

Book Review

HR Transformation: Building Human Resources from the Outside In. Dave Ulrich, Justin Allen, Wayne Brockbank, Jon Younger, and Mark Nyman. (2009). McGraw Hill. 256 pp. ISBN-13: 978-0071638708. Price: \$29.95; hardback.

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This book is the latest of Dave Ulrich's treatises on gaining sustainable competitive advantage through the transformation of human resource management. Over the years, Ulrich's books on HR transformation would fill an average bookshelf – 15 in all. As a result of the many books on the subject, the latest book, *HR Transformation*, could easily be regarded as one of the many—a repetition of the story of how an organization can be improved through professional HR. Yet, this is not the case; this latest book is clearly built on two of the best previous books, *Human Resource Champions* (1997) and *The HR Value Proposition* (2005), and now deserves to be on the top of the stack. By most any standard it is a “must read.”

Most of Ulrich's books have been written with co-authors and published by Harvard Business School Press. This latest, published by McGraw Hill, is with Wayne Brockbank, also co-author of *The HR Value Proposition*, along with first-time book co-authors, Justin Allen, Jon Younger, and Mark Nyman. Dave Ulrich is a professor at the University of Michigan's Ross School of Business. All of the authors have a great deal of experience as teachers of managers and professionals, along with expertise as human resource consultants for organizations. The goal of the present book is to share these experiences with a broad professional audience. Of course, the book is intended for HR executives including the Chief HR Officer (CHRO), other HR managers, and all HR professionals. For HR professionals, the book is a blue print of how to transform HR in their respective organizations. In addition to HR professionals, the book is intended for executives (including those in the C-suites), general managers, and line managers, as a way of having those in each of these groups understand how excellence in human resources can give a sustained advantage to any organization. Although a trade, rather than textbook, *HR Transformation* could be used as a supplemental source in appropriate graduate and undergraduate courses—an application discussed later in this review.

HR Transformation is divided into 12 chapters around the four themes of (a) **Why** transform HR (the business context), (b) **What** are the expected outcomes, (c) **How** does one redesign HR, and (d) **Who** is responsible. There are six chapters around these four themes, one each on Why, What, and Who, and three on How. These six chapters have two

bookends, an introduction and a conclusion (“Making it Happen”). They are then followed by four cases involving real organizations, each with different dynamics and attempting to meet the challenge of HR transformation: Flextronics (electronics manufacturing), Pfizer (large pharma), Intel (semiconductor), and Takeda (small pharma). These cases are authored by HR executives from the respective firms.

Other books by Ulrich and co-authors have useful guides and worksheets. *HR Transformation* takes the idea of supplemental materials to a new level. In addition to worksheets and checklists, the book also includes references to 29 further adjuncts available from the *HR Transformation* web site. These add-ons include: (a) elaborated checklists, e.g., a Stakeholder Analysis Checklist to assist in undertaking the inventory of stakeholder needs; (b) videos, e.g., a clip of Dave Ulrich introducing the HR transformation model, (c) assessments, e.g., a check-list to determine organizational capability; and (d) worksheets, e.g., additional ideas and approaches when launching an HR transformation initiative. Taken together these supplemental materials add a great deal to the usefulness of the book.

From the authors’ perspective, perhaps the biggest failing of HR transformation is that it is viewed as something undertaken by the HR professionals in isolation. The HR executives and professionals study the products and services they are providing and then reorganize to try and improve these offerings. Ulrich and his co-authors are adamant that, while such reorganization may have some value, it is not HR transformation. So the question is where to start with HR transformation? The answer is in the book subtitle, “Building Human Resources from the Outside In.” For the authors, the launch of HR transformation must shift from the internal navel-gazing of the HR professionals to the external scanning of the horizon with the results then becoming the point of departure for the transformation. Simply put, without the HR professionals having a thorough understanding of general business conditions, strategic directions of the organization, and specific stakeholder expectations, there can be no real transformation. This is the “outside” from which organizational HR capabilities must be built.

Many concepts introduced in this book are simply outstanding. For example, from my own experience, one of the biggest shortcomings of those in the HR profession is the feeling that all that is needed is functional knowledge in areas such as recruiting/selection, compensation, appraisal, training, work systems, and employee voice. All too often HR professionals do not understand the business environment or the strategic directions of the organization they are serving. The emphasis on the strategic view being the starting point in HR transformation is an important message. The idea of a 720 degree approach incorporating the needs of executives, line managers, employees, investors, customers, suppliers, the community, and regulators into HR transformation is also a critical message. To quote:

HR professionals often focus internally on the functions of HR rather than externally on what customers and investors need HR to deliver. If HR professionals are to truly serve as business partners, then their goals must be the goals of the business. Transforming HR professionals into business partners isn’t an end in and of itself; it’s the *means* to a strategic, business-oriented end. (p. 5-6)

Some of the models developed in *HR Transformation* are innovative, even in comparison to similar attempts in previous Ulrich books. For example, the HR organization as consisting of five interrelated channels is of particular interest. The five channels are: (a) Corporate HR; (b) Centers of expertise; (c) Service centers, (d) Embedded HR, and (e) Operational executors. Ulrich and his co-authors are to be commended for their ability to take good models and ideas from earlier volumes and make them better.

But, not every at bat can be a base hit. Parts of *HR Transformation* belabor the obvious. An example would be the multiple pages on the do's and don'ts of outsourcing the transactional elements of HR. Any organization considering taking advantage of such an opportunity will need to do a great deal of research and planning. Although outsourcing may be part of the HR transformation, I am not sure all the details need to be spelled out to the extent evident in the book. Perhaps this could have been the 30th web resource.

I have used previous Ulrich books as readers in a capstone graduate HR course. Each of the up-and-coming professionals enrolled in the course took responsibility for leading a discussion of one of the chapters as we worked our way through the book. This could also be done with *HR Transformation* although a better method may be to have members of class discuss each chapter in the context of one or more of the cases (chapters 9 – 12 of the book). In this way the cases would be the basis for more concrete examples. Each semester we reflect on the strengths and weaknesses of the reader once we have covered all the chapters. Inevitably, the newbie professionals appreciate the concepts but find many overly abstract. Even though tolerance for ambiguity is part of the process of becoming a professional, one suspects that many HR professionals in various organizations will have a similar reaction to this book, even with the excellent web resources that are incorporated. In the end, if HR transformation were easy, it would already be done. It is not easy in the real world, hence the cause for some disorientation even among professionals.

Some organizations are profitable, although possibly less so than a few years ago. Others are in a turnaround mode. Whatever the particulars, this is a tumultuous time for most organizations and it is likely to be so for the foreseeable future. The fear for many is that the present contraction in consumer spending is the new norm for many industries. Given this, virtually all organizations should be thinking about HR transformation. If I were an HR executive, *HR Transformation* would be required reading for all my HR professionals, and many others in the organization as well. Of course, reading *HR Transformation* is the easy part. The more difficult challenge is taking the lessons to heart and transforming HR. As the ad says, "There's an App for that." In this case, the App is not on your smart phone but is in the form of this latest book by Ulrich and his co-authors.