



Ulrich for the Next Generation

Why a new take on a trusted model is necessary

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The trend in HR is clear. Self-service, automation and the establishment of shared service centers over the last 10 years have definitively altered the character of the HR function. We now refer to HR services, the term business partner is being increasingly used, and policy departments are evolving into centers of expertise.

Discussions of these changes within HR regularly include references to David Ulrich. Without doubt, the influence he has had on the way in which HR functions are organized across the world is deserving of respect and admiration. At the same time, however, it is a profound mark of weakness that, within the HR world, discussion focuses on a single theory of HR organization. In addition, translating this theory into practice has proven to be a Herculean task in *de facto* terms.

This article presents the way in which Ulrich's HR model can be applied in practice. It also considers the blind spot in that model, namely the translation of business demand into HR supply.

The Evolution of HR

A few decades ago, HR was mainly seen as a department staffed by employees engaged in personnel matters and performing a broad range of supportive duties. The employee engaged in such matters could perform his or her duties at a decentralized level with a fair degree of independence, something which occurred with or without direct consultation with the line manager or director for whom the employee worked. The role was subordinate and frequently an operational auxiliary to managers and other employees: "say jump, we jump."

Human Resources has matured in recent years. Due to the increase in automation (on average, later in HR than in other corporate services departments) and reliability of self-service facilities in portals and systems, the centralization/decentralization issue naturally reared its head. In almost all cases, the result was the establishment of an HR shared service center (SSC).

Following the centralization and concentration of transactional activities such as HR administration, the relationship between HR and the line of business was professionalized. Human resources processes were standardized and, consequently, line managers demanded certain price tags and levels of quality with respect to HR processes. This change necessitated a new mindset on the part of HR directors. Until that time, most HR directors were oriented toward more unequivocally HR subjects: how do we improve leadership within the organization, what is our policy regarding employability, and how do we get talent to commit? These are all legitimate agenda items for an HR management team. Now, however, a different set of questions came into play, questions like: how much do we cost, what do we add to the operating result, how satisfied are our customers, and to what extent are we achieving our service levels? For a long time, most HR directors delegated this professionalization process to their respective SSC managers and continued to focus on content-related HR issues.

Ulrich responded astutely to this trend in his book *Human Resources Champions* (1997), providing a new impulse and vision with respect to the way in which HR organizations should act. He specifies several roles in his model: the strategic partner who acts as a sparring partner for a business, the change agent who functions as the specialist in overseeing change, and the administrative expert who mainly ensures proper infrastructure (sound processes). Finally, Ulrich recognizes the employee champion who is responsible for the intellectual capital of a company's employees and for recognizing and responding to current needs. All of the foregoing is extremely relevant to, and entails new roles for, HR.

That having been said, you are no doubt aware of busi-

ness feedback to the effect that the HR world has a lot of its own “hobbies,” which it then proceeds to impose on the wider business community. Moreover, it is perhaps striking that HR employees regularly reinvent the wheel because they are unaware of what has previously been conceptualized or elaborated in their respective departments. This is due in part to the fact that different HR consultants start grappling with a given issue without first determining whether their HR colleagues are working on the same one. The most damning feedback from the wider business community, however, is that HR supply does not meet demand; HR products and services are “contrived” and line managers do not experience them as being meaningful.

Although many organizations have in recent years implemented the roles defined by Ulrich, particularly the one of business partner, something evidently remains amiss.

Human Resources’ employees work like ships passing in the night, are insufficiently aware of each other’s work, and HR services do not meet business demands. This is increasingly occurring in large and medium-sized enterprises. What is notable in this regard is that, within the HR function, few or no HR professionals are capable of working in a process-based or project-based way. In other words, an HR employee feels responsible solely for his or her own work, which often constitutes only one link of a total chain. Nobody really cares, however, about how the total chain functions.

Ulrich’s model is incapable of addressing this problem because it does not provide any practical reference points for the interaction between the various roles and for the further organization of HR in a way that would enable oversight to be exercised over the whole. Evidently, simply introducing new roles does not achieve the desired result, since the organizational aspect is still lacking.

A concrete example in this regard is recruitment, i.e., the supply of qualified personnel to a business. This chain starts with demand from the given business, a request that may be addressed to a business partner but, depending on the arrangement in place, may also be forwarded directly to a recruiter. If the profile has been clearly defined, it will be distributed via the preferred supplier as demand in the market. Different steps will subsequently take place, from selection to actual administrative recording in the case of both commencement of employment and rejection; logical steps if the different parties and actors all have clearly defined responsibilities. Nevertheless, although all of the parties involved will try to perform their respective duties as well as possible, no oversight is exercised at one abstraction level higher. Indeed, mishaps often occur at transition points between steps. The term product manager is well embedded in production environments, whereas that of HR services manager is less widely recognized. The latter position could, however, be the solution to the problem described above.

The change that is, therefore, necessary concerns simply a different focus and structure. Taking HR services as the starting point generates insight into the services provided by the HR organization, the way in which these services are “made” (the interaction required), and the parties who

contribute in this regard (which roles). Making the foregoing transparent enables an HR organization to make conscious choices about the services that it can and wishes to provide. In the case of customized demand or adjustments in the HR service, one is then able to assess impact in terms of costs and completion time. The principal benefit, however, is the clear definition of the way in which ownership, duties, and responsibilities are organized.

The new element within HR services management that exercises oversight over the service-provision chains and bears responsibility for their optimal functioning is a role within HR Governance. This is the missing link in David Ulrich’s model.

