

QUIT SABOTAGING YOUR COMPANY *Tackling Your Demand for Talent*

The next wave of economic recovery will come from the marginal benefit principle in human capital decisions for your company. Tackling workforce skills is a decision about the marginal opportunity cost of hiring, keeping and developing talent to make the greatest impact in your company.

“What is the marginal opportunity cost of hiring human capital?” The answer: total compensation.

“What is the marginal opportunity cost of keeping and developing your human capital?” The answer: output from your talent.

“What valuation do you put on your human capital?” The answer: asset.

An activity greater than marginal opportunity cost is marginal benefit principle, if the marginal net gain is greater than 0. Human capital is marginal opportunity cost [hiring, keeping and developing] + valuation = marginal benefit principle. In other words, your human capital is capable of one more activity [productivity] without additional cost to your company.

Here’s how it happens. Calculate the value of human capital in earnings and financial asset returns without the discounted factor [risk variables such as poor performance, quitting]. Consider your human capital an off-balance sheet asset. Human capital is education and experience of each person in your company. “What future earnings can [name of individual] bring to my company and how?” The answer will be part of your financial asset returns on your balance sheet.

Keeping and developing your human capital marginal benefit principle is about utilizing the talent of your human capital at full capacity. Studies have shown the expected marginal benefit principle for human capital is between 1.25 and 2.50 percent per year per person measures of cash flow.

What does this mean for you? Quit sabotaging your company with inhibiting policies and procedures. Quit sabotaging your company by considering your human capital a discounted factor. Calculate future earnings of your human capital, now.

Call Carrie Van Daele for details about her presentation on this topic.

“Over the last 10 years, it has become imperative for CEOs to have not just a general understanding of the intellectual property issues facing their business and their industry, but to have quite a refined expertise relating to those issues... It is no longer simply the legal department’s problem. CEOs must now be able to formulate strategies that capitalize on and maximize the value of their company’s intellectual property assets to drive growth, innovation and cooperative relationships with other companies”- Microsoft Chairman, Bill Gates