DIY

THE TRIED AND TRUE GUIDE TO MASTERING HR BEST PRACTICES

Hey Pam,

Here's that book I told you about. Sorry it's a little worse for the wear, but I've referred to it countless times. :) Hopefully it helps you as much as it has helped me.

All my best,

Chris

~~DIY~~ DIW

So, you've decided you're not ready for HR. You think it would be nice to have a full-time HR staff member (or, for that matter, an HR team), but at this point in your company's story, you're just not ready. And what's more, you're confident you can figure out HR on your own. After all, you're a do-it-yourselfer. You've done so many other things on your own—why not HR? But did you know mastering HR best practices can be the difference between surviving in the business world and thriving in it?

So, whether you've decided to wear the HR hat yourself, or share HR duties with a handful of other people, you'll need a good HR tool belt (and accompanying tools). And for that, you've come to the right place. Here you'll learn not just how to DIY, but more importantly, how to DIW. That is to say: **Do it well**. Let's get started.

HR Drives Business Outcomes

So, what do we mean when we say that HR drives business outcomes? Put simply, we mean that HR processes affect how hard your employees work, how well they perform, how happy they are in their work, and how loyal they are to you. And here's how you do it . . .

Step One: Build a Strong Culture

You probably already have an understanding of just how important culture is to a business. A company without a strong culture is like a whale stuck in the Sahara desert (things will not end well), whereas a company with a strong culture is like a bear feasting in the fish-filled rivers of Alaska (Fig 1.) But did you know that culture is one of the primary drivers of employee engagement? And did you know HR is instrumental in the creation of culture through activities like smart recruiting, effective onboarding, proactive training, performance management, and benefits programs, among others?

FIG. 1 *Be culturally strong*

Why this matters: Employee engagement is largely a byproduct of how your employees view your company—specifically your culture. Because if they don't identify with who you are as a company—why you exist and what your purpose is—it'll be hard for them to care about much else (other than perhaps how much you pay them). On the flip side, when your people believe in and align with your purpose, they are more engaged, perform better, and stay longer. And this process of alignment begins with HR!

"If your culture is not clear—and clearly linked to what drives the success of the enterprise—then engagement is much more difficult to achieve because employees don't know how to truly fit in."

—Maddie Grant [1]

Culture! Culture! Culture!

Just how much does culture really matter? In 1992 Harvard professor John Kotter and co-author James Heskett studied businesses that made company culture a key aspect of their strategy and those that did not. What they found was that company culture is monumentally important. For companies that focused on culture:

- Revenues increased 4 times faster
- Job creation rates grew 7 times higher
- Stock prices increased 12 times faster
- Profits climbed 750 percent higher
- Net income grew 700 percent
- Customer satisfaction doubled
- Reduced turnover [2]

Far more recently, it has been found that 69 percent of employees cite meaningfulness[3] at work as a reason for

1 http://spinsucks.com/entrepreneur/define-employee-engagement
2 http://www.forbes.com/sites/johnkotter/2011/02/10/does-corporate-culture-drive-financial-performance/
3 http://http://humanresources.about.com/od/Employee-Engagement/a/keys-for-improving-employee-satisfaction-and-engagement.htm

satisfaction with their organization. And strong culture reduces turnover[4] by as much as 34 percent compared to companies with poor culture. Again, monumentally important.

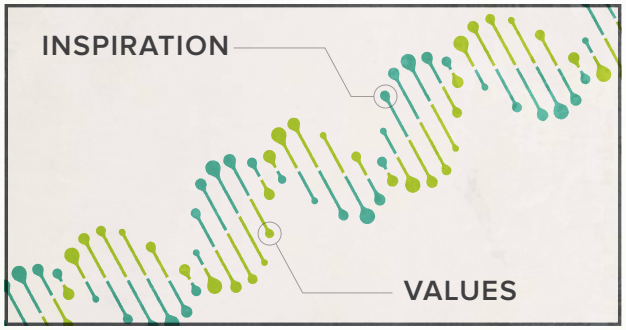


FIG. 2 *Company DNA*

DIY Tips: ← Inspired by HR principles.

