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Human  
Resources

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**D**esign firms realize that a highly skilled and motivated workforce is pivotal to success: there is nothing more important to a design firm's health than its human capital. Human capital is managed, measured, and administered through policies and strategies known collectively as human resources (HR). HR sets the tone for how a firm treats, manages, and nurtures its employees and is a major differentiating factor in the marketplace today. When it works correctly, a firm's HR strategy will help recruit and retain valuable employees. Traditionally, only large design firms addressed HR issues with formal processes and benefits.

In today's net economy, however, the importance of HR, or the human side of a firm's business, can no longer be taken for granted and remain stagnant. Firms of all sizes must address HR as a formal, strategic piece of their overall business strategy if they are to survive "The War for Talent"—a war in which design firms engage in intense competition for talent, and increased client needs are creating a fast-changing environment that does not increase fees. How a design firm navigates through this balance will determine its long-term health. It may seem that the advances that HR software has made in the past few years can help a firm win the war for talent, but these solutions are still falling woefully short.

Technology alone, of course, cannot take the place of a well-thought-out, comprehensive HR strategy that accounts for the "people needs" of design firm employees. For the design firm, effective HR involves striking the right balance over how much responsibility a firm needs to assume with respect to people needs and how much time and money a firm must devote in order to meet these needs. In essence, HR creates the right balance between the strategic needs of the firm and the basic people needs of its employees.

The job market today is scarce in terms of the skills and knowledge that a growing, technology-driven firm requires, which makes the job market highly competitive. Your firm's ability to attract good employees and talent is decided not just by higher wages, but also by the "human" side of your firm, such as its general atmosphere, innovative environment, or creative time