. SOCIAL CITIZENSHIP |
| PATHWAYS TO ORGANIZATION EFFECTIVENESS | A. Talent | 1 | 5 | 9 | 13 | 17 |
| | B. Leadership | 2 | 6 | 10 | 14 | 18 |
| | C. Organization Capabilities | 3 | 7 | 11 | 15 | 19 |
| | D. HR Department | 4 | 8 | 12 | 16 | 20 |

rules of the game, mission, vision)

4. Customer Centricity

We foster strong and enduring relationships of trust with target customers. (NPS, market share, customer share, customer intimacy)

5. Right Culture

We create and embed the right culture throughout the organization. (shared mindset, firm identity, values)

6. Collaboration

We work together to make the sum more than the parts. (teamwork, cross functional, alliances, coordination)

7. Social Responsibility

We establish a strong reputation for managing planet, philanthropy, people, and political agendas. (CSR, ESG, social citizenship, triple bottom line)

8. Innovation

We create and deliver new products, services, business models, and ways of working that are commercially successful. (product creation, curiosity, knowledge management)

9. Efficiency

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

10. Accountability

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

11. Information/Analytics

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

12. Leverage Technology

We exploit and apply the latest The initiatives represented by the 180 cells in Figure 2 (5 columns x 36 rows) represents a thorough portfolio of organization effectiveness initiatives where HR can prioritize and invest to deliver the five key stakeholder results (columns). When we asked business and HR leaders who much they spend per year on initiatives in these 180 cells, they often don't know specifically, but the numbers are large (e.g., \$25 to \$40M for firms of \$1b up to \$150 to \$200m for firms over \$10B).

Using the portfolio grid in Figure 2, we can now offer an Organization Guidance System (OGS) to identify which of the 180 cells should receive increased and decreased investment to deliver the five results. technological trends. (digital age, AI machine learning, Internet of things)

Human Resource Effectiveness

In our work on building more **effective HR departments**, we have identified nine domains of activity, each answering a question about building **effective HR**:

1. HR Reputation

What is HR known for?

2. HR Customers

Who are HR's customers?

3. HR Purpose

What is our HR mission? Why do we exist?

4. HR Design

How is the HR department organized?

5. Organization Capability

How does HR facilitate the right organization?

6. HR Analytics

How can HR use information to make better decisions?

7. HR Practices

How do we create and deploy HR practices?

8. HR Professionals

What HR professionals need to be, know, and do to be effective?

9. HR Relationships

How does HR go about doing its work?

Using these more detailed initiatives in talent, leadership, organization capability, and HR department, we can create a more thorough HR portfolio with five outcomes (columns) and now 36 initiatives along four pathways rows (see Figure 2).

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Figure 2. HR Portfolio Grid of Key Results x HR Initiatives for Organization Effectiveness (5 results x 36 initiatives = 180 cells)

| HR Initiatives | | Key Stakeholder Results | | | | |
|-----------------------|--|-------------------------|---------------------|------------|-------------------------|----------------------|
| | | 1 Employee | 2 Business Strategy | 3 Customer | 4 Investors / Financial | 5 Social Citizenship |
| Talent | Acquiring Talent | | | | | |
| | Managing Employee Performance | | | | | |
| | Developing Employees | | | | | |
| | Managing Employee Careers and Promotions | | | | | |
| | Communicate With Employees | | | | | |
| | Retaining the Best Employees | | | | | |
| | Managing Departing Employees | | | | | |
| | Track Employee Engagement | | | | | |
| | Creating a Positive Employee Experience | | | | | |
| Leadership | Business Case | | | | | |
| | Know and Do | | | | | |
| | Assess Leaders | | | | | |
| | Invest in Leaders | | | | | |
| | Measure Impact | | | | | |
| | Ensure Reputation | | | | | |
| Organization | Talent | | | | | |
| | Agility | | | | | |
| | Strategic Clarity | | | | | |
| | Customer Centricity | | | | | |
| | Right Culture | | | | | |
| | Collaboration | | | | | |
| | Social Responsibility | | | | | |
| | Innovation | | | | | |
| | Efficiency | | | | | |
| | Accountability | | | | | |
| | Information | | | | | |
| | Leverage Technology | | | | | |
| HR Department Domains | Reputation | | | | | |
| | Customers | | | | | |
| | Purpose | | | | | |
| | Design | | | | | |
| | Capability | | | | | |
| | Analytics | | | | | |
| | Practices | | | | | |
| | Professionals | | | | | |
| Relationships | | | | | | |

Application of the Organization Guidance System

When we present Figure 2 to senior business and HR leaders, we often get glazed eyes at the enormous complexity of creating organization effectiveness (180 possible cells or initiatives). When we use the portfolio metaphor to describe the importance of selecting and deselecting some cells to invest in, eyes begin to focus. When we highlight, with empirical rigor, which of the 180 cells will deliver key results, eyes open with optimism. This level of portfolio guidance is now accessible because of the abundance of research on leadership, talent, organization, and HR and analytic statistics that ferret out the relative impact of specific activities on key outcomes (e.g., variance decomposition).

HR's opportunity to create value through targeted organization effectiveness initiatives in **talent**, **leadership**, **organization**, and **HR** can now be realized. A portfolio approach to these initiatives will better allocate resources (time, energy, money) to key organization effectiveness priorities.

Learn more about the Organization Guidance System and **contact us** to get started.

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