

# CHAPTER 1

## INTRODUCTION

### 1.1 ABOUT DAVE ULRICH

#### 1.1.1 Dave Ulrich

David Olson Ulrich (born 1953) is a university professor, author, speaker, management coach, and management consultant. Ulrich is a professor of business at the Ross School of Business, University of Michigan and co-founder of The RBL Group. He has written numerous books covering topics in human resources and leadership. Ulrich is currently on the Board of Directors for Herman Miller, a Fellow in the National Academy of Human Resources, and is on the Board of Trustees of Southern Virginia University.

Dave Ulrich has been ranked the #1 Management Educator & Guru by Business Week, selected by Fast Company as one of the 10 most innovative and creative leaders, and named the most influential thinker in HR of the decade by HR magazine.

#### 1.1.2 Early Life and Work

Ulrich was born in the small town of Ely, Nevada, but grew up in Oregon. His father worked as a forester building campgrounds, and then transferred in order to direct social programs for Job Corps. His mother spent time in church and community service. From his parents, he learned the importance of service and the value of hard work. The Ulrich family lived subsequently in Kansas City, Missouri, where he attended high school.

Ulrich attended Brigham Young University where he completed his undergraduate degree in University Studies in five semesters and began graduate school in Organizational Behavior. He completed his doctorate in business at UCLA

#### 1.1.3 Research and Career

Dave Ulrich's professional focus has addressed questions on how organizations add value to customers and investors through both leadership and strategic human resource practices. In the human resource area, he and his colleagues have worked to redefine and upgrade HR.

With his colleagues Wayne Brockbank and Jon Younger, Ulrich has articulated how the modern HR organization can be organized into shared services, centers of expertise, and business partners. He has also co-directed research on over 40,000 respondents about the competencies required for successful HR professionals; in addition, he has helped shape thinking on how to transform HR practices so that they are aligned to customer needs and integrated around organization capabilities. In the leadership area, Norm Smallwood and Ulrich have worked to focus on the outcomes of effective leadership; they have also shown how leadership will increase customer share by creating a leadership brand within the company. Their work also illustrates that investing in leadership will increase shareholder value. Their work also synthesizes the thicket of leadership competency models into a unified view of leadership. Their current work attempts to look at leadership through the eyes and expectations of investors.

## **1.2 ULRICH'S MODEL**

### **1.2.1 Ulrich's HR Model**




David Ulrich is a true HR Guru. His HR Model changed the view of many HR Professionals on their job and their daily duties. The HR Model by David Ulrich brought a lot of chaos into many organizations, but it is the most efficient HR Model to be used right now.

The David Ulrich's HR Model is about defining the HR Roles and Responsibilities of HR in the organization and setting the basic roles of the HR Function, which are reflected in the HR Organization and the job profiles of the individual employees.

The implementation of the HR Model by David Ulrich is not easy, but it brings enormous results, which can be seen in the employee satisfaction index and from the immediate feedback from the managers about the job of Human Resources.

Over the last decade a classic model, based on the work of Dave Ulrich et al, has emerged that has three elements (recently he has added to the model but these three remain the core).

## THE CLASSIC ULRICH MODEL: WHO DOES WHAT?

 Business partners	 Shared services	 Centres of expertise
Establish relationships with customers – line/business units	Deliver HR services	Create HR frameworks
Contribute to business unit plans	Manage routine processes effectively and efficiently	Develop and introduce strategic HR initiatives
Develop organisational capabilities	Often using a single HRIS, intranets to provide basic information and call centres for specific queries	Specialised areas such as compensation and benefits, employee relations, L&D, talent management, OD, staffing, diversity, and workforce planning
Implement HR practices	May be outsourced	Often depend on the business partners to roll out programs to the business
Represent central HR	Back office	
Log needs and coordinate HR services		
Front office		

Henley University of Reading: HR Models – Lessons from best practice, 2009

### 1.2.2 Dave Ulrich's Model Benefit

The HR Model of David Ulrich brings several benefits to the HR Organization in the company as it is more driven by the business and the internal voice of the customer and HR spends less time on its internal processes and its HR paperwork.

The benefits of the David Ulrich's HR Model can be described in several main benefits, which are described in separate articles in this chapter.

The main benefits can be summarized as:

1. Quicker response to the need of the management
2. Quicker response to the changed conditions in the organization
3. Proactive HR approach towards its internal and external clients
4. Different HR Organization based on the job content and the needs of the customers
5. Better methodology for the HR Measurement

The benefits are not visible immediately, the successful implementation takes time and HR has clearly focused on the main implementation tasks to be fully successful.

### 1.3 WHY HAVE ORGANIZATIONS LOOKED AT THEIR HR MODEL?

The drive to look at how HR is organised has in many cases been positive but it has often been a defensive reaction to pressures both from within organizations and from external

criticism\*. Such a defensive reaction rarely produces an effective response as it tends to focus on cost and efficiency rather than looking at overall effectiveness, especially how HR needs to be organised to meet the changing needs of the business and the environment in which it operates. Drivers for change:

- Dissatisfaction in many organizations with HR's contribution to the restructurings and mergers in the early 2000's.
- Increasing disillusion with HR's contribution beyond following the latest management fad. This disillusion has led to calls to reduce the cost of HR and to see harder measures of outcomes, whilst increasing HR's flexibility and business focus.
- The move in many businesses to outsource non core activities including HR whilst providing a stronger business contribution by enhancing HR's contribution to strategic business initiatives.
- The change in organizational models themselves that are trying to balance the need for centrally driven efficiencies with locally driven responsiveness. This highlights the challenge of providing strong functional expertise with the need to align with different business needs.
- A shift in the role of HR from being employee focused to an organizational and management focus.
- The adoption of ERP systems accelerated by legacy fears in the run-up to Y2K and the use of these systems to improve and systematise administrative and HR processes so they become more efficient and consistent whilst linking seamlessly to the front office.

As one commentator said "The human resources function within companies today needs to look at itself much more as a business, because that is how executives are looking at it and expecting it to operate."

## **1.4 ISSUES IN IMPLEMENTING OVERALL MODEL**

### **1.4.1 Drivers**

The model is implemented as a model rather than a solution to a specific business need, resulting in a lack of buy in beyond HR and the failure of the model itself to address the underlying issues.

The model is implemented either in its purest form without understanding the capability of the organization to sustain it, or elements of the model are implemented piecemeal without understanding the dependencies.

The model is sold as a way to improve service when the real driver is cost control resulting in mismatched expectations.

#### **1.4.2 Skills**

The model requires very different skill sets in each element but often people's job title is simply changed without understanding the skills required and providing effective job matching, orientation and development.

Business partners are often overwhelmed by transactional work so can't do the strategic element or they are overwhelmed by the sheer volume of initiatives coming out of the Centre who fail to prioritise effectively.

