

**A Model and Process for Redesigning  
the HRM Role, Competencies and Work in a Major Multi-National  
Corporation**

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Published in HRM Journal, University of Michigan  
Summer 1995

### *Executive Summary*

*The paper presents a model and a detailed process for redesigning the HR function by contracting with line executives for new roles, and by upgrading the competencies of the human resource management staff while reengineering the HR delivery systems. The experience of a large, successful company that developed and implemented the process is described. The article argues that the use of "best practices" contributes less to creating a world-class HRM team than to redefine the fundamental partnership role supported by the line organization. Partnering is defined in an operational manner with the HR grid.*

### **The Case for Repositioning the HR Function**

For more than a decade human resources management has aspired to be a business-partner to general management. Fulmer (1990) characterized the new role as the "right hand to strategy implementation." Galbraith (1992) has argued for the need to "reposition" the function, much as one would reposition a company to make it more competitive. In Galbraith's view, a collection of businesses are more valuable together as business group because of the integrating capability the human resources organization provides (in leveraging key talent, for example). The HRM literature and corporate rhetoric alike, make the business-focused HR contribution a strategic imperative. But strategy and practice remain miles apart (Ulrich, 1992).

Today, reengineering has made its way to the top of the agenda, and many, if not most, corporate HR departments have begun to apply reengineering to their own processes. But reengineering today's delivery systems to radically improve the manner in which benefits are administered, employees are recruited and other services are delivered, will not, in itself, generate greater strategic value to a company. It will reduce waste, and it may result in more satisfied internal clients; but it will not change the fundamental role that HR professionals play in the business, or the value they add to shareholders.

While processes should be redesigned, effectiveness for a given company must be determined by the business strategy. The recent experiences of several Fortune 100 companies demonstrate the importance of a working with top management to contract for a new or realigned role before getting on with the task of reengineering.

The literature and practical experience of scores of companies makes it clear: Strategy does not translate to a value-adding role when there is weak consensus on the nature of the role and inadequate competencies to carry it out.

Several recent efforts to redesign the function have received some attention (See Table D). Viewed together as a whole, three redesign tactics provide opportunities for breakthrough:

- a. contracting with line management for a new role for HR,
- b. identifying and developing new HR competencies,
- c. redesigning HR work, systems and organization.

While each of these design tactics has proven valuable, none is adequate, in itself, to create the level of change necessary to reposition the function as a strategic contributor. Contracting for new roles without the competencies to deliver is pointless; redesigning or eliminating work without a consensus from the client organization leads to confusion and dissatisfied clients; building competencies based on historic assumptions about the role risks obsolescence and disappointment.

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***(Insert Table 1 about here.)***

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### Contracting New Roles

One of the single most challenging experiences for many HR executives and their staffs is the multiple sets of expectations that define their role. Throughout business there is great emphasis placed on re-engineering work to assure that each function is "doing the right things" (vs. merely doing things well). Implementing a significantly different role for the function requires buy-in from a broad constituent base; consensus must be built across several sets of stake holders (Olian, 1991):

- top line management,
- functional top execs (HR),
- middle management,
- employees.

While processes should be redesigned, effectiveness for a given company must be determined by the business strategy. Although it may reduce cost dramatically, *reengineering today's delivery systems does not, in itself, add greater value to the business mission.* A new contract is needed before today's delivery processes are reengineered.

Ulrich (1992) has argued for a "contract" between HR staff and clients for outcomes to support business implementation. HR practice areas can be defined in categories

(Tichy, et al. 1984), but categories of practice or know-how do not assure that HR staff are "doing the right things" to support the business plan.

The experience of many HR staff members in operating companies is that line executives will ask them to "be more strategic" but have a difficult time defining what that means; it is even more difficult to reach consensus on what work should be eliminated in order to shift resources from services, say, to enhancing the competitiveness of the business.

Contracting must be a two-way dialogue in which client managers influence and are influenced by their HRM suppliers. A process is needed to identify HR priorities for the business through intense involvement of both HR and line management.

### Competencies

Wilhelm (1990) and others have described what practitioners know too well. The business-partner role for HRM requires more than a clear role definition or "contract" to deliver certain outputs; it requires leadership, strategic planning and business know-how. For most traditional HR organizations, these skills have been neither expected nor developed. A new role means developing or acquiring very different skills and knowledge. This process continues to move slowly in many good companies.

Research in HR competencies (Ulrich, Brockbank & Yeung, 1990; Schein 1986; Lawson, 1990), has moved the function ahead. Studies have highlighted the need for change agent skills and business knowledge. The application of these models must continue to be adapted to organizational realities. Competencies and behaviors must be selected based on a clear set of outputs and with sensitivity to company culture and values.

