

Strategies for Proving the Value of HR

Contributed by John F. Macek

HR as a profession has grown considerably over the past 30 years, but the understanding by CEOs and upper managers of what HR contributes to organizations has not kept pace. What can HR professionals do to bring their CEOs up to date with new HR competencies?

Having been a CEO for 17 years, I know how easy it is to see the forest and lose sight of the trees. My job as a CEO was to maintain a global view, coordinate functions, and plan for future contingencies. This preoccupation with the macro can lead executives to lose sight of the major contributors to a company's success: its personnel.

Certainly, an executive's effectiveness lies in the accuracy of his/her strategic thinking, but it also lies in how well executives use their most important asset: their personnel. CEOs find themselves under increasing pressure from investment managers who are paid to achieve maximum return on investment. When listening to investor conference calls, I hear CEOs pummeled about finances and strategic plans, with rarely a mention of personnel. CEOs who show sensitivity to personnel issues risk being seen as soft and not sufficiently business-like.

HR professionals know that things like morale, employee engagement, and staff turnover have a major impact on corporate success. How can this message be conveyed in a world where hard, cold numbers are all that seem to matter.

There are several critical facts that an excess focus on numbers misses:

1. Personnel are not mere automatons carrying out directives from above. They perform differently depending upon how they are treated and valued.
2. Personnel are more than a job description. They bring to the workplace an array of knowledge and skills beyond their job description that can contribute importantly to a company's success.
3. Personnel who interface with customers possess valuable corporate intelligence. They hear what customers want and need, yet few companies consult with their sales personnel to understand how customers are responding to a product. This information is obviously not the sole source to be used in corporate guidance, but not using it comes at a price.
4. When I invest in a company, I look closely at how much funding it commits to research and development. Successful companies are heavily committed to R&D. They know that R&D is a valuable pipeline to future and more competitive products, yet R&D is one of the first areas companies cut. Cutting R&D comes at a great price. R&D, requires highly skilled personnel who carry processes to fruition. When R&D is cut, the supply chain to new and more competitive products is stopped.
5. HR professionals understand the impact of employee retention and engagement on productivity and quality. Turnover creates not only recruitment and training costs but temporary weak links in the chain that holds the company together. Cutting personnel does more than simply reducing overhead. It sets up a chain of reactions among other personnel who start worrying if they are next. With every lay off, a company's most valuable employees become increasingly persuaded to seek more stable employment opportunities elsewhere.

How can HR increase a company's understanding that its personnel are a brain trust and most important asset? Answer: Start where the client is. Here are some ideas in helping convey that understanding.

1. Don't try to start with the C-Suite. People within this circle will be less welcoming to your overtures. Start instead with managers who can communicate with the C-Suite. Help them discover important information they are in a position to convey upwards. In doing this, you accomplish two things. First, you reduce risk of appearing pushy. Two, you create relationships with future C-Suite members.

2. Start by sharing literature that documents how financially successful organizations treat their personnel. Send it around as an FYI.
3. Use employee engagement studies within your own company, and research studies that demonstrate a relationship between employee engagement and profitability. Share this information.
4. Begin a dialogue about the level of employee engagement in your company and how it can be increased or maintained. Offer to help interested managers in achieving higher employee engagement.
5. Talk the language of management, distasteful as it may feel to you. People who live and act according to numbers need to perceive you as helping them improve their numbers. Otherwise, you risk being seen as “soft” and lacking business sense. To be successful, you need to talk business while offering employee engagement as a tool for profit enhancement. Then you will be heard.
6. Expand your role and influence by making yourself useful to managers who are amenable to fresh approaches and thinking. Examples: Offer to help with conflict resolution. Connect managers with resources they want and need. Offer to manage the company’s communications medium. By making managers look good, you give them more reason to value professional HR services.
7. Closely monitor compensation practices within your industry. Many top level managers believe that money is a primary motivator. That’s not true. Most employees seek job satisfaction accompanied by reasonable pay. As a CEO, I always aimed at being slightly above median in salaries and focused heavily on job satisfaction. That gave me good retention and quality personnel who enjoyed working in a positive work environment.
8. Whenever possible, offer personnel cafeteria benefit plans. It’s a win-win. They can select benefits they value most.
9. Whenever possible, offer flexible scheduling. One of my favorites is job sharing. It allows a company to retain quality personnel who do not wish to work full time and provides ready coverage for vacations and illnesses. Flexible work scheduling is especially important to employees of child rearing age, both women and men. By accommodating individual needs, the company retains quality personnel and creates loyalty.
10. Don’t preach or try to persuade. We all know the boss knows best. Instead, lay out the evidence very clearly so that it can be discovered. It will not be missed that you were the source.

Your knowledge is power that you can use for both personal and company gain. When upper management discovers your ability to create healthy and profitable employer-employee relationships, you have made HR a critical function within your organization.

You become a valuable go-between who can help the company increase its effectiveness and profitability, using your knowledge and skills about employee motivation.. By creating this kind of role, you are positioning HR as essential to organizational success. The CEO will eventually want the HR Director in the C-suite.

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