Chapter 1: Next Generation HR
HR from the Outside-In

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Tell us about your business.”

That’s how we like to start when we sit down to work with senior HR professionals. We find that it is a good litmus test for assessing the current state of HR in a company. Most replies start with discussing the latest challenges or innovations in HR practices (hiring people, training leaders, building incentive compensation, doing HR analytics, and so forth), relating to business leaders (having a voice at the table, getting buy-in), or managing the increased personal demands of the HR job (allocating time, staying upbeat in the face of overwhelming demands). That is, HR professionals almost invariably define business as “HR business” and are inclined to talk about their current initiatives in leadership training, recruiting, engagement, or rewards—the areas where they focus their attention on the job.

These efforts are important, but they are not the business. They are in support of the business. The real business is external: the context and setting in which the business operates, the expectations of key stakeholders (customers, investors, communities, partners, employees, and so forth), and the strategies that give a company a unique competitive advantage. If HR professionals are truly to contribute to business performance, then their mindset must center on the goals of the business. They must take that outside reality and bring it into everything they do, practicing their craft with an eye to the business as a whole and not just their own department.

Focusing on the business of the business enables HR professionals to add meaningful and sustainable value. When they start and ground their work with the business, HR professionals think and behave from the outside in.

Working from the outside in shifts the emphasis in a number of subtle but important ways:

- **Placement and promotion from the outside in:** When experts teach, delegates learn; when line managers teach, delegates act; when external stakeholders teach, delegates act on the right things. So customers, suppliers, investors, and regulators are invited to help design the content of training to make sure that what is taught meets external expectations. They also participate in training sessions as delegates who are co-learning with organization employees, and they present materials either as a live case study or as visiting faculty.
- **Rewards from the outside in:** Customers help determine which employees are rewarded for their efforts. For example, an airline we often travel with allocates a portion of its bonus pool to its most frequent fliers, inviting them to distribute bonus coupons worth varying degrees of value to deserving employees. By essentially allowing customers to control 2 percent of the airline’s bonus pool, company leaders remind employees that the outside matters.
- **Performance management from the outside in:** Rather than setting standards by HR doctrine, the department gives key customers the opportunity to assess its performance review standards and tell the company if those standards are consistent with their expectations. When external stakeholders participate in assessing performance review standards, leadership 360-degree reviews may be shifted to 720-degree reviews that include customers and other external stakeholders.
- **Leadership from the outside in:** HR helps the company focus on developing a leadership brand, where external customer expectations translate to internal leadership behaviors. We found that a large portion of the top companies for leadership involved customers in defining competencies for their leaders.
- **Communication from the outside in:** HR makes sure that messages presented to employees are also shared with customers and investors, and vice versa.
- **Culture from the outside in:** We like to define culture as the identity of the organization in the mind of key customers, made real to every employee every day. This is a far cry from the inside-out approach that focuses on how a company thinks and acts, as embedded in norms, values, expectations, and behaviors.
Our message of HR from the outside in is simple to say but not easy to do. Outside-in HR is based on the premise that the business of HR is the business. This logic goes beyond the current state of the HR profession, where the focus is on connecting strategy to HR.

We have been active participants in helping HR professionals turn strategy into results. We now believe that rather than a mirror in which HR practices are reflected, business strategy should be regarded as a window through which HR professionals observe, interpret, and translate external conditions and stakeholder expectations into internal actions.

So in this book, as in our conversations, we reply to, “Tell us about the business” with a quick synopsis of business conditions followed by implications for HR.

“A word to the wise: If you are not creating, making, or selling our products, you had better have a good reason for being here.”
—Senior executive of PepsiCo’s Frito-Lay unit

THE BUSINESS OF BUSINESS

The bar has been raised for HR; HR must create and deliver value in real business terms.

If people are asked to name a business, most could quickly name a famous company (such as Google) or a local establishment (such as a restaurant). But naming and understanding a business are different things. The appreciation of how a business operates requires a three-tiered approach. First, understand the context in which the business functions, including general societal pressures that encourage or discourage it (such as the increased interest in and access to knowledge enabled by rapid technology change that drives Google’s phenomenal growth). Second, understand the specific stakeholders who shape and sustain the business, including customers, investors, regulators, competitors, partners, and employees. Third, understand the business strategy to uniquely position the business to serve stakeholders, respond to general conditions, and build a unique competitive advantage.

