

An Interview with Eric Lesser, Associate Partner, IBM



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INTRODUCTION

Human resource departments have traditionally been a “nuts and bolts” prospect; charged with “managing” personnel and tending to the paperwork of employees. But there’s been a true paradigm shift underway as HR moves from its old role of support and response to one of strategic significance within the business.

When The Human Capital Institute presented their webcast, *A New Approach, A New Capability: The Strategic Side of HR*, on June 19, 2006, the comprehensive and thought-provoking presentation by Eric Lesser, Associate Partner at IBM, generated a number of pertinent questions, and he answered as many as he could during the course of the webcast. But the time format and the wealth of information put forth on the changing role of HR functions didn’t allow the extensive discussion this fascinating and timely topic demands. We caught up with Mr. Lesser on August 2 to ask the “questions within in the questions” to gain more insight into the answers Mr. Lesser did have time to provide.

Question: Why does HR struggle to make this shift? What’s really going on that’s making it difficult for them?

Eric Lesser: I think there are a couple of different reasons. One challenge is that HR has never been asked, until very recently, to provide this type of strategic guidance. For many years it’s been O.K. to make sure that people got paid and that they filled out their performance reviews and if there was an employee relation problem HR would take care of it.

“HR has never been asked until recently to provide strategic guidance.”

But because the world has changed, because of globalization, the changing nature of products and services, an increasing focus on talent management, all of a sudden someone has to provide the expertise for the people issues that crop up. And so one of the challenges is that, by and large, HR has not had the history of providing these types of insights, and as a result has not developed either its people or its data and information capability to be able to provide business with the kind of strategic guidance that it now requires.

Q: Why do some companies not get it? What’s going on inside their corporate culture or what is it about their business model that’s preventing them from taking a look at the importance of this shift?

Lesser: There are a couple of reasons. One is that business hasn’t asked for it. The business itself does not recognize that HR can provide that capability and so they either try to do it themselves or they don’t deal with it at all... I think another [reason] is it may be a lack of recognition of what it really takes to provide strategic insight in terms of being able to understand and use data, in being able to really understand business and the human capital implications of a business.

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Many people think that they’re doing it when actually they’re really not. I think a third reason is that, from a legacy standpoint, the sort of key skills and capabilities have just not been honed in HR organizations to the point where people will take HR seriously in their ability to deliver those kind of services. There just isn’t a uniformity of capability.

Q: Do you think that some of this attitude is related to what you described earlier?

Lesser: Right, that HR has been looked at as more of a personnel/records keeping area.

“There’s a paradigm that HR provides support, rather than HR being a driver.”

And I think that there’s also been a paradigm that’s been very ingrained in HR It’s that HR provides support, so that a company says something and HR scrambles to find a way to support it, rather than HR being a driver or an equal player in risks and opportunities.

Q: Is there a balance point, or a tipping point, when you can tell that HR has made or is well on its way to making the shift? In other words, do a certain amount of actions have to accumulate or does the model have to change to a certain point before you can see this happening?

Lesser: That is a very good question, which is how do you realize when you’re done? I think there are two answers to that. I think on a tactical level it’s about the perception of the business and how the business is using the HR function to help drive performance. So on a tactical level it is the extent of the business looking to HR not as an administrator but as a source of guidance and insight.

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I think then there are also, depending on each business or industry, certain metrics that start to look at their people and whether the organization is meeting those metrics. For some it’s going to be holding on to key talent, for others it’s going to be about how fast they were able to get people productive in a new part of the business; part of it may be the smooth acquisition of a new organization and how fast you were able to increase productivity and achieve synergy.

Q: You emphasized in the webcast the critical importance of data analysis. What can HR departments do to get better at analyzing data? Can they go someplace else in the organization, for example, Finance may know a lot about data analysis. Is that one of the ways HR can get up to speed?

