



Kingdee Company Seminar

- *Using HR Best Practices to Improve Your Company's Performance*



Our Main Point

- With employers increasingly relying on employee teamwork, productivity, and commitment, employers need HR Best Practices to compete effectively



What is Human Resource Management?

- Management process
 - The five basic functions of planning, organizing, staffing, leading, and controlling.
- Human resource management (HRM)
 - The policies and practices involved in carrying out the “people” or human resource aspects of a management position, including recruiting, screening, training, rewarding, and appraising.

Comparison of HR Practices in High-Performance and Low-Performance Companies*

Sample HR System HR Practices	Low-Performance Company HR System Bottom 10% (42 firms)	High-Performance Company HR System Top 10% (43 firms)
Number of qualified applicants per position (<i>Recruiting</i>)	8.24	36.55
Percentage hired based on a validated <i>selection test</i>	4.26	29.67
Percentage of jobs filled from within	34.90	61.46
Percentage in a <i>formal HR plan</i> including recruitment, <i>development</i> , and succession	4.79	46.72
Number of hours of <i>training</i> for new employees (less than 1 year)	35.02	116.87
Number of hours of <i>training</i> for experienced employees	13.40	72.00
Percentage of employees receiving a regular <i>performance appraisal</i>	41.31	95.17
Percentage of workforce whose <i>merit increase</i> or <i>incentive pay</i> is tied to performance	23.36	87.27
Percentage of workforce who received <i>performance feedback</i> from multiple sources (360)	3.90	51.67
Target percentile for total compensation (market rate = 50%)	43.03	58.67
Percentage of the workforce eligible for <i>incentive pay</i>	27.83	83.56
Percentage of difference in incentive pay between a low-performing and high-performing employee	3.62	6.21
Percentage of the workforce routinely working in a self-managed, <i>cross-functional</i> , or <i>project team</i>	10.64	42.28
Percentage of HR budget spent on <i>outsourced activities</i> (e.g., recruiting, benefits, payroll)	13.46	26.24
Number of employees per HR professional	253.88	139.51
Percentage of the eligible workforce covered by a union contract	30.00	8.98
Firm Performance		
Employee turnover	34.09	20.87
Sales per employee	\$158,101	\$617,576
Market value to book value	3.64	11.06
*Each of the variables in the "HR Outcomes" section is scaled from 1 to 6, where 1 = "not at all" and 6 = "to a very great extent."		



HR Best Practice Examples We'll Discuss

In staffing the firm:

- Recruitment
- Interviewing
- Testing & Selection
- Training

■ In managing the overall HR function:

- Use Strategic HR
- Use HR Metrics
- Use HR Technology



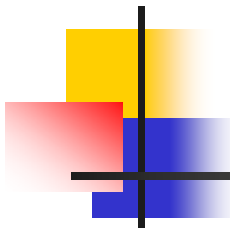
Using the Right Recruitment Sources is Best Practice

- For example, 2007 SHRM Survey
- Sources producing most applicants: National job boards, Employer's Website, employee referrals
- Sources producing highest quality candidates: Employee referrals
- Most productive sources: Employee referrals, National job boards, Job postings



Assessing recruitment sources is a Best Practice

- **GE Medical Systems reduced recruiting costs 17% by:** “Benchmarking off [our other] procurement and supplier management initiatives”
- Met with 20 recruiters and said would use only 10 best; Developed measures—such as % resumes lead to interviews, and % interviews lead to offers; Boosted intern program when found 2X accepted offers; Boosted referrals program (10X accept)



In Selection: “Structured” Interviewing is a Best Practice

- The structured situational interview
 - Use either situational questions (preferred) or behavioral questions that yield high criteria-related validities.
 - Step 1: Job Analysis
 - Step 2: Rate the Job’s Main Duties
 - Step 3: Create Interview Questions
 - Step 4: Create Benchmark Answers
 - Step 5: Appoint the Interview Panel and Conduct Interviews

A customer comes in angry and upset. How would you handle this situation?

