

The new head of HR has tried everything he can think of to change his department's reputation as an administrative backwater. But he's still swimming against the tide.

WHY DOESN'T THIS HR DEPARTMENT GET ANY RESPECT?

BY ROBERT GALFORD

"I DON'T KNOW WHICH PROBLEM to tackle first," Luke Robinson said, sighing. Kate Rose, sitting across the table from him sipping her coffee, gave him a half smile. "You're definitely in a pickle," she said. He rolled his eyes. "Thanks a lot," he replied. "You have an excellent grasp of the obvious. But what should I do?"

Robinson and Rose had been at the café for almost two hours; the lunch rush had abated long ago, and the midafternoon coffee drinkers were starting to trickle in. Robinson, managing partner of human resources at Loft Securities, had called Rose in part because she was a friend, but also because she was the vice president of human resources at a successful public-relations firm, and he

knew that she was a first-rate manager. Over lunch, he had recapped his story.

A Rewarding Challenge?

Before Robinson joined Loft just over a year ago, he had been a partner at the Powell Group, a well-known HR consulting firm. His specialty there had been working with financial services companies, but when Powell's own head of HR resigned abruptly for personal reasons, the senior management team asked Robinson to take over HR and help Powell retool its recruiting and development processes. Robinson had worked very effectively as HR director, helping the company's consultants evaluate potential new recruits and putting together some

very attractive development programs. The Powell Group, with Robinson's help, had quickly become a robust competitor for talent.

Despite his success at Powell, Robinson accepted the job at Loft because he thought it would be a rewarding challenge. For most of its 30-year history, Loft had enjoyed a stellar reputation when it came to attracting – and keeping – highly qualified people. But in 1995, when CEO Philip Washington retired, things changed. Washington had personified Loft's culture; it was his leadership and charisma that people thought of when they thought of doing business with the firm. And it was that same personality and drive that had attracted top people. When he left, some of the company's vi-



brancy went with him. And within a year, two of the five remaining senior managers had resigned as well.

"It doesn't matter why those two left," Robinson told Rose between bites of gorgonzola ravioli. "But for the record, one retired and one went into teaching. It wasn't because things were bad at Loft. In fact, the

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transition at the top was one of the smoothest I've seen. Bernie Shargali, the new CEO, was – and is – a perfectly good top manager. He was recruited from the outside, but by all accounts his appointment was widely supported. And I know from working with him that he's highly skilled and highly motivated."

The problem was, Robinson told his friend, the new CEO didn't have Washington's flair for attracting and retaining talented people. And the human resources department hadn't been able to pick up the slack. The company had never paid much attention to HR because it hadn't had to. Under Washington and the two CEOs who came before him, the department was simply an administrative function.

"Shargali, to his credit, recognized the problem," Robinson said. "That's why he hired me. But I've been there a year, and I haven't been able to stop the slow bleeding: we've lost two other key employees in the last six months. And what's worse, I haven't made much progress at helping the company recruit new people or at changing the perception that human resources is just a bunch of clerks processing benefits forms and tracking vacation days. It's frustrating, because you know as well as I do how much HR can contribute."

Rose nodded vigorously. "In fact, 'human resources' made Loft the company it is," she said. "The problem is, the most important human-resources mandate – attracting and keeping good people – wasn't being

performed by Loft's HR department. Nor was it being performed by the senior management group. It was all Washington, and it seems as if no one is quite sure how to move on."

"I'm trying to show them," Robinson complained. "But even Shargall doesn't know how to use me."

Not For Lack of Trying

Rose asked Robinson to outline what he had done since joining Loft, and he quickly described a variety of actions. When he had first joined the firm, he had spent a good deal of one-on-one time with each of the senior executives, asking them about the kind of people that made the company successful and how they viewed the talent they currently employed. He had also met with many other employees—managers, brokers, administrative assistants—and all the members of his own department. And he had spent time with most of the HR group's principal external contacts, including search professionals, campus placement officers, benefits providers, and training organizations.

During those meetings, he had gotten the sense that recruiting wasn't Loft's only problem. There seemed to be conflicting opinions about whether Loft was, in fact, a good place to work. And it seemed to him that most of the people at Loft were not accustomed to anyone

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So Robinson had taken a number of steps. He established a set of internal service standards, performance guarantees, and ongoing customer-satisfaction measurement programs for his department. He created "listening posts"—that is, he sent a member of his staff to each of the firm's locations on a regular basis to hold office hours and answer ques-

tions or provide counseling. He implemented an "HR ambassador" program, assigning individual members of his staff to develop relationships with the people in a particular area of the company so that they would have a voice speaking for them within HR. And he set up a regular schedule of meetings between himself and each of the firm's business-unit heads. He also began a comprehensive assessment of the quality of the HR staff, both individually and collectively, and replaced two underproductive employees with people who had solid experience in developing professionals in service firms like Loft. Finally, he drafted plans for a program to help educate all the company's employees about the role of HR—specifically, how it could contribute to creating and upholding the firm's strategy for success.

Rose had listened pretty much without comment as Robinson went on and on.

She frowned when he told her about the executive committee meeting he had participated in after three months on the job. He had presented his findings and outlined his plans, thinking they were well-received because at the time they met with little in the way of challenges or discussion. "Shargall and the others were being polite, but they weren't paying attention," was his take on the meeting now.

She raised an eyebrow and murmured "ouch" when he confessed that the year-end bonus checks for the managing directors and vice presidents had been inaccurately issued. "It took us almost a month to sort out the problem with payroll," he said. "And I know it was a simple clerical error, but it certainly didn't help my cause."

And she nodded in sympathy when he told her how HR had mishandled an investigation of a discrimination charge shortly before he joined the company. "But that wasn't me," Robinson said, his voice

revealing his frustration. "The group of people I've put together would do no such thing!"

But Rose hadn't said much, just encouraged him with a "Then what?" or a "Could you explain that a bit more?" as he told his story.

Loft's executives seemed to be listening, but they weren't really paying attention.

Throughout the lunch, Robinson's food remained almost untouched. When the waiter came to check on them, Robinson looked at Rose's clean plate and waved away his own.

An Uphill Battle

As they finished their cappuccino, Robinson leaned back in his chair. "Well?" he prodded. "Well, what?" Rose asked. "I know that you're doing many good things. But you're facing a battle that few before you have won. Do you have any idea how hard it is to turn around a reputation created by someone else? HR in particular is a difficult area—although, most internal-service functions would argue that they are underappreciated as well. Does Loft respect its IT department? Its accountants? Look around you. You're probably not alone."

"I have to tell you, I'm thinking about throwing in the towel," Robinson said. "It's not that I miss consulting per se. But I was accomplishing something in that world, and you know the saying, Those who can, do, and those who can't, teach? Well, I'm beginning to think that it applies to me."

"No, no," Rose laughed. "I'm sure that it doesn't. But I will give you some advice..."

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