#### **1.4.3 Boundaries**

Splitting HR into three parts can create boundary disputes, a lack of joined up thinking and communication gaps. At best there is duplication, things fall through the gaps or there is a lack of coordination. At worst it can even result in open warfare between people in different parts of the model destroying the credibility of the whole especially if central staff lose their grasp of reality if they become physically and emotionally isolated from the business realities.

The model often fails when there isn't a real 'one team' ethos, a no blame culture and effective open communications.

Lines of accountability are not always clearly defined:

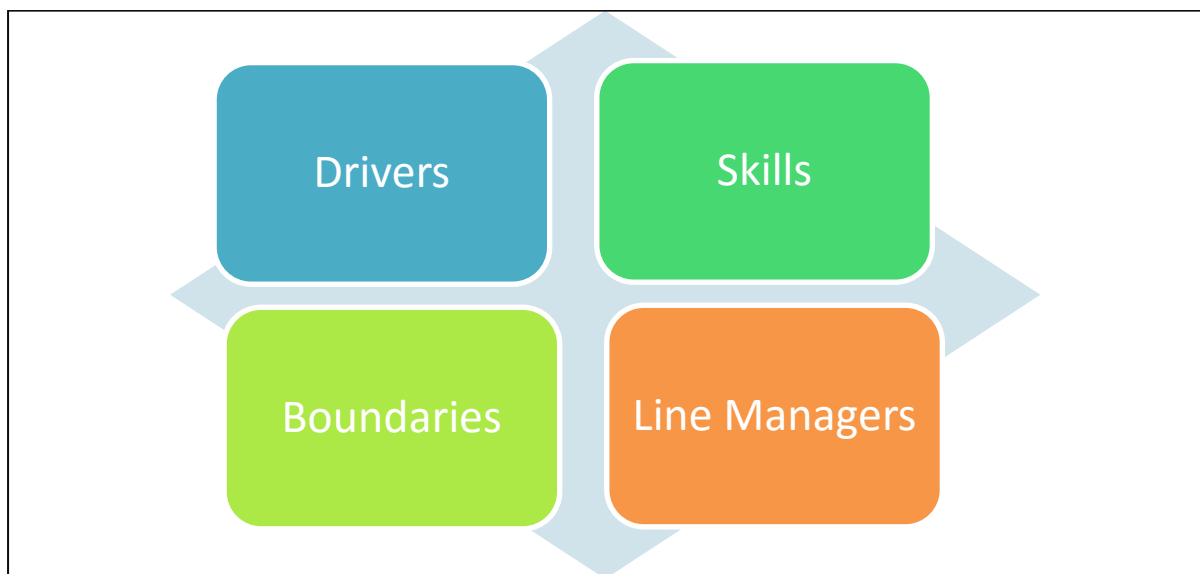
- A shared-service centre may deliver the service, but the main customer interface is between the business partners and line managers.

- Business partners may have little or no control over the service delivery, or agreeing what it should be, but they often face the consequences if it goes wrong.

#### 1.4.4 Line Managers

Managers often aren't consulted about changes to the HR model whilst outsourcing fractures long standing relationships. As a result they may view it as a way to offload HR's unwanted work on to them resulting in frustration that there's no longer a one-stop shop to handle all HR matters:

- They may exploit the existence of multiple service channels and go hunting for the answer they want.
- They may play shared-services off against centres of expertise, while also involving business partners.



**Fig.1 Issues in Implementing Ulrich Model**

#### 1.5 THE ULRICH MODEL: 18 YEARS OLD, BUT IS IT WORKING?

It's now 18 years since Dave Ulrich published his classic book on Human Resource Management (*Human Resource Champions*). A generation of HR professionals used the 'Ulrich model' as the basis for transforming their HR functions, based on the idea of separating the HR policy making, administration and business partner roles. The ultimate goal was to shift the role of HR from administration to strategy, promising a bright future for those that successfully implemented the approach. As the Ulrich model turns 18, it's time to ask if it has successfully reached adulthood, or whether it's already past its prime and due for retirement.

Ulrich has achieved guru status and was recently heralded as 'the father of human resources' by HR Magazine, deservedly so given the impact he has had on the profession. However, many claim that the model is irrelevant and impractical in the 21<sup>st</sup>-century, arguing that while it has delivered benefits for some, it has been a disappointing journey and HR is no more strategic now than it was in 1995. Perhaps devotees thought it would be simple - re-badge the HR team as business partners, build a service centre, throw in a little technology and call it transformation job done. If only it were that simple - most struggled with getting just one of those components right, let alone the full suite.

Perhaps the problem doesn't lie with the Ulrich model, but the way the HR profession jumped on a concept they barely understood, simplified it and 'cherry picked' the best bits. Many simply ignored the parts that seemed either too difficult to implement or too hard to understand. Ulrich never intended roles such as 'business partner' to be a blueprint for organising the HR function and he never directly translated them into specific jobs (although his work has generally been interpreted as if he did). As a result, many organizations launched the business partner role before introducing Shared Service Centres or outsourcing their service delivery, leaving BPs with the impossible task of balancing a transactional workload with the strategic expectations of customers. He was also clear that responsibility for transforming HR does not just lie with the HR function, but that the CEO and senior management also have key roles to play. Even now, many organizations still do not have an integrated system for HR records, recruitment, learning, payroll, compensation and talent management, leaving gaps in administrative efficiency and management information, key pillars of the Ulrich model.

The scary part is that many (if not the majority of) HR professionals gained their knowledge of Ulrich's work second-hand, through consultancy firms, magazine articles, conferences and professional networks. Apart from mis-pronouncing his name (it's Ul-rich, not Ul-rick\*), research shows that few HR professionals and consultants have actually read his original work and few keep up with developments. Ulrich stresses that over the last 18 years, he has constantly updated and revised his initial thinking, so anyone working to the classic 1997 model is bound to be out of date. His most recent work (2012) on HR competencies is the latest stage in his thinking - let's not forget he is essentially an academic, eternally pragmatic and willing to change his theories if the evidence doesn't support them.

Despite this, the basic principles of 'Ulrichism' remain; define a clear role for HR, understand how it provides competitive advantage for the organization, create a structure that delivers value, then measure it. Ulrich isn't perfect but it's a very good starting point.



# **CHAPTER 2**

## **LITERATURE REVIEW**

### **2.1 Operating Models**

Professors Dave Ulrich, Wayne Brockbank, and their many professional colleagues helped set the direction for transformation of HR. Many thoughtful academics, practitioners, and consultants have worked to help HR professionals deliver business value to their organizations and have built upon collective research and experiences. Despite all of the knowledge gained, many organizations continue to struggle in pragmatically realizing what our research has identified as High-Impact HR. The need to help HR organizations expand capabilities is increasing as challenges grow across strategic organizational change, talent development and management, organizational design and culture, employee engagement and motivation, and inclusion. There is no doubt HR can and should deliver value both inside the enterprise to employees and business leaders as well as outside to customers, investors, and communities.

#### **Critical principles and key characteristics:-**

The High-Impact HR Operating Model is a new blueprint for the function that brings HR closer to the business, drives greater levels of innovation and expertise, and moves HR from a function of “service delivery” to a driver of strategic talent and business outcomes.