### Redesign of HR Process and Structure

Reengineering has found its way into every corner of the organization in many companies. Properly regarded as a means to lasting change, the redesign of processes and the elimination of non-value-adding work in human resources management provide the same powerful opportunities they do in other business processes.

Hoechst-Celanese, Corning Glass, NYNEX, Reynolds Metals and others have launched design teams to map HRM processes and to expose the function to the same scrutiny that business teams apply to operations. CEO, Paul Allaire has described the redesign

of staff responsibilities away from functional work to client-centered consulting at Xerox (Howard, 1992). Like Xerox, Banker's Trust and Merck and others have realigned the focus of HR work around issues that affect business performance, and away from functional disciplines. Organization structures are being realigned to concentrate administrative service centers, while distributing functionality, in many companies. Internal consulting organizations are replacing traditional HR functional units.

#### Whirlpool Corporation -- North American Appliance Group

Whirlpool Corporation is the world's leading major home appliance company, with revenues in excess of seven billion dollars; the company manufactures in 12 countries and markets products under 10 major brand names in more than 120 companies. Whirlpool's North American Appliance Group (NAAG) is a regional sector of the global appliance company, with revenues in excess of four billion dollars. NAAG develops, manufactures and markets all the product lines for distribution to North American markets. Although the business is functionally organized, its products are managed through cross functional product-business teams; cross-functional teaming is encouraged through four major, horizontal business processes.

A value-based consumer marketing strategy is the key strategic driver for the entire North American business. Three "platform goals" provide the call action for operating units across each of the product lines. All functions, including human resources, are expected to contribute to those platform goals.

The NAAG human resources organization was historically effective managing the fundamentals of employee relations management. In 1992 NAAG developed a human resources strategy, based on established HRM practice areas and tied to the competitive business plans of the company. The plan was published and presented at both internal and external conferences. But two years after it had been developed, top HR and line executives were frustrated at the extent of implementation, especially within the manufacturing and technology divisions and the sales and service units. Divisions were accustomed to setting their own human resources priorities. Resistance to "interference" from the corporate administrative center was common. The platform business strategy required greater linkage and focus on the critical few, and it required a greater value-added contribution from the HR function. NAAG HR executives were determined to create breakthrough change, but hoped to do so without forcing it upon the divisions.

Among the more important barriers to implementing the strategy were the following:

- Many initiatives required that senior operating management buy in to a change-agent role for the function.
- While many senior executives communicated higher expectations for the contribution of HRM, they could not articulate their expectations well; often expectations among executives were in apparent conflict.
- While HR staffing levels (and all other staff) were under constant pressure for reduction, there were not enough professionals with the competencies required to provide a staff leadership role.
- All staff members felt over-worked; there was no more room for working harder; while work needed to be eliminated, there was no agreement on which tasks could be dropped or re-designed.

These and other issues led to the initiation by NAAG HR of a design team composed mostly of division HR people, led by the group director of employee relations, Michael Simeck. His relationships with key line executives were critical to the process. The design team developed its charter as an extension of the corporate Whirlpool quality process, known as the Worldwide Excellence System (WES). A standing committee of key line executives was responsible for the implementing and measuring the "people" categories of the WES measurement dimensions. The committee served as sponsors for the process.

The CEO's corporate vision and values for Whirlpool, combined with the corporate quality system, provided a clear context and direction for redesigning the HR role. Corporate human resources strategies served to further guide the priorities of the process.

### **A Multi-Dimensional Model**

A literature search, and studies within Whirlpool NAAG (and other companies) led to the design of a multi-dimensional model to assist in creating an integrated process for contracting new roles, developing new competencies, and altering practices and processes.

Value-adding improvement strategies depend on "doing-the-right-things," rather than the more traditional approach of "doing-things-right." Applying the logic to HR work

leads to the following propositions: a) HR technical skills are a necessary but insufficient requirement ("doing-things-right"); b) focusing that know how (and resources) in higher value-adding roles, work that has greater leverage on organizational outcomes, amounts to "doing-the-right-things." Both are critical to positioning the function for increased impact and productivity. (See Table 2.)

