



March 10, 2005

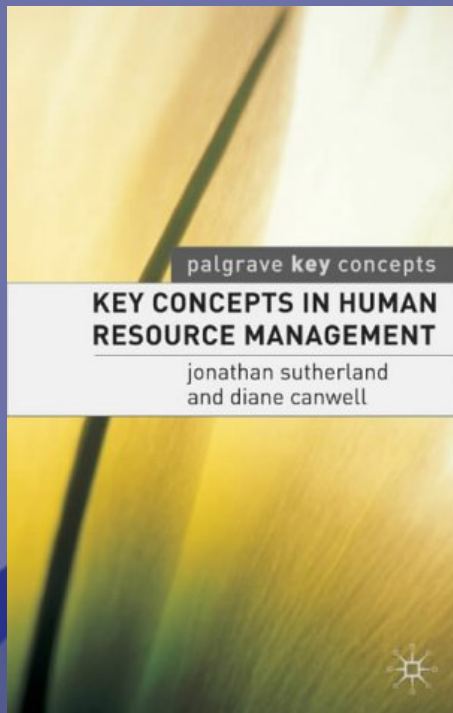
BetterManagement Presents:

Balancing Your Scorecard: Overcome Performance Management Barriers by Focusing on Capability Management

**Presented By:
Otto Laske and
Steve Stewart
Laske & Associates**



FEATURED BOOK



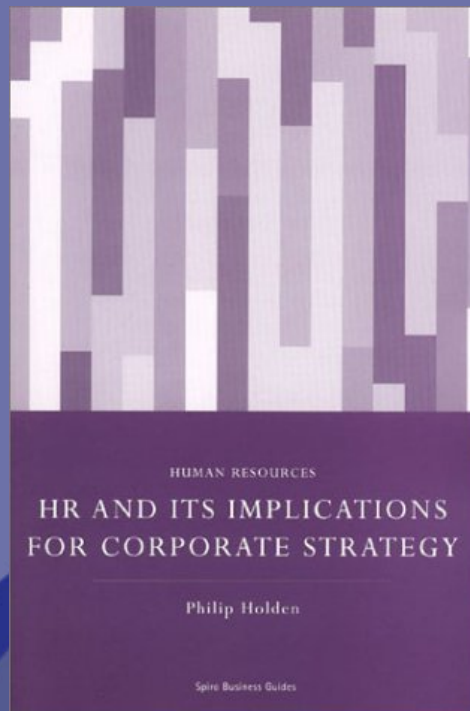
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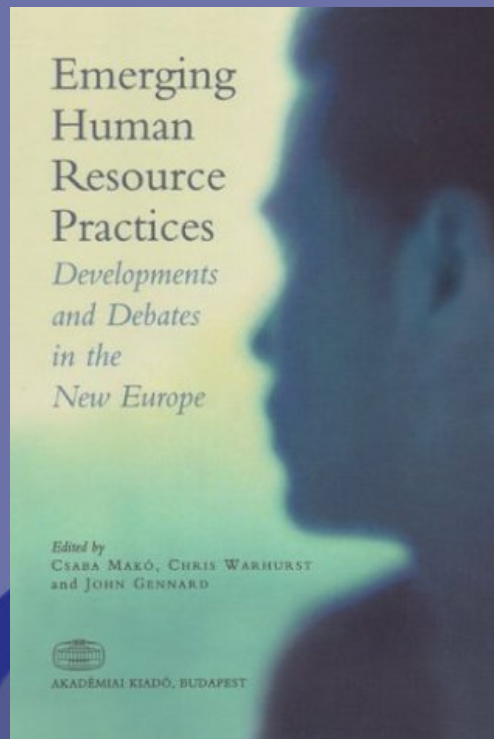
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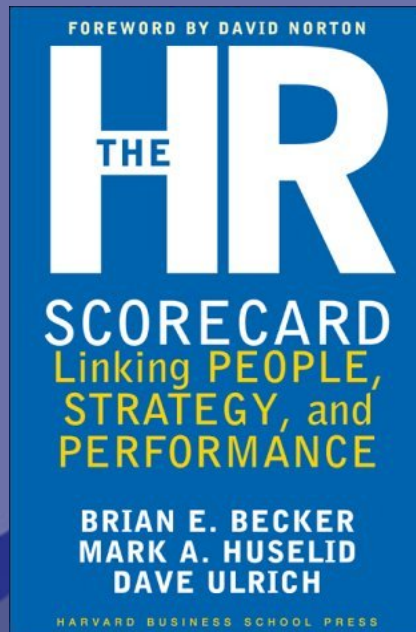
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BALANCING YOUR SCORECARD:

