

An Enterprise's Performance Capacity

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As Peter Drucker once observed, "People determine the performance capacity of an organization. No organization can do better than the people it has."

I have found through my over 30 years in human resources management that people are extremely complex and employees are even worse. For example, take the complexities of the human brain and then try to coax it to perform a certain task. You can't do it without expending a tremendous amount of energy yourself in the coaxing. On the other hand, if that brain is "prewired" to want to do that task, then the amount of energy required from you (to coax) drops dramatically.

So how do you determine if that complex human brain is "prewired" to do the work you need done, in the place you need it done and with the other complex human brains it must do it with?

The answer is that, much like a piece of machinery has performance specifications, people have inherent traits and characteristics that can be measured and will predict their performance given certain operating conditions. People need to be in the right position, in the right company working with the right boss to be superior performers. Or as Jim Collins said in his book Good to Great, the great companies have the right people on their bus in the right seats.

When people are calibrated for the company culture, their boss and their position, there is reduced waste in their employment and they could be considered working for free because they pay for themselves, requiring very little effort to manage. When a hiring manager assesses for inherent talents and, uses the right interviewing techniques, they can determine the motivation and competencies of a candidate. They can select someone who will, by our research, produce from 25% to 150% more than an applicant who meets the minimum qualifications. In fact, one way to determine whether to keep a current employee (see this author's article in the last issue) is to calculate the explicit value of their contribution to your bottom line. If you cannot clearly delineate an explicit contribution to your profits from this person in this job, then this person is part of the 80% who could be let go without a significant impact. (Again, refer to this publication's last issue.)

A colleague of ours, Dr. John Marshall, has worked for over 40 years developing tools to measure these inherent traits of superior performers. He has found in many organizations the



largest waste of resources is training and coaching people who don't have the potential to perform (inherent talent) or the motivation to put out the effort needed. *Superior Performance requires both talent and effort.* A business owner wastes resources attempting to encourage someone who is talented but doesn't put out effort (what John calls a "Talent Trap") when they should be focusing on those individuals who demonstrate the desire to be successful through effort and acquired talent. You want *both* the people who are talented and put out effort AND the people who may not be as talented but also put out the effort. (The "Talent Eagles" and the "Effort Eagles")

You can measure a person's inherent potential for 3 traits which have been found to be predictive of both performance (results) and retention (cost of maintenance). These include, on continuum polar scales, Enterprising (Initiates to Responsive), Achievement (Motivated by Money to Motivated by Service to People) and Independence (Makes Own Decisions to Needs Affirmation). When you profile the superior performers in a company and contrast them with the profiles of the inferior and/or average performers, you can create a template for assessing both, incumbents (for coaching to success) and applicants for hire (prewired for success in your company).

An organization's performance capacity, therefore, can be calibrated by measuring the inherent talent of its people. We call it a "Human Capital Balance Sheet" and much like investing in your capital equipment, by investing in the right people with the right profiles, you can increase the productivity and the results of your company through your Human Capital assets. After all, the New Economy will require new ways of selecting and managing all of our assets, even our human assets. Investors can now calculate a company's leadership team as an asset or liability. These teams, more than anybody else, drive the performance capacity of their enterprises.

At Smart Work | Network, we *get* people and "getting people" means we know how to help owners and investors calibrate the alignment of their executives and professional staffs to their businesses which can mean the difference between surviving and failing, especially in the present economy. For more information about lowering your risk of keeping or hiring "Talent Traps" contact us at www.Smartworknetwork.com or by calling us at 864.233.3007.

Smart Work | Network, Inc. is a Greenville, SC - based certified woman owned management consulting company focused on helping small and medium - sized businesses select, assess and develop their executive staffs. They also provide outplacement and career management consulting to executives and other professionals expecting career transition and career change. Contact: Doug Garner at Doug@Smartworknetwork.com or Jane Allen, CEO, at Jane@Smartworknetwork.com.