Three critical principles are at the heart of driving High-Impact HR:

1. It is about the business. Business imperatives and insights about the workforce have to guide how HR operates, not the other way around.
2. Nimble is key. When HR demonstrates agility, flexibility, and coordination, it unlocks high business performance throughout the organization.
3. Beyond the organization. Industry and social networks, organization’s customers, and the external market must be integrated within how HR operates.

### **2.2 Challenges for Global Organization:**

The challenge isn't either local or global but as Beaman and Hock have talked about "How do you build a "chaordic" organization an organization that thrives on the border between "chaos" and "order, that is adaptive to changing conditions, controlling at the center while empowering at the periphery, leveraging worldwide learning capabilities, and that transcends geographic and divisional borders?". This is possible when you get a number of things right:

1. A shared vision and common set of guiding principles together with metrics that reinforce the mindset. The key principle is subsidiary and an openness to new ideas from local operating companies moving from "controlling a hierarchy" to 'managing a network' of interconnected parts and activities.
2. A well-defined set of centralised 'coordinating' and 'cooperative' processes that govern how the organization functions, pushing authority to the lowest level and encouraging sharing and banning the 'not invented here' syndrome.
3. Frequent face-to- face global HR meetings, facilitating sharing of ideas and communication across business units socializing individuals into the business culture and building an outlook that appreciates the need for multiple strategic capabilities, analyses problems and opportunities from the global, regional, and local perspectives, and interacts with others across the organization with openness, alertness and agility.
4. High touch communication taking advantage of advances in social networking technologies to foster real time collaboration and sharing.
5. Globally alert leaders who have the ability and desire to operate chaordically. They tend to be great networkers who are flexible, accommodating, and adaptable to different cultures and varying ways of doing things. They have a 'geocentric' mindset. They believe there are certain cultural universals and commonalities in the world but that no culture is superior or inferior to another. Also called 'cosmopolitans' these types of individuals focus on "finding commonalities spreading universal ideas and juggling the requirements of diverse places." They focus not on differences and reasons not to do things but on similarities and how to do things in a contextually relevant way. This is probably the key. It is important to find these people, reward and develop them.

(<http://www.cipd.co.uk/hr-resources/research/understanding-business-issues-partnering.aspx>)

### **2.3 Dave Ulrich further Research**

In the 1990s, the HR field was working to support competitive advantage through something called ‘strategic HR’. At a simple level, strategic HR meant that different business strategies (winning through cost, product innovation, customer service or geographic expansion) would be better implemented by aligned HR practices. In this process, many advocated moving HR thinking and work from administrative to strategic, day-to-day to long term, and transactional to transformational. Other functional areas were also separating the administrative from strategic work (for example, managing money was separated into finance and accounting; managing information was separated into data centres and information systems). My work (HR Champions<sup>9</sup>) argued that HR had to deliver both administrative and strategic work.

Many tried to figure out how to organise HR departments to deliver both administrative and strategic work. Some of the routine, standardised, transaction work of HR was done through shared services, which included outsourcing and service centres heavily dependent on technology. While this transaction work had to be done efficiently, the more strategic work required both specialised expertise and generalised business application. This led to the centres of expertise HR professionals who could offer deep technical insights, tailor solutions to unique business requirements, and share knowledge across business units and to embedded HR professionals who would customise solutions to their unique business strategies, become advisers on talent and organization to the business leaders, and serve as a primary course of contact for business leaders.

The basic goal of this HR governance logic was to provide both strategic insights and administrative efficiencies at the same time.

Over the past 15 to 20 years, HR work has become more granular. The outcomes of HR are not just administrative efficiency or strategic execution. The outcomes of HR have become the capabilities that an organization requires to win in its marketplace. These capabilities likely include talent and leadership, which are essential for any strategy, but also include capabilities such as innovation (in product, market, services, business models), agility (speed

of change or flexibility), collaboration (teamwork, cross-functional teams, merger or acquisition integration), customer service, efficiency, managing risk, changing culture, and so forth. The capabilities represent what an organization is known for and good at doing and vary depending on an organization's strategy. Capabilities represent the outcomes of HR that enable strategy to happen, ensure customer share over time, and increase investor confidences intangibles. The HR department should be governed to ensure that these capabilities can be defined and delivered.

In evolving the HR department, we start with HR as a business within a business. As such, the HR organization should be structured in a way that reflects the structure of the business. Companies typically organise along a grid of centralisation–decentralisation, which leads to three basic ways in which a company operates; holding company, functional organization or diversified/allied organization. The HR department should mimic the structure of its business operations.

**Functional organization:** When the company comprises a single business, it competes by gaining leverage and focus. The role of HR in the single business is to support that business focus in its people practices. As long as the organization remains primarily a single line of business, HR expertise most logically resides at corporate, establishing company-wide policies (there are no centres of expertise, but functional specialists), with HR generalists in the plants or divisions responsible for the implementation of these policies. They do so because there is no meaningful differentiation between the business and the corporation. Smaller businesses are functional organizations by scale and probably 20% of larger businesses continue as functional businesses.

**Holding company:** When the company is composed of multiple, unrelated businesses that are managed independently, it is best described as a holding company. While pure holding companies are rare (probably about 10% of all businesses), we see some resurgence of holding company structure associated with the rise of large and well-capitalised private equity and investment firms such as Carlyle, Berkshire Hathaway and Blackstone. For example, Berkshire Hathaway owns or controls Dairy Queen, NetJets, GEICO Insurance and Fruit of the Loom. Or another example of a holding company could be News Corp that owns to name a few companies HarperCollins, News UK (that is, the Sun, The Times) and BskyB.

Each of these separate businesses has their own independent HR organization with a full range of HR specialists serving that business. There are few corporate or generalist HR professionals.

Diversified/allied businesses: Most large companies are neither pure single business nor are they true holding companies. They lie somewhere in between, either in related or unrelated spectra of diversification. They create operating or business units to compete in different markets, yet try to find synergy among them. They have shared services, centres of expertise and embedded HR. Like any professional services firm, the job of HR is to turn their knowledge (in specialized centers) into client results (through embedded HR professionals). This is the dominant logic for many HR organizations today in large multi-divisional companies. Some have called it the ‘Ulrich model’, although I did not create it, but observed, researched and wrote about it. HR leaders used this model to offer more granular HR solutions to business problems.

In recent years, some have tried to figure out ‘what’s next’ in how HR departments will be organized. The challenge again starts with the business and the most basic question is, ‘how will the business be organized?’ The basic business structure challenge remains grounded in the centralization – decentralization grid and debate, and so does the HR department challenge. Some have misinterpreted our work as advocating that HR should be organised through shared services in all business settings. One well-intended study interviewed HR leaders in government agencies and SMEs and they critiqued the shared services logic. Duh! These organizations were functionally driven and should not create an HR organization that is different from the business organization.

