

**PREFACE:**

This topic contains an exercise, called HR Experiential Problem Solving, which provides a problem, asks one to three brief questions about it, and suggests resources to resolve it, and a “Case” that presents a real-life HR problem or situation using real organizations as examples.

**SUBJECT 01: STRATEGIC HR MANAGEMENT AND PLANNING****1. HR Experiential Problem Solving**

As the HR Director of a U.S.-based company that is looking at global opportunities in China, you have been asked by the company president to prepare an outline for an HR strategic plan as part of the company’s expansion process. You need to develop an HR strategic plan that will integrate the goals, objectives, and strategies of the HR Department with those of the company. The plan also needs to support the objectives of other departments within the company. To get ideas on how to develop an HR strategic plan, go to [www.workinfo.com](http://www.workinfo.com).

- ✓ What is the process to use for identifying the components of the HR strategic planning process?
- ✓ What other company strategic objectives must the HR strategic plan integrate and support?

**2. CASE: Pioneers in HR Analytics**

The power of HR metrics and analytics is an untapped resource for many organizations. Human resource information systems (HRIS) are commonly used to capture and store gigabytes of data about employees, but few organizations have mined their data to improve human capital decisions. Most business leaders and HR executives do not make people decisions with the same level of rigor and rationale as they do other business decisions, relying more on intuition and gut feelings.

This propagates the myth that the impact of human resources on organizations is either not measurable or not significant. Financial, operational, and marketing decisions all depend heavily on detailed analysis and cost justification. The use of analytics in human resource management can enhance the strategic contribution of HR executives and lead to better decisions and organizational outcomes. At Superior Energy Services in New Orleans, careful analysis of turnover data shattered previous beliefs about which employees were most likely to quit. The organization was losing skilled oilfield operators and supervisors faster than semiskilled blue-collar workers. This discovery led to implementation of training and coaching programs for supervisory employees, which resulted in a 15% drop in turnover and improved the bottom line of the company. Without this analytic approach to turnover, attention would have been focused on retaining blue-collar workers, which would not have

delivered such impressive results. Thrivent Financial for Lutherans in Minneapolis believed that turnover during the first year of new hires' careers was related to the previous experience they had in their disciplines. The thinking was that if a customer service employee had previously worked in customer service, she was less likely to leave Thrivent in the first year.

Analytics dispelled that theory and Thrivent found that the exact opposite was true. Employees with previous experience in the discipline were leaving at a faster rate than those without such experience. Although they have not determined the causes, this data will help Thrivent's leaders to address the real issues. One answer will lead to additional questions and lines of inquiry.

The food service and convenience company Wawa, Inc., assumed that turnover among store clerks was tied to their hourly wage rate.

However, the number of hours worked in a week was a much more significant factor in turnover. Employees liked working part-time, and when their work hours exceeded 30 hours per week, they were more likely to quit. Wawa reduced instore turnover by 60% by scheduling employees for less than 30 hours. Concerns about an aging workforce and a presumption that a high percentage of employees would retire in the near term led the University of Southern California to carefully analyze employee demographic data. To their surprise, HR found that the nontenured staff employees were, on average, too young to begin retiring en masse. Tenured faculty, while much older, are far more likely to work past the age of 70. The anticipated retirements are still a fact for USC to address.

However, managers can plan for this and develop a longer-term transition plan because they are not facing massive retirements in the near future.

The HR executives at Superior Energy Services, Thrivent, Wawa, and USC are harnessing the power of HR data and statistical models to better understand the challenges facing their organizations. Long-held beliefs about the patterns of employee actions and decisions can be analyzed and either supported or debunked. Either way, the organization can address the true issues only if HR looks beyond the surface and digs deeper into the sea of data. Overcoming the fear of number crunching and developing expertise with metrics and analytics can separate winning organizations from those that get left behind. HR professionals who learn to interpret bits and bytes of employee data will help their organizations succeed well into the future.

## ❖ QUESTIONS

- What are some reasons that more organizations do not implement HR analytics? How would you make the case for adopting HR analytics?

