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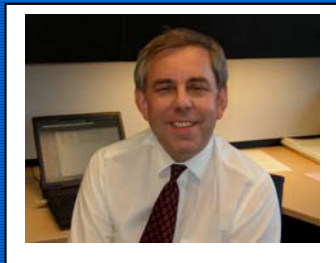
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Ron Elsdon, Ph.D., is founder of *Elsdon Organizational Renewal*, which focuses on supporting organizations enhance effectiveness through revitalized workforce relationships and leadership practices. Prior to establishing his practice, Ron held senior leadership positions at diverse organizations.

## Opening the Door for Workforce Development

In an emerging economy driven by information and services, people create value. Yet workforce development is frequently viewed by organizations as a luxury offered in times of plenty and eliminated in times of distress. Our challenge is to establish workforce development as central to organizational strategy and success. Human Resources can play a key role in this, and, in so doing, become viewed as a key strategic resource rather than a cost. Here are some steps Human Resource practitioners can take to become primary contributors to the creation of value.

What do we mean by organizational value? On a broad scale value can be described as the sum total of the organization's knowledge, capabilities, operating practices, connections inside and outside, how they fit together, and the ability to marshal these to meet customers' needs. In simple terms it is the price we could command if we sold the organization. That is driven by how much cash we generate, which comes from growth and profitability, both of which are, in turn, driven by the effectiveness of the workforce. So the **first message to HR practitioners is be ready to speak in this language of business colleagues, understanding how value is created, measured and communicated.**

The **second message is to clearly understand the organization's purpose, how this links to business objectives and the role the workforce plays in realizing these objectives.** This role will change significantly according to the stage of evolution of the organization. For example, in the early initiation stage of the organization, primary emphasis will be on reaching out to potential customers to validate product and service offerings. In later, more mature stages, operating efficiency will likely predominate as a strategic issue. HR practitioners can be central to guiding the evolution of the workforce to match evolving needs.

The **third message for HR practitioners is to quantify the linkage between workforce contribution and value created by the organization.** If this linkage is not established the workforce and the Human Resource function will be viewed as disposable costs, not strategic value contributors. Our challenge is to demonstrate tangible value from investing in the intangible asset of workforce capability. And there is good, solid evidence that speaks to the benefits. For example, Becker, Huselid and Ulrich (*The HR Scorecard: Linking People, Strategy and Performance*, Harvard Business School Press, 2001) showed that a 33% increase in an index describing high performance work systems yielded a 24% increase in market value. Elsdon (*Affiliation in the Workplace: Value Creation in the New Organization*, Praeger, 2003) showed a return on investment of 183% by investing in employee career development in a high tech organization.

Ron is also author of *Affiliation in the Workplace: Value Creation in the New Organization* (2003), a book describing leadership approaches to integrate the needs of the individual with the needs of the organization for the benefit of both. Ron holds a Ph.D. from Cambridge University in Chemical Engineering, an M.A. from John F. Kennedy University in Career Development and a first class honors degree from Leeds University in Chemical Engineering. With his co-author he was awarded the Walker Prize by the Human Resource Planning Society for the paper that best advances state-of-the-art thinking or practices in human resources.

The **fourth message for human resource practitioners is to take advantage of emerging simulation and modeling approaches** that make it possible to explore what happens if we pursue workforce development processes. Simulations allow such exploration without disrupting the organization. Such simulation and modeling tools can, for example, help guide the allocation of development resources among different groups of employees performing at different levels. These tools provide a framework for deciding on the best path to drive business success, making it possible for HR practitioners to make a powerful contribution to business partnership.