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***(Insert Table 2 about here)***

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An effective model for guiding the design and contracting of new roles should drive both propositions. The proposed model treats the two priorities as *separate* dimensions of effective HR work:

1. HR Practices (Technologies)
2. Performance Capabilities (Value-adding role)

#### Dimension One: HR Practices

Established models provide the basis for defining categories of HR know-how and work; the work of Tichy, et al. (1984), later adapted by Ulrich and Lake (1990), provides a well-known model:

- i. staffing and selection
- ii. development
- iii. performance management
- iv. rewards and recognition
- v. organization design
- vi. communications



The Malcom Baldrige award prescribed categories for judging the effectiveness of HR practices. They are key business process streams, and they provide an effective basis for defining functional elements of HRM. Schuler (1991) has described the relationship between HR practice areas and the essentials of Deming (1982) management principles. Within Whirlpool NAAG, the Baldrige criteria were adapted to provide the categories for HRM practice areas or process streams. (See Table 3) Outputs can be identified for each of these processes; the outputs become the basis for contracting roles; the contracting discussion must go beyond categories of functional work. HR performance can only be judged on how effectively HR outputs add value for customers and shareholders.

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***(Insert Table 3 about here)***

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### Dimension Two: Performance Capabilities

Contracting with line executives on priority practice areas and outputs is not enough. In order to implement HR strategy there must be agreement with line executives about how the fundamental HR role will change, beyond the re-engineering of today's delivery systems. Put another way, what value will be added by HR? Is the role to complete tasks and deliver programs? Or, in the case of training and education, for example, is the role to enable others to be better business people? Defining this fundamental orientation toward HR work is critical if the HR organization is going to redesign itself to execute its role as "the right hand of strategy implementation."

The "performance capabilities" (PC) model was developed to provide a means of defining, communicating and measuring this fundamental orientation of the HR role.

The model is a continuum of value-adding roles that can be carried out for any major business issue. It can be used to contract the role of HRM for any given practice area or process stream. The continuum includes six roles, each of which is a distinct competency:

1. catalytic influence
2. diagnostics and fact-based analysis
3. innovating business structures and processes
4. assuring standards
5. administration and services
6. problem-solving

The first three performance capabilities generally exert more leverage; through a partnership with line people they create benefits to the line organization beyond the immediate labor of the HR staff member . The second three PCs exert less leverage, because they are more transactional; they are likely to add less value per resource dollar invested. (Most working HR units quickly conclude the bulk of current activities and resources fall in the "controlling, administering and problem-solving roles.) (See Table 4.)

The absolute value of the various PCs can only be judged in the context of a given company and its needs; but generally, business strategy is more directly supported by the partnership-oriented performance capabilities (the first three PCs) than by the service transactions portion of the continuum (the last three PCs). The most effective use of resources is served when the continuum is utilized effectively.

Taking an active role in the left side of the continuum first will normally reduce the resources consumed on the right side of the continuum later. As an example, labor relations planning and joint labor-management process facilitation will usually result in less labor relations problem solving. It is intuitive for most seasoned HR executives that efforts to build support for initiatives as far-reaching as workforce diversity, employee involvement, or even training, are diffused investments of energy and program fodder without: a) an element of consensus, b) support for change, and c) defined processes for initiatives to be designed and implemented within operations, *usually by operating people*. It is in the partnering side of the continuum that these conditions are accomplished best. Many or most HR units begin implementing major initiatives on the transaction side of the continuum.

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**(Insert Table 4 about here)**

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Ulrich and Lake's (1990) HR practice areas can be implemented by focusing the staff work on the transaction or maintenance-oriented roles on the right side of the model (e.g. delivering training programs), or the practice areas may be viewed as the tools of highly skilled business people who fundamentally view their role on the left side of the model. *It is this distinction, not the choice of practices, that differentiates an activist function from an administrative function.*

One division vice president in Whirlpool pointed out, correctly, that both halves of the performance capabilities chain must be delivered to the appropriate extent and in a highly competent manner. Many HR managers never gain the opportunity to work on the high-value side of the chain, because they are not credible in the fundamentals of the service-transaction elements.

#### The HR Processes Grid

Juxtaposing HR practice areas or technologies with the performance capabilities provides a matrix with which a dialogue can take place:

- a. to contract for priority, value-added roles -- *while influencing the expectations of internal clients*
- b. to identify a set of required competencies that reflect those priorities
- c. to redesign the work and processes

In Whirlpool NAAG, the grid provided a tool for repositioning the HRM function. (See Table 5.)

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***(Insert Table 5 about here)***

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The grid provides the basis for a tangible discussion with line managers about the role of HR. These and other questions should be answered with regard to both today's HR organization and the desired state:

- What is the HR work that needs to be performed?
- Who are the best people to perform it?
- Where does the HR organization clearly add the most value?
- What are the specific outputs required, and in what time-frames?
- What is the relationship between line and HR staff in those major practice areas?
- How are we allocating resources among the "cells" of the grid?
- What can we stop doing?

The answers to these questions, for the future state, constitute the basic contract with the line organization.