- How can HR professionals develop the needed skills to analyze and interpret metrics? What resources could an HR professional consult to? begin building expertise in this area?

## SUBJECT 02: TALENT MANAGEMENT

### 1. HR Experiential Problem Solving

You are the HR Director of a large manufacturing company that is approximately 50 years old. The company has reaped the benefits of a mostly tenured workforce, and many of the key workers are now approaching retirement age. It is anticipated that approximately 20% of the company's workforce will retire in the next 3 to 5 years. You also are planning to retire within that period of time. To assist the company with the retirement transition process, you want to present a business case to the President for a succession plan for several key positions, including the Chief Financial Officer and Director of Operations. To develop an effective succession plan, visit [www.score.org/article\\_succession\\_plan.html](http://www.score.org/article_succession_plan.html).

- ✓ Identify the outside company advisors who should be included in the succession planning process.
- ✓ The successor employee for the replacement of the Director of Operations should have an advanced level of work experience in what key essential functions?

### 2. Case: Leadership Leverage

Gunderson Lutheran Health System in La Crosse, Wisconsin, is a health care delivery company that includes a 325-bed hospital, several specialty medical practices, and 41 clinics. In a recent year, they saw 1.4 million outpatient visits. The network has 6,834 employees including physicians, medical staff, managers and supervisors, and senior leaders. The age of their health care managers was a concern when asked whether they had a ready supply of leaders to step in. Upper management felt that growing leaders internally made sense from the standpoint of continuity and cultural fit. The HR staff researched best practices in talent management and development. The result was the establishment of a Talent Development Review Group including the top leaders. This group became accountable for developing leaders, making necessary development happen, and overseeing the growth of high-potential (high-po) talent. The Review Group followed five steps in their process.

- ✓ They spent two years building a tiered leadership competency model that included criteria for executives, directors, and managers to ensure the right mix of KSAs. The tiered model defined behaviors and competencies necessary to demonstrate excellence in each role. The competencies were used for behavioral

interview questions and for position descriptions, and they formed the basis for 360-degree feedback.

✓ The next step was to identify high-potential talent. The Review Group picked candidates for consideration in each of four pools. Pool members had to demonstrate willingness to:

- ❖ Advance
- ❖ Participate in leadership assessment
- ❖ Receive feedback and coaching
- ❖ Take on development opportunities
- ❖ Invest the necessary time

In the five years after the program began, 60 high-po employees at all levels of leadership were identified, assessed, and had their career paths discussed.

✓ Once high-pos had been identified and invited into a pool, it was time to assess the talent. The high-pos took assessment tools to identify strengths and development needs. Each candidate and the Review Group determined an initial strategy for closing gaps in the candidate's readiness.

✓ A variety of tools were used to develop plans for individual high-pos, including stretch assignments, role expansion, job rotations, coaching, onboarding, continuing education, mentoring, project assignments, and committee assignments.

✓ Tracking progress included setting milestones and success metrics to make sure candidates would build the necessary skills. The effect of the development activities on performance was measured as well, with feedback from peers, colleagues, and superiors. The Review Group continues to look at progress annually.

While numbers tell a positive story, another big change has been in the culture among the top leaders, who now see talent development as a strategic necessity.

### ❖ QUESTIONS

- The top managers are very busy people. Why was it necessary to involve them in leadership leverage?
- The program took 5 years to get to the end point. Is that realistic, or did it take too long? Explain why the timing may vary.
- Would you let the names of the high-pos out to the rest of the organization? Why or why not?

## **SUBJECT 03: PERFORMANCE MANAGEMENT AND APPRAISAL**

### **1. HR Experiential Problem Solving**

As the new HR Director of a company in the behavioral health industry, you have the responsibility to develop a performance management system. You need to present a business case to senior executives that the performance management

system does not stand alone and must be integrated into the company's strategic plan, business needs, and measurements. For information on performance management best practices, review various publications in the articles tab at [www.insala.com](http://www.insala.com).

