

people  ready

**Inside your company  
is a powerful force.**

A force that can cut costs,  
win customers,  
and find innovative new business opportunities  
all over the world.

# It's your people. Are they ready?



Businesses don't garner insights or make decisions. Businesses don't close deals, invent new products, or find new efficiencies. **People do.**

Companies excel when they empower their people to drive the business forward. Strategies, organization, motivation, and leadership all set the stage for business success. But to see results, you also have to give your people the right tools, information, and opportunities—because success ultimately comes down to your people. We call a business that fosters a winning environment a “people-ready business.”

Software is instrumental to the people-ready business. Software is increasingly how we harness information, the lifeblood of business today. Software enables people to turn data into insight, transform ideas into action, and turn change into opportunity.

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## The face of business

Every day people at businesses around the world connect with customers, answering questions, making sales, and closing deals.

The call comes in. It's one of hundreds that this customer service agent will answer today: calls to confirm an order for a new computer, calls to order accessories, calls about confusion over something listed on the Web site. All are opportunities to assist a customer, make a sale, and add to the overall success of the business.

The ability to provide the highest level of service depends on a number of factors, two of which are *access to the right information*—what the customer has bought before, tracking numbers and updates from the shipping company, information on current pricing and bundles—and the *ability to act quickly on that information* to help the customer at that moment. For many companies today, access to relevant information in millions of data records and multiple data stores is difficult or impossible, never mind being able to easily do something with that information.

But not for this customer service agent at Dell.

She works for a company that empowers her to take action on the customer's behalf, and offers her the right tools and information to do so effectively. A few years ago, she would have had eight or nine applications open on her computer, and, switching between them, may have been able to track the progress of a package or update an order. Now, because the technology has adapted to the way she works, she uses one application that reaches into 40 separate applications or stores of data—enabling her to update an address, add a bigger hard disk drive to an order, track a package, or answer a question about an old service order.

At this moment, this particular customer service agent is the voice of Dell. And at this moment, she is helping Dell succeed.

## Business success, business results

"Organization doesn't really accomplish anything. Plans don't accomplish anything, either. Theories of management don't matter. Endeavors succeed or fail because of the people involved."

—Colin Powell

Business success has been exhaustively studied. People go to school to discover its secrets. Consultants offer to help others attain it. Talk of "business success" at this level can be dry and academic.

Those running businesses, however, have to deliver success: grow revenue and profits, satisfy customers and stakeholders, and successfully navigate the perpetual winds of change. For each business—and for every employee—the particulars may differ, but the outcomes that drive business success tend to remain the same: creating loyal and profitable customer relationships, inventing and

enhancing products or services, managing a business in the most efficient way possible, and building high-value connections with partners and suppliers.

The emphasis may vary, but every business must focus on these outcomes. Whether closing a sale, designing the next great product, or discovering a way to squeeze inefficiency out of the supply chain, success depends on the people in a company.

Rarely in business does total victory or complete catastrophe stem from a single decision. Rather, success or failure is based on the cumulative impact of a myriad of decisions and actions by a broad range of people.

Are the systems, tools, and culture of the business enabling people to make better decisions? Does the business get its people the right information so they can delight customers, create new products, or work with business partners, whether they are at a desk or on a cell phone thousands of miles away? Does the business culture help break down barriers so people can work more easily with each other? With partners? With customers? Are the right priorities, organization, motivation, and leadership in place to drive success? Does the technology that supports your business adapt to change so that your people don't have to?

In short, is your business people-ready?

## People matter

Even though many of today's tasks are automated, people remain the heart of any business. People develop relationships and close deals. People make insights and improve products. People work together to make the thousands of small decisions that collectively add up to success. Finding, developing, and retaining the right people is a crucial and increasingly difficult task for today's businesses.

### The revolving door

"My main job was developing talent. I was a gardener providing water and other nourishment to our top 750 people. Of course, I had to pull out some weeds, too."  
—Jack Welch

Every business is confronted with the increasingly difficult challenges of hiring, developing, and retaining talented employees. A recent survey of human resources (HR) professionals by the Institute of Management and Administration found that among the "critical issues" that they expected to face in 2006, retaining and developing their people was at the top of the list (74 percent).<sup>1</sup> Why? Because job markets are more competitive and the costs associated with filling vacant positions continues to escalate.

