

April 6, 2004

www.csae.com

The Commoditization of Human Capital

With the political storm now raging around outsourcing and “off-shoring,” one fact seems to be rather obscured: it is happening because many individuals, and likewise, many professions, have not managed to make a transition from a role that is tactical to one that is strategic.

And as corporations continue to refocus their workforce structure for an economy which demands ever increasing productivity, flexibility and innovation, they’ve come to realize there are many routine, day to day, transaction oriented functions that need not be undertaken in house.

Not only that, but they are busy learning that with global connectivity, they can now access highly talented professionals wherever they might be. The result is that it isn’t just transaction oriented jobs that are being affected, but increasingly, other jobs that have long demanded certain professional skills and insight.

It’s a perfect storm – one that is resulting in the ongoing commoditization of human capital.

No one is immune

We live in a time in which it really doesn’t quite matter where certain types of work are performed. In Bangalore, India, you can find a one-square block area where a variety of skilled professionals are providing services that range from home mortgage processing and approval, medical CT scanning, chip design and software development, right next to another group that is doing the processing of tax returns.

The Chicago Tribune recently stated the reality of this new economy in an article in September 2003, noting that we are now witnessing the emergence of “.... a global market in which an ever increasing portion of the developing world acquires the education and opportunity to provide skilled-labor, including professional services of almost every kind at a world class level.”

The wake up call for every association member should come from the fact it isn’t just simple clerical work that is now moving offshore. Said the Tribune: “*It is becoming clear that CPAs, management consultants, attorneys and health professionals who have traditionally been insulated from global market forces will be faced with competition as they have never seen before: bright, driven people capable of offering comparable-quality service at perhaps a tenth the cost of their developed world counterparts.*”

Which leads to this simple reality: those individuals who provide a function that is strictly tactical will find that their job could be at risk. The only way out is to undertake an evolution in which they provide a more strategic role to the organizations for whom they work.

How do they do this? By ensuring that they move away from anything that is routine, day to day, task oriented, into a role in which they apply their skills and talents in a way that helps the organization change, innovate, grow and prosper.

That’s why, as association executives, one of the most important things you can do is assist them in making this transition.

Understanding of Strategy is Critical

The transition can come about if individuals fulfill a function that helps in the direct achievement of corporate or organizational goals.

This can be a problem for many professions, careers and jobs. For example, one recent survey of major organizations found that only 12% of senior business executives believe that a majority of their information technology staff understood the company’s business strategy! That’s a big disconnect – it means that there are people in this sector who are going about their day to day jobs, doing what they

do, day in day out, without any real understanding of why they are doing it!

I don't think this is an isolated reality. In preparing for countless keynote presentations and workshops, I've discovered associations, professions and groups of people who seem rather oblivious as to how to play a strategic role. They are stuck in a rut, doing the same type of thing day in, day out.

It's most obvious when you consider the catch phrase that drives their approach to what they do in their world of routine: "We've always done it that way!"

Yet the transition to a strategic role need not be all that difficult. Obviously, the first step involves taking the time to understand the organizational strategy, and learning how their skills can help to achieve that understanding. This means learning how to help the organization achieve three simple goals.

- Run the business better: how can you help the organization achieve cost savings, productivity improvements and/or efficiencies through the application of your knowledge and skills?
- Grow the business: how can you help the organization attain competitive advantage and/or revenue enhancement through what you do?
- Transform the business: how can you help achieve other core business or organization goals through the application of the unique talents and insight you possess?

That's it – in my experience, that's the key in making a transition from working tactically, to one that is strategic.

It involves moving away from routine, day to day "stuff," to a function that is more results oriented, provides greater benefit, and helps the organization to deal with a world that is far more complex than ever before. One that is less concentrated on the issues of the here-and-now, and more on the challenges and change required for the future. One that doesn't involve regular and routine work processes, but instead, constant innovation and imagination.

All undertaken with three simple goals in mind: how am I helping to better run the business, grow the business, and transform the business. That's a mindset that is forward thinking, rather than one that is concentrated on the mundane problems of today. And the fact is, when intelligently done, the shift from tactical to strategic has worked brilliantly within some organizations. For example, at BASF, HR professionals once spent 62% of their time doing clerical work, but are now focused on everything from career development to acquisition integration and the actual management of outsourced routines.

That kind of career and skill transformation is certainly possible for any professional and any individual, if they put their minds to it.

Otherwise, they'll find themselves in a world that continues with the relentless and ongoing commoditization of human capital.

As a futurist, trends and innovation expert, Jim Carroll recently provided his unique insight into issues of careers and the future for a leadership team with the BBC in London, England. Jim's web site can be found at www.jimcarroll.com, and details of his unique career oriented sessions can be found at www.jimcarroll.com/acrobat/careers.pdf. He welcomes your comments via e-mail jcarroll@jimcarroll.com.

Sidebar Article – Should We Be Surprised?

It's amusing to think that so many people are surprised by the "sudden" migration of jobs to India and other locales.

After all, the evidence of significant structural organizational change has been with us for a long time, as have been many predictions of what we are now witnessing.

In my own case, I'd been busy talking about the potential for the trend as far back as the late eighties. The light bulb went off for me back in 1987 when I read an editorial in the *New York Times* in 1987 entitled "*Tomorrow's Company Won't Have Walls.*" It was a brilliant piece of writing, one that indicated that "*the 21st-century will be full of organizational surprises.*" The essence of the message was that the coming era of global connectivity would see a very significant change in the very structure of the organization, because companies wouldn't have to hire every type of skill to do every type of function.

They could simply hire that skill, wherever it might happen to be, on an as-needed, on-demand basis.

That's what's happening now. Rather than trying to do all things with all kinds of staff, organizations are whittling themselves down to certain core functions. Anything that isn't critical to their success – and which involves anything from simple, routine work to functions that are increasingly complex -- can now be performed by anyone, anywhere, at any time.

I crystallized my thinking back in 1997, when I made a number of predictions as to what I thought would happen with the world economy as a result of the exploding opportunities for global work transformation.

Among my predictions?

- The number of full time jobs has begin to dramatically shrink – yet, we are only seeing the tip of the iceberg in the change of the relationship between employer and employee, as the nomadic worker becomes the dominant form of corporate resource.
- Companies will hire the best talent, regardless of where that person might be. A new form of career competitiveness is emerging, with extreme competition for this group of nomadic workers – highly skilled individuals who call the shots.
- Where people work from won't matter – a trend that has implications for the future of both rural and urban economies.
- Lifestyle choice will come to dominate career decisions. The nomadic worker carries different attitudes towards life and work, and rejects many of the currently accepted “norms” of the corporate environment. Their attitudes will revolutionize the world of work.
- The shape of tomorrow's company won't be defined by the walls in its offices – it will be defined by the reach of its computerized knowledge network, and its ability to tap into the skills and capabilities of the nomadic worker, wherever they might be.

I wasn't the only one busy with such predictions – a lot of folks were busy indicating in the 90's that the new era of global connectivity was not only transforming the workplace, but would also transform the very nature of the organization.

We're now seeing the signs of all those predictions coming true.

As a futurist, trends and innovation expert, Jim Carroll recently provided his unique insight into issues of careers and the future for a leadership team with the BBC in London, England. Jim's web site can be found at www.jimcarroll.com, and details of his unique career oriented sessions can be found at www.jimcarroll.com/acrobat/careers.pdf. He welcomes your comments via e-mail jcarroll@jimcarroll.com



© Copyright 2004 Canadian Society of Association Executives