#### The NAAG Design Team Process

With the help of the consultant, NAAG set out to design a process to reposition the function, supported by action research with internal clients and external benchmark data. The design team determined that three design tactics would need to be utilized in a single process: contracting for a new role, competency assessment, and development and redesign of processes and work.

A design team was established for NAAG, made up of five division HR directors, two group directors, and the consultant. Ownership in the operating HR units was enhanced by the team membership. A four-stage process was defined:

Stage 1:

chartering the design team and gathering data

Stage 2:

data interpretation and contracting for the new HR role, tasks and competencies

Stage 3:

developing three-year implementation plans for each of the business units, and assessment of current incumbents

Stage 4:

implementation of development and staffing plans

The design team identified a set of deliverables for each stage of the process. The stages are described below in more detail.

Stage 1: Chartering and Data Gathering

- a. A scan of the competitive success factors in the business strategy and key initiatives was completed. The design team was oriented to the performance capabilities model and examples of redesign processes in other companies; team members tailored the model to the needs of the business. A two-year design process was developed.
- b. Benchmark visits to other companies were completed to help to examine specific practice areas that were areas of concern or opportunity and to raise the expectations of the design team relative to the seven practice areas.
- c. The data collection process included interviews with senior executives, focus group sessions with nearly 100 managers from across the diverse units and group functions, and surveys from an additional 150 managers and staff. The questionnaire design was based on the HR process grid. Respondents were asked to identify which cells in the 36-cell grid should be further emphasized and which should be de-emphasized over the next five years, given the business strategies. Additional questions were aimed at discovering what activities could be eliminated, consolidated, or automated, either at the business unit or sector levels.

The data-gathering was designed to be an action-research process; data would be fed back to both local and NAAG client management in an effort not to merely identify expectations, but to influence them. The design team hypothesized that middle management responses would be more inclined to emphasize the maintenance and service-oriented portions of the grid than would the responses of senior executives. (This proved to be true.) Feedback meetings were intended to increase support for the partnering (left-side) elements of the grid.

In addition to internal client data collection, external benchmark data were utilized to enrich the process and to keep the design team anchored to external standards. The primary value of the external data proved to be extending the credibility of the conclusions and challenging the design team to raise its expectations for the repositioning the function.

## Stage 2: Data Interpretation and Contracting the New Role

- a. A summary of the data gathered from line and staff management across NAAG included the following:
  - The HR function must contribute significantly more to the business.
  - HR should shift resources from transaction-oriented to partnership-oriented performance capabilities -- especially in "catalytic influence" and "process innovation" capabilities. (See Table 6.)
  - Resources need to be shifted among the HR practice areas to reflect platform business strategy challenges. (See Table 7.)
  - Most business units should increase resources invested in training and education and talent-pool management.
  - Most business units should reduce resources expended in "well being and morale.
  - Net total resources should be decreased gradually.
  - There are highly mixed expectations for the role of the function within line management, especially between top NAAG management and middle managers in the divisions. These expectations need to be debated at various levels of the organization and tough decisions made for future emphasis.
  - The "catalytic influence" role is the single greatest area of confusion and distrust between operating managers and HR staff; it is also the

area requiring the single greatest improvement in staff member skills.

- The NAAG HRM staff is doing an inadequate job of sharing best practices among the operating units and providing technical support to the key disciplines.
- Significant changes are needed in the current skills/capabilities and the deployment of resources.

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***(Insert table 6 about here.)***

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***(Insert Table 7 about here)***

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b. Design work followed the analysis; it led to the development of the following documentation:

- The proposed HR role on a company-wide basis, based on the HR grid priority cells. (See Table 8.) The HR grid illustration summarizes the preferred future emphasis for HR resources including activity areas where resources should be reduced.
- A set of "dictionaries" that would serve as a menu for each HR unit and individual to define their own outputs and measures, competencies (and knowledge, skills and attributes), and priority practices
- A proposed HRM organization design, including basis of focus, reporting relationships, and staffing models
- A set of new position models for all managerial HR positions built from the dictionaries (outputs, tasks, and competencies for each)

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***(Insert Table 8 about here)***

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c. Contracting and feedback meetings were completed to share the conclusions from the data with NAAG -sector executive committee, creating a contract with top management. Dialogue among the officers with the data revealed more consistency in expectations than the HR staff had anticipated. Some elements of the findings were not acceptable to officers, and the priority cells were adjusted to reflect these expectations. Top officers had higher expectations for the extent of catalytic influence from HR



staff than did middle managers. (Subsequent contracting would occur later in operating divisions led by unit HR staff.)

