

## Health vs Wealth – Building a Sustainable Future

True Sustainability will only be gained through monitoring and managing the health of your business! Businesses focusing purely on wealth will quickly find they are left behind!

For too long businesses have focussed purely on the wealth of their organisation. While this is understandable when they are a business with shareholders who are expecting a strong return, a focus purely on wealth can miss critical aspects of deterioration within the business.

As we sit within the current climate, it is imperative that the rebuilding phase for many of our corporates includes a focus on their corporate health not just a review of strategies to rebuild wealth!

So what do we mean by business health and wealth? **Wealth** for a business is its actual overall return from trading. By today's standards, this continues to be a **primary** measure of the success of the business. **Health** however is not only measured by the business results but also includes what is happening at the **people and cultural** level. It is the **people** and culture that contribute to the wealth of the business.

Many would then argue that this is not new to business. There are many articles around people and culture being critical to your business. We do not disagree with this, however we are saying it is not enough! We believe that health measures need to become a primary measure just as financial results are. We also believe that to complete a survey once a year is not regular enough and that the measures being used are not broad enough.

People and cultural measures in most major organisations continue to be **secondary**. They are measured or assessed annually at best. Business misses a critical element of sustainability when these aspects are not monitored. The reality is that wealth is an actual outcome of what the overall business is generating. It is not a true measure of sustainability to simply review trends from financial results. While these reviews show how an organisation is tracking financially, they do not take into account the people aspect – who and how are those results are generated? Is it sustainable?

A good way to understand this is to think of the business as a house. It is important that before you build the house it has a solid foundation otherwise you will always be on shaky ground!

The foundation of business from a wealth perspective is its Capital, but from a health and sustainability perspective also includes its **people – human capital**. Both are absolutely critical to the overall success of the business.

Capital from a financial perspective is well understood but how well understood is the importance of Human Capital? If we consider again that human capital is the foundation of our business, then how well and how often are we checking that foundation?

If the foundation is slowly crumbling without our knowledge, we are missing vital signs that will significantly impact our overall performance. If your foundation is not strong it not only impacts your current performance but it impedes your ability to grow further.

To ensure a clear and rounded view of what is happening at the foundation of your business, a number of aspects across people and culture need to be looked at. They can be broadly categorised as:

- capability
- clarity
- motivation; and a
- unified sense of purpose.

These aspects are critical and are interdependent. For example if capability is shown to be deteriorating, over time it will impact each of the other areas also.

By reviewing the foundation of the business at a deeper and broader level we are able to complete an overall health assessment. The assessment highlights any areas which require remedial action. This will ensure that a strong platform is maintained. Once the business is in a strong and healthy state it is then ready for further growth strategies to be put in place. Until this level is reached the ability of the business to reach its true potential is limited. Regular monitoring of the health of the business enables it to detect early deterioration and remedy accordingly.

So do we now change and put all our focus on people and culture? No, but we do need to make these measures primary measures and report on them as regularly as we do finance.

**The leading businesses of this century will be those that have sustainable results gained through monitoring their Corporate Health as well as their Corporate Wealth!**