Managing for the future: 
Creating Value in HR and Creating a Leadership Brand

Romania 
HR Management Club 
Keynote 1 and 2

March 2009

Dave Ulrich, 
Professor, University of Michigan 
Partner, The RBL Group (www.rbl.net) 
dou@umich.edu
Overall Goals

• Think….
  – How to think differently about HR and Leadership

• Behave…
  – Be able to do something that makes a difference in business results

• Have fun!
Outline for the day

• WHY: Context
  – What’s happening in business that changes the game for HR and Leadership?

• WHAT: Implications for HR
  – HR paradoxes (How to do HR)
    • Philosophy for HR work
    • Accountability for HR work
    • Target for HR work
  – Transformation of HR
    • HR competencies

• WHAT: Implications for Leadership
  – Trends
  – Leadership Code and Leadership Brand

• WHO: Implications for me
Overview

Why
New business realities and creation of value

What
How to THINK about HR
- Managing paradoxes
- Inside/out
- Individual/organization
- HR/line

How to DO (TRANSFORM HR)
- HR practices
- HR department
- HR people

How to RETHINK and REDO leadership
- Trends
- Leadership code
- Leadership brand

Who
Implications
What I do?
Context: general trends (why)

- **Technology**
  - Connectivity/accessibility: always connected

- **Industry/economic trends**
  - Financial demands: recession/slowing economy
  - Transparency: open book management
  - Adaptability: the need to change
  - Intensity: market conditions
  - Convergence: overlap of industries
  - Regulation: country, regional, global
  - Social responsibility: sustainability, citizenship

- **Demographics**
  - Mobility: movement of talent globally
  - Diversity: globalization of work force

- **CEO Expectations**
Context: general trends (financial crisis)

- **Banks**
  - Lack of accountability (line of sight)
  - Greed based incentives
  - Mismanagement of risks and debt

- **Immature borrowers**
  - Unaffordable houses, cars, vacations
  - Borrowing at high interest rates

- **Regulators**
  - Lack of control over lenders

- **Other**
  - Demographics
  - Internet (speed of action)
Fundamental Message (what) value is defined by the receiver more than the giver.
Fundamental Message:
value is defined by the receiver more than the giver
Stakeholders and their view of HR/leadership

- Investor
- Customer
- Community
- Employee Today/tomorrow
- Line manager
Understand the external world in which you operate

Make sure that your actions connect with that world
• How can you build a case that leadership and HR will create value for
  • Employees
  • Organizations
  • Customers
  • Investors
  • Community
• Change the conversation …
Overview

Why
New business realities and creation of value

What

How to THINK about HR
- Managing paradoxes
- Inside/out
- Individual/organization
- HR/line

How to DO (TRANSFORM HR)
- HR practices
- HR department
- HR people

How to RETHINK and REDO leadership
- Trends
- Leadership code
- Leadership brand

Who

Implications
What I do?
HR Legacy Paradoxes

HR legacy paradoxes...

• Set terms and conditions of work and care about employees
• Be administrative and strategic
• Focus on what we do and what we deliver
• Be short term and long term
• Etc.
## Overview of paradoxes

<table>
<thead>
<tr>
<th>Paradox</th>
<th>Anchor</th>
<th>Vs.</th>
<th>Anchor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Philosophy</td>
<td>Inside</td>
<td>Outside</td>
<td></td>
</tr>
<tr>
<td>Accountability</td>
<td>HR</td>
<td>Line</td>
<td></td>
</tr>
<tr>
<td>Target</td>
<td>Individual</td>
<td>Organizational</td>
<td></td>
</tr>
<tr>
<td>Application</td>
<td>Transaction</td>
<td>Transformation</td>
<td></td>
</tr>
<tr>
<td>Connection</td>
<td>High touch (personal)</td>
<td>Hi technology (scale)</td>
<td></td>
</tr>
<tr>
<td>Responsiveness</td>
<td>Stable</td>
<td>Change</td>
<td></td>
</tr>
<tr>
<td>People focus</td>
<td>Equality</td>
<td>Equity</td>
<td></td>
</tr>
</tbody>
</table>
Paradox: Philosophy for HR work

