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Can brands like Mercedes be just a byproduct of good product? Or, marketing managers create good brand out of good product? Similarly, can good human capital be a mere byproduct of good business performance? Or, can HR managers really help their organization build good human capital?

Converting fuzzy HR into Actionable processes

According to a recent research findings from Economist Intelligence Unit USA, intangible assets account for 60% of the market value of an average fortune 500 company. Remember, a big chunk of the intangible capital is human resources.

Among others the research provides following insights

- 49% of senior leaders believe intangible capital such as human capital is critical for future success, but only 5% say they have taken good enough initiatives to manage them.
- 37% of the leaders agreed intangible capital as one of the top 3 issues for their organization

What prevents organizations from implementing best in class HR practices?

- About 55% of them were not satisfied with the effort they were making towards managing the intangible capital.

(Adopted from published research report from Accenture Institute of high performance)

A closer look at the above findings reveals the following;

- Senior leaders believe that human capital is critical, but they have not taken adequate initiatives

- Lot of leaders who have taken some initiatives could not reap the benefits.

- Success rate of good HR initiative is very low.

- Managers' need - to acquire competencies in managing the intangibles, needs to be significantly improved.

Inadequate HR metrics

If you cannot measure you cannot manage. So goes the quality saying.

In many organizations, except for few very high level measures such as, head count, compensation, average number of days of training, HR budget etc there are no

methodical ways of measuring HR initiatives. On the other hand, HR managers of leading organizations build such measures, processes and standards carefully as a priority. For instance, GE has its own methodology for measuring leadership development. Similarly HP has a highly institutionalized leadership development process

with clearly defined and agreed upon measures.

In our opinion first and foremost important thing is to develop metrics, standards and common HR language for the organization. Lack of it will cause slippage in solid execution of HR practices.

Consider the following

- Does your organization attract talent? How do you know? Does your organization consistently attract better talent than your competitors? Again, how do you know?

- Is your organization engaging people better this year?

- Does your performance appraisal process add to better performance? Can improvement in this process add business value to the organization?

- Are your people energized enough? Do you regularly assess overall motivation level of your people? How better energized are your people this year as against last year?

- Is there good teamwork in your organization? Has it improved over the last year? By how much?

- How much did you invest in Training? Is your training ROI improving over the years?

- Is your organization developing adequate number of competent managers for growth? How do you know?

Measures help managers to build the precision and clarity required for effective execution. With regard to measures, there is a lot to learn from software development processes. As is the case with HR, software development is both intangible and complex. However, many organizations have built good software metrics and processes to build precision, clarity required for superior execution of software projects. In absence of clear metrics, and precise definitions- especially in complex issues such as software, strategy or HR practices people may apparently understand and agree on something and go back and implement two different things. Such gaps in understanding, is precisely what makes them non-executable.

HR knowledge at senior leadership level is not actionable

It is one thing to know and yet another to know enough so that you can act on it. Many senior leaders do

not have the actionable knowledge when it comes to HR issues. For instance, many leaders want to retain good talent. Yet most of them fail to set up high maturity processes or implement practices to retain talent. Without actionable knowledge, issues remain outside the leaders action agenda or business plan. Key question is, how to make HR issues a part of business plan.

In the past, labor was easily replaceable. In the overall economics, it was not that critical. At least, not as critical as it is today. Managers, then, did not have to worry so much about who they hired, as division of labor made him or her easily replaceable. Hence it did not matter much to the organizations if its managers did not know how to attract or engage talent. Or, at the least, these competencies of individual managers or such competencies of the organization did not matter. The scene is quite different today. Yet many senior leaders do not realize that their old habit of action has still remained deep down.

Real issue is how mature are the HR processes, not whether there are HR process

Almost every organization is looking for talent today. No leader possibly wants his HR professionals recruit non-talent. Yet, organizations differ in their understanding of talent. HP, Microsoft or Infosys looks for talent and so do others. But there is a difference between what HP managers do to attract talent as compared to others. This is due to maturity of the recruitment process.