In applying these approaches the **fifth message for human resource practitioners is to recognize the legitimate interests of multiple stakeholders**: employees, the organization, shareholders, suppliers, customers and local communities. Indeed balancing these sometimes competing interests leads to the **sixth message that of recognizing and reconciling multiple business and organizational tensions**, such as:

- Balancing employee and shareholder needs
- Balancing resources to address both short-term (performance) and long-term (individual development) outcomes
- Balancing competing resource needs of different internal constituencies such as marketing and organizational development

This brings us to the **seventh message, managing successful project implementation by applying a distinct set of project management competencies and methodologies**. More and more work is being completed through the structure of project teams, due to the proliferation of trends such as virtual teams and complex projects. Achieving work through project management competencies will only increase as a business model, and HR practitioners need to be aware of this trend as well as gain their own skills in project management.

In summary, by speaking the language of business, linking and quantifying the contribution of the workforce to the organization's purpose and value contribution, taking advantage of emerging simulation techniques, understanding and reconciling the needs of multiple stakeholders, and using effective project management principles, human resource practitioners can become a key strategic resource.

Ron Elsdon and Steve Flannes, will address this subject in an article in the Fall issue of HR West, a publication of the Northern California Human Resource Association.

**Also learn more about this area by attending a workshop sponsored by the Northern California Human Resource Association on the subject of "Create a Business Case for Workforce Development" on either August 4 in San Francisco, August 11 in San Jose or August 18 in Sacramento**

[NCHRA Meetings & Events : Event Registration](http://www.nchra.org/source/meetings/cMeetingFunctionDetail.cfm?PRODUCT_MAJOR=WK40128&section=events)

[http://www.nchra.org/source/meetings/cMeetingFunctionDetail.cfm?PRODUCT\\_MAJOR=WK40128&section=events](http://www.nchra.org/source/meetings/cMeetingFunctionDetail.cfm?PRODUCT_MAJOR=WK40128&section=events)).

## Web Pages of Interest

Labor Force Statistics from the Current Population Survey

<http://data.bls.gov/cgi-bin/surveymost?In>  
*U.S. employment statistics*

## Learning Resources

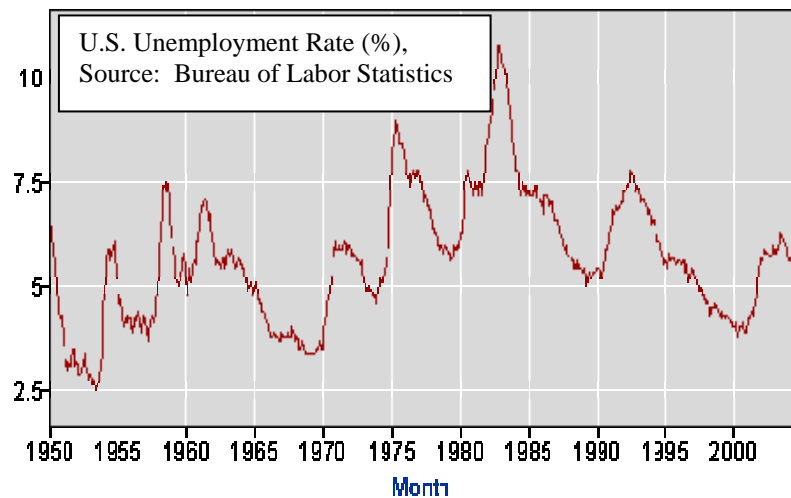
[www.elsdon.com/learning\\_resources1.mtm](http://www.elsdon.com/learning_resources1.mtm)

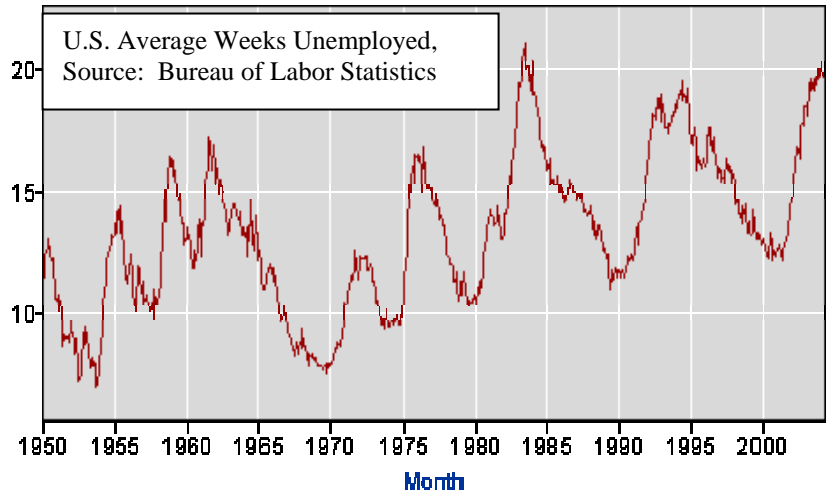
*A paper describing how to optimize learning resources across an organization*

