



5 Tips for Leaders to Truly Increase ROI on People

Whether or not corporate funds are abundant, leadership should always focus on the importance of optimal resource allocation in ways that will garner and sustain the most profitable results in terms of revenue, shareholder expectation, and employee growth. Throwing money at traditional human resources systems and approaches that have been proven to fail or temporarily succeed until removed from the equation (e.g., short-sighted reward programmes) is not the answer to ensure sustainable alignment of employees with corporate strategies and goals.

That said, the answer lies elsewhere. A key ingredient of success for your leadership team is getting to know and understand the true needs and desires of your workforce. Possessing and using this knowledge appropriately, in conjunction with stating clear company goals, can prove beneficial to all stakeholders.

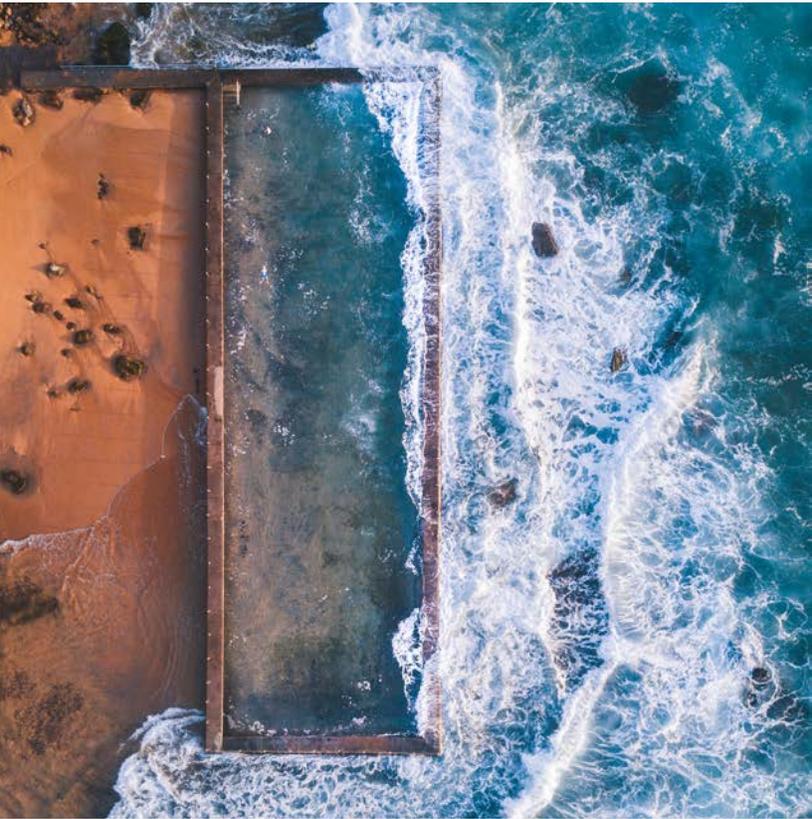
Yet, many leaders fail to understand the real needs of employees or often overlook their true intentions and desires. This lack, unfortunately, can lead to the long-term detriment of the organisation, countless

unnecessary inefficiencies, and a significant risk to its viability and success going forward. To truly maximise returns on people, leaders should focus on investing time and effort in the following five areas to facilitate sustainable organisational growth and to outperform competition – while simultaneously engaging with, and motivating, their employees.

1) Invest in Transparent People Management Practices

Many organisations face a serious issue that involves the lack of transparency in people management practices with regard to calculating actual costs or, indeed, making little or no attempt to search for the true impact of nontransparent decisions. Such a lack of transparency triggers extensive hidden costs that typically take the form of wasted resources, financial expenditures, and lost time for all parties – from the employee to the leadership team to shareholders – thereby adversely impacting the organisation and its stakeholders. Hidden or not, these costs take a toll on all of us as we continue, over and over, to pay them.

