



# The Critical Deliverable of Outside-In HR is Relevance

By Allan Freed

**I**n the modern economy relevance is value. TikTok is a video-sharing social networking service owned by ByteDance. The app was launched globally in 2017 and generated revenues of \$179 million in 2019. Remarkably, its parent company is valued at a staggering \$75 billion, making it the most valuable privately held company in the world. Why? TikTok is relevant to its target stakeholders. It navigates an incredibly complex external environment and has become the go-to app for a younger generation of digital natives. Its ubiquity and relevance are incredibly valuable even though it hasn't figured out how to commercialise its popularity.

At the opposite end of the spectrum Laura Ashley is on the verge of collapse. Once considered one of the worlds' leading clothing brands the retailer has seen its share

price drop 90% over the last 5 years amidst very challenging trading conditions. Its designs and products across clothing and homeware ranges are no longer in vogue. The brand is less relevant to targeted stakeholders than ever before and the lost relevance directly correlates to lost value.

Sustaining relevance to targeted external stakeholders is the ultimate challenge organisations face. The fast pace of change in consumer behaviour and the VUCA context in which organisations operate makes the challenge more difficult today than it has ever been. HR functions that are capable of helping organisations increase their relevance with key customers create value from the outside-in. When good HR drives relevance with these stakeholders, the perceived value and influence of the function increases.

Leveraging our work with thousands of HR teams spanning over a decade, we've identified 4 archetypes into which most HR teams fit:

1. *Administrative* – HR that's known for compliance and for getting things done. The focus of the function is process efficiency and success is measured largely by the amount of activity completed.
2. *Functional* – HR that prides itself on functional excellence and for innovating in areas like talent attraction, people development, retention, performance management, organisation design, compensation and benefits and leadership development.
3. *Strategic* – HR that's known for connecting people processes to business strategies. This function works hard to build deeper relationships with business

leaders and to use HR expertise to solve critical business issues.

4. *Outside-In* - HR that deeply understands and is driven by the external context. Its key measures of success are the provision of talent, leadership and organisation that build and sustain relevance with targeted external stakeholders. This function works hard to understand how HR practices impact customer share, investor confidence and community reputation as well as employee sentiment and engagement.

When HR works from the outside-in it has the capacity to positively impact the creation of value. Through our work with clients around the globe we've been able to identify 9 dimensions for HR teams to consider when they are journeying towards becoming an outside-in function.

1. *Reputation* - What is the HR department known for by its stakeholders? Outside-in functions are known for their knowledge of the external context including business trends and changes in consumer behaviour.
2. *Definition of Success* - What, and who, defines HR success? Outside-in functions succeed as they focus on building future relevance with key external stakeholders including customers and investors.
3. *Strategy* - What is the mission, purpose, or strategy of the HR function? Outside-in functions deliver the talent, leadership and culture to increase customer

share, investor confidence, and community reputation.

4. *Design* - How is the HR function organised? Outside-in functions are organised around platforms of resources that enable business units to reach their goals. The function is an ecosystem designed to meet each business unit's market opportunities.
5. *Capability Creation* - How does the function facilitate the right organisation for the business? Outside-in functions over-index on building customer connectivity, agility, innovation and information as key organisational capabilities.
6. *Analytics* - How does the function access information to make better decisions? Outside-in functions seek HR data that correlates with business impact. The business scorecard is essentially the HR scorecard.
7. *Practices* - How are HR practices developed and deployed? Outside-in functions offer integrated solutions tailored to meet customer and investor expectations who help to co-create them.
8. *Professionals* - What do HR professionals need to know, be, and do to be effective? HR professionals that create value from the outside-in understand customer and investor expectations and how HR helps to deliver value to them.
9. *Work Style* - How does HR go about doing its work? Outside-in functions anticipate business challenges and propose new solutions through relationships with outside stakeholders.

HR has the capacity to positively impact the creation of value. Doing that requires a clear functional strategy and a willingness to focus on the things that matter most. At The RBL Group we call this type of HR, HR from the Outside-In. We have been helping clients build HR functions that can create value from the outside-in by establishing and sustaining relevance with targeted external stakeholders for over a decade. For more information on our products and services don't hesitate to make contact.

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### About the author

[Allan Freed](#) joined The RBL Group after successfully leading a division of a fast-paced multi-national company as the General Manager of their Australia/New Zealand region. His key professional achievements are in identifying and aligning organizational behaviors and employee attributes to desired business outcomes, and the development of teams and leaders capable of delivering strategic objectives. He has a proven track record of growing a business and engaging employees.

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