Many have created a straw man of the business partner logic by saying that it is outdated, but then proposing exactly what the HR business partner logic proposes. This week, I received this blast email:

Clearly, the democratic Way of Resourceful Humans has emerged as the most exciting alternative to structure a vanguard Human Resources strategy beyond the Predict & Control derived HR Business Partner concept.

I cherish innovative HR thinking and practice by building on and evolving what exists. HR business partner logic starts with how to win in the marketplace, emphasizing how to win with customers and investors. Creating better talent, leadership and organization capabilities remains at the heart of this logic. It is useful to learn and move forward in the HR field by defining new required organization capabilities and ways for HR to deliver these capabilities. We are doing a fascinating cloud or open source project on the future of HR. We have asked about 60 to 70 ‘thought leaders’ (loosely defined with a mix of academics, consultants, association leaders and senior HR leaders) to answer the question, ‘What do HR professionals need to know or do to be effective in today’s and tomorrow’s business world?’

As we have culled their answers, not one essay has referred to how the HR department is organized. The obsession with some about how to organize an HR department seems to not be the most important part of HR’s agenda to deliver value. This finding is consistent with our research that asked over 20,000 HR and non-HR clients to rate what HR departments should focus on to deliver business value. The highest ranked in terms of ‘how well done’ and lowest ranked in terms of ‘delivering business value’ was reorganizing the HR department.

We find that HR professionals deliver the most value when they focus on:


1. Perspective of outside in: Make sure that the HR work links to external stakeholders. This means aligning HR not only with business strategy but also with general business conditions (for example, social, technological, economic, political, environmental and demographic global changes), but also with external stakeholders such as customers, investors and communities.
2. Outcomes of talent, leadership and capabilities: HR professionals have to make sure that their HR work delivers talent (competence, commitment and contribution of the workforce), leadership (at all levels of the company) and capabilities (unique identity of the workplace).
3. HR practices: Ensure that HR practices are aligned to business demands, integrated with each other, and innovative to offer new and creative ways to build agility into the organization.

4. HR professionals: Continually upgrade HR professionals to demonstrate competencies that enable them to drive business results by positioning their organization to win, managing change and agility, offering integrated HR solutions, building personal credibility, using information to make informed decisions, and managing paradoxes inherent in business success. (Ulrich, 2015).

**Table 1:**

**Aligning Business Organization and HR Department**

<b>Business organization form</b>		<b>HR department</b>
<ul style="list-style-type: none"> <li>Centralized functional organization</li> </ul>	→	<ul style="list-style-type: none"> <li>HR organized around HR specialty (recruiting, training, compensation)</li> </ul>
<ul style="list-style-type: none"> <li>Horizontal process / project based organization</li> </ul>	→	<ul style="list-style-type: none"> <li>HR operating in multi-functional teams dealing with HR-related issues or outcomes</li> </ul>
<ul style="list-style-type: none"> <li>Community based organization</li> </ul>	→	<ul style="list-style-type: none"> <li>HR professional groups eg projects on digital HR or HR analytics</li> </ul>
<ul style="list-style-type: none"> <li>Network based organization</li> </ul>	→	<ul style="list-style-type: none"> <li>HR professionals connected across organization to deal with particular issues or requirements</li> </ul>
<ul style="list-style-type: none"> <li>Decentralized independent businesses (autonomous business units, holding company)</li> </ul>	→	<ul style="list-style-type: none"> <li>HR specialists operating within each business unit (eg recruiting, training,</li> </ul>

		compensation functions for each autonomous business)
<ul style="list-style-type: none"> <li>• Related / diversified organization (matrix, multi divisional company)</li> </ul>		<ul style="list-style-type: none"> <li>• HR organized as a professional services firm with centers of expertise (specialists) and embedded HR (generalists) plus project teams, networks and communities</li> </ul>

Once HR department roles have been clarified, HR work may be assigned to the different HR groups based on answers to some key questions:

- Is the work strategic or foundational?
- Is the work proprietary or generic?
- Where is the work best located to increase efficiency or effectiveness?

However our research on 12 key foci of an HR department has found that “Has clear roles and responsibilities for each of the groups within HR” ranks as among the best performing areas but is least impactful on business impact.

Organization charts with clear roles, relationships, and accountabilities show the physiology of HR departments, but the psychology of how they work depends more on relationships. Most recognize the difference of a formal organization (form and morphology of the organization) and an informal organization (how things really happen). We have examined a number of principles of relationships that characterize an informal organization and can be applied within the HR department, between the HR department and business leaders, and across the organization where HR resides and external stakeholders.

Partners in a relationship have different roles to play, but they succeed when they realize that



they are stronger together than apart because they have super ordinate and binding goals (e.g., raising children). Couples stay together when they share dreams, find meaning together, and create a culture of joint rituals and goals, while respecting individual skills.

Likewise, in HR each role has unique expertise (service centers with technology driven efficiency, centers of expertise with specialized HR insights, embedded HR with business insights). The challenge is to find a unifying purpose that brings together these different parts into a greater whole.

When these different groups respect each other, focus on what is right more than what is wrong, and yield to the influence of the other, they can form relationships that supersede their separate roles. When differences are respected, dissent becomes a positive not negative because there is tension without contention, disagreement without being disagreeable, dialogue without demeaning, confronting without being confrontational, challenge without condemning. Each of the groups within an HR operating model is a “partner” because each brings unique value to the overall goals.

In addition, to ensure good governance, HR professionals need to master key competencies so that they can engage in the right conversations. To be engaged in business conversations, HR professionals need to demonstrate the competence of being a credible activist where they are trusted because they take appropriate positions on business and HR issues. Credible activists can engage in building relationships and engage in appropriate conversations that give them access to business leaders.

With access, HR professionals need to be paradox navigators to deliver business results. Most businesses succeed by managing a series of paradoxes (e.g., being short and long term, growing top line and delivering bottom line, caring for customers outside and employees inside; creating strategic intent and delivering daily actions; being global and local, and so forth). HR professionals help business leaders navigate these paradoxes by engaging in appropriate conversations.

Better HR departments match their business organizations and gain clarity around which HR groups perform which work. They also apply principles of psychology and relationships to making the informal organization operate effectively. (Ulrich, 2016)

## CHAPTER 3

### RESEARCH METHODOLOGY

#### 3.1 Objective of the Study:

The objective to carry out this study is to understand the current Ulrich model and propose its extension after carefully examining the current scenario in multinationals and local companies and its need to extend the current model.

#### 3.2 Data Collection:

The primary data being collected for the study was collected through interviews of at least Assistant Manager Level of various companies and also secondary data was taken through trusted sources in order to study the impact of Ulrich model in companies situated in many countries.