### Stage 3: Three-Year Application Plans

The team developed an assessment and development manual that would be used as a guide for each division or location HRM unit to develop a strategy for repositioning the function over a three year period of time. The deliverables included:

- a. methods and materials for contracting a shared set of expectations among key line and staff management for the role the function must play in supporting the unit competitive strategy (defined in outcomes and practice priorities)
- b. a draft set of generic job models for all managerial HR positions, built on the dictionaries, and which could be adapted by divisions
- c. a process to assess all current professional incumbents (based on peer and client evaluations), against 19 competencies and 195 knowledge, skills and attributes (KSAs)
- d. a challenge to improve total cost productivity by 5% per year, and tools for identifying work elimination (or consolidation or automation where feasible)

### Stage 4: Implementation

Each division identified its own timetable and action plans for implementation. The plans developed by each NAAG location or business unit would be implemented by the units, with support of sector staff, and with efforts to share best practices and experiences with the implementation between business units.

The larger challenge lay in contracting with line management in the operating divisions to support a stronger, business-partner role for the function. This would require *developing the competencies in the divisions to perform this new role while continuing to improve abilities to deliver fundamentals*. The design team was determined to create major change in the operating HR units but with the continued support and involvement of key leaders within local HR groups. The team planned an implementation process making every reasonable effort to minimize resistance and defensiveness among current staff.

The process in the divisions was designed to be implemented in five steps:

1. communicate summary data from the NAAG HR model to division/location management; begin to build support.
2. develop a forward-looking HR vision (roles and goals) for the division, based on the NAAG model; "contract" with line management for a shared expectation for HR.
3. assess the current competencies of all HR staff against the competency dictionary for the future.
4. prepare a three-year staff and organization development strategy for the division to improve individual and collective capabilities of the function.
5. implement the action plans to reposition the function.

### Implementation Tactics and Tools

In order to prepare division staffs to fully implement the futures models and to meet the expectations of the process, a three-day training workshop was developed, and included the use of an implementation manual for each division HR team to utilize in developing its own strategy.

The directors of HR in each of the operating units were briefed on the process by their peers on the design team. Then a series of workshops were conducted by the external consultant and members of the design team with 65 HR professionals from across the businesses. The contents of the workshops and the manual were developed around the five steps defined above. Key portions of the implementation process are described below.

The core of the development manual was the HR dictionaries or data-bases for future outputs, practices and competencies (and KSAs) for the HR function in NAAG. These detailed lists, created by the design team, based on the internal and external studies, provided a form of menu from which job models could be built, local HR objectives could be set, staffing requirements established, and current staff could be assessed. The dictionaries constitute a menu. They assure linkage in the divisions and locations with the company's HR design.

The HR outputs and measures in the dictionary were developed around the HR practice areas, but based mostly on their contribution to the three business platform measures

(quality, cost and speed). Each measure was written with a quality, cost and speed dimension.

The HR Grid provided the basis for analyzing current HR budgets and staffing alignment. The served as the basis for tangible dialogue with line partners about what practice areas should be retained, and what areas should be reduced. Non-value-added work could be identified in a fact-based.

The Headquarters HR Role

Two years into the process, implementation in the divisions was slowly moving forward, often distracted by the many operating initiatives underway throughout the business. As sponsorship flagged periodically, defenders of the status quo assumed more control in the process.

In 1994 a new vice president for human resources in NAAG brought new energy to the implementation process while retaining tight focus on the change strategy already underway. Restructuring the headquarters HR department was one of his first priorities.

The headquarters HR organization designed a new organization structure around three fundamental roles, driven by the architecture of the HR grid. All headquarters work could be organized around three major processes, each with a distinct charter:

- a. HR technology ownership
- b. Business consultant/partner
- c. Service center management

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***(Insert Table 9 about here)***

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The new headquarters architecture would provide an improved means of leading the change process in the business units. The service center leader role, for example, provided the focus for a strong, transactional-systems reengineering initiative. (See Table 9.)

### Competencies Assessment

The dictionary of 14 competencies and 125 KSAs provided the basis for constructing assessment tools and survey methods. (See Table 10.) The design team identified key objectives for the process of assessing all current, professional HR incumbents to assure benefits for the corporation, the operating divisions and individuals in the function:

- fact-based way to identify gaps in the overall talent-pool
- pro-active means of re-positioning the entire function across NAAG
- allow division HR directors to create plans/actions to upgrade the unit HR organization
- increase the impact of HR on the unit operations; assure that the new role will be implemented fully
- motivate/provide insight to self-development by incumbents
- allow NAAG HR to target talent pool and training programs to support individual development

The assessment process was designed to provide an evaluation of incumbents on the dictionary of "foundation" and/or extended KSAs by "multiple raters":