A deadline for a project is near and it looks like you won't meet the deadline. How would you handle this?



- *Situational interviews* - questions focus on the candidate's ability to project what his behavior would be in a given situation



Testing is Best Practice

- Tests of cognitive abilities
 - Intelligence Tests
 - Tests of general intellectual abilities that measure a range of abilities, including memory, vocabulary, verbal fluency, and numerical ability.
 - Aptitude tests
 - Tests that measure specific mental abilities, such as inductive and deductive reasoning, verbal comprehension, memory, and numerical ability.



Types of Tests (cont'd)

- Tests of motor abilities
 - Tests that measure motor abilities, such as finger dexterity, manual dexterity, and reaction time.
- Tests of physical abilities
 - Tests that measure static strength, dynamic strength, body coordination, and stamina.



Work Simulation Testing

- The miniature job training and evaluation approach (Honda, Alabama)
 - Candidates are trained to perform a sample of the job's tasks, and then are evaluated on their performance.
 - The approach assumes that a person who demonstrates that he or she can learn and perform the sample of tasks will be able to learn and perform the job itself.



High Performance Example

The problem: High turnover

Franciscan Health System operates skilled nursing care facilities in Ohio. It faced several problems, including high turnover of 146%/year.

Their solution: Cut turnover to 71%/year

They devised a nursing assistant test battery consisting of three tests:

- An employment inventory
- A personality survey
- A job preferences inventory





HR Best Practices in Managing the Overall HR Function

- Specifically, Best-Practice Employers:
- Use Strategic HR
- Use Metrics to Measure HR Outcomes
- Use HR Technology to Boost HR Productivity



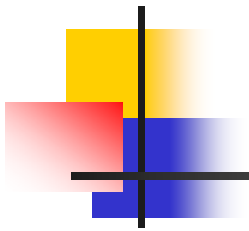
Best Practice Employers use Strategic HR

- To turn IBM around in 1990s, Gerstner wanted to emphasize winning, execution, speed, and decisiveness. He instituted 4 new pay policies:
- “The marketplace rules”- multiple salary structures, with pay based on market
- “Fewer jobs, in broad-bands”-from 24 grades to 10, from 10 factors to 3 (skill,scope, leadership)
- “Managers manage”-was linked to formula; now managers make raise decisions
- “Big stakes for stakeholders’-From salary to pay for performance

