



## **Human Capital Management: The Difference Between Good, Better, and Best!**

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HRValue Group, a national human resource consulting firm, formed by a consortium of State Credit Union Leagues and CUNA Mutual Group, provides on-going articles to inform, update, and/or educate credit unions and Leagues on a wide range of human resource. HR encompasses every phase of how people come and go in your credit union: how you hire employees, retain, and motivate them; how a credit union manages employees, compensates, and rewards them; how a Board plans for succession, budgets for training, or communicates policies; how management disciplines, promotes, or terminates. Each and every step along the way is regulated by a myriad of State and Federal guidelines or regulations.

There are always significant HR issues for employers since human resources encompass ever-changing regulations, precedents, and practices. As HRValue Group considered the issues facing us today, we considered dedicating an article to the upcoming changes in the Fair Labor Standards Act that are pending in Congress and will impact current classification systems. Or we could summarize the legally defensible factors in a good performance management system. As our consultants do more and more recruiting projects and executive searches for credit unions, we recognize the unique challenges credit unions face in balancing new hire credit checks with the fiduciary responsibility to protect assets. So we also considered summarizing the requirements of the Federal Consumer Credit Reporting Reform Act to ensure good hiring procedures and policies are in place. We considered whether it would be helpful to outline the interview questions allowed and disallowed by law to prevent discrimination complaints as you recruit.... our would we tackle something as complex as the pitfalls of forced ranking? As we pondered each of these subjects, it became clear that what we are talking about is the incredible importance of *human capital management* within every credit union, from small to large.

What is human capital management? It is *managing* the investment in your most important asset: your employees. It is recognizing that in the credit union industry it is this investment in human capital that differentiates the winners from those who wish they were winners. It is expecting and demanding a return on this investment by setting goals and objectives that promote growth. As with all asset management programs, to be successful, it needs to be strategic, not reactive. To have the right people in the right places, it needs to be well-capitalized. Human capital management is critical not only to your growth this year, and next year, but to your long-term survival. It is understanding that mistakes in how you manage human capital are just as costly as in all other asset accounts. Conversely, when you manage these assets wisely, your bottom line is positively impacted.

Whether you are large enough to have a "Chief People Officer" on your team or you are the CEO without the luxury of your own on-site HR Manager, amortizing your investment in employees should top your priority list. The human capital investment for your credit union is the front-line teller who interfaces with your members on a daily basis, generating enthusiasm for all your products. It is your loan officer who denies a loan with enough aplomb to bring the member back another day. It is your operations staff who ensures compliance with a host of regulations that protect your credit union.



While human capital management includes maintaining a pulse on morale and employee satisfaction, it also includes analyzing your benefit and compensation programs for tough competitiveness. It includes an organizational structure that maximizes resources, and a performance management system that reflects individual contribution. It is the 50,000 foot view that ensures your systems, policies, and procedures protect you, not expose you. Whether you call it “human resources” or “personnel,” or “human capital management,” you are talking about the single most important asset that will impact your growth. It is the face of your credit union to your members. It is the liability whispering in the wind that you need to heed if you do not manage it well. As with all your assets, it requires attention at the highest level.

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