

PERSONNEL NOTEBOOK

For Your Most Important Resource—The Human Resource

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CREATING THE HUMAN RESOURCE DEPARTMENT

Where Do We Start Doing What?

When small companies start up, they usually see their primary need as production. How do I do this work and how can I get more of it done? The second is sales. To whom do I sell these services or products and where are they? Then comes the money. How much do I need to start and operate my business, how much should I charge? Where can I get the money I need?

Several things then evolve, including location, equipment, advertising and keeping the books. You quickly come to the universal dilemma, "I went into business to do the thing I love, the things I'm good at, but I'm spending all my time as an administrator, a manager. I'm in the office or car doing administration or selling functions instead of what I went into business to do!" Then you decide to hire someone to do whatever needs the most concentration at this point. You've probably already delegated or hired someone to keep the books and/or run the office (maybe it's you). That will most likely be the person you choose to run an ad and bring in some resumes. And that's the start of your Human Resources (HR) department. Few companies see the need for an HR professional. But after a few hires and the business starts developing, the need becomes more obvious.

So where do we start? And start doing what?

WHAT ARE THE FUNCTIONS OF AN HR DEPARTMENT AND WHAT COMES FIRST?

First, you're right, HR is highly administrative. It takes someone who is well organized. Also keep in mind that as time goes on, this person, along with your sales person, will be the face that most people,

employees, clients and the public will see as your company. So this person should certainly be able to communicate pretty well. One of the major steps overlooked at this point is that this person is not fully oriented into the company's values, purpose, mission, functions, plans, etc. What you do and how you make money from that should be well known to them. But at this point your "wolf at the door" problem is recruiting, and that will surely be where you'll focus.

1. Recruiting:

You will likely find that running that ad and reviewing the resumes has high costs and low results. You must decide quickly on where these candidates are, how you contact them, and how you attract them. The answer changes from company to company. But if you ask yourself and other employees these questions, you will answer many quickly. (See the *Personnel Notebook* on "Recruiting" for specifics.)

2. Interviewing:

You must then decide on a major basic point. What is a candidate, or better, what is an applicant? It should not be every interested phone caller, individual walking in off the street, or name someone gave you. It should be a formal statement of who the individual is and their qualifications. This will become an important document. You then decide on who will do the interviewing. Without question, the final selection should be done by the individual (normally a manager or supervisor) who is responsible for that function. The question is, should the HR individual do any of the interviewing? Will they merely collect the resumes and forward them to the hiring party? The progressive steps are:

A. Collect them all, keep the original and refer a copy to the hiring party.

B. Collect them all, screen them for those who meet the minimum requirements and pass only those on to the hiring party.

C. Interview them all, rank them and send the best to the hiring party.

3. Setting Up The Personnel File:

The application, the source of the application, and the date you received it should be recorded in a file set up under the person's name. You might also want to number that first job as Job No. 1 and keep a list on file of all those applicants you considered for the job.

This personnel file is a legal document. Put nothing in it that does not apply to this individual and their job. Put nothing in it that you would not want displayed in court. Do not allow anyone in the company to view it except in-line management and the individual. Keep them secure.

4. Benefits Administration:

Whatever benefits this person will receive should be told to them by the HR individual. The candidate should be given a list or at least informed as to what they are. Emphasize that no other verbal statements apply. Interviewers tend to over promise and you could be held to that. Keep that list. Most HR departments assume the responsibility of administering company benefits because they are the ones who must know of changes and relay them to employees and relay employees' questions back to the insurance carriers.

5. Relocation:

If this new employee is to be relocated, someone needs to administer and control this. Individual employees working with their own movers, realtors, etc., will double the cost of relocation compared to HR handling it.

6. Payroll:

Many companies (not most) assign payroll administration to HR because they are central to all

payroll functions. It's also a way to keep pay and increase information more secure.

7. Counseling and Employee Relations:

Do you want the new employee to take their problems, questions, etc., to their supervisor to resolve? Or should that be HR? Most employees will have problems or questions of a personal, non-job function nature. Employees will have questions about pay, payday, time off needed, sick leave, family benefits, etc.

Also, in today's environment, an employee needs a place to discuss such issues as sexual harassment, family and medical leave, company policies, etc. It is far better that all employees get the same answer. You also want to begin cementing the communications lines between employees and HR.

8. Orientation:

Actually most companies do not start orientation programs until years later and only as they grow considerably. However, the benefits of all employees being oriented on the first day as to how the company operates, the values, the future, the policies, the safety issues, sexual harassment, procedures for requesting time off, etc. And to answer questions early on have all been shown to be of great long term advantage. The sooner you set this up the better.

9. Training and Development:

Many companies leave this to the supervisor or manager as they see the need first. However, they are always highly reluctant to lose the worker during training and having the expense charged to their budget. This needs to be controlled by HR equitably. This is also true for knowledgeable career planning. Proper career planning can not only increase employee performance and morale, but is a key to controlling turnover and strategic planning.

