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Q. WHY SHOULD WE CARE ABOUT HUMAN CAPITAL MANAGEMENT ALIGNMENT ISSUES TODAY?

A. HR professionals today get less and less sleep at night because of issues like:

- The need for HR to demonstrate the ROI of each new employee;
- More skilled work tasks are being moved to lower cost countries; and,
- Executives are more accountable than ever for the accuracy of the records they keep.

The common thread behind these is that businesses today exist in a more volatile, dynamic world. With all of the changes affecting an industry, home country and the global marketplace, change is the one constant that business executives must face daily. When businesses change (with ever increasing frequency) to meet new challenges in the market, then HR must re-align the human capital with equal speed and aplomb.

When the speed, type and magnitude of changes that we are seeing today converge, then we see some real potential for trouble. How a company reacts to issues, like their competitors or suppliers moving jobs offshore, can have a significant effect on human capital management.

Q. IS THIS TRUE FOR SMALLER COMPANIES TOO?

A. Absolutely.

When larger companies move some of their labor offshore, a smaller company will feel new cost competition and it must react. The smaller firm must re-examine its business strategy and decide whether it wants to also move jobs offshore (and compete on price) or reorganize its domestic human capital to take advantage of a perceived competitive advantage by retaining its domestic workforce.

Another example is the pressure for smaller companies to react with more mobile and more remote workforces to remain competitive. Technology can help HR professionals identify market changes and potential alignment issues. Without utilizing the available technologies to facilitate these changes, small- and medium-sized business will feel pain from a workforce that is out of alignment with business objectives.

Q. WHAT ARE THE PREREQUISITES FOR EFFECTIVE HUMAN CAPITAL MANAGEMENT ALIGNMENT?

A. First, alignment is the result of a process. Alignment occurs when HR leaders are part of the business strategy development process. The business strategy is analyzed and translated into the needs and plans of the business (and its shareholders). Human Resources must find ways to balance business needs with the demands of third parties (like governments, unions, etc.) and the requirements of employees. When done right, it is akin to Feng Shui for business.

Q. WHAT ARE COMPANIES DOING TO ACHIEVE ALIGNMENT?

A. Information, communication and planning are critical to keeping human capital aligned with the business. The challenge is to have accurate data to communicate and model scenario-driven human capital strategies. Without adequate, decision-making systems, those responsible for human capital management can't approach the business issues and stakeholders with credibility. If HR professionals suggest a solution but can't back it up with the potential impact on the business, stakeholders will not see the suggestion as a solution but rather as another issue to own.

We have seen implementations of HRMS, analytics, and "position-oriented" systems that allow organizations to see themselves and their human capital through contextually relevant filters. The new "views" of the organization can change the way HR interacts with the front office. Previous data structures in HR were designed for compliance and tactical HR administrivia. With these new views HR can quickly answer questions from the stakeholders about things like the human cost of opening a new factory or what the organization would look like after displacing a level of management.

For a long time, these types of systems

have been available only to the largest firms. Now, small and medium-sized businesses are able to take advantage of these tools. Training of the business stakeholders on how to use some of these tools through a management self-service portal can facilitate alignment by delivering relevant, accurate data to the very people who own the business issues.

Q. FINAL THOUGHTS?

A. Human capital management, like our business world, is more dynamic and flexible than ever. In the last 10 years, we have rethought the entire employment experience. Much of our conventional wisdom, (e.g., pensions, lifetime employment, succession planning,) is either outmoded or viewed with quaint nostalgia. We're adapting to the new global economy and its realities.

Human Resources has to be seen as an asset in the executive circle to have an effect on the way a company adapts to that change. The struggle to maintain alignment has to start with HR earning the right to be in the decision-making environment. By providing accurate data, facilitating communication, and training management to use the available planning tools, HR will earn a position at the table.

We see alignment as a never-ending process. Change makes it never-ending. If you approach alignment as a once-in-a-while experience, you're doing yourself, your employees and your firm a disservice. Alignment in human capital, like an alignment for an automobile, is a good thing. Is your firm overdue for one?

ABOUT THE AUTHOR

Todd Asevedo (todd@hrtech-partners.com) has been in the human capital management domain as a consultant, speaker, and technology business owner for more than 12 years. He has been a board member of the Pacific Northwest chapter of IHRIM since 2001. As a managing partner at HR Technology Partners, Mr. Asevedo has worked with many small and medium-sized companies to select and implement systems that create alignment between HR and management. For more information, visit www.hrtech-partners.com.

COMMENTS?

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