Business Context

Everyone experiences the changing context or general drivers of business, sometimes without being consciously aware of those changes. The abstract concept of globally connected economies becomes fiercely concrete when Greece, for example, has an economic crisis, and the distress reverberates around the world, increasing the cost of fuel in London, Sydney, and New York. The “Arab Spring of 2011,” where citizens began redefining political institutions, indicates a concern with the status quo and a reform mentality. The 30 million people online at Skype at any given moment, the 900 million monthly users of Facebook, or the 3 billion searches a day on Google show that technology now enables ubiquitous information and global relationships.

Omnipresent information outside a company changes behavior inside a company. After a disappointing experience at a well-respected restaurant, for instance, we wrote a negative review and posted it on one of the many blog sites. Within hours, the owner and manager of the restaurant contacted us to apologize and invite us to revisit the restaurant so we could update our public review.

When informed HR professionals tell us about their business, they often have a relatively long list of general trends that affect them. Unfortunately, such lists may be skewed by personal experience, overemphasizing some points and missing others. We have found it helpful to organize and prioritize these contextual trends into six categories:

1. Society: Personal lifestyles are changing with respect to families, urbanization, ethics, religion, and expectations of well-being.
2. Technology: New devices and concepts enable access and transparency not only through information but also in relationships, and they can destroy whole industries while bringing new ones to life.
3. Economics: Economic cycles shape consumer and government confidence, freer flow of capital across economic boundaries leads to more granular, or precise, thinking about investments and risk taking and gives rise to some industries.
4. Politics: Regulatory shifts change the expectations of government in corporate and personal lives; political unrest often signals a loss of confidence in government institutions.
5. Environment: The earth’s resources that provide energy for growth are limited and need to be managed responsibly; in addition, social responsibility shapes how people behave.
6. Demographics: Changing birthrates, education, and income levels affect employee and consumer behavior.

Each of these trends is magnified as it interacts with the others on the global stage. For example, China’s one-child policy led to more males than females in the population. Decades later, as these males move into their twenties, many without prospects for marriage, they are primed for political and social unrest. So the Chinese government invests in and invites Western companies to do business in China to maintain full employment and distract these otherwise volatile citizens. This leads to an imbalance of trade and political implications in Western countries.

Effective HR professionals are aware of and sensitive to these external conditions, which determine how their organizations position themselves for the future. When HR professionals
have a way to organize and address external business conditions, their fear of an uncertain future turns to confidence because they can define, anticipate, and manage their responses to them.

**Business Stakeholders**

Within the general business context, organizations have specific stakeholders. Written or implicit contracts with these stakeholders establish expectations of what the organization gives to and gets from each stakeholder. Mapping key stakeholders and their expectations turns general business conditions into specific expectations that the business can choose to respond to.

**Figure 1.1 Key Stakeholders and the Value They Expect**

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<tr>
<th>Stakeholder Type</th>
<th>Key Stakeholders</th>
<th>Value Expectations</th>
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| **Customers**          | - Investors                                           | - Market Value:  
                          |                                                       | • Financial performance  
                          |                                                       | • Intangibles  
                          |                                                       | • Risk  
|                        | - Communities & Regulators                            | - Reputational Value:  
                          |                                                       | • Social responsibility  
                          |                                                       | • Regulatory oversight  
                          |                                                       | • Cultural awareness  
|                        | - Employees                                           | - Collaborative Value:  
                          |                                                       | • Partnerships  
                          |                                                       | • Outsourcing  
|                        | - Line Managers                                        | - Employee Value through Productivity:  
                          |                                                       | • Competence  
                          |                                                       | • Commitment  
                          |                                                       | • Contribution  
|                        | - Partners                                            | - Strategic Value:  
                          |                                                       | • Shaping strategy  
                          |                                                       | • Creating organization traction  

In Figure 1.1 we identify six types of stakeholders common to most businesses and the expectations that an organization will contract for.

Spelled out in more detail, these expectations can be summarized as follows:

- **Customers** expect products or services that meet or exceed their expectations, and they in return provide stable revenue as measured in customer share. Investors expect present and future financial performance in return for investment capital, which shows up in market value.
- **Communities**, including regulators, expect socially responsible and law-abiding companies that treat the earth and their employees with respect in return for a favorable reputation.
- **Partners** collaborate along the supply chain to find ways to leverage scarce resources for overall success for the company and its partners.
- **Line managers** expect to be able to both set and deliver on strategic goals.
- **Employees** expect fair treatment and working conditions in return for their contribution to their company.

