

Big Idea: Tim Giehll on Human Capital Supply Chains

As HR professionals we keep our ear to the ground for big ideas. Tim Giehll and Sara Moss are authors of *Human Capital Supply Chains* and this certainly qualifies as a big idea. The notion is that the same principles that led to successful supply chain management (SCM) can be applied, in a modified way, to talent acquisition. Since human capital accounts for such a large cost and such a large asset even small improvements could have an impressive impact.

Before we don either our enthusiast's or cynic's hat let me say that Giehll does not sugar coat the challenges of pursuing human capital supply chain management (HC-SCM). SCM is not easy in manufacturing and Giehll points out a number of differences that make it even harder to do in talent acquisition. Nevertheless Giehll is convinced this big and difficult challenge is worth tackling.

What we need to decide is whether this is a topic we can safely ignore, a major project we should champion or perhaps one of those things where we can cherry pick a few good ideas.

Hints of Opportunity

The reason to suspect there is an opportunity for big improvements in talent acquisition is that it is a scattered set of processes, just like supply chains were before the introduction of rigorous SCM. The acquisition of temporary staff and of permanent staff is often handled by radically different departments (procurement and HR respectively). There is rarely good data integration between systems like the vendor management system, applicant tracking system, HRIS and any systems staffing vendors may be using. Also, there is often very poor workforce forecasting leaving recruitment scrambling to fill last minute requisitions. All this hints of opportunity for substantial improvement.

Giehll also urges us to notice the disconnect between the flow of external candidates through talent acquisition systems and the flow of internal employees through HRIS systems—might not a combined approach yield efficiencies? SCM experts would suspect so.

One area where HR has had some experience in going from a disconnected to more managed process has been in the use of vendor management systems. Giehll reports that these have saved organizations from five to twenty percent in the costs of hiring temporary workers. This taste of cost savings will whet the tongue of the financially minded executive.

Differences between Parts and People

HR professionals may cringe at the thought of applying SCM to talent acquisition because people are not much like goods.

Giehll identifies several big differences:

- Goods are uniform, people are unique
- People negotiate their own price, availability and terms
- Goods are received once, services are received on an ongoing basis
- People perform inconsistently
- The value of people to the organization increases with their length of service
- People can walk away, products can't

These differences are big enough that we know we would need to proceed with caution, but are they so big that none of the lessons of SCM will apply to talent acquisition?

Some Relevant SCM Principles

There are several ideas and principles from SCM that could be relevant for talent acquisition:

- The recognition that quality can be improved even while costs are reduced
- The need for metrics to help measure progress
- The need for integrated systems both to gain efficiencies and provide those all important metrics
- The power of tools like root-cause analysis
- The power of continuous improvement over many years
- The importance of removing duplication and waste
- The need to treat suppliers as strategic partners

Even if one is sceptical of a full blown SCM approach to talent acquisition, it is easy to see that these ideas ought to be useful.

Proceeding Towards HC-SCM

Giehll spends a lot of time explaining how an organization would move towards implementing HC-SCM. Let me summarize by saying you need executive sponsorship, interdepartmental cooperation, investment in technology, investment in processes, better metrics and a long-term mindset, since this isn't the sort of thing that can be finished in a year. In other words: it's a big project.

Drawing Conclusions: Act or Ignore

So, should an HR leader act to implement HC-SCM? Here is, to my mind, the most important conclusion: taking on HC-SCM is not the head of HR's project, it is the CEO's project. The CEO needs to believe the investment and challenges will

be worth it in the end and be committed to see the project through. HR's role is to alert the CEO to the concept and have a point of view on what the organization should do.

Can we safely ignore this? Since the ball is ultimately in the CEO's court, HR doesn't necessarily need to do anything right away other than developing a point of view and making sure the CEO knows it. It's a matter of saying "One of the big ideas people are talking about is HC-SCM. A full-blown implementation is a big project and in some places we would be moving into new areas where how to proceed won't be clear. At the same time there is the potential for substantial savings in cost while improving quality of hire."

My personal preference is for the incremental approach. Unless the CEO leaps on the opportunity, I would simply make some quiet investments in improving talent acquisition processes by drawing on the kind of thinking that has proven itself so valuable in SCM. I'd want to find an SCM expert (and you probably have one in the organization) whom I could bounce ideas off of, and try to see the world through their eyes rather than relying on traditional approaches to talent acquisition.

A full-blown implementation of HC-SCM is daunting, but even a sceptic will admit there are probably significant improvements that could be made in talent acquisition processes if we applied the same kind of ceaseless discipline that manufacturing has applied to SCM.

Tim Giehll is CEO of both Bond Talent US and Bond eEmpACT —divisions of Bond International Software. His book [Human Capital Supply Chains](#) is available at Amazon.com

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