The more transparent organisations become in their people management practices, the more opportunities they have to outperform – and outperform well. Transparency is in the



DNA of what is happening across many management domains today as leaders struggle with the issue. The only way we can make people management more transparent is by becoming more transparent in our decision-making process. In other words, business leaders need to be more clear and honest in objective setting, performance reviews, career development, engagement, reward decisions, promotions, and so on. If we continue to keep these practices opaque and mysterious, we will never achieve any real progress in maximising returns on people. In effect, management fairytales will continue to prevail and remain a significant barrier in our efforts to improve organisational performance.

2) Focus on the Small Data (Common Sense) to Get the Big Picture

In a world where data is abundant, the best thing we can do is to learn how to find, choose, and use the information that is relevant to what we are trying to achieve. Relevant information should be unbiased, objective, and advantageous for all stakeholders. Although relevant information always stares us right in the face – in the form of “common sense” – perversely, we have an enormous ability to ignore it because of our self-interest. That recognition may explain why we

have so many leaders “who know, but don’t act.” As Annette Simmons says in her book *The Story Factor*:

“Facts are neutral until human beings add their own meaning to those facts... The meaning they add to facts depends on their current story. People stick with their story even when presented with facts that don’t fit. They simply interpret or discount the facts to fit their story. This is why facts are not terribly useful in influencing others. People don’t need new facts – they need a new story.”

So, instead of spending an enormous amount of time and money to justify what you think is true with big data, you should instead focus on listening to the true and sincere stories your people tell you. These truths are less costly, more efficient, and amazingly reliable on the aggregate.

3) Build Trust Among Your People, and Don’t Throw Their Trust Under the Bus

Trust is a very difficult currency to earn, and you typically own it once. Not many people know how to earn it or, perhaps, even what it entails. Not only does it take time to build trust among people, it is very

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easy to lose if you don't know how to invest it – especially when it comes to building trust with employees.

Beyond earning and keeping trust is another issue of significance – that is, the misuse of that hard-earned trust. If you share a good relationship with your employees, and then neglect and/or misuse their trust, it is almost impossible to regain it. Once you break the “trust contract,” no matter what attempts you make afterwards to prove trustworthy, you will have to make an enormous effort and expend significant resources. And even with that endeavour, the attempt may fail. People are slow to trust again – understandably so – once they have been “burned” by so-called trusted individuals, particularly leadership. Understanding this point about human behaviour, managers should keep in mind that it is an essential trait of successful leadership to cultivate, earn, and retain employees’ trust.

4) Don't Tolerate and Unknowingly Reward Self-Interest

Nothing good, so far, in the history of human kind, has emerged from serving the interests of only a few individuals rather than the common good. Your business is no exception and should be based on the interest of all stakeholders rather than the self-interest of a few. This approach is the

only way to mobilise the efforts of all contributors to maximise returns for all. After all, if only a limited number of people benefit from organisational activity, the resulting impact on the majority of your workforce is likely to prove negative in terms of reduced motivation, poor morale, increased absenteeism, poor productivity, and more.

5) Focus on Getting “Only” the Right People to Do the Job

You cannot/should not attempt to change the behaviour of people as they rarely change. Hiring unqualified or mediocre talent who are unable to meet your expectations, even though significant resources are spent in training them toward alignment with your goals, is a strategy pointing straight at failure. Instead, focus on identifying, developing, and retaining only the right people with the right behaviour to grow your business in the right direction. The rest is just a waste of your and other people’s time, effort, and money.

What It All Means

The bottom line is simple: We need common sense thinking to resolve the many organisational challenges we face. The critical factor is to remain in that “common-sense zone” and not lose sight of what is most important for the business – which, ultimately, is to maximise returns for all stakeholders.



The foundation of every “business” revolves around this simple objective. If any stakeholder is not receiving a fair value, that stakeholder will always remain an obstacle to growth. Rather than creating barriers to grow your business, you need to do the opposite by liberating the pathway and eliminating the barriers.

The best remedy to maximise returns in business is to invest in management practices that engender transparency, mitigate self-interest, drive common-sense decision making, build trust among your people, and help you hire only the right talent to expand your business. Focus on these approaches or practices to outperform your competition. They represent a more cost-effective and reliable strategy in the long run.

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