

Movin' on Up

Elevating HR to the Head of the Table in the Executive Suite

Presented by:

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The Focus of Today's Webinar

This topic is being presented for the widest possible audience in a one hour format. It may be somewhat elementary for senior HR professionals who have a seat at the table, and it may be a bit advanced for more newer early-career HR aspirants.

The goal of this webinar is to raise the awareness of HR professionals of actions they can take to enhance the credibility and raise their role inside the company they serve.

Agenda

- ❑ Define success what does it means to have a seat at the table?
How will you know when you made it?
- ❑ What holds HR down?
- ❑ Changing the perception of HR in the minds of our business colleagues
- ❑ It's all about the business and delivering value
- ❑ What are the business differentiators, values, strategies
- ❑ Incorporating business differentiators in HR systems

A Seat at the Table

Definition of Success: Being a co-equal member of the Sr. Management / Leadership team making decisions that effect all aspects the business.

To lead the group – Being recognized by the team members as the leader, someone who bring value, can direct the team and achieves results.

A Seat at the Table

The skills that got you here, this far in your career at this company, will not get you a seat at the table.

Leadership, business knowledge, and adding value not only bring you to the table, but elevate your role at the table.

Who here does not have a seat at the table?

A Seat at the Table – Poll Question

Why do you think you don't have a seat at the table? (check all that apply)

- Management doesn't value HR.
- Management doesn't understand HR.
- Management do not value Human assets – the employees.
- Management doesn't see HR's value to the operation/direction of the business.
- You don't feel confident talking about the business.
- Fear
- Politics
- Other

It's All About Adding Value

It is more than being proficient in your profession.

It's about knowing the business **and** leveraging your knowledge of HR to maximize the contribution of human capital, anticipate/solve challenges all with the purpose of achieving business goals.

“HR must deliver value. HR practices must create value in the eyes of investors, customers, line managers, and employees. HR departments must be organized. They must implement strategies that create value by delivering business results in efficient and effective ways. HR professionals deliver values when their personal competencies deliver business results.” “HR The Value Proposition”, by Dave Ulrich and Wayne Brockbank, Harvard Business School Press, 2005.

Adding Value

- Do you know your company's value proposition and business strategy?
 - How/Why does it makes money?
 - Why customers buy from your company versus a competitor?
 - Do you know the company's marketing strategy?
 - Have you incorporated the business and marketing strategy into the HR practices?
 - What are your company's key metrics/success measures? What are the levers that affect the business?
 - Market share
 - Rev growth yr over yr
 - Inventory turns
 - # of units sold
- √ Rev inc per customer
√ Reduced cost of mfg

The Poll Question

Results of the poll question

Incorporating the Business Into HR

- How have you incorporated the business success metrics into HR systems? How then will you define HR success?
- How are the value proposition and marketing strategy incorporated into HR systems and strategy?
 - If we saw a job posting would we discern the company strategy?
 - How is correct behavior recognized and rewarded? And the opposite?
- If we surveyed your management team, how would they evaluate you in the following areas:
 - How does HR support achievement of the business goals?
 - How would you evaluate your HR person's knowledge of the business?
 - Do you feel HR is critical to your success?
 - What is the most recent success you owe to your HR Person's insights?

Actions to Change Perceptions

- Have you worked in other parts of the business to understand their challenge, role, etc.
 - Example: Newspaper and TV 101, Route sales at Frito-Lay
- Have you met with key customers?
 - Do you know what's important to them?
- Have you met with key suppliers/vendors?
 - Do you know what's important to them?
- Have you translated business challenges i.e., turnover into HR actions?
 - Do you know how to translate a program cost into ROI?
 - Ex of collections, sales training, management training

Case Study 1 – Sales Training

Background: Sales team not achieving goals for new sales, high turnover, and as a result company was missing revenue targets. At Operations and Sr. Team meetings there was much discussion about the need to cut expenses because of the “revenue problem”.

I felt that the “revenue problem” was a symptom of a more complex issue. I had my HR team conduct some research into:

- Analyzed sales reps and built a comprehensive grid that showed:
 - Rep performance last six months arrayed best to least
 - Showed brief background of each rep, experience, education and source
 - Identified sales managers
 - Identified training/orientation reps received at hire and in the field
 - Determined actual ramp-up time
 - Determined the current ramp-up cost
 - Quantified the impact of a faster ramp-up time for sales reps
 - Revenue impact
 - Expense reduction
 - Improved sales rep satisfaction through increased commission earnings and less pressure for missed quota
 - Manager time saved
 - Reduced turn-over
- Analyzed comp plan
 - How comp plan supported negative behavior
 - What changes needed to drive behavioral changes
 - Sensitivity modeling to test assumptions

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Case Study 1

Findings:

- Rep background inconsistent based upon the skill of the hiring manager
- Reps with more experience did better
- Reps with certain managers who trained new people did significantly better
- Reps with certain managers did significantly better others did significantly poorer
- Comp plan dis-incented the correct behavior
- New reps became frustrated when they couldn't hit targets
- New reps didn't know the products
- New reps weren't effective at overcoming objections and dealing with the impact of high turnover
- Managers were frustrated by significant time needed for recruiting and training new reps
- Reps didn't know "best practices" to help them succeed
- Reps didn't know who to go to at HQ for help
- Reps didn't know policies

Recommendations:

- Cost justified a standardized two week new rep training program
 - Reps had to show competency or couldn't graduate
- No rep could go to the field unless they successfully completed the program
- Changed the comp plan to reward new sales and dis-incented discounting

Best practices were shared in formal sessions and at the rep training
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Case Study 2 – Management Training

Background: Voluntary employee turnover was running about 55% annually, and from my analysis I believed the biggest single cause was poor management. To validate that hypothesis, I had my staff gather the following information:

- A list of all employees who had resigned in the past 24 months
- Analyzed Turnover by job, supv, dept, tenure
- Review the personnel file and talked with the managers to identify performance level of employees who had resigned during the past 24 months, including identification of key employee loss.
- Conducted post-exit interviews to identify true cause of departure (If ABT could change one thing to make it a better place to work / may have prevented you from leaving/ cause you to consider to return, what would it be?) and try to re-recruit good employees.
 - Most feedback pointed to poor management practices
 - This correlated with the post exit interview info
- Using the information in the book “First, Break All The Rules” by Buckingham & Coffman, Simon & Schuster, 1999, page 40, they calculate the cost for turnover to be 1.5 times annual salary. I used a more conservative 1 times annual salary for my calculations. At 1% the cost for turnover based upon the average employee comp was \$9,574,224 and based upon the median employee comp was \$7,524,000. (Actual comp was approx \$8.3 M)

Case Study 2 – Management Training

Findings & Recommendations: Poorly trained managers were costing the company millions. I proposed a formal management training program with a first year cost of approximately \$350,000 with on-going costs of approximately \$250,000.

I committed to reducing voluntary turnover by at least 10% to a yearly average of 40% or less. Actual results came in at a 50% reduction saving \$3+Million.

The ROI of the training initiatives +900%

Ten Steps to Getting to the Table

1. Keep your HR skills proficient
2. Enhance and maintain your business skills
3. Learn about your business
 - a) The business and marketing strategy
 - b) It's key metrics
 - c) Meet customers, find out what's important to them and what isn't working as well as it could.
4. Leave your functional role at the door and be part of the team, with a business focused on the key metrics.
 - a) See Patrick Lencioni's 2 books, "Silos, Politics and Turf Wars", Josey Press, 2006 and "Death by Meeting", Josey Press, 2004.

Ten Steps

5. Leverage your analytical skills and HR knowledge to conduct critical thinking and identify causes (versus symptoms) of problems.
6. Know the data, don't guess or assume. Don't talk about the data in a way that embarrasses other team members.
7. Calculate the cost of the problem. (Use SHRM white papers and well respected business authors to validate your position.)
 - a. Don't fall into the trap of trying prove the expert. Have someone who disagrees come in with their points and authority or contrary evidence.
8. Be willing to take a position and make a commitment. (If we do this program we will reduce turnover by 25% and therefore save \$1.88M.)
9. Leverage other departments. I partnered with my financial analyst to have solid tracking. (The CFO doesn't challenge his calculations.)
10. Share credit, there is plenty to go around

Questions

We've covered a lot of concepts in a short time. What are your questions?

If you would like to ask me a question today or after you have reflected on this material, feel free to send me an e mail at:
mark@eellc.us

How did we do?

Please go to evaluation.eelc.us and let us know how we did and check out some special offers.

Special Offer

We are announcing the formation of a new HR Leadership Group here in Chicago with meetings beginning in September.

Group Goal: To help accelerate the development of HR professionals in a facilitated group setting.

Format: A group that will have 8-10 members from a similar professional background. Initially, we will meet in person once per month for 90 minutes. The topics will be group directed and group members will be accountable for results.

Click the link <http://hrleadershipgroup.eellc.us> to learn more.

This is **not** a networking group.



Ernst Enterprises, LLC

Business Advisors

Mark Ernst is the founder of Ernst Enterprises, LLC, business advisors whose mission is to help business owners and professionals:

Achieve their Vision

Our Core Values

Confidentiality: We treat all client matters and discussions confidentially.

Integrity: We operate with openness and transparency in all client matters.

Trust: We earn our client's trust by keeping our commitments.

Expertise: We are or bring in the expertise our clients require.

Mark Ernst founder of Ernst Enterprises LLC Business Advisors

BIO

Mark Ernst has been the trusted advisor to CEO's and senior business leaders for over 20 years. He has an extensive background in strategic planning, mergers and acquisitions, budget planning and analysis, process improvement, change management, talent acquisition, development and retention, succession planning, employee relations, compensation and benefits, safety and security, and facilities management.

Mark's career includes senior level positions at such prominent companies as Nabisco, PepsiCo, Long Beach Bank (now Ameriquest Mortgage), Freedom Communications, Autobytel, and Businessland. His industry experience includes: Internet marketing, food manufacturing and distribution, financial services, broadcast, and print media.

Mark earned his J.D. from DePaul University and his BA and MS from Lewis University and is an Accredited Executive Associate of the Institute for Independent Business. He has completed specialized programs in Mergers & Acquisitions at UCLA; Managing Organizational Change at Stanford University; and The Business Development Program at the Kellogg School of Business, Northwestern University.

He frequently speaks on a variety of important business topics such as: strategic planning; maximizing cash flow; preventing sexual harassment; the future of your business; minimizing the risk of employment litigation; and other contemporary business topics.

Mark resides in Lake Zurich, IL with his wife Nijole. They enjoy spending time together traveling abroad, boating, and motorcycle riding.

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