



# **Human Asset Management Strategy: A New Approach**

**A Multifunctional Operational Guide  
to Human Capital Capacity Planning**

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# Introduction

## Human Asset Management Strategy: A New Approach

### **A Critical Question for Today's Leadership:**

***Are your employees appreciating in value, maintaining their value, or declining in value?***

Businesses consistently refer to employees as “their most valuable assets”. However, when we look at the way organizations view employees, many fail to deliver on that mantra. Employee management continues to be based on models developed in the late 20th century. Along with outdated employee management models, we see Human Resources struggle to transition from an organizational operations, support and compliance role to a true strategic partner role. In that role, Human Resources must drive Human Asset Management Strategy (HAMS) to encourage leaders to shift their approach to the key element of success - employees. In this ebook, we present approaches, tools and techniques for establishing Human Asset Management as a core organizational strategy. This strategy takes traditional asset management approaches and expands them for use in today's human capital world.

### **Is Your Leadership Up to the Task?**

***Answer these six strategic leadership questions:***

1. Can your leadership truly lead in today's business environment?
2. In the VUCA World (Volatile, Uncertain, Complex and Ambiguous), what is leadership's role?
3. Do your leaders possess the top attributes required to excel in today's world?
4. Are you developing the skills in your organization to address these issues?
5. Are you building the bench strength for innovation, continuity and sustainability?
6. Would you rehire your current team of leaders and employees?

Through the last economic downturn, organizational challenges forced many companies to focus on the size of their workforce. Typically, these traditional strategies managed the size and composition of the workforce, which included: cost cutting/rightsizing; LIFO reductions based on employees' level and tenure; selections based on organizational politics; and increasing reliance on contractors. While these tactical strategies provided short-term relief, what was the long-term organizational impact of these decisions? HAMS approaches this issue differently. It considers the key attributes required for success by determining that key functions can be performed without “burning out” the remaining employees while ensuring that the critical skills are in place for continued, sustainable, long-term growth.

### **The IT Organizational Microcosm**

In this ebook, these principles will be demonstrated as they relate to an Information Technology group, which serves as a microcosm of the organization. Does leadership see IT as a good investment? Do you put the same amount of effort into managing the human asset risk as systems risk? Are you building your bench strength to ensure the capability and capacity to handle future events?

### **How Do You Develop a Robust HAMS?**

What is the key to developing a robust HAMS? Several steps will begin the transition

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# Introduction

## Human Asset Management Strategy: A New Approach (cont'd)

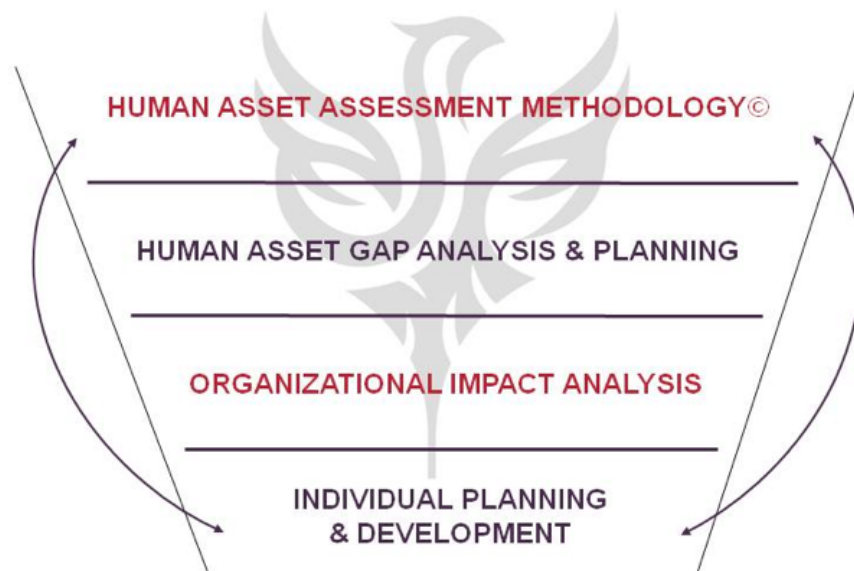
to strategic human resources focusing on organization development aligned to key strategic initiatives. Implement an approach that includes HAMS in your organization's

strategic planning. Evaluate contributors as value creators or value maintainers. Identify staff that are no longer robust contributors, but have become value eroders.

***Develop a strategy where your employees truly  
are your most valuable assets!***

### HUMAN ASSET MANAGEMENT STRATEGY

*Growth Acceleration, Competitive Advantage, Value Creation, Innovation, Sustainability*



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# Do You Really Have A Human Asset Management Strategy?

*"What's the difference between the concept of human capital and human asset management strategy?" When we discuss human capital, it is often described as:*

*The collective skills, knowledge, or other intangible assets of individuals that can be used to create economic value for the individuals, their employers, or their community. A measure of the economic value of an employee's skill set.*

Most definitions of human capital still focus on skills / people as they exist in an organization today from a tactical, short-term perspective. Alternatively, **human asset management strategy** (HAMS), looks at the strategic, long-term issues and:

- Conducts a current assessment of people and their skills today
- Attaches a trending component to the assessment for today and tomorrow to determine appreciation or depreciation
- Develops a human capital gap analysis between today and future human capital needs
- Evaluates productivity and associated costs
- Forecasts and creates an organizational impact analysis for near-term, mid-term and long-term effects and risk

With the above measures in place, a robust human asset management strategy can be used as a **predictive tool** that directly **links business strategy with human capital strategy**. Human asset management strategy lives in the C-Suite, since its impact is directly associated with business strategy.



## 4 PILLARS OF HUMAN ASSET MANAGEMENT STRATEGY

Supporting a human asset management strategy are four foundational pillars which are key business drivers anchoring the strategy:

1. **Aligned and Frictionless Customer Experience:** Involving highly-robust marketing, sales / business development and customer care functions
2. **Robust Information Technology:** Partnering with the organization as a business driver

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# Do You Really Have A Human Asset Management Strategy? (cont'd)

3. **Leadership Ecosystem and Benchmarks:**  
Driving the organization forward
4. **Strategic Organizational Development:**  
Implementing the human asset management strategy

## THE CEMENT AND GLUE OF HUMAN ASSET MANAGEMENT STRATEGY

What embeds a human asset management strategy into the fiber of the organization? Two more structures need to be established to embed the process:

1. **Cement: A Continuous Performance Review and Development Process** to ensure human capital alignment
2. **Glue: Culture of Relevancy** involving continuous learning and development at **every** level of the organization

## WHAT DOES THIS MEAN?

A robust human asset management strategy integrally links together all the above components. If you are missing any of these links, your human asset management strategy can be compromised and not functioning at the level necessary to deliver strategic human capital results to your organization.

# Rethink, Renew & Refresh Your Human Asset Management Strategy

If you say people are your most important asset, it may be time to rethink what that really means to your organization. How do your current human assets perform relative to your organization's requirements for growth, competitive positioning, transformation and business agility? (*Business agility is the ability to deploy human assets on demand.*) All these strategic business issues require complex, future-focused approaches that replace outdated, underperforming methods.

If the measure of success for every company is the realization of maximum business value based on value creation, then every human asset should be a value creator.

## THE CHALLENGE:

Replace short-term, cost-center people strategies with a well-considered, long-term human asset management strategy. If people are assets, they must be treated like any other organizational asset.

### **Human Asset Management Questions to Consider:**

In today's changing work environment, here are some questions to consider:

- Are your people value creators, value sustainers or value eroders?
- In today's changing environment, are your human assets appreciating or depreciating?
- To maintain human asset appreciation, are you investing in the on-going development of your people? If not, what are the risks and consequences?
- If your people are depreciating, what are you doing to revitalize them? If nothing, what are the risks and consequences?
- What's the real cost of not investing in people given their impact on:
  - Strategic goals and competitive advantage?
  - ROI and the cost of underperformance?
  - Human asset risk management and consequence analysis?
  - Organizational agility & resiliency?
- Is your organization designed and structured to meet tomorrow's challenges?
- Do your current performance management processes define future-focused, strategically-benchmarked roles and assess those roles for sustainable peak performance productivity metrics?
- Would you rehire your current team of people?

**"The best corporate strategy can fail at implementation without a human capital strategy supporting it. Today's business challenges demand a new, business-focused human capital model."**

- Joanne Flynn  
Founder of Phoenix Strategic Performance



# A Fresh Approach to Human Asset Management

What is Human Asset Management? If we say that people are our most important asset, then we need to think about them as any other organizational asset, and that's a good thing. Let's compare and contrast a piece of capital equipment diligence relative to human asset management.