#### SAMPLE INTERVIEW

**RANJEEV LAHKAR (HEAD-HR CGBS  
INDIA)**

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#### **NAME OF ORGANIZATION**

Colgate Global Business Services Private Limited

#### **POSITION HOLD**

Head HR

#### **NUMBER OF EMPLOYEES IN ORGANIZATION**

450

#### **IS THERE ANY NEED OF HR MODEL IN ORGANIZATION?**

Yes

**DO YOU THINK CURRENT ULRICH MODEL IS EFFECTIVE AND CATERS TO THE NEED OF HR DEPARTMENT?**

NO

**DO YOU AND YOUR TEAM GET SUFFICIENT TIME TO UPDATE YOUR KNOWLEDGE?**

Not Necessarily

**IS THERE ANY NEED TO EXTEND CURRENT MODEL**

Not necessarily. Current model can be modified and moreover the problems in current model are needed to be removed. Current model is sufficient but the role clarity is not there which makes it difficult to implement and follow. All the functions in HR role are present in current model but sometimes it becomes complex to understand and perform the model.

Interviews like these were conducted and the data was collected to carry out the study in the direction of Ulrich model extension.

### **3.3 Conversation with Dave Ulrich**

To move further Dave Ulrich himself was approached regarding his views on the model extension and the points put by him was:-

*I am glad you are looking at the HR work we have done. The HR R&D manager is what some firms call “HR for HR” where this individual is responsible for innovations in how HR is governed but also career management for HR professionals.*

*You might appreciate some recent papers on HR competencies and HR department.*

*Good luck.*

*Dave Ulrich*

He also referred some of his new research work which helped me in my project

**Table 2:**

**Relative Impact of Individual Competences vs. HR Department Activities  
On Business Outcomes**

	Overall business performance	Value created for Stakeholders					
		1 External Customers	2 Investors/ Owners	3 Communities	4 Regulators	5 Line Managers	6 Employees
HR Professional Competencies	22.3	24.8	15.3	22.0	33.5	10.0	7.6
Activities of HR Departments	41.7	59.1	69.2	76.6	39.5	89.2	89.6
Other Variables (e.g. strategy, culture)	36.0	16.1	15.5	1.5	27.0	0.8	2.8
<i>Multiple Regression adj. R<sup>2</sup></i>	<i>0.243</i>	<i>0.481</i>	<i>0.424</i>	<i>0.364</i>	<i>0.283</i>	<i>0.485</i>	<i>0.570</i>

And with this table various needs and requirements of HR manager were found out since last 7 years.

He also told about the competency requirement of HR personnel which are:-

In collaboration with 22 regional HR partners, we examined 123 specific items of what HR professionals should be, know, or do. We performed scores of factor analyses on these items to determine consistent domains of HR competence. Figure 1 portrays the nine competencies we identified for HR professionals. Three of these competencies were core drivers (explained more below):

- **Strategic partner:** Able to position a business to win in its market
- **Credible activist:** Able to build relationships of trust by having a proactive point of view
- **Paradox navigator:** Able to manage tensions inherent in businesses (e.g., be both long and short term, be both top down and bottom up)

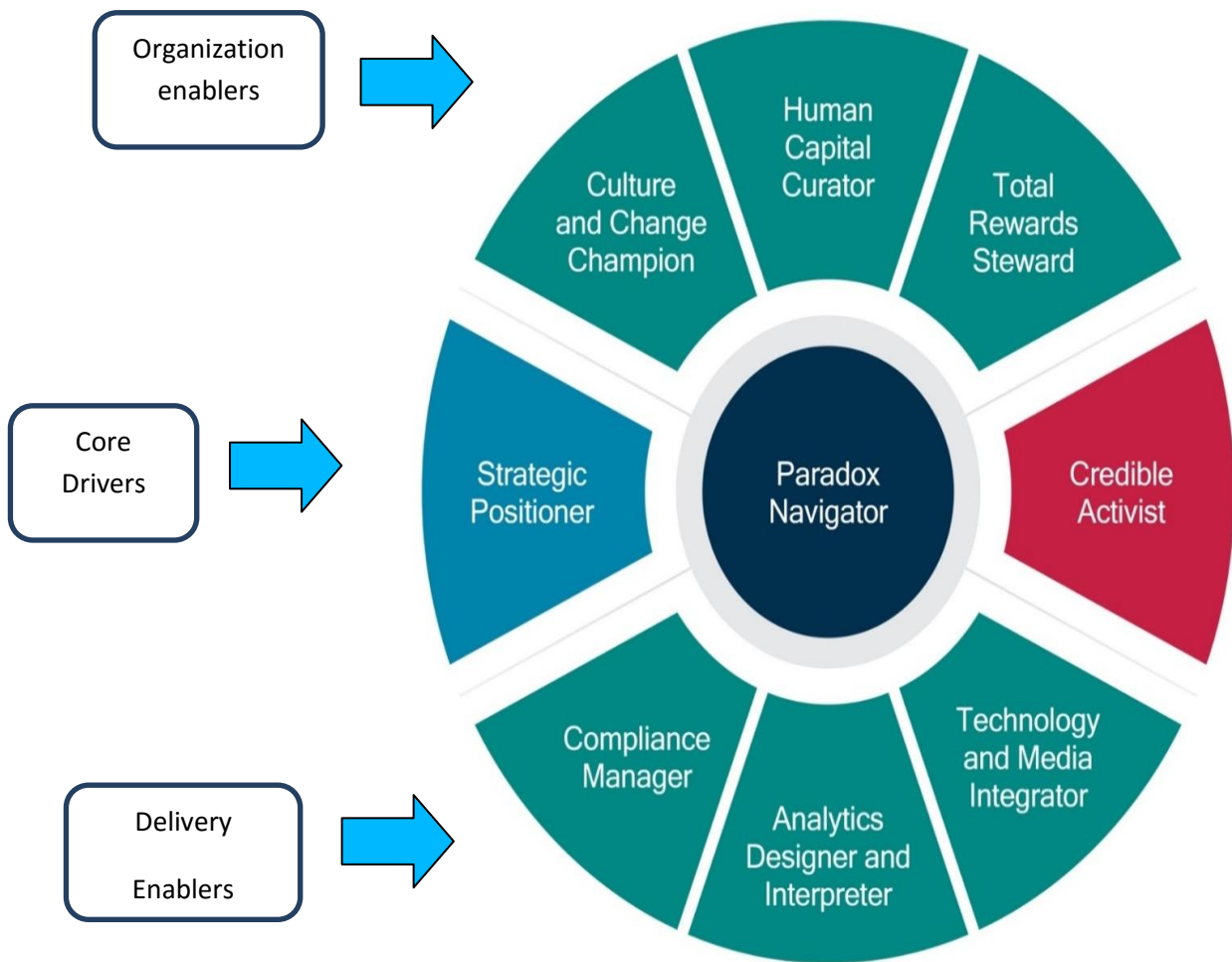
We also found three domains of HR competence that are organization enablers, helping position HR to deliver strategic value:

- ***Culture and change champion:*** Able to make change happen and manage organizational culture.
- ***Human capital curator:*** Able to manage the flow of talent by developing people and leaders, driving individual performance, and building technical talent.
- ***Total reward steward:*** Able to manage employee wellbeing through financial and non-financial rewards.

