Enterprise Planning Through a Human Capital Lens

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human capital: noun
the collective skills, knowledge, or other intangible assets of individuals that can be used to create economic value for the individuals, their employers, or their community

Premise
The coronavirus crisis creates an opening to embrace enterprise planning and examine the whole of human resources against institutional objectives. It serves as a catalyst to examine and rethink how human resources are deployed and maximized.

Human talent and human capacity are two of the greatest assets available to campus leadership, yet many institutions struggle to develop enterprise-wide planning models that forecast and guide the use of employees’ talents and time. Higher education budgeting and planning frameworks that help leaders anticipate and fulfill human capital requirements are rare but should become more prominent as pressure builds to develop new, sustainable business models.

Considering the global pandemic’s impact on higher education, every organization must reimagine its talent pool as a portfolio of valuable, human potential. As with a stock portfolio, there may be aspects that need to be rebalanced to achieve desired objectives. If an organization is considering a reduction in workforce (furloughs, layoffs, or terminations) decisions should be informed by a unified understanding of priorities and a thoughtfully designed organizational model that aligns time, talent, capacity, and resources. With planning and rich analysis, a more sustainable organization can emerge. Organizations can also establish reasonable expectations for employees and achieve high-priority goals.

Time and People
Time is the most precious element of human capital. It’s a dimension of capacity that is sometimes overlooked when evaluating what’s required to meet objectives.

Imagine if financial budgets, shared across an institution, were consistently distributed with corresponding ‘time’ budgets that quantified people’s available time as a function of payroll. What if managers and their employees compared the investment in human capital against the actual distribution of time used to accomplish given outcomes and reported on the historical use of time to inform future staffing requirements?

Consider how an annual assessment of worker’s skills, knowledge, and interests might provide managers with a better understanding of how to support and leverage people’s talent and time. How might the adoption of new initiatives be influenced if conversations were supported with a comprehensive analysis of the human capital investment needed and a corresponding schedule of tasks required to achieve desired outcomes over a multiyear period? The adage “time is money” has impact when we intentionally manage time as a valuable resource worthy of planned, thoughtful use.

Building a Culture That Values Time
As a participant in a meeting, how often have you mentally calculated the cost of that meeting, estimating the loaded hourly rate of the people sitting in attendance? And what about the late-night email from a stakeholder urgently requesting an analysis that will take hours to complete, leaving you struggling to balance the urgency of the other demands on your time?

At an individual level, we often think about time and feel stress when time constraints cause us to miss deadlines. At an institutional level, organizations rarely manage the distribution of time with the same care with which they manage finances. Yet the distribution of people’s time—the effective use of human capital—is critical to the achievement of mission and financial sustainability.

A workplace culture that visibly values people’s time can cultivate a healthier, more equitable, and high-performing work environment. A time-focused culture can encourage leaders to ensure that workloads are distributed equitably, productivity expectations are consistent, and work is not disproportionately completed by a few.
When hiring or making decisions about promotions, workplaces that value time are prompted to assess a candidate's fit by exploring attitudes about time and to evaluate how quickly a candidate can assimilate information or complete required tasks. Individual performance distinctions can be evaluated and recognized, in part, based on productivity and time management. And, opportunities for growth can be provided based on those metrics. When respect and care for people's time and capacity are woven into the fabric of a workplace, improved productivity is a natural and positive byproduct.

Individuals should be coached to develop a stronger understanding of how investment in human capital and return on investment in talent are integral to organizational sustainability. This requires the organization to develop a common language to talk about time in a way that does not dehumanize people through the narrative. Time must be managed; people must be supported and developed. Reports and communications to external stakeholders and governing boards should consistently include data that builds awareness of the human capital requirements to achieve organizational outcomes.

At institutions where payroll numbers are publicly shared, loaded hourly rates by employee should be provided, supporting the ability of managers to approximate costs associated with meetings, projects, and transactional activities.

**Systems Thinking Is Essential When Evaluating Human Capital**

Every organization is a complex system, and the complexities faced by colleges and universities are almost impossible to appreciate until they have been experienced firsthand. If we illustrated higher education as a mechanical system, the machine would have hundreds of cogs labeled ‘compliance’ inserted into the operation by governments, accreditors, insurance providers, and others. In the mechanism of higher education, revenue streams are unpredictable and complicated by financial aid policies and structures. Markets are dynamic, and the competitive landscape continually shifts. Internal labor systems are complex and varied in nature. Governance is unique. Technology demands are ever-changing. Enterprise-wide risk management can be daunting. Decisions are questioned and some are vocal about discontent. The day-to-day work can be exhausting and overwhelming for even the heartiest and stalwart of seasoned executives and financial professionals.

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It is important to have an intentional approach to the process of analyzing, and ultimately changing, work processes and corresponding staffing models. Organizations should not jump to conclusions or make decisions to reorganize, redefine, add, or eliminate positions before there is substantive workflow analysis. Without a clear understanding of the time and talent required to complete current and evolving work processes, dollar-driven cuts in headcount can produce significant service gaps, increasing risk and resulting in long-term unforeseen costs.

**Cultural Change**

- Nurture a culture that effectively manages time and leverages human potential.
- Include discussion points about talent needs and time requirements in meeting agendas.
- Develop dashboards and key performance indicators that reflect time and the corresponding cost of human capital.
- Institute progress reports with data reflecting time spent on work toward deliverables.
- Expand budget reporting to include time, cost, and capacity.
- Integrate time and skill estimates into project proposals.
- Align individuals’ strengths and efficiencies with functions that support institutional goals.
- Analyze time data to ensure that time is spent on mission critical functions.