In conclusion, Ulrich’s model falls short in two ways. First, it does not provide an explanation of the way in which operational links between the different roles it recognizes should be organized. Second, it does not provide for a role that bears responsibility for exercising overall oversight within an HR organization; that is critical, and that ensures that HR does not have recourse to customization in response to every request and returns the costs of deviating from standard solutions in a professional way.

Organizing HR in Terms of Services and the Role of HR Governance

Thinking in terms of services is nothing more than reasoning on the basis of a customer’s needs, attuning activities to those needs, subsequently channeling those needs and, following a thorough impact analysis, developing the service or product in order to ultimately provide it to the customer as standard. Human Resources Governance is the lynchpin in this regard. To ensure proper organization, coordination is required at three levels, namely operational, tactical and strategic, to link supply with demand.

Organizing HR in terms of services means conducting business as usual at the operational level, e.g., performing payroll-related duties, recruiting employees and replying to questions through the HR help desk. This level concerns standard, unambiguous services.

At the tactical level, an HR consultant plays a role in translating customer demand into HR supply. An HR consultant must in this regard be able to pose critical questions to a business and “sell” HR services in such a way as to give its manager the impression that he or she is receiving customized work while ultimately providing a standard service. If the matter concerns an actual request for customized work, the de facto need must first be ascertained. Human Resources Governance plays a role for the first time at this level by challenging the HR consultant and supporting him in learning how to ask the customer appropriate follow-up questions. In this way, the latter will prevent recurrence of the “say jump, we jump” principle.

Finally, at the strategic level, coordination takes place with regard to, for example, evaluation of the provision of HR services by the business and specific issues that cannot be resolved at lower levels. This, too, is an HR Governance duty.

The HR Building Blocks: The Way HR Roles Interact in the Provision of Services

The HR Building Blocks Model was developed to integrate focus on the provision of services and the management of those services with the roles recognized by Ulrich.

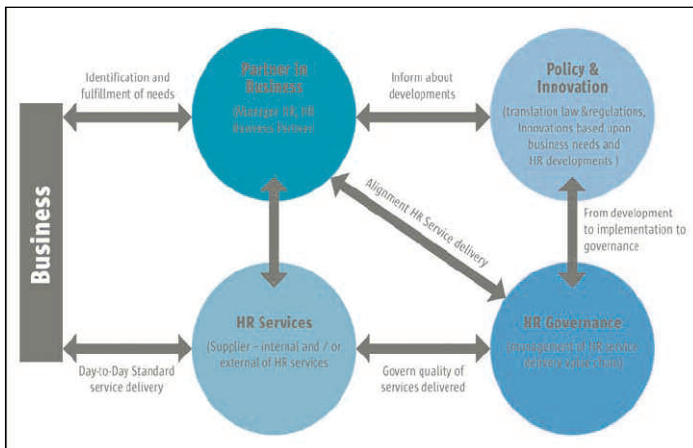


Figure 1. HR Building Blocks Model.

The model comprises four roles, of which HR Partner in Business, Policy and Innovation, and HR Services are the ones known from Ulrich's work. The Employee Champion role of Ulrich's model is not included in Figure 1. The new element in this model is the HR Governance role. Also shown is the way in which interaction occurs between the roles. This increases the model's practical applicability. The roles and the way they interact are explained below.

1. Partner in Business

The Partner in Business is the single point of contact for the management team of the business. This role is aware of and understands the objectives of the business and provides advice about the HR strategy best suited to those objectives. The Partner in Business identifies needs and is capable of presenting/selling HR services in such a way as to give the business the impression that the service being provided is specifically tailored to it. A Partner in Business specifies any frequently occurring needs during meetings with his colleague HR partners in business. If the same need is current at several customers, possibilities to provide the appropriate service are explored. Any such service is prepared in consultation with HR Governance and Policy and Innovation so that the HR management team can decide on the matter and set priorities.

2. Policy and Innovation

Policy and Innovation functions are the experts responsible for the formulation of HR policy. New HR tools or policies are developed on the basis of new legislation and regulations or customer needs. This expert determines if and how a service is to be included in the HR services portfolio in consultation with the HR management team. Policy and Innovation can also be expected to involve other parties

in order to avoid saddling policy designers with policy implementation as well or, worse still, with a failure to make further progress in implementation.

3. HR Governance

Governance constitutes the lynchpin within and between chains of HR services. It connects internal customers that purchase HR services with what external and/or internal suppliers provide. Human Resources Governance must be capable of listening to the wishes and requirements of customers and translating these into an efficient and effective provision of services. This role poses critical questions to the Partner in Business and Policy and Innovation functions with regard to requests for new HR services. HR Governance monitors the overall provision of HR services. Several individuals within HR are allocated an HR Governance role and made responsible for one or more HR services. Human Resources Governance also monitors the quality of the services and manages internal and external suppliers on the basis of agreements concluded.

By viewing HR components as links in a total service-provision chain rather than as unrelated parts, HR Governance is capable of ensuring proper oversight and linking HR components together.

4. HR Services

This role concerns the operational and transactional provision of services, which can include all executive HR services, not only HR administration. It forms the single point of contact, for example, by means of a service desk, for employees or managers who have an operational question. The collection of information on incidents and comments can be used as input to identify business needs.

Translating Business Demand into HR Supply

We indicated in this article that, at the close of 2009, there is still a lack of oversight, as well as insufficient linking between HR supply and business demands. Therefore, we advocate the introduction of a new role in addition to those listed in Ulrich's model, namely that of HR Governance. This role must coordinate the needs of individual customers, monitor the quality of the HR services provided, manage suppliers and supervise the inclusion of new HR Services. Human resources organizations could gain a lot if the provision of HR Services started functioning increasingly like a chain from customer to supplier, and if proper coordination in this regard was effected by means of HR Governance.

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