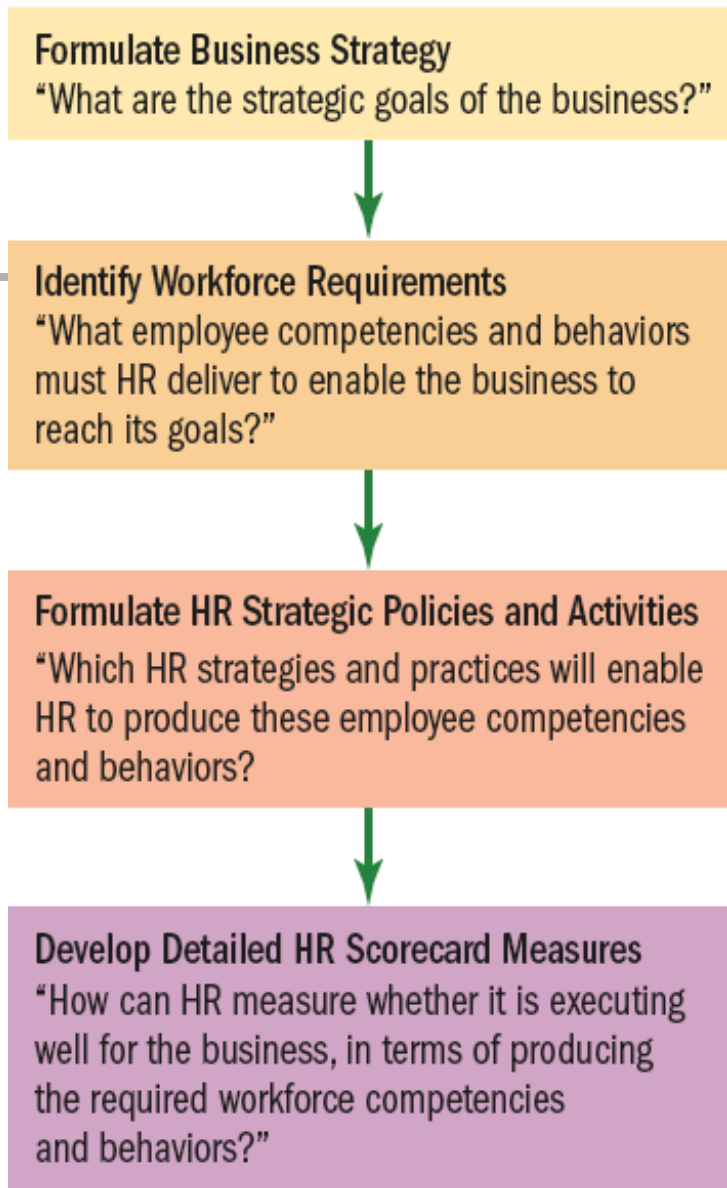


What is Strategic HR?

- As At IBM under Gerstner:
- Formulating and executing HR systems—HR policies and activities—that produce the employee competencies and behaviors the company needs to achieve its strategic aims.



How: Align HR Strategy and Activities with Business Strategy





Next Best Practice: Use HR Metrics Such as:

- Absence Rate

$$\left[\frac{\text{Number of days absent in month}}{\text{Average number of employees during mo.}} \times (\text{number of workdays}) \right] \times 100$$

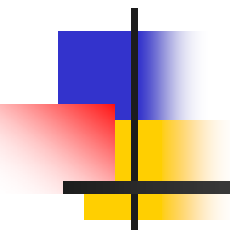
- Cost per Hire

$$\frac{\text{Advertising} + \text{Agency Fees} + \text{Employee Referrals} + \text{Travel cost of applicants and staff} + \text{Relocation costs} + \text{Recruiter pay and benefits}}{\text{Number of Hires}}$$

- HR Expense Factor

$$\text{HR expense} \div \text{Total operating expense}$$

Next: Best Practice Employers use HR Technology



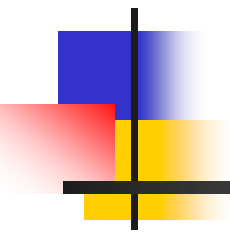
Employers' focus here is on improving HR and employee productivity by automating applicant processing, centralizing HR in call centers, and facilitating employee self-managing of HR forms etc. Examples follow:

Computerized Information Systems

- Work experience codes
- Product knowledge
- Industry experience
- Formal education
- Training courses
- Foreign language skills
- Relocation limitations
- Career interests
- Performance appraisals
- Skills

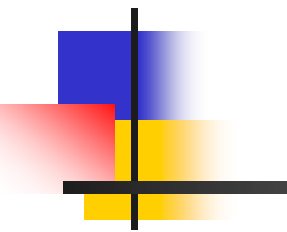


Streamlining HR Recruiting at Humana Inc.



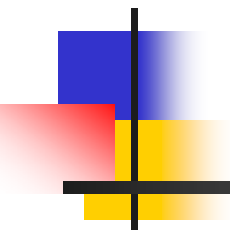
Human Reduced number of HR recruiting employees from 110 to 35 by;
Centralizing recruiting; Using Internet more;
Using "Softshoe" software to manage process

Managing Employee Applications at Sutter HC



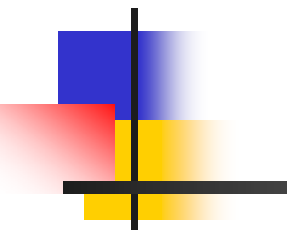
10,000 opening per year = 300,000 online applications. Sutter now uses RecruitSoftsoft, Inc an ASP. It posts Sutter's applications, and provides " automated way to evaluate, rank, and match.....applications with openings."

