



Managing People Process for Enhancing Competitiveness Implementing P-CMM in a non-IT Organisation

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Introduction: People Focus

Why should an organisation that is getting continuous and profitable business worry to make its people processes robust and scalable? How in a short span of time a family business can be transformed into a professional business? How is it that a little unknown company beat a mighty empire of India's largest corporations, in some of the large infrastructure and complicated (airport) projects? These are some of the questions that generally come to a person's mind when s/he thinks of the success of a little known organisation from South India.

In highly competitive world of today, 'people' or 'human capital' has been identified as the key source of competitiveness. People, process and technology are three important factors in any organisation. The three mantras of success today are: People, people and people. Organisations striving for Excellence are giving more emphasis on people and processes, be it software services industry, ITES, retail, infrastructure, manufacturing, pharma, or any other industry. India has been on the radar of the global business and it is imperative to gain leadership in emerging industries and build robust people processes so as to gain larger market share in different industries. The rise of the digital and integrated economy has resulted in enhanced focus on attracting and retaining skilled manpower. One of the key drivers of competitiveness has been 'knowledge' for continuous and uninterrupted functioning of organisations. This enhances the need for a structured framework to build organisational HR practices and processes. Today HR is considered as an important area which can give competitive advantage to any organisation- If viewed in right perspective, unlike in the past when HR was vague and ambiguous, with people not very sure about the competencies required to perform a job and thus creating many grey areas for the job/ role as well for the person performing the job.

Measuring and Building People Practices and Processes: The Competency way

The People Capability Maturity Model® (People CMM®) framework, originated in 1995, is perhaps the first initiative to bring about an institutionalized, standards-based approach to building the HR framework for any organisation and for any industry. The essence of this model lies in the words

“Capability” and “Maturity”. Capability stands for the level of knowledge, skills and process abilities available to perform an organisation's business activities. P-CMM seeks to build capabilities through structured processes. Maturity indicates an evolutionary improvement path that moves from ad hoc, inconsistent workforce practices towards a state of continuous improvement. PCMM helps an organisation to progressively move towards this state. The Model gives a roadmap for implementing workforce practices that continuously improve the capability of an organisation's workforce. People Capability Maturity Model (P-CMM) is a collection of best practice in people processes and was an offshoot of the CMM processes, developed by SEI, USA, primarily for IT services companies. Nevertheless, being an industry neutral model, many non IT companies are also adopting this to enhance their competitiveness and move to higher level of Excellence. In India, some of the non-IT industries that use this model are from industries such as infrastructure, diversified and pharmaceuticals.

Maturity Levels

1. Initial,
2. Managed,
3. Defined,
4. Predictive,
5. Optimizing

The initial level (2: Managed) is the basic level, which has got basic fundamental 6 processes for any organisation. The next level (3: Defined) is the most difficult one and in this level all the processes are based on Competency. This level has 7 processes (Figure. 1). In the entire model there are 22 processes, from level 2 up to level 5. The maturity level in any organisation contains process areas which are scoped by goals and achieved by practices (Figure. 2). On the identified competencies the various roles are mapped, gaps identified, initiatives are taken to fill these gaps and thus bridge the competency gaps. Indicative steps for developing process areas and policies are given in Figure 3.

Managing People Process and Practice Effectively

In a global world, organisations are constantly striving to become an employer of choice—as they strive to attract, nurture and retain competent talent. P-CMM offers a roadmap for systematically achieving this goal. It helps build people processes through logical steps that match business goals. There are capability levels and processes that



Levels	People CMM Threads			
	Developing competency	Building workgroups & culture	Motivating & managing performance	Shaping the workforce
5 Optimizing	Continuous Capability Improvement		Organisational Performance Alignment	Continuous Workforce Innovation
4 Predictable	Competency Based Assets Mentoring	Competency Integration Empowered workgroups	Quantitative Performance Management	Organisational Capability Management
3 Defined	Competency development Competency Analysis	Workgroup Development Participatory Culture	Competency Based Practices Career Development	Workforce Planning
2 Managed	Training and Development	Communication & Coordination	Compensation Performance Management Work Environment	Staffing