Here's how we would evaluate the decision to both purchase and maintain a valued piece of capital equipment versus how we manage human assets:



## EQUIPMENT / HUMAN ASSET MANAGEMENT COMPARISON MODEL

Equipment Dilligence Process		Human Asset Management (HAM) <i>(Here is how we often manage human assets)</i>	
Research it	✓	Research the right person ( <i>Benchmarking</i> )	
Buy the right one	✓	Hire the right person ( <i>Hiring</i> )	✓
Read the manual	✓	Read the manual ( <i>Managing</i> )	
Maintain / care for equipment	✓	Maintain / care for them ( <i>Coaching</i> )	
Invest in it to optimize	✓	Invest in them to optimize ( <i>Developing</i> )	
Retool it – if necessary	✓	Reskill – if necessary ( <i>Retraining</i> )	
Upgrade it	✓	Upgrade them ( <i>Redeploying</i> )	
Release it	✓	Release them ( <i>Firing</i> )	✓

How do these two approaches compare and contrast? If we look at human assets through the human asset and risk management lens, below are the big questions to ask:

- Are your human assets appreciating, static or depreciating assets?
- Are your human assets aligned with present-to-future initiatives?
- Can your organization predictably forecast human asset capability and capacity?
- What are the near and long-term organizational risks when human assets are mismanaged?
- Do your people have the relevant and robust total skill set to do the job today and tomorrow?

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# A Fresh Approach to Human Asset Management (cont'd)

## HUMAN ASSET IMPACT ANALYSIS

Unless your human assets are in a state of continual appreciation:

1. Your growth initiatives will stall and not accelerate or optimize.
2. Your productivity issues will have obsolescence built into your strategy impacting growth acceleration.
3. You will be wearing out your human assets, Human Asset Brown Out, compromising organizational agility and business resilience, and impacting the ability to grow and optimize.
4. You may be funding prolonged underperformance, impacting productivity, capacity and profitability.
5. You may be compromising the ability to maximize strategic opportunities and create competitive advantage.

***What are the organizational costs and risks that are impacted by static or depreciating human assets?***

- Identify – *who's current, trending & static*
  - Identify the cost structure & the real cost of your people by productivity percentages against 100%.

### **Example:**

***\$100,000 – base salary***

***(50,000) – producing at 50% of Benchmark***

***\$50,000 – per person cost drain. Multiply that one individual cost across the organization.***

- Identify the risk, cost and productivity drain:
  - When top producers (appreciating assets) leave and under producers (depreciating assets) stay
  - When negative organizational agility and resiliency impact business initiatives

# Strategic HR: The Advocate of Human Asset Management

## WHAT IS THE IMPACT OF HR IN YOUR ORGANIZATION?

Integral to the topic of Human Asset Management is an honest organizational evaluation of the traditional 'keeper of human capital', the human resources department. If human capital is truly going to be elevated to the level of human asset management, an organization needs a highly-regarded HR department driving the strategic discussion of people. Embedded in HR's responsibilities are the following disciplines:

### Human Asset Risk Management that continually assesses if:

- Employee costs equal required productivity
- Employees are value creators, value sustainers or value eroders
- Employee skills are:
  - appreciating and pacing with strategic initiatives
  - stagnant and maintaining current levels but not growth levels
  - depreciating and creating a negative drag on performance, productivity and profitability

### Human Asset Complex Consequence Analysis that focuses on:

- Near to long-term time horizons
- Near to long-term human capital bench strength resulting in business resiliency
- Near to long-term impact on organizational agility – the ability to deploy relevantly-skilled people, on demand

### Human Asset Impact Analysis that evaluates strategic /people alignment driving:

- Competitive Advantage
- Market Sustainability
- Growth Acceleration

## THE RESEARCH: THE HR / BUSINESS STRATEGY PARADOX

If an organization is truly focused on Human Asset Management, an HR seat in the C-Suite is critical. HR must be involved in the decision-making process, and not informed about decisions after the fact. Here's what the research says:

### 1. The importance of human capital to corporate strategy is NOT reflected by its role in the C-Suite & Boardroom

**22%** - HR and workforce issues drive strategy at the board level

**28%** - HR advises C-Suite, but does not have a voice in decision making

**26%** - HR is not consulted at all about business planning

**24%** - Workforce issues are an afterthought in business planning. HR is consulted after high-level decisions have been made.

### Result: Impact Severe.

**HR is not in the information loop and lacks insights & status to be truly strategic. Companies are not making progress toward meeting workforce goals. Business Performance Suffers.**

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# Strategic HR: The Advocate of Human Asset Management (cont'd)

## 2. Regarding HR & Workforce Data – The Gap

### What HR says:

- **Only 38%** have ample workforce data to understand strengths & potential vulnerabilities from a skills perspective
- **Only 42%** know how to extract meaningful insights from the data available to them<sup>1</sup>

### What the C-suite says:

- They think HR is using metrics, benchmarking and analytics as a normal part of workforce development strategy.

### **Result: Impact Severe.**

**The inability to translate the value of workforce excellence into the language of growth and profitability is a SIGNIFICANT problem for HR and the business.<sup>2</sup>**

***Where is your organization on the Human Asset Management continuum?***

<sup>1</sup> DDi, Global Leadership Forecast, 2014-2015

<sup>2</sup> Phoenix Strategic Performance, 2015

# There's No Organizational Replacement for Quality Leadership

## IS YOUR CURRENT LEADERSHIP TEAM UP TO THE HUMAN ASSET MANAGEMENT TASK?

The topic of human capital is everywhere today. But how do organizations implement a robust human capital structure and culture, one that goes from talk to action? It's time to move the narrative about human capital to the next level – **human asset management**. By doing this, we begin to manage employees like the dynamic and robust assets they can be. We need to think about employees relative to peak performance and productivity, value creation and relevant and future-focused skills and knowledge upskilling. As leaders, we need to view our employees as continually appreciating assets. This is good for both the employee and the organization.

**Human asset management** cannot exist organizationally without the critical leadership function. Only leadership can focus on how employees are upskilled and ready to meet the organization's workforce challenges and demands of today and tomorrow.

If the role and function of leadership is so critical, let's see if leadership is ready for the task. Here's what the current data reveals:

### ***The CEO View***

CEO's were asked to identify the leadership attributes and behaviors most critical to success as a leader. The top five prominent attributes in every region globally were:

- Managing complexity
- Leading change
- Retaining and developing talent
- Leading with integrity
- Having an entrepreneurial mindset

What did CEO's say about their leaders and the reasons for current leadership deficits?

Leaders aren't ready to assume the new and evolving leadership roles due to:

- Lack of investment in continual management and leadership development for the past 15 – 20 years
- Extraordinary, discontinuous change which has profoundly changed the competencies required of the leader

### ***The Readiness of the New VUCA Leader***

Volatile. Uncertain. Complex. Ambiguous. These terms, collectively known as VUCA, were introduced by the Army War College to describe the post, cold-war world. Eventually, the acronym made it to the business world, to describe the environment created by the 2008 financial crisis.

The Merriam-Webster dictionary defines the terms as follows:

- Volatile: characterized by or subject to rapid or unexpected change
- Uncertain: not known beyond doubt, not clearly identified or defined
- Complex: a whole made up of complicated or interrelated parts
- Ambiguous: doubtful or uncertain

We continue to see the VUCA world develop around us. It goes beyond the issues related to the financial crisis of 2008. Business now operates in a world of "disruptors", enabled by rapidly expanding technology that didn't exist at the beginning of the millennium. The big disruptors are well known, but disruptors today are targeting every industry. The disruptors move fast and are agile. They

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# There's No Organizational Replacement for Quality Leadership (cont'd)

change the environment for all the players. Uber provides transportation, but doesn't own vehicles. AirBnB provides lodging but doesn't own properties. These organizations create the VUCA world for others in their industry. It is critical for an organization, regardless of their industry, to have leaders that can adapt and excel in this environment.

Bill George, in an article for Forbes online (VUCA 2.0: A Strategy for Steady Leadership In An Unsteady World, Feb 17, 2017), introduced the concept of VUCA 2.0 as a different way to see VUCA. He defines VUCA 2.0 as Vision, Understanding, Courage and Adaptability. He presents this as a new paradigm for leadership. Regardless of how you define VUCA, the central questions remain:

- Are the leaders and managers in your organization, your human assets, ready, willing and able to adapt to the VUCA world?
- How do you assess their capabilities?
- How do you develop the skills required to be successful in the VUCA world?

