

# The HR Leadership Imperative – Survive or Die!

## *Building a Case for HR's Lead Role in Workforce Effectiveness and Innovation*

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I hope my title got your attention! Not because you might think I'm suggesting that the HR function is in the ER on its deathbed. Quite the contrary! I wanted to get your attention because I believe that never before has the organizational need been more critical than now for HR Leaders to rise up, and take a much stronger, more direct role in the oversight and ownership of what we (HCM Industry) have been referring to for more than a decade as "Human Capital." I've seen the past 15 years of hype regarding "The War for Talent," and "Talent Management," only to recognize that in most organizations the war for talent is still being waged, and is likely to continue perpetually due to age group demographic population trends and the intense competition for a shrinking available labor force.

From my 20 years of experience in practitioner leadership roles, followed by almost 20 years as a systems and operations management consulting leader, I believe many organizations "leave money on the table" when it comes to the return-on-their-investment in people. And it's going to get more difficult as available numbers of "talent" (candidates) with specialized skills become scarcer. Increasingly, the world is becoming "flatter" resulting in candidates having real-time visibility to global employer opportunities, and vice versa, which leads to intense competition. The traditional employee/employer/leadership relationship, and the "9 to 5" workday are becoming history, and the workforce is becoming increasingly contingent, mobile, and remote, often having only temporary, project ties to an organization. It is critical that an organization get the most value out of the talent it has! However, I've observed that in many organizations, and for many different reasons, talent hasn't been utilized effectively; hasn't been developed effectively; hasn't been managed and led effectively; hasn't been retained, and; hasn't produced or performed at its highest potential level. In short, many organizations don't receive the highest potential ROI on their investment in their "most important asset – their people," aka workforce, aka human capital.

For most organizations, their costly expenditures on talent management programs and systems, and expenditures on workforce management programs and systems just haven't led to the promised land of a highly-engaged, optimized, high-performing, highly-retained workforce. And why not? Well, one primary reason which many of you have heard *ad nauseum* is that – "it's not about technology." Technology is

simply an enabler. It doesn't cure all of the "sins" of an organization.

The main reason why most organizations fail to realize the highest return on their people is that talent as acquired only represents talent *potential*, and must become fully *actualized* to apply its specific set of capabilities and skills to realize maximum productive result. "Talent" (employees) must be oriented to the organization and understand its true role and role expectations. Employees must know in what direction the organization is going and understand how its role and work-unit support that direction. They must have access to the proper training and organizational knowledge resources, tools, and systems to support the company's specific role. They must be given quantifiable goals and objectives that align with and contribute to the organizational mission. They must be provided an environment that recognizes, supports, and facilitates its unique ability to contribute to its full capability, and; must be measured on an ongoing basis to ensure their productivity and performance is in line with expectations. In short . . . talent *potential* must be *Led, Nurtured, and Managed* to become fully actualized and contribute maximum expected value. We've witnessed many studies that cite low engagement levels, and the fact that good talent quickly leaves for greener pastures when this isn't happening in their organization. We've all heard the adage that "employees join an organization, but leave their manager." With all of the various demands placed on operational leaders at all levels just to be able to manage their functional/operational accountabilities, proper management of the people asset often gets the short shrift. And it's no wonder why. And please, I do realize there are many wonderful exceptions regarding organizations where this isn't the case, and the opposite is true. And this is where the critical need arises for HR to rise up and grasp their greatest opportunity to help their organization.

Thus, it is more critical than ever before for HR to take the lead in what I believe to be two critical areas of organizational need; two areas where only the HR function can truly and effectively have holistic, enterprise accountability to help build a higher-performing organization. These two areas are: 1) Workforce Effectiveness, and; 2) Innovation.

### **Workforce Effectiveness**

It's almost impossible for even great leaders to keep an eye on the operational "ball" while simultaneously giving sufficient time to each of their team

members to properly develop them and manage their productivity, performance, and growth. Often, the people management role responsibility becomes the proverbial once-per-year performance review, done in a perfunctory manner to keep HR off his/her back. This is insufficient to get the most return from the people asset. But how do we help managers even determine why, where, or with whom they are losing talent productivity, performance, and capacity? This is where HR can come to the rescue.

There is a critical need for somebody to focus at all levels on “team” leadership and team performance. By “team,” I mean every discrete organizational unit with a leader who has responsibility for a specific unit’s performance. I’ve been preaching over the past 10-plus years my belief that American businesses in general lose easily up to 20 percent of their productive capacity through a variety of leakage points, some of the most glaring being:

- The right person in the wrong role;
- Not challenging or allowing workers to practice to their full capabilities and potential;
- Lack of full utilization of productive talent capacity due to improper or unplanned scheduling of talent to projects and tasks;
- Not measuring team and individual performance and productivity on a very frequent, regular basis to ensure that attainment of weekly if not daily objectives and expectations are being met;
- Not identifying gaps in talent and productivity due to lack of available resources, downtime; or,
- Ineffective scheduling to be able to ensure maximum work unit productive output ... etc.

In my mind, middle management is often the weakest, and in some cases, the missing link in the leadership continuum from the C-suite to the line worker. And in many cases it’s no wonder why.

HR leaders, if they choose to grab this opportunity, are the appropriate functional group to focus on measuring, monitoring, and generally overseeing the total output of an organization’s talent pool – its workforce. Many might disagree, but unless some central resource with visibility to all aspects of the human asset takes accountability for ensuring that that asset is being managed properly, fully utilized and developed for further growth, then it just won’t get done consistently across the organization. One might call this group the “Workforce Effectiveness” group. I’d bet most organizations would take significant steps toward sustainable profitability and competitiveness. This becomes a “net de facto increase in head count, staffing, and capacity” if leaders and managers were more fully and effectively able to manage the talent already on board. I’ll bet you agree. This is where HR comes in.

