Competency 1: Organizational Needs Assessment

Organization Needs Assessment (awr-guh-nuh-zey-shun-ul needz uh-ses munt): The systematic exploration of the way things are and the way they should be, with the general goal of increasing performance. It can also be referred to as a gap analysis.

You can assess needs from different perspectives: individual, job, group, function, and organization. Performance appraisal is at the individual level. Strategic planning is at the organizational level.

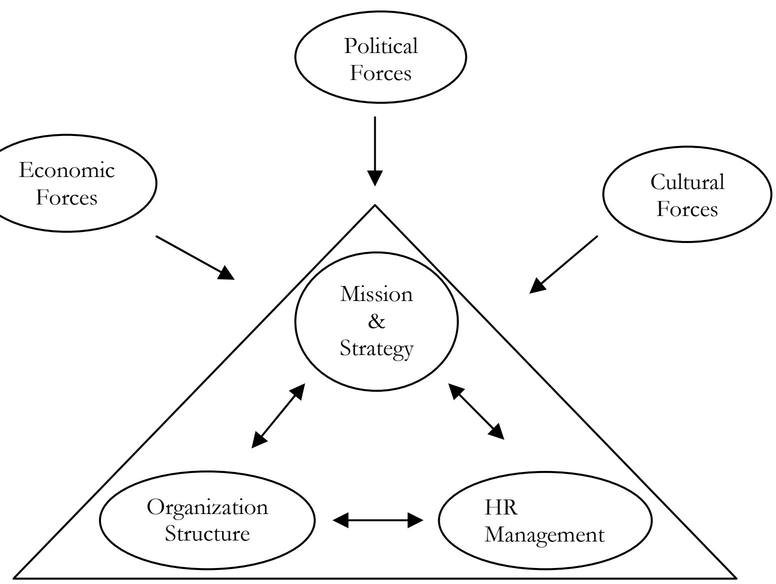
Three Good Models:

1. SWOT Analysis

It is an easy-to-use, scalable approach. Make a chart; have participants fill in each area; discuss; prioritize. Gets you clear on what exactly you need to do. Shares the big picture quickly. Great for group process.

Strengths	Weaknesses
Opportunities	Threats

2. Michigan School



This approach examines how HR, the mission of the company, and its organization interact, and then looks at how outside factors affect those relationships.

3. STEEP

Drivers of change	Examples	HR considerations
Social	Aging population, communication, education for all, fear, future households, holistic wellness, identity, literacy, personal productivity and population distribution	Workforce issues, availability of talent, cost of employment, educational support, exit cost, culture
Technology	Atomic engineering, biometric identification, biomimetics, biotech society, connected communities, energy infrastructure, preventative care	Remote offices, telecommuting, global resources, supervision, global networks, web tools
Environment	Aviation, consumption localization, disposable quality goods, ecological footprint, endangered species, energy use, travel, urbanization waste and water	Quality of life issues, workplace safety and quality
Economic	Airport shopping, containerized cargo, China trade, consumer debt, democratization of luxury, digital currency, global trade, migration, outsourcing and the wealth gap	Ability to attract talent, local tax structures, expenses
Political	Asianization, compensation culture, ethical investment, global governance, food legislation, pensions, strife, surveillance society, trading blocs and the vote	Movement of labor, union issues and politics, local quotas, nationalism, religious or local practices

Good Questions To Ask:

- What are the business projections in terms of growth over the next three to five years?
- What are the strengths, weaknesses, opportunities and threats of your business unit?
- What markets and geographies will the business be servicing?
- How do you foresee impacts on the business due to Social, Technological, Political, Environmental or Economic (STEEP) changes?
- What is the breakdown of projected growth in terms of internal (organic), or external (inorganic) via mergers, acquisitions or other types of structural changes?
- Based on the above questions, how well do your organization's skills, structure, decision-making, and communication processes meet your identified needs? What changes do you need?
- What policy changes can you implement to support the structure more effectively?

On The Job:

Challenge: Your company has been the leader in its field for several years enjoying market share gains. Your cost structures are now out of whack and because you've raised prices to compensate for the lower margins, your competitors are stealing your market share. The only way to fix this is at the root cause: your cost structure. What can you proactively do to help?