10. Performance Evaluation:

Only supervisors and managers should do performance evaluations (PEs), but they don't. HR should be in charge of the process, the forms, the timely completions of PEs, etc., but there is no way

for HR to knowingly evaluate how an employee performs their job. The supervisor must do it.

11. Compensation and Pay:

Although HR does not determine the actual pay an employee receives, they should be responsible for the formalized structure of compensation. They should establish wage ranges and pay equity procedures. As a rule, this should mean developing:

- Technical, professional position descriptions,
- Market values of those jobs,
- Wage ranges with mid points,
- Performance and increase ratio charts.

Like so many things in HR, equity is a big issue. Supervisors tend to overpay good chemistry and performance, while underpaying other workers.

12. Safety/OSHA:

Although most companies leave this to the supervisor, the problem remains because supervisors can't keep up with the ever-changing regulations. Also safety procedures take up production time and costs money. Supervisors are reluctant to self-examine their safety process or shut down unsafe work. HR should be in charge even if it means that a safety manager is hired. Safety needs to be controlled by someone without the direct pressure of lost productivity or cost.

13. Equal Employment Opportunity (EEO) and Affirmative Action Plans (AAPs):

These are definite HR issues. EEO and AAPs are primarily about hiring, promotions, pay, terminations, employment policy, employment records and performance evaluations. One knowledgeable voice should be speaking to EEO and AAP authorities. The paperwork involved can be enormous and complicated and it must be kept confidential.

14. Terminations:

Terminations should be handled by the supervisor. The person who is recognized by the employee as the one who knows the performance

issues first hand and has the authority to terminate. HR must process all other aspects of the termination, such as exit interview and employee counseling. Sign out and/or final resolutions issues such as return of credit cards, tools, pay advances, COBRA benefits, etc., should be handled by HR.

15. Communications:

Eventually you will want a company newsletter and/or an employee handbook. HR is a good place for these kinds of activities. Official notices, employee inter-communications, employee activities, stories about employees, upcoming company events, awards, benefit changes, etc., are mostly HR issues. A newsletter can be a major tool in the bonding of employees with the company.

16. Employee Services:

These are such things as Employee Assistance Programs (EAPs) (drug and alcohol counseling, legal services, etc.), educational assistance, company picnics, bowling teams, holiday parties, etc. These eventually develop and are usually found to be of great advantage. Long-range benefits are well established, better teamwork, motivation, loyalty and less turnover are all inherent.

17. Labor Relations:

This mostly relates to union membership and contract negotiations. The individual or the department becomes the official and legal representative of the company with the power and signature to sign such contracts on behalf of the company. Usually this doesn't come for several years and often is assigned to the legal department for a labor attorney to perform.

18. Turnover:

Eventually the company recognizes the problems and costs of excessive turnover. Often HR is assigned to analyze the problem for recommendations and resolution.

19. Discipline and Grievance Handling:

Although initially this is done by the supervisor, ultimately it requires a very centralized, single voiced source to assure proper procedure and fair play.

Privacy issues, documentation, and follow up are necessary.

As a rule, employees trust the procedures if handled by HR.

20. Facilities Management:

This could mean the entire building, factory, or garage. It could mean just the office. But it always means the work facility, the physical structure. The security, maintenance and repair of the facility or building. Security locks and keypad operations, fire and rescue procedures, evacuation procedures, insurance coverage and often landlord leases are included.

21. Executive Counsel:

If the HR professional is qualified and well informed, the function of counseling executive management on HR and/or employee concerns comes about. It takes courage and often maturity to advise management that their intended actions may be illegal; or that employees would likely react unfavorably to certain actions. At this stage, HR would likely be attending top executive meetings and be part of the strategic planning process.

22. Community Relations:

If the HR professional is well spoken, very presentable, and the company is comfortable with his/her community awareness, they often assign the HR professional to represent the company in community relations. This might include the Chamber of Commerce, charitable organizations, or community organizations such as the Jaycees.

23. Cost Efficiency, Productivity, Motivation:

Although HR is actually effective in these areas at a much earlier stage, it is usually a by-product of good management and good HR work.

However, the HR professional may reach a point where they can recognize, measure and exercise controls over motivation, productivity, and cost efficiency. Once, and if, they recognize how to do this, they will have a significant impact on the company's bottom line. They can become a

responsible executive who can increase and improve the major assets a company has, its people.

Although there are many more sub functions or responsibilities that may be added to this list, this is a classical progression of a start up HR department to an advanced and executive level. Not all these responsibilities are assigned to every HR department. Like all job positions, each company factors its needs and its assets in different ways.

The values and philosophies of a company determines its outlook of their employees and thereby, its HR function. If a company sees its workforce as a cost, they will do all they can to minimize, over control and limit it. If they see their employees as an asset, they will do all they can to develop it, manage it well, and to fully utilize it.

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