

2014

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### Recommended Citation

Cahill, Teresa (2014) "JEC Human Capital Investment Plan," *Graduate Annual*: Vol. 2 , Article 6.  
Available at: <http://digitalcommons.lasalle.edu/graduateannual/vol2/iss1/6>

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## Human Capital Investment Plan

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This Capstone is a Human Capital Investment Plan for JEC Tool and Machine Corporation. JEC has over 50 years of experience in technical and complex manufacturing solutions. JEC is a leading provider of precision machined products and electro-mechanical assemblies for the aerospace, defense, and medical industries. JEC maintains an award winning quality record. The organization's goal of 100% quality is a standard customers have come to expect and one the company is proud to provide. This commitment should not only apply to external relationships with customers but also within the workforce as a whole, with a focus on the number one asset, the employees.

According to the JEC's Employee Handbook, the quality policy is the backbone of the organization's success. It is the responsibility of each employee to support this policy and to participate positively in its meaning. The policy states: "performance is our most important objective as a means of ensuring continued customer satisfaction; providing our customers quality, on-time products; and continuing to improve our processes and personnel to help maintain strong relationships with our customers" (JEC's Employee Handbook, 2). This policy is customer centric and needs to be refocused on the employees, who are the most important asset of the organization. Without talented employees, it becomes difficult to produce quality work. To continue providing the best product, a Human Capital Investment Plan should be developed, managed, and continued for future success. JEC's Human Capital Investment Plan should have the strategic capability to provide manufacturing excellence through five key elements all supported by accountability, as shown in Appendix A.

The first element in JEC's Human Capital Investment Plan is leadership. In order for this plan to work, leaders should guide and support the organization along with this plan. Currently, JEC's main leadership style is command and control. This leadership style is popular. According to John Seddon's book, "Freedom from Command & Control: Rethinking Management for Lean Service," command and control is still the dominant style of leadership. As JEC emerges from the recession, it is imperative to be conscious of the leadership style. JEC should transform the leadership style to participative and co-creative, directed by the right change leader as shown in Appendix B.

"Command and control is based on establishing and maintaining power over, and control of people and organization processes" (Anderson, (article 4), page 2). This type of leadership style involves leaders who know what is best for the organization and demand to drive employees and processes on their path. When processes do not go as planned or employees are not performing to expectations, this leadership style steers them back on the path by controlling human behavior and actions. "Employees won't naturally contribute positively to the change effort, so leaders must

'help' them by 'commanding and controlling' their behavior and involvement. Leaders must force people's cooperation" (Anderson, (article 4), page 3). This leadership style causes poor employee morale, poor results in transformational change, and is currently the leadership style at JEC. JEC's president directs with a command and control leadership style. He makes decisions regardless of other top management's input or opinion. He has worked with the organization from conception, as his father started the company. He works based upon dated experience as opposed to new training and education. To keep up with production demands, change is necessary; however, he only knows what he was taught from his father. Command and control is the most common type of leadership style and due to this style being used at JEC, they have lost many talented individuals and employee morale is at an all time low.

In order for JEC to achieve strong leadership through change and build human capital, they should update their leadership style from command and control to participative leadership. "Participative leadership is a management style in which other members of the organization or department, especially subordinate employees, are involved in discussions and making decisions that are important to the company or work team" (Kokemuller, 1). JEC should include their employees in the discussions as they are on the forefront of the operations and can offer innovative ideas and feedback. "They must emotionally 'own' the change and understand its intent as much as the leaders do so they can contribute to moving it forward in a positive direction" (Anderson, (article 4), page 3). By involving JEC employees in the process, this will affect their mindset and their work performance and roles. In the participative leadership style, it is best for the leaders and employees of JEC to use the concept of co-creating.

Co-creating is working together and seeing an employee as a partner and not a subordinate. "It means operating as a team, aligned across hierarchical and functional boundaries in pursuit of what is best for the overall organization" (Anderson, (article 4), page 4). By sharing information, involving and empowering employees, and communicating effectively, JEC will be on the path to success. Recently, JEC implemented an employee suggestion program to open the lines of communication between management and front line employees. Implementing the suggestions that improve performance, increase productivity, reduce cost, and enhance quality will help build a solid relationship with employees. It will build trust and the employees will feel they are a vital part of the organization.

It is clear that JEC's leaders should transform from command and control to participative leadership with an emphasis on co-creating. "The only way we know to maximize the results you get from transformation is an entire enterprise of awake and responsible people working together, across boundaries, in pursuit of what is best for the overall organization" (Anderson, (article 4), page

5). JEC will need to transform their management style by working together and being consciously aware in order to drive on the path of success.