Paradoxes to make HR happen

- External
- Internal

1 2 3 4
Paradox: Accountable for HR work
Paradox: Target for HR work

Paradoxes to make HR happen

Individual ability

Organization capability

1 2 3 4
### Paradoxes to make HR happen

#### Assessment of where we are

<table>
<thead>
<tr>
<th>Paradox</th>
<th>Anchor</th>
<th>Vs.</th>
<th>Anchor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Philosophy</td>
<td>Inside</td>
<td>-3 -2 -1 0 +1 +2 +3</td>
<td>Outside</td>
</tr>
<tr>
<td>Accountability</td>
<td>HR</td>
<td>-3 -2 -1 0 +1 +2 +3</td>
<td>Line</td>
</tr>
<tr>
<td>Target</td>
<td>Individual</td>
<td>-3 -2 -1 0 +1 +2 +3</td>
<td>Organizational</td>
</tr>
<tr>
<td>Application</td>
<td>Transaction</td>
<td>-3 -2 -1 0 +1 +2 +3</td>
<td>Transformation</td>
</tr>
<tr>
<td>Connection</td>
<td>High touch</td>
<td>-3 -2 -1 0 +1 +2 +3</td>
<td>High technology</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>Stable</td>
<td>-3 -2 -1 0 +1 +2 +3</td>
<td>Change</td>
</tr>
<tr>
<td>People focus</td>
<td>Equality</td>
<td>-3 -2 -1 0 +1 +2 +3</td>
<td>Equity</td>
</tr>
</tbody>
</table>
Transformation of HR: Overview

Phase 1:
Business Context:
*Why do the transformation?*

Phase 2:
Outcomes:
*What are the results of transformation?*

Phase 3:
HR Redesign:
*What changes do we make in HR departments, practices, and people?*

Phase 4:
HR accountability:
*Who plays what role in HR transformation?*
HR function or governance

Run the HR function as if it is a business within a business

- **Strategy:** what is our vision, mission, and value proposition?
- **Structure:** how do we organize resources to deliver our mission
  - Transaction work
    - Service centers/e-HR/outsourcing
  - Transformation work
    - Centers of expertise
    - Embedded HR
    - Operational HR
    - Corporate HR
HR transformation: HR department

Align our HR organization

Corporate

Centers of expertise
- people
- performance
- information
- work

Embedd HR: Generalist Partner Relationship manager

Project team

Operational HR

Line manager/client

HR transactions

Employees

© The RBL Group, 2009. All rights reserved.
HR Practices in difficult times

**People**
- Buy
- Build
- Borrow
- Bounce
- Bound
- Bind

**Work**
- Restructure organization
- Reengineer work process
- Manage teams
- Architect physical setting

**Performance**
- Set standards
- Ensure consequences
  - financial
  - non financial
- Do feedback

**Communication**
- Build comm plan
- Top down
- Bottom up
- Inside out
- Outside in
- Side to side
## HR Practices

<table>
<thead>
<tr>
<th></th>
<th>Align</th>
<th>Integrate</th>
<th>Innovate</th>
</tr>
</thead>
<tbody>
<tr>
<td>People</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Information</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Assuring HR professionalism (actions, roles, and competencies)
Trends in Leadership

- Transition 1: from leader to leadership
- Transition 2: from inside to outside
From inside to outside
Two Transitions in Leadership: Individual / Organizational and Internal / External

- Internal
  - Competent Leaders
  - Leadership Systems

- External
  - Celebrity Leaders
  - Leadership Brand

Leaders

Leadership
Leadership Brand:
Elements of Leadership Brand

Leadership Brand

- Leadership Code (Common)
- Leadership Differentiators

© The RBL Group, 2009. All rights reserved.
Leadership Code: The DNA of Effective Leaders

- **HUMAN CAPITAL DEVELOPER**
  - Who stays and sustains the organization?

- **STRATEGIST**
  - Where are we going?

- **TALENT MANAGER**
  - Who goes with us?

- **EXECUTOR**
  - How will we make sure we get there?

**PERSONAL PROFICIENCY**
- Am I ready to lead?
- Long-term Strategic
- Individual
- Organizational
- Short-term Operational
Leadership Code
Create a framework for leadership
Leadership Code
Create a framework for leadership
Leadership Code: Summary

HUMAN CAPITAL DEVELOPER
1. Map the workforce
2. Create a firm and employee brand
3. Help people manage their careers
4. Find and develop next generation talent
5. Encourage networks and relationships

TALENT MANAGER
1. Communicate, communicate, communicate
2. Create aligned direction; connect the individual to the organization
3. Strengthen others; ensure people have the competencies they need
4. Provide people with the resources to cope with demands
5. Create a positive work environment by practicing spiritual disciplines at work
6. Have fun at work

PERSONAL PROFICIENCY
1. Practice clear thinking; rise above the details
2. Know yourself
3. Tolerate stress
4. Demonstrate learning agility
5. Tend to your own character and integrity
6. Take care of yourself
7. Have personal energy and passion

EXECUTOR
1. Make change happen
2. Follow a decision protocol
3. Ensure accountability
4. Build teams
5. Ensure technical proficiency

STRATEGIST
1. Stay curious and develop a point of view about your own future
2. Invite your savviest outsiders inside
3. Engage the organization since no “one” knows enough
4. Create strategic traction within the organization