1. **Identify your company DNA. (Fig. 2)** Figure out what it is about your product or service that will inspire the type of employees you want with something they believe in (besides a paycheck).
2. **Create company values.** Create ones that will align employees with your company's mission and vision (and if you don't have mission and vision statements, create them).
3. **Tell your story.** Carefully consider your company history and craft a story that gets shared often, puts the facts behind your company (its founding, its mission, etc.) into an emotional context, and gives others a reason to care.

4 http://www.entrepreneur.com/article/238640

How to tell the story:[5]

- **Start with the context** - Fit your story into the big picture of the founders' lives, the industry, the world, and anything else that gives the story context.
- **Use metaphors and analogies** - Make it relatable. Is this a David and Goliath story? Tortoise and the hare? Give others something to compare it to.
- **Appeal to emotion** - Get people to care. Find the humanity in the story and draw attention to it.
- **Keep it tangible and concrete** - It needs to feel real. Use specifics. If you started the company in Des Moines, Iowa, say "Des Moines, Iowa" as opposed to "in the Midwest."
- **Include a surprise** - All good stories do.
- **Use a narrative style appropriate for business** - It can't be too long. Be mindful of other's attention spans and schedules.
- **Show, don't tell** - Move beyond telling your audience a story to creating a scene or event for them to participate in.

5 http://bit.ly/1nELJsO

4. **Recruit for culture fit.** By identifying your unique company attributes, creating values, and giving a story to those values, you will know what types of people you should recruit. No matter how qualified a candidate's skills make them appear, if they don't fit into your culture, things probably won't work out in the end.
5. **Plan activities around your values.** Target daily, weekly, and monthly activities that rally your employees around your vision, mission, and values. During these activities share your story (when it's relevant) so that it is ingrained in your people.
6. **Use the right technology.** Find the tools that align with the beliefs that inspire your people. For example, if environmental responsibility is a part of your culture, invest in technologies that allow you to go paperless.
7. **Initiate people into your culture.** Typically done through onboarding, this means you teach[6] your new hires the attitudes, beliefs, skills and behaviors necessary to be a culture fit. Go so far as to catch them up to speed on inside jokes and other office slang.

Code BLACK = Andy needs a coffee

6 http://www.shrm.org/about/foundation/products/documents/onboarding%20epg-%20final.pdf

Step Two: Engage your people

With the building blocks of culture in place, you are ready to fully engage your people. Once they believe in who you are as a company, they are ready to be inspired and motivated to accomplish great things.

Why this matters: **Engagement is the primary driver of improved performance, employee satisfaction, and retention**. It's as simple as that.

Consider these two stats: 1) Engaged employees outperform non-engaged employees by over 200 percent.[7,8] And 2) Fully engaged employees return 120 percent[9] of their salary (compared to 60 percent from disengaged employees). It's not exactly rocket science to say people who care will be more productive, but these striking numbers are a good reminder of just how important employee engagement is.

DIY Tips:

1. **Develop your people.** Use at least some of your company's resources for employee development. Not only will they gain worthwhile knowledge and develop important skills, but they'll know you care and will want to reward you for your faith in them.

7. http://www.dalecarnegie.com/employee-engagement/
8. http://bit.ly/1HafUNd
9. http://www.halogensoftware.com/blog/the-dollars-and-sense-of-employee-engagement

How to develop your people

- **Go out** - Encourage employees to attend worthwhile conferences and seminars related to their fields.
- **Read** - Enable self-directed learning by providing a budget for job-related books and magazines.
- **Reward great work** - Promote employees based on their performance, allowing them to develop their career within your company.
- **Give tools** - Provide reference materials, such as posters, books, diagrams, tip-sheets, etc. to make work-related facts easily available.
- **Get together** - Hold bi-annual company meetings to provide company-wide training that reinforces your culture, values, and mission and teaches industry best-practices.

2. **Highlight work anniversaries and birthdays.** Make sure employees feel valued, not just as an employee and coworker, but as a person and friend.
3. **Encourage effective communication.** Create a culture of two-way communication between management and employees. Employee engagement is often a direct reflection of how employees view their relationship[10] with their boss.

10. http://iveybusinessjournal.com/publication/what-engages-employees-the-most-or-the-ten-cs-of-employee-engagement/

4. **Communicate company values often.** Make sure employees know what your company stands for, what it wants to achieve, and how its people can contribute. And then remind them frequently so they know you're serious.

