



# Human Capital Asset Management and Workforce Optimization

## Applying Techniques of Six Sigma

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### Introduction

More than ever, delivering on profit and revenue targets demands a relentless quest to improve business practices and performance — including employee productivity and cost containment. And while corporations have achieved a remarkable record for containing costs, the ledger when it comes to improving employee productivity is decidedly less clear.

One approach to improving employee productivity lies in applying techniques to the area of workforce optimization that were originally derived from process manufacturing. This calls for developing analytical models to define and measure individual capabilities relevant to the corporation’s desired business outcomes. In this paper we examine the methodology of one of the most popular of these business management strategy approaches, called Six Sigma.

### The Challenges for Optimizing an Enterprise Workforce

The challenges for optimizing an enterprise workforce begin with an acknowledgement that we are operating in a business world that has shifted off its previous axis. Credit markets have tightened and, for most businesses and individuals, we have entered into an era that many are calling the “New Normal” in which doing more with less is the rule and not the exception. To be successful in this environment, organizations need to be able to identify the right employees to improve their productivity.

These are complex issues that inevitably have an impact on organizational performance and the bottom line. For businesses, this translates into an urgent need to focus on new and more effective ways to improve employee efficiency, training, and retention to ensure a more engaged workforce. Training can often be expensive, however, and replacing a highly-trained employee even more so. The search for solutions to these challenges has led to new theories and models that use statistical analysis to measure employee capabilities versus desired business outcomes. These scientific attempts to manage human capital are still widely misunderstood and, for many organizations, often poorly applied.

## Introducing Human Capital Asset Management

The concept of Human Capital Asset Management (HCAM) derives its meaning from an understanding of the “human capital” of the workforce as a means or mode of production. HCAM refers to all of the practices, processes, and systems that are used to manage and develop workers (“assets”).

It is worth noting that HCAM is considered different from traditional concepts of workplace personnel management in that it refers to more than just such basics as recruitment, payroll, benefits, and other fundamental aspects of the employer–employee relationship. From a theoretical perspective, HCAM views the employee “human asset” more broadly and holistically within the strategic framework of the company’s overall goals and direction. Key to the HCAM approach is developing an understanding of the individual worker’s abilities, strengths, and weaknesses, with the goal of helping each employee become more capable of contributing to the company’s success.

To move HCAM into the workplace, it was clear that new analytical models were needed that could quantify and measure employee output against the strategic goals of the organization.

## Six Sigma: A Methodology to Measure Success

One of the most promising and innovative of these analytical models is derived from the methodology of the Six Sigma program. Developed by Motorola in 1981, Six Sigma originated as a set of practices designed to improve manufacturing processes and eliminate manufacturing defects. In the subsequent years, it has been applied to a wide range of other business processes and the phrase has become a virtual synonym for quality.

The goal of Six Sigma is to improve the quality of process outputs by identifying and removing the causes of defects. Applied to manufacturing, the quality of a manufacturing process can be described by its sigma rating which measures the percentage of defect-free products it creates. The higher the sigma number, the closer to perfection you are. A Six Sigma process is one in which 99.99966% of the products are free from defects. By way of contrast, a one-sigma process describes a situation in which only 31% of the products are free from defects.

Six Sigma has a cardinal principle that manufacturing and business processes have characteristics that can be measured, analyzed, improved upon, and controlled. Another principle is that achieving sustained quality improvement requires a top-down, and corporate-wide, commitment.

The Six Sigma approach has a clear focus on achieving measurable and quantifiable financial returns from any Six Sigma project. It demands that organizations only choose the projects that most closely align with their organization’s goals and, once chosen, it requires that the proper resources are fully committed to each project’s success.

## Applying Six Sigma Techniques to Human Capital Asset Management

In general, Six Sigma projects are characterized by two methodologies, known by their acronyms, DMAIC and DMADV. DMAIC is used for Six Sigma projects targeted to improve an existing business process, while DMADV is used for projects aimed at creating entirely new products or processes.

The DMAIC project methodology has five phases:

1. Define the problem;
2. Measure key aspects of the current process;
3. Analyze the data to verify cause-and-effect relationships;
4. Improve the current process by eliminating identified flaws or defects in the process; and
5. Control the future process to ensure that any deviations from your target are corrected before they impact your goal.

DMADV project methodology is similar in principle, but shifts the focus to designing a process that is verifiably free of defects before full-scale manufacturing or production begins. The first three phases are essentially identical, and feature the same Define, Measure, and Analyze methodology. The final two, Design and Verify, focus on ensuring a process that meets the sigma goal for the new process.

