

THE WORKFORCE SCORECARD

Managing Human Capital to Execute Strategy

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The Web site for this book is at www.theworkforcescorecard.com.

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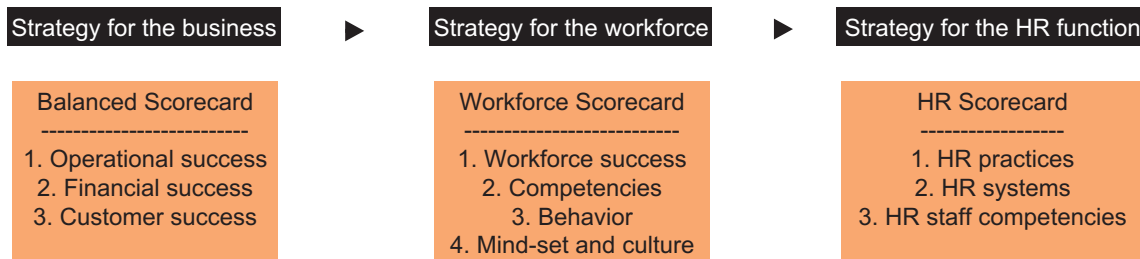
MAIN IDEA

Corporate success today is fueled more and more by the performance of intangible assets. The most important of these intangibles is usually a firm's workforce. Many times, the workforce is a businesses's largest underperforming asset and the area where the greatest gains in competitive performance can be generated.

To maximize the contribution of its workforce, a firm must meet three challenges:

1. *The Perspective Challenge* – To view the workforce in terms of potential contribution rather than as a cost to be minimized.
2. *The Metrics Challenge* – To replace conventional benchmarking metrics with measures that will differentiate improvement.
3. *The Execution Challenge* – To hold both line managers and HR staff jointly responsible for workforce quality and performance.

In practical terms, this means companies don't just need one strategy but actually require three strategies and three corresponding scorecards to measure the success of each of those strategies:



“Of all the factors affecting firm performance that CEOs and senior managers can directly influence, workforce success – or the extent to which a firm can generate a workforce with the culture, mind-set, competencies, and strategic behaviors needed to execute its strategy – is both the most important and most underperforming asset in most businesses. In an economic environment marked by hyper competition, anything less than optimal workforce success is a direct threat to the very survival of the firm.”

– Mark Huselid, Brian Becker and Richard Beatty

The three challenges of workforce scorecard development

Challenge #1 – The perspective challenge Page 2

Successful companies differentiate themselves in the marketplace. In similar fashion, you need to differentiate your workforce strategy if you aspire to execute your firm's preferred strategy. Your "A" performers must be handled differently from your "C" performers if you are to treat your workforce as a strategic asset. Your workforce assets need to be recognized and then exploited effectively just like any other asset available to your firm.

The key question here is: "Do all of our managers understand the contribution of the workforce as opposed to knowing the cost of the workforce?"

Challenge #2 – The metrics challenge Pages 3 - 5

Pure and simple a workforce scorecard measures how successful the firm's workforce has been in creating value using the company's designated commercial strategy. It has to align the workforce's competencies, behavior, mind-set and culture with its performance. A practical and worthwhile workforce scorecard will flow directly from a firm's strategy rather than being imposed artificially from the outside. Workforce measures are always from the outside-in or customer perspective and are never built up from the inside-out using an HR perspective.

The key question is: "Have we correctly identified and then correlated the best measures of workforce success – specifically workforce competencies, behavior, mind-set and culture?"

Challenge #3 – The execution challenge Pages 6 - 7

Effective execution means embedding workforce scorecard measures into routine managerial decision making. Developing a world-class workforce scorecard is helpful but it isn't until these metrics are understood by managers and used by them to make better decisions about the workforce that the scorecard will have any real ability to add value. Workforce metrics have to be used as a practical tool to enhance strategic decision making.

The key question in this area is: "Do all managers have sufficient access to the workforce scorecard data so it can actually be used to communicate intent and monitor progress?"

Summary – A checklist for success Page 8

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