Seminar Series

Developing Human Capital to Enhance Value

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THE SUCCESSION JOURNEY SERIES

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Intangible Assets

Human Capital & Leadership

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June 16, 2026

Meet Bernd Haase

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- Married for 35 years with 2 adult daughters
- B.Sc. Mechanical Engineering & MBA – Germany
- 25 years corporate managerial and executive roles in Sales, Marketing and Customer Support
  - Global assignments on 3 continents and since 2001 in VA
  - Internal Leadership Coach and Team facilitator for >10 years
  - Strategic planning & execution for over 15 years
- Executive Coaching, Peer Board Facilitator & Strategic Consulting for 10 years
  - Working with local SMB owners/executives to improve their businesses in ways that changes their lives
  - Solutions Consultant that identifies and leverages the natural talents, style & motivators for a more successful life, personally and professionally

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Human Capital as Intangible Asset

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Your people are invisible on your balance sheet

- Intangible assets now represent ~90% of S&P 500 market value (Ocean Tomo, 2025)
- Human capital — the knowledge, skills, judgment, and motivation of your people — is a core component
- Unlike equipment or IP, it cannot be owned. It can only be attracted, developed, and retained
- A company's intangible assets, including human capital, are estimated to comprise on average 52% of market value (Global Intangible Finance Tracker, 2022)

> "Your company will succeed with the right employees. Your company will excel with the best employees."

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Why Human Capital is Different

You can't depreciate a great team, but you can lose one

- Physical assets decline in value over time. If you invest in it Human Capital will appreciate
- It is the only intangible asset that walks out the door voluntarily
- It is also the only asset that can decide how much of its potential to apply on any given day
- This makes human capital uniquely dependent on leadership, culture, and environment and not just compensation

"The gap between what your team could deliver and what they actually deliver is almost always a leadership and culture gap and not a talent gap."

The Human Capital Framework

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Culture & Leadership
Values, Behaviors, Trust, Vision

Recruiting
Finding the right people before you need them

Hiring
Selecting well when the moment arrives

Performance & Development
Feedback, Growth, Accountability

Compensation & Rewards
Fair, motivating and structured pay

Engagement & Well-being
Commitment, Connection, Retention

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Leadership vs. Management

LEADING

Transformational
Vision & Strategy
Creating Value
Influence & Inspiration
Risk & Change Seeker
Appeal to the Heart
Proactive
Set Directions
Raising Expectations
Ask Questions

Accomplish Goals
Explain Vision
Organization Figureheads
Motivate Others
Mobilize Resources

MANAGING

Transactional
Policies & Procedures
Counting Value
Power & Control
Task-focused
Appeal to the Head
Reactive
Planning Details
Maintain Status Quo
Give Directions

"People join companies and leave managers."

There are times to lead and then times to manage – know the difference

What makes a great Leader?

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Leadership is not a title … it's a choice you make every day

Great leaders repeatedly communicate a clear vision. They

- create psychological safety (people bring their best thinking hen they are not afraid to be wrong)
- develop others deliberately through coaching, not directing
- embody the culture they want (because people watch far more what you *do* than what you *say*)
- make decisions transparently (team can act without constant escalation)

> "The function of leadership is to produce more leaders, not more followers."
>
> \- Ralph Nader

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What Is Culture?

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- It is the behaviors your organization consistently rewards, tolerates, or rejects.
- Culture is how people treat each other. It is what happens when nobody is watching, especially under pressure.
- Every organization has a culture. The question is whether yours is deliberate or accidental.

<u>What it is not</u>

- Culture is not the Perks. It is not the ping-pong table, the free lunches, or the company retreat.

> "Corporate culture is the only sustainable competitive advantage that is completely within the control of the entrepreneur."
>
> – David Cummings

Building Culture Deliberately

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Start with your why and communicate it until it is automatic

1. Mission - What problem are you solving for your customers today?
2. Vision – What do you want to be “when you grow up” (in 1, 3, and 5 years)?
3. Values - What do we stand for and how do we treat each other?

How to implement

- Develop together with your leadership team (you’ll learn about how they see the company, what their ideas are and will eventually get buy-in)
- Communicate to your staff
- Keep it simple and hold yourself and others accountable

“Culture eats Strategy for Breakfast.” – Peter Drucker

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Recruiting – Build the pipeline before you need it

Recruiting is proactive. Hiring is reactive. Don’t confuse the two

- Recruiting = the ongoing process of building a pool of qualified candidates
- Most businesses only recruit when there is a vacancy — that's already too late
- Build a brand people want to work for. Your culture, your reputation, and your visibility all matter here.

<u>What you should do:</u>

- Build your network constantly with recruiting in mind
- Keep an open channel for incoming applications, even when you're not hiring
- Maintain an org chart and updated job descriptions
- Leverage technology: job portals, ATS platforms, LinkedIn, and social media

Hiring – Selecting the right person from the pool

Go beyond the CV. Hire for attitude, train for aptitude

- Hiring is the reactive process of deciding which candidate to bring on when needed
- SHRM estimates that replacing an employee could cost 3-4× their annual salary
- AI is raising the quality of CVs dramatically = CVs tell you less and less

<u>What to look for beyond credentials:</u>

- Use behavioral and skills assessments (DISC, driving forces, competency mapping)
- Ask open and behavioral interview questions (e.g. "Tell me about a time when...")
- Allow peer/group interviews; cultural fit is a team judgement, not just yours
- Get to know the person, not only the worker

Performance Management Is A Process, Not Event

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You can't manage what you don't measure. And you can't lead what you don't know

- The annual review, as the only performance touchpoint, is dead
- Younger generations want frequent, honest feedback to know someone is paying attention
- As a business owner, your role is not just leader and manager, but also coach.

