
POINT OF VIEW: NOVEMBER 21, 2011

"It is only as we develop others that we permanently succeed." Harvey S. Firestone

THE BIGGEST DRIVER OF PERFORMANCE & PROFITABILITY IS STILL PEOPLE (Especially during tough times)

There was a great story about CFO that was talking budgets with the CEO. He asks the CEO: "So, what happens if we invest all this money in developing our people and they leave us?" After thinking for a moment, the CEO replies: "What happens if we don't and they stay?"

Helping our organization achieve its full potential is impossible if we don't help our people reach their full potential. This is especially true during tough times when doing more with less has become the new normal. Most of us are and have been dealing with less: less financial resources, less human resources, perhaps less market opportunities but ever increasing expectations.

Having the right people and developing them to their full potential is essential for success since our people can either be enablers or inhibitors to performance and profitability.

► **"Nice to Have" or a "Must Have"?**

For some organizations, investing in people development during challenging economic times becomes a bit of a dilemma. Can we afford to? Can we afford not to? Do we have time to? Survey after survey suggests that while over 80% of CEO's, COO's and CHRO's recognize that "people" and retaining top talent is a huge priority, only 25% proactively address it. While there is agreement that it's a major issue, other factors seem to constantly get in the way. For some, there seems to be a disconnect between the intense focus on revenue and profitability and the actual drivers of both—our people.

The reality is that in good times or bad, people drive everything. Only with and through the right people are companies able to build meaningful brands, develop innovative products, efficiently produce them, market them, find new and inventive ways to sell them and create exciting experiences for their customers. And this reality is certainly magnified during tough times. In addition to performance and profitability, there is also a direct correlation between organizations that help their people grow and succeed and organizations that have a team that is motivated, engaged and loyal.

If revenue and profitability are "must-haves", accomplishing both seems unrealistic without ensuring our people are performing at their full potential.

► **Achieving More**

George Santayana, the Spanish-American philosopher and writer once said, "The wisest mind has something yet to learn". His words are a great reminder that the concept of learning doesn't come with an expiration date. Success-driven organizations and individuals are constantly striving to take their performance to the next level.

Let's face it: great leaders or even great managers are not born. They don't just magically appear. The skills required are learned through experience and education. At the same time, though, there must be a genuine commitment to our people and their development if we are to achieve more—individually and organizationally.

In a WSJ interview several months back, international management consultant and expert, Ram Charan, stated that CEO's of major U.S. companies "do not really put even 15% of their time into the people-development equation and that's far less than needed". He also suggests that three of the biggest talent-management mistakes are: 1) Leaders that are not held accountable for developing talent; 2) Performance assessments

without candor or focus on developmental needs and 3) Top management's serious lack of time commitment and energy towards people development.

Many organizations do recognize the importance of people and the benefits of their continued development. It's ingrained in their corporate culture. It's a way of life because they understand that developing stronger and smarter leaders yields not only improvements in their individual performance but in that of their teams as well.

► Training vs. Development

The distinction between "training" and actual "development" is huge. More often than not, conventional training is just the communication of information. Typical examples would include things like seminars or conferences; books, magazines or trade journals; even online courses or evening college courses. While all can be a good source of information, they provide education but without action.

Development, on the other hand, by definition is "the *process* of changing and becoming larger, stronger, more successful or more advanced". It's only through the process of identifying and actually changing critical behaviors that will strengthen and help individuals grow and improve. True development combines information, application and action, completed over a period of time. We call it the concept of "spaced-repetition". Because existing behaviors and habits were not created overnight, changing them won't happen instantly either.

Only through actual development are we able to achieve meaningful and lasting change and improvement.

► Creating a Culture of Continuous Improvement

Recognizing the importance of this mission and investing serious time and energy towards the mission are key. Each member of the leadership team must not only be passionate ambassadors but active participants as well. There must be a collective dedication and commitment to the idea and its execution. As Ram Charan suggests, that includes having a collective responsibility and accountability for the development of our people. Everyone must understand and buy-in to the notion that revenue and profitability are outcomes. They are the result of what our people do or don't do. Our degree of success lies in the ability and capability of our people to deliver—everywhere, every time.

Peter Senge, Director of the Center for Organizational Learning at the MIT Sloan School of Management and author of "*The Fifth Discipline: The Art & Practice of the Learning Organization*" framed this idea perfectly. He said, that "for companies to change, we need to stop thinking like mechanics and to start acting like gardeners." When it comes to people, it's not about trying to fix them, but helping to grow them.

There are many excellent resources that can help us get the process moving: 360 Surveys, Organizational Needs Inventory, Developmental Needs Inventory, and various individual Assessment Surveys. Each are designed to help us understand where we are now, where need to go, determine the gap and then map out a developmental plan that will help our people and the organization get to that next level of performance.

Every company is different and has different needs as well as the areas they will need to concentrate on at each level of their organization. The one thing we all share, however, is that leveraging the power of our people is essential if we're to maximize performance and profitability for the organization.

Helping our organization reach its full potential is not possible if we can't help our people reach their full potential. For companies, it's what separates the ordinary from the extraordinary.

Wishing you great success,

Rick Balsiger

BALSIGER PARTNERS is focused 100% on people. We are dedicated to helping organizations achieve new levels of performance & profitability. We look forward to assisting you.