

The
ROI
**Human
Capital**

Measuring the Economic Value
of Employee Performance

Jac Fitz-enz

AMACOM

American Management Association

New York • Atlanta • Boston • Kansas City • San Francisco • Washington, D.C.
Brussels • Mexico City • Tokyo • Toronto

Contents

<i>Preface</i>	<i>xI</i>
<i>The Missing Piece • Facing the Talent Shortage • The Structure</i>	

<i>Acknowledgments</i>	<i>xix</i>
------------------------	------------

Chapter 1. Human Capital: The Profit Lever of a Knowledge Economy

Effects on Organizational Management • Two Aspects of Human Capital • People and Information • Data-to-Value Cycle • Intellectual Capacity • Surveying the Track • The ROI Race • False Starts • Points of Measurement • Summary

Chapter 2. How to Measure Human Capital's Contribution to Enterprise Goals	25
--	-----------

Human Capital ROI Foundation • Human-Financial Interface • Putting the Human Capital in Value Added < Enterprise-Level Metrics: The Launch Point • The H in Human Capital • Human Capital Enterprise Scorecard • EnterprisevA.de Effective Practices • The Willy Loman Syndrome • Measuring Effective Enterprise Practices • Foundation Trait Metrics • Structural Trait Metrics • Enterprise Practices Measurement: Case Example • Summary

Chapter 3. How to Measure Human Capital's Impact on Processes	61
<i>Positioning Business Unit Processes • Human Capital in Processes • Anatomy of a Process • Process Performance Matrix • Service, Quality, Productivity • Finding Human Capital Effects • A Case in Point • A Test Problem • Summary</i>	
Chapter 4. How to Measure Human Resources' Value Added	91
<i>Evaluating • Planning • Acquiring • Maintaining • Developing • Retaining • Human Capital Performance Evaluation • Change Measurement • Human Capital Scorecard • Human Capital Accounting • A Human Capital P&L • Human Capital Management Consortia • Best-Practice Reports and Other Fairy Tales • Truly Effective Practices • Summary</i>	
Chapter 5. End-to-End Human Capital Value Reports	129
<i>Pathways • Cases • An Integrated Reporting System • Looking Ahead: Leading Indicators • Enterprise Futures • Functional Futures • Be Prepared • Employee Mind-Sets • Indirect Sign • Competitiveness • Human Capital Management Futures • Scoreboarding Overview • Summary</i>	
Chapter 6. The Next Generation of Human Capital Valuation: Trends, Forecasts, and Predictions	160
<i>Relationships and Patterns • Fallacies in Trend Identification • Finding Meaning • Business Applications • Data Sensors: Forecasting and Predicting • Toward a Human Capital Financial Index • Index Exercise • Data Sources • Summary</i>	
Chapter 7. How to Value Improvement Initiative Results	186
<i>Evolving to a New Order • Measuring the New Human Capital • Restructuring: Back to the</i>	

Beginning • Outsourcing: The Latest Panacea • Contingent Workforce Management: The New Human Capital Challenge • Mergers and Acquisitions: Buy versus Make • Benchmarking: A Value-Adding Approach • Summary

Chapter 8. How to Leverage Your Human Capital ROI **229**

The Managerial Perspective • Connecting to Results • The Employee Perspective • A Commonsense Example • Leverage Opportunities • Summary

Chapter 9. Quantum Leap: A Strategy for Inventing Your Future **245**

Performance Drivers • Human Capital Signs of the Future • The Lead Questions • Evolution of a Solution • The Number-One Information Center • Building Scenarios • How to Make a Quantum Leap • Reversing the Failure Rate • Dogs Don't Fly • Reexamining Our Nature • BEing = Vision X Culture X Strategy X Commitment • How to Create a New Context • Taking the Leap • Summary

Chapter 10. Guiding Principles **272**

The Foundation Stones of the Human Capital Measurement Pathway

Chapter 11. Summing Up and Looking Ahead **277**

Bringing It All Together in One Place • Looking Ahead

Index **285**