Lesser: There are a couple of different ways you can do it and I would break it down in terms of sourcing, development and performance management. On the sourcing side it’s about recruiting both internally and externally people who have the capability, and it may not just be looking for entry-level HR people. It also may be about how you create an internal value proposition where people who might have analytical skills would want to come over and work in HR.. The development angle is how do you provide both formal and informal learning experiences to give people the opportunity to learn, and more importantly practice, their analytic skills and capabilities. It might be going through a training course, it might be bringing in consultants to help, it might be around on-the-job learning or collaborative learning, it might be around projects you can ask people to do.

“It’s not a “check-off-the-box” assignment but how you give people the opportunity to leverage the skills they gather.”

There are lots of different developmental opportunities you can give to people to give them the practice they need before they go out and do it on their own. Lastly, from a performance management standpoint, you have to give people assignments where they’re going to use those skills, you’ll have to evaluate them, and you’ll have to

coach them to make sure they do it appropriately. It's not simply a check-off-the-box assignment but how you give people the real opportunity to leverage the skills they gather in development and orient them towards, 'these are the types of things you should be doing as part of your larger performance management commitment.'

Q: Is there anything off-the-shelf that HR could use to move the process along?

Lesser: There are a number of data warehouse and human capital analytic tools out there in the marketplace.

“It's not about the tools but how you use the data.”

It's not so much about the tools but about how you use the data to go about telling the story. And you really need to build both capabilities.

Q: What is the strategic relevance of human capital to HR?

Lesser: More and more companies are recognizing that their human capital can play an important role in being a differentiator in the marketplace. Where you find people, how you develop them, how you incent them, recognize them, how you measure them, can make a difference in a company's ultimate organizational effectiveness. Now, HR has a choice.

“HR has a choice. It can be the administrative steward of human capital or it can be the driver and advocate for the use of human capital.”

It can be the administrative steward of human capital or it can be the driver and advocate for the use of human capital. If it chooses the former, it's relegating itself to a technical-administrative corner, which can be done internally or by outside providers, quite frankly. But to truly make a contribution to the organization, in addition to making sure that the administrative stuff happens and works properly, it needs to think about the components of human capital that can help differentiate the firm in the outside marketplace.

This interview contains unique material not found in the webcast. Professional Members of HCI can listen to the webcast on which this interview is based, and download the archived slides.

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ABOUT ERIC LESSER



Eric Lesser is an Associate Partner with IBM's Institute for Business Value, where he conducts research and develops thought leadership in the areas of knowledge, collaboration, and human capital management. Previously, Mr. Lesser led the Knowledge and Organizational Performance Forum, an IBM-sponsored consortium focused on knowledge and human capital issues. In this role, Mr. Lesser managed multi-client studies on knowledge strategy, communities of practice, knowledge retention and customer knowledge issues. As a consultant, he has worked with clients in the financial services, legal, technology and government sectors on a number of knowledge and organization change issues. Mr. Lesser speaks frequently on the topics of knowledge, collaboration and human capital in organizations and has most recently edited (with Laurence Prusak) *Creating Value with Knowledge: Insights from the IBM Institute*

for Business Value, published by Oxford University Press. He has also edited Knowledge and Social Capital and co-edited Knowledge and Communities, both published by Butterworth-Heinemann in 2000. Mr. Lesser has also written numerous articles, including:

