

Real impact

Measurements will show that HR processes help the bottom line

By **DANIEL SCHROEDER**, for *Small Business Times*

Question: I appreciated your last article on human capital. Can you offer some additional suggestions for what HR professionals can do to have greater impact and strategic importance?

Answer: I'm happy to do so. This is clearly a topic about which I feel strongly. For too long, HR professionals have been accorded "second class citizen" standing in many organizations. Is that the fault of the HR professionals or is it an accurate conclusion based upon their strategic irrelevance?

You can answer that question based upon your frame of reference. But let me take this opportunity to point out that like the comedian Rodney Dangerfield, HR professionals "get no respect." With my tongue planted firmly in cheek, let me offer my own version of David Letterman's "Top Ten" list as to why this is the case:

Top 10 reasons why HR professionals get no respect:

10. They are constantly handing out smiley stickers.
9. They are the driving force behind office birthday parties - complete with bad hats and ice cream cakes.
8. They decorate their offices with motivational posters.
7. They are aggressive advocates of using "I" statements.
6. They are the overly diligent in keeping track of vacation days used.
5. They are the masterminds behind the office luau - complete with complementary grass skirts and coconut bras.
4. They are the authors of the company policy manual that describes in detail how to punch in on time, but offer no assistance in dealing with incorrect payroll checks.
3. They are frequently blood relatives of the owners.

2. They probably know each employee's IQ.
1. They drain the bottom line - they don't drive it!

It is this last point that I would like to address in this article. It is worth noting that the "bottom line" for most organizations is some form of financial performance (i.e., "Did we make money this year or not?"). Clearly, HR is not seen as much of a driver of financial performance for many organizations.

Yet, it does not have to be this way. At the heart of things is the extent to which HR professionals are measurement focused. Ultimately, the bottom line is a reflection of the kinds of measurement practices in which the organization engages. HR professionals need to take note of this and align their measurement practices with what the organization is measuring.

Measure it!

As performance improvement expert Geary Rummler has observed, "Measurement is the pivotal performance management and improvement tool. As such, it deserves special treatment." By special treatment, Rummler means special attention-namely that anyone involved in the management of human capital (i.e., employees) better be in the measurement business, too.

As Rummler points out, without measurement we cannot:

- Communicate performance expectations
- Know what is going on inside the organization
- Identify performance gaps
- Provide feedback comparing observed performance to a defined standard
- Recognize performance
- Support decisions regarding resource allocation, projections, and schedules

I would go so far as to say that without measurement, HR professionals cannot demonstrate impact.

And without the ability to demonstrate impact, HR professionals cannot justify their existence.

Under these circumstances, can anyone be surprised that HR professionals get no respect?

The point is that to be part of the organizational "success equa-

tion,” HR professionals have to provide data that are used in computing that equation. And historically, HR professionals have not done a very good job along those lines. Here’s an example: the Vest Pocket Guide to Business Ratios offers more than 300 pages of material. The only times HR is listed is when it appears as a cost! Need some evidence that HR is a bottom line drain? Just pick up a copy of this widely used resource.

So, what can HR professionals do to turn this trend around?

Stop focusing on transactions

My advice is: Stop measuring transactions and start measuring activities and processes that relate to the organization’s competitive performance.

As Jac Fitz-Enz, a noted HR strategist has observed, HR professionals must craft a new vision for themselves. To do so, he suggests that four ideas are central:

1. HR exists in an organization because it adds tangible value by providing necessary services at a competitive cost.
2. HR’s charter is to enhance the productivity and effectiveness of the organization from the people—the human capital.
3. HR should drive the organization’s management with regard to people issues.
4. HR is a professional function staffed by professionals who are dedicated to the development of people in ways that are satisfying to the individual and beneficial to the organization.

Clearly, this is a strategic vision.

This is a vision that, if met, links and aligns HR professionals with the important outcomes with which the organization concerns itself (e.g., Return on Investment, Customer Satisfaction, Process/Operations Efficiencies, etc.).

In the final analysis, if you, as an HR professional, want to encourage individual and organizational improvement, then you must move beyond a focus on tactical activities to an emphasis on longer-term, strategic activities.

Use measurement to help your organization move beyond its old approach.

Use measurement to synthesize individual, work area, and organizational objectives.

Use measurement to move “outside the box,” and toward adaptation and evolution.



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