

# Are People Really Our Most Important Asset?

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It is common to hear companies talk about people as their most important asset. It is just as common to hear people talk about being frustrated in their jobs and mistreated by the companies that employ them. Every company needs assets, including their employees, to be successful. Even the dot-coms, notorious for lack of "real assets," have needed people to market the company and to develop products and services.

I have spent my entire career working in the upstream oilfield environment and have found people to be a critical success factor in offshore drilling, consulting engineering, manufacturing and service. Most companies talk about adding value for their customers, but they often neglect the fact that the biggest value for the customer may be a motivated workforce that will go out of their way to meet the customer's needs. I have been fortunate to work in good companies with a real concern for their employees. Still, in every case, the companies would like to have had "better employees," and the employees would like to have worked for "better companies."

Why would employers consider employees to be their most important asset? Reasons could include the following:

- All companies have employees, and this workforce is essential to providing the goods or services that the company offers. Improving employee performance and efficiency is therefore a high priority for the company.
- Skilled people with the knowledge of how a specific company operates are difficult to find and may be even more difficult to replace. Their skills include not only formal training but also experience in related fields, as well as having an understanding of company cultures, processes and systems.



- It is difficult for a fixed asset to provide any more value to the corporation than that for which it was intended. However, a motivated employee can make a significant difference to the company's bottom line in terms of bringing in new orders, meeting customer needs, developing new products and performing heroic efforts to achieve a financial or other company goal.

Why would employees not perceive that they are the company's most important assets? Reasons could include the following:

- Employees are often unappreciated until another firm attempts to recruit them. Then they are offered job reassignments, promotions, and raises or bonuses to stay. Companies would be much better off if they developed ongoing processes that encouraged employee retention instead of dealing with resignations in a firefighting mode.
- As an asset, the value of employees is difficult to quantify and can easily be overlooked compared to other company assets. Fixed facilities have a value that can be independently verified and depreciated. Employees, however, may be worth more or less on any given day, in any given situation, and this may change based on the particular task at hand. Also, all employees have varying levels of performance depending on a number of internal and external factors. This inconsistency in performance is perfectly human but makes it difficult to know "who is going to show up that day." This difficulty in assigning financial value to employees is one reason that the employees may not consider themselves the most important asset. They don't show up on a balance sheet or company financial statement.

### Employee Expectations

In order to retain employees as an asset, it is important to meet employees' expectations. Surveys of employee satisfaction and expectations continually report that salary is not the number-one concern of the majority of the workforce. Areas of more concern to most employees include job satisfaction, career advancement, challenging work and being respected by peers and supervisors.

Employee satisfaction includes a number of things, many of which can be measured. These include the following:

**Reviews:** Employees want regular and honest feedback on their performance and ways to improve. If done properly, reviews will motivate them to do better so that they are more valuable to the organization with the resulting increase in responsibilities, pay and career growth. Both employees and supervisors will benefit from a review process that identifies areas of improvement as well as specific training options that would bolster the employee's performance in the upcoming year.

**Recognition as Part of a Winning Team:** Everyone wants to be in a successful group or organization. Success can be measured in many ways, including financial performance and achieving worthwhile goals. It is important for management to set measurable goals and then to celebrate the success of these on an ongoing basis. Just

as a sports team has multiple victories before winning a major championship, a company also achieves smaller goals that should be celebrated on the way to the "big win" at the end of a year. These can include achieving financial success, sales/production targets and safety goals at the end of a preset period. Employees do not always expect monetary rewards, but they do want recognition of achievement by individuals and groups.

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**Fair and Equitable Policies:** While employees generally look for the "best deal" that they can get from the company, they seem even more concerned that the policies be equitable. Fairness is usually not guided by written policies, but by a number of unwritten rules under which a company operates. Examples that I have encountered include policies for personnel working at overseas locations; flextime policies that are supposedly available to all employees but in which some personnel cannot participate because of requirements to be available to customers; and drug testing that is not applied to all levels in a company, or for which the penalties are enforced for certain groups and relaxed for others.

**Pleasant Work Surroundings:** While employees would like to have luxurious offices, new equipment and the latest computer software, most understand that the company has financial limitations. However, many companies tolerate work environments that are not conducive to productive work or do not meet basic employee needs. This would include very small work spaces or offices, outdated computer equipment and lack of facilities in which to take breaks or lunches. Many facilities would benefit significantly from such simple improvements as a coat of paint, improved lighting and better cleaning service.

**Empowerment:** This term is used continuously in the business world, but many employees still feel that they have not been empowered to take on more responsibility. This might be due to micromanagement on the part of their supervisor or strict company regimentation and policies. Most employees are looking for the opportunity to demonstrate that they can operate on their own, and they would like to be given decision-making opportunities where appropriate. Policies that encourage this kind of

thinking include flextime, assignments with specific goals but without detailed instructions, and encouraging teams to deal with specific issues in a continuous-improvement format.

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**Career Growth:** Almost all employees are concerned about their long-term career growth as well as their day-to-day responsibilities. Any company that can show their employees how they can move up over time in responsibility, position and pay will be much more likely to retain good employees. It requires an ongoing effort of the management team to locate those employees who have potential to take on more responsibility and develop a plan to encourage this result.