Overcome Performance Management Barriers by Focusing on Capability Management

Otto Laske, PhD & Steve Stewart, PhD

Laske and Associates LLC

www.cdremsite.com

www.interdevelopmentals.org/leadership.html

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SEMINAR OBJECTIVES

- **Introduce concepts of human capability:**
 - **Capability vs. Competence Model**
 - **Longitudinal (across-time) vs. cross-sectional view (within time snapshots)**
- **Highlight how capability and competence differ**
- **Show how assessing CAPABILITY CAPITAL broadens the scorecard approach to strategy formulation**




How would you gauge your experience level with building a Human Resources Scorecard?

No experience at all

Beginner

Experienced

Expert



What is the main challenge you face in demonstrating the value of HR?

Balancing of workforce competency with organizational strategy

Communicating company mission to the workforce

Ensuring job satisfaction and retention

SCORECARD ASSUMPTIONS

- The “balanced” Scorecard is an accounting system for viewing company assets from these multiple perspectives to create business strategies:
 - Financial
 - Customer relationships
 - Internal business process
 - Human capital
- These perspectives are based on assessments, the idea being that you cannot manage what you don't (or can't) measure.
- **Hardest to measure is Human Capital, but social science has made some strides.**



THE IMPORTANCE OF HUMAN CAPITAL

- Ultimately, human beings and technology have to work together to achieve optimal customer relations and a streamlined internal business process, in whatever industry.
- Therefore, we need to balance Human Capital with informational and organizational capital (culture).
- However, these three elements of Human Capital as defined by the Scorecard are NOT EQUAL.
- This is so because, ultimately, the NATURE AND QUALITY OF THE WORKFORCE will determine:
 - how informational capital is used
 - how organizational capital is put to work.



WHAT IS HUMAN CAPITAL?

- **Traditional COMPETENCIES**– to increase job performance directly and immediately – within-time snapshot
 - Professional certifications, university and commercial short courses
- **Emerging CAPABILITIES**– to increase *personal* effectiveness over time traditionally has been hidden
 - **COGNITIVE DEVELOPMENT (CD)** – my grasp of “how the world works” – “what can I do?”
 - **SOCIAL-EMOTIONAL DEVELOPMENT (ED)** – my grasp of myself and others – “what should I do? – what do I use my grasp for, or whom am I responsible to?”

COMPETENCE?

What Specific Knowledges, Skills, and Abilities (KSAs) do we need in what job sets or clusters to achieve business Strategy X?

EXAMPLE: Linking Intangible Assets to the Strategy of a Commercial Bank.

Strategic Objective: OFFER INNOVATIVE & SOPHISTICATED FINANCIAL PRODUCTS & SERVICES WORLDWIDE.

Key Strategic Job Family: FINANCIAL PLANNERS.

KEY HUMAN CAPITAL KSAs:

- **Solution selling.**
- **Relationship management.**
- **Product line knowledge.**
- **Professional certification.**

CAPABILITY?

What general LEVEL OF CAPABILITY (CD & ED) do we need in specific key job families and across the board to achieve Strategy X?

EXAMPLE: Linking Intangible Assets to the Strategy of a Commercial Bank.