Solution*:* First step is a thorough analysis of your current cost structure: direct costs including labor (total rewards, training,); indirect costs (tax, facilities, security, safety, etc.); and the cost of employment in your organization (hiring, firing, and training). Look at areas that can be reduced by either negotiation, change of vendors, change of location, reductions, or eliminations. Develop your best recommendation, and then compare this to other alternatives such as outsourcing or off-shoring. Also, consider transition costs, impact on customers, and quality of delivery. Take your best solution, present this to the business leader as a "business case" always keeping an eye on the impact this could have on her business objectives.

Why This Is Important:

Because it's your job to do this well, proactively, and on a regular basis.

Red Flags:

- Changes in the business in terms of markets, products, markets served, and technologies
- Business leaders unwilling to help you gather information or unwilling to engage with you in these discussions may show a lack of sophistication or unwillingness to utilize strategic HR
- Lack of commitment by management to take action even after agreeing with analysis

Competency 2: Conflict Resolution

Conflict Resolution (Con flict rez uh loo sh un): Process of solving mutually-incompatible interests, objectives, and values among different individuals and/or groups in organizations. Intervention aimed at alleviating or eliminating discord through conciliation.

Conflict is healthy and can be constructive. Depending on the type and the amount of conflict, it can be destructive because most individuals are not skilled in dealing with it, and few organizations have a model for using it effectively as a resource. Types include:

- **Task conflict:** when there are differences in ideas, opinions, and viewpoints, or differences in opinions about content of the tasks being performed. Very constructive for creative work.
- **Relationship conflict:** interpersonal incompatibilities among group members including tension, animosity, and annoyance. It is destructive conflict that is best solved by separating the people involved, creating boundaries by reiterating roles and procedures, or counseling.
- **Process conflict:** surrounding work method or approach, scheduling or timing issues, and member contribution or workload distribution. Can be constructive but needs to be managed very carefully so that it does not turn into a power competition.

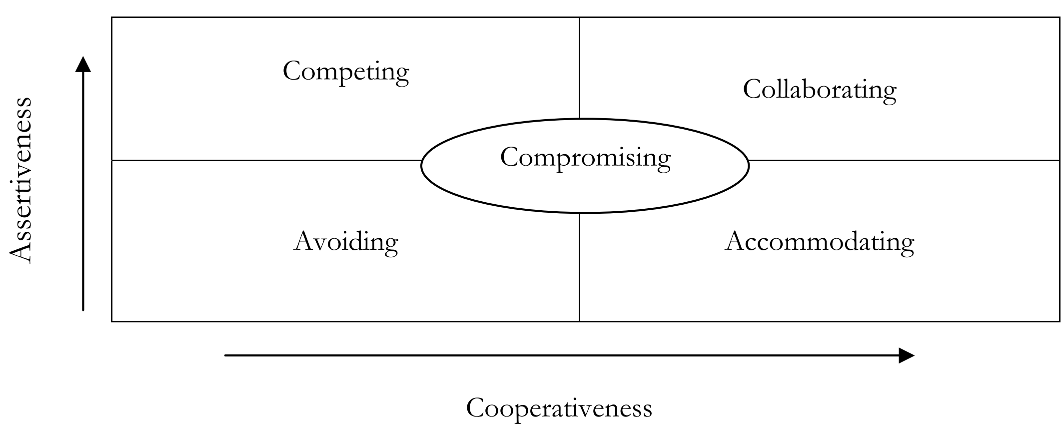
Root Causes → Simple Solutions:

Diagnose the type of conflict and the root cause before you recommend an intervention.