A stakeholder map (similar to Figure 1.1, but spelled out in terms specific to the organization) enables an HR professional to translate general and generic business conditions into expectations for specific targets. It also helps the HR professional recognize the interplay among and between the various stakeholders. As a result of specific stakeholder expectations, the HR professional can allocate resources to deliver measurable value to each stakeholder.

Effective HR professionals tell us about their business by articulating specific stakeholder expectations, anticipating the value of working with each stakeholder, and assessing stakeholder progress. For example, we like to ask HR professionals...
to name the company’s top five customers, investors, or partners and then explain why these stakeholders choose to deal with their company. Too often HR professionals shy away from such questions because they see their business exclusively as traditional, administrative, and transactional HR work.

**Business Strategies**

Strategy characterizes how leaders make choices designed to enable a company to succeed in a changing business context with specific stakeholders. Some strategic choices define an organization’s aspirations and lay out where the organization is headed and its unique identity (mission, vision, values). Other strategic choices focus on specific stakeholders. This may mean targeting some customers more than others and developing channels to gain customer or market share. Strategic choices for investors may also segment investor types (such as value as opposed to growth) and manage investor relations.

Strategic choices give businesses unique sources of competitive differentiation. Traditionally, strategic differentiators may include operational efficiency, product leadership, and customer intimacy. More recently, strategic choices define unique ways that companies meet customer expectations. In recent years, competitive differentiation choices have come to include:

- **Managing risk**: The ability to identify and manage compliance, strategic, operational, and financial risks.
- **Global positioning**: The ability to enter emerging markets beyond the relatively well-established BRIC countries (Brazil, Russia, India, and China), a group that Goldman Sachs identifies as N11, including Turkey, Indonesia, Vietnam, the Philippines, Nigeria, Iran, Mexico, and Egypt.
- **Leveraging information**: The ability to use information as a way to anticipate customer expectations and to do predictive analytics to figure out how to prioritize leading indicators of business success.
- **Managing a globally diverse workforce**: The ability to attract employees from around the world and to enable global mobility in moving employees to the places where they will be able to contribute most effectively.
- **Adapting or changing**: The ability to respond quickly to emerging business opportunities and threats.
- **Building corporate social responsibility**: The ability to build a reputation as a “green organization” that supports responsibility for the planet, employees, and customers.
- **Collaborating or partnering across boundaries**: The ability to form alliances or partnerships both across functions inside the organization and with customers, competitors, and partners outside the organization.

- **Focusing on simplifying**: The ability to turn complexity into an elegant and well-coordinated process that concentrates attention on the critical few priorities.

Effective strategies focus attention on these sources of competitive uniqueness, as well as on any others that may be identified. Once strategic choices are made, plans can become more specific about actions, talent, and budgets. Through strategic choices, leaders invest time and money that make it possible to differentiate their company from competitors in the minds of targeted stakeholders.

**HR Is Not Alone**

Because of context, stakeholder, and strategic shifts, many business support functions have been undergoing transformation. Finance, operations, information technology (IT), and marketing are experiencing pressures that parallel those bearing on HR. Each of these functions is becoming more outside in by focusing more and adapting to contexts, stakeholders, and strategies. Managers in these areas are being asked to manage traditional duties and respond to future expectations. The HR profession is shifting in similar ways, so it is useful to take a look at other support functions.

For example, the traditional role of finance as financial gatekeeper remains but has been expanded to shape and challenge organizational strategies. McKinsey, the consulting firm, points out the increased expectations on finance functions sketched in Table 1.1.

<table>
<thead>
<tr>
<th>Role</th>
<th>CEO View of Finance (Percentile)</th>
<th>Finance View of Finance (Percentile)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Active member of the leadership team</td>
<td>88%</td>
<td>40%</td>
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<tr>
<td>Contributes to company performance</td>
<td>84</td>
<td>34</td>
</tr>
<tr>
<td>Ensures efficiency of financial organization</td>
<td>70</td>
<td>80</td>
</tr>
<tr>
<td>Improves quality of financial organization</td>
<td>68</td>
<td>74</td>
</tr>
<tr>
<td>Challenges company strategy</td>
<td>52</td>
<td>29</td>
</tr>
<tr>
<td>Brings in a capital markets perspective</td>
<td>29</td>
<td>14</td>
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Likewise, over the past decade, a number of significant changes have challenged the role and competencies required of operations. As a result, the new competencies of operations leaders and professionals include the ones outlined in Table 1.2.