Step Three: Get the most out of your talent

With a culture they believe in, and a desire to contribute all they can, your employees are ready to perform to the best of their ability and help the company reach its lofty goals.

Why this matters: Any company is only as good as the work of its people. And since performance and productivity are the leading drivers of organizational output, measuring it is essential to growth. The best way to keep performance and productivity high is to make sure people know when they are doing a good job. And when adjustments are needed along the way, it's important to catch and address them soon—before they become larger problems.

Consider the results from a Deloitte[11] study in 2015. They found three employee outlooks which correlated the most with high performance:

- "My coworkers are committed to doing quality work."
- "The mission of our company inspires me."
- "I have the chance to use my strengths every day."

Of those three, the last one was found to be the most important. If you're going to get the most out of your talent, it is essential that your people share these opinions. And if you don't know whether they believe their coworkers are committed, or if the company mission inspires, or if they feel they use their strengths . . . well, you'll probably want to.

11 https://hbr.org/2015/04/reinventing-performance-management

DIY Tips:

1. **Reward and recognize great work.** Regularly recognize your employees for their performance and achievements. These rewards and recognitions will become incentives to work harder and achieve more, but they'll also be useful indicators of which types of performance are most valued.
2. **Use the right performance management system.** Match your performance management to your company objectives. By finding the best way to evaluate your employees' performance, and making sure they are being rated in a way that helps determine their real value to the company, you'll know exactly what kind of feedback they need.

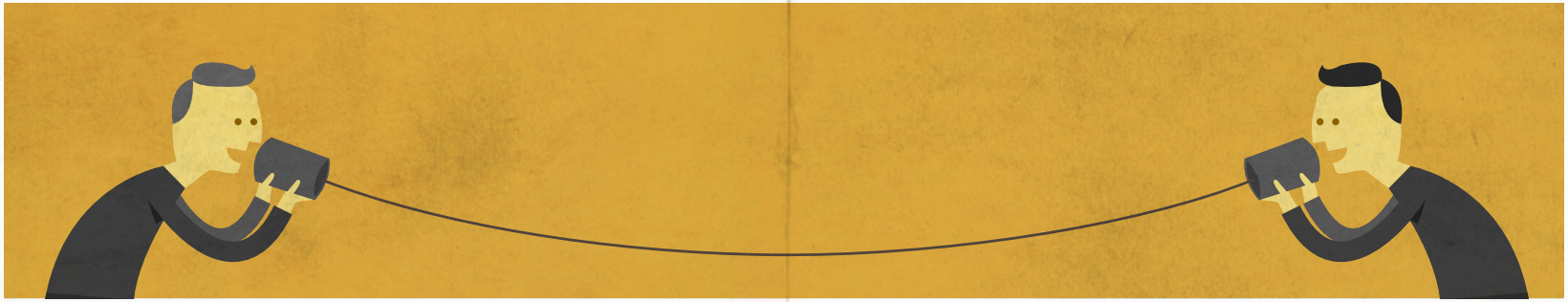
How to develop good performance reviews

- **Be frequent** - Provide regular feedback on performance and expectations and discuss any problems that need to be addressed. Schedule time for this feedback and make it a top priority (turn off all distractions so you can give your employee your full attention).
- **Assess meaningfully** - At least quarterly, have management formally evaluate their employees in a meaningful way that measures how valuable they are to the company. You don't

need to answer one hundred multiple choice questions—just answer simple open-ended questions like:

1. *If they got a job offer elsewhere, I would . . .*
2. *How engaged are they at work?*
3. *What are some things they do well?*
4. *What could they improve?*

- **Use it** - Use the answers from the above questions for decision making, such as promotions, raises, role models for future hiring, and who to let go.
- **Ask coworkers** - Focus peer feedback exclusively on what a coworker is doing well and what needs improvement. This will help you target what's working well and what needs improvement, without being distracted by useless feedback.



