



Driving shareholder value

Does Human Capital Impact a Company's Financial Performance?

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How many times have you asked yourself:

- "How important is it to have a human capital or people strategy for my company?"
- "Does hiring and developing the right people have a direct impact on my business?"
- "What key parts of the human capital strategy should my company focus on first?"

These questions were addressed recently at the monthly breakfast program for [Pennsylvania Bio](#), the statewide trade association representing Pennsylvania's bioscience industry, where I moderated a session entitled, "Human Capital – Driving Growth and Value through Human Capital." To an audience of more than 160 biosciences professionals, this panel of industry and private equity professionals shared their experiences, challenges, and solutions in dealing with the people issues that face early, mid, and fully integrated biosciences companies.

The consensus of the panel was that when developing a human capital strategy, a company should focus first on:

1. Culture
2. Identifying and Attracting the Right People
3. Building a Cohesive Team

It was clear from the panel discussion that regardless of the stage a biotech company finds itself, people issues are common to all companies and getting them right is crucial to success. In summary, the panel stated that the following human capital issues must be addressed if you want your company to succeed:

- Spend time developing a people strategy: it's a good investment.
- Understand the type culture you want and drive it throughout your organization in everything you do.
- Define upfront the requirements and competencies needed for a job to be sure you hire the "right person."
- Ensure that job candidates get to meet as many people as possible during the interview process to ensure they are a "good fit" for the new team.
- Consider using a formal assessment process to insure that a candidate's fit is right for the job, team, and company culture.
- If the people processes and programs are done right they will have a direct impact on your bottom line. (A global workforce study covering over 90,000 workers in 18 countries conducted by professional services firm Towers Perrin confirmed that companies with the highest levels of employee engagement increase operating income and earnings per share.)