One way for JEC to succeed in changing their leadership style is by selecting the best leaders to oversee this Human Capital Investment Plan. It is critical to choose the right people to not only lead through this plan, but to manage the obstacles that will arise. These leaders should know the business, encompass superior people skills, solve problems, make decisions, communicate well, organize tasks, and motivate others. Top management should support and announce these candidates, as they will be making important decisions on behalf of the entire organization. In designing the key activities of this Human Capital Investment Plan, the chosen leaders ensure that the vision and case for this plan are developed and communicated, infrastructures are created and used, resources are obtained and available, top management and workforce are capable and ready to implement this plan, and that the best future state solution is designed and prepared for optimal rollout.

There are three areas that leaders should tackle: content, people, and process. "Content refers to the business side of 'what' is changing; people refers to the human and cultural dynamics, including communication, engagement, resistance, training, culture, etc.; and process refers to the one unified and integrated plan or roadmap by which the content and people outcomes are achieved" (Anderson, (article 3), page 3). Focusing on these areas will help the leaders to implement this plan effectively. The most important attribute these leaders should possess is confidence in their plan and its process. "Just as confidence in a company's future prospects attracts investment, confidence in a project's outcome attracts effort, loyalty, and commitment" (Karlsberg & Adler, 2). Confident leaders along with devoted employees can work together by investing their time, effort, and energy toward reaching JEC's business goals.

For the leaders to be successful, the organization and its' staff should be open to change and provide resources that will assist in implementing this Human Capital Investment Plan. Resistance is bound to occur with change. Some individuals build a wall to resist feeling emotions when they feel challenged or disagree with a change initiative. Resistance can come in different forms, such as disagreeing with supervisors and coworkers, not contributing to the organization's missions, sabotaging projects, or running away. Change is a difficult process and when people are faced with change, their reactions are crucial. It is important for leaders to recognize employee resistance so it can be dealt with properly and immediately to prevent any further implications. The right leaders will have the ability to push through the barriers of resistance, focus on people and process, and lead effectively.

The second element in JEC's Human Capital Investment Plan is recruitment. Embracing the talent mindset is critical in the manufacturing field. Talent is an important resource and JEC should develop a deeper level of analysis to have a competitive advantage. By understanding the different roles that talent can take on and organizing the pivot points of these roles, JEC could predict important elements within the jobs. "The identification of 'pivot points' and subsequent acquisition and development of pivotal talent is defined as where specific improvements in talent and

organization performance will most enhance sustainable strategic success" (Dowling & Roots, 1). JEC's challenge is to understand talent pool investments that will improve their workforce. "There is a strong natural bias to focus on talent pools that have high average value because they are so important and, some assume, also pivotal" (Boudreau & Ramstead, 110). For JEC, machinists and engineers are so vital and difficult to find that they have been the main focus. "When organizations better understand talent pools... and encourage open discussion about their implications, more optimal organization and talent decisions will result" (Boudreau & Ramstead, 112). It is important to have open, honest, and effective conversations about the recruitment efforts. By understanding and analyzing talent pools, JEC will begin to have a competitive advantage.

The current recruitment plan does not reach this level of analysis. JEC's recruitment plan includes advertising for the open job position, sorting through the qualified and unqualified candidates, interviewing, selecting a candidate, and sending out a job offer. This may sound like any other organization's recruitment plan; however, JEC's goal is to fill the position as soon as possible, without necessarily finding the right person with the right skills for the job. Because of this, the company's turnover rate is high and they lack top talent. Manufacturing skills are difficult to find; therefore, JEC will need to build relationships with educational and vocational organizations to find qualified talent. According to "Human Capital Development: America's Greatest Challenge" Theodore Hershberg stated, "Roughly 89 percent [of jobs] will require some post-secondary vocational training" (Hershberg, 7); therefore, building these relationships is a crucial factor to the success of the organization. Hershberg quoted a German executive: "America has too many people in college and not enough qualified workers. The U.S. has outstanding universities, but it is missing the middle" (Hershberg, 7). Colleges tend to be pushed on high school graduates more rather than technical schools, which makes it difficult for JEC to find qualified candidates. JEC should look at the positions that are difficult to fill and target the educational and vocational schools that teach and train the potential candidates needed in the future. Appendix C represents JEC's recruitment process for finding top talent in this Human Capital Investment Plan.

It is also imperative that JEC take advantage of grant programs and co-op opportunities. By building curriculums for specific job positions with other organizations, they will be able to employ the right qualified individuals in this field. Becoming involved in grant programs would be a significant step for JEC to improve their recruitment abilities, and the company would be able to find and employ qualified candidates for hard to fill positions. Daniel Lim from New Jersey College Consortium states, "Generally, these programs are grant funded and we target niche industries where jobs are in-demand, but adequate training and qualified applicants are not readily available to employers" (New Jersey College Consortium – Dan Lim Interview). In the manufacturing field, finding qualified machinists is a difficult task. Luckily, manufacturing is a niche industry. New Jersey College Consortium partners with various government agencies for funding, recruitment, tracking, and incentives. All programs are evaluated and audited by the consortium. They also have a proven success record. "Success is based on two factors: one, the number of students that graduate with an industry recognized certificate and two, the number of

students that obtain permanent full-time employment because of the training received” (New Jersey College Consortium – Dan Lim Interview).