We found three other delivery enablers that focused on managing the tactical or foundational elements of HR:

- ***Technology and media integrator:*** Able to use technology and social media to drive create high performing organizations
- ***Analytics designer and interpreter:*** Able to use analytics to improve decision making
- ***Compliance manager:*** Able to manage the processes related to compliance by following regulatory guidelines.

## 2016 HR COMPETENCY MODEL



The activities related to HR department are vast and needs to be carefully understood and because of vast role of responsibilities it is difficult for the HR to find time for updation of knowledge and moreover HR don't get time to even understand and perform all of their activities. Hence, it makes it more important to introduce R&D manager to cater the need of business by making HR more effective department.

**Table 3:**

**HR outcomes by HR activities (practices)**

		<b>HR outcomes</b>		
		<b>HR will deliver value in ...</b>		
		<b>Talent (competence and commitment)</b>	<b>Leadership (leadership at all levels)</b>	<b>Capability (information, culture, change/agility, collaboration)</b>
<b>HR practice areas</b>	<b>Sourcing</b>			
	<b>Screening</b>			
	<b>On boarding</b>			
	<b>Training</b>			
	<b>Development</b>			
	<b>Performance management</b>			
	<b>Rewards</b>			
	<b>HR policy</b>			
	<b>Information/ communication</b>			
	<b>Organization design</b>			
	<b>Organization development</b>			
	<b>Other HR areas</b>			

# CHAPTER 4

## DATA ANALYSIS

### 4.1 HR Myths and Proposed Model

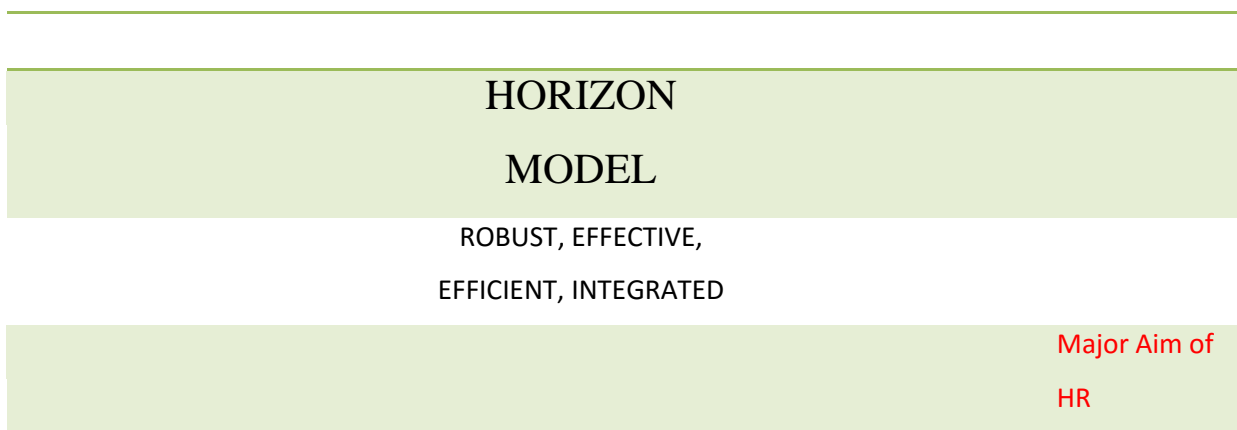
<b>Historical HR myths</b>	<b>Modern HR realities</b>
HR professionals go into HR because they like people.	HR is not just about liking people, but about understanding and solving people related problems in organizations. In fact, HR often requires tough people choices to assure business results.
HR professionals don't believe in or rely on numbers.	HR has relied on data for years; now more than ever predictive analytics guide HR decision-making.
HR professionals want to get "to the table" where business decisions are made.	HR professionals are now invited to the table; the challenge knows what to contribute to stay.
HR's customers are the employees in the company.	HR's customers are the customers of the company; HR work helps both internal employees and external customers.
HR's measures of success come from delivering the practices related to HR (e.g., staffing, training, compensation, etc.).	HR is about delivering business results; the scorecard of HR is the business's scorecard.
HR is responsible for the organization's talent, leadership, and capability.	Line managers are the primary owners of talent, leadership, and culture; HR professionals are architects who design blueprints and inform choices.
HR's primary role is to keep the organization compliant with laws and regulations.	Good HR leaders help the organization make good business decisions that match the risk tolerance (or appetite) of the organization.



These were the historical myths and modern realities for HR.

The various HR myths are not letting people understanding the roles of HR department which makes it a challenging task for all organizations to making their HR work well and for the betterment of the company. So in order to make the role clarities the following Horizon Model is being proposed to bring something that may prove as remedy to existing problems of HR department.

### Proposed HORIZON Model



S.N	COMPONENTS	STRATEGIC ROLE	OPERATIONAL ROLE	
1	BUSINESS PARTNERS	90-100%	0-10%	1. Cost Reduction 2. Efficiency
2	NETWORK OF EXCELLENCES	50-60%	40-50%	
3	SHARED SERVICES	0-10%	90-100%	
4	CASE MANAGERS	0-10%	90-100%	
5	GEOGRAPHICAL MANAGERS	0-10%	90-100%	
6	R & D MANAGERS	95-100%	0-5%	

This model is being tested on the basis of interviews and the secondary data collected. The elaborate model with all the responsibilities associated with each component is given in next chapter.

## **4.2 Challenges of Ulrich Model**

### **1. No job clarity**

The business partner model is not only one of its kinds to HR; all staff functions are trying to find ways to bring more value to either top line growth or to bottom line effectiveness.

The need for greater business performance has put all support functions under a microscope. If they are not delivering definitive and sustainable value, they have been given the mandate to change, be eliminated or be outsourced. Information systems, finance, legal, marketing, research and development and HR are all under scrutiny and pressure to create greater value for their companies. This is especially true of transaction and administrative work that can be standardised, automated or outsourced.

### **2. Aim of the model**

The objective of the business partner model is to assist HR professionals integrate more thoroughly into business processes and to align their day-to-day work with business outcomes.

This topic has been approached from several perspectives. For example, we have talked about focusing more on deliverables (what the business requires to win) than do-ables (what HR activities occur). Instead of measuring process (for example, how many leaders received 40 hours of training), business partners are encouraged to measure results (for example, the impact of the training on business performance). This approach focuses on HR's role in the creation and maintenance of the capabilities that an organisation must have in order to deliver value to its customers, shareholders, employees and communities.

### **3. Four main HR roles**

Being a business partner may be achieved in many HR roles. HR professionals tend to fit into four categories: corporate HR; embedded HR; HR specialists; and service centres.

Corporate HR professionals define corporate-wide initiatives, represent the company to external stakeholders and meet the unique demands of senior leaders.

Embedded HR professionals work as HR generalists within organisation units (business, function, or geographic). They collaborate with line leaders to ensure that their organisations deliver value to stakeholders by defining and delivering competitive strategies. They help shape the business strategy, conduct organisational diagnoses to determine which capabilities is most critical, design and deliver HR practices to accomplish strategy, coach business leaders to behave congruently with strategy, and manage the strategy development process.

