

THE PRAGUE PROGRAMME

Part 2 (of 12): Why Maturity matters

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What does the CEO want?

Different CEOs will have different goals but there is one aim they all share - **to increase the value that their organisation generates**.

Their understanding and definition, of what that value is, will differ greatly case by case. The value theme might materialize in a long list of 'how to' questions like:

- *How do we decrease our OPEX by 5 % in a year without undermining future performance?*
- *How do we increase our sales performance by 20 %?*
- *How do we produce 10 % faster without increasing headcount and without compromising on the quality?*
- *How do we increase our customer satisfaction so that our customer base generates 15 % more revenues?*

Regardless of the specific manifestation, the **business value generated by the organization** can only fall within a combination of the following categories:

- Increased Output
- Decreased Costs
- Increased Revenue
- Increased Quality



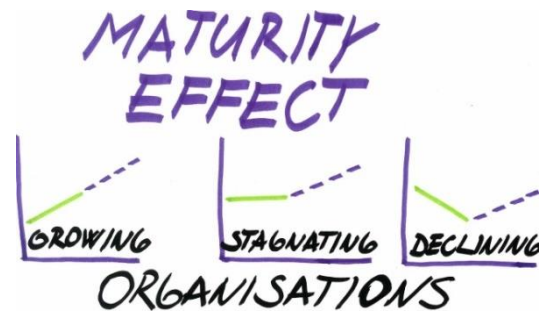
The Role of Human capital – How maturity gets into the game

Any organization has a range of options available to generate more **business value**. It can significantly innovate with its products and/or service; employ better technology; increase marketing investment and impact; redesign core operating processes and optimize sales & distribution channels. However, in most cases, **what determines the success** of your efforts to increase business value is how well you **link all of the organisation's other investments to the people element** - to human capital.

Because of the shift in our economies to a knowledge worker age, **utilizing your human capital potentially generates enormous extra value added**. The creativity, energy and engagement of your people has the potential to multiply the effect of the organisation's other investments by providing this extra leverage. Therefore, the extent to which you organize and utilize your human capital can become the most powerful competitive advantage of all. Higher levels of organisational maturity lead to better utilisation of human capital which leads to generating more business value.

Think about the effect a **higher level of organisational maturity** has the potential to bring:

- Sustainability to growing organisations
- Growth to stagnating organisations
- Turn-around to declining organisations

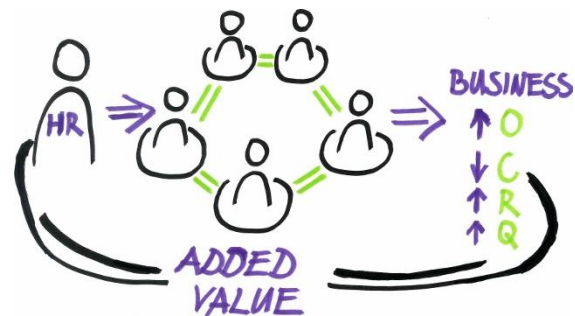


The Role of HR - How HR generates business value

Looking from the organisational maturity perspective, the **role and business contribution of HR** is to work on **increasing the organisational capability to generate business value**.

The Maturity Institute provides a **powerful framework** for doing so – the [10 Pillars](#). This framework provides both a solid **assessment** of current state and also enables a **tailor-made journey** regarding the next action steps that will lead to a higher level of organisational maturity. All of the 10 Pillars will be explored in the following **10**

articles of this series: 1 - Purpose, 2 - Value, 3 - Whole system, 4 - Learning organisation, 5 – Integrating business plans, finances and human capital, 6 - Improvement, 7 – Trust, Engagement, Cooperation, 8 – Performance, 9 – People risk, 10 – Human capital ethos



Market evidence of the Maturity Effect

The Human Capital Management rating of **FTSE 100 companies** has identified that FTSE corporations are currently only able to realize barely 50% of the potential value from their human capital. The [research](#) has shown **how improving the Human Capital Management** drives the key business outcomes – **company market value, operating margins, business risk and innovation**.

Moving across the ocean, the Maturity Institute's joint research programme with the Pensions and Capital Stewardship Project at **Harvard Law School** aims to assess human governance across the entire **S&P 500 index of leading companies**.

Maturity in Macro perspective

When companies and organisations start making the most of their human capital they can dramatically increase their productivity and their contribution to the economy and society as a whole.

In the long term, this fuels the development of competitive and sustainable economies based on knowledge and innovation.