As we evaluate leaders relative to the evolving VUCA (volatility, uncertainty, complexity and ambiguity) skills, here are the results:

- 25% of organizations report their leaders are not VUCA capable
- Only 19% identified their leaders as 'very capable'
- Less than two-thirds of leaders themselves said they were either "highly confident" or

"very confident" in their ability to meet the four specific VUCA challenges:

- Volatility - 40% Readiness
- Uncertainty - 32% Readiness
- Complexity - 36% Readiness
- Ambiguity - 31% Readiness<sup>3</sup>

## ***What happens when organizations get their leadership issues right?***

- 20% higher than average leadership quality and bench strength
- 28% more critical positions can be filled internally and immediately
- 3 times more likely to outperform other companies on financial metrics
- Organizational consequence:
  - Increased organizational agility / ability to deploy upskilled employees on demand
  - Increased business resiliency / ability to meet and adapt to change<sup>4</sup>

## ***What happens when organizations get their leadership issues wrong?***

- 67% lower than average leadership quality and bench strength
- 21% fewer critical positions can be filled immediately
- Organizational consequence:
  - Compromised organizational agility and inability to deploy upskilled employees, on demand
  - Decreased business resiliency and inability to meet and adapt to change<sup>5</sup>

***Where is your organization's leadership on the Human Asset Management continuum?***

<sup>3,4,5</sup> DDi, Global Leadership Forecast, 2014-2015

# Human Asset Strategy: Business Risk Management & Complex Consequence Analysis

Over the years, the terms we use to describe the people in our organizations range from employees to human resources to talent to human capital. While the terms we use have become more descriptive and trendy, has anything behind those terms really changed? Or, in reality, do the structures, processes and mindset about employees still reflect an old 'head count' mentality?

While our latest terminology, human capital, begins to elevate the topic of employees, it's time to go all the way and use the term human assets to align with the statement, "that people are our most important asset". If we truly embrace that concept, we must turn our human resource structures upside down and think about people the same way we do the other assets of the organization. Unless we embark on the Human Asset Management journey, the terms we use are empty.

## RISK MANAGEMENT AND THE COMPLEX CONSEQUENCE ANALYSIS OF HUMAN ASSET MANAGEMENT

For **every action**, there is an **equal and opposite reaction**.

In **every** interaction, there is a pair of forces acting on the two interacting objects. The size of the force on the first object **equals** the size of the force on the second object – *Newton's Third Law*.

Here is where an organization must ask the risk management and complex consequence



questions. In Human Asset Management, every decision we make about people will have reactions that must be evaluated along the following criteria:

- Can your current people confidently meet the current and future business challenges that will allow your organization to profitably compete?
- Can your people confidently create a sustainable future business?
- What are the business risks?
- What are the business consequences of ignoring these risks?
- How robust is your organization?
- How resilient and healthy is your organization to absorb new and different work that is driven by a dynamic marketplace?



# The Risk Management Impact of the 'Headcount/Cost Cutting/Rightsizing Mentality'

If you are thinking about creating a robust Human Asset Management Strategy, then the concept of headcount/cost cutting, done in the name of rightsizing, represents an opposite approach to viewing people as an asset.

## WHY?

When we talk about headcount, we are looking at a static numbers game at best, and a leadership and organizational 'cop out', at worst. Have you ever worked for a company that reduced headcount by 10%? We've all been there. Here are a few scenarios that happen in organizations when they embark on the headcount/cost cutting game:

### Scenario 1: The highly-accepted but strategically-flawed LIFO test – last in, first out.

We somehow justify that longevity is a rational basis to keep people. That process is most often used by people who have longevity in the organization. These people themselves may be past their human asset 'sell-by date'.

#### Risk Impact:

LIFO may be the worst way of dealing with headcount issues. What does the LIFO accounting concept have to do with a dynamic, evolving, long-term human asset management strategy?



### Scenario 2: The lowest level employees are the first to go.

What does that accomplish? From a cost perspective – not much. But it does tick the 'cut the headcount box'.

#### Risk Impact:

What happens if the lowest level employees are the 'bench' you are bringing in to develop into high potential employees? You have just introduced a gap in your mid – long term human asset management strategy that could take years to close or, in some cases, given the current talent deficit, may impact business viability and sustainability.

### Scenario 3: Organizational Politics – Beware of those with no sponsor/mentor.

Employees who stay are 'politically' connected in the organization. Someone at the senior/ executive level is looking out for them.

#### Risk Impact:

That's fine if the employee is also a high-performing, contributing member of the organization. However, when a poor to average employee stays and a high-performing but politically-neglected employee is sacrificed in the name of 'headcount cutting', there is no end to the potential management, fairness and legal issues.

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# The Risk Management Impact of the 'Headcount/Cost Cutting/Rightsizing Mentality' (cont'd)

## Scenario 4: Let's play the contractor game.

In anticipation of headcount cutting, we can cleverly hire contractors and use them like elastic resources. When it's headcount cutting time, we can claim they are really like employees and effortlessly cut them to justify both headcount and cost cutting.

### **Risk Impact:**

**If your human asset management strategy resorts to contractors as your safety net, are you really managing your human assets strategically and for organizational sustainability, or are you just really engaging in short-term 'plug and play'? What is the real cost to the organization when your contractors walk out the door, with no loyalty at all.**

## THE RISK MANAGEMENT IMPACT AND CONSEQUENCES

This leads us to the final question that no one wants to own, "Who is going to do all the work"?

- A. With headcount slashing, typically 100% of the work still needs to be done, with the remaining 90% of the staff to do it. As an operating premise, that's scary enough. Now let's talk about human asset 'brown out', overworking and depleting

the remaining staff from a human asset strategy perspective? What does this do for your long-term strategic initiatives? Not much!

- B. Then, if we engage in any of the above headcount / cost cutting / rightsizing initiatives, imagine the catastrophic, long-term organizational risk consequences. From a shareholder / investor perspective, any of these initiatives can be borderline management malfeasance.

Remember Newton's Third Law and execute your human asset management strategy carefully! For every human asset action you take today, there is an equal and opposite reaction in the form of consequences you must own tomorrow. It's time to evaluate employees from an asset management and investment lens rather than a headcount and near-term cost perspective.

# An Alternative Approach to Rightsizing and Organization:

## The Capacity Management Approach and Human Asset Management Strategy (HAMS)

### ARE WE APPRECIATING ALL OUR ASSETS?

Any organization today will say that their employees are the most valuable asset to the organization. As new process applications, automation, and artificial intelligence continue to make their presence felt in the workplace, it is still employees who keep things running, provide the critical customer interface, and discover the opportunities to leverage technology. When we step back and look at organizations, we tend to find that leadership does not put the same emphasis on their human assets as they would on a physical asset they are acquiring or optimizing. I'm not implying we should treat people like equipment, however, as our most valuable asset, we need to put the same effort into ensuring employees can be most productive while providing an environment where they increase in value to both themselves and the organization. Our employees, our human assets, have one key advantage that physical assets do not - ***they can increase in value over time.***

### LESSONS FROM THE PHYSICAL ASSET WORLD

When we look at a Human Asset Management Strategy (HAMS), we need to incorporate lessons learned from the physical asset world. Some of the concepts that are obvious with physical assets may not seem as obvious to the human asset side, but they do, indeed apply. For example:

- **We understand that a piece of equipment has a limit on the amount of quality product it can produce in a specific timeframe.**

Speed up production and quality suffers. We don't typically apply this to our human assets. We tend to believe their capacity is unlimited and an increase in output should not result in a decrease in quality. Can the employee, in reality, successfully complete all the tasks given to them?

- **We don't expect our physical assets to perform a different function without some sort of intervention either through physical modification or through changes to the instruction set.** We consistently expect our employees to take on different functions without the benefit of training (the modification) or clear guidance and an understanding of the contribution and the final product (the instruction set). Do they understand what is expected of them and how they contribute to the organization's success?
- **We have our physical assets on preventative maintenance and upgrade plans to maintain their relevance and peak performance.** We don't always provide the same to our people, "our most valuable asset", through employee development programs such as skills training and leadership development. Has the organization created a path to maximize the potential of the employee?

In the economic challenges that defined the financial crisis beginning in 2008, many organizations found the need to downsize their staff to remain viable. Many used one of these four scenarios: 1. LIFO (Last In, First Out); 2. reducing the lowest level

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# An Alternative Approach to Rightsizing and Organization:

## The Capacity Management Approach and Human Asset Management Strategy (HAMS) (cont'd)

employees; 3. Politics; or 4. the extensive use of contractors. To organizations, these made sense at the time. They were easy and fast to execute and appeared to generate rapid results. Many of these approaches mirror the way the organization hired by throwing more bodies at the issues and getting them on premise, fast. What are the long-term results of these approaches and is there a different model to consider?

### THE VALUE ASSET MINDSET

When organizations approach their staff with a “Valued Asset” mindset who need specific capabilities to provide valuable contributions, the concept of Rightsizing takes on a completely new meaning. Let’s look at this process in relation to the steps outlined in the graphic below.

