



HUMAN CAPITAL MANAGEMENT

THE VALUE OF YOUR PEOPLE

Center for Human Capital Innovation

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What is Human Capital Management?

The phrase *human capital management* is best understood by first defining *human capital* as “the skills, knowledge, and experience possessed by an individual or population, viewed in terms of their value or cost to an organization or country.”¹ At the organizational level, the value and costs of the people working for an organization and their unique contributions to the organization’s strategic vision, tends to be measured in dollars. Human capital is more than simply how highly educated the workforce is or how many years of relevant experience the workforce has; it is about the economic value of people.

Human capital management (HCM) is a holistic approach toward understanding talent within organizations. HCM is the active process and strategy used to measure and understand an organization’s human capital. Although related to human resource management, HCM is differentiated by its focus on people’s value to the organization and its vision, rather than ensuring



compliance and effective administrative functioning. HCM goes beyond administrative practices to measuring and improving organizational effectiveness, as demonstrated through a number of critical areas, including recruitment, professional development, and workforce planning. HCM is all about how to best attract, retain, and engage talented individuals with the organization, its mission, and its vision. In today’s landscape of changing workforce

demographics and the increased use of technology in HCM,² effective HCM is more important than ever to ensure organizational success.

Purpose of Human Capital Management

HCM addresses a critical organizational need: to effectively manage an organization’s talent. However, according to ADP, “93% of companies have no talent management strategy.”³ This is a startling figure, especially when considering that an organization’s people are (or should be) at the core of the business. People are the ones doing the work, from the menial to complex,

¹ https://en.oxforddictionaries.com/definition/human_capital

² <https://www.shrm.org/hr-today/news/hr-magazine/0217/pages/9-hr-tech-trends-for-2017.aspx>

³ <https://www.adp.com/solutions/multinational-business/insights/insights-detail.aspx?id=94E29603-D4B8-49F2-8585-ABF38C5FB6E6>



and recognizing their value to the organization is one step in an effective HCM strategy. Without an effective HCM strategy, organizations leave themselves at a significant disadvantage. Organizations without an effective HCM strategy are unlikely to see opportunities to improve their talent, their talent gaps, or where their current workforce is going.

Human Capital Management at CHCI

CHCI uses the PRIDALRM™ model to best understand, measure, and improve human capital management practices within organizations. PRIDALRM™ is an acronym representing the eight interdependent and co-occurring phases of the talent life cycle. Each PRIDALRM™ phase addresses an important HCM process. Poor functioning in one or more of areas can eventually lead to disaster: low productivity, disengaged workers, top talent finding new positions elsewhere, and more. Using the strategic framework presented in PRIDALRM™, CHCI works to identify problem areas in organizational effectiveness and designs specially tailored remediation efforts.



About CHCI

CHCI provides business solutions through “best and next” practices in strategic human capital management. CHCI provides measurable, real-world strategies that support your organization to attract and retain high-performing people, build a diverse and inclusive workplace, and leverage individual and team performance throughout the enterprise. For more information, or if you have any questions, please contact Anne Loehr, Executive Vice President: anneloehr@centerforhci.org or (571) 970-4250, Ext. 113.