<u>A functional performance System includes:</u>

- Visible KPIs per role and team
- Regular check-ins (weekly operational, monthly coaching, quarterly strategic)
- An objective scoring system based on job description competencies (e.g., 0–4 scale)
- Annual SMART goals tied to strategic initiatives, not just operational KPIs

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Compensation & Rewards – Structure First

If you don't have a policy, you have a problem waiting to happen

- Fair and transparent opportunity to earn more next year than they do today
- **Fixed:** Seniority-, performance-, and education-based ranges for each job class
- **Variable:** Commission (sales metrics), bonus (individual or team goal achievement)
- Avoid bonuses based solely on total company performance – they feel disconnected

<u>Adjustments:</u>

- General annual adjustment: tied to CPI (region or nationally) or PPI (industry)
- Merit increase: within-range for performance without promotion
- Promotion: move into new pay range with new title

Compensation & Rewards – Anchoring Key Employees

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Your Best People Have Options. Make Staying the Better Choice

- Retention of key employee is a strategic issue, not just an HR issue
- Critical during periods of uncertainty: growth transitions, ownership changes, leadership succession
- Long-term retention requires more than compensation — it requires clarity, growth, and belonging

Levers:

- Transparent career paths: show them where they could go, and what it takes
- Long-term incentive structures: equity participation, profit sharing, deferred bonuses
- Involvement in strategy: people stay where they feel they matter
- For M&A contexts: consider binding key employees through long-term contracts early — before a transaction creates uncertainty

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Develop your people or someone else will

- Constant changes require businesses to invest in skill development. Failure to do so will put you behind.
- Define a non-negotiable budget for training and education
- Challenge people to identify their own next level, but have a suggested path ready (remember your org chart and JDs)
- Identify high performers and map their development to future leadership roles

<u>Make it happen:</u>

- Make learning a standing topic in regular check-ins, not only annually
- Point out career opportunities and what it takes to get there
- When you fund education or certification, secure a commitment to remain for a defined minimum period

Engagement & Well-being

Engagement is not satisfaction, it's emotional commitment

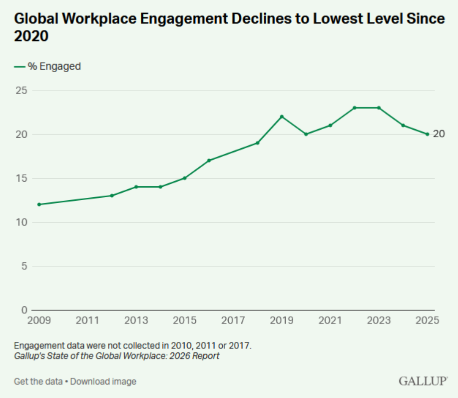
Gallup survey - Employees who strongly agree are

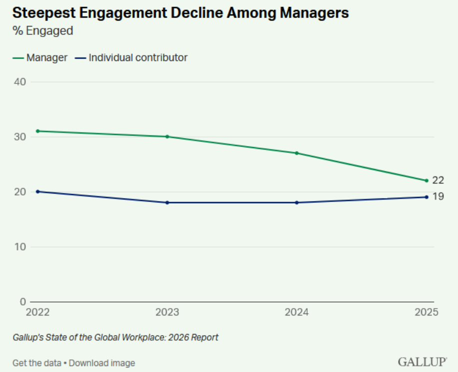
- 3x more likely to be actively performing at work
- 69% less likely to be actively job searching
- 71% less likely to report significant burnout
- 5x more likely to advocate for their company as a place to work
- 5x more likely to trust their organization's leadership

What drives engagement:

- Tangibles: Compensation & rewards (necessary, but not sufficient)
- Intangibles: Communication, involvement, delegation, trust, clarity of focus and direction

People don't disengage because the work is hard. They disengage when they feel invisible, uninformed, or stuck.





Composition & Structure

Structure tells your people what is possible here

Essential structural tools:

- **Policies and procedures:** operational guidance ensuring compliant and repetitive quality results
- **Org. chart:** visible, up to date structure, and understood by everyone indicating opportunities (remember that ~65% of people are visual learners)
- **Job descriptions:** define responsibilities, hard skills, transferrable competencies and education/training requirements
- **Career ladders:** make explicit what progression within and between roles looks like

The Human Capital Compounding Effect

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Every Investment in Your People Compounds. So Does Every Gap.

- Human capital does not improve in a straight line; it compounds when the conditions are right
- **A deliberate culture attracts better candidates** → better candidates perform better → better performance funds more development investment → development creates loyalty and competency → competency creates the capacity to grow
- **Conversely, gaps compound in the other direction**: a weak compensation structure creates resentment → resentment reduces discretionary effort → reduced effort lowers performance → lower performance limits resources for development → and the cycle continues

Ask yourself: "Is my human capital appreciating or depreciating right now; and what specifically is driving that direction?"

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Take-aways

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Building Human Capital as a Strategic Asset

- **Be intentional about culture:** define your mission, vision, and values, then communicate them until they're automatic
- **Lead first, manage second:** develop the coaching habit; your people's growth is your most leveraged activity
- **Build the recruiting pipeline before you need it:** the best hires are never made in a rush
- **Create structure around performance and compensation**: clarity is a form of respect
- **Measure engagement, not just output:** the intangibles (trust, communication, focus) are what keep your best people in the room

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Seminar Topics and Recommendations:

In addition to the succession planning series, there will be other seminars throughout the year on various topics of interest such as business assessments and enhancements, employee benefits, financial planning, tax planning, and business coaching.

If there are particularly topics of interest you would like to share, please email your suggestions and recommendations to info@theoneboss.com.

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