#### Equipment Dilligence Process

Research it	✓
Buy the right one	✓
Read the manual	✓
Maintain / care for equipment	✓
Invest in it to optimize	✓
Retool it – if necessary	✓
Upgrade it	✓
Release it	✓

#### Human Assset Management (HAM) (Here is how we often manage human assets)

Research the right person ( <i>Benchmarking</i> )	
Hire the right person ( <i>Hiring</i> )	✓
Read the manual ( <i>Managing</i> )	
Maintain / care for them ( <i>Coaching</i> )	
Invest in them to optimize ( <i>Developing</i> )	
Reskill – if necessary ( <i>Retraining</i> )	
Upgrade them ( <i>Redeploying</i> )	
Release them ( <i>Firing</i> )	✓

### THE STEPS

1. **Research it:** We spend significant amounts of time researching a physical asset before acquisition: can it do what we need it to do; can it produce enough and does the quality of its output meet the standards; can we afford it? We typically don’t see an organization put nearly that much effort in developing a job description (the specifications) for a new hire or existing position. Rather than a list of the tasks the position should do, we need to assess the contribution we want that position to make to the organization: is it purely production and related tactical skills or do we expect

them to contribute on a strategic level? Do we expect this person to become an expert at a limited set of tasks or is this a feeder position for management and leadership roles? This is not achieved by developing a “copy and paste” job description off the internet, but by a process that considers the long and short-term strategic needs of the organization and the long-term path for the individual. Time spent in this phase will pay off in the long term. If you can clearly articulate what you need for the organization to be successful, both from a skills standpoint and a cultural

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# An Alternative Approach to Rightsizing and Organization:

## The Capacity Management Approach and Human Asset Management Strategy (HAMS) (cont'd)

standpoint, the following steps in the process will be easier to execute.

2. **Buy the right one:** The equivalent is to hire the right person for the right role with the correct expectations. Have I hired the person that meets the requirements I identified in my research? Not only should the direct supervisor understand the role of this individual, but the entire leadership chain above the employee will need to have a clear understanding of the role and expectations.
3. **Read the manual:** Does the management team for this role have the skills required to allow this person to be effective and meet performance expectations? People are different and it may take a variety of skill sets to get both the individual and the team to perform effectively. Under the Human Asset Management model, these skills are always considered - we're working to develop the employee into an appreciating asset!
4. **Maintain / Care for the equipment:** Reading the manual is the management side of the scale, coaching is the maintenance and care side of the scale. Too much of either one leads to an imbalance. While the management process focuses on getting things done, coaching focuses on getting the most value from the employee for the organization. It's developing the understanding of that employee, as an individual, what drives them, what are their long-term objectives, do they want to be the very best at what they do or do they seek a greater role?
5. **Invest in it to optimize:** This is the continuous investment in the employee to increase their value to the organization. Through management and coaching, the leadership team should now understand how to continually increase the value of the employee. Here is where we develop the employee into an appreciating asset. If they want to be the best at what they do, what training do I need to provide them so they can continually build their skill set? If they want to advance to positions of more responsibility, what leadership training do they need and how do I give them assignments that allow them to grow and exercise these skills? Create an individualized development plan for each employee and execute on the plan.
6. **Retool it, if necessary:** At the employee level, this is the equivalent of developing new skills in the employee. This is retraining. The current business world is dynamic and changes at a faster pace than has historically occurred. It's not just competition anymore - it's disruption. Which of my employees has the desire to learn a new skill? Do they have the desire to change to meet the new challenges? Do they have the ability to change? Will the fundamental skills that allow them to perform well in their current position also allow them to excel in new positions? Will they continue to be an appreciating asset?
7. **Upgrade it:** Leverage the investment made in the steps above to redeploy the individual to a new role. Does the individual's expertise make them a good

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# An Alternative Approach to Rightsizing and Organization:

## The Capacity Management Approach and Human Asset Management Strategy (HAMS) (cont'd)

candidate for a new role in product development? Does their knowledge of a process make them a candidate for a quality and productivity improvement position? Does their ability to see the big picture and assess outside influences make them the right candidate for a more strategic role?

8. **Release it:** Is the current environment no longer relevant to the individual? If an individual is not providing value to the organization and the above actions have been taken, perhaps it's time to release the individual. Today, with rapid change, organizations often need different skill sets that the employee does not have. What if the employee is unwilling or not capable of developing necessary skills or knowledge sets? If nothing changes, there is no benefit to either side to maintain the status quo. If an employee can't be successful in your environment, afford them the opportunity to find a role that meets their needs either outside your department or outside your organization.

### THE HUMAN ASSET MINDSET AND THE RIGHTSIZING APPROACH

We have outlined a framework for building a high-capacity employee base, but you promised a rightsizing approach. They are both the same. If you have used this approach in building your talent pool, you should not

need to 'rightsized' since you should already have employees that are value creators leading to organizational and financial growth. If you have not grown with this approach, use it to assess your key performers. Keep those employees with the capabilities to sustain and grow the organization. This approach is not easy. It is, however, an evaluation that requires leadership to commit to creating a sustainable, high-capacity organization in the face of change, growth or adversity.

### HOW WOULD THIS LOOK?

Throw out the job descriptions you have and look at the skills you need to continue to move forward. Are the right people in the right positions? Are they being managed correctly and is there an opportunity and a desire on the part of the employee to learn and adapt to the new environment? Can the organization make the investment needed for this to happen? Based on these criteria, the final and key question after evaluating the individual is: **Would I hire this individual again?**



# Human Asset & Performance Management: Are You Ready to Meet the 'Busyness' Challenge?

For as long as we have had the modern organization, employees and managers have said, "We are too busy – we need more help"! In my 30+ years of working in and advising organizations, that statement is a common thread.

As we enter that 'special' time of year on the corporate calendar known as 'performance review time', incorporate the 'Busyness Challenge' into your review process.

What is the 'Busyness Challenge'? It's all about human capital (employees), human capital resource capacity, human capital resource planning and human capital resource forecasting. Otherwise known as Human Asset Management Strategy© (HAMS).

## NEVER MISTAKE 'BUSYNESS' FOR ACHIEVEMENT

To incorporate the 'Busyness Challenge' into your review process, start with the role benchmark. A role benchmark begins when you, the manager / leader:



### 1. Define the ideal role that is driven by and aligned to your business strategy for:

- **Role Responsibilities:** What the role must deliver
- **Role Competencies:** How the deliverables are achieved
- **Technical Competencies / Skills:** Today, we all need specific technical skills
- **Business Acumen Competency / Skills:** Understanding the business of the business
- **Organization Competency / Skills:** The elusive 'soft / human' skills required for today's jobs that defines not only that the job gets done but how the job gets done within the business context.

Here's an example: If you ask an employee what impact their work has on the organization or why are they doing what they are doing, and you get an answer that is less than optimal, then you have a role benchmarking issue.

### 2. Define the role benchmark – not the employee.

Don't evaluate the role by the capabilities of the current person in the role. This is a subtle but dramatic shift in how we look at role and resource capacity. By defining the role by the current employee, you are allowing the person to define the job according to their preferences, rather than the role benchmark defining the role. The role benchmark will determine the ideal level of proficiency that all employees in the role must achieve. The role benchmarking process is a leader-led, not employee-led, function. We often get this

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# Human Asset & Performance Management: Are You Ready to Meet the 'Busyness' Challenge? (cont'd)

step backward. Getting this wrong will forever keep you in the 'Busyness' Syndrome.

### **3. Objectively evaluates employees against the complete role benchmark. Beware of your own biases and manager excuses (this will be the hardest part).**

In this evaluation process, you must be ruthlessly honest in evaluating three key questions that directly impact the 'Busyness Challenge'.

#### **The 3 'Busyness Challenge' Questions:**

1. **Knowledge:** Does the person have the full and required competencies / skills to do the job at:
  - 100% of Benchmark?
  - With Sustainability, Repeatability and Reliability?
  - By Themselves?
2. **Accountable:** Is the person 100% accountable and reliable to colleagues both within the group and to other groups to deliver work / projects on time?
3. **Confident:** Is the person confident and secure in their knowledge to deliver the job within a defined timeframe?

If the answers to any of the above questions are an honest NO or Maybe, the employee may be working at subpar levels. This employee may be handicapped by a lack of required knowledge and / or confidence levels needed to deliver, which will have a direct impact on accountability. This handicap requires the employee to work harder, longer and often utilizing other employees to get the

job done resulting in the appearance of being BUSY. But BUSY is not the metric. Knowledge, accountability and confidence are. Don't let yourself say, "My people are smart and they are busy, but we need additional resources". A deep dive into what is really going on with people as they are evaluated against the role benchmark will identify how the resources are working and what you, as a manager, will need to do to maximize the current employees you have. Once you have all employees attain benchmark productivity, then you can truly evaluate if you need more resources.

### **'BUSINESS CHALLENGE' CONSEQUENCES**

Anything less than an Absolute YES to any of the 'Busyness Challenge' questions will directly impact productivity, time, perceived vs. real need for extra resources and business results. If we use 'busyness' as the metric, we are evaluating the wrong thing. Often, your extra resources are hidden in plain sight – in excess employee potential which yields increased capacity.

Instead of more resources, it may be time to think about upskilling and developing your current employees to meet the role benchmarks as you define them. You may not need more resources. You may need to re-evaluate the ability and capability of your current team. 'Busyness' is often a symptom of an underlying employee development issue. It is the responsibility of the manager to determine when new resources are actually required or when current employees need to be upskilled when evaluated against the benchmark. Hiring in and tolerating

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# Human Asset & Performance Management: Are You Ready to Meet the 'Busyness' Challenge? (cont'd)

underperforming people resources – human capital – is simply poor management.