- ✓ Given several key practices for a successful performance management system, which ones should be implemented first?
- ✓ Identify key measurements to transition the company from the current system of looking at personality factors to a new system of looking at performance factors.

## 2. Case: Building Performance Management through Employee Participation

A process of performance management is developed in companies to better shape how employees execute their job responsibilities and complete their work. Ideally, employees should feel comfortable with this process, believing that the communication occurring between managers and workers facilitates the completion of important workplace goals. Unfortunately, many employees become dissatisfied with how their organizations encourage goal-directed behavior, which can result in poor job attitudes, decreased motivation, and reduced effort on the job. These negative factors lead some companies to seek alternative ways to design and implement performance management systems so that employees are encouraged to work hard in their jobs. Jewelers Mutual Insurance Company (JMI) is one such company that has actively improved its performance management approach, and the results have been very encouraging. Employees were initially dissatisfied with the feedback and goal-setting approaches that were being utilized to manage job performance, so company leaders decided to involve employees in the redesign efforts to create a more viable program that would be satisfactory for all the parties involved.

An outside consultant started the process by interviewing top leaders in the company, and focus groups were used to solicit feedback from various other members of the organization. By utilizing a more participative and inclusive approach, the company was able to identify the problems with the current performance management system and generate greater support for the proposed changes that would ultimately fix these issues. This case illustrates how important employee participation is in the effective management of human resources, particularly when developing a viable performance management system. Several key changes were made to the performance management system based on the feedback received from managers and employees. In particular, inconsistencies in the administration of the performance management system, problems with the rating techniques and forms, and various challenges linking pay to performance were specifically targeted as part of the redesign effort. Such reflection and self-

assessment prompted a number of specific improvements to management of job performance within the company. Evaluations are now based on narratives, various metrics of accountability, and job goals. Further, feedback is provided to employees on a quarterly basis, compensation is more strongly linked to individual effort, and the performance management system functions in concert with the other elements of human resource management. The changes made to the performance management processes at JMI Company demonstrate how human resource professionals can work with other staff members to create a system that excites employees and, ultimately, yields greater job performance.

### ❖ QUESTIONS

- Discuss how this case illustrates how greater support for a performance management system can be developed through employee participation.
- Identify some of the ways that performance management systems can be improved based on the experiences at JMI.

## SUBJECT 04: MANAGING EMPLOYEE BENEFITS

### 1. HR Experiential Problem Solving

Your company now has more than 60 employees. The controller has been handling all of the HR functions including administration of the company's benefits. The benefits package includes health, dental, 401(k) and other voluntary benefits. You are considering outsourcing the benefits administration function to enable the controller to focus more on the company's accounting needs. The terms human resources outsourcing (HRO), administrative services organization (ASO), and professional employer organization (PEO) have been used in discussions of outsourcing employer HR benefit functions. Information to assist you in determining the type of services to best meet the company's needs can be found at [www.corbanone.com](http://www.corbanone.com).

- ✓ What are the differences between the services offered by an HRO, ASO, and PEO?
- ✓ Based upon the company's size and the types of benefits offered, which service will best meet the needs of the company?

### 2. Case: Strategic Benefits at KPMG Canada

Companies need to offer competitive benefits to employees or risk having employees become dissatisfied with their current job situations. KPMG Canada recently faced such a challenge when the company's portfolio of benefits was viewed by employees as uncompetitive compared to packages offered by other high-performing organizations. Despite its People Matters program that offered leave for adoption, flex-time, workout opportunities, and other perquisites, employee survey