If JEC partners with New Jersey College Consortium, they will be able to create training curriculums tailored to their current needs. The company would also be able to select the individuals to go through the program through a comprehensive interview. This is a critical step in the process to ensure that the individual selected to go through this program has some manufacturing skills and the drive to improve their human capital. Human capital is individual driven results obtained from education, training, knowledge, skills, abilities, life experiences, and wellness that enable a person to be his or her best and continue to enhance his or her personal well-being. Some believe building human capital is an employer’s responsibility as they provide trainings to build new skills; however, even if an employer does provide trainings, it does not mean that the individual will successfully complete this training. It is the responsibility of the individual to learn and retain the knowledge from this training; therefore, finding the right candidate for the grant program through an interview is a necessity.

The New Jersey College Consortium Partnership Program would benefit JEC by not only providing talented individuals to employ but also providing monetary incentives. JEC could receive temporary reimbursement of new hire salaries for on the job training for six months. Also, there are federal tax credits per new hire that apply. Passing up on grant programs would be impractical. JEC should take advantage of this program especially for the current need to employ qualified machinists.

Another difficult position for JEC to fill is manufacturing engineers. Co-op programs are another way that JEC could build top talent in the Engineering Department. Co-ops are an effective way to develop high quality future employees and keep recruiting costs down. Typically, when an employer is looking for a co-op, the cost to post a job opening on a university’s website is free. Co-op students gain on-the-job skills and knowledge during their co-op cycle. This gives them a higher level of experience with JEC’s production methods than hiring an inexperienced applicant. Universities provide high quality education that prepares students to bring new perspectives and suggestions to the workplace that lead to significant contributions. This is critical for JEC’s workforce. Many JEC employees are entering retirement; therefore, a new wave of talent will need to be recruited to meet the demands of the future. JEC should get involved in the educational process, help students along their career path, and recruit these students in order to have top talent in the future.

Using co-ops and grant training programs is just a small step in retaining qualified talent. The company should also develop an on-the-job training program for these students. While students will bring academic training to their position, they will need orientation and guidance in their specific responsibilities. According to University of Washington’s College of Engineering, “a good training plan includes a progression of assignments reflecting students’ developing competencies. Employers who formulate well-designed training plans can count on an excellent return for these efforts” (University of Washington College of Engineering, 1). JEC will need to design training plans for their co-op program to be successful.

Another significant step is identifying a mentor for the student. This can be a supervisor or a manager that will provide guidance throughout the student’s co-op program. With grant programs, New Jersey College Consortium recommends that a member of JEC work with the professor and make routine visits to check on the progress of students. It is clear that both the student’s and employer’s expectations must be meant; therefore, building these relationships is critical not only with the organization but also the students who could be prospective employees.

Once talent is found, JEC should develop employees throughout their career; therefore, the third element in this Human Capital Investment Plan is employee development plans. In order to develop employees, the Human Resources (HR) Department needs to take on an organizational development role to enhance their skills and abilities. Organization development (OD) efforts increase the effectiveness of the organization and maximize human capital. OD’s functions help the organization align their strategy, structure, business procedures, and culture while maintaining human principles. If HR takes on OD tactics as represented in Appendix D, a vision can be created and implemented to produce a more skilled workforce.

“Organization Development: A Strategic HR Tool” discusses how the use of OD helps HR create an effective learning environment and productive workforce. “The basic purpose of organization development is to increase an organization’s effectiveness through planned interventions related to the organization’s processes (often company-wide), resulting in improvements in productivity, return on investment and employee satisfaction” (Society of Human Resources,1). Researchers Cummings and Worley reveal that “OD practices are of direct value regarding organization workforce skills and learning, including goal setting through performance management, reward systems, career planning and workforce diversity” (Society of Human Resources, 2). The organization should be equipped with effective programs, capable employees, and a well-managed HR department in order to function successfully. These programs and responsibilities are directly related to HR.

By using OD, HR can expand its capacity regarding planned change and create an effective, healthy work environment for employees. Planned change requires a clear understanding of organizational issues. By researching and collecting data to understand these issues, HR can work with top management and chosen change leaders to develop a learning environment that ensures a productive workforce. “The ability to evaluate, design, and implement organizational learning and development programs is likely to become a key OD competency for HR professionals” (Society of Human Resources, 5), as employees want their job to have meaning and know that JEC values their skills. “OD is driven by humanistic values (respect, inclusion, authenticity, collaboration) and is an education based discipline, with the goal to develop values, norms, attitudes, and management practices, resulting in a healthy organizational climate that rewards healthy behavior” (Society of Human Resources, 3). This is the exact environment that JEC’s HR wants for employees and in return, employees want to know that they can make a positive impact on the organization.