### Table 1.2. The Changing Role of the Operations Leader

<table>
<thead>
<tr>
<th>Competency</th>
<th>From</th>
<th>To</th>
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<tbody>
<tr>
<td>Operations strategy</td>
<td>Incremental improvement</td>
<td>Set aggressive aspirations for operations; explore, develop and implement breakaway strategies</td>
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<tr>
<td>Talent development</td>
<td>Develop outstanding operations professionals and leaders</td>
<td>Develop broader, transformative talent both for operations and for the larger organization; operations as a talent incubator and accelerator</td>
</tr>
<tr>
<td>Focus on growth</td>
<td>Manage production costs; drive cost efficiency</td>
<td>Facilitate growth and innovation; learn from and adapt best practices and across industries</td>
</tr>
<tr>
<td>Managing risk</td>
<td>Ensure quality, anticipate potential risks and take preventive action</td>
<td>Manage risk systematically, proactively, and cost-effectively; ensure organizational agility and flexibility in response to changing market and competitive dynamics</td>
</tr>
<tr>
<td>Breaking down the silos</td>
<td>Ensure excellent operational performance; communicate and coordinate with other functional groups</td>
<td>Contribute significantly to the alignment of operations, R&amp;D, and commercial functions to common goals and strategy</td>
</tr>
</tbody>
</table>

The role of information technology leaders and professionals has also undergone significant changes to focus more emphatically on the key shifts outlined in Table 1.3.

### Table 1.3. The Shifting IT Role

<table>
<thead>
<tr>
<th>Current</th>
<th>Future</th>
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</thead>
<tbody>
<tr>
<td>Keeping the engine running cost-efficiently and reliably</td>
<td>Shaping IT demand through participation in business strategy</td>
</tr>
<tr>
<td>Technical project management and execution</td>
<td>Building capability</td>
</tr>
<tr>
<td>Accountability for IT productivity</td>
<td>Educating management: helping the leadership team develop an informed view of future requirements</td>
</tr>
<tr>
<td>Serving business unit needs</td>
<td>Thinking about the enterprise: helping business leaders leverage IT assets and investments</td>
</tr>
<tr>
<td>Providing technical expert judgment</td>
<td>Sharing accountability for the business implications of technical decisions and investments</td>
</tr>
<tr>
<td>Managing legacy systems</td>
<td>Driving innovation</td>
</tr>
<tr>
<td>Leading technical change</td>
<td>Managing organizational change</td>
</tr>
</tbody>
</table>

Last, consider the role of marketer and chief marketing officer. As David Court, a managing partner at McKinsey, puts it, “Many chief marketers still have narrowly defined roles that emphasize advertising, brand management and market research. They will have to spread their wings.”

According to Court, marketers need to develop competence in these areas:

- Taking greater initiative as a strategy activist
- Developing the skills to lead company-wide change in response to changing customer buying patterns
- Assuming accountability for the company’s external brand or profile as a whole, creating collaborative organizational relationships that align the organization’s overall message to different stakeholders (customers, investors, communities)
- Building marketing capabilities throughout the organization as a whole
- Identifying the critical touch points for a customer and managing the complexity of a consistent customer experience
- Providing insight and strategic recommendations based on evidence-based analysis

HR has been undergoing a similar transformation so that effective HR professionals facilitate the creation and deployment of strategy. They help turn strategic choices into stories that resonate with key stakeholders. They turn the strategic
directions into actions by aligning HR practices and leadership behaviors with the strategy. They also facilitate the processes of determining who participates in the creation of strategy. Effective HR professionals tell us not only what the strategy is but how it will be implemented.

THE BUSINESS OF BUSINESS: HR'S NEW NORMAL AND ITS IMPLICATIONS

Effective HR professionals recognize, accept, and act on a new normal in business. When faced with “tell us about your business,” they can respond by discussing global changes in context, stakeholders, and strategies. These shifts are not cyclical events that will return to a former state—they are a new normal grounded on enormous disruptive and evolutionary changes. Those who look backward for answers to future problems may be left behind.

Waves of HR Evolution

Business context, stakeholders, and strategies shift how HR work is conceived and performed. In the past half-century or so, the HR profession has been through three general waves (see Figure 1.2), and a fourth is emerging. Each wave follows a similar curve through time with start-up, learning, growth, and then stability.

![Figure 1.2: Evolution of HR Work in Waves](image)

Wave 1 emphasized the administrative work of HR, where HR personnel focused on terms and conditions of work, delivery of HR services, and regulatory compliance. HR was predominantly what we would describe as an “administrative and transactional utility.” So long as HR consistently and cost-efficiently delivered the basics—employees were paid, pensions were administered, attendance was monitored, and employees were recruited—HR was seen as doing its job.

