The HR Value Proposition

HRINZ
Fall 2005

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Thanks to
Overall Goals

- **Think....**
  - What’s next for HR?
  - How can an organization *add value* to customers, investors, managers, and employees?
  - How can HR help?

- **Behave...**
  - Be able to do something that makes a difference in business results

- **Have fun!**
General Outline

Theory

Application
Specific Outline

1 Fundamental message

5 Key factors

14 Criteria for the new HR

3 Conversations

1 Enduring thought
1
Fundamental Message

Value
<p>| |</p>
<table>
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<tbody>
<tr>
<td>1</td>
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<tr>
<td>Fundamental Message</td>
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</table>

Value is defined by the *receiver* more than the *giver*
1. Knowing external business realities (technology, economics, globalization, demographics)

2. Serving external and internal stakeholders (customers, investors, managers, and employees)

3. Crafting HR practices (people, performance, information, and work)

4. Building HR resources (HR organization and strategy)

5. Assuring HR professionalism (HR roles and competencies)

HR Value Proposition

Factors For HR Value
5 Factors For HR Value

1 Knowing external business realities
   (technology, economics, globalization, demographics)

2 Serving external and internal stakeholders
   (customers, investors, managers, and employees)

3 Crafting HR practices
   (people, performance, information, and work)

4 Building HR resources
   (HR organization and strategy)

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   (HR roles and competencies)
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5 Factors For HR Value

Criteria 1
Knowing external business realities
(technology, economics, globalization, demographics)

Criteria 2-5
Serving external and internal stakeholders
(customers, investors, managers, and employees)

Criteria 6-9
Crafting HR practices
(people, performance, information, and work)

Criteria 10-11
Building HR resources
(HR organization and strategy)

Criteria 12-14
Assuring HR professionalism
(HR roles and competencies)
1
Master external business realities
(technology, economics, globalization, demographics)

Criteria 1: Master external business realities

- Changing technologies
- Changing economics
- Changing demographics

...in a global context
Criteria 1: Master external realities
Criteria 1: Master external realities
2
Serve external and internal stakeholders
(investors, customers, managers, and employees)

Criteria 2:
Create investor intangibles

Investor test:
- Who are the major investors in my firm?
- Why are they buying (or selling)?
- What is our tangible and intangible value?
- How can we increase our intangible value?
- How can we include investors in designing and delivering HR?
Serve external and internal stakeholders (investors, customers, managers, and employees)

What the market is looking for

Source: Zarowin and Lev

Confidence in your future

Confidence in your track record

Regressions of earnings and shareholder value

Source: Zarowin and Lev
The Architecture for Intangibles

- **Keeps Promises**: Make and meet commitments to employees, customers, suppliers, investors...
- **Compelling Strategy**: Convincing approach for continuing to create value and extending that ability into the future
- **Core Competencies**: Clear ability to realize value creation potential and to continue track record of keeping promises
- **Organizational Capabilities**: Internal ability to make things happen efficiently and effectively now and in the future

Intangible value
Criteria 2: Create investor intangibles
2
Serve external and internal stakeholders
(investors, customers, managers, and employees)

Criteria 3: Build long term connections with target customers

Customer test
• Who are our target or key customers (80/20)?
• Why do they buy or not buy from us?
• What is our customer (not market) share?
• How can we use HR to engage customers to gain customer share?
Creating customer focus and customer share

Steps to creating customer share:

1. Identify target customers (20/80)
2. Define their “customer share” and set goals for desired customer share
3. Recognize customer value proposition
4. Build connections with targeted customers
   • Design
   • Participate
   • Present
Criteria 3: Build long term connections with targeted customers
Criteria 4: Audit and create organization capabilities

- Organization is not structure but capabilities
- Capabilities represent what the organization is known for and/or good at doing
- Capabilities turn strategy into action and sustained results

2 Serve external and internal stakeholders (investors, customers, managers, and employees)
Capability Audits

• Determine business or unit strategy: What are we trying to accomplish?

• Do an organization audit 90, 180, 360, or 720.

• Prioritize capabilities (select 2 or 3) based on impact * implementability

• Build a 90 day action plan
Criteria 4: Audit and create organization capabilities
2
Serve external and internal stakeholders (investors, customers, managers, and employees)

**Criteria 5:**
**Deploy a clear employee value proposition**

<table>
<thead>
<tr>
<th>Give</th>
<th>Get</th>
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<tbody>
<tr>
<td>(Contribution)</td>
<td>(Reception)</td>
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<tr>
<td>Competence *</td>
<td>VOI²C²E</td>
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<tr>
<td>Commitment</td>
<td>Vision</td>
</tr>
<tr>
<td>(ability * dedication)</td>
<td>Opportunity</td>
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<td></td>
<td>Incentive</td>
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<td>Impact</td>
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<td>Community</td>
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<td>Entreprenuership</td>
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Criteria 5: Deploy a clear employee value proposition
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Criteria 12-14
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(HR roles and competencies)

HR Value Proposition
Criteria 6: Invest in people practices

People = competence * commitment

• Competence: assessment and investment
• Commitment: engagement and productivity
Criteria 6: Invest in people practices
3
Crafting HR practices
(people, performance, information, and work)

Criteria 7: Invest in performance practices

- Setting standards
- Allocating rewards (financial and non-financial)
- Providing follow up and feedback
Criteria 7: Invest in performance practices

“Yes, the operator should have seen the deer, and yes, it should have been removed.”