HR and Operations’ leadership must combine

forces to monitor more closely the impact of the workforce, as well as line management, on operational productivity and performance. That means that instead of “simply” providing performance management tools to managers for individual workers, HR and Operations leaders combine operational productivity and cost data, with workforce productivity and cost data, at all organizational unit levels, to be analyzed and correlated with each operational leader and employee.

Workforce data and analytics, correlated with Operational data and analytics, is capable of providing a full and accurate picture of how effectively and fully an organization is managing its workforce. It is capable of managing actual productivity results and costs to expected results, and cost across any organizational dimension. It isn’t sufficient for HR to just be measured on number of hires, time-to-hire, cost-of-hire, etc. The true measure of HR’s effectiveness has to be the quality-of-hire, the retention of hires, and the return-on-investment in the workforce it has helped procure and develop. The ability to monitor and manage people and operations from the individual, to the work unit or project team, to the department, to the group, to the divisional level is quite direct and simple once in place. This must be done to be able to identify where there are relative imbalances in productivity and performance with both individual employees, and within and across supervisors, managers, all leaders, and all organizational work units. This is the only way to get a full picture and correlation of the relative effectiveness of management in managing their people asset, and the return on same. I believe that HR should take the lead on this initiative.

## Culture of Innovation

The second major area of opportunity for HR to grasp is that of Innovation, more specifically, creating and maintaining a *Culture of Innovation*. You might be asking “What does HR have to do with innovation?” Well, simply – Everything! When thinking about the word Innovation and organizations perceived to be truly innovative, most people only see and focus on the end result – the bringing to market of a revolutionary or uniquely new product or service. But that’s only the “tip of the iceberg.” Being innovative doesn’t happen by chance in a vacuum. And it isn’t coincidence that companies, organizations, and “Yes!” even individuals that appear to produce a steady stream of new and leading products, services, ideas, thoughts, performance results, etc., are able to do so. Much of innovation is about people, and getting the most out of the people asset!

Although many employees and organization members are creative, their great ideas, enthusiasm, and passion often don’t see the light of day due to internal organizational or personal barriers. The challenge is how to capture and apply these traits and transition from occasional, random, short-term gains

## References

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to a long-term environment, which continuously and systematically unleashes the full potential of all employees, and drives employee engagement, purpose, and ongoing business value. We've all witnessed the unrealized promises for many organizations of all the hype surrounding the talent management craze over the past 10 years. We've all read about, and likely inherently believed that highly-engaged employees are more motivated and productive than those not as engaged. But engagement in itself is too narrow a focus. This is where HR comes in.

Innovation is all about creating new value – both internal and external to the organization, value which is recognized by the marketplace or helps the organization to be more effective and efficient. Innovation is considered to be an enterprise-level initiative – that is to say – from including the development of new products and services, to awareness of the competitive environment and customer/stakeholder interactions, to structure and processes in an organization. So, from an organizational perspective, it's a culture... the way employees think and act about innovation and do things differently. Culture is measurable – there's been much work done in terms of metrics to measure general culture in organizations. Innovation is much more than measuring and cultivating employee engagement.

A *Culture of Innovation* is a holistic management approach that measures, creates, and manages internal and external value for: individuals; work units; product and project teams; organizational units; and organizations. It involves creating an internal organizational environment and planned, systemic approach to generating new ideas regarding: products; projects; systems, services and processes; communication; and organizational design and leadership.

In short, it's a new way of doing business. Innovation involves a focus on the creation and management of an environment that aligns vision to purpose, and facilitates knowledge-sharing and organizational learning. It unleashes creative potential, aligns resources, and facilitates full utilization and actualization of all assets to maximum value, in particular an organization's most important asset – its people! Innovation requires a planned, systemic philosophy, organization environment, and governance system that nurtures and manages new ideas from conception, to fruition and use on a consistent and reliable basis. It is an intangible philosophical management approach, with tangible characteristics and financial results. Innovation unleashes individual, project team, work unit, and organizational resources to their fullest potential and effectiveness.

Innovation and creation of a *Culture of*

*Innovation* have four key components, as shown in the *InnovationOne Cultural Health Index* graphical model below: Leadership, Resources, Knowledge Management, and Process Execution.

### **InnovationOne Innovation Cultural Health Index Model**



*Every One of These Components* is all about creating a work environment that unleashes and empowers the skills, talents, and creativity of the people asset! It's all about the culture – and culture is established and reinforced by the leadership – through what they say, how they act, and how they support it – through management control and performance management systems – through knowledge management and cross-organizational sharing of knowledge and information.

### **Organizations become innovative through their employees!**

The key to innovation resides in leadership's ability to define, instill and reinforce a culture of innovation and ideation in their organization.

A culture of innovation flourishes under the right circumstances, when leaders:

- Inspire purpose, vision and strategic focus;
- Broadly disseminate intimate knowledge of customer wants and needs;
- Facilitate free exchange of ideas among employees;
- Create planned surfacing of innovative solutions and quickly decide among alternatives; and,
- Align the organization to deliver solutions to customers

The end result is a sustainable, higher-performing individual, group, and organization. Now doesn't this sound like something for which HR should be the enterprise owner and champion?

Human Resources taking a lead role in creating a *Culture of Innovation* is a critical organizational need. It's a new management discipline that along with their lead in overseeing Workforce Effectiveness will help facilitate a higher-performing workforce and organization, and lead to a higher return-on-the-investment in the people asset, taking it to the next level of sustainable competitiveness. It will also help HR cement their true value-add to an organization.

### **About the Author**



Ed Colby is a partner in InnovationOne.US. He is a Human Capital Management (HCM) and Workforce Management

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