



STRATEGIC USE OF PEOPLE MANAGEMENT PROGRAMS

Too often, companies spend precious resources... time and money... creating and implementing new programs for employees that are not linked to their business needs and goals. They develop systems and practices in a vacuum. There is little or no connection to corporate objectives. What's the result? At worst the program fails; at best it's a missed opportunity. Let's highlight a couple of bungled chances before we explore one successful endeavor.

About a year ago, we heard a CEO complain about the lack of understanding and gratitude of his staff after the introduction of an employee stock ownership plan (ESOP). He talked about the amount of money the company had paid to a benefits professional hired to develop the program, the expense to create the trust, the time required of senior managers to meet on the subject, and the preparation for his presentation to the company at an all employee meeting. He proudly discussed his goal of broad ownership by employees and the commitment he had anticipated. He wondered why the enthusiasm he had for the program wasn't shared.

At another company, during a department head meeting, the need for an improved performance appraisal process was raised. When the Human Resource Administrator asked questions about what was needed to support the departments' goals, he was ignored because a very persuasive MIS manager influenced the group by discussing in detail a new performance management software package she had seen which *made it easy* for managers to complete their reviews because *the language was already in the program*. They bought the program, and it's now eighteen months later, the department heads and a very vocal group of employees, are complaining about the "improved" performance appraisal program.

What went wrong with these two scenarios? For starters, the communication was inadequate and primarily limited to discussions among management staff. Further, there was no training for users in how to understand, or to implement and integrate, the new plans or procedures. Finally, these programs were not linked to business goals.

Here's an example of a positive approach used by an emerging firm that is in the midst of a significant transition. The company was established, and had been run, as a family-owned business. There was an overemphasis on personal relationships and an underemphasis on sound practices that result in profits, cost management, and effective use of resources. The new CEO and CFO have specific objectives for changing priorities without undermining the essence of the company.

EXXEL's initial engagement with this firm addressed the statement, *We have no idea how we're paying our employees!* However, that was only the presenting issue. While we could have taken a very straightforward review of pay levels, we incorporated four clear goals and business needs articulated by the CEO and CFO:

- Make sure employees understand what is being done and why, allowing ample opportunity for questions. Issue clear and repeated communication with all employees using several vehicles for reaching them.
- Involve all employees at some point in the process, in a meaningful way.

- Strengthen the supervisory skills of the management group.
- Use this process to develop a management team.

A post implementation assessment of this project by management, employees, and EXXEL, was that process and outcome were successful. Throughout the many phases, we consistently reminded ourselves of the four goals beyond the review of pay levels. These stated objectives influenced each step of the project. We used every opportunity to reinforce them.

So how does this example differ from the first two? Clearly, a strategic component was evident. There was a deliberate and thoughtful attempt to link a people management program to the company's business needs. By doing this, much more was accomplished than *putting in a new system!* The project was coordinated with overarching goals and objectives that will help this firm reach a higher level of corporate effectiveness.

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