

Q & A with Dave Ulrich on how HR can help the Business win in the Market

Author: Dave Ulrich . January 2020

Memory Nguwi caught up with Dave Ulrich to discuss pertinent issues facing the human resources profession, specifically how HR can add value to the business.

Questions

Memory: *How do you measure the performance of the HR department in an organisation?*

Dave: We see three ways to measure the impact of the HR (or any other) department. First, a user satisfaction survey from employees overall and line managers about their satisfaction with HR services. Second, productivity measures of output (e.g., revenue, profit) per unit of input (# of employees). HR should have a strong voice in these productivity measures. Third, outcomes of the HR department related to talent (e.g., engagement or retention of top talent), organization (e.g., delivering capabilities like innovation, collaboration, agility), the customer (customer or market share, customer experience), or investor (perceived firm reputation by key investors).

MN: *In some of your writings, you talk about HR for business and not HR for HR practices. Can you explain what this means for the HR professionals?*

Dave: Often when I ask HR professionals, “who are your customers?” their answer is “employees”. While employees matter a great deal, a business has to win in the marketplace to have a workplace. So, the real customers of HR are the customers of the business in the marketplace. So, HR is not about HR work, but the value of HR work creates in the marketplace with customers. I also often ask “what is the most important thing HR can give an employee?” The answers are usually things like an opportunity, teamwork, fair pay, development, etc. I suggest that the most important thing HR can give an employee is a company that wins in the marketplace because without winning in the market, there is no company.

MN: *If good HR practice is HR for business why is it that HR departments when they prepare Board reports they report on HR indicators like headcount, sick days, time to hire, training hours per employee, number of staff members trained, etc?*

Dave: The key to these reports is to tie each of these indicators to financial business results, to customer share results, and to investor confidence results. Measuring activities in HR is like a salesperson measuring the number of calls made, not sales concluded. Activities should lead to outcomes that matter.

MN: *What should HR put in a report to the Board?*

Dave: Show the relationship between HR work and business outcomes discussed above. For example, a company might report a training activity that impacted employee experience that impacted financial business results that impacted customers share that impacted market value. The board can also look at indicators in three areas as they impact business: talent (competence and commitment of employees), organization (the capabilities the organization requires to win often embedded in culture), and the leadership skills throughout the organization). Again, talent, organization, and leadership activities can all be connected to outcomes that matter.

MN: *Should Headcount be a metric that is reported in Board reports, or should the focus be on structures and span of control?*

Dave: Not alone. A number of employees alone is not an indicator of impact or success. It can be part of a productivity index (e.g., revenue per employee), but headcount alone is not a real indicator of business performance.

MN: *Decisions can sometimes be made based on how many people are in an organization. Do we as HR inadvertently facilitate such decisions by reporting on this metric?*

See above

MN: *Zimbabwe is high inflation and low productivity country at the moment. Which metrics are important to track to come up with predictive models of a company's chances of survival and profitability.*

Dave: I am not, nor would ever declare to be, an expert on Zimbabwe. But, almost any company in the world regardless of setting has to have some form of a balanced scorecard, where they measure and succeed in financial, customer, organization, and individual results. The individual results (e.g., productivity of employees, retention of key employees, employee engagement scores) should lead to organization results (e.g., innovation, collaboration, the right culture, agility) should lead to customer results (retention of key customers, revenue per customer, customer satisfaction) should lead to sustained financial results (profitability and market value).

MN: *You often talk about the leadership capital index. How can this be applied to HR leadership in a turbulent economy like ours and its links to survival and profitability?*

Dave: Leaders matter a great deal to a company and to a country. Leaders shape values, create an agenda, get things done, and inspire today and tomorrow's employees and citizens. Looking at the quality of leadership through the eyes of investors offers insights into what leaders should do more/less of. The leadership capital index (see the book by this name) offers 10 specific investors can track to assess leadership. 5 are about the characteristics of the individual leaders and 5 are about the organization that the leaders create. Any company or country that improves on this index will likely be more successful.

MN: *If there anything wrong with people who have not studied HR to pursue a career in HR. I have*

seen in some top companies engineers end up in HR.

Dave: Many talented leaders have found a delightful career in HR without being formally trained in HR. They bring a sense of business acumen and ability to get things done. They can surround themselves with HR specialist and technical experts who bring deep HR knowledge to the business problems they identify.

