



# Strategic advantage

## Through Human Resource

**W**hat are the implications of the information-based, knowledge driven and a service-intensive economy? Besides knowing the strategic implications of this, Managers know the new game is speed, flexibility and self-renewal. Although skilled and motivated people are the key, yet in the last ten years or so of delayering, restructuring and re-engineering has it left people empowered or more dissatisfied and cynical?

When a Machine Tool Building Company had to be closed they recognised that developing internal resources and capabilities would be more difficult for the competitors to imitate. So, they focused on creating knowledge and building the learning processes, in their search for more dynamic, adaptive and sustainable advantage.

They had the three attributes that are the core of market responsiveness: - Competency-based strategies depend on people and MTBC had the people to develop those strategies. They had the scarce expertise to drive new product development. And with key clients they had personal relationships. The strategy was built on the foundation of human resource as here people were considered as key resource.

They created teams that networked and replaced hierarchy. These teams built relationships; team worked the roles and replaced the control based management roles. The re-engineered flexible processes replaced the bureaucratic systems. The senior management changed role from being analysis driven to being people oriented and from being strategy directors to strategy framers. They also acted faster than transformation needed to sustain them. This is depicted in their growth of over 400% in those three calendar years.

### **What was the mindset changes that brought about the strategic advantages?**

1. People come with different mindsets. The belief that capi-

tal is the critical strategic resource and only the senior bean canners' key responsibility is to acquire, allocate and use it was the hardest mindset to change. At the MTBC they proved that this was not what constrains growth and took a changing view of strategic resource. We have seen companies with lots of capital but could never bring us better cars, better scooters, better trucks and buses, better garments, better entertainment etc. Some times in such cases there is surplus of capital chasing a scarcity of talent. They never let talent be a constraining resource. The senior management made HR issues top priority and got them out of the way, although they were in a limited way constrained by certain diktats from the parent factory.



2. Knowledge increases when shared, unlike capital. At MTBC their concept of value management was recognizing that knowledgeable people are scarce - a changed view of value. There is eroding loyalty and cynicism over the gap in the compensation packages of the front liners and those at the top, this is besides the recruiting difficulties. This in itself is an indication that the value distribution must change.

Stock options is a way of recognizing that the owners of the scarce resource are not just the shareholders. Those who contribute their human and intellectual capital must enjoy the fruits of value they are creating.

3. Scarce knowledge and expertise resides in all levels of management and not only at the top. It is embedded in the teams that work together and build relationships. With customers, technology and competitors. At MTBC they changed the view of senior management roles. Knowledge and expertise at the top was rotated to yield the greatest strategic advantage. Their 'Turnaround' success to be one such result. The organization restructuring was done to shift initiative to those who possess valued expertise. To allocate managers and nurture their individual expertise and initiative in their most passionate, creative and competent areas. The result - managers were creating a sense of purpose rather than deciding on strate-





gic content integrating the frame work strategic initiatives bottom-up. These initiatives injected meaning to every effort. All this defined a community where people wanted to belong as values were defined and efforts were aligned with core objectives. The resultant proof of these developed processes getting the work done effectively, empowering people and their commitment lay in the results of growth and profitability.

HR managers and senior management must see employees as 'talent investors'. Individuals with special skills, knowledge and expertise must be treated as scarce strategic resource. Constant training did building of the challenge. Teams were constantly coached largely by internal faculty, and some by external faculty. Adopting to think on ABC methods threw out the old capital concept.

The linking task was done by actively linking, leveraging and embedding the pockets of knowledge and expertise. Now there was no risk of underutilizing or loosing it. The fact that manpower turnover was less than one half of a percent was proof in using human resource as a strategic advantage. They had to

break down barriers in decision-making, unlock core competencies, encourage collaboration and cross team communications.

The most important bonding process came from the organization culture prevailing in the SBU. Social events involving the employees and their family helped. Recognition helped - this was non-monetary. This process bonded the talented employees and kept them together.

In times of challenges this bonding led to an engaging and energizing commitment to the organization and its goals. The managers commitment to set beliefs reflected in their daily actions and decisions.. Sumantra Ghoshal says, "today's' managers must compete not just for product markets or technical expertise, but for the hearts, minds, and dreams of talented people". Although there can be no one set of rule for all cases, these guiding principles helped MTBC to perform.

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## BELIEFS DIRECT YOUR LIFE

Have you ever stopped to wonder what drives you? Why you hold certain beliefs about yourself and the world around you? What makes you believe in something-often when there is no logical reason?

Why do our beliefs have such a profound impact on our self-confidence, self-concept, our abilities and our achievements?

Our beliefs are part of who we are; they help form our character and show what we stand for-yet often we can't explain why we believe what we do. Many beliefs are rooted in upbringing. During childhood, parents, family, teachers and peers have great influence over us. We accept beliefs taught to us by others.

A strongly held faith or belief about something will bring it into our reality. Our thoughts and beliefs control our actions, and those in turn magically bring people and events into our lives that can direct our dreams and desires.

Do your beliefs support you or limit you? Rigid or limited thinking leads to stagnation, and creates poor communication and understanding. It hinders progress in achieving goals, or enjoying satisfying relationships.

We are told to believe in ourselves, but until we know what we believe in, how can we believe in ourselves? Defining and un-

derstanding your belief system is basic to establishing your intentional identity and potential.

Since your potential also depends on the pictures you form in your mind about your abilities, (what you see, you believe; and what you believe, you see) understanding beliefs helps you paint clearer pictures (blueprints) for a more rewarding life.

Ask yourself honestly if your beliefs still serve you. Are they valid in your life today? Are they in keeping with your goals? Could you change your attitudes if necessary?

A firmly rooted belief system helps you build your dreams, make tough decisions and get you through challenging times. You will begin to understand what you stand for, what you need to change, and what you need to discard to move forward with confidence and clarity.

Believing in who you are and your abilities frees you to pursue goals and dreams without reservation and drives you forward with confidence, independence, autonomy, and direction.

Your thoughts and beliefs become your reality, so choose wisely. Living in harmony with your beliefs is the secret to accomplishing great things.

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