

The future of HR: why (trends), what (TLC, meaning), how (competencies)

The Art of HR
Cotrugli Business School
Croatia
November 2014

Dave Ulrich
dou@umich.edu
www.rbl.net

ARTofHR
13 - 16 November 2014 / Dubrovnik



Overall Goals

HR

Ideas:

About new business realities and how HR professionals can add value

with

Impact:

How do we make a difference in the work that gets done in organizations?

1. Future: what's next?

2. Value added: who uses?

3. Taxonomy: simplify and apply

Talk:

Engage in new conversations and access new information

Tools:

Create tools (processes and systems) to create value

Time:

Spend time on things that make a difference

Crossroads in HR: content and process

		CONTENT What we focus on to create value?	
		Services <ul style="list-style-type: none"> Administrative processes (e.g., cost/hire/employee) Inside out (who we are) 	Market <ul style="list-style-type: none"> Business results (e.g., market value, customer share, strategy execution) Outside in (who we serve)
Process: How we focus our work?	Puzzle <ul style="list-style-type: none"> Frameworks Science Analytics 	How do we better analyze HR practices? (e.g., standards for reporting)	How do we link HR to business results? (e.g. indices like leadership capital)
	Mystery <ul style="list-style-type: none"> Inquiries Art Questions 	How do we explore new ways to operate better?	How do we sense market trends that are not yet understood?

Recent books



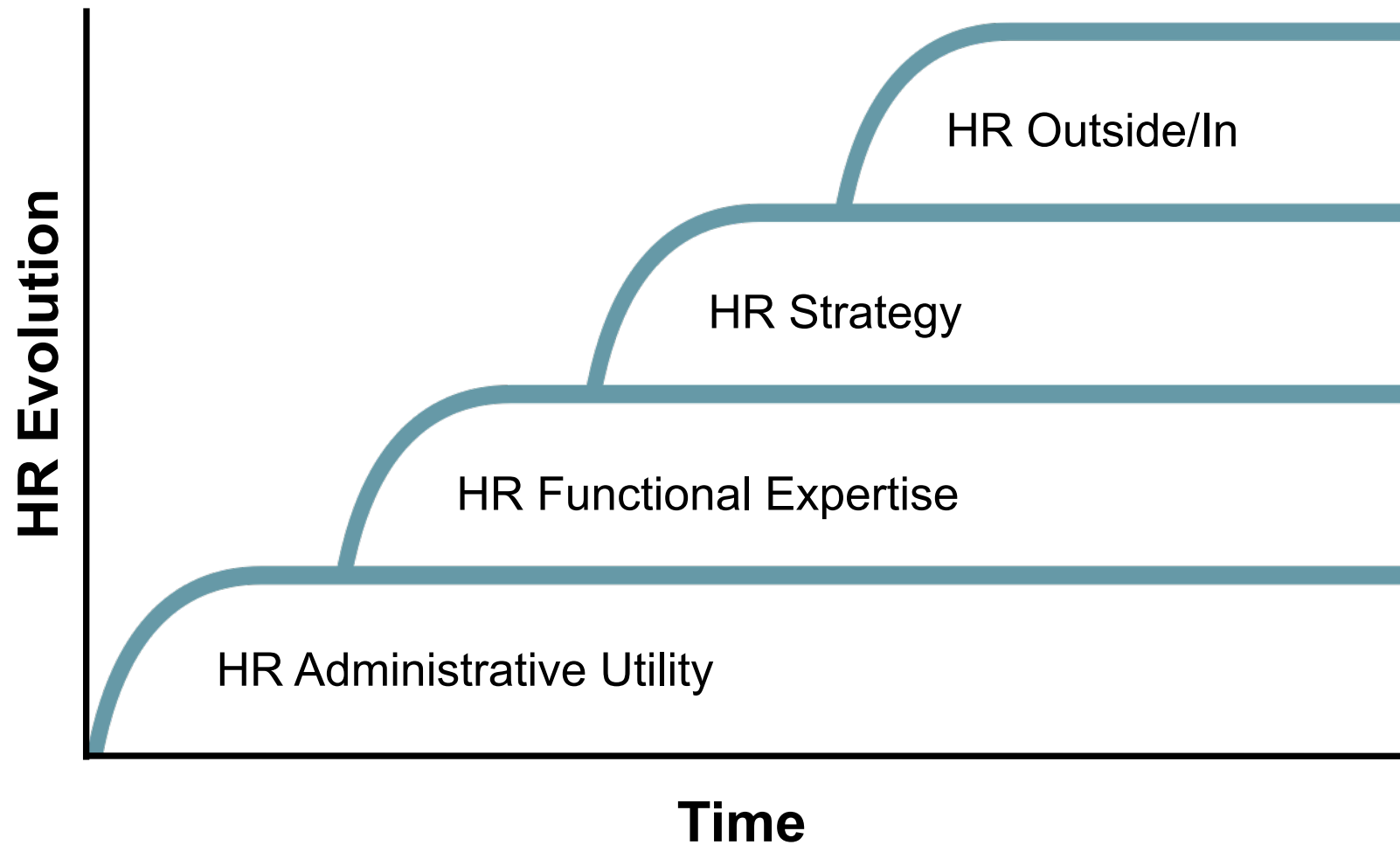
Pre test

1. What is the “biggest challenge” in my job today?
3. What are the “outcomes” of effective HR? (*e.g., finance delivers economic insights; marketing customers; manufacturing quality products, HR ... ??*)
 -
 -
 -
5. What are the requirements for effective HR transformation?
 -
 -
 -

Question 1

HR outside in: Evolution of HR

6

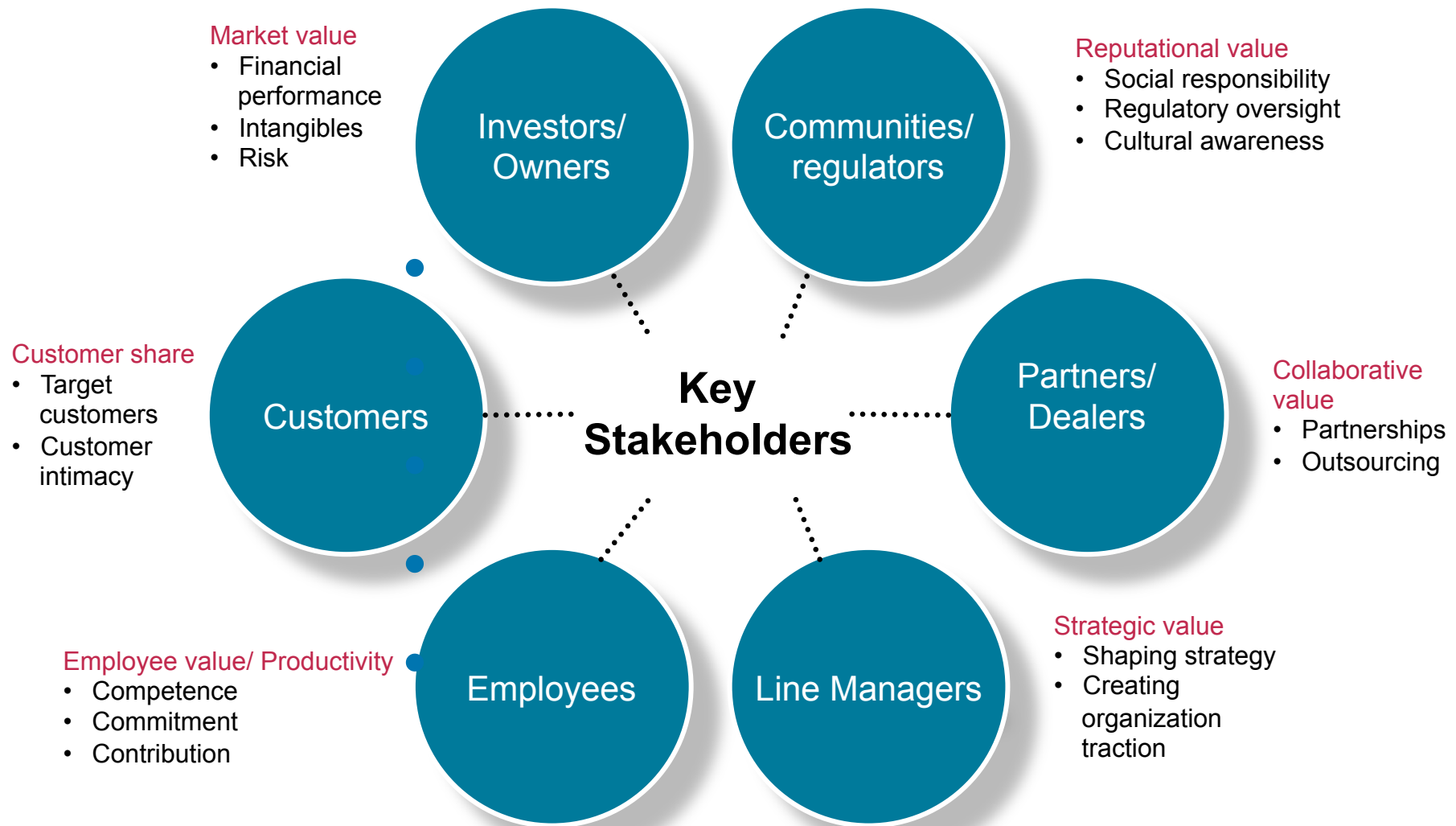


HR outside in: HR practices

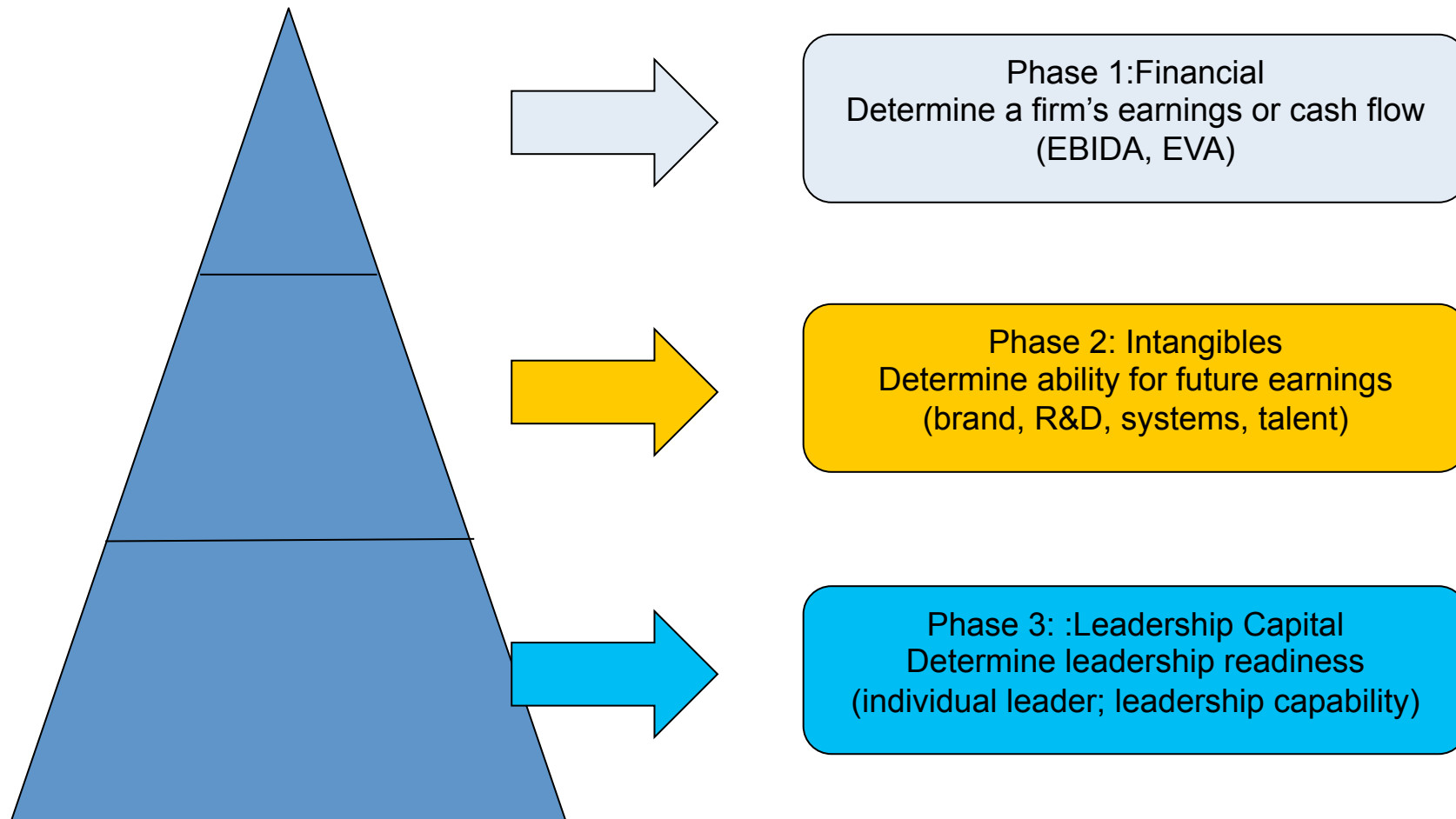
HR domain	Examples of outside in
Staffing	Are we the employer of choice of <i>employees our customers would choose</i> ?
Training/development	Do we involve customers in designing, attending, and delivering training and development?
Performance management	Do our standards for effective performance match customer expectations?
Rewards	Do we involve our customers (suppliers or investors) in allocating rewards?
Communication	Do our communication tools link employees and customers?
Leadership	Have we created a leadership brand where leaders actions are tied to customer expectations?
Culture	Does our culture have the right events, patterns, and identity?

