



# Fearless HR

## Driving Business Results

David C Forman  
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## Rating

**8** 8 Applicability  
7 Innovation  
8 Style

## Focus

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## Take-Aways

- Human resources departments and professionals suffer poor reputations and low regard.
- HR professionals should face this criticism, address the facts and move on.
- HR departments provide value to their organizations, but most have not kept pace with organizational and economic changes.
- HR must shift from focusing on efficiency and compliance to concentrating on business results.
- To do so, HR departments should enhance and update their business skills and knowledge.
- They should embrace the philosophy of continuous improvement.
- HR can build diverse networks and facilitate and encourage social connections.
- It can collect and analyze workforce data to help leaders make better decisions.
- When HR professionals understand their organization's business, they can apply their deep domain knowledge to help leaders overcome challenges.
- "Fearless HR" calls for taking risks, speaking boldly and claiming HR's rightful place in the strategic discussion.

# Relevance

## What You Will Learn

In this summary, you will learn: 1) Why companies should reconsider any negative perceptions of HR, and 2) How HR can go from being a valuable contributor to being an essential business partner.

## Review

Human resources educator and consultant David Forman demolishes every prejudice against HR departments and professionals with data, facts and evidence – but he doesn’t let HR off the hook. According to Forman, HR leaders are failing to keep up with rapid changes in the economy and their impact on organizations. He urges HR executives to earn credibility and make a greater contribution by studying the business and the goals of their parent companies. He tells them it’s time to wake up, learn business basics, embrace data and analytics, and boldly position their departments at the highest levels in organizations. Corporate leaders will find much food for thought that they can apply effectively to their HR departments. *getAbstract* recommends Forman’s call to action to HR professionals, who will embrace his message, advice and tools.

# Summary

*“Fearless has a strong and firm connotation, but it does not mean reckless, arrogant, foolhardy or rushing to judgment. It is not an attitude, but a series of actions and qualities.”*

*“HR, even as it ascends to being a business leader, force multiplier and architect, must continue to change and adapt just as fast as the business itself.”*

## “Fearless HR”

The economy’s evolution from industrial factories and physical labor to the white-collar knowledge industries of the Information Age took more than a century. Yet, a new Creative Age has emerged just since about 1995. Today, organizations in advanced economies derive the majority of their value from “intangible assets,” including skilled leaders; talented employees; and the ideas, networks and enthusiasm they provide. Human resources professionals manage the critical resource that drives success, mediocrity or failure for today’s organizations: their people.

In the past, administrators deliberately kept HR’s work separate from the mainstream business. Able but isolated, HR managers helped their firms stay out of regulatory trouble, deal with unions and manage workers’ needs. Since the turn of the 21st century, however, increasing pressure on HR pushes it to step up, transform and contribute more to the business and the bottom line. HR must “multiply” its impact by driving greater performance and stepping into a more strategic role.

## “The Evidence”

In the 1990s, Sears’ stores found that investing in employee engagement led to subsequent improvements in customer satisfaction and spending, which created greater revenue and profits. A subsequent focus on talent and workers began in 2001 with the classic, “groundbreaking” book, *The War for Talent*, in which McKinsey researchers described the new “talent mind-set” that firms and leaders had to adopt to compete in the Creative Era. Other researchers, such as Laurie Bassi, and groups such as the Great Places to Work Institute, used hard facts and data to show the significant margins by which firms that invest in their people outperform those that don’t. As evidence mounts connecting better workforce management practices with better business outcomes, HR enters the “spotlight.” Now, the HR profession has a tremendous opportunity to seize a central role in driving organizations forward. At the same time, it faces a formidable obstacle: HR’s former significant but always peripheral role threatens to hold it back.

*“HR will simply not be allowed to have meaningful conversations with other business leaders until it demonstrates a thorough understanding of the business.”*

*“If HR believes that it is a soft discipline, then it will be a soft discipline.”*

*“Data-driven HR is paramount to driving business results.”*

*“Excellence in engineering leads to strong products... Excellence in finance leads to strong financial capabilities... Excellence in HR leads to a great company.” (Tony Parasida, senior VP of HR, Boeing)*

## R-E-S-P-E-C-T

Detractors have derided HR for its inward focus; its lack of “business acumen”; its cautious, risk-averse habits; its administrative, tactical and transactional work; and, most injurious, the second-rate, “soft” and ambitionless people it supposedly attracts. For decades, respected commentators skewered the HR field. For example, Harvard professor Wickham Skinner wrote in 1981 that the HR profession speaks loudly but does little. Skinner placed much of the blame for America’s economic malaise at that time on HR inaction and ineptitude.

