

Your People Are Not Your Greatest Asset – This Is

So many employers love to proclaim, “Our people are our greatest asset!” My response to that may sound like heresy, especially as an HR guy, but that statement isn’t true. Your people are critical to your success, but they aren’t your most important assets.

An asset is something you own or control that contributes to value creation. Your car is an asset; but no matter how smart it gets, your car will never tell you it’s now going to be driven by the guy down the street, and that’s true whether you spit-shine it every weekend or chock it up on cinder blocks in your front yard.

You might reply that, in a sense, there’s no practical difference between the treatment of cars and employees: If you take good care of your car, it will be available to you longer. If you abuse it, it won’t. However, you can’t be as confident that your treatment of a person will keep that person around. You may pay and treat a person well; but if someone offers her a job for a higher salary you may be either wishing her well in her new job or renegotiating her salary. You’ll never be put into that position by your best filtration pump.

You can direct and influence your people, but you don’t own them, and you really can’t control them (any more than you can “control” your teenagers). You may want to keep employees forever, but short of a firing, they’re your people until *they* decide they’re not. That’s a very complex, unasset-like quality.

So then what are your most important assets? One is your leadership’s attention. It’s hard to get anything done in most organizations, especially the things that really matter. They only happen when the leadership is focused on them above all else. Your attention is precious, so you can’t afford to fritter it away on tasks that could be delegated to subordinates.

Your organization’s most important asset is your reputation. The only thing that keeps your customers happy, and determines what you can charge them, is the value they perceive you bring. A reputation is built over a lifetime, lost in a moment, and recovered only with pain, if ever. Nothing is as critical to an organization as its good name before for its customers, its employees, and its community.

Does this mean your people don’t matter at all? Hardly. For one thing, your reputation is largely out of your hands. Like every business, you have only two things to offer your customers: what your people know, and how your people behave. And if you aren’t growing your people to accept delegated responsibilities, you can’t focus on the things that really matter.

Your people are actually more valuable than assets. Most assets depreciate over time. While people costs will likely increase over time, once they’ve been around long enough to repay the costs of their recruiting, onboarding, and training they have the potential to deliver value to you that far exceeds their cost. That’s why helping your people create organizational value is among your most critical leadership priorities.

People aren’t assets; but if they were, good treatment and strong leadership would place them among the invaluable few that can actually appreciate.