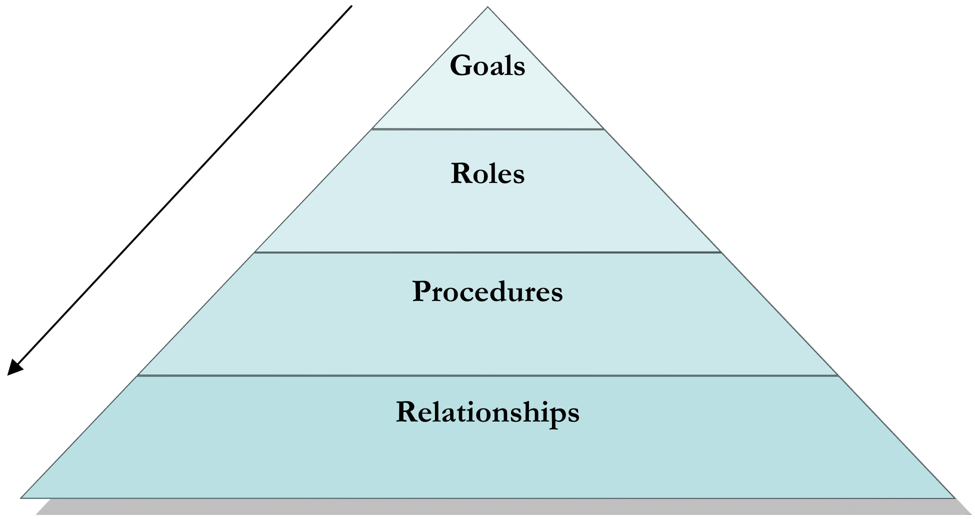
- **People:** some individuals always bring conflict → get rid of them and improve your selection process ***or*** provide coaching and training ***or*** change their roles and how they do their jobs
- **Organizational structure:** Organization is dysfunctional → OD work is needed: review mission, strategy, goals, roles, procedures, and relationships and get individuals recommitted to the agreed-upon outcomes ***or*** reduce task specialization, encourage greater collaboration
- **Geographic:** jockeying for power based on location means they're not focusing on the organization's best interests → clarify who's in charge and why → set firm boundaries → give individuals more work to do and increase pressure and deadlines

Two Good Models:

1. ***Classic Conflict Resolution:***



2. **Goals, Roles, Procedures, Relationships Pyramid:**



Good Questions To Ask:

- Is the conflict between individuals, roles, groups, or processes?
- What are the visible and non-visible signs of the conflict?
- Who are the vested parties? Dominant parties? Informal leaders of the group? What is at stake?
- How is the conflict affecting the business? Does the system need to change?
- What does your gut say in causing the conflict?
- What is the best method or model to use for addressing the conflict?

On The Job:

Challenge: The VP of a function such as Product Development wants to deny all vacation requests by his teams for the next three months to make sure their product is finished by the deadline. The VPHR refuses to implement the request due to impact on morale. You're caught in the middle (and report to both).

Solution: Identify the reasons each position. Determine if this is a process conflict: both VPs want to meet the deadline by ensuring employee productivity, but have different approaches to achieving it. Gather information. Do some of the employees already have planned vacations during this period? What would it cost to buy them out? What is the leave encashment cost? What does your vacation policy state? Are all the employees working on the project at this stage? Take the general pulse of the group. Research how time off is necessary to maintain productivity and avoid burn out and other relevant arguments. Build a business case, present it to your VP and be sure to cover the fully loaded cost, the effect on morale, and the risk the company would incur.

Why This Is Important:

Because conflict exists in all groups and changes in business create stress, you'll be dealing with this regularly. By using good models, you are teaching people to do good, fast conflict-solving.

Red Flags:

- Those involved refuse to abide by model's recommendations and make things personal
- No open conflict can suggest employee disengagement or manager totalitarianism
- Recurring conflicts with the same players or departments
- Employee surveys consistently and increasingly reflect dissatisfaction

Competency 3: Change Management

Change Management (ch ayn ch man edge ment): Making changes in a managed or systematic way, or managing the responses to changes beyond one's control.

Good Models:

Summary of Change Models or Approaches

	Slow change/stable environment	Rapid change/turbulent environment
Large-scale transformational	*Level:* The organization *Focus:* Culture *Approach:* Emergent change	*Level:* The organization *Focus:* Structures and processes *Approach:* Bold Stroke
Small-scale incremental	*Level:* Individual/group *Focus:* Attitudes/behavior *Approach:* Planned change	*Level:* Individual/group *Focus:* Tasks and procedures *Approach:* Tayloristic or kaizen

1. Planned Change:
Iterative, cyclical process involving diagnosis, action, and evaluation; then further action and evaluation. Key activities include:

- Empowering employees and helping them gain self-awareness
- Creating openness of communications
- Facilitating ownership of the change process and its outcomes
- Promoting a culture of collaboration
- Promoting continuous learning as part of the corporate culture

Since the planned approach emphasizes collaboration and participation, it is the most appropriate approach for relatively small-scale initiatives whose main objective is performance improvement through attitudinal and behavioral change.