In 2005, *Fast Company* published a now-famous article entitled “Why We Hate HR.” The essay touched off a firestorm of discussion and copycat articles through 2013, when *Forbes* published “It’s Time for Companies to Fire Their Human Resources Departments” by Kyle Smith. He argued that HR stands apart from the business, offers little value, vests in bureaucracy and speaks a separate language. Only a minority of business leaders currently believes that HR does a good job and has the skills to meet the needs of modern organizations, so HR needs to counter these biases and debunk these myths.

## The Truth About HR

Any objective examination erodes the myths around HR. Of late, for example, the profession is attracting more of the best and brightest, including Ivy League business-school graduates and seasoned, first-rate professionals like Google’s Laszlo Bock, who chose HR and still delights in his decision. Advocates for HR include former GE CEO Jack Welch and Procter & Gamble’s A.G. Lafley. Both attribute their long tenures to positioning HR as a top organizational priority. Among the top 10% of well-compensated US business executives, chief human resources officers (CHROs) earn more than all others except for CEOs and COOs. Other than the COO, the CHRO demonstrates more overlap in skills with the CEO than any other executive. HR’s “double-digit” growth rate as a profession, positive publicity about HR in journals and other media, and the industry’s well-known, highly respected cadre of thought leaders – many among the highest-rated in the world – point to a vibrant, active and growing discipline.

## Accurate Criticism

Yet too few HR departments integrate with the mainstream business and too few HR professionals develop true business expertise. HR has not kept pace with economic change. HR professionals must learn how to read a financial statement in the specific context of the business they serve. To join the business, HR’s leaders must know the business. When HR professionals understand their organization’s commercial realities, they can apply their deep HR domain knowledge to help leaders overcome challenges. HR leaders must think about the business first as HR changes its mind-set from internal to external and from reactive to proactive. To earn respect, HR must evolve from experience-based decision making to both experience- and evidence-based decision-making.

## The New HR

HR’s process of moving out of an administrative silo to become a strategic business partner already reaches back to 2005. Resistance to change and lack of necessary skills slow its progress. To transform more rapidly, HR practitioners must leave their comfort zones, gain new skills and knowledge, build networks, and embrace analytics. HR can follow other business functions that evolved from purely tactical to strategic components. For example, sales gave rise to marketing, and finance emerged from accounting. In a more recent development, HR is performing strategy-focused talent management for many organizations.

*“There are two fundamental purposes for using analytics: 1) Find out what works and replicate it, and 2) identify possible risks before they become problems.”*

*“You engage one good employee at a time. Broad solutions don’t work; it has to be personal and tailored.”*

*“Social capital, as evidenced by networks and communities, is perhaps the greatest asset organizations have.”*

*“Trust is the secret sauce that makes professional networks work or stop.”*

The competencies that set strategic HR or talent management apart include the skillful use of levers, or “force multipliers,” to ensure a consistent flow of the right people in the right positions companywide. The profession uses a variety of frameworks to attack this challenge, including:

- **“The 7B Equation”** – This encourages HR leaders to consider the familiar “6B Framework” decision-making framework in light of a seventh “B,” “balance.” The six B’s are: buying new talent through recruitment; building people up with learning; borrowing outside know-how and resources; boosting people into pivotal jobs; bouncing out bad performers; and binding good people to the firm. Balance leverages the right mix of these factors to decide, for example, whether to develop leaders or hire from outside.
- **“The 9-box Framework”** – This gives HR a set of criteria for assessing leaders.
- **“The “Six R Framework”** – This guides HR in providing a steady supply of talent. It assesses a firm’s workforce needs and quantifies its employees’ competencies to identify future talent gaps and set developmental goals. The R’s “stand for: right people with the right skills in the right jobs...at the right time, place and cost.”
- **“The 70/20/10 Development Framework”** – This expresses one way to allocate different training modes. Strategic HR recognizes that traditional training should be a fraction, say 10%, of employee learning. Opportunities for stretch assignments must form the bulk of employee development, about 70%, with coaching and mentoring at 20%.