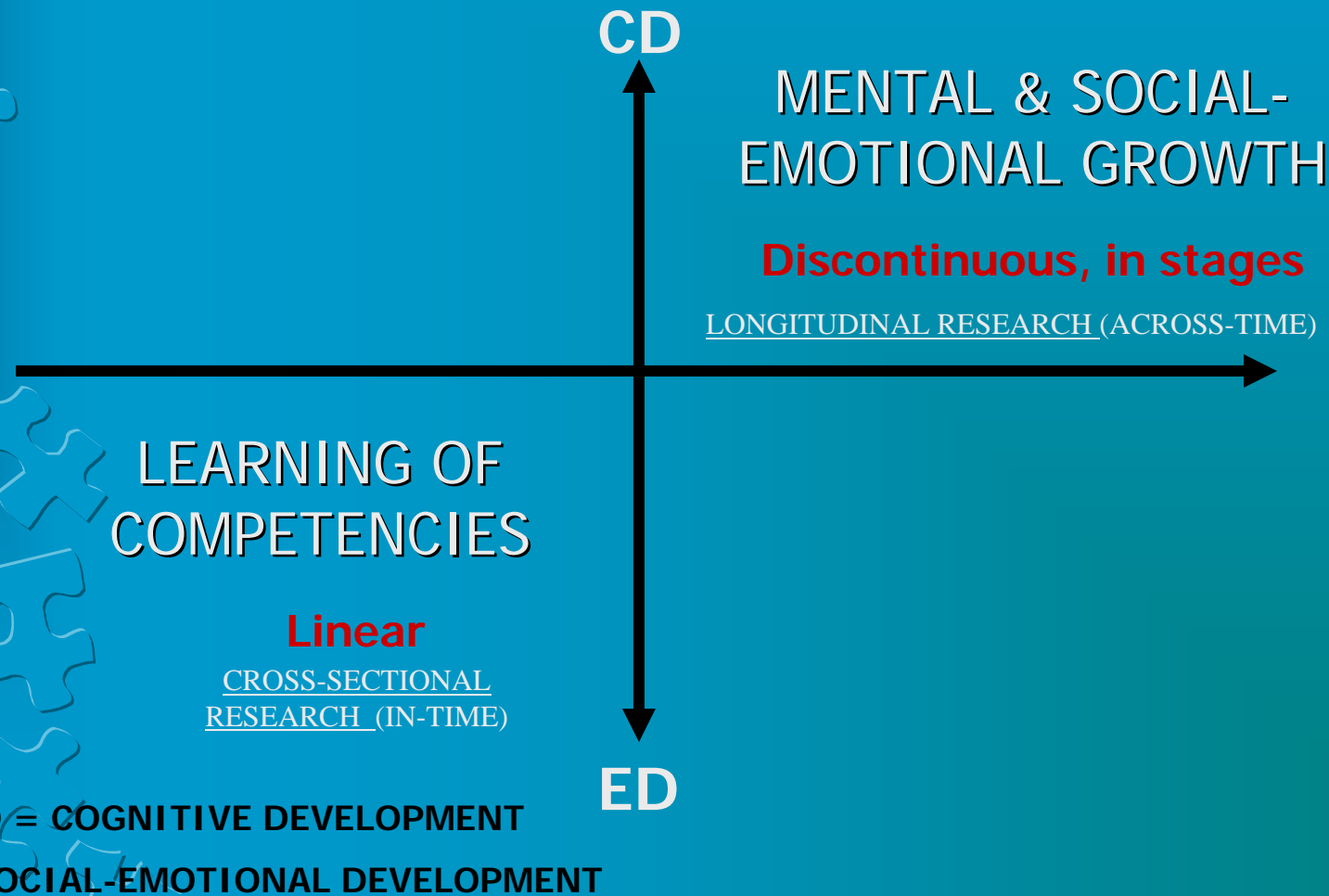
Strategic Objective: OFFER INNOVATIVE & SOPHISTICATED FINANCIAL PRODUCTS & SERVICES WORLDWIDE.