HR specialists work in centres of expertise where they provide technical insights on HR issues such as staffing, leadership development, rewards, communication, organisation development, benefits, and so forth. They deliver value when their recommended HR practices are on the forefront of their respective areas of expertise and when they create new practices that add value beyond that of their competitors.

HR professionals who work in service centres add value by building or managing technology-based e-HR systems that enable employees to manage their relationship with the firm. They govern activities such as processing benefit claims and payrolls and by answering employee queries. These individuals may work inside or outside the company. They deliver value to all stakeholders by reducing costs of processing employee information and by providing accurate and timely services.

Sometimes, one of the above roles is uniquely defined as business partnering when, in fact, each of the roles is a partner to the business as they work to create value for employees, customers, shareholders, communities and management.

#### **4. Talent and organisational capabilities**

Business success today depends more than ever on softer agendas such as talent and organisation capabilities. HR professionals are centrally involved in providing the right people with the right skills in the right job at the right time. The 'war' for talent rages and will likely continue in an increasingly global knowledge economy. HR professionals also partner with line managers to identify and create capabilities such as speed to market, innovation,

leadership, collaboration, fast change and culture management. These less tangible business activities increasingly have an impact on shareholder value and are top of mind among CEOs and general managers.

Effective HR professionals not only work with business leaders to draft strategies, they also focus and collaborate on how to make strategies happen. Talent and organisational issues become the mechanisms to best deliver a strategy. Business leaders are increasingly attuned to the importance of talent and organisation as a way to turn aspirations into actions and strategic intent into business results as they co-ordinate closely with their HR professionals.

### **5. Intellectual and process leadership**

As talent and organisation issues increase in business relevance, HR professionals may help respond by being architects, designers and facilitators. General Managers ultimately are accountable and responsible for talent and organisation issues. Just as they turn to senior staff specialists in marketing, finance and IT to frame the intellectual agenda and processes for these activities, so they turn to competent and business-focused HR professionals to provide intellectual and process leadership for people and organisational issues.

Effective HR business partners are those who respond to these general management challenges. The business partner model focuses on the issues that general managers need help with to deliver business results. And because of the changing nature of business, the requirements of a business partner model are more pressing than ever before.

### **6. Problem related to business partner**

There is concern that some HR professionals cannot perform the work of a business partner and cannot link their day-to-day work to business results. Our research shows that the HR profession as a whole is quickly moving to add greater value through a more strategic focus. We have shown that high-performing HR professionals have greater business knowledge than their low performing counterparts. Thus, there is empirical evidence to support the business partner model.

But also empirically supported is that some HR professionals are not able to live up to the new expectations. This dynamic is true for almost all change efforts. In any change there is

almost a 20-60-20 grouping of those involved. The top 20% of individuals asked to change are already doing the work the change requires. The lower 20% will never get there. With training, coaching and support, the other 60% can make the move.

Occasionally, some pundits and researchers selectively report either extreme: the 20% who either can or cannot make the change. Those that want to find failure focus their reporting on the bottom 20%; those that want to find success focus on the top 20%. Likewise, some leaders often like to spend time with the successful 20% and claim they had caused it when they had not. Leaders often feel forced to spend time with the bottom 20% and try to ensure universal acceptance when they cannot. They should spend time with the middle 60% and work to inform, motivate and move them to be more successful. The same is true for HR professionals.

As with all support functions, it is undoubtedly the case that some HR professionals may never become business partners. They are mired in the past administrative HR roles where conceptually or practically they cannot connect their work to business results.

Other HR professionals are natural business partners, seeking first and foremost to deliver business value through the work that they do. Most are somewhere in between.

We see the majority of those in between moving towards rather than away from business relevance. If you look at the content of HR conferences over the past 20 years, it is clear that a shift is occurring in what HR professionals want and need to know. A decade ago there was a clamour to 'get to the table' and to become part of the business. Today, many effective HR professionals are already at the table and need to know what to do now they are there.

Being an HR poses new set of challenges related to language, culture etc. For example, historically many HR professionals use the term 'customer' to refer to internal customer. At the strategy table, the customer is generally the external retailer or end users. When HR professionals are at the table, the question, 'what do we need to do to make our customers happy has a different meaning from that of HR's traditional meaning. As HR professionals assume the business partner role, the standards for HR success shift along with the expectations of their language.

## **7. Role clarity should be there**

Being a business partner requires HR professionals to have new knowledge and skills. Traditionally, HR professionals have tended to focus on negotiating and managing terms and conditions of work and administrative transactions. The required HR skills focused on admin issues such as policy setting and administration, union negotiation and managing employee transactions.

Today, the business partner model requires HR professionals also to connect their work directly to the business. Some HR practitioners lack these skills. If they fail to acquire them, their ability to function as business partners is diminished. This strongly supports the business partner model.

Our research indicates that as HR professionals acquire the skills and knowledge necessary to be business partners, they add significant value to financial and customer business results. Likewise our research shows that those that do not make the transition in knowledge and skills are less likely to have business impact. When HR professionals are business partners, business success follows. By way of metaphor, if a person cannot work the remote for the new electronic gadget, we should not blame the gadget, but should teach the user how better to use the gadget.

## **8. Reasons for failure**

The inevitable failures in the application of the business partner model may be due to several factors.

As indicated above, 20% of HR professionals will probably never be able to adapt to the full business partner role. Asking HR professionals who have focused on policies and transactions to do talent and organisation audits and make major changes may be too great a shift for some.

Some may not make the shift to business partners because of personal interests that deter them from engaging in the business partner role. Their interests and abilities may make them focus administrative detail rather than embrace the larger and more complicated perspective of the business as a whole.

Some HR practitioners may want to be business partners but simply do not know how to proceed. Such individuals need to understand the frameworks, logic, knowledge, and skills that are necessary for them to grow into the business partner role. Substantial empirical evidence shows that HR professionals who are provided with such information can quickly apply it in adding greater value to the business.

For example, defence and aerospace company BAE Systems undertook a serious commitment to enhance the competencies of its HR professionals. As a result of the developmental programme, HR's perceived impact on business performance increased dramatically (the percentage of line managers rating HR as four or five in business effectiveness increased by 120%).

There may be some cases where an organisation's success does not depend on individual abilities or organisational capabilities. For example, a company may have a monopoly, and may be protected from competitive pressures. In such circumstances business performance may be dictated primarily by the maintenance of that monopoly. Internal dynamics will have relatively less to do with business success than the maintenance of the monopoly.

Therefore, HR professionals who push for alignment, integration and innovation in talent and organisation are less likely to contribute to business success. In addition, our recent empirical work together with our colleagues, Alejandro Sioli and Arthur Yeung, shows that HR is most closely associated with business performance under conditions of significant change and has substantially less influence under conditions of little change. So, HR's impact on business may vary depending on the business setting.