In regards to performance management, there are three types of HR management interventions that promote organizational learning that JEC should use: goal setting, performance appraisals, and

reward systems. By combining forces and using these methods, JEC can manage employee performance, improve worker satisfaction, and support the business strategy.

“Goal setting involves managers and subordinates in jointly establishing and clarifying employee goals” (Cummings & Worley, 429). This is crucial as the goals formulate the planned development of employees that lead to organization effectiveness. The purpose of goal setting is to influence an employee’s behavior and align their performance to meet these goals. It is important for the organization to set goals on an individual basis that align with the organization’s missions and goals. “Goals energize behavior, motivating people to put forth the effort to reach difficult goals that are accepted, and when goals are difficult but achievable, goal setting prompts persistence over time” (Cummings & Worley, 429). JEC should involve employees in setting these goals on an individual basis to maximize their talent and make their employees feel valuable.

JEC should also use performance appraisals to align employee performance to the organization. Performance appraisals should be completed by managers and supervisors for each employee on a yearly basis. The “performance appraisal is a feedback system that involves the direct evaluation of individual or work-group performance by a supervisor, manager, or peers” (Cummings & Worley, 426). The performance appraisal is a small part of performance management; however, it can be a valuable tool if used effectively and can guide JEC’s managers and supervisors in developing their employees throughout the year. There are newer methods when using the performance appraisal. Instead of a manager completing a lengthy form and having a one sided conversation, employees are now more involved in the phases of the appraisal such as creating developmental and future plans, self-ratings, and having effective conversations throughout the year. “This active involvement increases the likelihood that the content of the performance appraisal will include the employee’s views, needs, and criteria, along with those of the organization” (Cummings & Worley, 429). This participation allows for a more complex conversation to occur about both the employee’s and JEC’s future which is critical in the development of human capital.

Rewards are influential incentives for improving employee performance. “OD traditionally has relied on intrinsic rewards, such as enriched jobs and opportunities for decision making to motivate employees’ performance. More recently, OD practitioners have expanded their focus to include extrinsic rewards: pay, various incentives, such as stock options, bonuses, and gain sharing promotions; and benefits” (Cummings & Worley, 434). Either type of reward can increase employee performance and happiness. It is important for JEC to decide on a reward system that is valuable to both the organization and the employees. Money seems to be a factor to most employees; while a simple thank you would suffice others. Due to the recent downturn that JEC encountered, I would recommend that JEC give periodic small rewards to show employees that their work is valued. Implementing a program that rewards employees for meeting their quota, showing teamwork, or displaying JEC’s principles would help to boost employee morale and keep employees committed and loyal to the company.

By using these HR management interventions, JEC can improve work performance and increase employee satisfaction; however, for these programs to work, the managers and supervisors must

follow-up. This is the most important step in any HR management intervention. A supervisor will need to coach their employees throughout the year and follow through with the goals and development plans that were set on the performance appraisals that were given. Managers that coach and follow up with their employees will engage them to focus on increasing their human capital. According to Shawn Kent Hayashi author of “Conversations for Creating Star Performers – Go Beyond the Performance Review to Inspire Excellence Every Day” following up with employees “builds trust and accountability, and it enables relationships with key stakeholders to develop momentum so that their feedback in the review process adds value” (Hayashi, 116). It is important to show the employees what performance means to the company. By having frequent performance conversations and giving rewards, JEC’s employees will feel valued by the organization.

Talented employees are the key to business success and “the best course of action is to leverage the complementary knowledge and skill sets of HR and OD to capitalize on what is quickly becoming a recognized key to strategic success” (Morgan & Jardin, 25). These interventions, along with constant performance conversations throughout the year, with rewards, will help maintain employee satisfaction, continue to build morale, and help JEC in the war against talent.

Leadership, recruitment, and employee development plans are key in order to make JEC successful; however, all of these factors can fail without effective communication. Communication is a word that is used by everybody to mean many different things. It is important to understand that communication is a process. It is a series of events, not just one event. Currently, JEC’s communication style is top-down with little to no follow-up. “Saying nothing is a message – perhaps a powerful one” (QuicTool, 1). JEC’s leaders need to start communicating with their workforce and continue to improve their communication skills by understanding the elements of communication as shown in Appendix E. Their words must be represented by honest, physical actions. Communication involves a complex set of variables. It is not always simple and straight forward; therefore, understanding the elements of communication is significant in order for this plan to be successful.

According to QuicTool, there are five key components that can help JEC effectively communicate. The first component is to create a message. To send a message, leaders and managers must first say or do something that represents an idea. There must be a “mental image, a vision, an idea, an opinion, or perhaps some information that he or she wants to convey to someone else” (QuicTool, 1). JEC’s future and this plan is a message. It is the ultimate vision and leaders and top management should initiate the communication process and have a primary interest in making sure it is effective. Presenting this plan should be clear and consistent. Leaders should select the right words to use to limit misinterpretation. “Different words have different meanings to different people. In fact, research has shown that effective communication is 55% body language and gestures, 38% voice tone and inflection, and 7% spoken word” (Sell, 4). Their message should be familiar, specific, concrete, and conveyed with confidence. Choosing words that are likely to have the most similar meaning to both the leaders of the organization and the employees is necessary. Over 60% of JEC’s workforce is Vietnamese; therefore, JEC should also consider culture factors. Culture can influence the organization and having employees “from multiple cultural backgrounds means multiple opportunities and multiple challenges” (Peterson, 65).

