



Blueberries from Chile

Jac Fitz-enz writes about human capital

By Jac Fitz-enz

This morning as I was waiting for my instant oatmeal to heat in the microwave I looked at the little plastic package of blueberries on the kitchen counter. I like blueberries in my oatmeal. They taste good and they make my tongue purple.

I noticed that the labelled stated, "Product of Chile." My first thought was, how the heck could they afford to send blueberries all the way from Chile to market in California? Even if it cost nothing for the product itself, the packaging and shipping would seem to make them too expensive to compete with my normal source of blueberries from the eastern US.

The more I pondered this, the more I realized that here was just one example of the new world marketplace. Essentially, the message in that little plastic box was: Anyone, anywhere, can be in any market. So, even if we work for a small produce company somewhere in Tiny town, USA, we have competitors from places we have hardly heard of.

The average person in the U.S. could not tell us where Chile is, much less anything about the country. Yet, the Chilean farmer can be taking market share from us every morning at breakfast time.

If you think that is an interesting but obscure sign of the times, let me tell you about another. A company in Irvine, California just a few miles from Disneyland is about to upset the human resources world in a profound and personal way.

Exult Inc. is a venture capital start-up that was funded late in 1998 to the tune of \$50 million to launch a new form of outsourcing for the human resources function. The plan is to offer the Global 500 companies an outsourced turnkey human resources function—in toto. We're not talking pushing out the 401(k) or some temporary staffing work. We're talking the whole enchilada!

Everything from planning to retention is being offered and if you think that is going to be a hard sell, I've got news for you. In December their first client signed a contract for 600 million big ones. Think about it. If you were a CEO and your management team has been complaining about an expensive, human resource department that has not shown value added would you listen to a proposal to outsource it?

Here is the third pitch. Perhaps you have heard of knowledge management. It is a recent development relating to the capture, codification and distribution of the organization's knowledge, most of which resides within the heads of employees.

Last month I spoke at two knowledge management conferences; one in Europe and one in the US. Both were well attended by IT and HR professionals as well as a smattering of consultants looking for a new game. The US program drew people from 23 countries. Three hundred Yanks plus folk from India to South Africa to Sweden showed up. One of the questions addressed was what is HR going to do about this? Is it going to get involved or pass?

To compete at the speed of e-commerce companies will have to have continuous easy access and total sharing of as much information as possible. There won't be time to continually reinvent the wheel, or hoard knowledge in one of the corporate silos. The open door for HR is that KM is not a technical issue. It is a human issue.

This is HR's chance to be at the heart of the most important force in the 21st century—information. In 1970, we passed on the productivity movement. In 1980, we said quality was not a human issue. Now comes KM/e-commerce which is going to restructure our lives. ■ **"My friends, the whole bloody world is turning upside down. Anyone who does not recognize it is a candidate for the unemployment line."**■

So, how can the average human resource professional respond to these forces? The starting point is between our ears. We have to begin to think human capital business management rather than human resource program.

HR programs are tools to assist in managing our expensive and hard to get human capital. The imperative is to move from mechanical to electronic distribution channels and to think in terms of the external customer. What can HR do with information to help managers cut costs, move more quickly, produce more with less and improve quality?

Customers are demanding better products at lower prices, delivered on time. HR indirectly helps make that happen by acquiring, developing and retaining talent. It is becoming a generally acknowledged fact that knowledge management /e-commerce will depend on intelligent, skilled and motivated human beings who share vast amounts of information literally at their finger tips. Corporate culture plays the defining role in how effectively information moves through an organization. And HR is the keeper of the culture.

There is a lesson here. Step up to the plate and take your swing. It may be the last one you'll get.

Jac Fitz-enz is founder & chairman of the [Saratoga Institute](#). He is the author of many reports, articles and several books including: *The ROI of Human Capital*, *The 8 Practices of Exceptional Companies*, *Human Value Management*, *How to measure Human Resource Management*, *Benchmarking Staff Performance* and *the E-Aligned Enterprise*. Dr Jac is a friend of Yellow Edge Pty Ltd and we are grateful for his permission to use this article. This article first appeared on www.workforce.com