Figure 1: Competencies for Different P-CMM Tthreads Across Levels

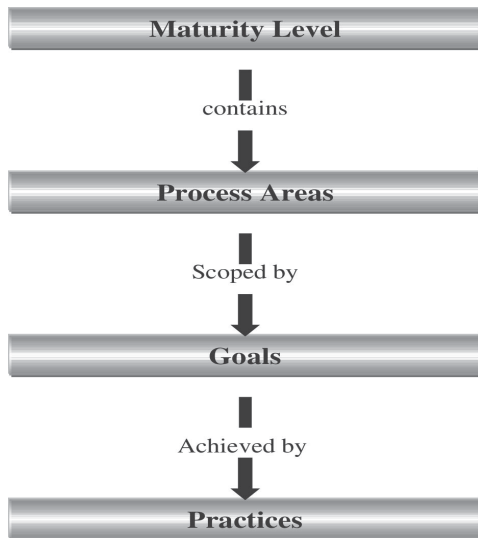


Figure 2: Attaining a maturity level

that the requirements of various types of organisations are represented. In comparison to other HR models such as HR Excellence Model, TEI, etc. the P-CMM Model is very comprehensive, easy to follow and implement.

The P-CMM Model can be used to measure the effectiveness of organisation’s People management practices, through following processes:

- Guide in planning, current & future HR requirement
- Increases accountability
- Assessing workforce practices, regularly and consistently
- Identifying core competencies
- Improve organisation capabilities
- Provides strategic alignment
- Clarity in Communication
- Can be mapped to Excellence Models (EFQM, Baldrige)

match every HR practice—from manpower planning through recruitment, induction, performance evaluation, compensation structuring, competency building, and mentoring, competency management and so on. P-CMM covers an amazing 495 practices across 22 process areas (version 2.0)—ensuring

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Some of the direct benefits of implementing P-CMM can be listed as:

- Reduced employee turnover
- o Turnover reduction by 5-10% below industry average



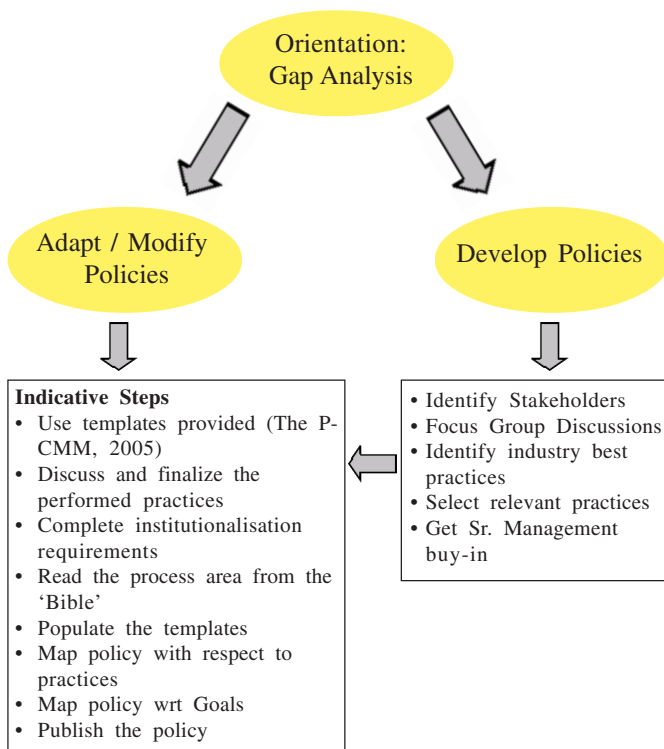


Fig. 3: Developing Process Areas and Policies

- Increased employee satisfaction
 - o Employee satisfaction increased by 2-3 points (on a scale of 1-10)
- Rise in reputation
- Increase in share prices.

The P-CMM Journey

P-CMM takes an organisation through progressive steps in the development of workforce practices. These practices are very much customized for any organisation. An organisation’s progress is measured through the scaling of various levels—from 1 through 5. Most organisations with minimal HR systems are likely to be at Level 1—where there are some HR practices which are adhoc and chaotic, which have evolved, but they tend to be inconsistent. The progress to more consistent, repeated and replicated practices marks the move to Level 2—where the seeds of people management take root, and the organisation installs the foundation stones required for a robust people process framework. Competency management is the basis of Level 3 brings with it the concept of competency management with well defined workforce practices. Competency plays a crucial role—in recruitment, compensation planning, training and various other aspects of workforce management. Level 4 marks the emergence of an organisation into the capability

P-CMM levels are like a house of playing cards. You pull one out and the whole house topples down. Hence, it is not possible to scale Level 5 without having every card at the lower levels in place. For instance, if workforce practices at lower levels are not in place, an organisation cannot move up to higher levels.

management framework with measurement and empowerment leading the way, and also integrating the people processes with business processes and measuring co-relations between the two.

When an organisation scales Level 5, it moves into a state of continuously improving workforce practices. At this optimized phase the management of change becomes an integral part of the organisation. The move up this ladder is by no means a simple task—it involves creating, changing and putting in place various workforce practices that may or may not have been in existence. It involves significant scripting and documentation including the building of a competency dictionary (at Level 3), that describes specific competencies and ways to measure the same. More importantly, the journey entails the institutionalisation of these practices in the organisation.

