

Four ways to improve your competitiveness by building your HR department's strategic and administrative functions

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You may have heard about a notorious article published in *Fast Company* magazine last summer titled “Why We Hate HR”—or you may be tired of hearing about it. Many HR professionals are tired of pointing out that, among the article’s many faults, the journalist who claimed to speak for a universal “we” assumed that “administrative” and “strategic” were mutually exclusive HR functions. But it’s not an “either/or” proposition, according to a wave of backlash from people who, one contributor noted, “actually work in HR.” In the real world, they say, as opposed to the unsupported generalizations in the article, an effective HR department must fulfill both roles: strategic *and* administrative.

Therefore, instead of proposing that you “transform your HR department into a strategic partner,” as many articles do, we suggest improving both capabilities for the greatest impact to your organization’s bottom line.

Why administrative HR remains important

Common sense tells us to be careful about fads like the shift towards strategic HR. An HR professional must know how to extract value from a concept without throwing out the old ways of doing things—in this case, administrative HR. Here is a passage from the Human Capital Institute that works as an antidote to the *Fast Company* article mentioned above:

HR is fragmenting into strategic and administrative spheres.

Strategic HR must be able to bring in top producers, measure their contribution, tie the data back and continually improve the process. They must be, by definition, curious, creative, confident, entrepreneurial and decisive leaders. These are the attributes necessary to produce new ideas, take risks and achieve break-away success. Administrative HR will remain an important function that keeps commodity staffing within budget, develops policies and procedures, minimizes risk of lawsuit, counsels underperformers, and handles the myriad of administrative and clerical duties around payroll, benefits and pension planning.

1) Minimize the risk of lawsuits

The HR department plays a vital role in many compliance activities and in the overall companywide adherence regulatory standards. As a result, HR is often responsible for developing and documenting internal controls, maintaining auditable processes, enforcing privacy standards, and ensuring the security of HR systems.

Many employers take steps to “bulletproof” their business through outside expertise—with an employment practices audit, for example, employee handbook reviews, or a “hotline” that allows you to ask questions to HR consultants. In general, it’s a good idea for an employer to thoroughly review all policies, practices, and procedures where there is interaction with the workforce to pinpoint potential trouble spots. The goal is to save money, improve personnel policies and practices, and resolve potential employment-related liability exposures before they escalate into costly litigation.

If you would like more information about receiving an HR audit, subscribing to our Human Resources Hotline, or receiving other HR services to minimize the risk of lawsuits, contact Associated Financial Group at info@associatedfinancialgroup.com or 800.258.3190.

2) Bring in top producers

Organizations that are planning to implement a new business strategy or transform their existing strategy need to begin by ensuring they have the right people in the right positions. Part of this involves assessments, which have been used successfully in employee recruitment, workforce planning, compensation planning, and training and development. Employee selection and development strategies are now being applied to strategic corporate actions that include organizational restructuring, culture transformation, market repositioning, and job redesign.

By using competency assessments you can add real value to your

organization’s bottom line. This value is added because of the wealth of competency data generated by assessments and the multiple ways the data can be used. Clearly, competency assessments can help any organization leverage its human capital to optimal advantage, whether the goal is to improve product and service quality, enhance customer service, or support changes in organizational mission or business strategy.

3) Manage benefits intelligently

Making poor benefit decisions can be devastating. If you are funneling resources into a health plan that does not meet your employees’ needs, you are not only wasting money, but also hurting your company’s competitiveness. You could be driving away key employees or harming your insurance ratings.

That’s why employers must be strategic in how they design and maintain their health plans. To accomplish this, Associated Financial Group helps many of our clients keep track of where employees incur health insurance costs and modify the health plan design accordingly.

Consequently, these employers make quicker and better health insurance decisions while eliminating guesswork. This allows them, in turn, to identify which wellness programs they need to focus on and implement proactive health intervention programs, ongoing disease management, and lifestyle programs.

To be truly strategic, you must track results and provide the numbers. By analyzing insurance claims, employers can determine the claims savings of plan design changes and the impact changes will have on employee out-of-pocket costs. In other words, you can determine if plan design changes made the previous year worked.

4) Develop and maintain policies and procedures

No employer should turn its back on this crucial administrative

responsibility. However, you can reduce the time and personnel you spend on it. For instance, in Wisconsin, Associated Financial Group clients can improve employee communication and productivity with an HR website, customized for their organizations, where they can:

- Deliver company policies and procedures.
- Communicate up-coming events like open enrollment.
- Post all necessary HR-related forms and documents employees need throughout the year.

There is a trend in HR to replace customer service to employees with self-service resources. With an HR web site, an employer can improve efficiency by publishing a list of HR staff with contact information, posting targeted employee health communications, and offering information and forms relevant to all benefits plans, such as:

- Summary plan descriptions (SPDs).
- Rate sheets.
- Schedules of benefits.
- Enrollment forms.

We keep hearing about the need to free human resources from mere administrative duties and transform the department into a core business unit. According to a survey released this year by Fidelity Investments, in fact, most of the HR departments at 106 of the largest U.S. corporations are upgrading their operations, but two-thirds are still unable to deliver more than basic administrative functions.

However, the study defined an HR department that fulfills a “strategic business role” as one that provides both “administrative excellence and organizational focus and helps define business strategy for their companies.” That means we should focus on both administrative and strategic functions—not one instead of the other. For more information on any HR solutions, including those mentioned in this article, contact Associated Financial Group at info@associatedfinancialgroup.com or 800.258.3190. 