

# The HRD Professional as Entrepreneur

Rigging your staff function for entrepreneurship will boost your esteem, increase your success, and earn you others' respect.

By LYLE SUSSMAN and FRANK KUZMITS

**H**uman resource development (HRD) professionals take heed. Something is happening around you that will have profound implications for both what you do and how you do it. You are moving into an era of entrepreneurship.

Even the most cursory examination of the best sellers, *In Search of Excellence*, *Megatrends*, and *Re-Inventing the Corporation*, reveals at least one common theme: organizations that flourish are characterized by functional units having an entrepreneurial spirit and orientation. They often take on an aura of being "in-house subcontractors," serving the will of the organization but also using the organization to increase their own resources and power. Gifford Pinchot has even coined the term "intrapreneur" to denote those individuals who creatively expand their corporate resources.

If the theme presented in these popular business books reflects a growing national

developed and how does the entrepreneurial role differ from the traditional role played by today's HRD professionals?

Our answer is presented in two sections. The first contrasts an "entrepreneurial model" of HRD with the "administrative model," the approach used within most organizations today. The second section outlines five strategies designed to move the HRD function from the administrative to the entrepreneurial model.

## HRD: administrative versus entrepreneurial roles

Table 1 compares the chief distinctions between the administrative and entrepreneurial models. Five dimensions comprise the comparison. We briefly summarize them below.

■ *Self-perceptions of HRD staff.* To spend any time with a random sample of HRD professionals is to conclude that many perceive themselves as "second-class

stereotypically, as administrative. HRD staffers are perceived as reactive managers in a supportive role and as the company schoolteachers. In the proposed model, however, organizational members view HRD staffers as proactive managers—professionals concerned with solving productivity problems and, most importantly, partners in achieving corporate goals.

■ *Mission/goal.* In the administrative model, the goal of HRD is to define and close performance gaps—the difference between what the employee *does* and what he or she *should* do. In the entrepreneurial model, however, the HRD department is service-driven. It seeks opportunities to provide expertise to all organizational sub-units for the ultimate purpose of providing a better product or service to the marketplace.

■ *Strategies/plans.* The administrative HRD department establishes short-term plans from the perspective of a cost center. It provides HRD activities based on the budgetary constraints others impose.

Conversely, the entrepreneurial HRD department creates plans based on budgets and goals developed through negotiations with upper management. It is involved actively in determining its own fate. The department does not structure its plans in terms of "gaps," but in terms of improvement and opportunities. Moreover, its plans are long-term, strategically linked with corporate goals.

■ *Relationships with other functions.* The administrative HRD department is reactive and subservient. The entrepreneurial HRD department is proactive and interdependent.

In order for the HRD function to move from an administrative model to an entrepreneurial one, the organizational

## The HRD function can no longer be charged with solving all performance problems

trend, then the message for HRD departments is unequivocal: develop an entrepreneurial orientation for both your own success and the success of the organization. But how can this orientation be

citizens" in their organizations. They often see themselves as in-house educators, providing a distinctly supportive role.

In an entrepreneurial HRD department, however, staff see themselves as spanning boundaries, working across groups, and ultimately improving links with consumers. They see themselves as first-class citizens.

■ *Others' perceptions of the HRD staff.* Members of the organization outside the HRD function tend to view HRD

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culture must change. This change will incorporate the dimensions presented in Table 1, suggest how members in the HRD function view themselves and their roles and how they are perceived by their colleagues in the organization. In short, perceptions must change from that of the "administrative trainer" to "entrepreneurial trainer." For these perceptions to change, four basic dimensions of the culture must change.

### Change 1: Service

The HRD function must become service-driven, rather than gap-driven. Typically, HRD staffs see themselves, and are perceived by others, as "gap-closing specialists." Their primary function is to determine and close the gap between actual and desired performance.

In the entrepreneurial model, HRD departments will become service-driven. Rather than seeing themselves as specialists in gap-closing, they will see themselves as professionals whose activities will enable the organization to better serve its consumers and clients. Thus, the change is driven by serving the customer, not by gap analysis and reduction.

Our recommendation is based on Karl Albrecht and Ron Zemke's thesis in their recent book, *Service America*: "If you're not serving the customer, you'd better be serv-

ing someone who is." From this perspective, HRD departments will still analyze and close gaps, but such endeavors will be driven by two dominant questions: What can we do to help our line people better serve our market? What can we do to help our staff people better serve our line people? The answer to these questions will also result in gap analysis, but one which is service-driven.

When HRD is service-driven, the focus of attention shifts from specific, narrowly defined problems to broad-based problems. The shift is from a myopic view of employee performance within the confines of the company to the performance of the organization in the market. Performance gaps are now defined as the difference between how organizational members are currently serving their consumers and markets and how they ought to serve them.

### Change 2: Action

The HRD function must move from a reactive orientation to a proactive orientation. Just as HRD professionals typically have been gap-driven, so, too, have they been reactive.

In most organizations, HRD is a staff function whose *raison d'être* is to respond to the training requests others initiate. Although training and development may be initiated by HRD professionals,

specific requests usually are initiated outside the human resource function as opposed to within it.

To become entrepreneurial, HRD professionals must do more than respond to requests. They must anticipate needs and create and design programs to fill those needs. Anticipating needs and delivering programs that meet them are primary characteristics of a proactive orientation.