Almost every organization has many or all of the processes in one or the other form. For instance, performance appraisal, career management, competency profiling, leadership development and so on, exist in one or the other way in almost every organization. Whether documented or not, many of them exist by default. But, the real difference is in the maturity of the processes. Leading organizations exhibit high maturity and sophistication in execution of these processes.



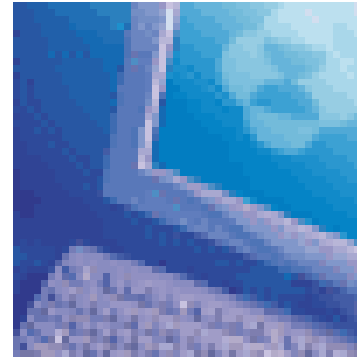
GE India did 3500 man days of leadership training alone in 2003. And GE worldwide invests about \$ 1 billion on career management of its people.

GE leaders have built high maturity leadership development process as against many others. Not that other organizations do not develop leaders. But GE does that with touch of perfection. GE – India did 3500 man-days of leadership training alone in 2003. And it invests about \$ 1 Billion for career development of its people. Many of us are well aware of GE being ruthlessly business oriented. If GE managers make such investment, it is because they have clear way of knowing how all this add to their business results. Otherwise, such sustained investment is not possible. To sustain such an initiative, GE managers need to have methodical way of measuring the business value. And they have. Point we want to make is this. When it comes to implementing HR processes, or best practices it is the maturity level of the process that matters. HR leaders need to strive to build high maturity processes.

Unclear value proposition

Another critical factor that prevents organizations from implementing good HR practices is that HR practices are far down the causal linkage of organizations topline or bottomline. This requires special effort from HR leaders to show the value linkages to their peers or senior leadership.

As Champions of Human Resources, the HR leaders need to advocate the business value of such HR practices or processes. In fact, this is a totally new role for many HR leaders. In our opinion, HR as it is today and how it was, are totally different. We strongly believe that communicating business value of HR practices & new HR processes is one of the key HR competencies for the new age HR champions today.



HR leaders need better methods and tools to communicate business value of their services

HR managers need processes, methods and tools to communicate hard-value of implementing good HR practices to their peers and senior executive leaders. It is one thing to say that we need good HR practices and totally another to deploy resources, take pains and learn the new competencies required

for building HR practices. Unless HR leaders get their peers to see the business value, their initiatives will not find enough growth, as business managers will be unwilling to deploy their resources or time. Hence the HR needs to continuously learn and internally build these new competencies.



