



Demystifying HR:

A Primer for the Small to Medium Size Enterprise

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A decorative graphic at the bottom of the page consisting of numerous thin, light blue lines that curve and flow across the width of the page, creating a sense of movement and depth.

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Centrepoint Career Management Ltd., 2012

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A Primer for the Small to Medium Size Enterprise

Getting talent right is getting business right. In order to meet business challenges, grow the organization, and keep customers happy, the right talent must be hired, retained, deployed, developed, and engaged. For the small to medium-size enterprise, bringing the right resources to these important tasks can be a challenge.

All of these activities are critically important to the business, and as the business grows, it is natural that business owners and company leaders will increasingly spend more of their time to ensure that human resources management – from recruitment to performance management, development of employment policies, to engagement and retention of staff – receives the kind of attention that financial management, sales, marketing, or operations, receive on a daily basis. Over the long term however, spending a significant amount of effort in this way may not be the best use of the leaders' time or expertise. So, at what point would you decide that hiring a dedicated HR professional, or retaining the services of an outsourced HR service provider is a worthy investment?

If your organization is experiencing high turnover in key positions, "eruptions" with employee issues around performance, interpersonal conflicts, communication missteps between departments or key individuals, challenges hiring the right people, or struggling with the fall out from poorly managed employee departures, you may benefit from the expertise of an HR professional who can facilitate the necessary conversations, develop policies where required, and provide the strategic advice needed to address and resolve these issues.



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The HR profession has evolved significantly over the last ten years in particular, and today's HR professionals can bring significant value to the business, both operationally and strategically.

Additionally, if your company is in growth mode where significant hiring needs to take place, and the successful onboarding, training, and integration of new staff is critical, the time may come where having an in-house HR resource simply makes good business sense.

HR: Cost Centre or Value-Added Resource?

While many small to medium-size enterprises (SME's) have a need for professional HR support, their owners or senior leaders may not understand the value this can bring to their organization. Sometimes they hold the view that HR is all about hiring, firing, and policy administration – which can be a very 'rules-bound' sentiment, no longer aligned with today's more flexible and changing work environments. Alternatively, HR can also be viewed as a "warm and fuzzy" luxury to support the more emotional needs of employees; this, too, is a very limiting view that can diminish the value that HR can bring to the business. Employing the services of a professional HR resource can also be something that will happen "some day", but there may be no real criteria for assessing when that day may come. To sort through these various perspectives, it's important to understand what "HR" really means today.

The HR profession has evolved significantly over the last ten years, and today's HR professionals can bring significant value to the business, both operationally and strategically. The human resources department is traditionally an entry and exit point for the organization, and a touch point for employees throughout their tenure. As a result, HR professionals often gain close, comprehensive knowledge of every position in the business, and a 360 view of the entire organization. For many businesses, that resource has remained largely untapped by senior management, until now. Today, many leaders of SME's are recognizing the value of HR as a strategic partner, and at the same time,

business-savvy HR professionals are advancing the industry through the advanced skills and knowledge of the CHRP designation (Certified Human Resources Professional).

Here are the ways that a dedicated HR professional can add value to your organization and its people strategy:

Strategic Partner

HR professionals today are business leaders who happen to specialize in the “human” side of business, while others specialize in physical assets, financial assets, project management, sales, R&D, customer service, or any number of functions that require specialized knowledge and experience. With their specific focus on the people aspects of the business, HR professionals are relied upon to drive the success of a multitude of related activities; whether developing creative recruitment processes, developing social media guidelines or designing programs geared for employee retention, the HR professional brings their professional training to the task.

As a large number of baby boomers are expected to retire over the next several years, many organizations are looking to HR to play a leadership role in identifying and developing talent to replace retirees and/or lead leaner organizations. Managing the resultant change and conflict, motivating and building teams, requires strategies that are not only innovative, but flexibly fitted for varied generational appeal. Creating such strategy requires a sound understanding of traditional HR practices, including knowledge of new recruitment technologies used to reach out to prospective candidates, and innovative ideas to bridge the gap.



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Recruitment

Recruiting has changed more in the last three years than it has in the last thirty. Changing demographics, social media recruiting, and the widespread adoption of technology to the recruitment process has created a sea change in approaches and measures of success. And, as continuous business volatility becomes the “new normal”, the increased use and the improved management of contingent workers will become essential for agility and flexibility.

HR professionals for whom recruitment is a key part of their mandate, are knowledgeable about these trends and bring experience in making the most of a company’s talent acquisition efforts. Furthermore, they can bring significant value in standardizing the sourcing, screening, and interviewing processes across the company, ensuring that every hiring decision has been fully supported with all the necessary due diligence. They also know that while hiring may slow or stop, the need to continuously source suitable talent never does. They take Talent Acquisition seriously, including the methods the company uses to reach out to potential prospects and the communication of the company’s employment brand.