To get through these challenges, JEC can diagnosis the existing culture. This includes evaluating the risks of making changes and determining what will need to be implemented. “Changing corporate culture can be extremely difficult and requires clear strategic vision, top-management commitment, symbolic leadership, supporting organizational changes, selection and socialism of newcomers and termination of deviants, and sensitivity to legal and ethical issues” (Cummings & Worley, 529). According to “Kiss, Bow, or Shake Hands,” the Vietnamese place value on relationships. They need to personally trust their leaders; therefore, JEC must break through these cultural communication barriers in order to build human capital. If leaders and top management understand how employees learn based on their culture, they will have more of an impact on employees. It is clear that not one size fits all and when sending a message, JEC should understand cultural differences to maximize this plan’s effectiveness.

The second component to help JEC effectively communicate is seeking to understand the message. Communication requires both a sender (leaders) and a receiver (employees). JEC’s employees must interpret what is being said by the leaders of the organization. Employees will develop emotions about what was said, should seek to understand it, and share a responsibility in ensuring an effective communication process. When communicating this plan, leaders should prove their support not only through words, but through their actions as this is creditable to the employees. Conveying a positive and confident image will also assist in effectively communicating this plan. Currently, JEC’s leaders look overwhelmed and their actions represent their emotional state. It is imperative that their mentality and actions become encouraging.

The third component to help JEC effectively communicate is to share feelings and ideas through the message. Creating a vision will show the employees how JEC feels and thinks. These visions can travel in many different ways, including how leaders speak, write, and act. The vision “may be immediately clear and understood or murky and misleading, based on how well all of the components in the communication process have been considered and accommodated” (QuicTool, 2). JEC’s vision should be clear and understood by all involved in order for this plan to be successful. It is crucial that this plan is supported as the employees will determine the meaning of this plan by the actions of leaders and top management.

The vision set out in this plan not only includes leaders and top management but also the employees; therefore, the fourth component to help JEC effectively communicate is feedback. When organizations develop plans and policies, there is always feedback. This feedback may not be verbal but it can be seen through the actions and morale of the workforce. “Without meaningful feedback, you can’t even be sure that the message was received” (QuicTool, 2). When seeking a response, JEC should choose the right method. Face to face communication gets faster results; however, documented responses will be more effective when reviewing and possibly revising this plan as times change. Documenting communication and feedback will allow JEC to take suggestions, improve this program, and provide accurate real-time communication. It is significant for JEC to receive a reaction from their employees. If a reaction is not received, JEC should seek feedback as communication is a two way street. Whether in spoken conversations or written correspondence, shared meaning is important. Everyone will

need to participate in this process in order for this Human Capital Investment Plan to be successful.

The last component to help JEC effectively communicate is to realize the presence of noise. “Noise is the name given to the multitude of factors that can interfere in the communication process and keep it from being complete and accurate” (QuicTool, 3). There are two types of noise that JEC will need to be aware of. The first type of noise is physical. JEC employees work on the shop floor and the noise level is usually loud. “Noise is always present in the process, and the question is not whether it will disrupt the message, but by how much” (QuicTool, 3). It is imperative when leaders and top management communicate with employees, they check their surroundings and move to a quieter place. Being in a machine shop, machines are constantly running and the noise is extremely loud. When JEC holds monthly employee meetings or supervisors need to speak to an employee, they need to find a location that is quieter so employees are able to hear, understand, and ask questions to clarify. The second type of noise is psychological. Examples of this type of noise include mistrust, disinterest, strong emotions, and perception. Perception is a huge factor in the communication process as everyone hears or sees things differently. Employees will engage in conversation and discuss how they perceive JEC during these changes. These discussions could be positive or negative and will result in creating more noise within the organization. The environment will always have some level of noise that interferes with the vision.

JEC’s leaders should be aware that just because they say something does not mean they are actually communicating. Communication does not occur unless the meaning that is received matches the meaning that was intended. JEC’s ability to communicate will grow as they understand this process and continue to listen and watch the internal culture develop. Communication is a complex interaction with interconnected pieces. Both leaders and employees are accountable. By understanding the process, JEC and their employees can build clarity that will improve the elements necessary to build human capital and allow this organizational change to occur.

