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Building a Scalable Human Capital Infrastructure

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Just as corporate treasurers optimize return across multiple financial instruments (stocks, bonds, LOCs, etc.), competent managers rely on multiple sources of human capital to achieve business growth.

Accordingly, they consider all the human capital “instruments” available to them including current staff and new hires, contract and temporary staff, consulting firms, auditors and independent consultants - also know as project professionals. Once the workforce is assembled and allocated, they also ensure that human capital is appropriately managed.

Rethinking People Strategies

The past decade has seen an explosion in the need for knowledge workers together with a seismic shift in the emergence of a new segment in the human capital continuum – the project professional. The shortage of in-house resources and/or tight development time-frames often lead to the need to supplement one’s own staff with experienced outside experts who can seamlessly integrate into an existing team to add value immediately. Regardless of where they come from, these senior-level independent consultants have several things in common: specialized functional skills, deep industry experience and situational wisdom to help solve client problems.

Companies that use project professionals as part of a strategic approach to managing human capital have an advantage over those that do not. That advantage is flexibility. The challenge, however, is to be prepared to rapidly identify, efficiently utilize and effectively retain the expertise of independent professionals. This new management approach requires the building of an organizational infra-

structure, which consists of three components:

- A process to identify and select the best possible talent
- A deployment process that ensures immediate productivity
- A knowledge transfer process that ensures that knowledge does not leave the organization when the project professional departs.

Selection

Situations that call for the expertise of project professionals are often urgent in nature. Candidates with specific expertise can be identified at a moment’s notice if the organization has already developed formal and informal expertise networks. This can be as simple as working one’s rolodex of individual consultants or building relationships with professional services firms that specialize in deploying project professionals to companies.

Once a slate of candidates has been identified for the project at hand, selecting the right talent is a very different matter from hiring an employee. The traditional employee recruitment process of matching candidates to a functional job description coupled with minimum skill requirements is not optimal for a project-oriented assignment. For example, a technology company needed an operations consultant to sort through major system issues while the search was on for a permanent department manager. Although the regular job required a CPA, supervisory experience and familiarity with a certain ERP system, most of those attributes were not germane to the project assignment.

The fact is: a project professional is brought in because of some complication – quality problems, a system conversion or to replace a manager on leave. It is that situational dimension that is most critical to the success of the engage-

ment. Therefore, the key evaluation criterion should be: has the consultant successfully dealt with this type of situation in a similar scale environment? In other words, the real value in using an independent professional is gaining the expertise of someone who has “been there, done that” – someone who has already made the mistakes, knows where the landmines are and can duplicate past project success for the new client.

Similarly, minimum experience requirements are often not relevant in the context of outside interim and project managers. With permanent jobs, the ideal seniority mix within a department may call for the hiring of a junior manager, yet the best option for a similar project-based assignment might be a more senior manager. Independent consultants tend to be experienced managers who can add real value to an organization by helping and training the more junior managers in the unit.

When recruiting and selecting project professionals, the single most important criterion is to look for individuals who are constantly reinventing their skills and refining their craft through challenging engagements with a variety of companies. The following traits characterize such an individual:

Veracity. Is the individual a veritable expert in this type of company? Someone who has only worked for Fortune 500 companies, for example, may find working in a five-person shop difficult. Similarly, a marketing manager not accustomed to 25 sign-offs on collateral material copy may feel stifled in the bureaucracy of a multinational corporation.

Versatility. The success of a consulting project depends in part on the individual’s ability to learn a client culture quickly. The best indication of this capability is to look at an individual’s success in adjusting to other environments in the past. Keep in mind, though, that a consultant need not have jumped from industry to industry to demonstrate versatility. A project manager of a large semi-conductor company, for example, may have worked at headquarters, facilitated the start-up of a Singapore operation and overseen a large-scale software implementation. Although these experiences were with the same company, the variety demonstrates the individual’s adaptive skills.

Vision. A strong consultant has some recognition of the uniqueness of his or her expertise, whether tax accounting or marketing strategy. This goes hand in hand with a strong commitment to their consulting practice and the ongoing development of their “body of work”. This is often a core reason why the individual chooses to work as an independent practitioner. Regardless of the motive, it is that vision of expertise that provides value to a company.

Vigor. Finally, the consultant should be vigorous in the

constant attention to developments in his or her field. Consultants should be willing to take risks and to accept assignments in uncharted territory in the interest of broadening his or her skill base.

Project-based talent should also be subjected to a somewhat different interview process than permanent staff. Since in most cases the immediate supervisor of the project is the most critical decision-maker, the interview process can be streamlined by empowering this manager to make the determination on his or her own. This is clearly the most efficient method. If additional managers are to take part in the process, limit it to the individuals with whom the consultant will interface, whether senior, junior or in another department. For example, while a project manager brought in to convert a general ledger system would certainly meet the CFO, the MIS manager may be a more important interviewer in this case.

Sustaining a Competitive Advantage

In the recession of the early 1990s, companies learned a lot about resilience. They adopted just-in-time techniques to reduce the fixed cost of inventory and used emerging technology to gain more control over production. They also outsourced many non-core functions to minimize overhead. But, when business began to boom, companies added more and more permanent staff to handle the growth. Later, when the growth halted again, the bloated employee ranks became all too apparent and layoffs were inevitable. Now, the economy is on the upswing again and companies are beginning to execute growth strategies that were shelved during the economic downturn. With new strategic and operational initiatives comes the need for adding infrastructure in the form of talented people. The solution is to develop a flexible human capital strategy – one that leverages just-in-time talent and independent expertise.

A flexible human capital strategy should be a part of every organization. Flexibility allows management to optimize the organization by tapping into unique expertise to solve critical business problems. A scalable human capital infrastructure that includes “just-in-time” talent acquisition allows companies to buy the expertise they need, when they need it, and for only as long as they need it.

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