One of the administrative aspects of the recruitment process that often causes headaches in the small to medium-size enterprise is that of documenting employment agreements or offers of employment. Understanding employment legislation and how that impacts the languaging in these agreements is the purview of the HR professional. Their knowledge in this area can make the difference between a smooth offer experience versus a situation where the employment terms are not clearly spelled out, or where legal issues are not addressed, which can have unanticipated consequences when the time comes to review the agreement, or when the employee leaves the organization.

Culture and Communications – Developing the Employment Brand

The concept of your organization's employment brand – which is the unique value proposition you promise to your employees – has come to the forefront of attracting and retaining the best people. The HR professional plays a vital role in connecting the company's culture with its business objectives, and in defining and communicating what makes the organization a great place to work.

To that end, many HR professionals play an important role in managing effective employee communications, bringing voice to the employment brand. When done well, their communications support the efforts of the senior leadership team in ensuring that middle managers in particular have the tools and information they need to communicate with and lead their employees. For some organizations, social media is a big part of this, and its uses are limitless, including: communicating with and recruiting employees, establishing best practices around employee use of social media, and leveraging social media platforms as an engagement and communications tool.

Talent Management

HR professionals have long been the first line of offense for identifying talent, but this role is expanding too. For best-in-class businesses, HR is actively involved in looking to identify gaps between the supply and demand of talent in order to meet specific business requirements. This approach transcends traditional headcount analysis by including skill gap analysis and scenario planning. This includes identifying the impact of critical roles in the business. Often critical roles are viewed as leadership roles, but that is not always the case. Critical roles tend to be front-line and customer-facing roles like sales reps, call centre employees, or service technicians. What's more, HR can take the lead



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in developing that talent with customized approaches to individual development. This includes individual coaching approaches as well as larger scale leadership development.

The HR professional can also help the organization improve efficiencies and realize significant cost savings through work flow analysis and streamlining. They see how teams work together on a daily basis and can take the lead in working with managers and front-line supervisors to examine process flows and staff performance, and support the implementation and acceptance of changes where they are needed most.

Succession planning is quickly becoming a mission critical process for the SME where the owner needs to plan for transition of the business to the next generation of leaders and owners. HR professionals can be instrumental in supporting the current leaders through this process, and at the same time, address the challenges posed by multiple generations who don't speak the same language in business or use the same tools to get their work done. This is especially true in terms of recruiting, building teams, dealing with change, and motivating employees. It is in these ways that HR can be both at the heart and on the front line of the business equation.

Trend Analysis, Forecasting & HR Metrics

HR Metrics have become key drivers of people policies and strategy. Skilled HR professionals are as adept at presenting the numbers side of the people equation as they are at assessing interpersonal dynamics. Regular reporting on recruitment statistics including first year turnover rates, hiring manager satisfaction, absenteeism, salary and benefit cost analysis, to name a few, are considered key analytics

that form the basis for forecasting for all aspects of staffing, as well as policy development.

Strong HR analytics can help drive organizational performance. Recognizing metrics, such as the cost of turnover of key talent, the risk associated with the absence of developed leaders, or revenue per full time employee, can benefit the business, and the HR leader can be a key business partner in the gathering, analysis, and interpretation of this information.

Policy and Program Development

Another key area of HR's evolving role is to analyze, assess, and translate new social, employment, and workplace trends into relevant policies and programs (flex time, telecommuting, commitment to training and development, and fitness programs, are some examples), including the ability to test them and gain buy-in for enterprise-wide implementation.

The most successful HR leaders understand that there are trade-offs in business. They can apply their expertise to determine the impact of changing legislation and help manage the change rather than focusing on the punitive side of non-compliance. They can also better identify popular or recommended programs and policies that are impractical, or even irrelevant, to the top or bottom line of the particular business.

This is especially true in the areas of compensation and benefit program development and administration. A company's philosophy on compensation must be aligned with business objectives, and administered fairly across job classes and geographic locations. Employee benefits must also be tailored to best meet the needs of the organi-



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Experienced HR professionals will work with the entire leadership team to build the business agenda, ensuring that initiatives they develop drive business performance and enable people to achieve results.

zation. Depending on employee demographics, certain benefits will be perceived by employees as having particular value, where others are not as attractive.

For example, a firm that employs a significant number of under-30 employees may find that disability programs are not perceived as valuable, where tuition reimbursement might be. More experienced employees may place a higher value on RRSP matching programs and extended health benefits. In many SME's, benefit programs and administration often fall under the guidance of the senior financial officer who may tend to view the program from more of a financial perspective; the HR professional can take a holistic view in making sure that the program is simultaneously developed to meet employee needs, is financially responsible, and is a lever in attracting and retaining the best people.

HR Integration: A Seat at the Leadership Table

While HR's impact and contributions continue to evolve, some of the daily realities of the HR professional in the small to medium-size enterprise must also be understood. In some cases, HR professionals report that they spend so much time on tactical activities (dealing with employee absences, administering vacation policies, or other daily staffing issues) that they are not able to devote time to more strategic work, such as management development and strategic recruiting. Depending on their workload, they may require some administrative support, along with selected technology tools that are available for the very purpose of streamlining all aspects of HR administration.