The notion of holding one career at one employer for a lifetime is a fading memory to most baby boomers and unknown to younger generations. The new average length that employees remain in a job before leaving for another has dropped below five years.<sup>2</sup> More than half (53 percent) of workers in an August 2004 survey in the United States reported that they are or may be considering leaving their jobs. The costs of temporary replacements, advertising for open positions, signing bonuses, moving expenses, and the like add up. "Experts estimate turnover costs range from a conservative 30 percent of annual salary plus benefits to as much as 150 percent of a worker's yearly pay," according to the Indianapolis Star.<sup>3</sup>

The costs, however, may not be the greatest impact. When people leave, they take with them their knowledge—knowledge that can be unique and irreplaceable. Knowledge that is crucial for a business to succeed.

Although these issues may seem formidable, they also represent an opportunity: Businesses that can find a way to become a "destination workplace," one that provides a stimulating, rewarding work environment and in turn attracts the right people, will have a distinct competitive advantage now and in the future as the knowledge-based work force of the developed world ages and the new connected work force of the developing world comes online.

## The global work force

From reading x-rays to filing tax returns to taking catalog orders over the phone, every day thousands of highly educated men and women enter the new global work force. They live in such places as India, China, and the Dominican Republic, but the impact can be felt everywhere. With the emergence of broadband Internet communications and the ubiquity of the personal computer, information work spreads, making it possible for workers in Bangalore and Beijing to work with colleagues in Boston and Brighton.

This poses new opportunities and challenges for businesses and workers as markets enlarge, new competitors emerge, and the competition for talent and jobs begins to transcend geography.

## From the lathe to the laptop

“Most discussions of decision making assume that only senior executives make decisions or that only senior executives’ decisions matter. This is a dangerous mistake.”

—Peter F. Drucker  
*Harvard Business Review*,  
June 2004

The tools of the modern business—laptop, cell phone, and PDA—stand in sharp contrast to the predominant tools 100 years ago: plow, wrench, and pencil. Over the past 50 years, in the United States, the percentage of manufacturing and farm jobs has dropped by nearly 70 percent (to 13 percent of the total work force), while the professional, business, and information work force has nearly doubled (to 15 percent). That trend is expected to continue strongly into the next decade, with nearly 30 percent growth in professional, scientific, and technical jobs and 12 percent growth in information industry hiring.<sup>4</sup>

As national economies mature, knowledge-based jobs increase as well.

Consider that the service sector is responsible for nearly a quarter of all jobs in India, with hundreds of thousands of new jobs created every year in one of the world’s fastest growing economies.

When Peter Drucker originally articulated the idea of a “knowledge worker” in 1959, he described people who applied knowledge to their tasks in a direct and unique way. One important differentiator of the knowledge worker is that he or she owns the means of production. Unlike blue-collar workers who do not own the factory equipment that they use to produce products, knowledge workers own the knowledge and skills that they apply to data to create information.

“[Toyota] encourages every worker, no matter how far down the production line, to consider himself a knowledge worker and to think creatively about improving his particular corner of the organization.”

—Takis Athanopoulos,  
Toyota Motor Europe

Knowledge workers—for some, a term now synonymous with “professionals”—as a segment of the work force accounts for 25 percent or more of such industries as financial services, high tech, healthcare, pharmaceuticals, and media and entertainment, “in some cases, undertak[ing] most typical key line activities.”<sup>5</sup>

As the PC revolution took hold, it became apparent that work itself was changing. The percentage of people working with data was increasing, and was no longer limited to the creation, collection, and forwarding of that data to knowledge workers. Data was staying local and being used to help workers of all types make better decisions. With the help of

software, these workers could filter, organize, and garner insight from the data most relevant to them. These workers became known as “information workers.”

Information workers exist from the shop floor to the top floor. The assembly worker of yesterday is the process technician of today. He uses information and insights to make decisions that dramatically affect today’s and tomorrow’s business results. The ability to decide whether to alter a production schedule, update a process, or

stop the manufacturing line to make an improvement is one of the ways that businesses now expect people to contribute. Responsible for millions of dollars in specialized manufacturing machinery, the business must rely on the information worker to use his or her expertise and judgment to meet and set production goals.

## The demographic crunch

Demographic trends show an aging, shrinking work force in most of the developed world over the next 50 years. As the work force matures, businesses will have to maximize the productivity of their remaining workers while retaining them in the face of increasing competitive pressure. As competition heats up for talent, businesses will have to increasingly cater to the desires of all their people, increasing focus and resources on HR functions while ensuring that the culture of the business is one that attracts and retains the best people. In addition, it's important for businesses to capture as much knowledge as possible before the experts, the fonts of wisdom, and the masters of process retire.

