



ROBBINS GIOIA

# CaseStudy

## HUMAN CAPITAL MANAGEMENT CAPABILITY LINKED TO GTSI'S SUCCESS

In February 2006, GTSI Corp.—a provider of information technology products and services exclusively to federal, state, and local government since 1983—was faced with critical business challenges that needed to be resolved if the company was going to remain in business.

Despite its veteran status in the technology reseller business, this \$1 billion publicly held company registered a \$16 million net loss in 2005. External market conditions and changes in government procurement policy meant that GTSI was competing with manufacturers who sold directly to customers and larger commercial resellers with greater economies of scale.

Internally, GTSI had other challenges. An extreme company-wide turnover rate of 55 percent—and the turnover of 51 executives in 10 years—had a profoundly negative impact on employee morale and left the company struggling to perform. In addition, the company's siloed business structure and culture inhibited communication, knowledge sharing, and business process efficiency.

GTSI was at a critical juncture—transform or risk its recovery. The GTSI executive team chose to develop an aggressive plan to return to profitability and ultimately position the company as a solutions provider offering an integrated suite of hardware and software solutions to solve government problems. As an emerging professional services firm, GTSI's employees are its greatest asset and greatest cost. Hence, sustainable improvements in profitability and performance could not be achieved without stopping the hemorrhaging and reengaging the employees. That, in turn, required improvements in the effectiveness with which employees were managed, developed, communicated with, and deployed. GTSI recognized that to fully address its challenges and achieve its strategic

objectives, demonstrated capability in strategic management of human capital must be the cornerstone.

### The Solution

GTSI sought out a partnership with Robbins-Gioia (R-G), a management consulting firm dedicated to improving program and organizational performance, to baseline the company's human capital management (HCM) capabilities, identify capability gaps that were impacting business outcomes, and create an infrastructure to close those gaps and develop capability over time. To restore the company's profitability, grow its market share, reduce the impacts of turnover, and enable transformation to a technology solutions provider, GTSI identified the following desired outcomes:

- Improve company performance as a direct result of human capital investment and focus.
- Create a culture of accountability.
- Create a culture of human capital importance.
- Establish the human resources organization as a change leader.
- Improve employee retention.
- Create a framework for continuous process improvement in HCM.

The R-G team employed a proven project management methodology to assist GTSI in creating a culture of accountability and improving human capital practices to drive company performance. The methodology, illustrated in Figure 1, is adapted from a time-tested approach to assessing needs, planning and implementing solutions, monitoring results, and closing out the project.

### Solutions used:



STRATEGIC PLANNING

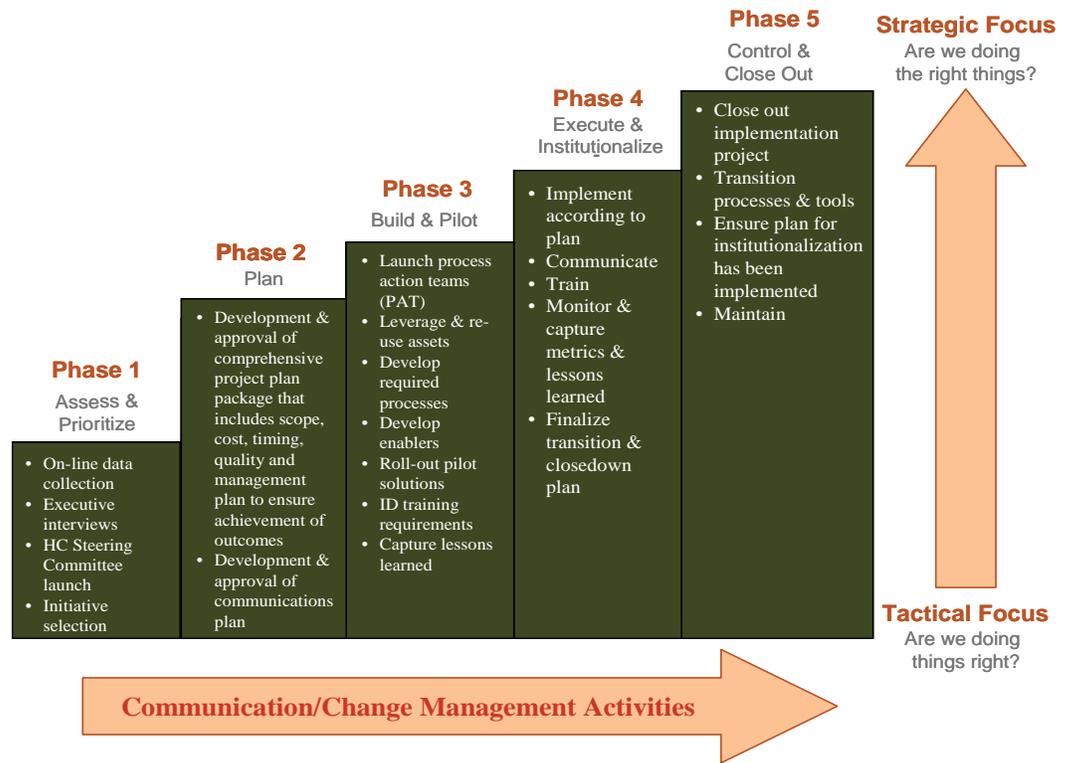
## Assessing HCM Capability

Establishing an HCM capability baseline was an important first step in resolving GTSI's business problems. As such, R-G engaged its globally recognized business partner, McBassi & Company, to implement its proprietary Human Capital Capability Scorecard® (HCCS). The HCCS is a rigorous, research-based methodology designed to quantify the links between five major human capital categories and organizational performance as measured by a variety of financial and non-financial indicators.