## **HOW LONG CAN YOUR ORGANIZATION TOLERATE 'BUSYNESS'?**

In your review cycle, let's shift paradigms and use a new way to evaluate employees. Use the review process as the valuable management and employee development tool it can be. Your employees and your company will thank you for the effort.

# Relevant Human Capital and Human Asset Management Strategy (HAMS): The Culture of Relevance

To actively embed a robust Human Asset Management Strategy (HAMS) process into your organization, the organizational culture must reinforce the operating construct of the HAMS approach. One of the HAMS foundational norms is a culture of relevance. What does that mean?

We continually hear from our clients that they need dynamic thinkers who are intellectually curious from both a functional and enterprise perspective. Companies need employees who employ an integrated thinking approach regarding:

- their roles and their current and future skill / knowledge requirements (employability)
- their organization and their impact on the organization today and tomorrow
- the driving and changing forces of the outside world and that impact on their organization and their roles

## THE NEW OPERATING CONTEXT FOR A ROBUST HUMAN ASSET MANAGEMENT STRATEGY: THE RELEVANCE FACTOR

If the organization is operating in a dynamic environment, that environment must drive the role and competency benchmarks used based on the new operating paradigm.

**There is no room for static thinking.**

***Change Environments ARE Fundamentally different from Business as Usual (BAU) Environments***



Just because an employee is good at a role within a more static, business-as-usual environment, doesn't automatically mean the employee will be good in a more dynamic role. This is a foundational flaw that assumes the world of work has not changed and, of course, all employees can adapt because they are smart and 'just can'. One knowledge and skill set does not automatically transfer to another.

## THE IF / THEN PREMISE

Using the If / Then Premise, here is human asset management logic:

### The "If" Premise:

If the organization is operating in a dynamic, changing environment and if the current role and tasks involve both:

- Routine work – business as usual
- Trending Indicators: *Positive – Neutral – Negative*

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# Relevant Human Capital and Human Asset Management Strategy (HAMS): The Culture of Relevance (cont'd)

- Non-routine work – business based on change and new activities
- Trending Indicators: Positive – Neutral – Negative

And if employees must keep strategic pace with and stay aligned to the strategy for both the routine and non-routine components of their roles...

## The “Then” Premise:

Then we must evaluate employees dynamically based on both routine and non-routine work along with an assessment of trend indicators. In addition, we must continually re-evaluate and benchmark the roles to reflect the changing environment.

Very often, these new roles and tasks have fundamentally different knowledge, skills and competency requirements. They are in a constant state of flux and change. We know that today's knowledge and skills are becoming obsolete in 2+ years or less depending on your company / industry. If that's the case, the non-routine skills that people need to stay current and relevant must continually develop. In the future, non-routine work will overtake routine work. Routine work will be either outsourced or replaced by artificial intelligence or robotics.

## ROUTINE VS NON-ROUTINE EMPLOYEE ASSESSMENTS

When we assess employees using the routine and non-routine scale together with the trending mechanism, here are the results:

- Routine work scores higher than non-routine work 65 - 70% of the time
- Trending scores:
  - For routine work, the trending indicators are neutral to positive
  - For non-routine work, the trending indicators are negative to neutral<sup>6</sup>

To stay competitive in the marketplace, 'skills and knowledge relevance' is no longer an option but a strategic necessity. If not, what are the risks and consequences for the organization's future? By neglecting future human asset needs today, are you sabotaging your organization's future? These are the hard but necessary questions leadership must ask? These questions will challenge your views on people as static employees or dynamic employees who are the valuable assets of your organization.

## THE TYRANNY OF URGENCY – STAYING RELEVANT IS HARD!

In a business-as-usual (BAU) environment, skills stay relevant for a long time. In a change environment, knowledge and skills obsolescence is an organizational casualty.

Let's be honest! In a cost-cutting and head count cutting environment, it is tremendously difficult, if not impossible, for employees to stay relevant. Without thinking about it, we have created obsolete organizations hiding behind the illusion that people are staying relevant. After all, employees are smart and they are busy. Of course, staying relevant will 'just happen'. Newsflash – it doesn't 'just happen.' Staying relevant requires a culture where relevance is modeled by senior staff, where there is an accountability to stay relevant and where relevance is rewarded.

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# Relevant Human Capital and Human Asset Management Strategy (HAMS): The Culture of Relevance (cont'd)

It must be embedded in the culture, and that culture must be wrapped around the entire organization. Why? It's too easy not to invest the time to stay relevant, using the tyranny of urgency as plausible justification. And, if only one or two employees stay relevant, that does not mean there is an overall culture of relevance. Every day, the culture must inspire it, support it and make employees and managers accountable for it.

## **I'M DANCING AS FAST AS I CAN – THE EMPLOYEE VIEW**

From an employee's perspective, here's what attempting to stay relevant without a relevancy culture supporting this effort feels like:

*"I feel like I am on a treadmill and going very fast. As soon as I pace myself and feel comfortable, they turn up the speed of the treadmill and I need to recalibrate all over again. And once I have gotten myself to the new level, they turn up the speed of the treadmill again.....and they then tell me I also need to jump on the stair climber....and can I do them both at the same time since both pieces are next to each other and it shouldn't be that difficult. And, by the way, can I learn how to cook some nutritionally healthy meals – which should only take a few minutes".*

## **A CASE OF IMPENDING IRRELEVANCE – A WALK THROUGH A RETAIL SHOPPING MALL**

We don't need to look any further than retail to see how that industry has changed completely in the last 10 years. And, we know it will continue to change going forward making

retail employees among the most vulnerable. Today, when you walk into a store, you find more goods and fewer salespeople. Those that are around are expected to provide customer service for multiple departments. Their product expertise and customer care is limited as stores hire fewer staff and pay them lower wages. The results is that the customer experience suffers. And with online shopping as the easy alternative, we see robust growth in that sector of retail and store closings and stagnation / erosion in bricks and mortar retail. In this changing world, we see relics of obsolescence and irrelevance everywhere. Make sure you and your organization are not the relevance casualties of the future.

## **THE HAMS METHODOLOGY**

Think about your people when using the Human Asset Management Strategy (HAMS) methodology. The results of this approach will highlight what your organization needs to do to ensure that your people stay the strategic, relevant and valuable assets they are today and into the future.

<sup>6</sup> Phoenix Strategic Performance, 2016



# Delegation: A Key to Developing a Human Asset Management Strategy

***If a Human Capital approach is your goal, then delegation must be in your leadership toolkit***

Quality leadership is a critical element for a robust, human asset management strategy. If we agree that a critical function of the leadership role is to continually develop employees (the asset in human asset management), then developing employees through delegation, must be a critical competency of the leadership role. Employees are your implementation squad. They make things happen, or not! It's easy to talk about developing employees, but doing it, and doing it well, is another story.

## **DELEGATION – THE UNDERRATED SKILL**

Delegation is the most underrated skill, which is ironic, because it is not only one of the MOST IMPORTANT skills, but also one of the MOST DIFFICULT and MULTIFUNCTIONAL skills that a manager must perfect. You can't think that employees will create themselves into their own self-appreciating assets. Some will, but most will not. Why? Employees are not typically privy to the macro-organizational

issues of human asset management, nor do they systematically know exactly what they need to do.

Today, managers are responsible for both producing and managing. Their time is often focused on the short-term, 'get it done now' timeframe. Leading and delegation takes a strategic, long-term perspective together with a real investment of time and a deep understanding of how to effectively and efficiently delegate. Without all these elements coming together, delegation suffers or doesn't happen at all.

***Leadership, delegation is your job, not theirs.***



# A Human Asset Management Strategy (HAMS) Recruiting Challenge

## ***What It Takes to Find the RIGHT Candidate.***

How many times have you hired a candidate, and then found out the candidate was missing the right skill set? Hiring the right person for the right role at the right time is a strategic organizational responsibility. It starts with developing a detailed role benchmark that includes role responsibilities and competencies / capabilities for the role. This benchmark becomes the springboard to take a deep dive into a candidate's background, looking for evidence and examples that align with the role benchmark.

Since inbound marketing has become so important to many organizations, here is a hiring example that will have a direct application to many organizations.

## **EXAMPLE: SO, YOU WANT TO HIRE AN INBOUND MARKETING EXPERT (EXCERPT)**

### **4 Questions to Ask to Make Sure You're Hiring the Right Inbound Marketer to Join Your Team**

*by Elyse Flynn Meyer*

"Finding candidates to fit the niche marketing roles that require an expertise in inbound marketing can be very challenging. Traditional marketing and advertising techniques are taught around the globe in colleges and universities. Inbound marketing, however, is still not a discipline that graduates know when they enter the professional workforce. After graduation, individuals are typically not ready and able to directly jump into inbound marketing roles that require extra training to get fully on-board and learn how inbound marketing integrates into an overall marketing strategy. The scarcity of digital marketing training, and, more specifically, inbound



marketing training, can make it difficult to find that perfect inbound marketer for your team. We often see this issue while working with organizations that want to practice inbound marketing, but either don't have the talent on their team to support the initiative, and / or don't have the budget or desire to work with an external inbound marketing agency.