About Dave Ulrich

Dave Ulrich is the Rensis Likert Professor of Business at the Ross School, the University of Michigan and a partner at the RBL Group (<http://www.rbl.net>) a consulting firm focused on helping organizations and leaders deliver value. He has published over 200 articles and book chapters and over 30 books. He edited Human Resource Management 1990-1999, served on editorial board of 4 Journals, on the Board of Directors for Herman Miller (16 years) and Board of Trustees at Southern Virginia University, has spoken to large audiences in 90 countries; performed workshops for over half of the Fortune 200; coached successful business leaders, and is a Fellow in the National Academy of Human Resources. He is known for continually learning, turning complex ideas into simple solutions, and creating real value to those he works with in three fields.

Organization. With co-authors, he has influenced thinking about organizations (*Reinventing the Organization*) by empirically showing how organization delivers 4 times business results over talent (*Victory Through Organization*), defined organizations as bundles of capabilities (*Organization Capability*) and worked to delineate capabilities of talent management (*Why of Work; Talent Accelerator*), culture change (*GE Workout*), learning (*Learning Organization Capability*), and collaboration (*Boundaryless Organization*).

Leadership. With colleagues, he has also articulated the basics of effective leadership (*Leadership Code* and *Results-Based Leadership*), connected leadership with customers (*Leadership Brand*), shown how leadership delivers market value (*Why the Bottom Line Isn't*), shaped investor expectations and ability to measure leadership (*Leadership Capital Index*), and synthesized ways to ensure that leadership aspirations turn into actions (*Leadership Sustainability*).

Human Resources. He and his colleagues have shaped the HR profession and he has been called the “father of modern HR” and “HR thought leader of the decade” by focusing on HR outcomes, governance, competencies, and practices (*HR Champions; HR Value Added; HR Transformation; HR Competencies; HR Outside In*). He spearheaded a “gift” book on the future of HR (*The Rise of HR*) distributed to over 1,500,000 HR professionals), in which 70 thought leaders freely share their insights.

Honours include:

2019: *Named one of the 100 most influencers in HR (in leadership & development category)

*Named one of the top 20 influential HR leaders

*Ranked #1 thought leader in HR by HRD Connect

2018: Named one of the 20 most influential business professors in the world by top-business-degree (#13)

2017: *Named to the Thinkers50 “Hall of Fame”, a recognition of lifetime achievement in influencing management

*Chartered Fellow of the Human Resources Institute of New Zealand

2016: Presidential lecture “in defense of organization” for Utah Valley University

2015: *Named the most “influential HR thinker of the decade”

*Listed in Thinkers50 as management thought leader

2014: *Ranked #1 speaker in Management/Business by Speaking.com

*Commencement speaker, University of Michigan Ross School of Business

2013: *Lifetime Leadership Award from the *Leadership Forum at Silver Bay*

*Listed in Thinkers50 as a management thought leader

2012: Lifetime Achievement Award from HR Magazine for being the “father of modern human resources”

2011: *Ranked #1 most influential international thought leader in HR by HR Magazine

*Listed in Thinkers50 as a management thought leader

*Ranked in Top 100 Thought Leaders in Trustworthy Leadership Behavior

2010: *Nobels Colloquia *Prize for Leadership on Business and Economic Thinking*

**Lifetime Fellowship in Australia Human Resources Institute (AHRI)*

*Ranked #1 most influential international thought leader in HR by HR Magazine

*Kirk Englehardt Exemplary Business Ethics Award from Utah Valley University

**Why of Work* (co-authored with Wendy Ulrich) was #1 best seller for Wall Street Journal and USA Today

2009: *Listed in Thinkers 50 as a management thought leader

*Ranked #1 most influential person in HR by HR Magazine

2008: *Ranked #1 most influential person in HR by HR Magazine

2007: *Lifetime Achievement Award from American Society of Training and Development (ASTD)

*Honorary Doctorate from University of Abertey, at Dundee Scotland

2006: *Ranked #1 most influential person in HR by HR Magazine in vote by influential HR thinkers

*Dyer Distinguished Alumni Award from Brigham Young University, Marriott School of Management

2005: *Ranked #2 management guru by Executive Excellence

*Named by Fast Company as one of the 10 most innovative and creative thinkers of 2005

1. President, Canada Montreal Mission, Church of Jesus Christ of Latter-day Saints

2001: Ranked #1 management educator and guru by Business Week

2000: *Lifetime achievement award from World Federation of Personnel Management

*Listed in Forbes as one of the "world's top five" business coaches

1998: *Society for Human Resource Management award for Professional Excellence for lifetime contributions

*Lifetime achievement (PRO) award from International Association of Corporate and Professional Recruitment, and Employment Management Association

1997: *Warner W. Stockberger Lifetime Achievement Award from International Personnel Management Association

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