

STAND OUT FROM THE CROWD

One way to differentiate your company is through the employees that define and represent your corporate vision. Nicholas J Higgins, CEO of VaLUENTiS and dean of the ISHCM, tells Charlotte Stoker how to manage your human capital to maximum effect.

Most organisations recognise the importance of human capital. As a result, substantial budgets are spent on training, development and coaching, but is this money well spent?

Nicholas Higgins, CEO of HR professional services firm VaLUENTiS, believes that organisations often have little idea which aspects of their people management systems are performing well or badly. Some do not even have baseline measurements against which to measure performance improvement. However, if companies are serious about human capital management (HCM), this has to change.

People – the differentiating factor

Not much separates organisations today, notes Higgins: ‘Essentially, you can replicate most things, whether it is technology, location or the supply chain – these kinds of differences between companies are fleeting.

‘Organisations need to understand that the real difference today, when it comes to performance and competitive difference, is the people connected to the organisation, which is often overlooked.’

He explains that while the term ‘human capital’ has been around for 50 years, many organisations are still getting to grips with it: ‘Human capital is about talent and performance. We talk about capabilities and performance, and human capital management is the management of that.

‘If you wanted to define it in a semi-technical way, you might say that it is a term used to describe “an organisation’s multidisciplinary approach to optimising the capabilities and performance of its management and employees.”’

As Higgins points out, private and public organisations spend a lot of money on financial audits but very little on human

capital management evaluation. However, he says: ‘There is an inherent cost to not doing HCM well, and it becomes apparent in either losing or hiring the wrong people or not getting your staff to perform well.

‘Organisations are basically a collective of individuals, from the top leadership down. The competitive differentiation is about organisations that are doing HCM very well vs those that are not.’

taking people’s perspective on what is going well and badly from a very well constructed qualitative assessment, and then combine that with quantitative data.’ VaLUENTiS looks at 15 elements of HCM (see box) to assess how well it is working.

Higgins continues: ‘We use sophisticated questioning techniques to find out what is and isn’t working to get a triangulated viewpoint around the organisation. From

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HCM for competitive advantage

Higgins believes that organisations need to look at the aspects of organisational activity that impact on human capital management. Once that has been done, it is possible to view organisational performance through a human capital lens to see how the human capital practices impact on organisational performance.

He explains: ‘Using a mixed methodology process, we combine qualitative and quantitative assessment,

the results, we produce scores that can be tracked against other organisations for benchmarking purposes and can also be used as an internal baseline.

‘This process must be updated regularly because organisations are dynamic and one of the biggest challenges is maintaining good performance in people management. Neglect the process and employee engagement starts to fall off, affecting performance.’

With his experience of working with clients in HR, Higgins has a good idea of where organisations tend to get HCM wrong. ‘The main areas tend to be things like leadership, and organisational communications, but getting it right is difficult,’ he says.

‘Perhaps the biggest mistake organisations make is to think that they can pull one lever and solve the problem. In reality, solving most problems in HCM requires pulling several levers at once, so you need a 360° view. The danger is, pull just one lever and nothing much happens.’ ■

Covering all bases: the 15 aspects of good HCM

- 1 Diversity
- 2 Employee centricity
- 3 Employer brand
- 4 HR governance
- 5 HR operational excellence
- 6 Leadership
- 7 Organisation climate
- 8 Organisation communications
- 9 Organisation design
- 10 Performance orientation
- 11 Resourcing
- 12 Retention
- 13 Reward
- 14 Talent management
- 15 Training and development

Further information

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