Assessing GTSI's HCM capability was a three-step process. First, employees and managers were surveyed to quantify variations in HCM maturity across functions, business units, and job categories, and also to document organizational HCM strengths and weaknesses. Second, variations in HCM maturity were linked to variations in key organizational outcomes such as turnover and customer satisfaction. This step identified which HCM factors were most critical to GTSI's transformation and business performance. Third, findings from the first two steps were then used to identify the HCM factors that significantly drove business performance as well as those that represented areas of relative weakness.

The initial 2006 assessment findings indicated that GTSI had a relatively average level of HCM capability compared with similar organizations, but not nearly the capability it needed to support a major business transformation. The findings were grouped into five human capital indices and supporting factors. Figure 2 illustrates GTSI's capability against a 1-5 maturity scale.

Additionally, processes and systems were assessed within each of the five human capital indices for which the finding was an average maturity level of 3 in each index. These findings were then statistically linked to GTSI's performance indicators. The results of this analysis highlighted where GTSI should concentrate its HCM development efforts.



**Figure 1. Project Management Methodology**  
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## Developing Human Capital Capability

Frequently, when organizations are able to successfully identify problems that need to be addressed, they fall short when it comes to creating and implementing the solutions. To mitigate that risk, the R-G team mobilized the leadership and prepared the organization to implement and adopt the necessary changes while GTSI's capability was being assessed. A human capital steering committee was launched and chartered to provide oversight and resources for the human capital initiatives. Based on the HCCS findings, the steering committee selected three initiatives:

- Creating and documenting a career path for employees
- Developing leadership and management skills across the company
- Defining a process management methodology.

Using core project management disciplines and best practices to ensure successful implementation, three process action teams (PATs) were chartered to create and implement a solution for each of the three initiatives. The PATs were led by GTSI employees who served as the project managers (PMs), with an R-G counterpart

serving as a coach and mentor providing senior PM oversight. Each PAT created a project plan describing the implementation approach and how scope, risk, cost, and schedule would be managed. On a biweekly basis, the PAT lead reported project status to key stakeholders, ensuring that the initiatives remained in scope, on schedule, and positioned to produce the desired results.

Eleven months after the initial assessment, GTSI had accomplished the following:

- The ability to define and manage strategic initiatives and successfully implement solutions
- A mobilized leadership team committed to improving internal human capital capability
- Defined workforce competencies and a documented career path for all employees
- Created a corporate university framework including development programs to build leadership and management competencies
- An inventory of business processes and internal structure for continuous process improvement.

At that time, R-G brought McBassi in to reassess the company's 2007 human capital capabilities and compare them with the HCCS baseline. In less than one year, GTSI matured to a level 4 organization, demonstrating a fairly high level of maturity. The company saw improvements in all areas and achieved world-class maturity in two of the five indices—leadership practices and learning capacity.

Leadership Practices	GTSI
Communication (Managers)	4
Communication (Executives)	3
Inclusiveness (Managers)	4
Inclusiveness (Executives)	3
Supervisory Skills	4
Executive Leadership	3
Employee Engagement	
Job Design	4
Commitment to Employees	2
Time	3
Knowledge Accessibility	
Availability	2
Collaboration & Teamwork	3
Information Sharing	3

Workforce Optimization	GTSI
Processes	2
Conditions	4
Accountability	3
Hiring Decisions	2
Learning Capacity	
Innovation	4
Training	3
Development	2
Value & Support	4

Figure 2. GTSI findings organized into five human capital indices

To support GTSI's business transformation, the R-G team assessed the company's human capital capability, identified areas of focus to produce better business results, and established an internal structure to manage the necessary changes. Using project management as the core foundation, R-G equipped GTSI with the skills and tools to effectively implement strategic initiatives in the future.

### The Business Results

With a commitment and investment in human capital management and the adoption of proven project management applications, GTSI found a way to turn the company around. Since the project's inception, GTSI's annual voluntary turnover has dropped from 55 percent to just 15 percent; in addition, 20 percent of GTSI's current new hires are re-hires. Quarterly employee engagement meetings indicate regular and consistent improvement as employees further identify with the company's mission and align their work with its strategic objectives. And GTSI is clearly on the path to profitability: its stock price has more than doubled.

Bridget Atkinson, Vice President of Human Resources, who recently won two Human Resources Leadership Awards relative to the company's Human Capital Management Program states, "We have worked hard to put in place the structure to build the organization for the next 25 years. The HCMP has been instrumental in helping us galvanize both our leadership team and our employees towards the same business goal and focuses. This is especially critical at this time as we continue our evolution to a professional services and solutions organization. It's exciting to see the real change in our employees' energy and commitment to meeting their career

goals and on-going professional development and in parallel the success of the company. GTSI Corp. has become a great place to work!"

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