There are four questions to ask when you are crafting your inbound marketing job description / role benchmark and interviewing candidates for your job. These questions identify the right talent to ensure the candidates have the skills, or at least the motivation, to quickly learn the required skills. Remember, just because someone has a marketing or communications background doesn't mean they can adequately perform in an inbound marketing role. Be sure to ask the tough questions before making an offer for your next inbound marketing hire.

### ***4 Must-Ask Questions When Hiring an Inbound Marketing Professional:***

1. **Do they have an inbound marketing certification?** HubSpot has created a free inbound marketing certification that is available to individuals around the

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# A Human Asset Management Strategy (HAMS) Recruiting Challenge (cont'd)

globe to learn the concept of inbound marketing completely online. While this certification is taught by HubSpot, the candidate does not need to have an active HubSpot account to access it. This certification immerses individuals in all things inbound marketing. It provides training, resources and a global community of other likeminded inbound marketers. If you're hiring an inbound marketing professional and they don't have this certification, consider other candidates. Given that the cost is free, and over 60,000 people are certified around the globe, you should make this a top priority in your hiring requirements.

2. **Can they concisely describe the inbound methodology?** The inbound methodology, or inbound marketing pillars, should be memorized by every inbound marketer (even if they are just trying to break into the inbound marketing space). The inbound methodology is the holistic view of how you can leverage all your digital assets to get found online, convert traffic to leads, convert those leads to customers, and ultimately nurture your customers to be promoters of your brand. Any inbound marketer should understand that strategy and every tactic under the pillars of inbound marketing.
3. **Have they implemented an integrated online marketing campaign?** Always ask for examples, and samples of prior work. This will help you evaluate how your inbound marketing candidates have integrated their online marketing campaigns in the

past. For example, did they develop an eBook at a prior company and build a landing page, form, email, automation campaign, social strategy, and web conversion strategy behind it? These are critical pieces to every part of an integrated online marketing campaign. It's essential to have the candidate articulate exactly HOW they integrated all these aspects into a holistic campaign. If they don't have experience with that, they may not fully understand the scope of inbound marketing, and you may lose valuable time if you're looking to start ramping up your inbound marketing initiatives quickly and efficiently.

4. **What experience do they have with marketing automation platforms?** Depending on the automation tool you are using, your future inbound marketer should ideally have experience with that tool, or should be so well-versed in digital marketing that they can learn a new marketing automation tool quickly. If they just say they have "heard of the tool" or "know what it does", I would dig deeper before moving forward in the hiring process. Marketing automation is not something that can be quickly 'picked up'. We have often seen individuals go completely through the interview process to a job offer simply because they used the term "inbound marketing" on their resume or LinkedIn profile. However, very often, they don't fully understand the complexity of inbound marketing and how to make it work for their new employer. This is a disservice

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# A Human Asset Management Strategy (HAMS) Recruiting Challenge (cont'd)

to you, the employer, and to them as the candidate because they are potentially taking on a role where their success may be unrealistic. This mistake can set you back weeks, months, or sadly, even years, if the knowledge isn't there in the beginning and willingness to effectively learn the concept and tactics behind inbound.

## ***Never Assume***

Organizations, in the interviewing process, often assume too much, resulting in the wrong hiring decision. The results can negatively impact an organization's strategic success. Every person in every role within an organization must be closely aligned with the role benchmark and deliver intended results.

***There is no room for error.***

# One Underperforming Employee and So Many Impacts: A Performance Management Lesson

## ***The Statement: “That’s Just Bob Being Bob.”***

Have you ever heard this statement before, or worse yet, have you ever said those words yourself? I know I have certainly heard those words in every scenario from work to athletics to family, and my emotional response to those words have ranged from frustration to despair.

What does this have to do with performance review and human asset management? In the performance review process, consider if you have an employee that you can associate with this statement, “*That’s just Bob being Bob*”. The situation that causes this statement doesn’t live in organizational isolation. Let’s take a serious look at the negative organizational impacts in the workplace of this statement and the underlying situation.

Here’s a recent and very real situation I witnessed in a store that provides a customer-related service. I’m sure we have all experienced a situation like this in the workplace. As you read through this situation, think about all possible resulting organizational impacts. As a manager, if you have one of these employees / situations, the performance review



process is the perfect time to identify this person and set up a development plan to address the situation, one way or another!

## **THE SITUATION: CUSTOMER TRYING TO PLACE AN ORDER**

The Actors: The first provider, the second provider and the customer.

- A female customer was at a store counter waiting to place an order.
- At the time, there were two male customer-service providers. The first provider, Bob, was dealing with another customer while the second provider, Carl, was staring out into the store doing nothing.
- It was clear that the female customer at the counter needed help and the help was not coming from the ‘second’ provider, Carl.
- When the first provider, Bob, was finished with the other customer, he just walked away leaving the female customer waiting for service.
- Then, a male customer walked up to the counter and immediately, the second provider, Carl, stepped up and took care of him.
- After a long wait, the first provider, Bob, came back and the female customer asked why she had not been taken care of by the second provider, Carl. The first provider, Bob, just laughed at her, like her question was a joke.
- The female customer said to Bob, that, “he picked the wrong person to laugh at”, and Bob chuckled again. The female

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# One Underperforming Employee and So Many Impacts: A Performance Management Lesson (cont'd)

customer found the manager and made a complaint.

- Later, Carl, the second provider apologized for both himself and Bob.
- The other customer got involved confirming the situation and was equally mad, on principle.
- Another 'observer employee' commented that over the year, there had been numerous complaints about Bob and nothing had changed allowing "Bob to be Bob."
- An assistant manager got involved relaying information.
- The manager later got involved again to call the female customer to apologize for Bob.

## THE FALLOUT

While one employee like Bob may not appear, on the surface, to cause big problems, there are very real negative organizational impacts to saying, *"That's Bob just being Bob"*. What's wrong with this picture? Here is the damage one underperforming employee can cause in time, morale, productivity and revenue.

- The only employee not involved in the aftermath was Bob – the problem. Hmm!
- How many times did Carl need to deal with the fallout from Bob and his lack of customer service. Carl had to take his time to apologize for another employee.

- An 'observer employee' stated that Bob had displayed this behavior continually and wondered what was wrong with the manager just 'letting Bob be Bob'?
- How many customers were lost translating into loss of store revenue?
- What was the reputational risk to the store when there are many other competitors?
- What is the matter with store management to have allowed an employee to behave this way for so long?

## ONE BAD EMPLOYEE AND SO MANY IMPACTS

Managers, as you go through the performance review process, if you have even one Bob on your team, please fix this employee. It's just not fair to anyone else who has the misfortune to have to deal with him. It may be hard, but that is management's responsibility, especially during the performance review process.



# You Manage Your Systems Risk, But Do You Manage Your Human Asset Risk?

Managing risk is a fact of business in the 21st century. Managing risk in the Information Technology world is something that is factored into every decision. The question for the IT professional: Are you managing all your risk? "Sure" you answer, "I have high availability systems, I do incremental and full backups, I keep my security measures current, and I have a disaster recovery plan that I exercise annually". There is another dimension to the risk equation - the human assets that keep the IT world running. Let's look at some of these...

## ARE YOUR SYSTEMS SUPPORTED?

When we look at the various software applications used in business today, one of the key factors we assess is the version of the software we're using. Are we on the current release? One, two or more versions behind? Cloud-based applications have mitigated this issue to some extent and made the process of going to and staying on the current release somewhat less painful. Have you taken a step back and looked at the people supporting those systems? Are they "current"? It's just as critical to keep your staff, your human assets, as current in the technology as your software assets. We tend to hire people for today - with a skill set that satisfies a need at this moment in time. We are not always focused on developing those skills to keep pace with the changing needs of the organization. Many leaders have the expectation that the employee will work to become knowledgeable and current on their own. While some may, others won't. Either way, self-governed development does not ensure that the skills the organization needs will be available, on demand. Just as we make sure our applications and systems are on



the current version, we need to make sure the people supporting them maintain the current competencies needed for optimal performance and growth.

## FUTURE PROOF DEFINED

The Cambridge English Dictionary defines Future Proof as "to design software, a computer, etc. so it can be used in the future, even when technology changes." We've seen it is difficult to future proof hardware. The fact that we always have new versions of software coming out demonstrates the effort it takes to keep that software current. Your support staff is no different - what efforts are you taking to Future Proof your staff? Are you developing plans to ensure they are as current as your applications?

Here are a few key initiatives to keep your staff current:

- **Work with each staff member to create an individual, development plan:** Ensure the plan encompasses both technical and non-technical

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# You Manage Your Systems Risk, But Do You Manage Your Human Asset Risk? (cont'd)

items. The goal is to increase the value the team member can provide to the organization. Don't restrict this to just your technical staff, include your management staff as well.

