

Title:

Replacing administration with capital management

Word Count:

767

Summary:

Enterprises today do not manage capital. Capital is placed under administrative functions or responsibility counters. Enterprises can gain by properly managing capital and utilization of capital for benefit.

Keywords:

enterprise, performance, capital, utilization, assets, administrative, function, business, process, strategic, management, improvement, develop, human, accounting, resources, change, implementation, support, operation

Article Body:

Enterprises have a large sums invested in the capital that is utilized in performance, to achieve objectives. Most enterprises don't even know the extent of what this capital is. There is no manageable organization of enterprise performance capital. People talk of intangible assets like there is a black hole someplace with all that performance capital that we don't understand.

So much of our capital is not recognized as something of worth. Much capital is not documented or under management control. Performance capital is created day in and day out without being recognized as something of worth that should be managed and made available to improve enterprise performance.

Most enterprises have no idea about managing capital. They may have an assets register and make some attempt at understand utilization of assets and think of this as managing capital. Capital is put under management control by assigning it to a responsibility center. This actually removes capital from management control for the benefit of the enterprise. Typical responsibility center managers do not perceive any responsibility for managing capital. They are not in a position to manage capital that is shared with other responsibility centers. Much enterprise capital resides underutilized within the confines of a responsibility center with rare enterprise attention paid to it.

So, most performance capital is not managed for utilization for the benefit of the enterprise. Performance capital is administered under an administrative function like accounting, IT, purchasing, HR, corporate planning, etc. These

functions don't actually recognize a responsibility for managing capital, and most have no perception of helping the enterprise gain benefit from the utilization of capital. They perform day-to-day functions that might help to operate or support capital.

We have many problems today in administration because administrative units have to manage capital that requires totally different sets of professional capabilities.

IT and CIOs have problems managing technology, business process capital, and strategic management capital. Accounting is expected to do record-keeping and provide management intelligence. Business, human, equipment, and management capital are mixed together to be managed as a monolithic business process.

We make large investments in capital that are paid back only when the capital is employed to provide benefit. Every enterprise has much benefit to gain by optimizing the utilization of capital. Performance capital must be managed to understand improvement and development needs and carry through with capital improvement and development.

This is one of the issues that we are discussing on the Business Change Forum, in order to define problems with conventional methods and discover breakthroughs in management of the enterprise.

There are two important aspects to properly managing performance capital:

- > Managing and supporting the capital so that it continues to operate and function properly, so it is regularly improved, reassigned, or replaced, so that new capital is developed as needed, and so that utilization for benefit is managed from the capital point of view
- > Organizing and managing capital for the benefit of the enterprise at the point capital is utilized

In order to manage and support capital, we need to gain control of performance capital.

- > We need to identify all the performance capital available in the enterprise.
- > We need to understand the unique management and support capabilities required get the most out of the capital
- > We need to organize the categories of capital requiring specific professional capabilities to be managed together for operation and development
- > We must develop professional capabilities to manage and support each

category of capital

> We must support the managers utilizing the capital so that they have the capital needed for optimum benefit

> We need to replace administrative functions with capital management responsibilities to manage the complete lifecycle of all performance capital to provide a healthy return on our capital investments

In order to utilize capital for the benefit of the enterprise, we must organize capital in the way that it is used.

> We must integrate the different categories of capital so that we have capital ready to be utilized, the capital that is utilized only in performance, and the information capital needed to perform and document performance

> We need to support the people utilizing capital so that they utilize it properly, and understand the potential for improvement

> We need to plan and respond to needs to change, improve, or develop capital to redeploy capital, to define requirements for improved or developed capital, and to utilize improved or developed capital

All enterprises have much to gain by properly managing their capital. But, they can never manage capital while it lies around hidden from view and while those who should be managing capital are performing administrative functions.