- the direct supervisor
- the skip-level manager
- internal client managers
- HR associates (peers and direct reports as appropriate)

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***(Insert Table 10 about here)***

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### Competency Assessment Findings

The overall assessment findings for the 115 professionals in the overall NAAG HR community were not a surprise to most design team members. A simple ranking of the effectiveness of the six performance capabilities based on mean consolidated ratings of all respondents reflected the history of the controlling and problem-solving roles played in the past. The ratings of least effectiveness among the six performance capabilities were "innovating new structures and processes" and using "diagnostic analyses." Among the HR technical practices the average NAAG HR manager was rated as most skilled and knowledgeable in workforce "well being and morale." KSAs related to providing training and education or organization design solutions were rated as least effective on average. (See Table 11.)

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***(Insert Table 11 about here)***

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Business knowledge was consistently rated as the least effective of the three major categories of know-how, required to be effective in the future. Clearly the extent of alignment between competencies and the contracted expectations of internal clients was weak.

Each incumbent received a detailed feedback report and participated in a developmental planning meeting with his/her supervisor, aimed at targeting development to those areas that would provide the greatest return to the business plans.

### Developmental Planning

An HRM organization and staffing development paradigm was developed, adapted from Wilhelm's model (Wilhelm, 1990) to guide the planning and implementation

process in the divisions, based on six core intervention categories for repositioning the function:

1. individual training and re-training
2. "seeding" the talent pool with new hires
3. transfers from between divisions (based on a "managed experiences" model for key positions)
4. selective use of consultants (specialized tasks)
5. reorganization
  - new/redesigned positions
  - consolidation/elimination of work
6. distributing tasks to line employees

Plans were begun to collaborate with the corporate training and education unit to develop a curriculum for HR staff. The consolidated results of the assessment of all NAAG HR professionals provided a rich data base or defining curriculum needs.

While the most difficult stages in the change process still lay ahead, NAAG had begun the process of repositioning the role of human resources for future.

### The Role of the Consultant

In the Whirlpool NAAG redesign process, the consultant role included the following:

- to act as a catalyst, both with the design team and the division general managers
- to provide helpful models and tools, which could be adapted by the design team to fit the specific needs of the company
- to facilitate and guide the design team meetings on a monthly basis throughout the first three phases
- to provide technical (HR) knowledge and strategic planning skills to the design-team effort
- to tabulate, synthesize and analyze data

### Lessons for Redesigning the HRM Organization

Based on the first three stages of the process in Whirlpool (and the experience of other large corporations) the following observations should be considered regarding a major redesign of the HR function:

- The partnering orientation for HR is different from the popular internal "customer" model; real customers are outside the corporation. Partnering connotes a *mutual obligation* to those customers and the business goals; that is the true nature of contracting for a new HR role.
- The role of line management in the process is critical. Care should be taken to clarify who the critical partner/clients will be in the contracting process. A broad-based consensus (Olian, 1990) may not be attainable. Be prepared to answer the question, "Whose priorities matter the most?"
- Ultimately tough decisions must be made among the many priorities. Candid give and take on priorities is key to the entire process. Effective stakeholder management is different in subtle and important ways from consensus building; it is a critical competency for HR leaders.
- While demanding more cost effectiveness, organizations steadfastly resist eliminating HR service activities. This must be overcome with strong leadership. Eliminating some HR work (or returning it to the line organization) is often unpopular, especially with middle management, who complain about high costs and the bureaucratic nature of personnel management, while enjoying many of the conveniences these services provide.
- Altering the collective competencies of an entire HRM organization is a difficult task that requires the use of varied staffing and development tactics. The credibility of the redesign process depends largely on the willingness of HRM to actively pursue these changes.
- As such, "contracting" with senior line executives is somewhat conditional; top executives effectively reserve the right to withdraw from the contract unless tangible changes are made in the competency of the HR staff members.
- In addition to developing competencies, two actions are absolutely required to accomplish a major shift in resources from the "transactional" tasks to the "partnering" side of the grid: work must be eliminated and/or reengineered and the line organization must accept greater responsibility for managing its human resources. The latter of the two may be the greatest obstacle to change. (HRM staff members and their line "clients" are co-dependents relative to the status quo in most large companies. Both partners resent this fact but often seem unable to alter it.)
- Deliverables that assure genuine change (such as business goals, job models, structure design, process changes, etc.) need to be clearly identified early in the redesign process .

- The change process requires momentum and continuous, assertive leadership. Tangible progress needs to be shown soon.