## Employment Trends

The U.S. unemployment rate stabilized in April, May and June, 2004 at 5.6% as shown in the first figure below. Indeed for the U.S. as a whole the unemployment rate increased significantly less in the economic slowdown of 2001- 2002 than in earlier recent slowdowns. As economic growth continues we will likely see significant reductions in the unemployment rate and a tightening of the labor market. There may continue to be short-term softness in certain sectors, for example unemployment in the San Jose area is much above the California state average as the high tech recovery slowly gathers momentum. Contrast this with growing shortages of finance specialists in the San Francisco area.

In spite of the relatively small increase in unemployment rate overall in the U.S., the average number of weeks people are unemployed increased dramatically during the recent slowdown, approaching the highest levels recorded previously as shown in the second figure below. This decade has brought hardship to many individuals and families. In a future newsletter we will look at the growing inequality of income distribution.





## Quote

“We are not developing ... wealth for its own sake. Wealth is the means – and people are the ends. All our material riches will avail us little if we do not use them to expand the opportunities of our people.”

John. F. Kennedy, 1962.

## Upcoming Elsdon Organizational Renewal (EOR) Events

- Create a Business Case for Workforce Development. Northern California Human Resources Association (NCHRA) Workshop  
([NCHRA Meetings & Events : Event Registration](#), [http://www.nchra.org/source/meetings/cMeetingFunctionDetail.cfm?PRODUCT\\_MAJOR=WK40128&section=events](http://www.nchra.org/source/meetings/cMeetingFunctionDetail.cfm?PRODUCT_MAJOR=WK40128&section=events))
  - August 4, 2004, NCHRA Training Center, San Francisco, CA
  - August 11, 2004, Hyatt, San Jose, CA
  - August 18, 2004, Hilton, Sacramento, CA
- Building Affiliation: Workforce Leadership in Action. HR Southwest Concurrent Session.  
([HR Southwest](#), <http://www.hrsouthwest.com>)
  - October 7, 2004, Fort Worth Convention Center, TX
- Becoming Career Fit in Turbulent Times. Project Management Institute - SF Bay Area Chapter Meeting Presentation  
([Project Management Institute SFBAC - San Francisco Bay Area Chapter](#), [http://www.pmi-sfbac.org/index.phtml?menu=other\\_page&menu2=51](http://www.pmi-sfbac.org/index.phtml?menu=other_page&menu2=51))

- October 21, 2004, Courtyard Marriott, San Francisco, CA
- Global Issues Forum. International Career Development Conference (ICDC) Panel Discussion  
([International Career Development Conference - Career Assistance. http://www.careerccc.com](http://www.careerccc.com))
  - October 27, 2004, Sacramento Convention Center, CA
- Opening the Organizational Door for Career Development. International Career Development Conference (ICDC) Concurrent Session  
([International Career Development Conference - Career Assistance. http://www.careerccc.com](http://www.careerccc.com))
  - October 29, 2004, Sacramento Convention Center, CA
- Building Employee Commitment in a Growing Economy. 56th Annual California Groundwater Association Convention and Trade Show Concurrent Session  
([California Groundwater Association Events, http://www.groundh2o.org/events/events.html](http://www.groundh2o.org/events/events.html))
  - November 6, 2004, Silver Legacy Resort and Casino, Reno, NV