HR Outside in: HR Creates Value to Key Stakeholders

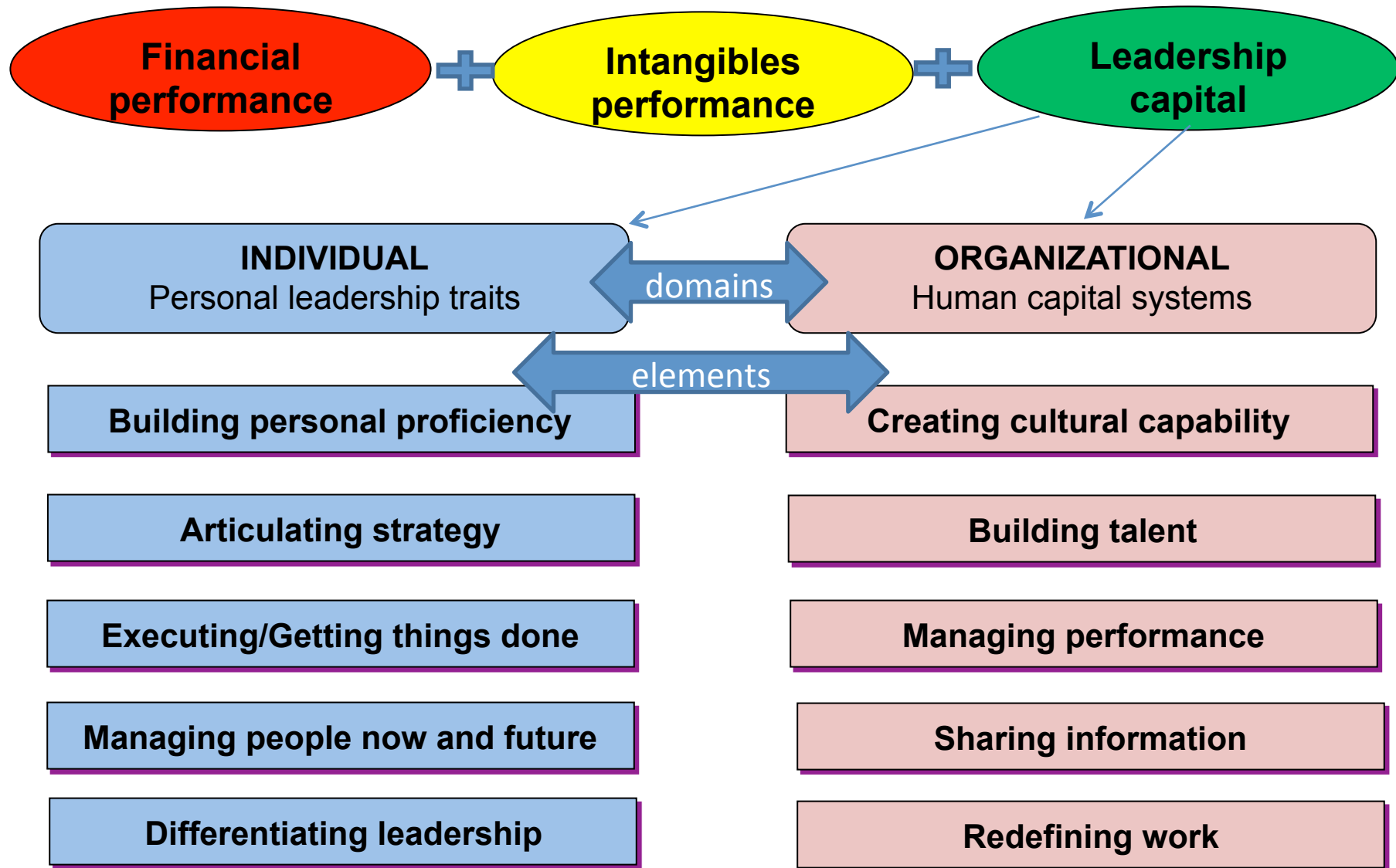
8



Evolution of Firm Valuation



What is the value of a firm: Creating a “leadership capital index”



Summary: Why HR creates value

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 ...**

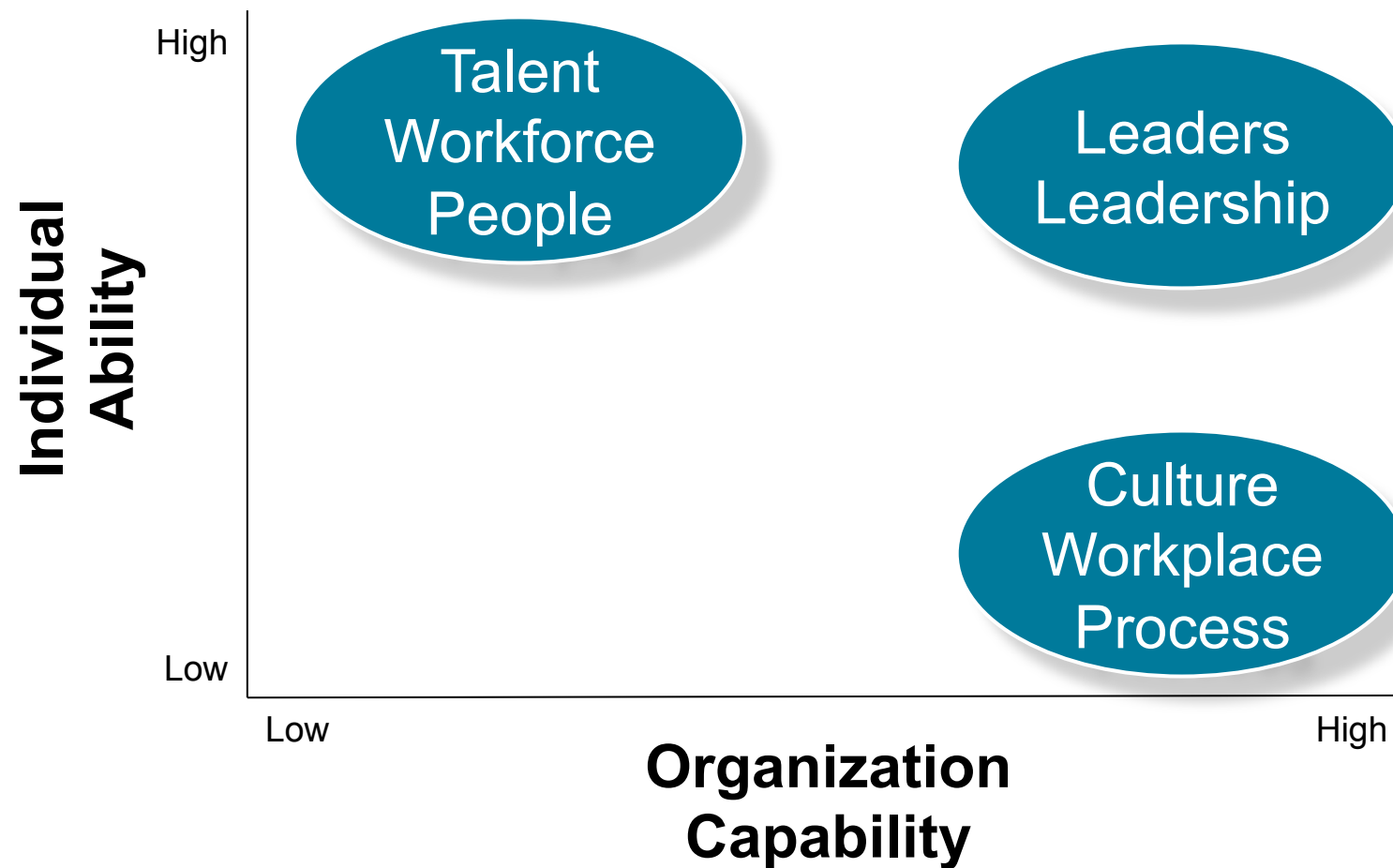
Pre test

1. What is the “biggest challenge” in my job today?
3. What are the “outcomes” of effective HR? (*e.g., finance delivers economic insights; marketing customers; manufacturing quality products, HR ... ??*)
 -
 -
 -
5. What are the requirements for effective HR transformation ?
 -
 -
 -

Staff Groups at the Table

Staff group	Focus	Information they bring
Finance	Economic and financial performance	Financial data (EVA, EBIDTA, cash flow)
Marketing/sales	Customer interest and patterns	Net promoter score Customer share Market share
Manufacturing	Operational efficiency	Productivity Quality Efficiency
Human Resources	?	?

Question 2: HR value creation: What value does HR create?



HR value creation: Importance of talent and teamwork

15

What percent of the time is the leading scorer (winner of the Golden Boot) on the team that wins the World Cup?



Importance of talent and teamwork

How many of the 20 “Best Actor/ Best Actress” Academy Award winners in the last ten years were also in the “Best Picture” for that year?



Roles for HR

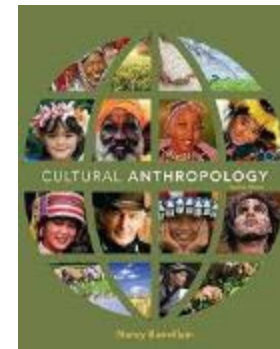
Line managers as Owners

- Fully engaged
- Make final decision
- Accept accountability
- Ensure follow up

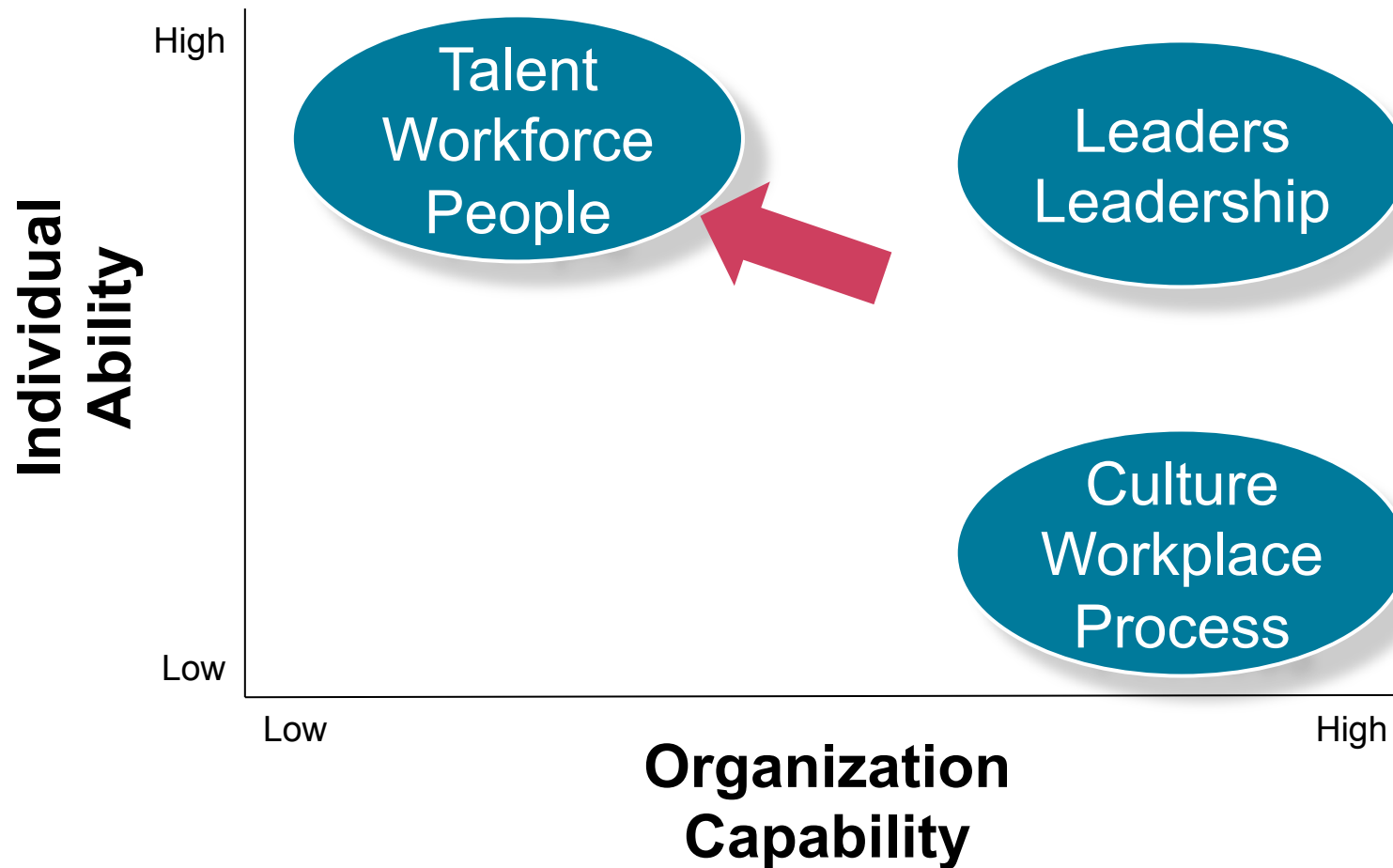


HR Professionals as Architects & Anthropologists

- **Architect:** puzzle solving, frameworks, blueprints
- **Anthropologists:** mystery seeking, observations, patterns