Wave 1 HR roles tended to be filled by people who did an excellent job of administration. This by no means implies that HR didn’t also make other important contributions—training employees, auditing employee satisfaction and engagement, supporting talent planning. But the central tendency for these HR departments—the primary accountability—was administrative and transactional. The transaction and administrative work of HR continues today, but it is done differently through outsourcing and technology solutions. HR administration must continue to be done well, but when work becomes routine, it is time to move to other priorities. For example, Mercer has studied HR practices in the region known as EMEA (Europe, Mid East, and Africa) and found that although most HR departments there are moving beyond the administrative role, 16 percent still have no current interest in changing that role. HR effectiveness in wave 1 is doing more with less, and HR credibility comes from flawless administration of transactions.

Wave 2 emphasized the design of innovative HR practices in sourcing, compensation or rewards, learning, communication, and so forth. For example, General Electric executives recognized that their future well-being was deeply influenced by how quickly and well the company could develop leaders at all levels able to support international and business unit growth. This led to the establishment of Crotonville, now the Jack Welch Leadership Center, a large campus outside New York City focused on developing the next generation of key functional managers and general managers. Faculty includes external experts, internal HR and organizational development...
staff, and senior executives of the company—starting with CEO Jeff Immelt. Similar innovations have occurred in rewards, communication, succession planning, and other HR practice areas. While each of these HR practice areas innovated in terms of what and how things were done, they also were interacted with each other to provide a consistent approach to HR. HR effectiveness in wave 2 is from innovating and integrating HR practices, and HR credibility derives from delivering best practices.

Wave 3 has focused on the connection of individual and integrated HR practices with business success through strategic HR. For the last 15 to 20 years, HR has worked to link its work to the strategy or purposes of a business. This work has expanded HR practices from the primary focus on talent to include contribution to culture and leadership. Given a business’s strategy, HR professionals would be charged with assessing and improving talent, culture, and leadership to accomplish the strategy. In this wave, HR professionals turned strategies into HR priorities to deliver on strategic promises. To master strategic HR work, HR transformation occurred to upgrade HR professionals and to redesign HR departments. HR effectiveness in wave 3 creates a line of sight between business strategy and HR actions, and HR credibility comes from being at the table to engage in strategic conversations.

The worldwide economic crisis, globalization, technological innovations, and other changes in recent years have challenged the future of HR. Some HR leaders want to look back and reinforce HR administrative work by doing the basics well, while others want to return to focusing on targeted HR practices. Although we agree that the basics and practices of HR must still be done well, we would rather look forward to a new normal for HR.

Wave 4 uses HR practices to derive and respond to external business conditions. As discussed, we call this wave “HR from the outside in.” Outside-in HR goes beyond strategy to align its work with business contexts and stakeholders. We acknowledge that the three earlier waves represent HR work that still has to be done well—HR administration must be flawless; HR practices must be innovative and integrated; and HR must turn strategic aspirations into HR actions. But rather than rely on these waves, we see future-facing HR professionals looking outside their organizations to customers, investors, and communities to define successful HR. Earlier, we gave examples of the implications for talent, culture, and leadership. HR effectiveness will show up in customer share, investor confidence, and community reputation, and HR credibility will be drawn from those outside the company as well as from those inside.

For HR to deliver the standards of the first three waves and the promises of the fourth (outside in), we believe that HR must learn to master six paradoxes. Paradoxes mean that HR people and departments are effective only when they can simultaneously deliver multiple outcomes. Instead of moving from one outcome to another, HR has to do both. In Figure 1.3, we list the paradoxes that will set the criteria for HR going forward.

These paradoxes may be described in detail as follows:

- **Outside and inside**: As we have discussed, a primary challenge for HR going forward is to turn external business trends and stakeholder expectations into internal HR practices and actions. This will require that HR professionals

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**Figure 1.3 Six Paradoxes Facing HR**

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simultaneously understand and operate in the marketplace and the workplace. HR professionals will likely spend time with customers, investors, and community leaders, and they will turn those experiences into HR innovations. To ride this paradox successfully is to be a strategic positioner who not only knows the business but can shape and position the business for success.

**Business and people:** Traditionally, people went into HR because they “liked people.” In wave 3, when strategic HR principles became popular, HR professionals were asked to become more business literate. Balancing the tradeoffs between people and business is not always easy. HR professionals who go to either extreme create problems. Overemphasis on people turns business enterprises into social agencies that may lose the ability to meet market requirements. Overemphasis on business drives results without attention to how they are generated. To ride this paradox successfully is to be a credible activist who earns personal credibility and also takes an active position on business performance.