«Change is the nature of life. Nothing ever remains the same. Growth and decay are as fundamental to our existence as our needs for water and air» (Anderson, (article 1), page 18). Throughout life, one will constantly grow and change. The decisions that are made will impact their future. When the organization makes changes, the decisions and actions will determine whether or not this change is positive and will affect both internal and external factors. JEC must go through a transitional change in order to be competitive in the future. “Transitional change begins when leaders recognize that a problem exists or that an opportunity is not being pursued – and that something in the existing operation needs to change or be created to better serve current and/or future demands” (Anderson, 56). This Human Capital Investment Plan will assist JEC in managing their transitional change as shown in Appendix F

The drivers of change that JEC sees often include organizational imperatives, leader and employee behavior, and leader and employee mindset. JEC’s main customers are government entities and their demands constantly change. Organizational imperatives refer to “changes in the organization’s structure, processes, technol-

ogy, resources, skills base, or staffing to implement and achieve its strategic business imperatives” (Anderson, 35). When government jobs are awarded, JEC hires quickly; however, when they are waiting for jobs that have a lead time from twelve to eighteen weeks, they reduce their workforce.

“Downsizing Isn’t What It’s Cracked Up To Be” discusses how during tough economic times, organizations find themselves in agony and can no longer afford their staff; therefore, they look to downsize. JEC reduced their staff three times this year, resulting in a fifteen percent decrease. Author Henry Hornstein states “reducing numbers to remain competitive in these difficult times has been a common tactic, adopted by management ostensibly to reduce cost, demonstrate increased flexibility, reduce bureaucratic structure, increase efficiency regarding decision-making, improve communication, and cultivate entrepreneurship” (Hornstein, 1). Hornstein believes organizations are too quick to decide to downsize as there are negative implications and short-term results.

JEC makes difficult decisions in regards to organizational imperatives and implements the changes from a top-down approach. These actions can affect employee morale. When JEC reduces staff, they need to “ensure that employees understand the renewal strategy and their new roles in it. Employees need credible expectations that, although the organization has been through a tough period, their renewed efforts can move forward” (Cummings & Worley, 336-337). JEC does not communicate these changes to employees; therefore, when reductions in force occur, employees are on edge. “Downsizing has a negative effect on corporate memory and employee morale, disrupts social networks, causes loss of knowledge, and disrupts learning networks” (Hornstein, 2). There have also been many studies conducted that reveal harmful results on production. More importantly, it impacts the organization financially. A study “found that increases in financial performance in the first year following the layoff announcements were not followed by performance improvements in the next year” (Cummings & Worley, 337). Even though JEC may see improvements in financial performance, these results are temporary and do not reflect on the performance of their workforce.

With the lack of qualified employees, JEC rehires employees that were part of the workforce reductions. Although this shows current employees that there is a chance of being rehired which could slightly impact employee mindset, the question still remains whether or not downsizing is an effective way to restructure as it impacts finances and production. This fluctuation causes employee morale to ride a constant wave of emotions. This affects both leaders and employee behavior and mindset.

Besides internal drivers such as leadership, employee behavior, and mindset, JEC should also look at external drivers of change. “It is equally true that attending only to the internal drivers and neglecting the external ones will cause transformation to fail” (Anderson, 34). JEC should look at both the external (content) and internal (people) drivers that are going to be affected in order to be successful during change. In order for JEC to make positive changes, they need to become unstuck, understand why this change is needed, focus on the training needed to implement this Human Capital Investment Plan, and become accountable.

It is important for JEC to not only understand that drivers of change exist, but how the organization can better manage these drivers of change. When we look at the external drivers such as their customers, JEC will need to understand and know how to best manage the environment they are given. By understanding customer’s needs and preparing for the future, JEC can make more informed and accurate decisions that will affect their internal drivers. By understanding this, JEC will learn how to properly manage the culture, behavior, and in particular, the mindset of their employees.

JEC will also need to determine the appropriate level of change that should be completed through a needs assessment. Top leadership should conduct a thorough needs assessment on each element in this plan to determine what training is needed in order to meet the elements outlined. It should state exactly where JEC should focus their resources and what the actual goals and outcomes should be.

In order for this transitional change to be successful, JEC will need to ensure that the right people are involved as discussed in the leadership element. This can be done by creating a leadership team consisting of employees from each department and various levels of the organization to provide feedback and help with program implementation. The change leaders will help top management determine the needs of the training program, demonstrate to employees that their input is valued, and create a consistent level of commitment throughout the organization.

It is a guarantee that JEC will face resistance as “top-down, one-way communication often triggers resistance” (Anderson, 41). In order to lead through change, JEC should let go of this type of decision making and embrace a new decision making process. “If your leaders are unaware of the option for decision making, and habitually default to leader controlled ‘tell’ decisions, then your transformational efforts are likely doomed to fail” (Anderson, (article 2), page 3). JEC cannot afford to fail. They should recognize that their employee’s mindset and behavior matter. It is the responsibility of management and leadership to control the change in a way that prevents employee resistance and more importantly, promotes employee commitment. JEC will need to truly understand the core human needs, how to discuss those needs with employees who are feeling threatened, and how to move past those emotions by earning the trust and support from those employees. «Core needs can generate positive and negative responses - commitment and resistance - depending on a stakeholder’s perspective, conditioning, and what is happening to the stakeholder in the change» (Anderson, 143). Great leaders will be able to identify these needs and utilize the situation to turn any kind of resistance into a commitment.