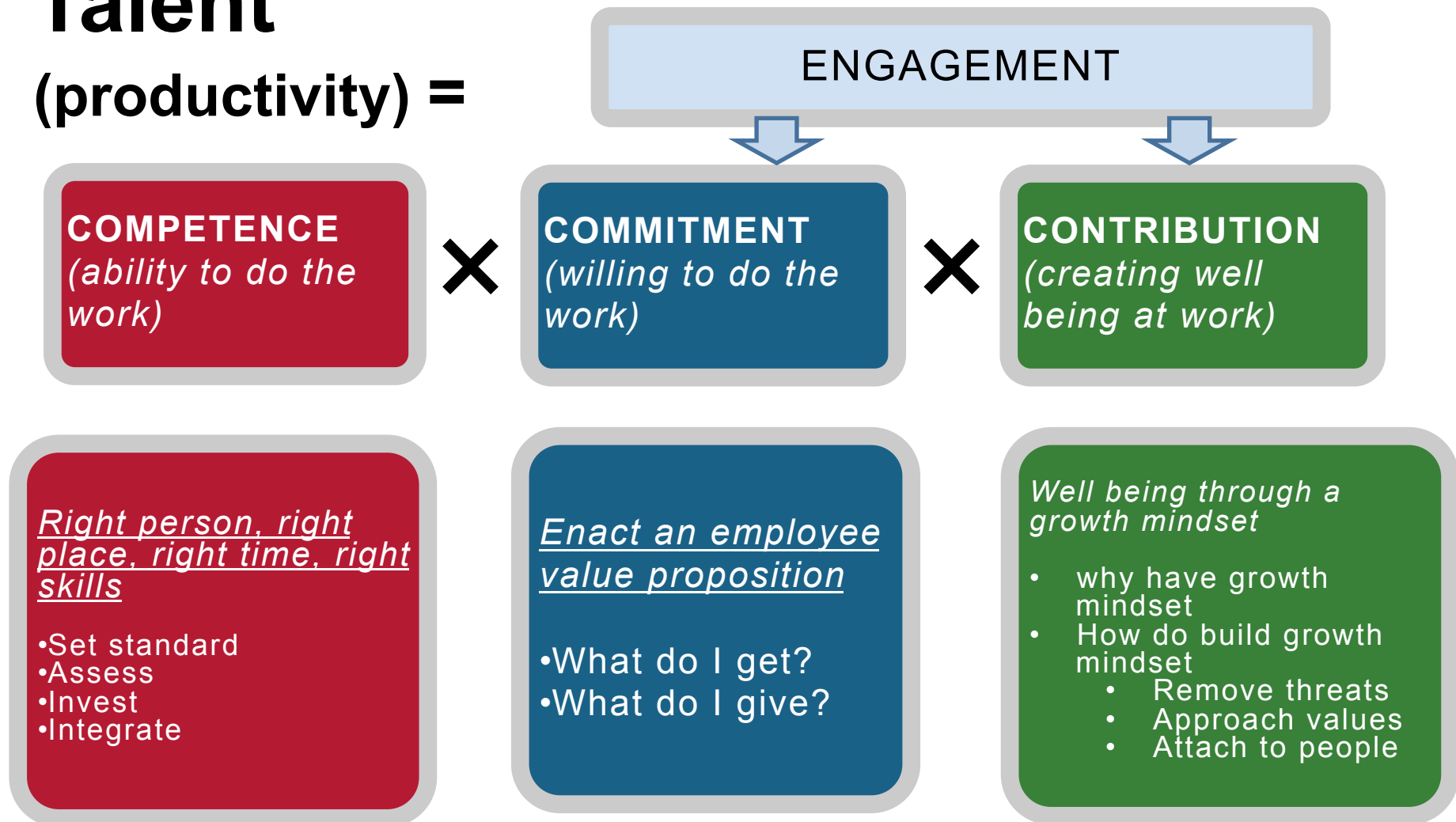
Question 2: HR value creation: What value does HR create?



A new talent formula

Talent

(productivity) =



Innovate competence practices

Buy	Attract, recruit, select and on-board talented new employees	<ul style="list-style-type: none"> • Do strategic workforce planning • Hire for culture; train for technical • Build an talent value proposition • Use referral hiring for people and schools • Increase 30 to 40% senior hires
Build	Develop employees through work experienced (50%), training experience (30%), life experience (20%)	<ul style="list-style-type: none"> • 50%: On-the-job; e.g., assignment, coach • 30%: Training as a guest • 20%; Outside of work experience
Borrow	Access talent that you do not have to own	<ul style="list-style-type: none"> • Outsource foundational work • Seek insights from experts
Boost	Plan for, prepare, and promote high performers into positions of increasing responsibility	<ul style="list-style-type: none"> • Plan for position before person • Transfer leadership equity • Do new leader assimilation
Bounce	Improve performance or move low performers out of the organization	<ul style="list-style-type: none"> • Identify poor performers (20 60 20) • Have positive and accountable conversations with them • Move them out or aside
Bind	Retain high performers through financial and non-financial rewards	<ul style="list-style-type: none"> • Have a stay interview • Have good people behave as if they are committed • Build customized package

Designing Goal Setting



- How do we make the conversation non threatening and simple?
- How do we get good information for real time feedback?
- Who is accountable for the process?
- Create line of sight between the individual and the organization.
- Define what success looks like.
- Get people talking! Individuals and managers must have 2-way conversations. Leaders and employees need to discuss ways to achieve commitment to a shared goal.

What do we mean by talent?

Talent =



COMPETENCE

×

COMMITMENT

×

CONTRIBUTION

Right person, right place, right time, right skills

- Set standard
- Assess
- Invest
- Integrate

Enact an employee value proposition

- What do I get?
- What do I give?

Well being through a growth mindset

- why have growth mindset
- How do build growth mindset
 - Remove threats
 - Approach values
 - Attach to people

An Employee Value Proposition



Understanding these levers helps balance the give/get equation

24

- V** **Vision:** Individuals feel part of something important and are energized about the future.
- O** **Opportunity:** Individual development is encouraged, supported, and tailored to the needs of the individual.
- I** **Incentive:** Performance is recognized, rewarded, and celebrated in ways that drive long-term motivation.
- I** **Impact:** Employees' work is meaningful, and employees understand how their work connects to the bigger picture.
- C** **Community:** Employees feel a sense of belonging and pride in the organization.
- C** **Communication:** Employees communicate to reduce noise and reach a shared vision.
- E** **Entrepreneurship:** Employees feel they have flexibility to act and are encouraged to take initiative to get their work done.

What do we mean by talent?

Talent =



COMPETENCE

×

COMMITMENT

×

CONTRIBUTION

Right person, right place, right time, right skills

- Set standard
- Assess
- Invest
- Integrate

Enact an employee value proposition

- What do I get?
- What do I give?

Increase well being through

- *Finding meaning at work (7 practices for meaning)*
- *Having a growth mindset*
 - Remove threats
 - Approach values
 - Attach to people

Commitment: being willing to pay the price



Meaning: Evolution of positive psychology, employee commitment, and marketing

Psychologist happiness factors

- Pleasure: sensual enjoyment
- Engagement: lost in the flow of an activity
- Meaning: connected to deep values

Employee connection factors

- Satisfaction: like your job or work
- Engagement: gives discretionary energy to work
- Meaning: find purpose and abundance in work

Evolution of marketing

- Product: sell products
- Customer: satisfy and serve key customers
- Value driven: make the world a better place

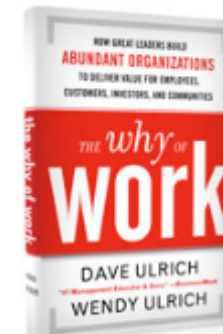
Drivers of meaning at work

Illustrative Drivers of Meaning at Work					
	Daniel Pink	Tom Rath (Gallup)	Martin Seligman	Marshall Goldsmith	Dave and Wendy Ulrich
Core book	<i>Drive</i>	<i>Well being</i>	<i>Flourish</i>	<i>Mojo</i>	<i>Why of Work</i>
Core premise or question	What motivates people?	What would your best possible future look like?	How do people find happiness in their lives?	How to find a balanced life and career?	How do people find abundance in their professional and personal lives?
Key factors	Autonomy Mastery Purpose	Career Social Financial Physical Community	Positive emotion Engagement Relationships Meaning Accomplishment	Identity Achievement Reputation Acceptance	Identity Purpose Relationships Work environment Work challenge Learning Delight

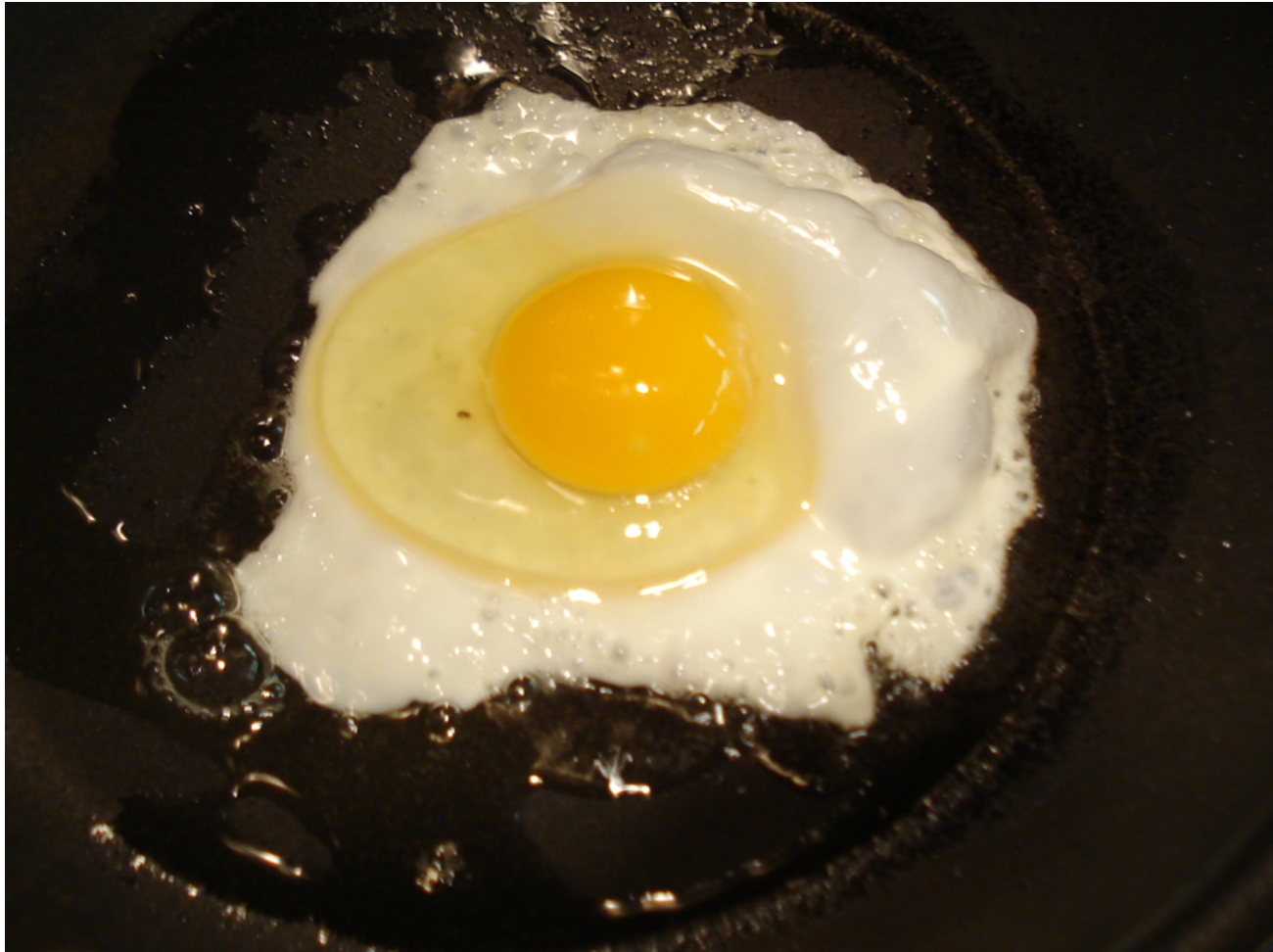
Meaning:

Key questions for abundant thinking

- | | |
|---------------------------------------|---|
| 1. <i>Identity:</i> | What am I known for? |
| 2. <i>Purpose and Direction:</i> | Where am I going? |
| 3. <i>Relationships and Teamwork:</i> | Whom do I travel with? |
| 4. <i>Positive Work Environment:</i> | How do I build a positive work environment? |
| 5. <i>Engagement/ Challenge:</i> | What challenges interest me? |
| 6. <i>Resilience and Learning:</i> | How do I learn from setbacks? |
| 7. <i>Civility and Delight:</i> | What delights me? |



THIS IS YOUR BRAIN on THREAT



THIS IS YOUR BRAIN on GROWTH



lavender

Skills of Wellbeing: Developing a Growth Mindset

32

- What is a growth mindset?
- Why does it matter?
- How do you develop it?



What is a growth mindset? (Dweck)



What is a growth mindset?

FIXED	GROWTH
When things get really hard I often get anxious and worry I'll embarrass myself	When things get really hard I get more interested, engaged, and hard-working
When I'm not sure how to do something I usually just want to get it over with	Difficult tasks give me an opportunity to learn, have fun, or make a difference
I feel smart when I'm fast, flawless, and consistent	I feel smart when I'm tackling new problems, figuring it out as I go
When I'm discouraged I often look for distractions, want to quit, or feel stupid	When I get discouraged I try to analyze the problem, ask for help, and try harder
When I struggle with a task I often conclude that I'm just not cut out for it	When I struggle with a task I break it down, try a new approach, or practice more
When my kids fail I'm disappointed	When my kids struggle I see potential

Why does it matter?