At the other end of the demographic curve, the "Net generation" that is coming into the work force today has lived its entire life in the digital era. These people have never known a time without computers, cell phones, and the Internet. E-mail, the Web, interactive video games, instant messaging, and mobile devices are as natural to kids today as the wired telephone, television, and ballpoint pen were to the previous generation. They are fluent in the most current technologies used to trade information and collaborate, and they communicate around the clock. They expect their work to be as connected as their play.

Businesses that understand and embrace this new "digital lifestyle" will certainly enhance their ability to attract and keep this new generation of employees, while benefiting from the increased connectivity and communication.

## Knowledge matters

"We are drowning in information but starved for knowledge. This level of information is clearly impossible to be handled by present means. Uncontrolled and unorganized information is no longer a resource in an information society, instead it becomes the enemy."

—John Naisbitt, author of 1982 bestseller *Megatrends*

Most businesses are drowning in data. Some suggest that this data "nearly doubles every 12 to 18 months" and the larger of the data stores—"those at or near the 100-terabyte mark—probably triple every three years."<sup>6</sup> As more systems have been added to businesses, more data has been captured. Moreover, with increased government regulations to retain information, this trend has only escalated.

Clearly, this data would be valuable if you could find the most appropriate information to inform a particular decision. In an age where competitive advantage is more fleeting, how you harness data—by making it accessible or more thoroughly studying it through analytics—is becoming more and more important for overall business success.

Consider the amount of information generated around automotive warranties and repairs. In 2004, J.D. Power and Associates ranked the Hyundai Sonata highest in initial quality for entry midsize cars. Attaining this level of quality is a matter of work and proper use of information. Hyundai Motors of North America, through the Hyundai North American Quality Center, tracks information supplied from warranty claims. The center works with engineering and design teams to quickly address issues in the field, communicates with the manufacturing groups to make necessary changes on the assembly line, and conveys the problem to design teams in an effort

to prevent the same problem from appearing on new models. Through advanced analytics, Hyundai is working to better predict issues before they arise—combining seemingly isolated points of data to predict a problem before it becomes too costly.

Another place where large volumes of up-to-the-minute information are harnessed and transformed into critical knowledge is Zurich International Airport. One of the top 10 European airports in terms of passengers, Zurich International is a busy and complex operation, with 180 partners and roughly 20,000 employees. When one group of people—whether baggage crew or food service—runs late, the entire business starts to fall behind. Unique, the private company that runs the airport, understands that. So it created a software system called Zeus to keep everyone on track. Developed in only three months, Zeus collects and displays information from across the airport, including flight data, on-time statistics, baggage-handling status, and more.

“Knowledge has to be improved, challenged, and increased constantly, or it vanishes.”

—Peter F. Drucker

For all the parties involved, it is crucial to have the real-time information needed to make key decisions and take appropriate action—instantly. For example, the control tower can instantly know which planes are running late for takeoff, and that the baggage handlers in one part of the airport are behind schedule. Because of this information, the tower can quickly move planes to load and unload at other points at the airport, decreasing the delays and getting the entire airport back on schedule.

Businesses that depend on knowledge for their success need to consider how their organizational structure supports or obstructs information flow—between people and their systems. Today’s pace of business is decidedly faster than that of 50 or even 10 years ago. With the advent of the personal computer, the Internet, e-mail, bar-code scanners, and radio frequency identification (RFID), the volume of information and the opportunities to act on it have required businesses to push decision making farther down the management chain.

According to researchers at MIT, companies that have developed systems that support the decentralization of decision rights have higher stock-market valuations than their industry peers.<sup>7</sup> As the pace of change continues to grow, companies that empower their people to act in the most informed manner will continue to put themselves at an advantage.

## Software matters

As the time frame for making decisions decreases and the amount of information at hand continues to increase, companies must deploy the tools to enable their people to succeed: tools to help turn the noise of constant information into the music of knowledge.

Software has the unique ability to amplify people’s efforts, capitalizing on their skills and knowledge while providing the flexibility that helps companies adapt to change. Software is a key component of any people-ready business. While organizational structure, a clear understanding of priorities, and engaged and effective leadership are prerequisites for a people-ready business, providing people with the right information at the right time—and the tools to act on that information—is key to turning business culture into business results.