**Organization and individual:** In recent years some people have suggested that HR rename itself to emphasize talent, often called human capital, workforce, or people. We completely agree that individual abilities have a significant impact on the success of a company. But we also believe that the way people work together, and the culture of the organization, is equally if not more critical to an organization’s success. As often happens in sports, the teams with the superstars can lag behind teams with less individual talent but with great teamwork. So we suggest that the paradox is to manage the tensions between talent and teamwork, individual ability and organization capability, personal competence and organizational culture, and so forth. HR professionals should simultaneously assess and improve the flow of people in an organization, but they should also facilitate the creation and dissemination of an organization’s culture that encourages them to work together. People both shape and are shaped by the culture. To ride this paradox successfully is to be a capability builder who can find the right mix of personal and organization development actions.

**Process and event:** HR is not about an isolated activity (a training, communication, staffing, or compensation program) but about processes that generate sustainable and integrated solutions. Often HR professionals have focused on HR events. The field of HR has been plagued with panaceas, fads, and quick fixes. It’s too easy to be mesmerized by the newest new things, and visitors in search of best practices examine a specific HR innovation without considering connected and surrounding programs. Faddish events create an emotional stir, but unless they are tied into sustainable processes, emotions turn to cynicism. Sustainability requires a long-term view, an integrated solution, and an ability to learn and evolve. To ride this paradox successfully is to be an HR innovator and integrator who weaves separate events into cohesive solutions.

**Future and past:** As people age, they have more experiences to draw on that influence current choices, which can be both useful and constraining. When HR professionals rely on the past for their present choices, they fail to adapt. When they ignore the past, they relive it. When they are constantly preparing for the future, they may not have the luxury of waiting for it. Balancing the past and the future means learning principles from the past and then adapting those principles to future scenarios. It also means starting with a desired future state and then shaping present choices to create this future. To ride this paradox successfully is to be an HR change champion who connects the past to the future and who anticipates and manages individual, initiative, and institutional change.

**Strategic and administrative:** When we ask non-HR colleagues, “What does HR mean to you?” we often get administration-centered responses: HR does my benefits; HR manages my pension; HR processes my payroll. These administrative actions do have to be flawlessly executed, on time, every time. But many of these routine HR actions are being done through technology to save time and increase efficiency. HR also has to become strategic in adapting to future business scenarios. To ride this paradox successfully involves using technology to flawlessly process administrative work while generating information for more strategic work.

**FINDING OUT HOW YOU’RE DOING**
To be effective, HR professionals need to master the challenges of these six paradoxes, being able as individuals and departments to manage the competing expectations. Exercise 1.1 is designed to help you assess where your HR department currently positions itself against these criteria. For example, if your department is wholly involved in getting people hired, paid, and into the pension plan, it would be at “1” on the administrative-strategic scale; if it has outsourced all of that kind of activity and focuses purely on the organization’s long-term talent sourcing and training needs and setting its role in the community, it would be at “10” on that scale. Plot the results on the diagram that follows the scale and you will have a profile and image of your current HR department. The shape of Figure 1.4 shows how your HR department can focus to manage the paradoxes that will enable response to the new normal in HR.
Exercise 1.1. Auditing Your HR Department on Six Paradoxes

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<th>To what extent does my HR department focus on:</th>
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Figure 1.4: Shape of HR Department Response to the New Normal in HR

CONCLUSION: WHAT’S NEXT FOR HR?
As we continue our work in HR, we will keep asking HR professionals to tell us about their business. Because of what we report in this book, we hope that the answers will increasingly include an informed and insightful discussion of business context, stakeholders, and strategy as well as an understanding of the requirements for HR to deliver value. We also hope that this work provides frameworks and tools to build specific HR competencies. We are optimistic and confident that when HR professionals learn and adapt our research and ideas about HR from outside in, they will become even stronger contributors to business value.

REFERENCES
3. The standard typology for risk management has been prepared by the Committee on Supervising Organizations (commonly known as COSO) of the Treadway Commission.
About the Authors

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Dave has consulted and done research with over half of the Fortune 200. Dave was the editor of the Human Resource Management Journal 1990 to 1999, has served on the editorial board of four other journals, is on the Board of Directors for Herman Miller, is a Fellow in the National Academy of Human Resources, and is cofounder of the Michigan Human Resource Partnership.

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