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Learning from the HR pros

HR isn't just about payroll and benefits anymore – and what local pros know could help small business owners

Premium content from Birmingham Business Journal by Cindy F. Crawford, Staff

Date: Sunday, April 4, 2010, 11:00pm CDT

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Every business has a human resource director.

At big firms, the HR pro sits in an executive suite, making decisions about hiring, firing, benefits, employee morale, training programs and so much more.

At small businesses, the HR director is, well, the small business owner.

In most cases, HR decisions are big ones. After all, the HR department carries one of the business' biggest expenses: employees.

Because of that expense, HR pros have become valuable resources.

In a study conducted over the last year, Kelly Schuck, managing director of corporate and consulting psychology firm TalentQuest, talked to five local human resource powerhouses to determine the top HR issues businesses face.

Those HR directors – Harry Dinken of Altec, Donna Smith of **Alabama Power**, Cheryl Levy of **HealthSouth**, Scott Adams of **Protective Life** and Kim Patterson formerly with BE&K – work at some of the city's largest companies and together oversee almost 40,000 employees. They were recommended for the study by their peers as being the top of their field.

Among the lead issues the HR pros documented were:

- When a big change or initiative is needed, lobby company executives/leaders to earn company-wide buy-in.

When Alabama Power's Smith wants to institute a new program – such as a money-saving

wellness plan that would affect all 7,000 employees – she has to make sure those at her executive table are on the same page. To get everyone on board, she said she “shops” her initiatives to each executive and meets with them to give them the details of what she’s proposing.

HealthSouth’s Levy said she makes sure she’s ready to sell her new plans with the facts, upfront costs figured out and what she expects for the end result. “You have to be prepared,” she said.

Change – and new ways of doing things at work – can be tough for companies with veteran employees, Protective Life’s Adams said. It’s like asking a right-hander to write left-handed. However, it can be done by communicating with the staff about the new program, he said.

For example, when Protective implemented a score card to track accomplishments and set goals for employees, it was not popular at first, Adams said. One way the HR staff gained “buy-in” was through communication. Protective Life uses an intranet site to post information and hosts town hall meetings with the CEO. Protective also has an executive roundtable where rank and file can meet face-to-face with company leaders over lunch to talk about issues.

“That’s part of getting us all on the same page,” Adams said.

- When big changes occur, such as bankruptcy, a buyout or management shifts, keeping up morale is key.

Levy had to tackle morale issues when she got to HealthSouth three years ago, a few years after the discovery of massive accounting fraud and a major overhaul of executives. Current CEO Jay Grinney had begun the path to repairing the company and, in the process, divested three divisions, which involved the transfer of employees to the new companies. For those still with HealthSouth, a lot of questions remained, such as, “What will happen to me?” and “Will I still be with HealthSouth?”

To boost morale and ease minds, Levy pushed for as much communication as possible. They sent out e-mails and memos to department heads to be relayed to staff and held quarterly town hall meetings where Grinney would speak about changes that were in place and would take questions from the audience, either spoken or anonymously written on paper.

“It’s gone well and it doesn’t take that much to do,” she said.

Today, the culture has changed and is more stable, Levy said.

- HR directors need to understand their business and how it works.

Over the years, Patterson, formerly with BE&K, has worked in varying industries from steel, manufacturing, electronics, construction and engineering and now the marine industry. Each time she started working in a new industry, she spent a lot of time researching the company to get to know its product, its strengths and weaknesses, its business model and even its competitors. To help executives make key decisions, it’s important for the HR director to understand the firm and the marketplace it is in, she said.

That background also helps HR executives analyze current and future needs and balance the company’s needs with the employees’, Patterson said.

- Use HR knowledge to help with the bottom line.

CEOs are increasingly learning that it's important to have a human resources pro at the executive table to help with the business' long-term strategy, Schuck said.

Business owners and leaders are seeing that HR leaders may not bring any revenue to the table, but they oversee the bulk of the company's expenses: their employees, Altec's Dinken said.

An HR pro can and should help determine the cost related to needs of associates and the company, which includes the cost of maintaining the company's reputation and morale of employees, he said.

"The strategy needs to be to get ahead of things, instead of react," Dinken said.

- As baby boomers retire en masse, HR directors need to focus on good old fashioned hiring and strong recruiting efforts.

The approaching retirement fury of baby boomers affects HealthSouth in two ways: the loss of veteran employees and the increase of health care needs for those aging baby boomers.

Because of those two elements, Levy said she's always hiring. To find good nurses, Levy hits the colleges, where she explains what HealthSouth – a rehab facility instead of traditional hospital – has to offer. Levy and her staff also attend job fairs.

"Nurses have a lot of options, and we have to stand out and show them that what we do makes a difference," she said.

Adams at Protective Life said he has looked at the demographics of his work force to find gaps where more employees will retire in the coming years.

"We need to attract different kinds of people and develop them in different ways," Adams said.

- Institute good training and retention programs and think ahead about choosing future leaders from within the rank and file.

Firms need to strategically look at what departments will be the hardest hit by baby boomer retirement and actively look for candidates to fill those holes, Alabama Power's Smith said.

Alabama Power has little turnover, but the average length of service is 18 years and employees have an average age of 45. As the work force ages, Smith said it's important to have a successor for those leaders in place. And most firms have strong leadership candidates within their work force, she said. At Alabama Power, Smith focuses on selecting future leaders – those with four to 10 years of experience in their department – and training them well. She uses a leadership development class that includes pairing future leaders with a mentor and hosting discussions on issues such as conflict management and career development.

Protective Life is also focusing on preparing middle management to move higher in the ranks, Adams said. The HR department identifies ideal candidates and trains them for the higher position. And it's a great morale booster for those knowing the company is investing in them,

he said.

- Serve as a support to leaders and middle managers.

The decision makers, especially middle managers, need to learn how to do their own “human resource” work and deal with employees under them, Smith said.

At a large company like Alabama Power, most employee interaction is with middle managers, not executives or HR pros. It’s the HR department’s job to help those managers think through certain employee situations and make a decision they’re OK with.

“We will give our opinion, but we want the leader to make the decision and then be accountable for it because they’re going to have to live with it,” Smith said.

Trust and relationship building is important with each manager to help them reach that good decision, she said.