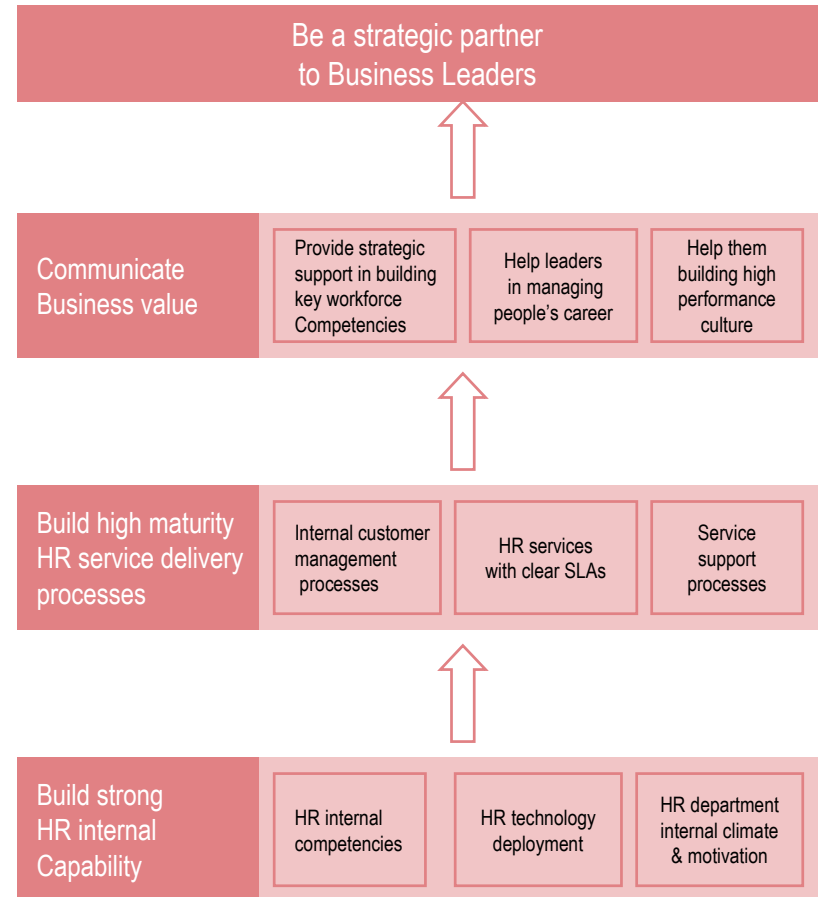
People process framework

Our people process framework provides a good methodology to make HR intangibles lot more actionable. We have helped managers at two global software companies and a leading global retail chain in implementing the PPF (People Process Framework) so that they could improve their human capital development in their respective organizations. Over the last two and a half years, we have refined the framework based on our learning's from these experiences.

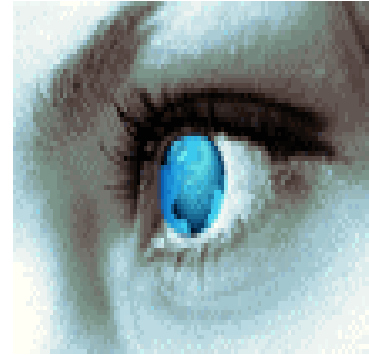
Process as a perspective is very powerful in implementation. And has been there even prior to quality

gurus talking about it. People Process Framework, essentially, is the convergence of two body of knowledge. HR and quality. And such convergence is not unusual. Software Engineering, powerful and fast growing body of knowledge today, is essentially process methodologies customized for software development. Lot of tools what software managers use today, were adopted decades earlier by their counterparts in manufacturing. Of course, a lot has been exclusively developed, yet fundamentals of software engineering remain rooted in the process methodology

Achieving superior people performance by building suite of people processes



While developing the process methodology, we focused on the dimensions of “superior execution” than conceptual depth of HR issues. For instance, we never asked questions like whether leadership development is the right thing to do for organizations. Instead, we focused on how best can an organization go about implementing such a process.



Essential thrust of the PPF is to make the HR concepts more actionable and more visible. Many of the methods and tools that we use in the framework usually are already there in different parts of the organizations. People process framework, like software program provides detailed step-by-step, algorithmic way of executing things. We have also developed many useful tools and templates that managers can use during the implementation.



A case in point

One of the abovementioned companies, due to their exponential growth, was falling short of competent leaders at junior and middle level. Requirements were quite huge. Organization had tried training and recruiting from outside etc for tackling this issue, with no significant help. HR managers wondered how they could contribute in such a critical juncture of organization’s growth. In our opinion, HR leaders played very key role in the growth of this organization, which became a national brand in matter of just three years.

First step, as the framework suggests in developing high maturity leadership development process was to communicate the value of such process to line leaders and senior leadership

That way the HR could get the necessary co-operation and support as well apart from the necessary resources to revamp.

The next step was to define the process in concrete terms and so on. The definition of the process was important otherwise there was a danger of over generalization and hence inaction. HR team could use our methodology and tools to custom develop their own process. In the whole process gradually HR team was acquiring necessary

internal competencies to build high maturity processes. Within just matter of two months they implemented a Pilot Process for one of the business units. The organization has made significant progress since then. And continues to invest in the process.



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Euseden Consulting.

This paper is written by
Sheshagiri Hegde. You can reach
the author at
Shesh@euseden.com

0 91 80 2671 6803