Key Strategic Job Family: FINANCIAL PLANNERS.

Key Human Capability Capital Questions:

- **What LEVEL of CAPABILITY do our financial planners now possess, irrespective of specific obvious KSA training needs? I.E., If we trained on specific KSAs, how well would our training \$\$ be spent?**
- **What is the Δ between the LEVEL of CAPABILITY needed to achieve Strategy X and what we now have? How long will it take to develop?**

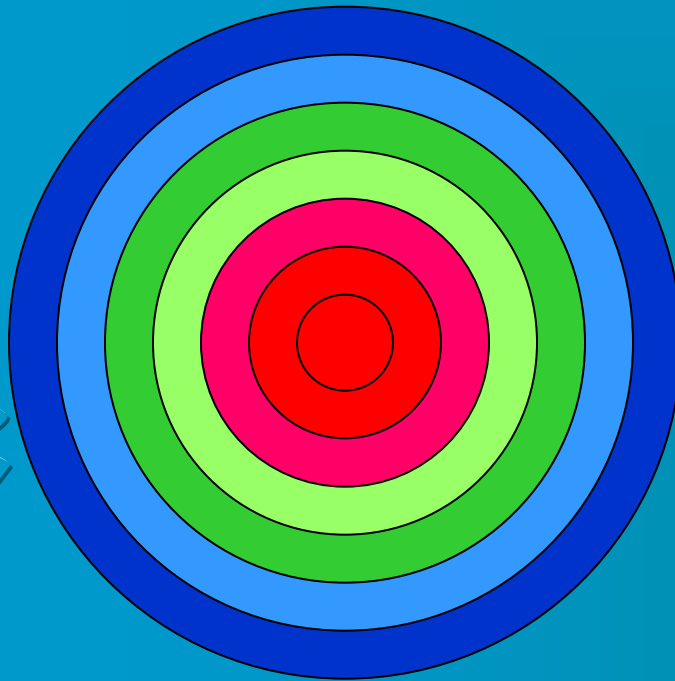
LEARNING IS 'HORIZONTAL,' GROWTH IS 'VERTICAL'



COGNITIVE CAPABILITY (CD)

CONCEPTUAL DEVELOPMENT

How much can I know – the size of my '**Vessel**' & how much is in it? **Scale & Scope of my Frame-of-Reference** – My understanding of how the World Works – Its social structures, primarily.



Cognitive Capability is measured in terms of levels of systemic thinking, fluidity of thinking, and degree of critical thinking

7 MAJOR LEVELS OF FUNCTIONING

CAP – Interview

CAP – Future on-line Questionnaire

SOCIAL-EMOTIONAL CAPABILITY (ED)

SOCIAL-EMOTIONAL DEVELOPMENT (ED)

What I do with my CD? – *Who Benefits?*

Who am I Responsible to?

