



## Time for a People Review

**Answer these eight critical HR questions and you'll be well on your way to a more productive workforce and a more prosperous new year**

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At Litigation Presentation, a 10-employee Atlanta firm that provides complex graphics for trial attorneys, human resources strategy is the subject of intense scrutiny at the end of the year. The company's top managers meet weekly in November and December to examine their human resources operations and determine what's working and what needs change. "We have informal conversations year-round," says Kelley Degnan, the firm's vice president, who is responsible for human resources and other operations issues. "But at the end of the year, we dedicate time to step back and look at what's working, what isn't, and how to make things better."

Year-end human resources planning will go more smoothly if you've been paying attention to your people, their positions and your firm's benefits and policies throughout the year. But if HR has been on automatic pilot all year long, it's all the more important to take a close look at this vital part of your organization's operations. Otherwise, you'll miss opportunities to boost productivity and morale as well as profits. Here are the most important HR questions to consider as you prepare for the coming year:

### **Is your staff the right size for your business?**

Degnan notes that next year's business development forecasts can help you determine how many employees you will need, which may depend largely on the number of customers you expect. This is also a good time to examine your organizational chart, paying particular attention to the total amount you spend on wages and salary for each department (including benefits costs). "The departments that bring in the revenue are the ones to consider beefing up," says Jennifer Kluge, president of the National Association for Business Resources in Warren, Michigan. "The departments that account for a high proportion of salaries relative to revenues might be candidates for outsourcing or cutting back."

### **Are your employees deployed effectively?**

Ask each of your employees to make a list with three categories: tasks they perform every day; tasks they do once a week; and tasks they do once a month or once a quarter. "You'll see stuff on the sheet that you had no idea a particular person was doing or, even worse, you'll find that workers are neglecting essential tasks," says David Lewis, president of OperationsInc, an HR consulting firm in Stamford, Connecticut. You may discover that some workers are overburdened (potentially signaling a need for new hires) while others aren't contributing much. Once you have that information, you can re-allocate tasks more appropriately. While you're at it, establish guidelines to prevent employees from trading off responsibilities without managers' approval.

### **Are you prepared for employee turnover?**

You don't want a key employee's resignation to take you by surprise. Derrick Barton, CEO of the Center for Talent Solutions in Denver, Colorado, suggests that employers discover their

employees' "length of service intentions." You can do that by having managers fill out the worksheet at [centerdortalsolutions.com/solutions/Length%20of%20Service%20Intentions.pdf](http://centerdortalsolutions.com/solutions/Length%20of%20Service%20Intentions.pdf). Barton estimates that the exercise can predict 75 to 80 percent of the turnover a business will experience. Once you've identified valued employees who may be at risk of resigning, you might be able to find ways to convince them to stay. At worst, you might confirm the fact that a staffer plans to leave, which will give you time to prepare for the transition.

### **Does your compensation plan help retain good employees?**

Year's end is the season for performance reviews and bonuses, which makes it a good time to investigate how your compensation numbers stack up with those of other businesses in your industry and your region. David Lewis of OperationsInc recommends consulting websites (such as salary.com), fellow entrepreneurs, local business and trade journals, and your local and state chambers of commerce. You may find that you're overcompensating some employees – but it's more typical to discover that you're paying some workers too little, raising your risk of employee turnover.

### **Are benefit packages appropriate?**

Reevaluate the benefits you offer employees. Don't be too quick to eliminate a benefit that helps attract and retain key employees – but some cuts may be worth making. "You may be paying good money for a benefit people just aren't using," says Degnan of Litigation Presentation.

### **Are your HR policies up to date?**

Chances are, you've introduced informal guidelines during the year that have become de facto policies. Now is the time to review and formalize those policies, adding them to your employee handbook. The handbook also should incorporate any policy changes dictated by new state and federal legislation. David Lewis of OperationsInc advises using a loose-leaf binder for the handbook; once your policies have been updated, put an employee in charge of collecting the binders and replacing the pertinent pages before redistributing them.

### **Should you consider outsourcing part or all of your company's HR function?**

Your answer to this question will depend on several factors, including the expertise of the person currently handling HR and the amount of time HR-related duties take out of his or her day. Jennifer Kluge of the National Association for Business Resources argues that keeping HR in-house can help create a healthy, productive workplace culture since there is someone on site whose job description specifically includes monitoring employee morale. But be sure your in-house expert has the experience and skill to manage the job – which includes complex and high-stakes liability issues related to hiring and firing.

### **Are the results of your HR planning aligned with your company's larger goals?**

Finally, review all potential policy changes to be sure that they support your vision. Degnan and other top managers at Litigation Presentation are committed to creating an employee-centric culture. That goal, says Degnan, provides guidance when managers are making decisions such as whether they should add coverage for eye exams and glasses to the benefit package (short answer: yes). Adds Pat Lynch, a principal of HR value, a consulting firm in Long Beach, California, "Everything you do in HR – deciding what benefits to use, how to pay your employees, whether to outsource or not – should be linked to a clear set of goals for your company."