ACHIEVING THE NEXT SOURCE OF COMPETITIVE ADVANTAGE

THE GOAL

Historically, the thought leadership of business strategists such as Adam Smith, Frederick Taylor, Henry Ford, William Deming, and Michael Hammer has focused on improving operational process and technological efficiencies. While the respective advancements that each of these business strategists championed has catapulted the business environment forward and redefined the workplace over the last century, the playing field has leveled in terms of the advantage that can be achieved through superior process controls, analysis tools/techniques, technological applications and infrastructure.

In this new global era of a leveled competitive playing field, the people that comprise an organization will be the next source of competitive advantage. In order to develop and exploit this competitive advantage, an organization must view their people as human's assets rather than human capital. Capital depreciates while an asset is selectively chosen and grows in value as it matures. The goal of this new global era should be to put mechanisms in place to effectively develop and manage human assets that will enable an organization to:

- Effectively grow their business by developing people who have the opportunity to optimize their performance by fully utilizing prior investment in transformed processes, quality management and technology tools
- Allocate resources to attract superior people
- Place people in appropriate roles with clearly defined responsibilities and performance measures that emphasize an organizations definition of success
- Provide people with a role-based development program to ensure that they have the skills, knowledge, abilities and resiliency to execute their responsibilities in an ever changing environment
- Provide people with opportunities to grow and change as the organization evolves

THE SOLUTION

To develop a solution that begins to move an organization toward achieving the goals listed above requires an organization to make a strategic and tactical shift in their design to focus on human assets or people performance. A people performance focused organization requires a level of integration and organizational alignment that can only be accomplished by establishing an executive position focused on people performance: a Chief People Officer or CPO (*People Performance Process Owner*) that has equal decision-making power and influence alongside their executive counterparts:

- Chief Operations Officer or COO (*Operational Process Owner*)
- Chief Information Officer or CIO (*Data/Information & Technology Owner*)
- Chief Financial Officer or CFO (*Financial Results Owner*)
- Chief Marketing Officer or CMO (*Marketing & External Communication* Owner)

Today, it is common practice to define and strategically align the operations, finance, technology and marketing strategies. However, buried within each of these strategies are people performance implications that are rarely cohesively synthesized. A people performance focused organization

analyzes each of these strategies and develops a People Performance Strategy that aligns with and supports operations, finance, technology and marketing strategies.

An effective People Performance Strategy identifies and removes barriers to individual and organizational performance. To accomplish this, the CPO must have complete control of all functions that impact people performance and ensure that the management of these functions are integrated with the management of operational, technological, financial and marketing functions in order to deliver targeted business performance year after year.   The typical functional responsibilities of the CPO would include:

Human Resources Management and Administration	Organization Effectiveness	Talent Management	Communications	Knowledge Management
Benefits	Organization Design & Decision Making	Recruiting	Internal Communications	Communities of Practice
Labor & Employee Relations Compensation & Rewards Contingent Labor Management	Succession Planning Change Management Conflict Management	Education and Training Competency Management Performance Management People Engagement Leadership Development & Performance Coaching Retention		Content Management

In many organizations, these functions are so decentralized or dispersed throughout the organization that it diminishes their importance, credibility, validity, consistent definition and execution. So the first step for the CPO will be to define, centralize, standardize and implement People Performance Processes for the functions listed above before a People Performance Strategy can be executed. The definition and implementation of the People Performance Processes must include the necessary governance, measures and management requirements in addition to effective executive sponsorship and stakeholder management activities.

Once the People Performance Processes are defined, centralized, consistent, and aligned, an organization (or CPO) can then develop the necessary mechanisms to capture people performance data that will distinctly hold the CPO accountable for results. Being able to link people performance to business results and holding the CPO accountable is critical in order for the CPO to be viewed as an equal partner to their executive counterparts and to prove that a CPO serves a valuable role. Traditionally People Performance Processes measurements have been tied directly to cost containment rather than improving business performance. In the future, measuring People Processes will require the ability to measure the people impact on business performance that goes beyond cost containment (e.g., business wins through the exchange of knowledge, reduction in turn over, increased sales, customer service/satisfaction, etc.).

Not only should the CPO be held accountable for end results, the CPO's metrics should be directly aligned with their "C" level peers via business objectives, especially since People Performance Processes are an integral component of processes in each of the other "C" areas. In order to make it work, for each measurement at the "C" level there needs to be a people component of that measurement. For example, if the business implements a new system or process, the ROI on the investment needs to include a people component. Therefore, as a part of the roll up to the overall ROI measurement, there needs to be a "total cost of ownership" which includes the integrated metrics and components of people, process and technology.

THE VALUE
Designing an organization to have a dedicated people performance focus led by a CPO will create value for an organization both directly and indirectly. This direct and indirect value will be a result of establishing mechanisms to achieve the goals outlined in the *The Goal* section above.

Direct Value
- Reducing turnover by providing role/performance measure clarity, learning/growth opportunities which in turn will improve employee/customer satisfaction and resiliency
- Improving people productivity and utilization of the full value of technology, quality and process improvement investments
- Streamlining people performance processes and controls by eliminating redundancies

Indirect Value
- Improving the timeliness and accuracy of leadership decision making by providing visibility to the people costs and benefits and their implications on performance
- Creating a culture that attracts superior talent that will continue to effectively grow the business based upon the resources that are allocated to developing and maintaining a people performance centric culture

Reshaping an organization to establish clear accountability for people performance will not be easy. It will take time, courage and dedication. It will cause temporary disruption and require teamwork to achieve the level of integration required throughout an organization in order to be successful. This temporary pain will soon be forgotten once an organization begins to realize the lasting productivity, satisfaction and cultural benefits that this approach to achieving competitive advantage will deliver.

About People & Performance Solutions

People & Performance Solutions is the partner of choice for preparing people to manage change. With years of change management expertise in complete life-cycle project management and implementation, People & Performance Solutions is enabling companies worldwide to unlock the potential of their people and expediently achieve benefits.

To learn more about People & Performance Solutions Change Management Program, including our Learning Services and Organization Design & Transition Services, visit our web site at www.people-performancesolutions.com .

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