### Conclusion

Partnership requires break-through change in the roles, competencies, and work of the HR function. HRM must redesign its role to contribute to business strategy implementation; it must retool its staff competencies to deliver results accordingly. The redesign should be based on "contracted" expectations with line management. An effective process will *exert influence on those expectations*, while it molds the role and behavior of HRM staff at all levels and across diverse operating units.

While process reengineering provides break-through change in current processes, it does not necessarily anticipate entirely new processes or roles, and it does not define the fundamental role in the business. The model and the process described provide the basis for focusing the contracting dialogue, raising the expectations of the organization and creating a road map for driving break-through change in roles, competencies, and work processes.



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**Table 1. Successful companies that have completed or are currently engaged in restructuring or re-focusing the HR function:**

Banker's Trust  
Corning Glass  
Eastman Kodak  
Hoechst-Celanese  
IBM  
Johnson and Johnson  
Merck and Co.  
Pitney Bowes  
Reynolds Metals Co.  
Texas Instruments  
Wal-Mart Stores Inc.  
Xerox

**Table 2. Value-Added Approach to HR Priority Setting.**

<i>"Doing the Right Things"</i>		
<i>"Doing Things Right"</i>	<b>Low-Leverage Work</b>	<b>High-Leverage Work</b>
<b>Strong HR Know-How</b>	<ul style="list-style-type: none"> <li>• good technical contribution</li> <li>• constantly over-worked; "valet"</li> <li>• client-dependency</li> <li>• good fire-fighter</li> <li>• bottlenecks/controls</li> </ul>	<ul style="list-style-type: none"> <li>• strategic/diagnostic</li> <li>• enable others</li> <li>• teacher/coach</li> <li>• process developer</li> <li>• problem-preventing</li> <li>• optimized skills</li> </ul>
<b>"Weak" HR Know-How</b>	<ul style="list-style-type: none"> <li>• irrelevant</li> </ul>	<ul style="list-style-type: none"> <li>• pass-through contributor</li> <li>• not contributing to infrastructure</li> <li>• avoids details</li> <li>• sub-optimal impact</li> <li>• may be "politician"</li> </ul>

**Table 3.** HR Practice Areas in the NAAG HR Strategy.

- | <u>HR Practice Areas</u> |                                       |
|--------------------------|---------------------------------------|
| i.                       | Organization Design and Effectiveness |
| ii.                      | Talent Pool Management                |
| iii.                     | Training and Education                |
| iv.                      | Employee Involvement                  |
| v.                       | Rewards and Recognition               |
| vi.                      | Well-Being and Morale                 |
| vii.                     | Communication                         |

**Table 4. The Performance Capabilities Model: Defining the Fundamental Role of HR.**

Greater Leveraged <-----> Less Leveraged

Roles			Roles		
<b>1</b> <b>Catalytic Influence</b>	<b>2</b> <b>Diagnostic Assessment</b>	<b>3</b> <b>Innovating Processes, Structure</b>	<b>4</b> <b>Assurance of Standards</b>	<b>5</b> <b>Administration and Services</b>	<b>6</b> <b>Problem- solving</b>
<p align="center"><u>"Partnering Role"</u></p> <ul style="list-style-type: none"> <li>• Enable others</li> <li>• Knowledge-based</li> <li>• Performance-based quality</li> <li>• Distributed resources</li> <li>• Enhance business performance</li> <li>• Knowledge transfer to line</li> <li>• Highly integrated with business process</li> <li>• Non-linear work -- focus design on outcomes and competencies</li> <li>• Early life-cycle</li> </ul>			<p align="center"><u>"Transactional Role"</u></p> <ul style="list-style-type: none"> <li>• Service others (or remove administrative barriers)</li> <li>• System-based</li> <li>• Conformance-based quality</li> <li>• Consolidated resources</li> <li>• Economy of scale/cost (Commodity)</li> <li>• Few specialists/admin transferred to line</li> <li>• Parallel, stand-alone</li> <li>• Linear work -- process map and redesign (for consolidation, elimination, automation)</li> <li>• Late in the life-cycle</li> </ul>		

**Table 5. HR Grid at "NAAG"-- Juxtaposing HR Practice Areas and Performance Capabilities. (Cell numbers are for ease of discussion only.)**