What do Michael Jordan, Charles Darwin, Christopher Reeve, Amadeus Mozart, Albert Einstein, and Paul Cézanne have in common?

- The importance of resilience
- Depressed college freshmen
- Shy people with strangers
- People estimating their own ability
- People looking for a romantic partner

Why does it matter to YOU?

Do you have a fixed or growth mindset about

- Your intelligence F - - - - - G
- Your talent at work F - - - - - G
- Your athletic ability F - - - - - G
- Your mechanical skill F - - - - - G
- Your parenting expertise F - - - - - G
- Your skill with people F - - - - - G
- Your personal flaws F - - - - - G
- Whatever is worrying you F - - - - - G

Why does it matter to YOU?

An exercise

When have you faced failure, regret, adversity?

- What did you learn?
- What do you feel best about in how you handled it?

How do you build a growth mindset?

Your brain on growth

38

1. Deactivate threats
2. Approach values
3. Attach to people



To deactivate threats, see opportunities

- Make conversation – talking on the subway
- Make friends of foes – Look for ways conflict is an opportunity to build good will
- Make it right – effective apologizers take responsibility, show empathy, make it right
- Make up – forgive by thinking of benevolent explanations, writing about letting go
- Make room for “negative” feelings – turn off the “struggle switch”

Retrain your brain to scan for positives

- Walk, spend time in nature
- Remind yourself of your values (Ariely)
- Generate gratitude (Heartmath)
 - What is a problem you are struggling with now?
 - What feelings does it evoke?
 - Generate feelings of gratitude
 - Ideas?
 - Feelings?

Approach and Activate Values

Discipline, prioritizing, decision-making, and motivation use up the same scarce brain resource

- IF: “It isn’t natural to know what we want. It is a rare and difficult psychological achievement.”
- THEN: Use high energy times to explore and prioritize desires.
- IF: Life’s greatest tragedies occur when we give up what we want most for what we want now.
- THEN: Make what you want most a habit.

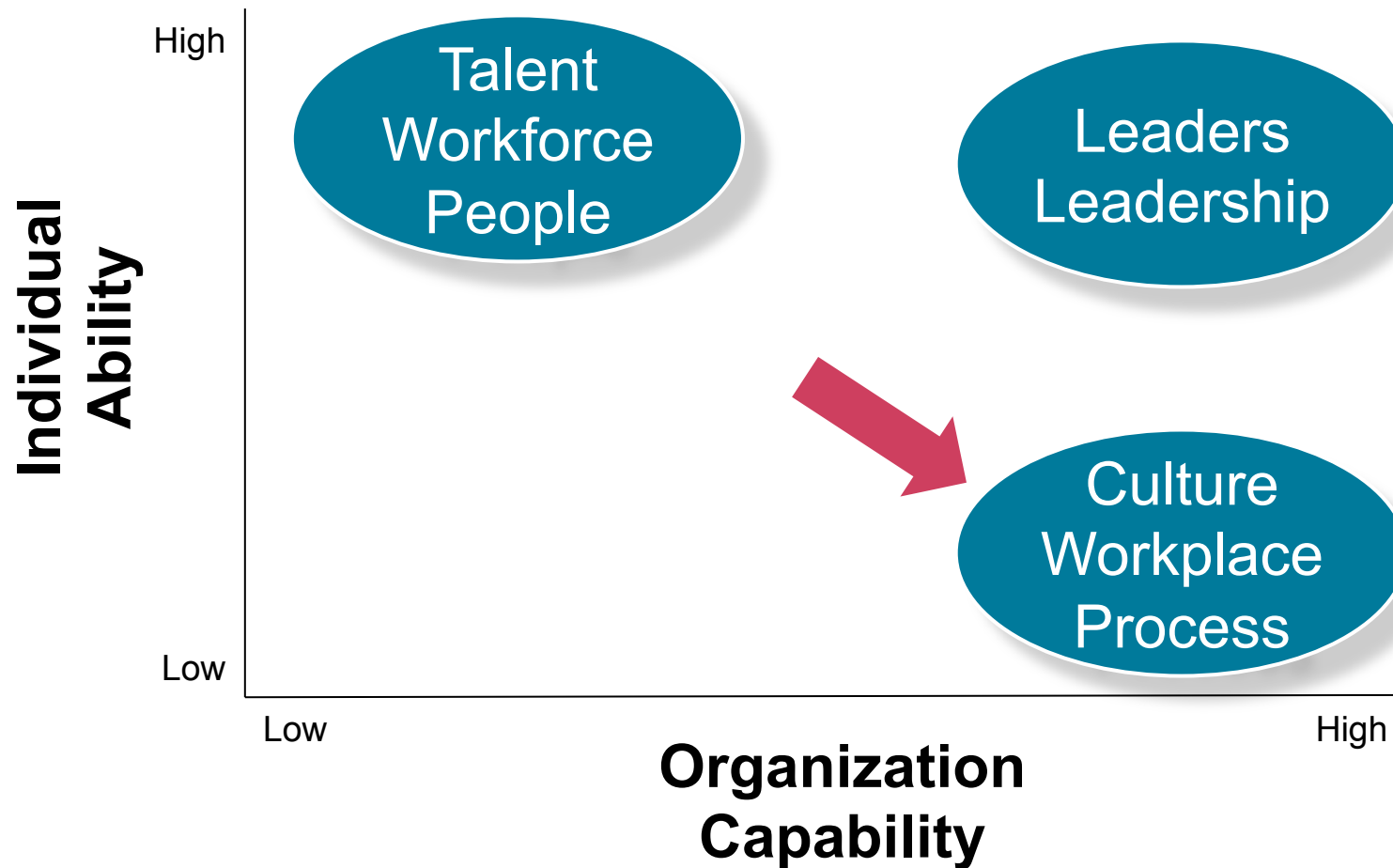
Attachment Still Counts

- The single thing that most contributes to long-term wellbeing is the quantity and quality of our connections
- Friends help reduce the deeply engrained threat response to rejection, unfairness, status loss, uncertainty
- Friends help us enter the world of direct experience
- Talking to friends helps us process information better
- Friends give us new information, ideas, help
- Friends help us see ourselves, our desires, more clearly

Offer Attachment

- **Create welcome**
- **Celebrate success** with someone you care about.
 - Have them relive it, invite details
 - Be enthusiastic
 - Don't diminish it by “protecting” from disappointment
- **Point out strengths** – do others feel better about themselves, clearer about their direction, more resilient after interactions with you?

HR value creation: Capability



Culture from the outside/in

To what extent are we capable of creating a culture that shifts from event to pattern to identity?

Event



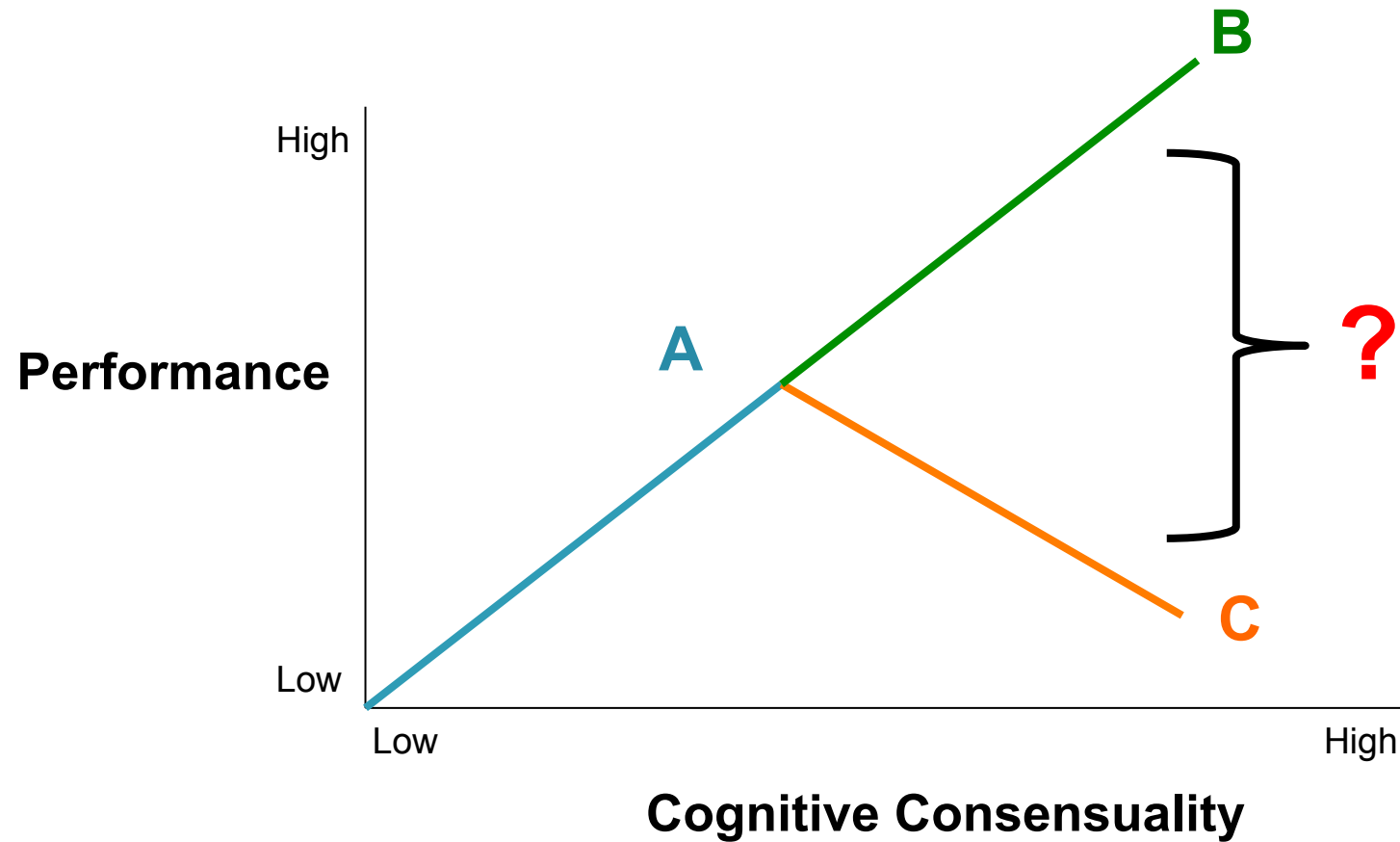
Pattern



Identity



Culture from the outside in



Reference: Arthur Yeung; John Kotter

The value of values: culture outside in

Our values



The value of values:

1. Are these the things (values) you would like us to be known for?
3. What do we have to do to show that we live them better than competitors?
3. When we do these things you want, will you buy more from us?

How do we change culture?

1: Define desired culture

What are the top 3 things we want to be known for by our best customers (or other key stakeholders)?