A step-by-step Journey

The journey of P-CMM is a step by step journey. You can’t scale Mt. Everest’s peak of 8848 meters, without taking the initial steps. In other words, P-CMM levels are like a house of playing cards. You pull one out and the whole house topples down. Hence, it is not possible to scale Level 5 without having every card at the lower levels in place. For instance, if workforce practices at lower levels are not in place, an organisation cannot move up to higher levels. If a process stops working at any point in time, the whole framework comes crashing down—the organisation would need to build it all over again. This goes to prove that P-CMM must be built on a rock solid foundation of level 2 processes.

Overcoming Key Challenges

Any change management program has its own resistance, and so is P-CMM implementation. There have been many challenges as it is directly touching the lives of people and the way they work. As ours is a forward looking organisation, these initiatives have been well supported from the top management. Initially, when the journey began in mid 2005, there were many doubts in the minds of people, such as will it work for a diversified infrastructure company, will people lose their jobs, will it increase bureaucracy and kill creativity, ... and so on. These points were tackled on case to case basis, as and when they emerged. As it has been acknowledged by many IT / Software companies across the globe that it is a very generic model and can be used by any type of organisations, from Boeing to TCS to pharmaceutical company. The model has helped the organisation to scale up and consistently do it for any industry. Today, we are ready to bid for any type of infrastructure/ manufacturing project, as our confidence levels in managing people are relatively sound, better than

our nearest competitor.

P-CMM tops this up with measurement systems—an assessment model that involves comparing against a standard. Thus it offers a build and measure model that helps an organisation to benchmark against the global best practices in the area of people processes and assess where it stands.

Although the model is very useful, it faces many challenges during implementation. One of the interesting challenges is developing 'Competency Dictionary (CD)' for the

entire organisation. The CD has two parts, viz., Behavioral (Leadership) Competency (BC) and Technical Competency (TC). For a diverse infrastructure companies, identification of BC and TC becomes very difficult. For example, for business development function, different behavioral and technical competencies are required for different industries, say roads, power, and airports. However, there are some commonalities in Behavioral Competency at higher levels of management (Figure. 3). For instance, at a Vice President level, irrespective of any type of business, one should possess: business acumen, have good communication, committed for execution and results. Some of the behavioral competencies identified for the senior management of the organisations are:

- Business acumen
- Customer focus
- Strategic orientation
- Communication
- Teamwork
- Developing people
- Execution & results
- Problem solving
- Commitment
- Social awareness

Learning and Implications

Typically technology, people and processes shape an organisation. Technology is a rapidly evolving paradigm that moves at its own pace. Processes are monitored and certified by numerous quality systems like ISO, Six Sigma, EFQM, Baldrige, CMM, CMMi, Deming and so on. We have adopted the P-CMM model for enhancing our competitiveness and today the organisation is fast approaching towards P-CMM level 3, and thus is having a system that brings standardisation and injects quality into

the third dimension—namely, the people. P-CMM brings quality to an organisation's people processes. It does not leave the manpower development to chance; rather it ensures that we have the right people at the right place for the right job. From the employee perspective it helps foster employee satisfaction by having streamlined and consistent systems in place, to foster and meet the expectations and aspirations

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In India, the other non-IT companies pursuing their journey in P-CMM are from Pharma and hospitality sector. The journey of P-CMM was started in the GMR Group in 2005 and in the first year, level 2 was achieved. The level 3 processes and practices have been initiated in mid 2006. Since the level 3 practices are competency based and more complex, the Competency Dictionary and scripting for all 7 processes have been completed in March 2007. The competency mapping and running Development Centre is on its way and hope to reach level 3 by Dec 2007. Competitiveness of these companies have been enhanced using the People lever, which is a very important lever for sustained competitiveness of today.

Conclusion

P-CMM is not just a tool or model for implementing people processes for enhancing competitiveness. It is rather a bible for streamlining and aligning HR processes with the group's business strategy. It gives confidence to an organisation to compete in the global arena. Clear differentiation is seen between one organisation and another, when one crosses level 3. The competitive advantage created even when an organisation crosses level 3 is very high as compared to a level 2 organisation. Moreover, many criteria of Business Excellence Models (EFQM, Baldrige, Deming, Spring Singapore, SAI global, Fundibeq) are directly and some criteria are indirectly addressed using this model. The P-CMM is a very robust model to build internal competitiveness for any type of organisation and for any industry.

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