Strategic HR must consider what motivates people. Building on decades of research, HR has worked with leaders to develop “job roles” that recognize employees’ needs for “autonomy, mastery and purpose.” The new HR connects workers and stakeholders. It encourages leaders to coach, listen and develop people and their capabilities. It encourages wellness and balance, foments flexible work conditions and inspires a strong positive culture.

### Data and Evidence

In the past, HR professionals have relied too much on experience and hunches to advise senior leaders and make decisions. This harms HR’s credibility, particularly as other units embrace analytics. Respected HR thought leader John Boudreau of the University of Southern California says the field needs a “decision science” of evidence and data to support better decision making.

Strategic HR can build better business cases by using data in compelling, evidence-based arguments and in identifying best practices. HR should look into workforce data to examine key talent practices – such as differentiated attrition – and to assess the strength and depth of a firm’s talent pipeline. Using the same data-driven approach as other parts of the company, HR can add value by measuring the impact of its decisions, costs and initiatives rather than simply calculating related efficiencies. For example, measuring the time and cost of a new hire provides crucial money-saving data. Measuring a new hire’s quality lets HR see the impact of its recruiting.

In time, HR will build the expertise and capacity to predict the impact of various courses of action based on analytics. For example, the people-analytics team at Google uses extensive data analysis to identify and predict managers’ most important skills and behaviors. Microsoft’s HR analytics team studies post-hire quality and performance to understand what factors differentiate the highest-quality hires in software development. Still, while 75% of firms agree that HR must gain analytical proficiency, less than 10% believe they currently have reached that level.

## Enhancing Capabilities and Building Networks

The HR profession faces a turning point and must undertake significant change to remain relevant. Its leaders must present a compelling, urgent business case for “HR transformation” and articulate a powerful vision of the future.

Human resource units should build “capabilities” that help their firms. Organizations can accelerate this process by hiring and developing HR professionals with leadership and advisory skills, as well as those who have competencies in critical aspects of the field. For instance, HR personnel need relevant technical experience or expertise in “compensation and benefits,” combined with sufficient business acumen to advise the firm’s leaders. Professionals should develop these capabilities through a continual mix of formal, informal, on-the-job and network learning. This can come from many sources, including volunteer opportunities, job swapping, and developing and presenting information on important issues.

HR leaders should close their unit’s capability gaps by hiring or borrowing from other parts of the business and using consultants. A diverse HR team adds more value to its company. More than ever, successful firms connect people, including employees, customers and other stakeholders. By building “social capital,” organizations unlock knowledge reservoirs that they might otherwise lose. Human resources can use “organizational network analyses” to identify the natural “hubs and connectors” among the workforce and leverage those people to disseminate information and advocate for change. Better-networked workers tend to produce more, engage at higher levels and facilitate faster change.

The HR department can assist its parent business by working with leaders and managers to ensure that employees know and understand their goals and can see how achieving them affects the execution of corporate strategy. HR can multiply its impact by leading workforce initiatives aligned with the firm’s goals; by initiating better hiring, onboarding, and employee development and retention; and by designing the work environment and the work itself to engage people.

## Becoming Fearless

Human resources must build capabilities, gain confidence and earn respect based on establishing the necessary new skills to deliver on its promises and guide its parent firm. The profession should commit to continual improvement. An infectious positive mind-set generates superior performance across the board since people tend to live up or down to others’ expectations. Human resource leaders spread positivity and its effects when they focus on peoples’ strengths – not their weaknesses – to drive engagement and performance.

Inspiring HR leaders can show employees the greater purpose of their work. Helping people and organizations reach their potential gives HR a noble and powerful purpose that can become a rallying point for employees. Fearless HR professionals don’t bully, brag or flaunt their authority. “Fearless” means competent, confident, candid and courageous. These attributes, combined with strategic capabilities and a can-do mind-set, will propel HR into leadership at the highest levels.

*“If HR truly does not add any value, then what is the point: minimize the cost, outsource it and employ more technology. But this is not what the research findings show.”*

*“A fearless HR professional...is evidence-based, sees the bigger picture, analyzes business issues, is a force-multiplier and then, when ready to act, does so boldly and with a strong, resolute point of view.”*

*“As entire industries are shifting... newspapers, broadcast television, healthcare, banking and many others – it is the ability of people in these organizations to understand the change, adjust and adapt that determines future success and failure.”*

# About the Author

**Dave Forman** is a prominent HR educator, mentor, consultant and author.