According to “Ten Critical Actions for Leading Successful Transformation” JEC must complete ten steps in order to change effectively. The first step is to “Develop Clear Business Results that the Change Effort Must Produce.” This Human Capital Investment Plan discusses the elements of leadership, recruitment, employee development plans, and communication. These elements are necessary to build human capital at JEC. JEC should be focused on these elements at all times and hold individuals accountable if they steer away from the plan in order to be successful.

“Create a Comprehensive Change Strategy that Integrates All of Your Change Efforts” is the next critical action. This change strategy includes content and people processes that will ultimately help JEC reach their business results. The process includes how JEC’s change effort will be administered and organized. The first action in the leadership element is to have a critical conversation with JEC’s president. His leadership style and business ethics will need to change. The conversation must be fact-based, showing the detrimental results if JEC continues on a controlled path, compared to a participative and co-creative environment. It must show defined results in both leadership styles to make an impact for change. Both the recruitment and employee development plan elements will be administered and organized by Human Resources, managers, and supervisors. By working together, they can hire skilled employees and develop their current workforce to maximize their skills and potential. The communication element will need to be administered by the leaders of the organization. Their words, followed by their actions, will determine the success of this plan.

The third step to change is “Lead the Effort Co-creatively and Minimize Command and Control” as discussed in the leadership element. Changing JEC’s process will be a windy road and leaders must drive it not knowing the exact direction, but focusing on the destination of this plan. In each element, working together is crucial whether leaders are working with leaders or managers are working with employees to develop their skills. JEC should join forces together on all business levels, working towards these goals to get the desired results.

“Use a Common Change Process Methodology as Your Navigational Roadmap” is needed during change such as using the right tools. A common tool used during change is coaching. “Coaching interventions attempt to improve an individual’s ability to set and meet goals, lead change, improve interpersonal relations, handle conflict, or address style issues” (Cummings & Worley, 451). JEC should implement coaching on all levels of the organization. Coaching involves leaders that help employees focus on knowledge, skills, and abilities. Change leaders should be consciously aware of what is happening around them and learn from it. By coaching, they can steer employees in the right direction to meet their needs for change. During this process, JEC will discover their ideal future state. “Change leaders must constantly gather new information and learn from what is actually happening in the organization, then course correct their change process and timetable accordingly” (Anderson, (article 5), page 3). Using coaching on all levels of the organization will help the workforce navigate the change process.

The fifth critical step to change effectively is “Accurately Scope the Breadth and Depth of Transformation Required.” “You can only formulate your change plans and timetable to the degree that you have an accurate scope of what the transformation entails and what aspects of your organization and workforce it will impact” (Anderson, (article 5), page 3). JEC should review this Human Capital Investment Plan and its elements on a quarterly basis to accurately determine if the change process needs adjusting and the impact it has had in regards to the people (internal) and content (external). This meeting should be held with JEC’s leaders, managers, and supervisors so everyone in this process understands the plan and its’ schedule to meet the outlined goals.

“Transform Mindset and Behavior While the Organization Transforms” is the next critical step to change effectively. Mindset change needs to occur by both leaders and employees in order to make transformational change successful. JEC must grow from old business practices as mentioned in the leadership element and develop new viewpoints by working co-creatively. “The most important building block to achieve this critical mass is for your leaders to begin the change effort by addressing their own mindsets” (Anderson, (article 5), page 4). The leaders will need to change in order for JEC to change. The key elements in the communication process are also needed to transform mindsets and behaviors. Leaders can discuss what needs to be transformed; however, their actions will speak louder than their words.

This leads to “Ensure that Your Change Process and Change Leadership Behavior Model the Desired Future.” JEC’s leaders will need to lead by example if they want their employees to shadow their behavior. “Employees get their primary clues about whether the organization’s espoused changes are real from two key factors: (1) the change leaders’ behavior, and (2) the change strategies used to achieve the transformation” (Anderson, (article 5), 4). In order to build employee commitment, the actions of JEC’s leaders must reveal the preferred future of the organization. Currently, JEC’s leaders look defeated and in order to achieve a better future, leader’s mindsets and behaviors need to change. “It is far tougher for leaders to maintain the level of influence required to compel the workforce to change if they have lost credibility” (Anderson, (article 5), page 4). JEC’s leaders are on the brink of losing their influence on employees and they have already lost a number of talented employees. It is time for JEC’s leaders to change.

“Create Critical Mass through Whole System Engagement” begins with engaging all employees at JEC in this change process. This plan involves everyone, not just the leaders of the organization. All participants will need to be held accountable for their part in this transformation. In order to ensure this, open and honest communication should occur along with periodic meetings to discuss progress. There also needs to be consequences for any employee, including leaders who do not participate or deter the progress of this plan.