**WALTER BORTREE** of the Pennsylvania Department of Transportation, on a road repair crew that paved over a dead deer

Winner of the "Not My Job" Award - ADOT
Litchfield Park, AZ 85
3
Crafting HR practices
(people, performance, information, and work)

Criteria 8:
Invest in information practices

Communication strategy

Information transmission
Criteria 8: Invest in information practices
Criteria 8: Invest in information practices
Criteria 8: Invest in information practices
Criteria 9: Invest in work practices

- Who does the work?
  (organization structure, reporting relationships)
- How is the work done?
  (teams, work processes)
- Where is the work done?
  (work space)
Criteria 9: Invest in work practices
Criteria 10: Build an HR strategy

Think of your HR function as if it were a business.
- Define business context
- Articulate an HR vision
- Specify deliverables/capabilities
- Invest in HR practices (people, performance, information, work)
- Create an HR governance structure
- Prepare action plans
- Assure HR competencies
Criteria 10: Build an HR strategy
Criteria 11: Align our HR organization
Criteria 11: Align our HR organization
Assuring HR professionalism
(HR roles, competencies, and investments)

Criteria 12:
Play the right HR roles

- Functional expert
- Employee advocate
- HR LEADER
- Human capital developer
- Strategic partner
HR Role Assessment

- HR Leader
- Employee Advocate
- Human Capital Development
- Strategic Partner
- Functional Expert

HR Roles
Criteria 12: Play the right HR roles
Criteria 13:
Demonstrate the right HR competencies

**Business Knowledge**

- **Personal Credibility**
  - Achieving Results
  - Effective Relationships
  - Personal Communication

- **Strategic Contribution**
  - Culture Management
  - Fast Change
  - Strategic Decision Making
  - Market-driven Connectivity

**HR Delivery**

- People
- Performance
- Information
- Work

---

5
Assuring HR professionalism
(HR roles, competencies, and investments)
Criteria 13: Demonstrate the right HR competencies
<table>
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<tr>
<th>Criteria 14: Invest in our own development</th>
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**How we learn**  
- Reading  
- Listening  
- Observing  
- Practicing  

**Where we learn**  
- Training forums  
- Work experiences  
- Life experiences  

5 Assuring HR professionalism  
(HR roles, competencies, and investments)
Criteria 14: Invest in our own development
5 Factors For HR Value

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<th>Assessment of HR Value Proposition</th>
<th>Score</th>
<th>Priority</th>
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<tbody>
<tr>
<td><strong>Knowing external business realities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>To what extent do the HR professionals in my department understand how external realities of technology, economics, and demographics in the global context affect our industry and business?</td>
<td></td>
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<tr>
<td><strong>Serving external and internal stakeholders</strong></td>
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<tr>
<td>2.</td>
<td>To what extent does our HR work link to the intangibles that investors value?</td>
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<tr>
<td>3.</td>
<td>To what extent do we use HR practices to build long-term connections with target customers?</td>
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<td>4.</td>
<td>To what extent do we audit and create organization capabilities that will turn strategy into action?</td>
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<td>5.</td>
<td>To what extent do we have a clear employee value proposition that lays out what is expected of employees and what they get in return?</td>
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<tr>
<td><strong>Crafting HR practices</strong></td>
<td></td>
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<tr>
<td>6.</td>
<td>To what extent do our HR practices that focus on people (staffing, training, development) add value?</td>
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<tr>
<td>7.</td>
<td>To what extent do our HR practices that focus on performance (setting standards, allocating rewards, providing feedback) add value?</td>
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<tr>
<td>8.</td>
<td>To what extent do our HR practices that focus on information (outside-in and inside-out) add value?</td>
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<tr>
<td>9. To what extent do our HR practices that focus on work flow (who does the work, how is the work done, and where is the work done) add value?</td>
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<tr>
<td><strong>Building HR resources</strong></td>
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<tr>
<td>10. To what extent does our HR strategy process turn business goals into HR priorities?</td>
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<td>11. To what extent is our HR organization (e-HR, service centers, centers of expertise, embedded HR, and outsourcing contracts) aligned with the business strategy?</td>
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<td><strong>Assuring HR professionalism</strong></td>
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<td>12. To what extent do our HR professionals play employee advocate, human capital developer, functional expert, strategic partner, and leadership roles?</td>
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<td>13. To what extent do our HR professionals demonstrate competence in strategic contribution, HR delivery, business knowledge, personal credibility, and HR technology?</td>
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<tr>
<td>14. To what extent do we develop our HR professionals and our HR department?</td>
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**TOTAL:**

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Outline

1. Fundamental message
2. Key factors
3. Conversations
4. Criteria for the new HR
5. Enduring thought
3 Conversations

With your business leader

- Gain respect by discussing the industry, the strategy, and the challenges ahead
- Earn credibility by listening, doing, and doing better
- Deliver value by helping make his/her goals happen by your actions
3 Conversations

With your HR team

- As the leader, treat HR like a business
  - Articulate a vision
  - Set measurable goals
  - Act: start small, get early wins
  - Follow up

- As an HR team member, propose a new view of HR and build commitment by information and action

- Turn what we know to do into what we do by being disciplined, focused, and action-oriented
3 Conversations

With yourself
(or while coaching others)

- What do I want?
- What are my options?
- What is the first decision I need to make?
- How will I know if I have succeeded?
- Where can I start now?
<table>
<thead>
<tr>
<th>Enduring thought and reminder</th>
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<tbody>
<tr>
<td>Remember we are <strong>human</strong> resources</td>
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</table>
The people we serve have universal needs

- Peace through **meaning**
- Resilience through **hope**
- Growth through **learning**
- Joy through **relationships**
<table>
<thead>
<tr>
<th>Now what?</th>
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<tbody>
<tr>
<td>Plus que <strong>hier</strong></td>
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<tr>
<td>Moins que <strong>demain</strong></td>
</tr>
<tr>
<td>More than <strong>yesterday</strong></td>
</tr>
<tr>
<td>Less than <strong>tomorrow</strong></td>
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And therefore ... we create value