2. Emergent:
Either forced upon or unpredictable; is a continuous process. In this approach, managers need to be facilitators and coaches rather than initiators and directors. Power and politics play a critical role in making change effective. Since the emergent approach emphasizes both the collaborative and political dimensions of change, it is most appropriate for culture change.

3. Bold Stroke:
Suggests that change be imposed from the top down in a directive rather than participative manner. It makes it the best approach when rapid change must involve the entire organization or major components of it (e.g. M&A integration). In these situations, change is likely to be driven by the centre and to be the focus of a political struggle given that major structural changes are usually accompanied by major shifts in the distribution of power. The new structure is imposed by the top in a directive or even coercive way, depending on the balance of winners and losers.

4. Tayloristic and Kaizen:
Changes that are small-scale and technical – meaning there are little or no implications for behavior and attitudes – will take place at the individual/group level. How these changes are managed depends on the culture of the organization. In a traditional bureaucratic organization, a directive Taylorisitic approach may be

adopted, i.e., specialist managers and engineers will indentify "the best way of working" and impose it. In a more participative culture, a more collaborative approach such as the Japanese Kaizen, which brings together a team of workers who then determine necessary changes and make recommendations to management, may be more appropriate.

Good Questions To Ask:

- What indicates that change is required? (social, technological, economic, environmental and political)
- If you do not implement change, what will be the impact on the business?
- Is the organization open and correctly-structured to implement the changes that are required?
- Which identified model will help you develop your change strategy?
- What strategy and tactics will you use to implement the change?
- How has change been affected in this organization successfully in the past? What model was used?
- What does your gut say will be the most effective way? What will get in the way?
- What is triggering the desire for change?

On The Job

***Challenge*:** Your Ph.D. scientists have spent the past 10-35 years at your company focusing on research. They have been doing their own projects and following their own paths of interest without bringing many products to market. Your company can no longer afford to finance this ivory tower mentality. Either your scientists take their pet projects and make them marketable within the next 18 months, or your company will close down R&D and start buying the technologies and packaging them for market. It's your job to get these scientists to give up their dreams and their lifelong projects and dramatically change the way they work.

Solution: Many scientists do not have a rounded view of business and the markets they serve. Keeping them captive in the lab reinforces isolationism and further produces unmarketable ideas. Change this behavior through education and exposure of key scientific employees to more of the business. You can achieve this in several ways: 1) finding that rare scientist that has the balanced approach and promote her as a role model and mentor; 2) include more programs like "Finance for Non-Finance Managers" or programs that reinforce the need for fiscal discipline and promote a solid understanding of what P&L is all about; 3) help the lead scientist implement rewards and recognition programs which promote time to market and product acceptability; 4) use your scientists in more cross functional teams that include sales and marketing employees; 5) work with leadership to improve the process of project reviews so that projects are assessed at several stages and quickly ended if they do not pass the marketability test; and 6) negotiate small milestones in the 18-month period so that you can know if your efforts are futile.

Why This Is Important

The best defense is a good offensive. As markets evolve, products come to market faster and the price of R&D rises. HRBP's help companies reinvent themselves by reinventing the workforce. Consider Town Hall meetings or Brown Bag lunches with business topics like competition and the changing markets. An informed workforce is much more likely to adapt, be proactive and thrive in this environment versus a workforce that is complacent. Coaching can help, as can doing some personality inventories and discussing with groups or individuals what gives them joy and why they don't want to change.

Red Flags:

- Unrealistic expectations, including impossible timeframes
- Desired change is an anathema to the culture
- Company won't invest in the support the change initiatives require
- Leaders stop championing the initiative
- Decision-making cycles get longer
- Turnover increases
- Bad gossip abounds

Competency 4: Due Diligence

Due Diligence (Du Di Li Genz): The process of investigation, research and analysis of a company or organization done in preparation for a business transaction. The relevant areas of concern may include the financial, legal, labor, tax, IT, environment and market/commercial situation of the company.

