

A delicate **balance**



From time immemorial companies have sought to find and exploit an advantage over their competition. Price, quality, speed, effectiveness, fitness for purpose; are the traditional battlegrounds in the war to attract and retain business. More recently, fashionable initiatives have been constructed around Total Quality Management, Just in Time supply, Six Sigma and so on. Here, **Alan Crozier** of Q4 consulting argues that true competitive advantage is human, but that achieving it can be a delicate balance.

These initiatives are very laudable, practical, and effective in their own way, but as more organisations adopt them; and as the timescale from innovation to imitation is measured in weeks rather than years; and anyone can buy the latest IT infrastructure: competitive advantage is harder to find and even harder to hold onto.

The foregoing simply allows companies to be in the game, but what do they need to do to win in the game?

At the risk of paraphrasing, Arie de Geus said that the only true source of sustainable competitive advantage is the ability of your people to learn faster than the competition. To be effective that learning has to be institutionalised; and here we have one component of intellectual capital. The other components are: customer capital – the value of customer relationships; and human capital – the value of the knowledge and capabilities of the organisation’s people.

In most organisations, the value of intellectual capital outstrips the value of tangible assets by quite a margin. That means that the largest asset to be managed is human. But do we pay as much attention to that as we really should? How much of what we say about our “greatest asset” is lip-service?

Let’s not assume that employees are our greatest asset. Let’s create the culture that determines that they will be.

Consider employees a dynamic asset. The value of their contribution can go down as well as up. And that will depend on: how they are managed; their line-of-sight between their job, their team goals, and organisational objectives; how they perceive reward and whether they can influence it; how they are learning and developing; and of course, how they are involved in decisions which might affect them.

Employees who are aligned with, and committed to

an organisation’s objectives perform. They are much more likely to be engaged; channel discretionary effort to their organisation’s benefit; and given the conditions outlined above, enjoy job satisfaction.

But it can be a fragile condition. It doesn’t take much to turn an engaged, productive workforce into one which is disgruntled, disaffected, cynical and untrusting.

This year alone, we’ve seen reports in the media about: workers at a computer factory finding out that their plant was closing when they turned up and the doors were locked; a workforce being told by video that their jobs were redundant; the staff of a Scottish manufacturing organisation who were informed through a national newspaper article of the managements’ intention to sell the business to a foreign company based in Europe. I can’t comment on the specifics of any of these cases but if what we have all read in the papers is accurate, it does raise some questions.

For those directly affected, where is the respect and dignity? For those not directly affected, where is the engagement, the rationale, the context? And to what extent do such actions devalue the employer brand? Will they have the same ability to recruit, motivate and retain talent?

Organisations are dynamically complex open systems and so maintaining an engaged workforce is never going to be about one thing. Many things have to be in place and work in concert consistently. But any one thing if not properly handled can have a disproportionate negative impact.

While there are many elements which contribute to an engaged workforce, a key driver which impacts on all of the other elements is communication. Managing communication is a critical skill for managers; and here there are a few things we must remember.

It is impossible not to communicate: not saying or doing something in a given situation still sends a message.

Communication is the act of the recipient: by their understanding and actions, employees decide whether communication was successful.

Observed behaviours are the most powerful and reinforcing elements in underpinning expectations in a workforce.

In today’s fast-paced business environment, there is pressure on making the right business decisions and then ensuring that stakeholders are informed.

In that process it is vital that we also make the right communication decision.

Consider how it might help their understanding, affect their attitude, and more significantly how they go about their work.

When all’s said and done, communication is not about conditioning perceptions, it is a fundamental element in driving performance through engagement.