Make identity real to employees

2: Top/down
Intellectual agenda



5: Leadership
Brand

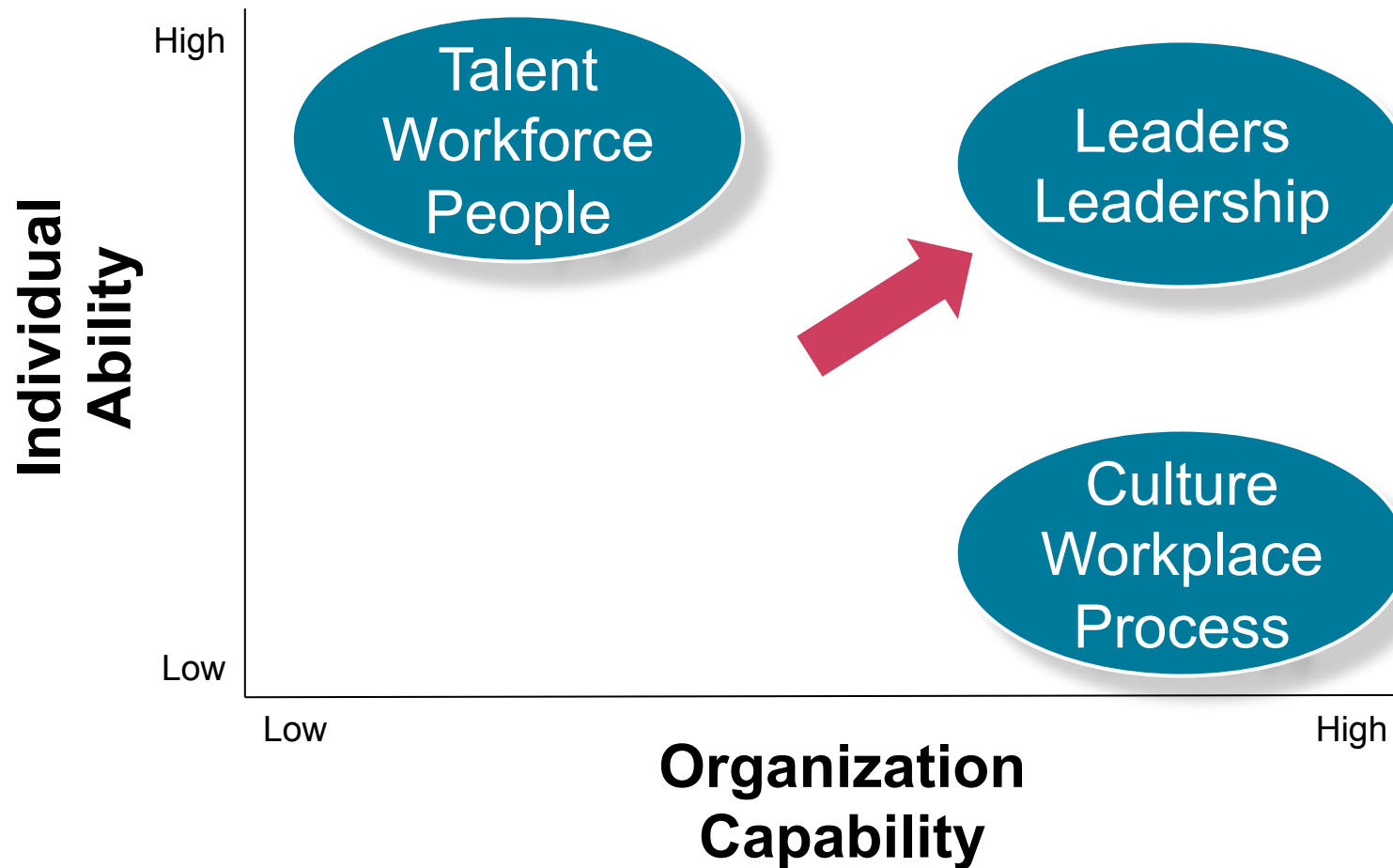


4: Side to side
Process agenda



3: Bottom/up :
Behavioral agenda

HR value creation: Capability



Leadership Brand results from two trends

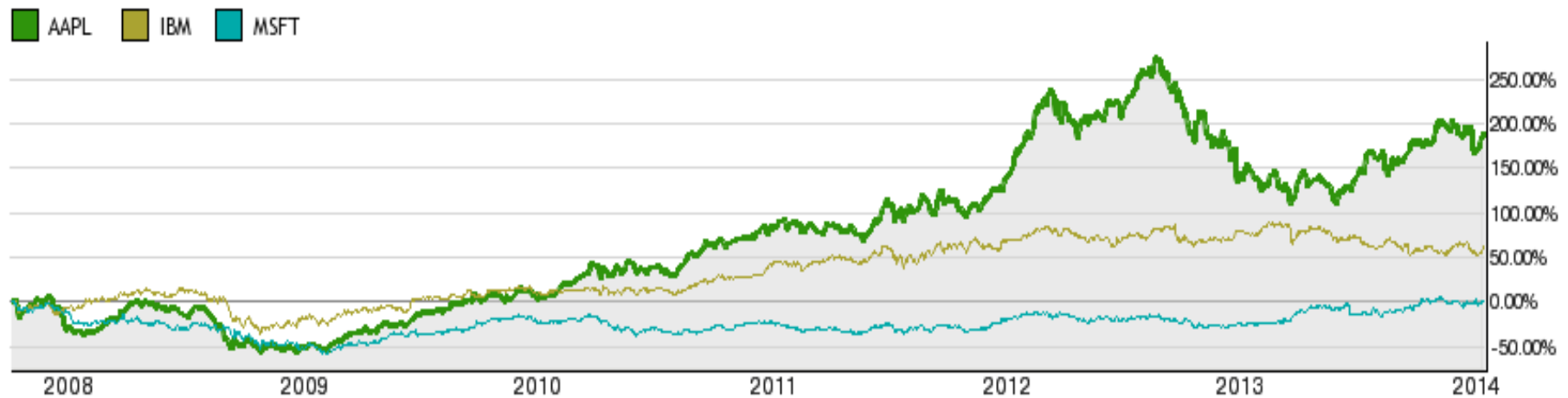
TREND 1:

Leader and Leadership

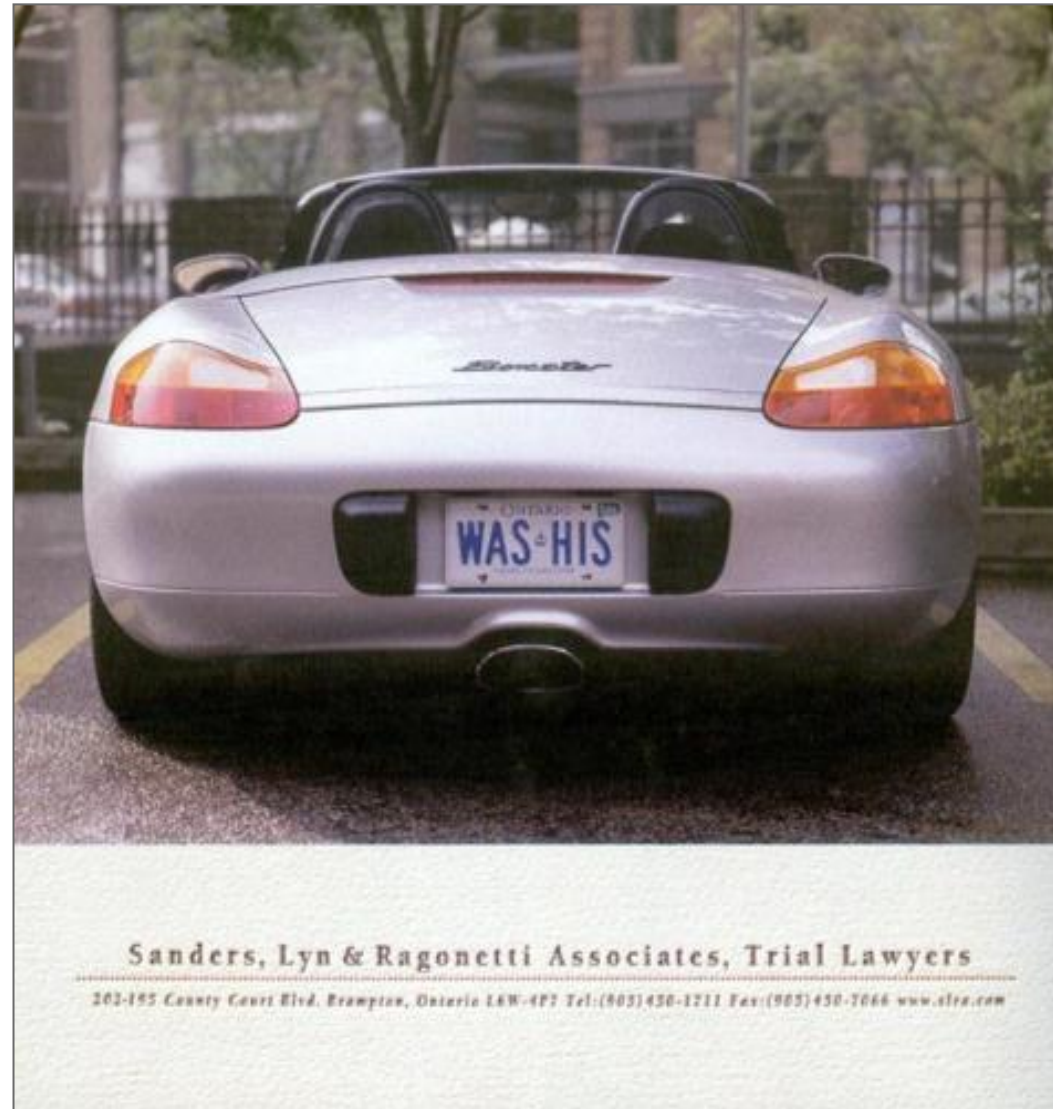
TREND 2:

Inside and Outside

Leader and leadership



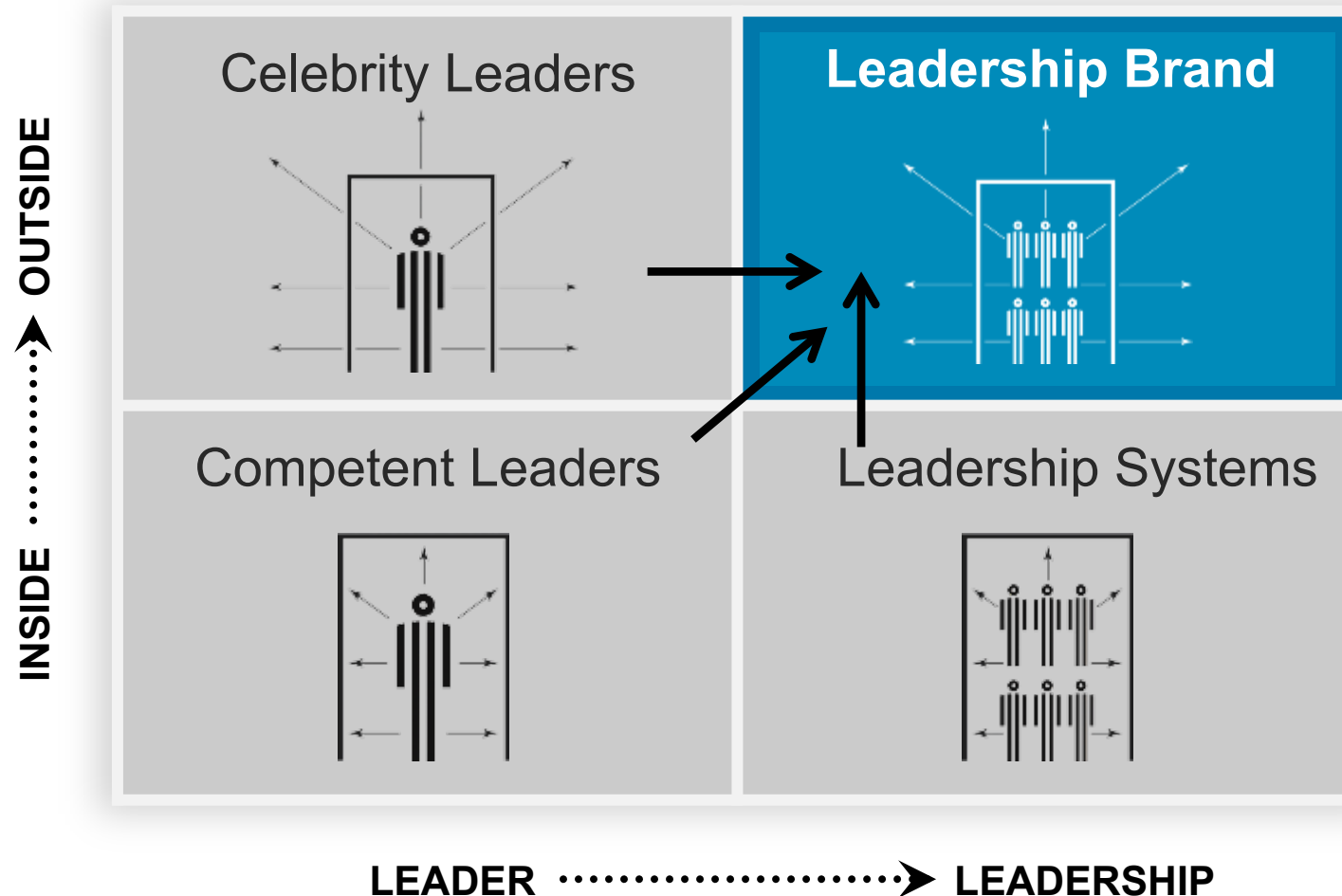
Inside and outside



Sanders, Lyn & Ragonetti Associates, Trial Lawyers

202-185 County Court Blvd. Brampton, Ontario L6W 4P7 Tel: (905) 430-3211 Fax: (905) 430-7066 www.slna.com

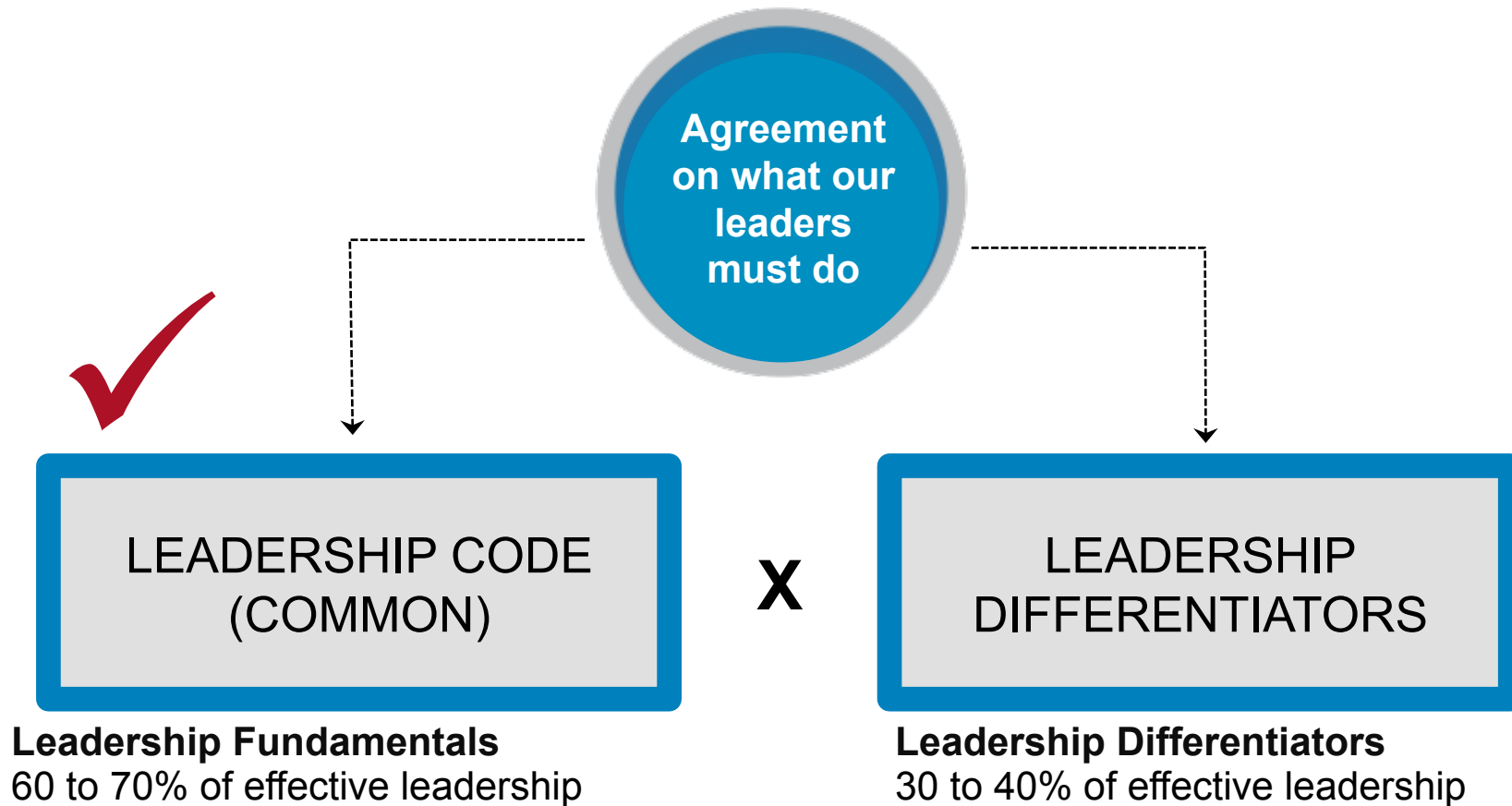
Leadership brand is an organization capability that increases confidence with external stakeholders



Source: Dave Ulrich and Norm Smallwood, *Leadership Brand: Developing Customer-Focused Leaders to Drive Performance and Build Lasting Value* (Boston: Harvard Business School Press, 2007).

