

Making Business Your Business

A primer on what you need to know to keep HRD a viable part of your company.

By ROSS ROLANDER

The executive committee meeting dragged on, with senior managers and vice-presidents agonizing over how to comply with the new regulations. A senior engineer spoke up, "Maybe we should get some ideas from our human resources people; they might be able to help us on this."

The operations vice-president disagreed, "No way, Bill. This is a tough business decision. Those training and development types seem to be off in some world of their own, with all that talk about 'interventions' and 'skill transfer' and so forth. If we need help, let's get someone who understands our business." Everyone nodded agreement, including the somewhat chastened engineer.

there are at least eight applications of business involvement, expertise, and knowledge that are important, and increasingly so, for people who earn their living by helping develop human resources in an organization:

■ *Economic justification of HRD.* Here, we're talking about applying standard business principles and tools to the work of HRD professionals. Included are calculations of cost, break-even analyses, and return on investment in HRD efforts. Additional examples are the use of internal charge-back systems and zero-based budgeting.

This application centers on the kinds of responses given by the HRD professional when the boss asks, "What was the result

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Three floors below, the director of training worked on the budget for the upcoming year. He retrieved a copy of the current budget and began considering percentage increases for the major categories. Then he remembered seeing a memo about the new budget procedure and its "zero-based" feature. He'd been meaning to ask his manager about that, but hadn't found time. He began to sweat.

These incidents, though fictional, may sound all too real to some HRD professionals. More than ever, HRD professionals are expected to think and operate as business people and ask, "What is the business of our business?"

Although many answers could be given,

of your work, how did you measure that result, and how did it contribute to the business?" Or, "What tough problems did you help us prevent?"

This broad definition goes a bit beyond justification; it also includes the application of business principles to the functions of HRD administration and administrative decision making. For example, consultants analyze cash-flow, and they do cost-benefit analyses when deciding where they will spend their time.

■ *Industry understanding.* It's crucial that people in HRD know about the industry of which their organization is a part. This definition includes the key concepts and variables that define an industry or sector, such as critical issues, economic vulnerabilities, measurements, distribution channels, inputs, outputs, and information sources.

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One example would be a training program designer working for a firm in the publishing industry. Surely that designer can do a far better job when equipped with a thorough understanding of publishing, the people who work in publishing, major publishers and their various strengths, industry trends, and so on. That understanding will help the designer in every phase of the job.

With a deep understanding of every industry they serve or hope to serve, HRD professionals have greater credibility, easier communication with clients and prospects, and a greater likelihood that their services will truly meet the client's need.

■ *Organization understanding.* This aspect addresses the need for HRD professionals to know the strategy, structure, power net-

works, financial position and systems of their specific organization.

Carrying the previous example a step further, our friend in the publishing industry needs a detailed understanding of that particular publishing house: its history, strengths, products, customers, politics, challenges, and much more. Having that understanding is not quite enough; it must be applied to the daily job.

Many experienced HRD people have encountered the accusation that "those HRD types don't know what our company is really about!" The best way to put that old saw to rest is with a comprehensive, applied knowledge of the industry and the organization.

■ *Educating management in the business of HRD.* This interpretation reminds us of the ongoing efforts of HRD people to educate senior executives and managers about the human resource development field and HRD professionals' contributions to the organization. The premise is that when managers know and understand HRD better, they're more likely to seek out, utilize, and support HRD, and the whole organization will benefit.

One example would be the training department manager who, on returning from a conference, makes it a point to talk with the company vice president about the themes, messages, products, and trends observed at the conference. When he or she then offers suggestions that link those insights to some of the company's problems and opportunities, that manager is truly educating the boss.

■ *General business principles and functions.* Another possible area of opportunity is to strengthen our basic knowledge of the business world. This is especially critical for HRD people, many of whom have "grown up" in disciplines far removed from the business world. For example, some chemists or psychology majors might be stymied if asked why a balance sheet balances or what's meant by the term "marketing channel."

HRD professionals can communicate better with business people and managers when they understand their language and much of their conceptual base. Further, HRD people build their own credibility when they demonstrate that understanding every day. An effort in this area could produce something like an introduction-to-business course for college freshmen.

■ *Project team membership for HRD management.* This definition emphasizes the importance of active participation by HRD managers in task forces and project teams.



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All too often, a team of "experts" is convened to accomplish some specific company objective—and in that team, the HRD professional is nowhere to be seen. Even on projects having massive impact on the human resources of the organization (such as downsizing a division), HRD professionals may be called in after the decisions have been made, at which time they are directed to implement what's been decided.

In contrast to this poor, but common, practice, picture an organization in which every major project team or task force includes those who are experts in the human resources of that organization. As just one example of their contribution, those experts can remind the other team members of the learning curve associated with changes, and can help minimize that learning curve to lessen the productivity losses associated with change.

■ *HRD people as members of the organization's (line) management team.* This view of business involvement focuses on inclusion of the HRD person in the decision making of the organization at the highest level. Here, the human resource professional is seen as an integral part of the power structure of the organization. Further, that person's views and voice are given equal weight with those of any other contributor.

This participation at the power levels is seen as a permanent and constant participation, and so it differs from the above definition, which applies to projects of limited duration.

■ *Global business understanding.* National boundaries nearly have disappeared in the business world, and business competition has become global. Thirty years ago, a typical American company would have an international division, and many companies gave that division low priority. Today, by contrast, most larger companies, and many medium-sized ones, perceive themselves as global operations, and all are affected by international trade.

This market shift opens up an array of opportunities for HRD people to serve their organizations and their clients. For example, a mid-level sales manager in a high-tech company may need new skills, knowledge, and even a modified social style, to succeed in such a simple assignment as meeting a foreign visitor at the local airport.

For HRD people, the implications of the global market shift are enormous. Skills and knowledge formerly needed by only a few specialists in the organization are now needed by many. A typical

management complaint is, "We need four or five people who understand those 20 different documents needed to make a sale in Freedonia. How come I have only two qualified people?"

Most HRD professionals could easily suggest three or four more views of business expertise that readily apply to the job. This list is by no means complete, but it may trigger some questions for you or

your organization. One question that quickly comes to mind is, "Where on this list are our biggest problems, and where do we, as HRD professionals, fall short?" But an even better approach would be to ask, "Where on this list do we see opportunities to become more effective, to contribute even more to the businesses we serve?"



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