A Good Model:

M&A HR Due Diligence

Target screening	• Gather preliminary information about potential companies for acquisition or merger to have a broad assessment of fit.
Due diligence: Pre-acquisition strategy	• Understand the culture and key policies/processes of the target company. • Advise management on structure, makeup and processes for separation, integration and transition planning teams. • Advise senior management on retention and benefits packages. • Plan key processes (e.g., selection, relocation, and outplacement). • Plan communication strategies and follow-up activities in support of the transaction announcement. • Identify potential barriers to integration success and be prepared to resolve them.
Due diligence	• Develop a due diligence checklist that tailors to specific company issues and style to examine aspects of the company. • Develop a Gantt-chart with clear milestones and the resources needed to finish the full integration. • Conduct the due diligence process: culture, employee competencies, compensation/incentive programs, employee benefits, policies and practices, employee relations, and financial costs associated with compensation and employee benefits liabilities. Determine whether you can trust acquired managers to communicate your messages accurately.
Integration Planning	• Finalize and implement the integration plan and employee communication strategy. • Involve senior management ensuring they are seen by employees frequently; introduce the integration leader to the organization ASAP. • Provide information about expected reorganization, reductions and selection process. • Coach and facilitate teams through separation, integration and transition planning processes.

Good Questions To Ask:

- Describe your corporate culture and the target company's. Which cultural attributes are critical to the success of the merger? What attributes are deal-breakers? Why?
- Have you reviewed all of the employee potential liabilities and identified all of the costs? (executive contracts, severance commitments, committed bonus payments, Change In Control, benefits, etc.)
- What are the repercussions of relocation and termination expenses due to duplication of jobs, facilities, or offices?
- Any collective bargaining agreements or foreign government laws or mandates?
- Have you reviewed and identified differences in policies and procedures that may cause employee problems or add additional costs? (vacation, breaks, perquisites, compensation, holidays, etc.)
- Who are the key employees you cannot afford to lose? Why? What will happen if they quit or are hit by a bus? What is the deal worth without them?
- What is the real benefit of this deal? New revenue streams? New technologies? Reduced costs? Ego?

On The Job

Challenge: Your business leader feels the prospective acquisition will bring a technology offering which can help your business enter a new, more-profitable market. The acquisition target has agreed to your starting a due diligence process and to establishing an online data room for your review. The target company has locations in 57 countries and also recently acquired two companies in Israel (where books are only closed once a year and accounting is very different). How would you approach the due diligence and what data do you need?

Solution: Gather information looking for critical differences while identifying potential short or long-term liabilities. Understand any commitments or obligations that the target company may have due to international operations (labor agreements, government regulations and severance obligations) as well as issues that may still exist with their prior acquisitions (problems with integration, retention agreements/bonuses). Be sure to get access to information that will help you fully understand these issues. Pay attention to current and forecasted revenue streams from the acquisitions. Look for incomplete integrations from earlier acquisitions. Evaluate how many HRIS they have and what information they can't easily get. Most importantly, make sure a local leader is identified and contracted to run the acquired organization after the purchase.

Why This Is Important:

Due diligence can help your business identify conflicts that may arise during the M&A process, preserve employee morale, and avoid losing your top talent. By addressing issues such as conflicting promises and work styles, lack of employee engagement, the difficulty in training the new salesforce on new products, compensation and benefits plans to merge, and related policies, you'll be able to prepare the management team realistically for the task at hand. Finally, it helps the business steer clear of large severance and legal obligations by surfacing any issues during the due diligence process and using this as part of the negotiation prior to closing.

Red Flags:

- Failure to disclose information
- Inability to obtain rewards info (executive agreements, benefit plan descriptions, payroll information)
- HR/Executive Compensation is out of Sarbanes-Oxley compliance/hasn't had recent good audit
- Reluctance to talk about past or in-process litigation
- Inaccessible collective bargaining agreements
- Weird relationships (e.g., executives sleeping together)
- No identified local leader ready to step in
- Customer confusion increases