

Money & BUSINESS

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Benefits and the bottom line

Human resources shouldn't be regarded as an afterthought or an expense; it's a crucial part of any company's strategic plan.

By Susan Bjork

Human resources departments often are viewed like the tilted relative in the family tree. They're part of the organization but not always welcomed in key functions.

Big mistake. Dumbed-down internal HR positions — or even outsourced piecemeal HR functions — do not address the wide range of benefits available in a totally strategic HR model that affects both the company's employees and customers.

As any smart HR director or CEO worth his or her salary package will tell you, HR ought to be part of the top-line strategic initiative and not just a lateral department where the perks are kept. In both uncertain economic times and boom periods, HR's role can be seen as a distinct business advantage rather than as just another business expense. And it doesn't matter if you're a Fortune 100 company with a worldwide reach or a recent start-up with 20 to 50 people trying to establish a viable business.

Real leaders recognize that HR work is critical to operations, especially employee benefits packages that benefit more than just the employees. According to a 2003 study by the U.S. Labor Department, turnover costs businesses large amounts of money: 33 percent of a new hire's annual salary. One of the first questions that ought to be asked when a company is approached to do business with another company should be, "How's your turnover rate?"

Low turnover frequently indicates a workforce that enjoys coming to work, a workforce that is high in productivity and rewarded with a package that meets all the needs of a contemporary wage earner, from medical and dental to retirement, vacation, profit-sharing and other "bennies." Higher turnover can signal everything from poor leadership to spotty incentives.

Would you rather work for or with an organization where you can count on seeing many of the same people at work two or three years down the road? Of course you would; you can't forge critical long-term relationships that increase produc-



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tivity, collaboration, creativity and innovation on both sides of the relationship if one party is replacing workers every few months who must learn the basics and beyond.

The secret to building a solid employee base starts at the top: Budget accordingly each year and find an HR person worthy of the executive level. Hire someone who understands the strategic importance of HR as a competitive business advantage and recognizes the significance of benefits design and review. In an ideal world, your HR director constantly monitors benefits to ensure that the company is getting the most for its money by keeping up with benefit trends and options.

The HR person also might be creating a workplace where perks are the natural extension of an open and trusting culture: 360-degree job evaluations, including senior management (with no fear of retaliation); open-book management where employees have access to the company's financial records; and monthly planning meetings that include strategic input from workers.

Current HR trends include being creative in meeting employees' needs by offering work flexibility, telecommuting and client-site work incentives. Additional benefits also might include deferred compensation or an additional pretax savings vehicle available to all employees; offering wellness programs; automating benefits processes; surveying the company for ideas and suggestions; and setting up benefit committees when reviewing or revising benefits.

Employee education also is crucial. Some critical ideas include communicating health and retirement trends and issues to employees through e-mail, newsletters and other means. By providing a benefits statement, you let employees see the high cost of benefits and the importance of informed financial stewardship in order to maintain those benefits. It builds short-term buy-in and long-term loyalty.

Implement programs to help employees become better consumers of health care. Use available research tools for taking action at such Web sites as Principal 10 Best Practices Guide (<http://www.principal.com>); Society for Human Resource Management (<http://www.shrm.org>) and World at Work (<http://www.worldatwork.org>).

Instituting a total HR model can have a significant impact on employees: They feel involved with the company's direction. They can see the effort HR spends to ensure their well-being while realizing that excellent benefits and a relaxed atmosphere equals good morale, productive employees and low turnover rates.

Your corporate partners and their customers will benefit too, knowing that they can rely on the relationships, skills and knowledge that you've both worked hard at establishing and retaining over time. That's called an investment in human capital, and it all but guarantees a return that can be measured far beyond the bottom line, many times over.