Software provides the infrastructure, the foundation for the most important systems of any business. Software also makes the difference in how useful those systems are. Software captures the relationships, intellectual

property, and processes that underlay a business, linking the ways that customers interact with employees and connecting the line-of-business applications that they depend on with various other systems and information.

One example of people using familiar software as well as connecting an application to numerous data sources comes from Microsoft. Like many large companies, Microsoft invested significantly in customer relationship management (CRM) to better understand its customers. Microsoft needed to make the customer data in its multiple systems more accessible and actionable to the company's 8,000-member sales force. So Microsoft developed Customer Explorer, an application that brings together multiple CRM systems to provide a 360-degree view of each customer. Salespeople now can access and manage customer data from the same Microsoft® Outlook® messaging and collaboration client that they use every day.

By bringing together the corporate systems with the way that individuals work, Microsoft helps its salespeople spend more time with customers, reduces training time, and improves the quality and quantity of sales data as usage increases. Salespeople are better informed about their customers, and Microsoft has a better picture of its sales pipeline.

Over the past 30 years, Microsoft has empowered people around the globe with software, making it increasingly easy for them to use computers. Today, our solutions are helping companies such as Dell, Hyundai, and Zurich International Airport exceed by empowering their people in new and powerful ways.

Microsoft is dedicated to developing products that are manageable, cost-effective, familiar, and easy to use. Widely supported by technology partners around the globe, Microsoft software is designed to work together seamlessly as well as be able to integrate with other platforms and applications.

Moving forward, Microsoft is improving on the ways that people interact with software—from the more intuitive user experiences in the next version of Microsoft Office and the Windows Vista™ operating system to advances in how system administrators can securely and easily update and maintain hundreds of systems. Additionally, Microsoft has worked with industry leaders to develop and promote computing standards that ease the computer-to-computer interactions and integration that help drive the flow of information throughout business.

At Microsoft, we are committed to developing software products that help people and businesses reach their full potential. We will continue to create new products that push the boundaries of what's possible. Having spent more than U.S.\$6 billion on research and development in the most recent fiscal year (FY05) and with a commitment to spend more than \$40 billion over the next five years, Microsoft continues to lead the industry in software research. We are committed to advancing technology to better support and empower the way that people work, live, and play.

## Building a people-ready business

*Each business is unique.* There is no prepackaged solution to instantly make a business “people-ready.” There is, however, a set of principles that characterize the people-ready business.

*A people-ready business* is a “destination workplace.” The most talented and successful people and businesses seek opportunities to work at or with this company.

*A people-ready business* maximizes the satisfaction levels of all its constituents—customers, employees, and the critical partners and vendors on whom its success depends. It is a balanced organization that does not neglect one vital constituency for another.

*A people-ready business* tempers its management’s “force.” A people-ready business balances management oversight and control, teamwork, and the constant improvement and innovation that come from empowered employees who live their lives on the front lines of the company.

*A people-ready business* is characterized by vision: the ability to see and act on both opportunities and problems.

*A people-ready business* is focused on insight and action. It is characterized by employees who have insight into opportunities and problems, and the ability to act on them.

*A people-ready business* is marked by speed and flexibility. It is as concerned with removing barriers to success as it is to driving success. It is agile and adaptable in a business environment of constant change.

*A people-ready business* is optimized for performance at the individual level. Individuals have the freedom to focus on adding value to shareholders and customers, rather than being constantly distracted by unnecessary tasks, bureaucracy, and processes.

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## Is your business people-ready?

*Maybe the best way* to find out if your business is people-ready is to ask yourself and the people around you.

*Do you have the information* that you need to make an intelligent, informed decision every time you need to make one?

*Can you work with groups* around the world and exchange ideas as though you were all in the same room?

*Can you interact with customers*, solve problems, and create loyalty and satisfaction with instant answers and up-to-the-minute information, all with a few mouse clicks?

*Are you able to work* as efficiently and effectively on the road as you can at the office?

*The answers* could very well depend on your software, on the technology partners that you've chosen, and on the core infrastructure on which your company runs.

*At Microsoft*, we are committed to making outstanding software and systems that connect and inform, that can integrate, evolve, and be customized with the way you work and the way your business works.

*Software that is, above all else, ready for people.* Software that helps you, and your company, realize your potential.

*To learn more* about software for the people-ready business and to find out how people-ready your company is, visit [www.microsoft.com/peopleready](http://www.microsoft.com/peopleready).

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