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Human Resources - From Risk Mitigation to Strategic Growth

When you hear "Human Resources," what do you think? Paper pushers, legal "stuff," compliance, paperwork....pain in the behind. Yes, we have heard all these and more!

Entrepreneurs often avoid HR policies and structure, believing that they hinder their entrepreneurial spirit. Family businesses may attempt to rely on informal family principles and values to guide workplace behavior. In either case, this places the company at risk should someone become unhappy, feel wronged, or claim discrimination.

Simple steps can go a long way in mitigating risk for small companies. Minimally, to protect employees and employers, businesses with a handful of employees need written documents outlining employee rights and responsibilities and basic company policies and procedures. Then, employees need to sign these documents as acknowledgement that policies have been read and understood.

The HR function evolves in size and strategic thinking as the company grows. At around 50 employees, it is common to outsource HR duties. Industry benchmarks indicate that a workforce of 100 employees or more requires a full-time, in-house HR manager, typically an HR generalist. Companies with several hundred employees usually have a generalist plus specialists in specific areas like recruiting, training, and benefits.

Human Resources often begins as very tactical - policies, records, compliance, discipline, compensation, benefits, job descriptions, hiring, performance management. Taken to the next level, HR becomes strategic, connecting employees to the business mission, values, and vision in order to drive business results. Employee goals and metrics align to the business strategy and rewards tie into results. Additionally, careful consideration is given to developing talent pipelines, employee succession plans, and career planning in order to respond flexibly to the inevitable work flow and staffing changes that all businesses experience.

Whether your business is large or small, consider installing an HR function that goes beyond risk mitigation. A strategic HR partner knows how to acquire and retain valuable employees who will strive to fulfill the organization's main objectives. When employees are engaged and understand how they contribute to the business, they are more productive, take fewer sick days, and remain in their positions longer, which positively impacts the bottom line.