3. **Set the right goals.** Train management to help employees create goals that align with company objectives. These goals can then guide one-on-one discussions and help both manager and employee know what they're striving for.
4. **Give frequent feedback.** Have management hold regular (weekly or monthly) conversations with their employees throughout the year, so they know what they are doing well and what needs improvement. (70 percent[12] of employees who know their boss is unhappy with their performance don't know what they're doing wrong or how they need to change).
5. **Set expectations of performance early.** In the onboarding process (or earlier), make sure new hires know exactly what is expected of them and what systems are in place to help them improve. New hires with formal onboarding are 28 percent[13] more likely to hit their first performance milestones.

12 http://hiring.monster.com/hr/hr-best-practices/workforce-management/employee-performance-management/improving-employee-performance.aspx
13 http://bit.ly/1AoHHa4

Step Four: Keep your best people

So, now that you've built a culture your people believe in, they're inspired and motivated and doing their very best work, there's nowhere to go but up. Right? Yes! But it won't work nearly as well if you're losing your talented people.

Why it matters: Losing employees can decrease company morale, stall company growth, and cost a lot of money.

Like, *a lot of money*. It's estimated that every time an employee leaves your company, it costs you somewhere from 1.5–3 times the departing employee's salary to replace them[14]. This is the total cost of finding, hiring, training, and the time it takes to get the new employee up to speed. In the United States alone, $11 billion in losses a year is attributed[15] to turnover.

That's to say nothing of the competitive advantages you are giving up through turnover. If your turnover rates[16] exceed that of your competitors, you have higher business costs. And how many times have you heard of talented people leaving one company only to go contribute to their competition? Or become the competition?

Then there's morale. It can be tough for people to continue to buy into the company's mission and vision and think long-term when all around them are reminders of departed friends.

I miss Mike

14 http://bit.ly/1BgKIJU
15 http://corter.com/wp-content/uploads/2014/07/Cost_of_Employee_Turnover.jpg
16 http://www.people-trak.com/articles/hr-impacts-the-bottom-line.asp

DIY Tips:

1. **Work on the environment.** Create a working environment your employees want to be in. After all, they spend a large chunk of their lives at work!

How to create an enjoyable working environment

- **Match the workspace to your own unique culture** - If one of your company values is to be environmentally responsible, make sure your workspace is energy efficient and make it feng shui.
- **Keep it comfortable** - Ideal workspace temperature is 69°–71° F.
- **Make it scenic** - Give employees access to as much of the outside view as possible.
- **Provide tools for collaboration** - Provide your employees with dry erase boards (and markers) to encourage collaboration and brainstorming.

- **Keep it clean** - Do everything you can to remove clutter and pollution (e.g. dust, old computer monitors, etc.) from the work environment.
- **Be colorful** - Fill the decor with color[17] that stimulates focus and productivity and expresses your culture. Painting a wall is one of the cheapest ways to have a high impact on the workspace.

2. **Focus on friendship.** Create a culture that fosters healthy employee relationships. Thoughtfully prepare team building activities and company parties in a way that will build bonds of friendship. Also, match your conflict resolution methods to your company values.
3. **Don't let employees feel lost.** Make sure employees have the feedback necessary to succeed at their jobs. When people don't feel they have the knowledge or feedback needed to be successful, it can be very demotivating[18], and ultimately lead to turnover. By contrast, companies who give regular feedback to their employees have 15 percent[19] less turnover.
4. **Give employees the technology they need.** (Fig. 3) One out of four employees claims they are influenced by the technology[20] their employers provide at work and would consider taking a new position if the technology there would help them be more

17 http://www.forbes.com/sites/amymorin/2014/02/04/how-to-use-color-psychology-to-give-your-business-an-edge/
18 http://iveybusinessjournal.com/publication/what-engages-employees-the-most-or-the-ten-cs-of-employee-engagement/
19 http://www.talentculture.com/workplace-culture-and-innovation/6-eye-opening-employee-engagement-statistics/
20 http://www.dell.com/learn/us/en/uscorp1/press-releases/2014-12-02-dell-intel-study-uncovers-truth-behind-technology

productive. This number will only increase as technology advances and millennials flood the workforce.

5. **Onboard your new employees well.** You may have noticed that onboarding keeps coming up. Well, consider that new employees who attend a well-structured onboarding are 69 percent[21] more likely to remain at a company up to three years.

Don't worry, there's more onboarding stuff to come . . .