© The RBL Group, 2009. All rights reserved.
Leadership Code: Strategist

To shape the future, be a Strategist:

1. Stay curious and develop a point of view about your own future
2. Invite your savviest outsiders inside
3. No “one” knows enough: engage the organization
4. Create strategic traction in the organization
Leadership Code: Strategist
To make things happen, be an Executor:

1. Make change happen
2. Follow a decision protocol
3. Ensure accountability
4. Build teams
5. Ensure technical proficiency
Leadership code: Talent Manager

To engage today’s talent, be a Talent Manager:

1. Communicate, communicate, communicate
2. Create aligned direction; connect the individual to the organization
3. Strengthen others; ensure people have the competencies they need
4. Provide people with the resources to cope with demands
5. Create a positive work environment by practicing spiritual disciplines at work
6. Have fun at work
Leadership Code: Human Capital Developer

To build the next generation, be a Human Capital Developer

1. Map the workforce
2. Create a firm and employee brand
3. Help people manage their careers
4. Find and develop next generation talent
5. Encourage networks and relationships
To invest in yourself, be Personally Proficient:

1. Practice clear thinking: rise above the details
2. Know yourself
3. Tolerate stress
4. Demonstrate learning agility
5. Tend to your own character and integrity
6. Take care of yourself
Personal proficiency
Leadership Brand:
Elements of Leadership Brand

Leadership Brand

Leadership Code (Common)  
Leadership Differentiators
Leadership as a Brand

What the metaphor of leadership brand offers:

• Brand focuses on value from the outside/in and the impact of leadership more than activity of leaders
• Brand puts leadership into business language
• Brand applies across all levels of leaders now and in the future
• Brand is sustainable; not just a person, but a brand for all leaders
• Brand has efficacy; it has to be real or it does not last
• Brand combines leadership code and leadership differentiators
Levels of Branding...

1. Product Brand
   - Montblanc

2. Firm Brand
   - Nestlé
   - Nordstrom

3. Leadership Brand
Levels of Branding...

1. Product Brand

2. Firm Brand

3. Leadership Brand
To turn this identity into a Firm Brand, it must be made real to customers and employees...

Make Real to Customers
- Attract
- Convert
- Fulfill
- Leverage

Make Real to Employees
- Top down
- Bottom up
- Side to side

Customer Experience  
Firm Brand  
Leadership brand  
Employee Actions  
Aligned Actions
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
Summary: What We Know

- There are an inconceivable number of leadership theories, studies, frameworks and tools
- Two trends in leadership thinking are:
  - From leader to leadership
  - From inside to outside
- A leadership brand combines these trends
- Leadership brand is comprised of two parts
  - Leadership code: the basic rules that every leader must master
  - Leadership differentiators: the unique requirements that connect customers and employees
So how do we go about building the differentiators for leadership brand?
Architecture to Build Leadership Brand

1. ARTICULATE
   Make a compelling case for leadership

2. STATEMENT
   State the unique leadership needed for strategic results

3. ASSESS
   Assess leaders and leadership

4. INVEST
   Invest in leadership capability

5. MEASURE
   Measure impact of investment

6. AWARENESS
   Ensure reputation

Leadership as a Capability
### Six components of building a leadership brand

<table>
<thead>
<tr>
<th>Component</th>
<th>Principle</th>
<th>Action Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Articulate a compelling case</td>
<td>There must be need for why leadership matters</td>
<td></td>
</tr>
<tr>
<td>Draft a statement of leadership brand aligned with strategy</td>
<td>Define the core DNA and the brand differentiators</td>
<td></td>
</tr>
<tr>
<td>Assess leaders and leadership</td>
<td>Collect data on leadership brand</td>
<td></td>
</tr>
<tr>
<td>Invest in leadership development</td>
<td>Design education and job experiences that teach and model the desired brand</td>
<td></td>
</tr>
</tbody>
</table>
| Measure the impact of leadership brand investments | Audit leadership brand  
Assess leadership investments                                   |                                                                              |
| Ensure reputation                              | Track impact of leadership on the outside world                           |                                                                              |
Overview

Why

New business realities and creation of value

What

How to THINK about HR
- Managing paradoxes
- Inside/out
- Individual/organization
- HR/line

How to RE THINK and RE DO leadership
- Trends
- Leadership code
- Leadership brand

Who

Implications
What I do?
Overview

Why

New business realities and creation of value

What

How to THINK about HR
- Managing paradoxes
- Inside/out
- Individual/organization
- HR/line

How to DO (TRANSFORM HR)
- HR practices
- HR department
- HR people

How to RETHINK and REDO leadership
- Trends
- Leadership code
- Leadership brand

Who

Implications / Building a Personal Brand
What I do?
For more information about any of the material covered in this session, please contact:

www.rbl.net