In order for HRD to develop an anticipatory perspective, it must change its focus in accordance with the first culture change outlined above. When the HRD function is service-driven, HRD professionals will begin to focus on crucial interfaces—those points of juncture that spell the difference between marketplace success or failure.

Examples of such interfaces include the quality of interaction between front-line organizational members (salesmen, clerks, customer service representatives, receptionists) and the customer. Equally important, however, are those interfaces between staff departments (finance, research and development, personnel) and line departments. An entrepreneurial HRD function will focus on improving service directly by improving contact with customers, and indirectly by improving contacts between and among organizational functions.

Marketing is the second characteristic of a proactive orientation. Entrepreneurial HRD departments will move beyond filling training requests and move toward marketing their programs. These departments will market programs not only to in-house consumers' functions (line and staff), but to external markets as well. Examples of HRD departments that sell their programs on the open market are beginning to appear. These departments will become the prototypical HRD models.

### Change 3: Image

The HRD department must change the image it projects to other departments. If an "outsider" were to spend any time with a cross section of HRD professionals, he or she would soon come to a dramatic discovery: some HRD professionals see themselves as low on their organization's totem pole of power and status. They often feel they have to justify their existence, especially in comparison to the "power elite" of the organization (e.g., finance, production, marketing).

Examples of this inadequacy (perceived or real) are reflected in such typical

**Table 1—HRD: administrative versus entrepreneurial functions**

Dimension	HRD as Administrative Function	HRD as Entrepreneurial Function
Self-perceptions of HRD staff	In-house educators; support line and staff personnel; second-class citizens	Internal/external boundary spanners; support direct links with marketplace; first-class citizens
Others' perceptions of HRD staff	Remedial teachers; staff support; reactive managers; cost center	Problem solvers; proactive managers; profit center/resource maintenance center
Mission/Goal	Define and close performance gaps	Seek, fulfill, create opportunities for organizational members to better serve their customers
Relationship with other functions	Reactive, cautious, dependent	Proactive risk-taking; interdependent
Strategies/Plans	Short-term; linked to and dependent on corporate budget	Long-term; strategically linked with corporate goals



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statements as: "We're seen as a cost center, not a profit center," "We are pawns in strategic planning, not the decision makers," "We don't seem to be taken seriously by other departments," "Every year we have to fight tooth and nail for a budget increase," "We have to justify our budget increase much more so than other departments," and "In times of retrenchment, we're the first place they look to cut back."

Why is it that many HRD professionals walk around feeling as if, in the words of Rodney Dangerfield, they "don't get no respect"? The simplest and most direct answer is that, in any relationship, respect must be earned. If someone in your organization doesn't respect you, it's because they believe you haven't earned it and, therefore, don't deserve it. How, then, should you go about earning it?

Don't accept a subservient role. It reaffirms your role as organizational underdog. If you believe your role is at all less important than any other role in the organization, you're reinforcing the views of those who believe you are a second-class corporate citizen. Before you can convince others that you are worthy of their respect, you must first demonstrate self-respect.

Secondly, you must develop an aura of respectability that labels you as the in-house expert in designing and conducting performance improvement programs. Remember, the entrepreneurial department is service-, not gap-driven. When you design and develop programs that help line personnel serve their clients and help staff functions serve line functions more effectively, you will earn the respect you deserve.

Further, don't fall into the "dollar and cents" trap that frames your function as a cost rather than profit center. Entrepreneurial HRD professionals see themselves managing a profit or cost-saving center. They do not see themselves as a drain on corporate assets, but as agents who expand or maintain those assets. Moreover, thinking of yourself as a cost center only continues your subservient image and role. Familiarize yourself with literature that documents how HRD is a profit and/or cost-saving center.

### Change 4: Expertise

The HRD function can no longer be charged with solving all performance problems. Entrepreneurial departments focus on what they do best: improving the performance that HRD can improve. Peters and Waterman, in *In Search of Excellence*, list eight characteristics that differentiate

"excellent" companies from those that are less so. One of these is "sticking to the knitting," doing what they do best and not devoting resources to tasks beyond their expertise. Unfortunately, many HRD departments have failed to "stick to the knitting" and have tried to improve performance that was beyond their capability to improve.

In many companies, HRD staff are often brought in when an employee fails to achieve an expected level of performance. Moreover, if the employee fails to improve after the training, then the HRD department has "failed," too. This failure provides one more reason to grant the training function only second-class status.

Entrepreneurial HRD departments recognize that not all performance problems are training-related and, therefore, some are not likely to be improved with increased training. These departments will not undertake to improve performance problems they cannot improve; they will not be tarnished by failure. In short, they will not be associated with kamikaze missions. They will educate their colleagues concerning what is and what is *not* a training problem. They will solve the former and consult on the latter.

### Effort and resistance

Shifting your HRD function from an administrative role to an entrepreneurial one is not an easy task, nor will it be accomplished overnight. It will take a great deal of time, energy, effort, and money to create a truly effective entrepreneurial role within your organization. Be prepared to meet resistance on many fronts, particularly from those who view the HRD professionals as "company teachers" who perform a narrow range of training and development functions. The more powerful these people are, the more difficult it will be to shift the focus and philosophy of your department. But persistence will pay off for you, your organization, and the marketplace.