results indicated that generalized satisfaction with benefits was low. These results were not alarming to managers, given that KPMG had not revised employee benefits for some time. However, what was needed to fix this problem was a comprehensive overhaul of the company's benefits program using a strategic approach guided by employee feedback, leadership direction, and innovation. Top leadership also wanted the new plan to be congruent with the organizational approach to total rewards and to incorporate a sufficient "wow factor" to satisfy employees. KPMG started the strategic planning process by comparing current benefits to the packages offered by other competing organizations, and the results verified that the company had to make up some ground in the area of benefits administration. A benefits consultant was hired to facilitate the redesign effort, and a steering committee comprised of top managers was developed to oversee the proposed changes, garner greater support for the new benefits throughout the company, ensure that many different employee needs were being met, and make sure the plan was competitive overall. After working on the project for more than two years, KPMG successfully developed a new benefits package that delighted employees. For instance, individuals were given many coverage options for dental, medical, disability, and life insurance. In addition, employees could dedicate pools of flex dollars to certain benefits programs that best suited their needs. Individuals are given a set amount of flex dollars, but more can be earned based on pay, different lifestyle incentives, and tax-free bonus incentives. Recent employee survey results show that people prefer the new benefits package over the old plan, which has enhanced how employees feel about the organization as a whole.

### ❖ QUESTIONS

- Why is having a competitive benefits package important for KPMG Canada?
- In your opinion, did top leadership at KPMG Canada manage the benefits redesign effort well? What else could the company have offered its employees to keep them satisfied?

## **SUBJECT 05: RISK MANAGEMENT AND WORKER PROTECTION**

### **1. HR Experiential Problem Solving**

Due to an increase in recent employee layoffs because of economic conditions and the increased risk of workplace violence, as well as an increase in domestic restraining orders that several employees have recently obtained against former spouses, company management has decided it is time to take a proactive position and develop a workplace violence action plan. There are many factors to consider, as your company has three locations and more than 500 employees. For information to assist you in identifying workplace violence categories and prevention strategies, visit the website at [www.fbi.Gov/publications/violence.pdf](http://www.fbi.Gov/publications/violence.pdf).

- ✓ Which workplace violence categories are of most concern to your company?
- ✓ What steps and provisions do you need to include in your workplace violence action plan?

## 2. Case: Data Security

Policing the workplace used to mean reminding employees about personal phone calls and making sure that paper clips did not disappear. But with the computer revolution at work that began in the 1990s, checking on employee behavior at work, became considerably more technical. The threats to data security, not to mention other threats for potential lawsuits (e.g., sexual harassment), are now more complex as well. New federal laws pertaining to financial and medical records have put increased pressure on companies to protect their data. But auditing user privacy cannot be done without input and buy-in from HR, notes a senior consultant with an IT security firm in Massachusetts. Whether the concern is in appropriate Internet usage or transferring files outside the company, HR may be the first to learn of a problem. Although the possibility of outside attacks on the computer network is a real problem, the threat of internal security breaches is even greater. The growing insider problem and the sheer volume of electronic messages coming into and out of a company (a large company easily processes one million e-mails per day) present HR with a challenge on data security policy development, implementation, and enforcement. HR may be asked to “identify personnel at risk” who might require more stringent watching, such as people who are sending out résumés. In many cases, people leaving organizations take advantage of the opportunity to take intellectual property with them. Security software identifying employee behaviors will always require HR involvement. Policy violations, banned sites, and stealing identity data are examples. Companies look very bad when sensitive customer or employee data are stolen or leaked to the public. Employees can easily resent the security measures and see the security as “Big Brother” watching. However, the growth of identity theft and spyware means that more employees have been personally affected by data security and are more likely to recognize the need for their employers’ data security efforts. At Spherion, HR publishes a “computer and telecom resources policy” that specifies appropriate usage and a code of conduct. Employees must read and sign the policy. The company also has an IT Risk Team with members from HR, accounting, internal auditing, and other departments. There are, of course, attempts at a purely technical solution to the problem. But it is clear that HR must have a role in balancing employee privacy with company risk management. A simple act, such as a bank’s loan officer burning credit information to a CD and selling the data to another bank, can undo all the technical protections. The human side—developing a policy, communicating it, helping people understand why it is needed, and applying it fairly—is the big piece for HR.



**❖ QUESTIONS**

- How would you communicate a data security policy that required software checking of employees' emails?
- What elements should a data security policy for a bank include?
- Employee data theft most frequently occurs with new employees or when an employee has given notice and is leaving. How would you deal with these two very different issues?