- "Time Well Spent: Addressing the Challenges and Opportunities of the Maturing Workforce" in International Human Resources Information Management Journal (March/April, 2006)
- "HR Challenges of Back Office and Customer Care Centers in Emerging Economies" in the International Human Resources Information Management Journal (March/April, 2005)
- "Knowledge and the Supply Chain" Inside Supply Management (April, 2005)
- "Nurturing Interpersonal Trust in Knowledge-Sharing Networks" in The Academy of Management Executive (November, 2003)
- "What Are Your Customers Saying?" in Marketing Management (November/December 2002.)
- "Preserving Knowledge in an Uncertain World" in the Sloan Management Review (Fall, 2001)
- "Communities of Practice and Organizational Performance" in the IBM Systems Journal (Winter, 2001)
- "Using Communities of Practice to Manage Intellectual Capital" in the Ivey Business Journal (March/April 2001)
- "Managing Customer Knowledge" in the Journal of Business Strategy (Nov/Dec, 2000)
- "Using Organizational Knowledge to Redesign Work" in Knowledge Management Review (May/June, 1998).
- He has been quoted in a number of publications including the Wall Street Journal, Financial Times, Australian Financial Review, Washington Business Journal, Chicago Tribune, Atlanta Business Chronicle, Knowledge Management, Government Executive, Training, Knowledge Management Review and Computing (UK).
- Prior to joining IBM, Mr. Lesser was a consultant with Mercer Consulting Group, where he worked for Mercer Management Consulting and William M. Mercer's Health Care Provider Consulting practice. While at Mercer, he served as a project manager and lead consultant on a number of assignments, including reengineering, new product development, organization strategy and design, and change management efforts. Prior to joining Mercer, Mr. Lesser worked as a consultant for Andersen Consulting in its Change Management practice

Mr. Lesser received his MBA from Emory University, where he was a Robert W. Woodruff Fellow. He graduated summa cum laude from Brandeis University in Economics. Mr. Lesser has also studied at the London School of Economics and Political Science. He is a member of Phi Beta Kappa and Beta Gamma Sigma.

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ABOUT IBM

The human capital agenda is evolving, just as business itself is changing. However, there is a constant in the equation - the people who make the business work and ensure that innovation happens. The traditional operations and transactions of an HR function still need to be done, but there's also a need to focus on the people issues, to deliver value. Of course, HR is seen as a cost to the business - and that must be addressed as efficiently and effectively as possible. But more importantly, human capital management has a key role to play in building the organization and the people who will give you the power to beat the competition. The ideal HR function then, is a strategic partner that operates at a high level of functional efficiency, accessible through several delivery channels.

For the CHRO, the human capital agenda resolves itself around a few key questions:

1. Do you build your skills or buy them in?
2. How do you keep key people?
3. Are you developing skills for the business?
4. Are you embracing the idea of collaboration across the company, its channels and customers, to transform the way you work?
5. Can you demonstrate the link between human capital activities and business results?

Our experience of the challenges that HR and learning professionals face has led us to work with clients on succeeding in three main areas:

- **Next Generation HR** - It's important to make sure that the focus of your HR function isn't just on transactions. Don't neglect the solutions and processes that add value to the business, and on the HR leadership skills and competencies that you need to sustain those solutions and processes.
- **Learning Solutions** - The most successful organizations develop programmes, strategies and environments that embed a learning culture into everyday work. As time-to-market shrinks and product lifecycles shorten, there isn't the luxury of time to organize and implement traditional learning. Instead, learning has to become a normal part of everyday work.
- **Workforce Enablement** - It is critical to enable your workforce to do better for your organization. Successful organizations have the right number of properly deployed people, who are all measured on their contribution and value to the business.

We have a great team of more than 3,000 human capital professionals working in 42 countries. They bring skills, competencies, knowledge sharing and experience to meet clients' challenges. We are experienced in developing

and delivering proven solutions leveraging a global delivery model. By investing heavily in research and thought leadership, we have developed a deep understanding of today's major HR and Learning issues that has helped us to create tomorrow's solutions. What's more, we work closely with partners such as Oracle, SAP, Saba, Kronos, Cognos, Workbrain and others to deliver complete solutions. We have the experience, expertise and scale to deliver solutions to help you create lasting benefits for your people and your organization.

ABOUT THE HUMAN CAPITAL INSTITUTE



The Human Capital Institute is a catalyst for innovative new thinking in talent acquisition, development and deployment. Through research and collaboration, our programs collect original, creative ideas from a field of top executives and the brightest thought leaders in strategic HR and talent management. Those ideas are then transformed into measurable, real-world strategies that help our members attract and retain the best talent, build a diverse, inclusive workplace, and leverage individual and team performance throughout the enterprise.

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