**Training Opportunities:** Almost all employees feel that they can benefit from more training. When I recently joined my current company, for example, I met with all

employees individually or in small groups. I asked each of them to tell me the things that they most liked and most disliked about the company. The number-one dislike by a large margin was lack of training. This was due to a number of reasons, including the fact that almost half of the employees had been with the company for less than a year. However, even those that had been there longer felt that they needed more training for the specific software that they were using, or needed a better understanding of the products that were being developed, manufactured and delivered to the customer. Fortunately, there was already an ongoing effort by the existing management team to identify these training needs, including continuous-improvement teams focused on the software needs of the company and the individual employees.

**Quality of Life:** Employees want their employer to be sensitive to their activities outside of work. This includes spending time with their families, religious and community groups, and pursuing outside interests and hobbies. Policies such as flextime and encouraging the use of earned vacation are well received by employees.

**Compensation:** Obviously, all employees would like more compensation. This can be in form of paycheck, bonus, benefits, stock options and so on. The important thing is that the employee feels his or her compensation is reasonable for the services provided. In addition, equity needs to exist among employees of similar responsibilities (not necessarily age or experience), and employees need to feel that the pay structure throughout the company is fair. It is not uncommon today for employees to feel that senior management is taking too big a piece of the pie. One solution to this concern is to encourage more employees to be included in bonus and stock option plans, particularly those based on company performance. A company does not have to give the highest compensation in its industry to keep good employees, but it must provide acceptable compensation along with the items listed above.

**How to Show Employees That They Are Important**

The retention and motivation of employees affect a company a great deal. Recruiting and training new employees are expensive tasks and can often be avoided by focusing on retaining the company's current work force.



Companies that want to demonstrate that the employees are the company's most important assets can make the following efforts:

**Servant Leadership:** Management who seek to improve performance by improving employee satisfaction will find the keys to success in achieving company goals. This can be done by leading by example, maintaining fair and equitable policies that apply to everyone in the company (including senior managers), and being willing to work as hard as their employees.

**Team Work:** Employees should be encouraged to form teams to deal with specific issues in the spirit of continuous improvement. In addition, existing teams should be motivated to achieve better results and trained in how to work as a group. Management must continue to sort out internal disagreements and find solutions that will allow employees to work together in a positive manner.

**Adding Value for Customers:** Employees that are rewarded for adding value for customers will continue to try to achieve this goal. This will result in customer satisfaction, which should improve the bottom line for the company. The trick is to find out when, exactly, an employee provides a customer with added value. Feedback from customers, such as letters of recommendation, can help identify this. In addition, the employee's management must search out feedback by contacting customers as required. In any case, the employee should be made aware of any positive customer comments.

**Sensitivity to Employee Needs/Wants:** Many requirements or desires of employees are of very little cost to the company. These include being asked to give feedback on proposed company plans, suggestions on improvements in operations or products and recognition for positive performance. Management needs to look for opportunities to capture employee concerns and wants, and to address these whenever possible. Simply putting a suggestion box in a facility is a very limited attempt to capture employee feedback. Management can also obtain employee feedback through reviews, group employee meetings and direct discussion with employees on a daily basis (one of the benefits of "management by walking around").

**Training:** Almost all employees would benefit from specific job training, and they would appreciate the opportunity to improve their skills. This should result in better performance, which would then allow the employees to take on more

challenging assignments. Companies that provide this training on a regular basis will be able to retain and motivate employees as employees realize that they will not be pigeonholed in their current position if they take advantage of this training and improve their skills.

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**Regular Feedback:** Employees are looking for feedback on a regular basis. This can be done through company newsletters, employee meetings and regular employee reviews. Face-to-face encounters such as employee meetings should allow for employee questions and discussion. Employee reviews should allow not only for feedback from the supervisor to the employee, but also for feedback from the employee to the supervisor regarding supervisor performance and broader company issues.

**Career Opportunities:** Almost all employees would like to advance in their responsibility as well as compensation. Companies that allow this career opportunity and can demonstrate how the employee could progress over time will be more likely to retain and motivate their work force.



**Ties Go to Employees:** One of my previous supervisors taught me that ties should go to the employee. Any time that a situation is unclear as to how an employee might

performance by measuring and striving to improve, employees can improve on an ongoing basis.

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be treated or as to whether the company or employee was at fault, the employee should get the benefit of the doubt. This will show the employee that the company is going out of its way to support its personnel and that there is a fairness that the employee may not find in other companies.

**Set High Expectations with Measurable Goals:** Almost everyone can do more in their job performance and should be encouraged to reach challenging and measurable goals. Not every goal will be achieved, but those that are should be celebrated, and those that are not should be readjusted so they can be achieved in the future. Just as an athlete can continue to improve

### **Conclusions**

Employees should be recognized as a company's greatest assets. While most companies would agree with this in principle, they often do not support it in their day-to-day actions. People can make all the difference in a company's success, and a motivated work force can make up for almost any lack of other resource such as facilities, working capital and limited products. Every company should make concentrated efforts to meet employee needs and desires in a cost-effective way so that company performance will be improved. This improved performance should result in better customer service and increase shareholder value. ■

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