

# 7 Tips to Maximize Your Investment in Human Capital Management

By Nancy Heet, President, Workforce Management Strategies, LLC

The number of integrated human capital management technology solutions available to organizations continues to grow. Most of the vendors in this market space speak of the features and benefits of their applications and conduct demonstrations of a fully populated solution from the perspective of leaders that have completely embraced it. Once sold, they bring in an implementation team, whose purpose is to get the application configured and up and running as quickly as possible. Yet, tackling the hard work of implementation and culture change required to truly maximize the value of an investment in human capital management is often underestimated by technology providers and HR/OD practitioners alike. Having worked with organizations from a variety of industries all seeking solutions to their “people” challenges, Nancy Heet, President of Workforce Management Strategies, LLC offers the following suggestions to organizations seeking to achieve the greatest return from their human capital management investment.

*51% of respondents to a 2007 Bersin & Associates survey cited a lack of leadership pipeline as their first or second top strategic challenge.*

## **Tip 1: Connect all HCM efforts with the overall business strategy.**

Too many organizations still dismiss human capital management as a short-term, HR problem rather than an integral part of a long-term business strategy. Create and tell over and over again the compelling story of how your efforts in human

capital management align with your company’s initiatives, mission, vision, and values. Answer the question: “How does the HCM process or technology solve a business problem?” The more business initiatives that can be supported through your human capital management efforts, the better the chance they will be supported and adopted by the operational leaders.

## **Tip 2: Have senior leaders’ involvement and commitment visible.**

As the saying goes, actions speak louder than words. Employees and middle managers take their cues regarding what is and isn’t important based on what they observe in senior leaders. While this may be a statement of the obvious, all too often organizations have different “rules” for those in senior positions and may even tolerate the absence of certain human capital management actions from this group that they expected of others. Consider the message being sent if your executives are exempt from participating in development planning discussions? Keeping in mind that senior leaders are called upon to drive and support any number of strategic priorities within an organization, it behooves those designing and implementing human capital management processes to plan ways to get and keep Executive sponsorship noticeable. Scripting messages from senior leaders,

writing articles for company communication vehicle, or branding your initiatives, while necessary to support your efforts, is not enough to drive change. Genuine, indisputable sponsorship is only achieved when leaders lead by example.

### **Tip 3: Foster collaboration throughout the organization, particularly in HR.**

Human capital management initiatives typically cross the boundaries of departments, divisions, regions, or business units. For some organizations, having common processes across those organizational boundaries are not common place. In fact, it may even be counter a prevailing operating philosophy of independence. Even within HR, strong silos can exist between the functional areas of compensation, training, OD, etc. Recognizing that, many organizations attempt to achieve commitment through involvement by engaging cross functional/divisional teams to design and implement HCM efforts. The expectation is that team members will contribute and then “sell” the HCM solutions within their own parts of the organization. More often than not, these teams are plagued by a “representative” mentality. Members hold tight to the practices within their areas. Consensus is reduced to the lowest common denominator or in an attempt to accommodate all, processes become complex and cumbersome. To avoid this time-consuming trap, be direct and reinforce the broadness of the team’s objective. As a first team task, establish Guiding Principles for HCM. Expect team members to share and socialize these principles within and beyond their individual areas. Once adopted, frequently stop to test your decisions against the Principles. When the team gets bogged down, call upon the Guiding Principles to provide direction. Ask, “Is a 2<sup>nd</sup> level approval of development objectives consistent with our Guiding Principle of “Keep it Simple?”. Beyond designing HCM practices, encourage HCM collaboration with accountability. Establish common performance goals, incentive opportunities and/or talent specific objectives for all leaders. Common principles and accountability will do much to foster collaboration.

### **Tip 4: Train leaders in how to differentiate employee performance.**

At the center of most human capital management practices is the business need to understand the capabilities inside the talent portfolio of the organization. Within your employee population, there exists a great variety of differences—skills, experiences, performance history, potential. Some of those differences—such as education, certifications, etc—can be understood by merely collecting and sorting that information in the future. Other components require leaders to make judgment based on their observations. For most managers, there is an inherent discomfort with differentiating employees, especially if those decisions guide future organizational actions such as pay or promotion opportunities. In addition, many managers fall into the trap of making decisions about talent based on one-sided or distorted information. It is quite common for managers to overvalue certain aspects while undervaluing others.