Some line managers have trouble either accepting the importance of talent and organisation and/or accepting HR professionals as significant contributors to these agendas. This may be due to their having a limited perspective on the changing nature of business or due to past bad experiences.

Research by a number of consulting firms shows that senior level executives are focusing more on issues such as strategy execution, leadership, talent, and change - all HR agendas. Therefore, managers often want and need what effective HR professionals can help them deliver.

## CHAPTER 5

### RECOMMENDATIONS AND SUGGESTIONS

#### 5.1 Proposed HR model framework:-

This is the proposed framework of the various roles and responsibilities of the components of Horizon Model.

Component	Keyword	Primary Interactions	Key Activities
Leadership	Governance	<ul style="list-style-type: none"> <li>➤ Senior Leadership</li> <li>➤ HR Leadership Team</li> <li>➤ Board of Directors</li> </ul>	<ul style="list-style-type: none"> <li>▪ Provide leadership direction to HR organization to achieve business strategy on senior management input.</li> <li>▪ Provide governance and consistency across HR and business.</li> <li>▪ Own the budget.</li> <li>▪ Prioritize HR investments (time, resource and finance).</li> <li>▪ Meet the top level CEO's and responsible persons for development of the HR department.</li> <li>▪ Clarify all the doubts and administer the entire staff regarding their roles and responsibilities.</li> </ul>
Business	Consult	<ul style="list-style-type: none"> <li>▪ Business</li> </ul>	<ul style="list-style-type: none"> <li>▪ Ensure that HR talent is fully</li> </ul>



Partners		<p>Leaderships of Centre of Expertise</p> <ul style="list-style-type: none"> <li>▪ Centre of Expertise</li> </ul>	<p>capable.</p> <ul style="list-style-type: none"> <li>▪ Responsible for developing and updating an effective HR function structure.</li> <li>▪ Ensure that business units' strategies are supported with HR programs to provide competitive advantage.</li> <li>▪ Ensure that the people implications of business decisions are understood and addressed.</li> <li>▪ Broker HR services for business units.</li> <li>▪ Monitor cost management and cost containment within the business unit.</li> <li>▪ Develop business unit workforce strategy, providing decision support and executive coaching.</li> </ul>
Centre of Expertise	Design	<ul style="list-style-type: none"> <li>➤ Shared Services Center</li> <li>➤ Business Partners</li> </ul>	<ul style="list-style-type: none"> <li>▪ Set strategy for their functional areas like:- <ul style="list-style-type: none"> <li>○ Talent Acquisition.</li> <li>○ Training and Development.</li> <li>○ Compensation &amp; Benefits.</li> </ul> </li> <li>▪ Align HR strategy and specialized</li> </ul>

			<p>HR service requirements.</p> <ul style="list-style-type: none"> <li>▪ Design common solutions applied across organizational boundaries.</li> <li>▪ Design specific business unit solutions.</li> <li>▪ Handle complex questions referred from Shared Service Center.</li> <li>▪ Provide deep content expertise in chosen area.</li> </ul>
Shared Services	Operational Support	<ul style="list-style-type: none"> <li>▪ Managers</li> <li>▪ Employees</li> <li>▪ Applicants</li> </ul>	<ul style="list-style-type: none"> <li>▪ Focus on service delivery directly to employees and managers.</li> <li>▪ Handle transactional activities and enquiries by phone and e-mail.</li> <li>▪ Manage outsourced vendors.</li> <li>▪ Outsource key services (sourcing, documents verification etc.)</li> <li>▪ Responsible for HRIS system including employee and manager self-service.</li> <li>▪ Responsible for all operational works.</li> </ul>
R & D Managers	Coach	<ul style="list-style-type: none"> <li>➤ Managers</li> <li>➤ Employees</li> </ul>	<ul style="list-style-type: none"> <li>▪ Bridge line manager skill and capability gaps for all people-related activities (like goal</li> </ul>

		<ul style="list-style-type: none"> <li>➤ Shared Service Center</li> <li>➤ Business Partners</li> <li>➤ COEs</li> <li>➤ Case &amp; Geography Managers</li> </ul>	<p>settings, performance review etc.).</p> <ul style="list-style-type: none"> <li>▪ Compensation and benefits.</li> <li>▪ Coach line managers as super-user of HR tools, programs and technology.</li> <li>▪ Keep the HR department up to date in terms of new research and practices.</li> <li>▪ Take feedback from employees and to provide sustainable solutions.</li> <li>▪ Maintain good relations between HR and other departments.</li> <li>▪ Handles the employee engagement practices effectively (NGO, other activities etc.).</li> </ul>
Case & Geography Managers	Escalation & Site Support, Compliance	<ul style="list-style-type: none"> <li>▪ Managers</li> <li>▪ Employees</li> <li>▪ Business Partners</li> </ul>	<ul style="list-style-type: none"> <li>▪ Handle complex issues and escalated activities (Compliance).</li> <li>▪ Dialogue with social partners/work councils.</li> <li>▪ Provide onsite support in region or location or countries with large employee populations.</li> <li>▪ Handle country specific issues around employee engagement,</li> </ul>

			<p>labor relations and employee relations.</p> <ul style="list-style-type: none"> <li>▪ Local rollout of new/annual HR programs (in conjunction with People Develop Managers).</li> <li>▪ Occupational Health and Safety.</li> </ul>
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## 5.2 Other Alternatives

There are really few other options. When someone said to us that the business partner model was not working, we asked: 'What would you suggest?' The following are the two responses we received.

First, 'Some HR professionals do not know the business well enough to be able to function as business partners'. Second, 'Some HR professionals are too enmeshed in transactional administrative work to be able to function as business partners'. Both of these problems have direct and obvious solutions.

The solution to the first response is that HR professionals need to learn the business inside out. They must know it well enough not only to do better HR work but also to be able to contribute to the strategic decision-making processes of the senior management team. The solution to the second is that much of the admin work will need to be outsourced or digitalised for electronic processing.

The reality is that HR professionals must evolve into being the best thinkers in the company about the human and organisation side of the business. The nature of business is dramatically changing. Changes are occurring in virtually every element of the social, political, and economic environments that affect business. They include technology, globalisation, communications, regulations, competitiveness, demographics, shareholder demands and a tight labour market for key talent.

Under such conditions, the human side of the business emerges as a key source of competitive advantage. Therefore, specialists in the processes of human and organisation optimisation become central to business success. These specialists should reside in the HR department as business partners.

## **CHAPTER 6**

### **LIMITATIONS AND FUTURE SCOPE OF THE STUDY**

All the models given or proposed are not checked for the reliability & validity these are only based on research papers and my knowledge based on the interviews and secondary data collected. Further for the future scope the proposed model can be checked and verified at the industry level. Other limitation is that the interviews were not conducted at bigger level only few organizations from different part of countries were interviewed to carry out the study. The Ulrich model needs to be implemented in all the organization whether at small, medium or large scale companies in order to make company highly efficient by keeping HR in line.

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