- **Ensure you and your staff commit to the development plan:** As a leader, that is a key part of your role. If you do not place an emphasis on employee development, no one else will.
- **Mentor your staff:** Either you do this or have your first-level managers do this. Learn what your staff's long-range objectives are and help them get there. If they want to be a top developer, help them achieve that. If they want to transition to a management role, help them develop the skills they will need. Follow up with the mentors and the mentees and make sure both are working to achieve results.

***Remember, these actions don't 'just happen' without effort, monitoring and leadership focus.***

## CONTINUITY OF OPERATIONS

We have many options to ensure our systems are available to meet the needs of the business: high availability configurations, cloud-based systems, numerous backup configurations, and alternative sites for failover to name a few. We employ a combination to ensure the maximum uptime to the customer. Are we ensuring the same level of availability for our staff?

Step back and look at how your staff is allocated to supporting critical software and/or projects. Are you creating an environment where your human assets have no back-up? It's not unusual to find IT organizations where the majority of knowledge about a particular system or critical component of that system resides with one person. Typically, the individual does not complain, after all, being the only one with the knowledge yields a sense of security, maybe even power. This single point of knowledge can cause stress among other team members since they are left to solve issues that occur when the primary individual is away from the office. IT leadership must commit to cross-training team members to ensure the availability of skilled resources to support ongoing operations – operationally-relevant skills bench strength. Consider establishing teams to support specific applications or projects. The vision here is to have the same level of backup in the support roles as in the systems themselves.

## CONTINUITY OF PEOPLE / KNOWLEDGE

**Scenario 1:** We need to assess where individuals are in their careers and the impact that can have. This can surface in several scenarios. There can be situations where team members have reached a point where they want to assume additional responsibility - either technically or beginning a transition to a management role, but a progression path does not exist within the organization. If the desire to progress is strong enough, individuals will eventually leave the organization to achieve their personal goals. There can be significant knowledge that leaves with that in-

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# You Manage Your Systems Risk, But Do You Manage Your Human Asset Risk? (cont'd)

dividual, even with cross training other team members. To be proficient, the cross training must include both **knowledge transfer** and the **opportunity to apply the new skills** so a high level of confidence is developed in the individual as well as the team.

**Scenario 2:** The second situation can occur when tenured team members approach retirement. These individuals typically have been with an organization for a significant period of time and possess a great amount of knowledge. This knowledge often includes the historical background leading to the current state. Assess this situation every six months. Work to develop a transition plan that includes both knowledge transfer and documentation development. Ensure that the departing individual transfers the knowledge to others and works with them so they are confident when assuming those new duties. Don't forget to look at the relationship network that individual had among his or her peers. Understand that you may have an entire support system that operates off those relationships. You will need to plan for that relationship transfer, too.

**Scenario 3:** The third example tends to occur in mature organizations that still rely on legacy systems. These organizations can present a challenge when working to hire less experienced employees or recent graduates. These individuals may not have knowledge of the legacy systems - either hardware or software. It's critical that the new members of the team have significant time invested in them to teach the skills they need and make them feel comfortable in the environment. As a leader, you must be willing to spend time with them and explain the realities that not all businesses operate on the "latest and great-

est" systems. Also, help them understand the benefits they receive by learning about legacy systems to expand their knowledge base, problem solving skills, and the opportunity to participate in upgrades. Again, the team concept can help the new team members learn how to support the legacy systems.

## RISK REALITY IS EVERYWHERE

Risk exists both in our hardware and application environment as well as with our staff. We readily assess and work to mitigate the risks with our systems. We need to develop a strategy for our human capital management that parallels what we have developed for our other systems. We can mitigate the risks through effective cross training and developing support teams. Build your bench for both technical and management resources. That concept applies here, too. The key first step is assessing your specific situation. Follow that up with a planning session to develop a plan to mitigate the risks. Risks are everywhere today. Never underestimate the importance of human capital risks that may be inherent in your current operating environment.

# Does Your Organization See IT as a Good Investment?

We're all used to the issues related to assets in the Information Technology arena: equipment that is heading towards obsolescence by the time we get it in the rack, the exponentially growing thirst for storage by the users, and the new version of software that is released just as we finish the project to upgrade from our previous version. This is just reality. These are things we are used to justifying to the C-suite - they are a cost of doing business. I'd like you to expand your vision a bit and look at some of the most critical assets in your Information Technology organization: your human assets and, as a whole, the human capital that is critical to your daily operation.

## THINK OF PEOPLE AS AN ASSET WITH INVESTMENT VALUE

I know some of you are saying "you can't look at people like they are equipment". That's not what I'm suggesting. I believe you need to treat and evaluate your team as the most valuable item in your organization. There is a substantial investment in each individual. While you may not have made the investment, overall, a substantial investment has been made in your team through education, training and experience.



The Encyclopedia Britannica defines Human Capital as:

*"intangible collective resources possessed by individuals and groups within a given population. These resources include all the knowledge, talents, skills, abilities, experience, intelligence, training, judgment, and wisdom possessed individually and collectively, the cumulative total of which represents a form of wealth available to nations and organizations to accomplish their goals. Human capital is available to generate material wealth for an economy or a private firm."*

What does this mean? While human capital is "owned" by the individual, it is available to the IT organization to support the mission and the overall organizational growth. Unlike physical assets, human assets can walk out the door whenever they want, taking their knowledge and skills with them.

"Isn't this an HR function?" you ask. Does HR have a vested interest in the success of IT? Does HR understand the specific skills and knowledge your team needs beyond what is written in the position description? I propose you need to put at least as much time and effort into your human assets as you do in selecting your hardware and software assets. "So", you ask, "How do I do this?" Great question!

## IS YOUR INVESTMENT GROWING?

How are you assessing your people? I'm not talking about the annual performance report assessment, I'm talking about developing a complete picture defining the organization's needs, internal to IT, and

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# Does Your Organization See IT as a Good Investment? (cont'd)

the company as a whole; and how your staff meets those needs. Are you trying to catch up? Are you maintaining? Are you ahead of the curve? As you look at each individual in your organization, are you evaluating them for their ability to assume management roles? Are they an exceptional technical resource that you need to keep? In either case, what is the path to keep them challenged and engaged? You can look at this on an individual level and determine if each human asset is appreciating (gaining new skills and value to the organization), maintaining (good at what they do, but not really growing), or depreciating (skills not improving, resistance to learning new things, not a leader - at least not in a good way). When combined as a group, is the overall trend towards appreciating, maintaining, or depreciating? If the overall capital value of your team is not appreciating, you're not a direct contributor to the growth of the company. That means the Executive team will see IT as just another expense and not a direct contributor to organizational success.

## **BUILD YOUR LONG-TERM VALUE**

Lead your IT team from a business perspective. Become pro-active rather than reactive. Are you building bench strength? Look over the assessments of your team members. Is their value appreciating, maintaining, or depreciating? If it's appreciating, you may very well be building a bench and demonstrating that IT can be an active and integral group contributing to organizational revenue growth. Take the next step and ensure that all your future needs are covered by team members that are appreciating assets.

As an IT leader, you are not in this alone. There are consultants that can assist you in the initial assessment of your staff, implementing processes for continued tracking, and providing a structure for developing your staff. You use consultants to assist you in implementing and learning new software and hardware; do the same with your human capital assessment.



# Human Asset & Performance Management: From Paper to a Digital Platform...Is Your Organization Ready?

As organizations look to evaluate performance management processes and shift to a continuous performance review process / system, the questions often asked are, *"What is a continuous performance review? What has changed to require a fresh approach?"*

Are we getting what we need from our current review process? If not, is it time to finally reconcile performance reviews with today's business and work reality? If business is forward looking, why do many performance review processes look backward? Continuous performance review is a forward-focused management process, and not an HR process. We must shift our paradigm. Yes, HR is involved, but managers are responsible and accountable for the process. Gone are the days of saying, "HR is making us do these performance reviews." You are doing reviews because it's right for your business and for your employees.

## ***Yesterday's Performance Management Process: Assessment***

Performance management was driven by HR as a year-end review process focused on pay and promotion. It was a way to rate / assess people and their past performance.

## ***Today's Continuous Performance Review Process: Development***

The continuous performance review process is the responsibility of managers and leaders in functional areas related to employee's personal growth and productivity focused on organizational goals. It is a way to improve and coach people to achieve business results. It is a management and leadership tool.



## **A DIGITAL PLATFORM**

A future-focused continuous performance review process needs a digital platform to capture information and both apply and embed best practices. Jobs are changing much faster than in the past, based on market pressure and demands. A digital platform, that is universally accessible and immediately responsive, is how you manage the employee development process in a fast-paced world. As leaders, it is your responsibility to ensure that employee skills do not become obsolete but stay aligned with future business needs. Employee development has become a strategic business imperative. Below are the best practices that a robust continuous employee development process, captured by a digital platform that is tracked and measured, include:

Best practices require:

- More frequent check-in conversations between employees and managers

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# Human Asset & Performance Management: From Paper to a Digital Platform...Is Your Organization Ready? (cont'd)

- Monthly goals that are ambitious and aspirational
- More frequent feedback between employee and manager
- Active coaching and development from managers
- Development plans and related activities
- Next assignments and stretch goals

Why change the process? Because continuous learning is now required.