Integrate Internet Recruiting With HRIS



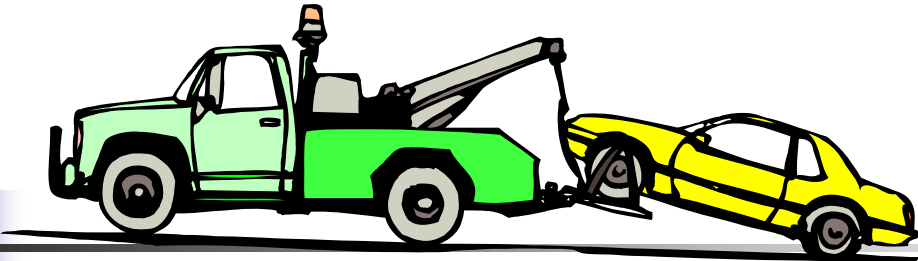
At PeopleSoft Corp., applications go from Web into database. Hiring manager selects applicant to interview. System notifies applicant to select time, and notifies hiring manager

Computer-Based Selection at Nike



Nike uses Interactive Voice Recognition to make first cut—applicants answer 8 phone questions

Then uses computerized interview with 3 video scenarios to make next cut, then human interview



City Garage - Strategic HR

- Rapidly growing city garage needed a better process than an application form and short interview
- Employee selection was haphazard with some managers being better at hiring than others
- Selected Thomson International's Personality Profile Analysis program as a third step in their hiring process





Use Training Learning Portals

- Corporate web pages or enterprise information portals focus learning on company specifics
- Some are highly specialized portals like

fatbrain.

Learn.com

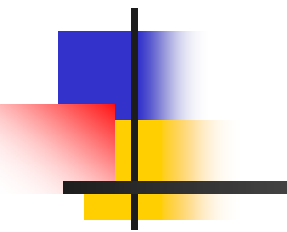
THINQ
LEARNING THAT POWERS BUSINESS

ScheduleEarth

click2learn

Skillsft

Training portal at ADC Telecommunications



With 16,000 employees, needed more cost-effective way to deliver them instructor-led
Click2Learn created portal for them. ADC employees can take custom and generic courses at their convenience



Computerized Performance Appraisal



Visit these web sites for online performance rating tools.

The Web & Career Planning

- Numerous career assessment sites like:



www.careerdiscovery.com

- All offer career planning tools which help employees identify their strengths & improve their career progress

Using Internet for Salary Surveys



YAHOO!

ExecuNet

salary.com™

futurestep™
A KORN/FERRY COMPANY

**ENGINEERING
SALARY
SURVEY**

SalaryExpert.com
your source for accurate compensation data

PENCOM

Online Incentive Programs



Corporate incentives=\$30 billion

Nortel, Levi Strauss, Citibank, etc use
Websites such as Incentivecity.com,
netcentives.com, and salesdriver.com

HR portals

Employees can
answer their own
questions

HR moves from
reactive to **proactive**



Dell Delivers HR Services Via Intranet HR Portal



“Manager Tools” section contains 30 automated Web applications—hiring tools, employee referrals, etc.

Employees can manage their pension plans, check job openings, etc. Cuts HR expenses dramatically



Typical HRIS: Oracle Human Capital Management

- Sample components: “daily business intelligence for human resources”; “incentive compensation”; “learning management”; “self-service human resources”; “absence management”; “benefits administration”; “candidate gateway”; “pension administration”; “workforce planning”; “workforce rewards”; and “help desk for human resources”.



Summary of HR Best Practice Examples

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