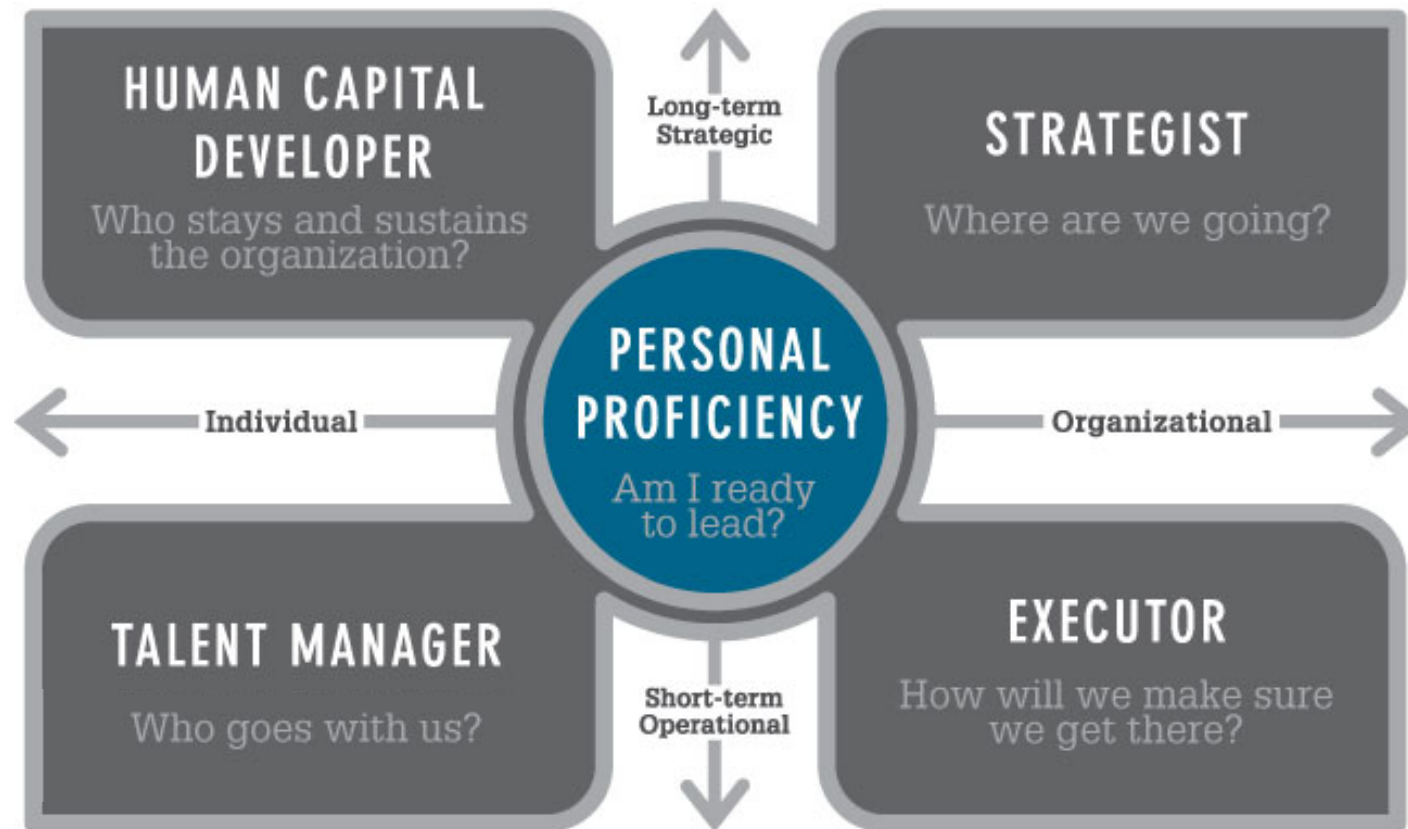
Leaders must nail the fundamentals as well as what makes our leaders unique

54



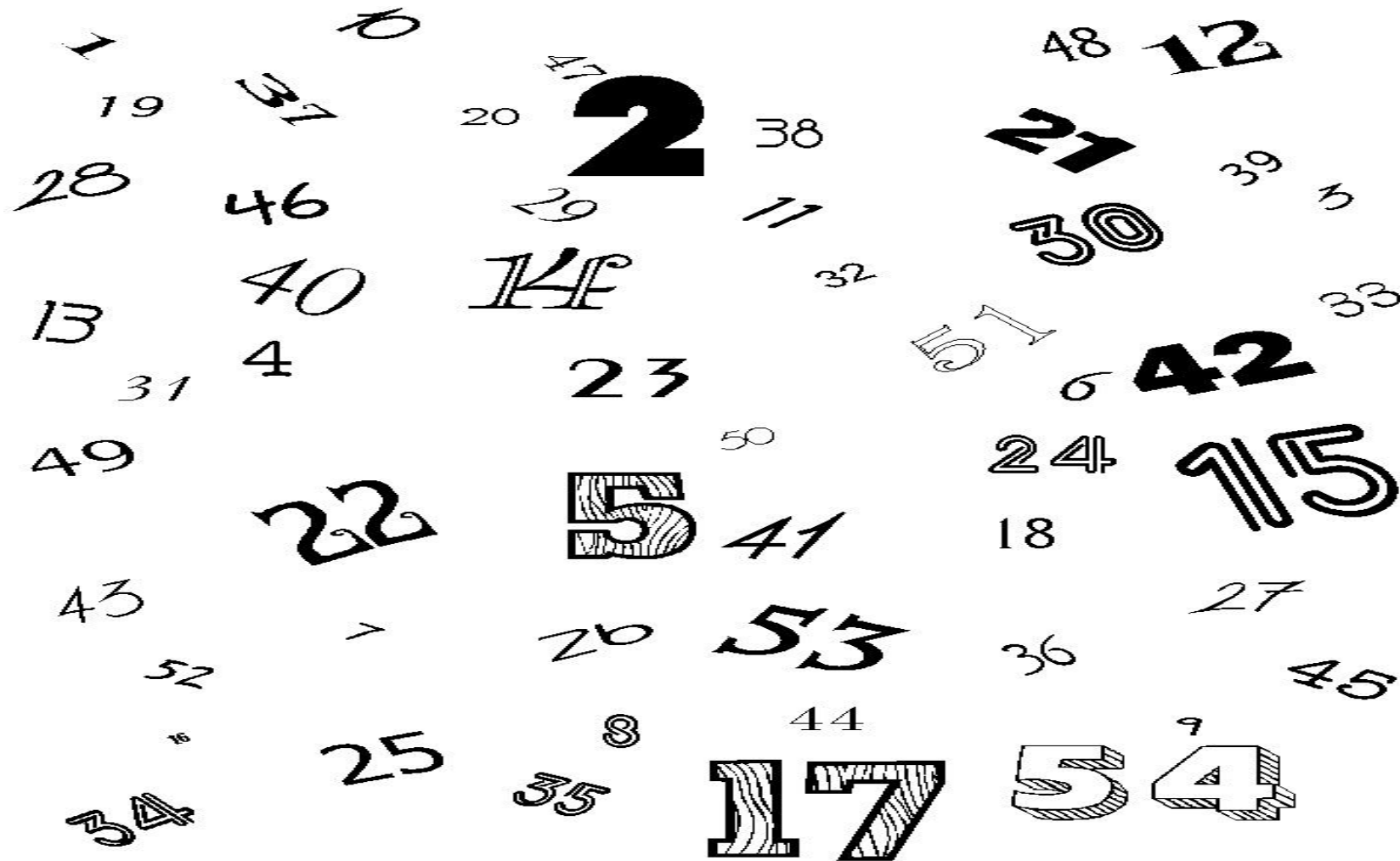
Leadership Code: The DNA of Effective Leaders

55



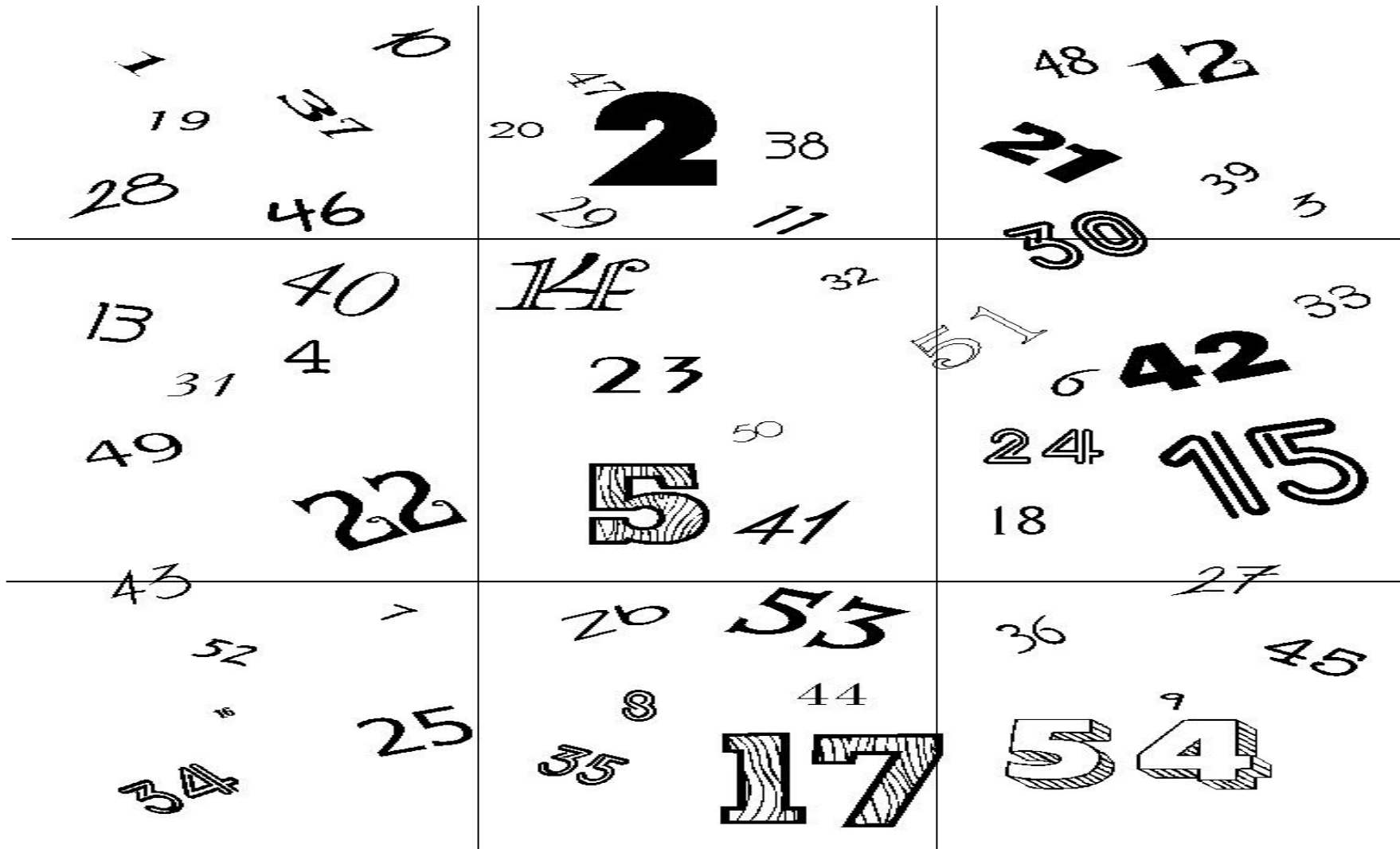
Count as high as you
can in 45 seconds, starting from 1

56



Count again: Creates a framework for leadership

57



Leadership Code: Strategist



Leadership Code: Executor



Leadership Code: Talent Manager

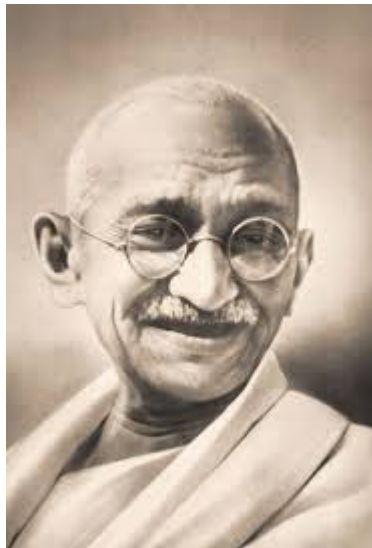


These contractors are installing steel pillars in concrete to stop vehicles from parking on the pavement outside a Sports Bar downtown. They are now in the process of cleaning up at the end of the day and anxious to climb in their truck and go home.