***Organizations need a human capital management process that yields a full, balanced, and accurate picture of its talent.***



Organizations that take the time to provide managers with guidelines, training, and opportunities to discuss different scenarios pertaining to talent find their human capital management decisions are more targeted, thus more effective. Calibration meetings and Talent Review discussions are good examples of techniques that allow leaders to learn the perspectives of others to guarantee balanced and complete information is available when judging talent. Implementing these techniques in your human capital management process ensures not only higher quality differentiation, but also equips managers with adequate detail to prepare for what can sometimes be difficult feedback conversations with employees.

**Tip 5: Keep your processes, tools, and technology simple, easy-to-use and offering clear and immediate value to managers.**

The best human capital management processes, tools, or technology will not achieve desired business outcomes if managers and employees do not use them. Including process design team members from outside the HR area is one sure way to get operational perspective into the design. Keeping things simple means anyone can explain your process and tools in a brief hallway conversation if need be. Before implementing, validate your design with other line managers, especially those with large spans of control. Let them tell you if your technology configuration is intuitive or your process is too time intensive. Capitalize on integrated human capital management suites to avoid duplicate data input. Be clear about the value proposition of your HCM efforts from the perspective of the organization, managers, and employees. When managers and employees experience the WIIFM factors promoted in your communication, they will move from compliance to commitment.

*Some suggest that quality human capital management solutions are naturally complex. The truth is keeping it simple requires more innovative thought.*

**Tip 6: Hold managers accountable for reaching HCM related objectives.**

As the saying goes, you cannot manage it if you cannot measure it. As mentioned in Tip 3, formalizing HCM management accountability by establishing common performance goals, incentive targets, or talent specific objectives will hardwire your human capital management process as needed to achieve expected outcomes. Make no mistake, it is just as possible to establish measurable goals for HCM as it is for market share, cost reduction, operating performance, or customer retention. While not an all inclusive list, examples of specific HCM measures appropriate for holding managers accountable for HCM outcomes include depth of succession bench within a business unit, development spend on a defined talent pool within a business unit, employee engagement level for identified high potential and % of employees within a business unit who have development plans. In addition, broader organization HCM measures should also be identified and reported on regularly, much like operating, financial, or other business metrics.



***Successful human capital management is not an HR thing. Rather, human capital management solutions are management tools providing accurate, on-demand information so leaders can take charge of the people actions needed to achieve business results.***

**Tip 7: Position HCM as a management priority not an HR project.**

Let's face it, it is common for line managers to want to delegate the "people" stuff to HR, and many HR functions willingly accept that task. Yet, true human capital management is "management." It represents all the processes used by line managers and team leaders to align, coach, assess, develop, and hold people accountable. As a cornerstone of your strategic plan, these processes go far beyond human resources – they touch the activities of every manager nearly every day. The extent that your HCM processes and technology provide managers with easy access to analytics and

other information they need and value to accomplish their objectives is the same extent to which your HCM efforts will move from an HR project to a management priority. No question, HR has a very important role in human capital management. HR is accountable to ensure there is clear business value and metrics for every human capital management initiative. HR must ensure HCM processes and technology are easy to use. And finally, by working as a strategic business partner, HR empowers business leaders and line managers to take charge of the people actions needed to achieve business results.

**In Summary,** much has happened in the past several years regarding the people challenges faced by organizations. As a result, astute executive and board leadership from all industries are grappling with how they will respond to these challenges. No doubt, we will continue to see investment in solutions of robust human capital management processes and technologies. The 7 Tips presented in this article offer lessons of experience for your consideration as you set out to instill the mind-set and culture change needed to sustain your human capital management efforts and ultimately maximize your investment.

If you would like to discuss these tips or specific people challenges your organization is facing, contact Nancy Heet, President, Workforce Management Strategies, LLC at (314)608-7193 [nancy@workforcemgmtstrategies.com](mailto:nancy@workforcemgmtstrategies.com)