**Social-Emotional
Capability is
measured in terms
of 4 major Adult
Developmental
Stages of
Functioning**



SAP – Interview

SAP – Future on-line Questionnaire

RELATIONSHIP OF COMPETENCIES TO CAPABILITIES

Σ OF **COMPETENCY** INCREASES WITHIN
TIME = GROWTH IN **CAPABILITY** ACROSS
TIME SNAPSHOTS

T5

T

T4

M

T3

E

T2

T1

WORK & LIFE EXPERIENCES

TRAINING

EDUCATION

COMPETENCY INTERVENTIONS

CD & ED GROWTH



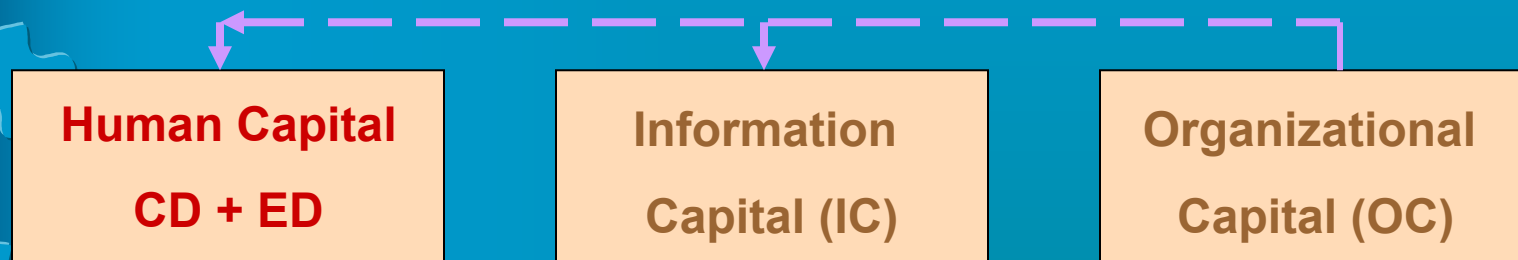
CAPABILITY UNDERLIES COMPETENCIES

- Unless you measure both, you UNDERVALUE human capital.
- Capability growth remains hidden unless it has been measured.
- Competency development represents **short-range** investment.
- Capability development represents **long-range** investment.
- To balance long- and short-term investments depends on assessing direct impact on job competencies and indirect effects on capability.
- Working backward from capability to competency development alters scorecard strategy.
- Capability development can be effected and measured **directly**.

HUMAN CAPITAL SOURCES IC&OC

The Three Components of L&G are NOT 'Born Equal'

Realized Value



Potential Value



CD = Cognitive
Development

ED = Social-Emotional
Development

Executive Team

The 'Hidden' Dimension of Human Capital (CD + ED) Determines
How Potential Value Materializes, the Realism of the Strategy, and the Nature
of Internal Strategic Processes

RELATIONSHIP OF CD & ED TO LEADERSHIP & ORG. STRUCTURE

Levels of Organizational Stratification Proposed by Stratified Systems & Social-Emotional Development Theories*

LEVELS OF ED	LEVELS OF CD	LEVELS OF ORGANIZATION		General Task Requirements
Stage	Stratum	LEVELS OF LEADERSHIP	Position/ Rank	
5	VII	STRATEGIC – CULTURE, STRATEGY, VISION	General/Global CEO- Board of Directors	Create and integrate complex systems; organize acquisition of major resources; creates policy.
	VI		Corporate. Exec VP	Oversee operations of subordinate divisions; allocates resources; applies policy.
	V	ORGANIZATIONAL – OPERATIONAL POLICY, OBJECTIVES, SBU CLIMATE	SBU CEO	Direct operation of complex systems; allocate assigned resources; implement policy.
4	IV		Senior VP ----- Division Director/Junior VP	Direct operation of systems; tailor or task organize resource allocations to interdependent subordinate programs and subsystems; implement policy.
3	III	DIRECT/ PRODUCTION – TRANSLATE & IMPLEMENT POLICY THOUGH OPERATIONAL PROCEDURES	Department Director	Develop and execute plans and task organize subsystems; prioritize resources; translate and implement policy and assigned missions.
	II		2 nd Line Supervisor	Supervise direct performance of subsystems; anticipate/solve real-time problems; shift resources; translate and implement policy.
	I		1 st Line Supervisor	Direct performance of work; use practical judgment to solve ongoing problems.
2				