While HR has become more of a strategic player, today's greatest barriers to creating further value are those preventing HR from aligning talent and workforce initiatives with overall business initiatives.

If HR is not initially positioned in the organization to add value at all levels, it can suffer from lack of support or reinforcement from department or business unit managers, or lack of buy-in from senior management, which only results in a disconnect between HR and the business.

HR leaders can and should have a seat at the leadership table to drive the company's people strategy agenda forward. They must be business savvy and conversant in the issues that matter to the company, and need to ensure that everybody else at the table knows it. CEO's have a role to play in supporting and promoting the value of HR within their organizations.



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Is HR Outsourcing an Option?

Some small to medium-size businesses operate with a part-time or outsourced HR professional, who may provide recruitment support, or advice on an ad-hoc basis for HR issues as they arise. This can be an ideal initial solution for the smaller enterprise (under 30 employees), and we have seen success with this arrangement when the organization remains fairly static in number of employees (usually less than 50, but upwards of 150 employees is not uncommon), when well-established HR policies and procedures are in place and company leadership is highly motivated to create and sustain a high performing workplace.

However, if the business is growing, this kind of support may not be sufficient to address the full range of HR issues, in particular when it becomes necessary to standardize recruitment processes and bring consistency to the application of workplace policies, or to address more strategic issues of employee engagement, leadership development, and succession planning. Similarly, if the company needs to



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grow to a certain point and it needs HR infrastructure in place to help position the business for sale, then a full-time HR professional can be the strategic lever in reaching that goal.

While the case is made for the value of the dedicated HR professional, there is no doubt that there are many well established, successful, companies with 50 to 100 employees that never make the transition to having a full-time HR leader. Their belief is that every manager is in the business of managing staff at all stages of the employee life cycle, and with some administrative support on benefits and payroll, seem to manage well in that way. This model is successful when the CEO and senior managers take their people management responsibilities seriously, are skilled in doing so, and are committed to the growth and development of their team members, and doing what needs to be done to make sure they have the right people at the right place at the right time. In these situations, the CEO has usually made every effort to ensure that he or she and the leadership team are as well versed as they can be in many aspects of talent management, from recruitment to performance management to employee engagement. Once again this is a choice they make; this may not be the best use of their time and talents; over the long term they may need to decide to either retain the services of external HR support, or hire their own HR leader.

Naming the HR Role

HR professionals today bring a variety of experience and backgrounds to the table, and their resumes can be as varied in experience as you'll find with any other critical hire. Before any HR recruitment process begins, it's important to know what level of an HR professional you need. A more junior HR specialist with three to five years of experience may have the title of HR Assistant or HR Advisor, and may be

involved with many administrative aspects of HR such as benefit administration, vacation scheduling, and policy administration.

A more experienced HR professional will often bring the title of HR Manager or HR Business Partner on their resume, and with anywhere from five to twenty plus years of experience. They may bring what's considered an HR "Generalist" background, where they have been involved with all aspects of the employee life cycle from recruitment to performance management, to development and managing employee departures. Depending on their employing organization, they may bring more strategic experience in assisting the senior leadership team or business owner with longer term HR planning and analysis.

Titles such as Director or VP of HR are not uncommon in the mid to large size organizations that employ senior level HR professionals. Other titles that are being used more today, as a reflection of the changing role of the HR professional, are Director of People Potential, Director of People and Culture, Manager of Talent Development, and Employee Relations Manager.

A university degree plus a CHRP designation (Certified Human Resources Professional) is the gold standard for credentials for the more experienced HR professional. As the CHRP can take several years to complete, many emerging HR professionals are continuously working to complete their certification requirements as they acquire HR experience. This is similar to an accountant working towards a CGA designation. Membership in the BC Human Resources Management Association is also important, as it is a key professional association that offers extensive educational opportunities, networking events and information and resources to support HR practitioners at every level.





Are You Ready to Hire an HR Professional?

If you need an assessment of your organization's readiness for a full-time HR professional or the services of part-time or outsourced HR support, we can help. It's important to gain consensus with your leadership team on the role HR will play, how it will be positioned in the company, and the expectations you'll have. Then, knowing the profile of your ideal candidate becomes critically important. As mentioned, HR professionals come from varied industry backgrounds with various levels of professional education and experience. A full understanding of the best match for your organization will ensure that when you do make this investment, you'll realize the many benefits a skilled HR practitioner can bring to your business.

Centrepoint Career Management Ltd. is a talent management consulting firm that brings advisory, consulting, and coaching expertise to assist business leaders and entrepreneurs as they develop and execute their people strategy. We have in-depth experience in the recruitment and selection of HR talent for the small to mid-size growing enterprise. For more information, please call us at 604.985.5072 and visit us at www.centrepointcareer.com.



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