As we have already noted, Six Sigma situates its approach within the context of the organization's strategic objectives. By doing so, Six Sigma would appear to provide an analytical model that can be transferred to Human Capital Asset Management.

Applying Six Sigma techniques for the purposes of HCAM to an organization committed to optimizing its enterprise workforce would require analyzing strategic goals from a best practices standpoint so that the organization itself can eliminate the kinds of workforce "defects" that cause workforce performance to deviate from its Six Sigma quality benchmark.

### The Importance of Effective Tools and Support

Organizations seeking to use Six Sigma techniques for an effective workforce optimization model need to commit their full support, and this means ensuring access to the right tools to help facilitate the process and accomplish the goal. These tools include those that could help design, measure, and analyze such key employee "success" metrics as the effectiveness of the training process, the efficiency of the workforce, and the rate of employee retention.

To that end, new software tools have been developed for these tasks that are capable of:

- > Defining problems, or "defects," that impact workforce performance
- > Helping the organization measure employee performance
- > Analyzing the performance to understand the issues hindering achievement or execution
- > Helping the organization improve each employee's performance with more effective training solutions
- > Assisting in creating a new, more controlled working process and environment designed to help the employee succeed, improve employee satisfaction and, by extension, improve employee retention

### Genesys Workforce Optimization Suite Applies an Employee Effectiveness Model

For organizations considering the application of Six Sigma techniques to improve workforce optimization, Genesys offers world-class product offerings that align seamlessly with Six Sigma's goals, methodology, and processes.

**Genesys Workforce Optimization (WFO) is a software suite that is based upon a unique, five-step employee effectiveness model that helps companies contain costs and achieve growth objectives while improving employee satisfaction. It has following capabilities:**

- > **PLAN:** Genesys Workforce Management, which provides organizations with all the tools they need to effectively plan, schedule, and track the right staff across all interaction channels and workload.
- > **DELIVER:** The Genesys Suite tracks skill development in a centralized way by triggering updates in real time for workforce management scheduling, training programs, and routing strategies to ensure customer interactions and tasks are assigned to the workers best able to handle them.
- > **CONTROL:** Genesys Advisor delivers the most relevant information in real time to managers responsible for employee performance in a concise and timely way to better understand and align the customer experience with business objectives.

- > **ANALYZE:** Genesys Skills Assessor, which takes the guesswork out of assessing employee skill gaps that affect customer satisfaction, and ensures the matching of those gaps to individual training plans. It supplies the tools required for proactive assessment and accurate skill updates. In addition, the Genesys Quality Management application can observe and analyze interactions to ensure skill and performance compliance. By feeding data into a single common skills repository, such tools can be used to identify those employees who are exceptional at their jobs and isolate the skills they have in common. Finally, Genesys Performance Management provides employee adherence and historical intra-day reporting.
- > **DEVELOP:** Genesys Training Manager, which, when coupled with Genesys Workforce Management, improves performance with the scheduling of specific training (eLearning or classroom) to the right employee at the right time to close the gaps analyzed.

**Advantages of Back-office Workforce Optimization:**

By marrying the capabilities of Genesys intelligent Workload Distribution (iWD) — which automatically prioritizes and distributes tasks being managed by back-office employees — with the capabilities of the Genesys WFO suite, companies can realize the benefits of being an aligned enterprise that focuses on customer centricity, service objectives, and increased visibility.

**Conclusion**

To help meet the critical need for an effective workforce optimization model, one overlooked approach that offers tremendous upside benefits to any organization is to consider solutions that utilize new analytical models to measure and pinpoint gaps affecting employee performance. Such solutions offer a closed loop approach to efficiently and cost-effectively manage and align employee engagement across the entire organization.

The techniques of the Six Sigma approach, in particular, although originally intended to improve process manufacturing quality, also offer tremendous value to Human Capital Asset Management as well. Applied thoughtfully and supported appropriately, Six Sigma can facilitate workforce optimization by helping to create more efficient employees, better training processes, and improved employee retention.

**Genesys Worldwide**

Genesys software solutions from Alcatel-Lucent manage customer interactions over phone, Web and mobile devices. The Genesys software suite handles customer conversations across multiple channels and resources — self-service, assisted-service and proactive outreach — fulfilling customer requests and optimizing customer care goals while efficiently using resources. Genesys software directs more than 100 million customer interactions every day for 4,000 companies and government agencies in 80 countries. These companies and agencies leverage their entire organization, from the contact center to the back office, while dynamically engaging their customers. For more information, go to [www.genesyslab.com](http://www.genesyslab.com).

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