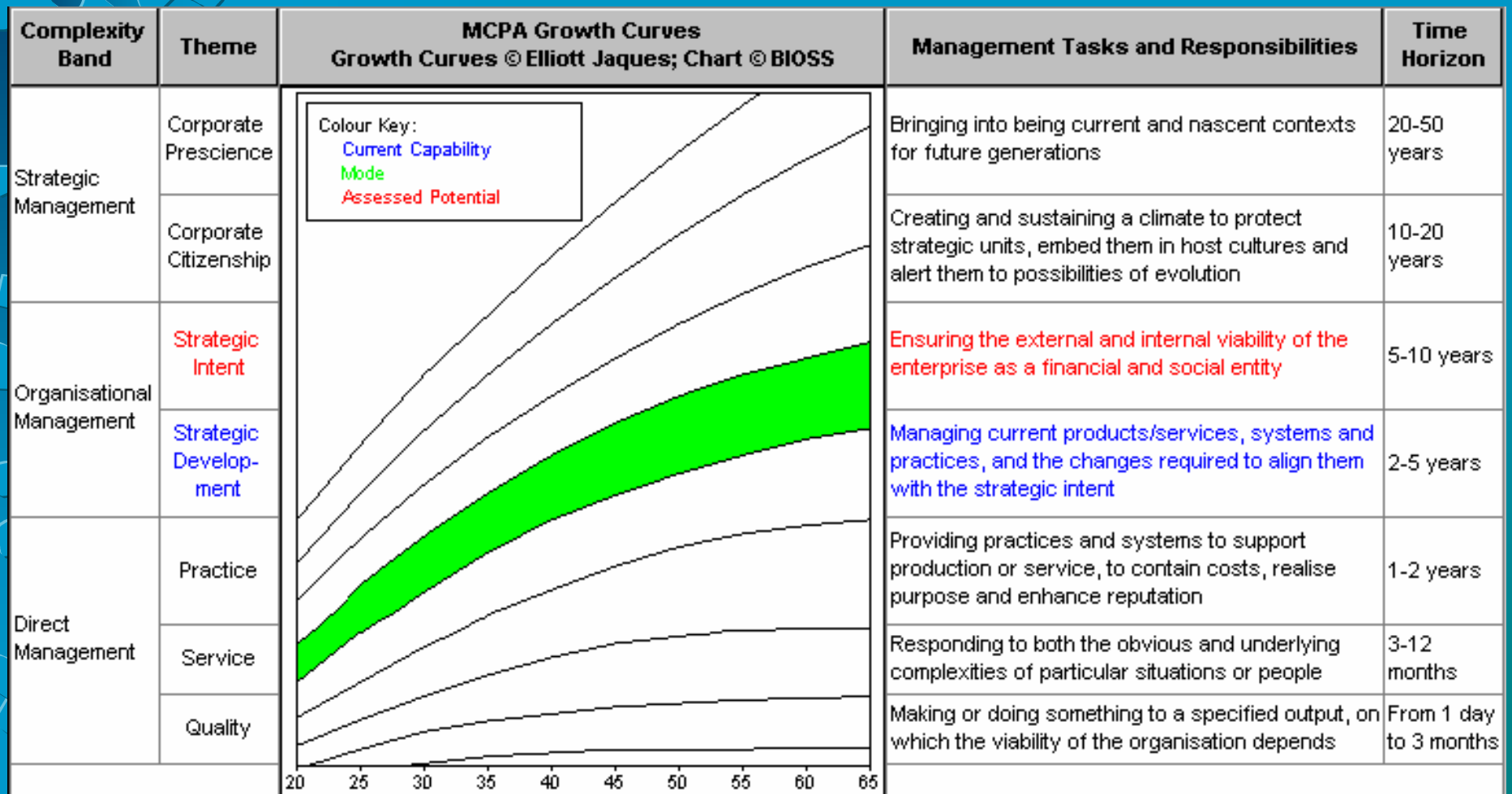
*Adapted from *Senior Leadership in a Changing World Order. Requisite Skills for U. S. Army One- and Two-star Assignments* by K. W. Lucas and J. Markessini (1993). ARI Technical Report 976. Alexandria, VA: U. S. Army Research Institute. Also based on the work of Kegan, R. (1982). *The Evolving Self: Problems and processes in human development*. Cambridge, MA: Harvard University Press.

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WHERE AM I? WHERE DO I WANT TO GO?