“Establish Conditions for Success Early” by “requiring certain conditions, such as: (1) clear direction and understanding of why the change is necessary, (2) adequate resources, (3) adequate time and attention for change activities, (4) executive alignment, etc” (Anderson, (article 5), page 4). To make a change this extreme, JEC will need to pick the best time for implementation. Human Resources recommends that this plan starts in the New Year. Kick off 2014 with new missions and goals showing the employees that JEC is serious about these change initiatives and their employees are their number one asset. This plan will develop leaders and employee’s knowledge, skills and abilities and together, a better business future can be developed.

The last critical step is to “Continue Until All Aspects of the Organization Are Aligned to Produce the Desired Business Outcomes.” Through leadership, recruitment, employee development plans and communication, JEC will begin to establish a human capital future. Alignment of external and internal factors must occur in order to optimize the desired outcomes of this plan.



This Human Capital Investment Plan will be difficult to implement if leaders are not held accountable for each element as soon in Appendix G. Accountability is the center of this plan. “To become accountable, we need to understand the impact of the decisions we make as leaders and the consequences for our organizations” (Bailey, 1). To be held accountable, leaders accept what has occurred, own the situation, and the results. JEC’s leaders will need to drive for the results listed in this plan. They should evaluate this plan and if the desired results are not met, leaders should get involved and make improvements.

Evaluation of this plan is essential for it to be successful. There are different types of data collections methods that could be used to assess this plan such as questionnaires, interviews, and observations. Questionnaires can be used when wanting to get the opinion of the workforce about JEC’s new leadership and communication style. Questionnaires are easy to administer, convenient, and can be inexpensive if done in-house. There are some disadvantages of questionnaires however such as lack of response and no clarification of questions. If lack of response occurs, it is imperative for JEC to find out why as this is an indication of poor employee involvement and morale. Also, questionnaires “are open to self-report bias, such as respondents’ tendencies to give socially desirable answers rather than honest opinions” (Cummings & Worley, 123). Open and honest communication and feedback on all levels of the organization is required for change success.

JEC’s leaders could also complete interviews to help gain detailed data. These interviews will allow leaders to develop better relationships with employees. To evaluate success in employee development plans and change management, interviews would be vital as JEC would be receiving information right from the source.

Observation is way of gathering data by watching behavior, events, or noting physical characteristics in the organization setting. It shows accurate data in real time. Observations can be overt or covert. Overt is where everyone knows they are being observed; whereas, covert no one knows they are being observed and the observer is concealed. “The benefit of covert observation is that people are more likely to behave naturally if they do not know they are being observed” (cdc.gov). By observing covertly, JEC can determine if the culture of the organization is changing. Observations can also determine whether or not the recruitment efforts have been successful.

Whichever data collection is used, JEC should take accountability for this plan. JEC’s typical plan of action when taking accountability includes acknowledging that there is a problem and doing very little to resolve it. As leaders of the organization, they are responsible and should acknowledge that responsibility to both top management and employees. “Being accountable does not mean simply accepting responsibility and ignoring true cause and effect relationships” (Bailey, 1). If something in this plan is not effective, understanding what went wrong is critical. These elements will need to be evaluated on a consistent basis to determine their effectiveness. This evaluation process will put JEC ahead of their competition. Accountability should not only be embedded into the leaders but also in the mindset of the organization. “A sense of accountability can be instilled through empowerment and we can empower people when we give them tasks that are measured by outcomes not activities” (Bailey, 1). These elements should be

measured by the results they produce and individuals should be held accountable if they do not meet the preferred business results.

Great leadership and accomplishment needs to be defined by desired business outcomes. “This process can lead to ownership and recognizing each person’s leadership role and ultimately to accountability” (Bailey, 1). Accountability is a must for this plan to be successful. It is also imperative to build trust at JEC. Leaders should listen to employees and interact with them to understand how things are going in the organization. If concerns rise, leaders should investigate, find out what went wrong, brainstorm a solution, and follow through with the change to build trust and move forward into a human capital future. “At the end of the day this principle of accountability is about personal and organizational integrity. We cannot control everything, but we can control what we do about what happens” (Bailey, 1). JEC must build trust, communicate this plan, and consistently work towards meeting the goals of this Human Capital Investment Plan.

JEC’s leaders will say that their employees are their most important asset, but their actions do not account for their words. If JEC is going to take this belief seriously, then this Human Capital Investment Plan is essential. This plan is an important tool that will be used to drive focused actions and ensure organizational success. It will help shape JEC by developing the workforce while meeting the vision, mission, and goals of the organization. JEC’s Human Capital Investment Plan addresses human capital challenges that will help the organization progress towards building effective leadership, obtaining and developing top talent, driving performance to optimal results, communicating, and changing for the benefit of JEC’s future. This plan will become a roadmap for continuous improvement and the framework for revolutionizing the culture, operations, and future of JEC.

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