

Powered by:

JHB
HUMAN CAPITAL MANAGEMENT



Connections

December 2007

Issue #2

Welcome!!!

I'm Jason Boltax, President of JHB Human Capital Management. In this month's issue of "Connections" you will learn what distinguishes great companies from the merely good.

As 2007 comes to a close, business leaders are busy looking back on the past year and developing new strategies for success in 2008. One thing remains unchanged; successful companies are "people-centered organizations who balance values and business."

Read this month's article and learn why placing employees at the core of your business strategy will bring you the results you are looking for.

Enjoy!!

Inside this issue:

Welcome	1
Article:	1
Events	4
About JHB Human Capital Management	4

Sustaining Results: Balancing People, Values and Business

In the last few years several books have addressed why some companies are more enduring than others. What distinguishes the great from the merely good? What contributes to sustaining success in today's rapidly changing economic environment? *Built to Last*, *Good to Great*, *Hidden Value*, *The Knowing-Doing Gap*, and *Peak Performance* are just a few of the books that are providing answers.

Really great companies, even in bad times, place people and values first. An obsession with stock prices can obscure vision and cause companies to lose their way. The link between people and the bottom line is becoming more apparent. Organizations that succeed over time are those that have a strong values-driven culture. They are *people-centered organizations* who balance values and business.

The quality of the interaction with and among employees drives the quality of the products and services. A focus on treating employees with warmth, dignity and respect pays off in how customers are treated and consequently in how the business performs.

Many organizations forget the connection between customers, employees, and financial results. If you want to have great business results, you must have customers who love your products and services—customers who believe that they're getting excellent treatment from the company. In order to do that, you have to have employees who are motivated, committed, and using their talents on behalf of the organization.

As Herb Kelleher of Southwest Airlines is fond of saying, "We put our employees first, our customers second, and our shareholders third. In that order it works and out of that order nothing works."

Where's the Evidence?

A wealth of empirical evidence shows the effectiveness of a people-centered approach that delivers value to the customer, the employee, the organization, and the shareholders. While the details of studies that measure the affect of employee performance on bottom line revenues can be complex, the overall results are impressive. Consider the following research (cited by O'Reilly and Pfeffer in *Hidden Value: How Great Companies Achieve Extraordinary Results with Ordinary People*, Harvard Business School Press, 2000.):

One study using multiple samples and measures found that a change of one standard deviation in an index of human resource management practices produced increases of \$20,000 to \$40,000 in stock market value per employee. An-



Sustaining Results: Balancing People, Values and Business

other study reported that companies that were one standard deviation higher in their use of high-performance work practices enjoyed more than \$27,000 in increased sales per employee, \$18,000 in increased market capitalization and \$3,800 in profits as well as a decrease in employee turnover.

Similar results are found internationally. In Germany, a study found that companies that place employees at the core of their strategies produced higher shareholder returns than industry peers. And Korean enterprises discovered from one research study that “dedicated positioning strategies appear to be executed more effectively where organizations exhibit a high level of commitment to their employees.”

Three Common Themes

According to Pfeffer and O'Reilly in *Hidden Value*, three common themes underlie the things that successful companies do to develop and tap the potential of their people:

1. The company has a clear, well-articulated set of values that are the foundation for management practices that provide for the company's competitive success.
2. The company has a remarkable degree of alignment and consistency in the people-centered practices that express its core values.

Senior managers in these companies (not just the founders or the CEO) are leaders whose *primary role is to ensure that the values are maintained and constantly made real to all of the people who work in the organization.*

The most visible characteristics of successful companies are their values and the fact that the values come first even before stock price. Why are values so important? *Because money by itself isn't sufficient for motivating long-term high performance.* Most of us need to believe that what we are doing makes a difference to others and that our work is important. We also want to feel that we are valued as people. We want to be respected for who we are, not simply for what we do.

15 Questions to Ask to Create a People-Centered Organization

When core values are clearly defined and articulated, they become living values that get communicated and reinforced continually. In the absence of repetitive reminders of these values other implicit and negative values can take over, such as individual ambition at the expense of team work. The only insurance against such undermining is to reinforce values in both language and actions.

John Miller authored *QBQ! The Question Behind the Question: Practicing Personal Accountability in Business and in Life*, (www.qbq.com). He suggests asking some questions in order to stay connected with core values:

1. How can I reinforce and communicate our core values on a daily basis?
2. How can I create and communicate a clear vision for the part of the business that I manage?

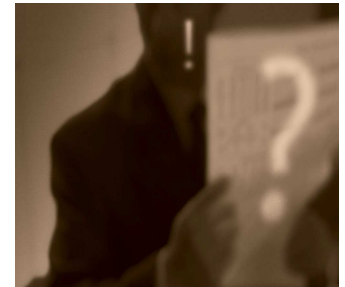
"The link between people and the bottom line is becoming more apparent. Organizations that succeed over time are those that have a strong values-driven culture"



Sustaining Results: Balancing People, Values and Business

3. What can I do to help others understand how our values drive our strategies?
 4. How can I provide the people with whom I work with clear performance objectives that support our values?
 5. How can I create an atmosphere in which people feel included and valued?
 6. What can I do to ensure that everyone is heard?
 7. How can I help my people succeed?
 8. How can I show people they're important to our success?
 9. What can I do to maximize the talents of those who work with me?
 10. How can I help people learn from their mistakes?
 11. What can I do to ensure that people have the knowledge, skills and tools they need to be successful?
 12. How can I build better relationships with my customers?
 13. How can I increase the value my customers receive?
 14. How can I build better relationships with my suppliers?
- What can I do to build strong relationships with the local community?

As we continue into this new century with new uncertainties, companies will need to draw on the full creative energy and talent of their people. Why should people give full measure? Confronted with an increasingly mobile society, cynicism about corporate life, and an expanding entrepreneurial segment of the economy, companies more than ever need to have a clear understanding of their people and their values in order to make work meaningful and thereby attract, motivate and retain outstanding people. There must be a balance with people, values and business in order to create sustainable results.



“The most visible characteristics of successful companies are their values and the fact that the values come first even before stock price.”

Not subscribed?

Want help with all of your day-to-day HR needs? Subscribe to the JHB Human Capital Management E-Newsletter to get tips, articles and resources to help you build a more successful business.

Visit www.jbhcm.com to subscribe



About JHB Human Capital Management

JHB Human Capital Management is a human resources strategy consulting firm, specializing in HR management, organizational assessments and workforce development.

The mission of JHB HCM is to help companies succeed by providing guidance, advice, process, structure and strategy for their human resources needs.

If you would like to schedule a **FREE** consultation, receive more information about our services or have a question, contact us directly at:

Phone | 646-228-8559

Email | info@jhbhc.com

Web | www.jhbhcm.com

Events

NY Human Resources/Human Capital Management Group

The NY HR/HCM group creates an environment where HR professionals can turn for advice, best practices or to find a helping hand.

For complete event calendar and to join, visit www.jhbhcm.com and click events.

HR ExecuSummit—2008

This all day conference brings leading HR leaders and professionals together for a day of sharing knowledge, trends and expertise.

When: January 22, 2008

Where: Club Quarters Downtown New York Hotel and Bull Run Conference Center.

Special 10% discount for friends of JHB Human Capital Management

For complete agenda and registration information, visit www.jhbhcm.com and click events.



People, Performance, Results.