<i>HR Practice Areas</i>	<i>Performance Capabilities</i>					
	<i>Catalytic Influence</i>	<i>Diagnostic and Analysis</i>	<i>Innovate Process, Structure</i>	<i>Assurance of Standards</i>	<i>Administer Service</i>	<i>Problem-solving</i>
<b>Organization Effectiveness</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>Talent Pool Management</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>
<b>Training and Education</b>	<b>13</b>	<b>14</b>	<b>15</b>	<b>16</b>	<b>17</b>	<b>18</b>
<b>Employee Involvement</b>	<b>19</b>	<b>20</b>	<b>21</b>	<b>22</b>	<b>23</b>	<b>24</b>
<b>Rewards and Recognition</b>	<b>25</b>	<b>26</b>	<b>27</b>	<b>28</b>	<b>29</b>	<b>30</b>
<b>Well-Being and Morale</b>	<b>31</b>	<b>32</b>	<b>33</b>	<b>34</b>	<b>35</b>	<b>36</b>
<b>Communication</b>	<b>37</b>	<b>38</b>	<b>39</b>	<b>40</b>	<b>41</b>	<b>42</b>

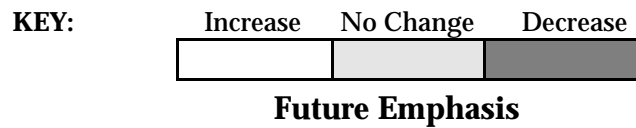
## **Table 6.**

## **Table 7.**



**Table 8. Basis for Future HRM Resource Emphasis in NAAG.**

	<i>Catalytic Influence</i>	<i>Diagnostic and Analysis</i>	<i>Innovate Process, Sruct. and Plans</i>	<i>Assurance of Standards</i>	<i>Admin. and Service</i>	<i>Problem-Solving</i>
Organization Design						
Talent Pool Management						
Training and Education						
Employee Involvement						
Rewards and Recognition						
Well-Being and Morale						
Communication						



**Table 9: Three New Roles for the NAAG Headquarters Organization Design**

<b>HR Technology Owners</b>	<b>Consultant/Partner</b>	<b>Service Center Role</b>
<ul style="list-style-type: none"> <li>• Analysis of needs</li> <li>• Planning future resource needs</li> <li>• Design/develop programs</li> <li>• Policy</li> <li>• Support roll out of Corporate programs</li> <li>• Support consultants and admin teams with "best practices" and key expertise</li> <li>• Benchmarking</li> <li>• Assure best practices are exchanged across the business</li> </ul>	<ul style="list-style-type: none"> <li>• Aligned to directly support the needs of the business units</li> <li>• Implement programs; create applications</li> <li>• Manage client expectatoinis</li> <li>• Facilitate action-learning support</li> <li>• Manage projects</li> <li>• Accountable for deliverables; meet contracted expectations</li> <li>• Program roll out</li> </ul>	<ul style="list-style-type: none"> <li>• Achieve high reliability and low cost targets for all HR commodity services (through external sourcing or internal automation)</li> <li>• Manage all "transactional" admin systems</li> <li>• Manage external service vendors</li> <li>• Manage automation implementation</li> <li>• Direct reengineering teams</li> </ul>

**Table 10. Three Sets of 14 New HR Competencies Based on the Grid.  
(Representing 125 KSAs.)**

1	2	3
<b>Performance Capabilities</b>	<b>HR Technical Know-How</b>	<b>Business Know-How</b>
<ul style="list-style-type: none"> <li>1. Catalytic Influence</li> <li>2. Diagnostics and fact-based analysis</li> <li>3. Innovating process &amp; structure</li> <li>4. Assuring standards</li> <li>5. Administration and services</li> <li>6. Problem-solving</li> </ul>	<ul style="list-style-type: none"> <li>7. Organization design</li> <li>8. Talent Pool management</li> <li>9. Employee involvement</li> <li>10. Training and education</li> <li>11. Recognition and rewards</li> <li>12. Well-being and morale</li> <li>13. Communications</li> </ul>	<ul style="list-style-type: none"> <li>14. Business know-how</li> <li>Competitive strategy</li> <li>Micro and macro economics</li> <li>World-class Operations</li> <li>Logistics/supply chain process</li> <li>Marketing/sales</li> <li>Industry knowledge</li> </ul>

**Table 11. \*Ranking the Current Effectiveness of HR Competency Dimensions (Most to Least Effective):**

<b><u>Performance Capabilities</u></b>	<b><u>HR Technical Know How</u></b>
<b>1. Assurance of Standards</b>	<b>1. Well being and morale</b>
<b>2. Problem Solving</b>	<b>2. Rewards and recognition</b>
<b>3. Catalytic Influence</b>	<b>3. Talent pool</b>
<b>4. Administration and Services</b>	<b>4. Organization design effectiveness</b>
<b>5. Innovation -- Structures and Processes</b>	<b>5. Employee involvement</b>
<b>6. Diagnostics and Fact-Based Analysis</b>	<b>6. Communications</b>
	<b>7. Training and education</b>

\*Based on the mean scores of forty NAAG "HR Managers."