



*Over the next 3 years how will the enterprise evolve to meet the greater needs for efficiency, scale, and execution?*

## **The Evolving Enterprise**

Efficiency, Scale, Execution... What's next?

Over the last few decades, enterprises grew by increasing efficiency, scale and execution capabilities. Emerging economies still have a large scope for applying these levers to extract further growth. But most of the enterprises in developed economies have reached the limits of cost cutting and productivity improvements. Increase in spending by consumers and businesses is the only source of growth and it does not look very promising in the near to medium term.

Now let us take a step back and ask, why is growth so very important for an enterprise?

Who wants Growth?

Growth expectations from financial markets and investors are one reason. But the aspiration of people is another important reason. An organization that is growing in a stagnant economy, feels dynamic, lively and a cool place to be. And so such organizations are able to attract, retain, motivate and inspire people, who innovate and create disruptive solutions, allowing these enterprises to grow further, thus exceeding the expectations of the financial investors.

While financial stakeholders want financial growth, people in an organization aspire for growth that is multi-dimensional: money, career, responsibilities, challenges, cool things to work on, social impact, self actualization and more..

The levers of efficiency, scale and execution are available to everyone, but inspired and innovative people gravitate towards some companies, at the cost of the others.

Human Resources?

It is difficult to imagine how any enterprise can achieve growth, without standardizing all its resources, including the human resource.

Using tools such as competency frameworks, skill development, behavioral training and goal based performance management, enterprises have been able to successfully transform any human being who enters the job market in to a standardized resource that can be sourced, consumed and replaced at a predicable cost.

The corollary of this is that, Human Resources like any other raw material, energy or financial resource, has also become commoditized. The market place ensures that, specific competencies and skills can be acquired for a price, by anyone who needs them. So human resources in the conventional sense can no longer be a source of competitive advantage.

Inspiring Innovation

If innovation, passion, commitment, involvement, inspiration, creativity etc. are competencies that could be bought and sold at a market determined price, then there should be 100s of Googles and Apples in this world.

So we now come to a source of competitive advantage that is not available to everyone.

People. People as distinct from Human Resources.

People cannot be standardized and they cannot be put in to boxes. They have to be inspired. They have to bring their entire being to the job, not just their competencies and skills. They are motivated by many drivers (not just money) and their growth aspirations are multi-dimensional.

Many enterprises are aware of this. But the challenge is, Enterprises cannot be run with such unique and difficult to replace People. You need standardized Human Resources to keep the machine oiled and running.

So, should we look for a lot of human resources and a few People to run an enterprise?

Or should we bring the “Standardized Resource” dimension and an “Inspired People” dimension to every role and job across the enterprise, from the machine operator to the CEO?

### Learning from the Fine Arts

In dance and music (particularly in the classical traditions), there is a lot of rigor, standardization, rules and structured behavior that are inviolable. But a great artist is one who masters and excels with practice and then reaches a level, where beauty, aesthetics and creativity emerge effortlessly from the same underlying structures that were once seen as stifling.

Similarly the “inspired human” and the “standardized resource” can co-exist in the same person. And the enterprise should pay equal attention to both.

People centric enterprises, the next growth engine.

People centric enterprises are those that provide opportunities for multi-dimensional growth to its people. Inspiring Innovation is considered as a source of competitive advantage. An enterprise that superimposes a “People” paradigm over and above its traditional “Human Resource Paradigm”, can not only compete with others on efficiency, scale and execution, but can also out-compete others on innovation and value creation.

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