WITH COMPLIMENTS FROM
THE RODIN CONSULTING GROUP, LLC

2951 MARINA BAY DRIVE, #130
SUITE 209
LEAGUE CITY, TEXAS 77573

WWW.RODINCONSULTING.COM
888.537.6308

> **"If you have always done it that way, it is probably wrong."**
>
> **—Charles Kettering**

THE RODIN CONSULTING GROUP, LLC

Volume 3, Issue 10

Employer's Advantage

Edited by John W. Howard, Ph.D. Annual Subscription Rate $ 36.00

In this issue:

In the past few weeks, we've heard a lot about the DOL rule leading off the series of stories on the front page. Many of our clients are wondering how on earth they can comply. One of these companies routinely receives over 10,000 applications and resumes per week—with an HR staff of three people! With your searches and search criteria used, just tracking whom you will "consider" could easily be a full-time job.

—Editor

HR Professionals Try to Keep Up With Field

As the articles to the right and on page 2 attest, the term "HR Generalist" has never had broader implications. Federal law changes, employee loyalty challenges, risk of expensive lawsuits arising from HR policies, keeping up with technology, science and metrics, and more demanding (but rewarding) professional certification standards — it's hard to find time to just do the daily workload!

A Patchwork Quilt of HR News and Stories

New DOL Rule

In February, the Department of Labor's Office of Federal Contract Compliance Programs (OFCCP) put into effect a new rule requiring virtually any employer who performs contract work for the government to collect race and gender data on their job applicant pool, *including applicants from the Internet.* Internet applicants are the focus of the new rule.

While the major Internet job boards (including Yahoo, Monster and CareerBuilder) complained the task was too much of a burden, some smaller online application providers installed EEOC data collection sections on their Internet applications and went on with their business.

Advice to employers: Unless you are certain you are exempt from collecting EEOC data based on your size and type of work and where you do business, it's safer to collect the data than to assume you'll never be asked for it.

Risk of Employee Defection Up

MetLife's annual "Employee Benefits Trend Study" found that 22 percent of all employees changed jobs in the last year and-a-half, compared to 17 percent in a similar period in their 2004 study. In one demographic subgroup of young families with children under age 6, it was nearly one-third higher!

Employee participants in the study reported their top priorities when deciding to stay or go (and where to go) were the "quality of co-worker and/or customer relationships," "opportunity for work-life balance" and "an organization whose purpose/mission I agree with."

Employers facing worker shortages, take note!

Will You Be Sued Next?

According to the Chubb Insurance Group, one in four privately held companies has been sued in the past few years by an employee or a former employee. In the same report, executives at half the companies surveyed consider it likely they will be sued by employees, and nearly one-third believe they would be likely to lose and their companies seriously damaged by such a lawsuit. Nearly half expected an employee to file an EEOC complaint during the year.

The additional responsibility and pressure such an environment puts on HR staff is obvious, even if the actual numbers turn out to be wrong. The expectation itself provides the pressure!

Applicant Tracking

As HR managers and recruiting staff increase their load in high-turnover environments, the science of applicant tracking has become an increasingly important tool for success.

A recent study of the effects of good applicant tracking systems showed one such high-turnover business was able to increase its labor productivity by a measured 44 percent with the use of improved applicant tracking! Effects of reduced time to hire and proper placement combined to essentially have the same impact as an increase in head count but without the associated cost.

New Recertification Opportunities for HR Professionals—Bill Foster, SPHR

The Society for Human Resource Management (SHRM) has initiated new recertification requirements for HR professionals who have been awarded the Senior Professional in Human Resources (SPHR) credential. Under the new requirements, SPHR certificants must earn 15 of their required 60 recertification credit hours specifically in the strategic management functional area.

The HR Certification Institute (HRCI) test specifications define strategic management **as "the processes and activities used to formulate HR objectives, practices and policies to meet the short- and long-range organizational needs and opportunities, to guide and lead the change process and to evaluate HR's contribution to organizational effectiveness."** This definition is the basis of the new strategic management recertification requirements.

Under the new rules, the types of continuing education experiences that count toward the specified credit hours in strategic management actually give certificants opportunities to explore beyond conventional "HR-related" seminars and workshops.

Some examples that could fulfill the strategic management requirement are:

1. Interpret information from internal sources, including marketing, financial/accounting, operations and IT, to participate in strategic planning and policy-making.

To be effective strategic partners, HR professionals must know the "business of business" and how it relates to the HR function and the organization's strategic goals. Continuing education experiences that may count toward the strategic management requirement might include upper-level business writing courses, marketing workshops, finance for nonfinancial managers and seminars discussing trends in the workplace.

2. Interpret information related to the general business environment, industry practices and developments, and technological developments from external sources to participate in strategic planning and policy-making.

HR professionals should be able to take work-related information from various resources, synthesize it and apply it to their own work settings. An example of a "recertification" experience that could count under the strategic management area would be research and development of an environmental scan for presentation during an organization's strategic planning meeting.

3. Participate as a partner in the organization's strategic planning process.

Certificants would receive credit for first-time participation in a strategic planning process within their organizations.

4. Establish strategic relationships with individuals in the organization, to influence organizational decision-making. An example might include learning about organizational culture and its effect on HR policies and practices.

5. Establish relationships/alliances with key individuals in the community and in professional capacities to help meet the organization's strategic needs.

Certificants could receive strategic management credits for HR-related work, including organizational social responsibility components such as welfare-to-work or school-to-work programs, philanthropic activities or alliances with community organizations.