Human Capital Developer



Personal Proficiency



Leadership Code: Summary



Leadership Code: Application

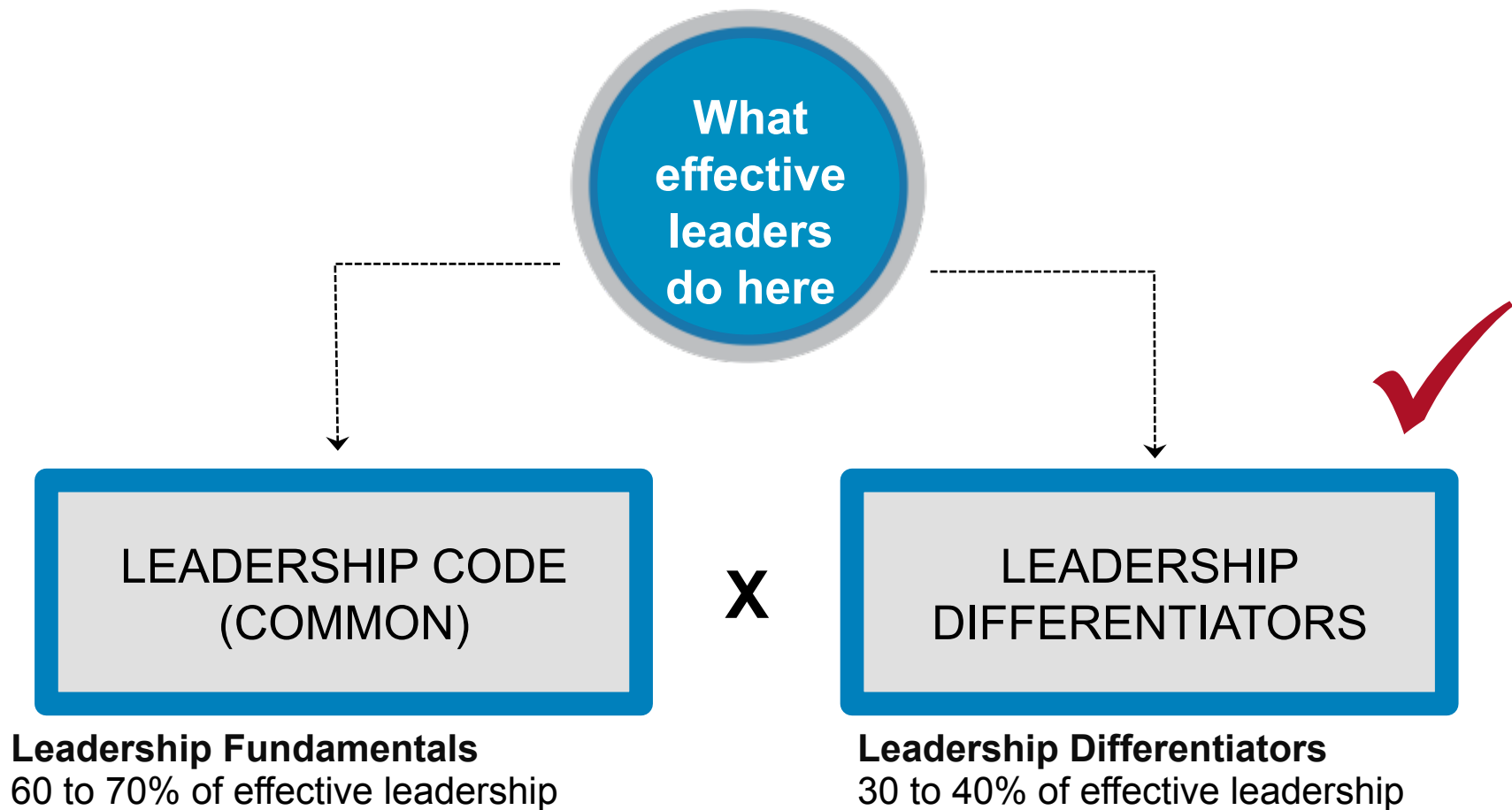
Application of leadership code:

1. **Self:** what are my personal leadership strengths, predispositions, and weaknesses
2. **Coaching:** what are the strengths, weaknesses of those I coach or other business leaders?
4. **Organization:** how well does the Code reflect our competency model?

Leadership brand:

Statement of leadership brand

65



Leadership brand definition

Leadership brand is turning customer and investor expectations into employee actions through leadership behaviors.

- It makes the customer experience real to employees.
- It enables employees to see customer expectations in leadership behaviors.

Levels of branding...

1. Product Brand



2. Firm Brand



3. Leadership Brand

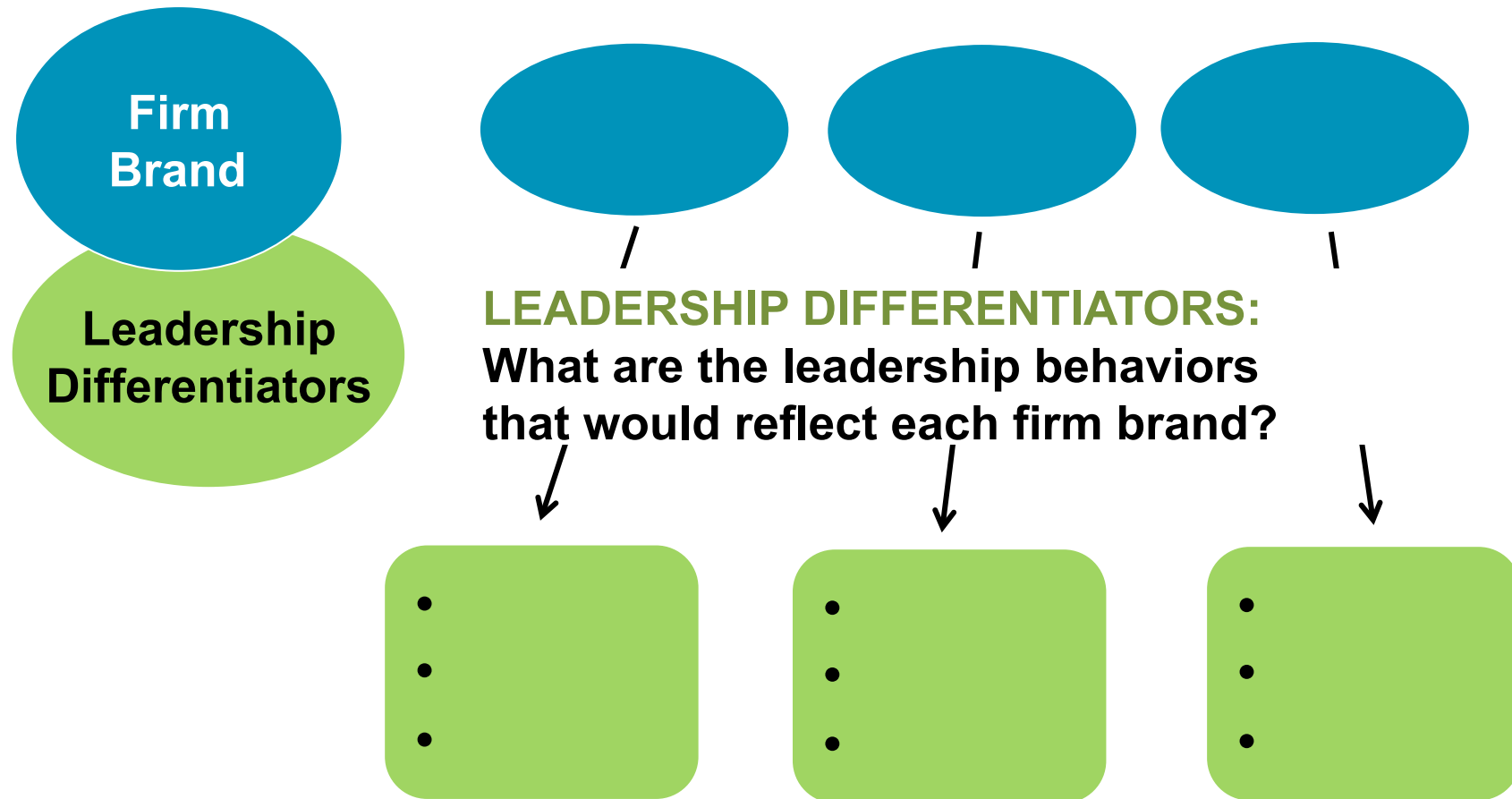


Translate firm brand into leadership differentiators

68

FIRM BRAND:

What are the top 3 things we want to be known for by our target customers?



Why leadership sustainability matters

STORY

A group of turkeys attend a 2 day training program to learn how to fly. They learn the principles of aerodynamics and they practice flying in the morning, afternoon and evening. They learn to fly with the wind and against it, over mountains and plains, and together and by themselves. At the end of the two days, they all walk home.



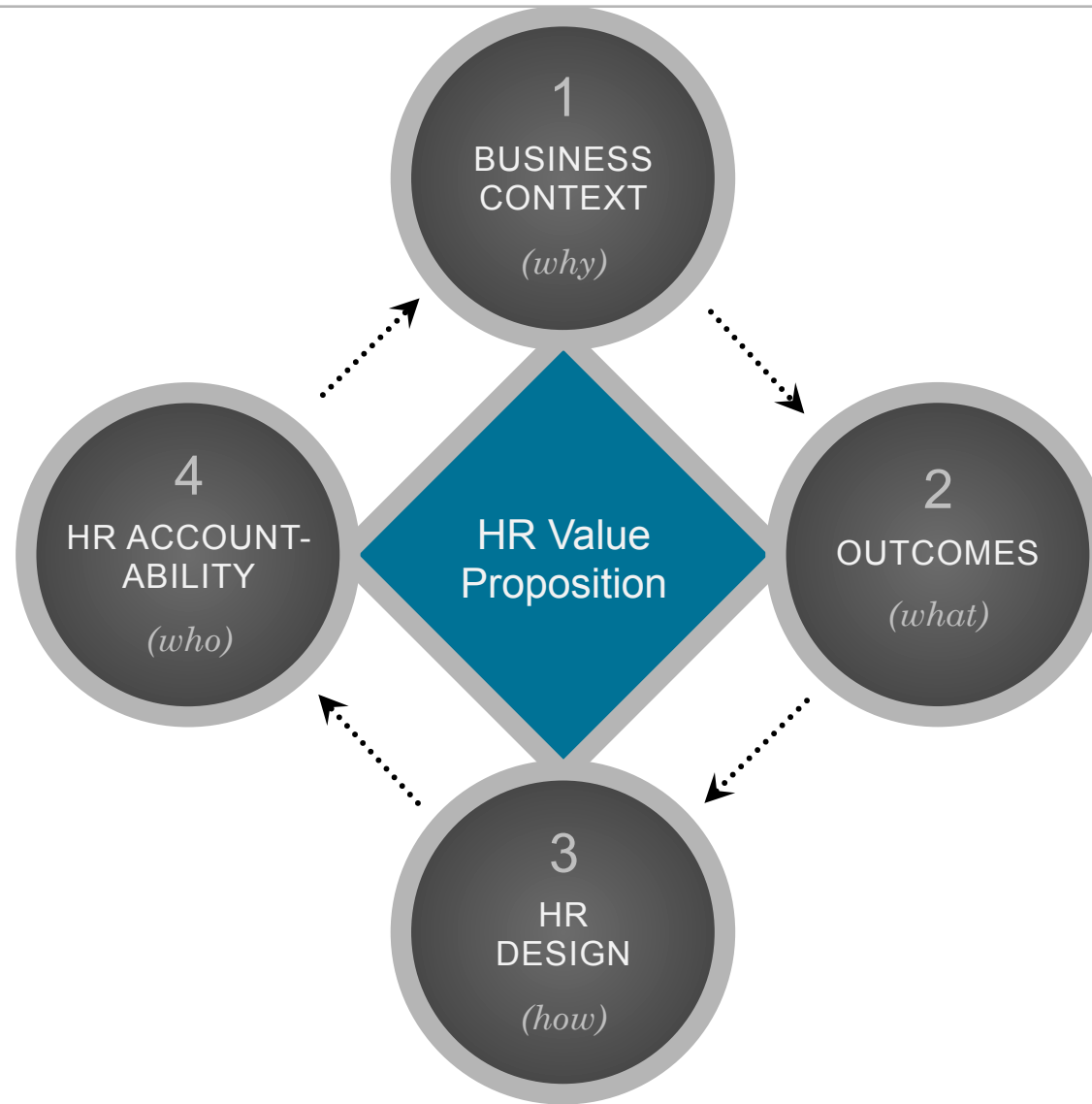
7 practices of leadership sustainability

Sustainable practices (based on research)	Key insight Leadership sustainability increases when leaders ...
Simplicity	Focus on a few key behaviors that have high impact
Time	Put their desired behaviors into their calendar and they show up in how they spend their time
Accountable	Are personally and publicly accountable for making change happen
Resources	Support their desired changes with coaching and infrastructure
Tracking	Measure their behavior and results in specific ways
Meliorate	Constantly improve by learning from mistakes and failures and demonstrate resilience
Emotion	Have a personal passion and emotion for the changes they need to make

