



Perth's Leadership in Human Capital Alert

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PERTH'S LEADERSHIP IN HUMAN CAPITAL ALERTS

Valuation and profitability are intrinsically linked to the behavior of an organization's people. The "Leadership in Human Capital Alerts" series aims to provide Human Capital executives with suggestions and recommendations on how to respond to relevant breaking market news. It is critical for an organization to utilize its human capital productively to respond to market events in a way that enhances valuation and profitability.

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Post-Crash Leadership Development – Focus on Business Acumen

Three Key Recommendations:

1. Implement programs to develop business acumen.
2. Emphasize the financial and hard side of programs in internal public relations.
3. Position HR and leadership development as being business-focused innovators in their own area.

DJ INDU AVERAGE (DOW JONES & CO
as of 10-Oct-2008



Source: Yahoo! Finance

Background: Leadership programs have traditionally focused on developing people skills. The current market crash highlights the failure of leadership programs to identify and develop business acumen in leaders. [This is a situation that HR and LD should address rapidly and decisively to show that they are part of the solution.](#)

What is the Role of HR and LD?

- HR/LD must focus on assessing and developing business acumen in leaders
- It must put forward practical and actionable recommendations
- It must act quickly and decisively

Three Key Recommendations: We see three key recommendations that all leaders should consider seriously:

1. Implement programs to develop business acumen

Show employees and management the linkages between their behavior and financial outcomes so that they can modify their behaviors appropriately.

2. Emphasize the financial and hard side of programs in internal public relations

Set up fast, hard-hitting practical programs to build the business credibility of HR, and overcome stereotypes of leadership development being 'soft'.



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PERTH LEADERSHIP INSTITUTE

Perth Leadership has developed an entirely new approach to human capital management and executive development which focuses on improving the business acumen and performance of managers and executives.

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3. Position HR and leadership development as being business-focused innovators in their own area

Show the rest of the organization that HR and leadership development are no exceptions when it comes to financial behavior-based change.

Other Recommendations: The recommendations below are purely suggestions. They are designed to promote thinking, solutions and actions on the issue so as to identify actionable responses.

1. **De-emphasize traditional personality and competency-based approaches** – while useful in the right environment, these approaches do not build business credibility for HR in times of hardship.
2. **Focus on programs that will have fast behavioral impact on costs and margins** – the CEO and senior management will only have an ear for fast impact programs.
3. **Introduce into all programs the concepts of an ownership culture** – focus the minds of employees and management on their responsibility for the financial outcomes of their actions and decisions.
4. **Integrate business acumen programs with traditional programs** – build business acumen components into current curriculums to support and enhance existing methodologies.
5. **Map business acumen to traditional personality and competency approaches** – use current employee data from traditional approaches to identify the existing business acumen potential of your human capital.
6. **Train HR and leadership development professionals in business acumen approaches** – empower HR and leadership development professionals to build their credibility and confidence as recession change agents in the organization.
7. **Introduce programs to develop high leverage innovation approaches** – as studies have shown, breakthrough innovation is not correlated to high R&D spend; and given the right environment, low budgets and times of need can stimulate highly creative thinking.
8. **Stress approaches to increase leadership agility and organizational learning** – enable those with less natural business acumen to contribute to profitability by improving their financial behavior through leadership agility.
9. **Integrate business acumen approaches into talent management and succession planning** – move beyond development initiatives and assist HR to choose the right people who need to leave and the right people to stay, and identify potential future leaders.
10. **View the recession as an unparalleled opportunity, not as a problem** – leverage a recession to force a reassessment of internal priorities, and throw up opportunities for HR to innovate and show its value from a business perspective.

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