**Time and Skills**

Conversations (or debates) about the estimated time and skills required to complete a given task are not intended to prove or disprove how burdensome a task may be. Rather, discussions about time and human talent encourage effective inquiry and build mutual understanding of systems and associated costs.

Although structured time tracking can be perceived as a burden, inconvenience is often softened when everyone is involved. If there is a willingness to develop a better sense of how time is spent, time tracking tools can be integrated easily into the workday. If use of a formal tracking and reporting tool is not supported, informal 'gut' reporting can often be accurate enough and still accomplish the goal of increasing awareness of time as an asset that must be used with care.
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When Human Capital Encounters Financial Stressors

The challenges of managing people can be amplified by financial stressors. People react when their work environment changes. While some changes may be welcome, others may leave employees feeling unsure and angry. Changes to peoples’ roles, scope of work, reporting structures, and compensation can amplify the need for effective communication and supportive, caring leadership practices.

Many factors can influence an institution’s approach to enterprise wide planning and management of human capital when it is considering changes in workforce allocations. Organizational size, complexity, culture, sophistication of HR infrastructure, individual leadership styles, and the nature of work are just some of the considerations when making changes to the human side of an enterprise.

If making staffing cuts, leaders must be prepared to discuss how the loss of capacity will be addressed. Organizations are comprised of interdependent systems, and when the investment in human capital is cut, the impact is felt across the system. Enterprise-wide planning can support the process of determining if and where capacity can be reduced and how to manage the impact.

However, when faced with making difficult decisions that result in job losses, there are no platitudes to be offered. There are no easy guidelines that can (or should) be followed to ease the painful activity of making decisions that will impact a person’s livelihood. The most difficult decisions faced by leaders are those that affect the well-being of others.

When It Comes Down to Making Final Decisions, Consider Skills and Aptitude

How often have you seen leaders expected to make a material reduction in payroll costs, working only with a lean spreadsheet that has minimal information: name, salary, job title, and division.

Spreadsheets are sorely lacking if they do not include information about individuals’ talents, knowledge, and skills. Decision-makers must be aware of each person’s potential contribution to institutional mission and operational activities tied to strategic goals. At a minimum, spreadsheets used to determine changes in headcount should include a brief statement of key functions performed, by individual and/or role, and a brief summary of each individual’s skills, aptitude, and professional interests, as well as a view to historical performance.

Leadership should have a bank of questions and considerations it consistently uses to guide conversations related to staffing and workflow changes. Too often, organizations depend on job descriptions rather than skills audits to determine employee competencies.

Eliminating Positions Stresses an Organization That Is Not Ready

- If we lose a key person in an essential area, is there a way to quickly audit the status of this person’s current workload that must be reassigned?
- Have others in the organization received adequate cross-training to ensure critical tasks can be completed if a key person is no longer in a key position?
- How will we address unanticipated gaps in work coverage as they emerge?
- What risks could emerge from gaps in work coverage that we must be prepared to address?
- How will we manage the emotional toll on individuals, impact on morale, and stakeholder communications as we make changes to our investment in people?
Hidden talent can be overlooked or misplaced without regular review of employee talent and skills at an individual level. Organizations should capture aptitude and interest in building new skills through a skills audit. Why look outside an organization for expertise when it can be cultivated from within, often more quickly and at a lower cost?

Analysis Informs but Never Replaces Human Judgement
People make the work of higher education happen. We think, listen, talk, collaborate, debate, laugh, grumble, meet (a lot), and move through our workday doing the best we can.

As the ecosystem of higher education changes, those of us who work in this sector will continue to be expected to serve as worthy stewards of the resources with which we are entrusted. A commitment to serving our students and fulfilling the missions of our respective institutions are the guide rails that keep us on track. We must do our best to plan, analyze, modify, and develop new models, systems, and approaches that deploy the financial resources and limited time that we have each day. Sometimes that means making difficult decisions for the greater good.

The Three C’s: Competency, Capacity, and Cost

**Competency:**
- What level of competency is needed for each role?
- What content expertise, software skills, temperament, cadence, and other specific competencies are required to achieve expected outcomes?
- What specific actions are performed in this role and to what end?
- What aptitude for learning new tactics and tools is required in the role?

**Capacity:**
- What does capacity analysis tell us about a role and the person in that role?
- Are institutions’ processes and automation enhancing or diminishing capacity?
- How do individuals in the same roles contribute to meeting the demands of the job?
- Can anyone reasonably complete the assigned workload in the time provided?
- Is there a cyclical nature to the work that leads to excess or inadequate capacity?
- Is there work that could be shifted away to a lower-cost resource to free up capacity in a role?
- If a role is eliminated but an institutional outcome still needs to be achieved, is there capacity somewhere else in the organization to achieve that outcome?

**Cost:**
- Based on the cost of a position, do the contributions made align with the investment to fund the position?
- If we cut this cost, what contributions to the institution will be lost?
- Is this a loss we can afford?
- Is this a loss we must experience regardless of need?
- How will we manage risk that may arise from the loss of this role?

Get Prepared: Empathize, Support, Provide Resources
- Few of us are well prepared to talk with employees about loss of jobs and financial security.
- Develop an inventory of professional development resources for employees.
- Create a plan to support—through the process and after—those who will lose their jobs.
- Determine how to best support each other: decision makers and remaining staff.

Regardless of the structures and constructs in which we operate, ultimately, we are still a community of people working together to achieve a common goal. Going forward we must take care of ourselves and each other, no matter what challenges we face. We must build a trusted support system, speak truthfully about our struggles, and celebrate the little moments of joy in the work. We must recognize our own limitations and work to become better when we fail. And we must honor our coworkers who do the work that keeps our institutions going, because when we honor people’s time and talents, we are honoring the most fundamental building block of any educational system: human potential.