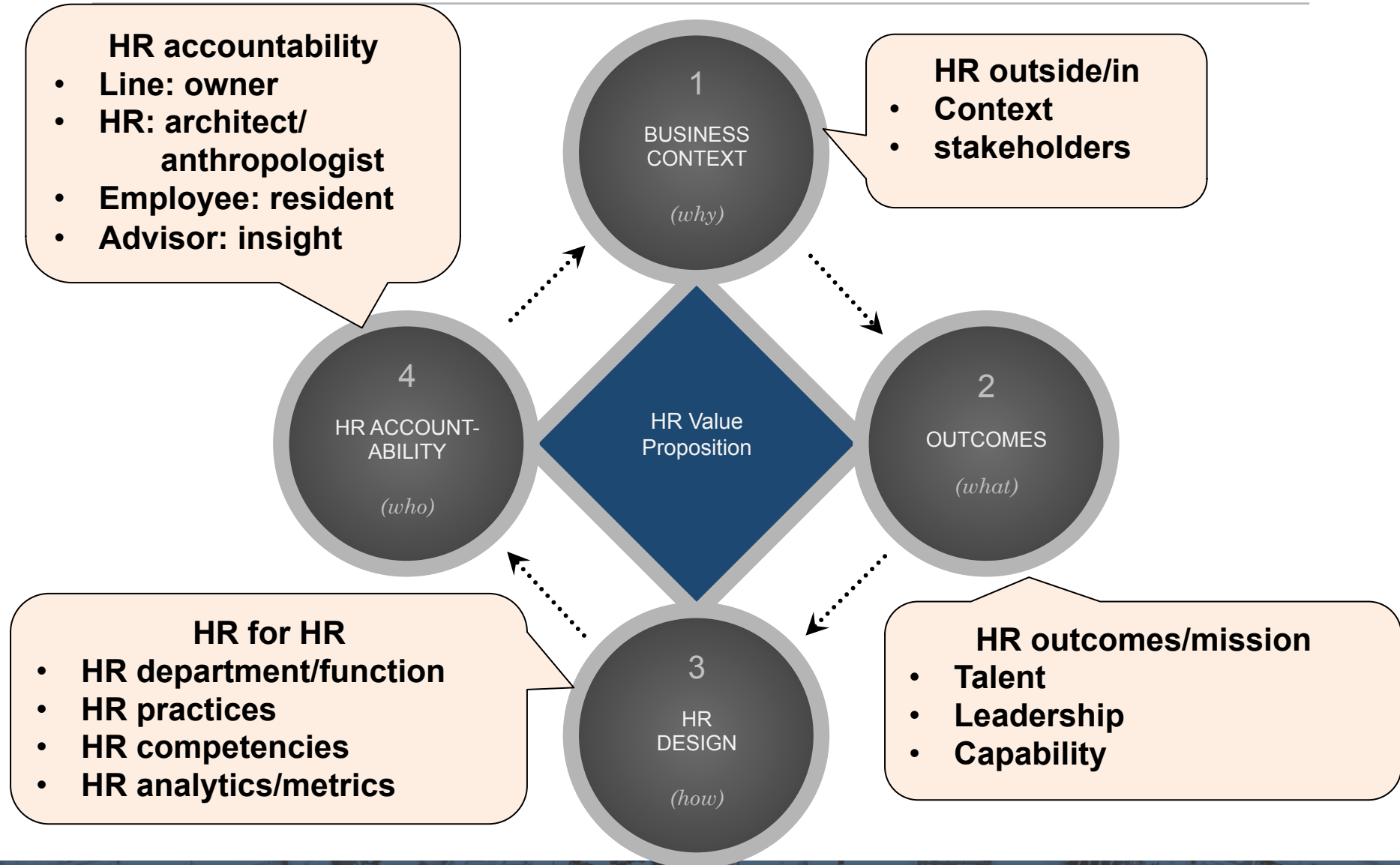
Pre test

1. What is the “biggest challenge” in my job today?
3. What are the “outcomes” of effective HR? (*e.g., finance delivers economic insights; marketing customers; manufacturing quality products, HR ... ??*)
 -
 -
 -
5. What are the requirements for effective HR transformation ?
 -
 -
 -

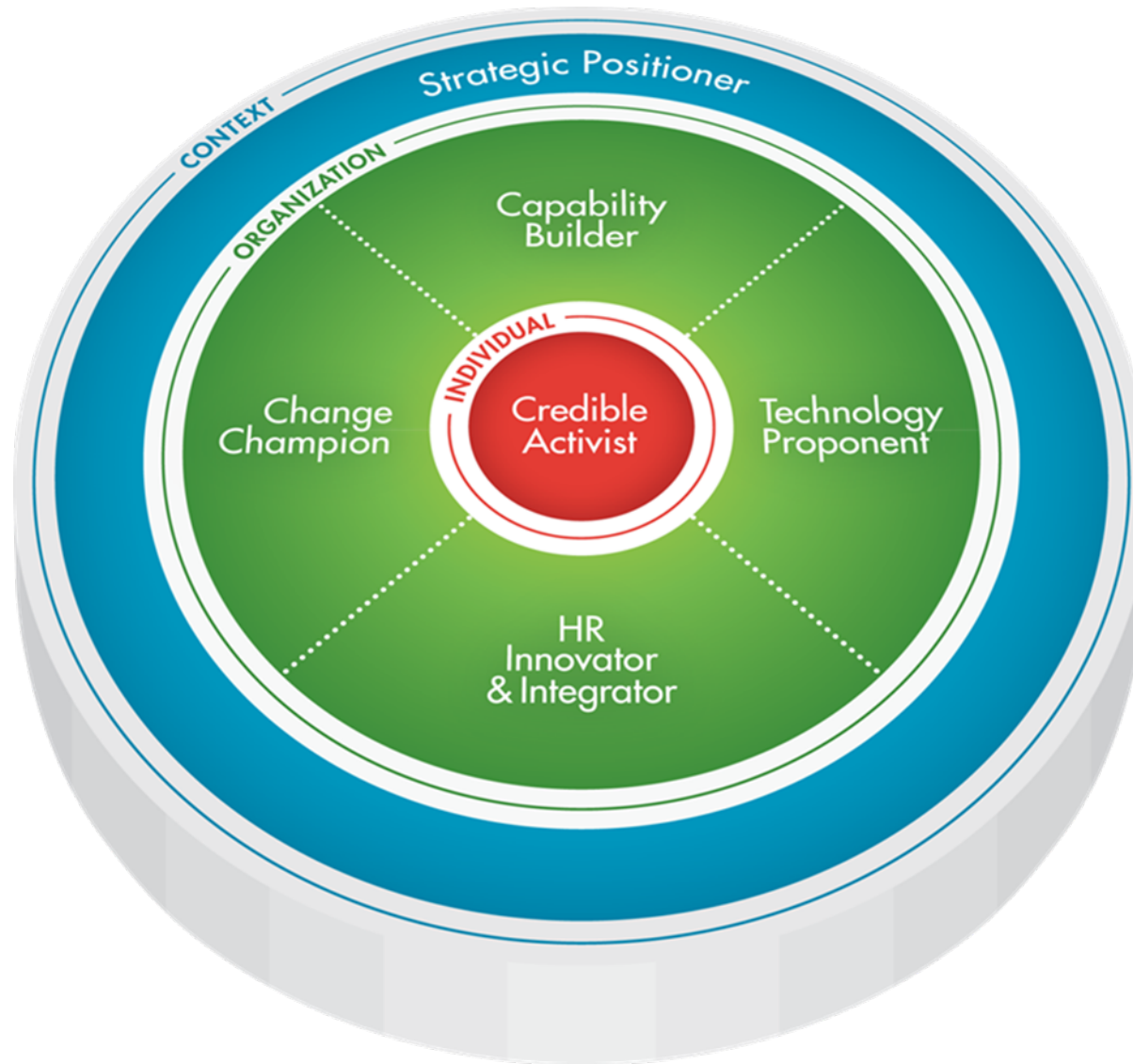
4 Phases of HR Transformation



HR Transformation (HR for HR)



HR professionals: **competencies**



HRCS: Effective HR professionals

Domain Mean Scores

75

Table below shows average domain scores. Scores reflect averages for all items within a given domain on a scale from 1 to 5, with 1 being “to a very little extent” and 5 being “to a very large extent”

	1 All Respondents (20,000)	2 Participant (2,600)	3 HR respondents (10,000)	4 Non HR respondents (7,500)
Strategic Positioner	3.89	3.69	3.90	3.94
Credible Activist	4.24	4.14	4.21	4.30
Capability Builder	3.97	3.88	3.96	4.03
Change Champion	3.93	3.81	3.94	3.96
HR Innovator & Integrator	3.90	3.77	3.91	3.94
Technology Proponent	3.74	3.54	3.76	3.78

Domain Mean Scores by Region (All Responses)

	Overall total	Africa	Australia New Zealand	China	Europe	India	Latin Americ a	Middle East	US & Canada	Turkey
Strategic Positioner	3.89	4.09	3.95	3.78	3.82	3.83	3.85	3.84	3.99	3.73
Credible Activist	4.23	4.46	4.31	4.18	4.14	4.19	4.18	4.19	4.35	4.04
Capability Builder	3.97	4.18	4.05	3.87	3.90	3.96	3.94	3.92	4.08	3.82
Change Champion	3.93	4.14	3.96	3.84	3.85	3.92	3.91	3.87	4.03	3.76
HR Innovator & Integrator	3.90	4.09	3.96	3.82	3.81	3.89	3.84	3.82	4.02	3.76
Technology Proponent	3.74	3.84	3.70	3.74	3.61	3.82	3.70	3.72	3.82	3.64
Overall Mean	3.96	4.16	4.01	3.88	3.87	3.94	3.91	3.90	4.07	3.81

5 pt Scale: 1 (Low); 5(High)

HRCS: Effective HR professionals By Respondent Type

77

Dependent Variable:

Overall, compared with other Human Resource professionals whom you have known, how does this participant compare?

NOTE: scores are scaled to 100 points based on R²

	1 All Respondents 100%	2 HR Participants 100%	3 HR Associates 100%	4 Non HR Associates 100%
Strategic Positioner	17%	17%	16%	17%
Credible Activist	22%	23%	22%	22%
Capability Builder	16%	14%	16%	17%
Change Champion	16%	18%	16%	16%
HR Innovator & Integrator	17%	17%	17%	17%
Technology Proponent	12%	12%	12%	12%
<i>Multiple Regression R²</i>	<i>.425</i>	<i>.225</i>	<i>.419</i>	<i>.483</i>

Regressions: Region

Dependent Variable:

Overall, compared with other Human Resource professionals whom you have known, how does this participant compare?

NOTE: scores are scaled to 100 points based on R²

	Overall Average	Africa	Asia	Australia /NZ	China	Europe	India	Latin America	Middle East	US & Canada	Turkey
Strategic Positioner	17%	16%	17%	18%	15%	17%	16%	16%	17%	17%	15%
Credible Activist	22%	19%	21%	22%	19%	23%	21%	22%	18%	23%	23%
Capability Builder	16%	15%	16%	16%	15%	16%	16%	17%	18%	17%	17%
Change Champion	16%	18%	16%	14%	16%	16%	16%	16%	17%	16%	15%
HR Innovator & Integrator	17%	18%	18%	18%	19%	17%	17%	18%	17%	16%	18%
Technology Proponent	12%	14%	13%	13%	16%	11%	14%	12%	14%	11%	12%
Multiple R²	0.425	0.491	0.464	0.559	0.337	0.429	0.483	0.273	0.413	0.479	0.525

HRCS: Effective HR professionals

By overall HR Competencies

79

Dependent Variable:

Average of the following 7 business measures:

- Profitability
- Labor productivity
- Development of new products/services
- Customer satisfaction
- Attraction of required employees
- Regulatory compliance
- Compared to major competitor in your industry, how has your business performed financially for last 3 years?

	Mean	Reweighted R ²
Strategic Positioner	3.89	15%
Credible Activist	4.24	14%
Capability Builder	3.97	18%
Change Champion	3.93	16%
HR Innovator & Integrator	3.90	19%
Technology Proponent	3.74	18%

Multiple Regression R²

.084%

Impact on business performance by region

- Profitability
- Labor productivity
- Development of new products/services
- Customer satisfaction
- Attraction of required employees
- Regulatory compliance
- Compared to major competitor in your industry, how has your business performed financially for last 3 years

	Overall total	Africa	Asia	Australia /New Zealand	China	Europe	India	Latin America	Middle East	US & Canada	Turkey
Strategic Positioner	15%	13%	15%	15%	16%	11%	15%	16%	14%	17%	15%
HR Integrator	19%	20%	16%	15%	19%	21%	18%	18%	22%	20%	20%
Credible Activist	14%	16%	18%	16%	14%	8%	15%	15%	14%	13%	16%
Capability Builder	18%	11%	20%	18%	16%	23%	17%	19%	15%	19%	14%
Change Champion	16%	23%	14%	20%	16%	16%	15%	16%	17%	15%	16%
Technology Exponent	18%	16%	17%	16%	19%	21%	21%	16%	18%	16%	18%
Multiple Regression R^2	0.084	0.144	0.127	0.067	0.179	0.062	0.138	0.11	0.099	0.071	0.086

Pre test

1. What is the “biggest challenge” in my job today?
3. What are the “outcomes” of effective HR? (*e.g., finance delivers economic insights; marketing customers; manufacturing quality products, HR ... ??*)
 -
 -
 -
5. What are the requirements for effective HR transformation ?
 -
 -
 -