Recertification credit would not be awarded for merely participating in company-sponsored activities. Certificants must be prepared to demonstrate their involvement in the program and how their HR expertise helped them succeed.

6. Evaluate HR's contribution to organizational effectiveness, including assessment, design, implementation and evaluation of activities with respect to strategic and organizational measurement in HR objectives (refers to participation in change management).

It is not enough to introduce new programs and initiatives within an organization, but HR must also constantly evaluate its return on investment. Recertification credit could result from designing and implementing such programs or for participating in training on measuring HR's contribution to organizational effectiveness.

7. Provide direction and guidance during change in organizational processes, operations, planning, intervention, leadership training and culture. Demonstrated on-the-job leadership in change management could qualify for strategic management recertification credits.

8. Develop and shape organizational policy related to the organization's management of its human resources.

Demonstrate first-time on-the-job experience, developing policy based on your organization's specific needs, such as instituting a telecommuting policy.

9. Cultivate leadership and ethical values in self and others through modeling and teaching.

Possible credits awarded include participation in leadership training and development of an organization's code of ethics.

10. Provide information for the budgeting process, including budget development and review.

To be leaders, HR professionals must have knowledge of budget development and review. HR professionals who need additional training in this area could earn credits for continuing education in finance for nonfinancial managers, budget development, forecasting and project management.

11. Monitor legislative environment for proposed changes in law and take action to support, modify or stop the proposed change (write a member of Congress, give expert testimony at a public hearing, lobby legislators). Credits could be awarded for work to influence the outcome of workplace legislation or legislation affecting your industry. This could include providing testimony and writing or meeting with legislators. HRCI awards one credit hour for testifying to Congress or a state legislative body.

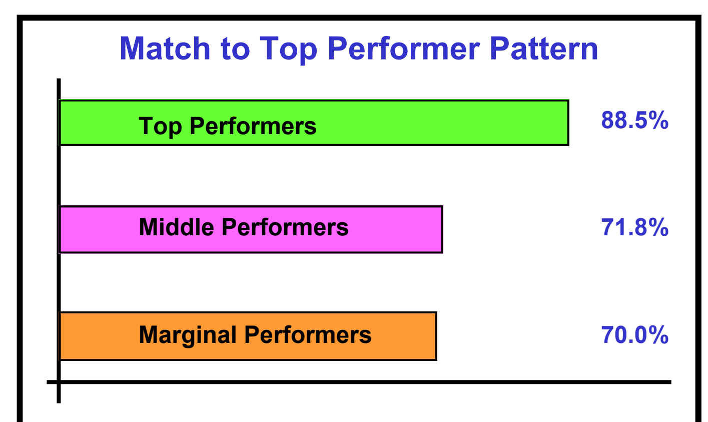
Much of the training and administration involved in a Profiles Checkpoint 360/Skillbuilder™ series could qualify for recertification credits under these new guidelines.

Effects of Hiring Underproducers in Sales—Mike Hopkins & Mark Wathen

A well-known national company provides personal development and coaching services across the U.S. and has done so for over 20 years. Their sales process is highly structured. Leads are generated from a variety of sources, including infomercials, Internet campaigns and traditional advertising channels. Once a lead is captured and qualified, an appointment is set for a telephone presentation, most often including both members of a married or committed couple as prospects. The sales professionals we measured here conduct the scripted telephone session. The interview goal is a sale in the range of $2,000 to $8,000 consisting of one or a combination of the company's personal and business development training courses. Obviously, a great deal of money and time has already been invested by the time an appointment begins, and both the company and the salesperson need to close a high percentage of the interviews conducted. New salespeople complete a five-week training course and transition from an hourly compensation period to a commission-only system within a relatively short time.

The company currently staffs approximately 130 full-time sales positions. They anticipate, based on last year's statistics, that they will need to hire 200 new salespeople to fill an anticipated 76 new vacancies in the sales staff, since only about one-in-three hires actually finish the training and succeed in their first few weeks in becoming commissioned salespeople. As with the sales process itself, this process of developing new sales representatives is very expensive. The company is highly motivated to reduce sales turnover and to increase average close ratios of the sales force, if possible.

For this initial study, three groups of salespeople were selected by management, based on tenure (on the sales floor more than six months) and closing ratios. These groups were separated into "top," "middle" and "marginal" performers, based on the closing ratios. All subjects completed the Profile XT™ assessment. A job match pattern was prepared for the top-performing group, and all subjects were matched to this pattern.



The results were dramatic. The top performing group matched the pattern at an average of 88.5 percent, and no member of that group scored less than 83 percent. The middle group averaged 71.8 percent match, and the marginal group averaged 70 percent match. Clearly, the assessment differentiated between people who were top performers and those who were not. To a lesser extent, it also differentiated between middle and marginal performers.

In this setting, top performers produced annual sales of $500,000-plus and earned commissions in the six-figure range. By contrast, marginal performers produced in the range of $200,000, earning average commissions less than $50,000. Not surprisingly, this was the group with the most turnover. They did not fit their jobs well, and they presumably had employment alternatives compensating as well or better.

For the company, the opportunities are clear. If they are making 76 selections in a year, each good decision (hiring a likely top performer) is worth an additional $300,000 in potential sales. In the first year, this represents a potential $22-million-plus sales increase! In addition, if they hire more people with the characteristics and production of their "top performers," their recruiting, training, turnover and missed opportunity costs will decrease. The combined result should be significant gains in overall profitability.

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