CD - EXAMPLE



Levels of Social-Emotional Potential *

Focus on
SELF

Focus on
OTHERS

**Level is NOT strictly
bound to age!**

← Toward Stage 5

← Stage 4 (ca. 40 years)

← Stage 3 (ca. 25 years)

← Stage 2 (ca. 15 years)

* R. Kegan, 1982

WHERE IS MY 'CENTER-OF-GRAVITY?'

ED - EXAMPLE

SOCIAL-EMOTIONAL STAGE DESCRIPTIONS

STAGE 2: Self-Centered and Serving.

- Their own needs, wants, & desires solely drive their actions.
- Others are viewed as objects and means-to-ends, something to be manipulated and controlled, in order to achieve their objectives.
- Level of Self-Insight is next to non-existent, although they do hold a very strong, rigid self-perception that they will defend vehemently if its validity is questioned by others.
- They use control over others as a source of showing their own power & prestige, not the foundation for accomplishing assigned organizational tasks.
- Unbridled 'Careerism' typifies this Stage.

WHERE IS MY 'CENTER-OF-GRAVITY?'

ED – Example Continued

Stage 3: Community-Centered and Serving.


- They subordinate own needs, wants, & desires to their work group & organization.
- What they think of and how they view themselves is determined entirely by what others think, so others are needed and valued for what they contribute to Self-Image.
- Level of Self-Insight is stronger than in Stage 2, but they cannot be 'Self-Authoring;' they are dependent upon others to get assigned tasks done and objectives accomplished.
- They are good 'citizens,' follow established norms and traditions, and are very concerned about 'social correctness' and 'keeping up with the Joneses.'

WHERE IS MY 'CENTER-OF-GRAVITY?'

ED – Example Continued

Stage 4: Self-Actualizing and Serving.

- Have 'mastered' the Stage 3 ethos and 'come of age.' Are confident in their own abilities and will take stands on issues on their own.
- What they think of and how they view themselves is almost entirely of their own making. They have developed a strong, well founded sense of Self – what they can and can't do well, yet they will 'listen' when confronted with conflicting info about the Self.
- Since they are not defined by the Stage 3 world that they live in, they can be good critics of it and act as Change Agents, although the changes they might bring about will shape the organization more to meet their own needs than for universal application.
- They are not very concerned about 'social correctness' and 'keeping up with the Joneses.'



WHERE IS MY 'CENTER-OF-GRAVITY?'

ED – Example Continued

Stage 5: Universally Community Centered and Serving.

- They have learned that their 'Way' has limitations, that it may fit them, but not most others.
- What they think of, and how they view themselves, is determined by what they can do for others, and by how to improve the general well-being of not only their immediate community, but the more general one of the humankind.
- Their 'Self-Actualization' comes through being 'collaborative' Change Agents, working with and through others to accomplish strategic organizational objectives and its overall mission.
- They are entirely open to new experience and insights, because they are objective about themselves. and their Self-Image is not threatened by what others think. Their Will is also not easily shaken, even in the face of potentially harsh social sanctions.



CD & ED ASSESSMENT VALUE

- Exposes a current valuable Human Capital Asset now OVERLOOKED.
- Shows the 'Power' of current Capabilities (Mental & Social-Emotional) available NOW to achieve alternative business strategies, **based on social science criteria**.
- Displays the proportion of people whose Capability (CD & ED) is below, at, or above, required work complexity levels.
- Shows how much 'room' the organization has to grow in CD & ED Capability over time, and suggests HRD investment strategies otherwise overlooked.

LASKE and ASSOCIATES, LLC

& CENTER FOR EXECUTIVE AND ORGANIZATIONAL GROWTH (CEOG)

Specialists in Capability Management

Human Capital Readiness Analysts

Human Capability Development Specialists



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What gets measured, gets managed



Were your learning objectives met for this seminar?

Yes, my objectives were exceeded

Yes, my objectives were met

No, my objectives were not met



Thank you for your
participation today!