- Learning is key to success.
- Top organizations have a learning culture.
- Training and development is highly ranked by Millennials. They will leave if they don't get it.

## WHY DO WE NEED A DIGITAL PLATFORM?

A digital platform, with access for both managers and employees, is necessary to monitor and manage the process. With the speed of change happening so quickly, and the strategic need for employee skills to stay current and relevant, how else can you guarantee the process is being aggressively measured and managed? Right now, digital platforms are commonly used to manage all other aspects of our lives, so why not employee development?

## DOES CONTINUOUS PERFORMANCE REVIEW WORK?

Is the new process worth the effort? Yes, there is an evolution to installing this process. It is not only worth the effort but is also today's business requirement. Here's the question, "What's the alternative"? Is it easy? No. There are two pitfalls you need to be aware of:

- Failing to upskill managers and direct reports
- Failing to adequately invest in change management efforts

# Human Asset & Performance Management: The Future is Now... Is Your Organization Ready?

Human Asset Management Strategy (HAMS)© demands a robust and continuous performance review process focused on employee development. You can't have one without the other.

According to the Harvard Business Review, one third of U.S. companies are revising traditional appraisal processes. Since change is revolutionizing the way we work, it's time to focus on a continuous performance review process, where robust, two-way feedback is frequent.

## FORCES DISRUPTING TRADITIONAL PERFORMANCE REVIEW PROCESSES

Today's work reality is challenged by multiple and constant disruptors that are putting pressure on organizations and their foundational structures, processes and people. For the near term, one thing is certain, these disruptors are not going away. They are our new normal. We must account for these disruptors as we look at our human assets and how we manage them and their responses / reactions to these disruptors. The following are some main disruptors:

- Millennials make up more than half the workforce and Boomers are working into their 70's and 80's.



- Digital technology is everywhere, disrupting business models, changing both the workplace and how work is done.
- Rate of change has accelerated.
- Continuous employee review processes must become more flexible, employee-centric and aligned with the rapid pace of change.
- Younger workers demand rapid career growth and flexible workplaces.

## WHERE HAS THE INCREASED PRODUCTIVITY GONE?

According to the Bureau of Labor Statistics, business productivity has not kept up with technology. If the old performance reviews were effective, productivity should have increased dramatically over time. This, however, is not the case. If these cumbersome performance review processes are not working to increase productivity, what good are they? It's time to rethink what we are doing with performance reviews, how we are doing them and if the intended outcomes are being achieved. According to the Bureau of Labor Statistics, here is an assessment of the old performance review processes in the new world of work:

- Organizations are not getting more outcome per hour worked.
- Employees are working more and getting less work done.
- Employees are overwhelmed by technology.
- Productivity must go up. Employee engagement is flat.

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# Human Asset & Performance Management: The Future is Now... Is Your Organization Ready? (cont'd)

- We have shifted to a service economy where skills do matter and people are your product.
- Jobs are shifting to skills which are essentially human, like creative, team and service jobs.
- Future jobs are collaborative and human intensive, but how do you measure these skills?
- Employees are now operating as networks of networks with people working in cross-functional, collaborative teams.
- Teams and people are working multi-functionally.

## THE NEW WORK REALITY

Align your organization's current work environment with a relevant and aligned continuous employee review process designed to mirror, reinforce and keep pace with your organization's business strategy.

# SUMMARY

Evaluating Human Capital from a Human Asset Management Strategy perspective is complex, multifunctional and holistic. It must incorporate the seemingly disconnected organizational and behavioral threads that weave a fabric of Human Capital throughout the organization. This fabric helps embed a culture of continuous learning and knowledge / skills relevancy. It must include and evaluate the following organizational threads:

- The Organizational / Departmental Stress Points - Push and Pull
- Dynamic 21st Century Issues: The Push into the Unknown Future
- Background: History and Legacy – The Pull Back to the Known Past
- Change as a BAU Business Driver – It's now the new normal
- Human Capital as an Asset – Are they appreciating or depreciating?
- Strategic Assessment Process Benchmarked to the Strategy
- Value Creators, Value Sustainers and Value Eroders
- Risk Management and Organizational Impact Analysis
- Value Creation and Growth Acceleration
- Organizational Agility
- Strategic Human Capital Capacity Forecasting

## **WHEN HUMAN CAPITAL & BUSINESS STRATEGY ALIGN, THE ORGANIZATION EXPERIENCES:**

- Growth Acceleration
- Organizational Agility



- Business Resiliency
- Peak Performance Against the Benchmark
- Knowledge / Skills Relevance with Continuous Workforce Gap Analysis & Planning Process

## **HUMAN ASSET MANAGEMENT STRATEGY FOR TOMORROW**

Let's elevate the narrative of Human Asset Management to C-Suite terms. There is no denying that globally, organizations are facing a talent deficit of epic proportions. As the nature of work is continually transforming and disruptors like artificial intelligence and robotics are fast becoming the new normal, companies must continue to rethink their current business operating models. Industries that were once robust are now in their sunset years, and new industries continue to evolve daily. What we will look like in 5–10 years may be completely unrecognizable from today's business paradigm.

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# SUMMARY (cont'd)

At the heart of this transformational business dynamic is the human element. No employee is a static resource. In a constantly changing work environment, if employees are not moving forward with their skills and knowledge, then they are moving backward. An employee who is 'skills relevant' today may be a depleted resource tomorrow as your organization faces the demands of future work requirements.

## GOING FORWARD, RISKS AND CONSEQUENCES

For years, we have been driven by the concept of head count and cost cutting to the point where we have depleted the people of

our organizations, both physically and emotionally. This is also known as Human Capital Brown Out. Cost cutting has a place in running a business, but when it is done at the cost of a robust human asset management strategy, there is an organizational price to pay. Today, in many cases, we are dealing with the risks and consequences of human resource actions taken years ago. We must change our mindset and truly think of a human asset management strategy with a robust risk management process. Organizations are still made up of people – one of our key assets. Let's treat them and take care of them like the human assets they are.

### The Phoenix Strategic Performance Methodology©

***Our PSP proprietary Human Asset Management Strategy© process will help you align all aspects of human capital to ensure your organization's success. Remember, success doesn't 'just happen'.***

To help you meet future organizational challenges, please contact the Phoenix Strategic Performance team.

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## **JOANNE FLYNN**

### **Founder, Phoenix Strategic Performance**

In 2014, Joanne Flynn founded Phoenix Strategic Performance, a strategic human capital advisory firm. Prior to this, Joanne was Vice President of Goldman Sachs for 10 years responsible for global learning and development and she then led the consulting practice of Phoenix Group International, an advisory firm.

Joanne is experienced in all aspects of organizational development and training on a global level. Her consulting engagements have included the design and delivery of training and organization development programs on the topics of strategic leadership, business development and strategic selling, management development, and executive advisory. From an independent vantage point, Joanne works with organizations as they face accelerated growth and competitive challenges. She works with her clients on being both externally focused and internally responsive. With her unique background, she aligns competitive business development efforts with related internal organizational challenges. With the benefit of her career-long focus, Joanne contributes the unique insight of aligning strategy to internal organizational structure, process and people.

Joanne holds a Master of Arts degree in Business Management from the University of Oklahoma and has B.A. degree from the College of St. Elizabeth with double majors in History and German.





## **WAYNE HAGGSTROM**

### **President, Sympraxis LLC**

Wayne Haggstrom has more than 30 years of experience as an internal and external consultant in quality, process improvement, technology planning and program management for organizations ranging from the Department of Defense and Fortune 100 companies to privately-held corporations. He has worked with organizations to establish the value of their technology initiatives, strategic direction, executive leadership development, waste reduction, process improvement and project management. Wayne works with IT organizations to help them establish a more business-centric approach and demonstrate their value to the C-Suite.

Wayne is a decorated veteran of the United States Air Force where he held a variety of assignments supporting other Military organizations, the State Department and other government agencies. Wayne was also selected to be a regional examiner for the 2017 Baldrige Awards for the Southwest Alliance for Excellence.

Wayne has a Masters in Information Systems Management from Webster University and a BS in Civil Engineering from The Ohio State University. He is a certified Project Management Professional, Certified Six Sigma Black Belt through Johnson Controls, Certified in Lean/Cycle Time Reduction and a Certified Quality Facilitator through The Total Quality Institute, as well as certified in Prosci Change Management methodology. He is also a Certified Sustainable Building Advisor. He has been an instructor for Management and Executive Leadership Development as well as Sustainable Building Concepts and Methods. He is a senior member of the American Society for Quality and a member of the Project Management Institute.



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