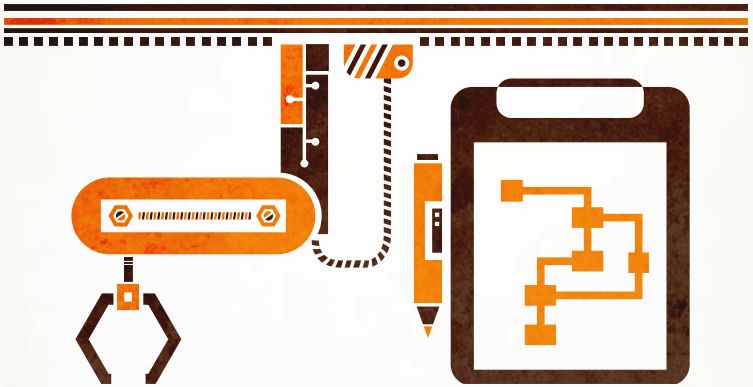
21 http://bit.ly/1xDEmRG

FIG. 3 *Modern technology makes employees happy and productive*

Step Five: Be efficient

Speed is the name of the game with efficiency. By speeding up processes, you'll have time to focus on the business objectives that matter most, which allows you to master the right things and stand out in your industry. Through fast and efficient processes, companies can stay nimble and flexible—something every growing business needs.

Why it matters: Today, when a jet is flying high in the sky, the miracle of flight is yesterday's news. Now, all that matters is how fast (and smoothly) that jet can fly. And so it is with any successful business. While getting customers to buy into your product or service was once exciting, mastering operational efficiency is what makes companies go from successful to truly special. And operational inefficiency can kill your ability to innovate and grow as a business.



This is as important for HR as it is for any other facet of your business. If your HR processes are time-sucking, you need to find ways to automate them. HR automation can reduce the cost of HR processes by an average of 60 percent.[22] And by eliminating paper and other process inefficiencies, companies can reduce costs up to 11 percent.[23] Automation also allows employers to give individual employees the ability to solve issues themselves, freeing managers up to grow the business, as opposed to just fixing problems.[24]

DIY Tips:

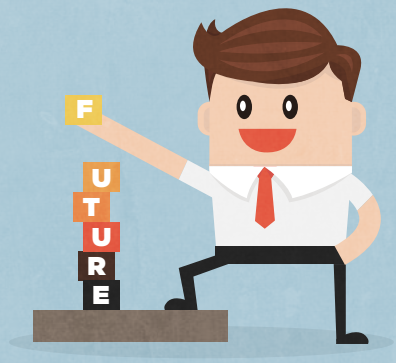
1. **Make information accessible.** Leverage technology to give employees 24-hour access to information relevant to their jobs. This includes mobile access for those on the go.
2. **Make it easy to collaborate.** Again, technology provides a great way to do this. Make sure you have reliable internet connection. Also, make sure you have office space that allows for brainstorms and breakout sessions.
3. **Don't waste precious onboarding time.** Obviously, onboarding is important in getting your new people off on the right foot. So, it goes without saying that the effectiveness of your onboarding is nothing short of crucial.

22 http://bit.ly/1tYz7I2
23 http://bit.ly/1tYz7I2
24 http://smallbusiness.chron.com/importance-operational-excellence-business-25018.html

Steps to effective onboarding

- **First day instructions** - Make sure new hires know exactly where to go, when to go there, and what to bring.
- **Paperwork** - Try to get paperwork filled out and signed before the first day so you can focus on creating an impactful first day (e-signatures are especially helpful.)
- **Desk prep** - Find out their work preferences (computer, keyboard, mouse, etc.) well in advance so you can have their desk ready when they arrive.
- **Introductions** - Familiarize new hires with their team (and vice versa) before they start so they can quickly make connections.
- **Company & team info** - Help new hires become familiar with your company's values and make sure they know how their work fits into the big picture (also, help them get a headstart on company lingo, inside jokes, etc.)
- **Job description** - Make sure new hires know exactly what is expected from them.
- **Training & development plan** - Onboarding is a great time to to explain how training works and how that training will extend into their professional development.

Lay a Foundation Now



If, after considering all the ways HR can positively affect your business, you are still determined to do it alone, there are three things (at least) you need to do right now to lay a foundation for the future. Because at some point you will need an HR department.

Let Software Do Your Work For You

If you're choosing to delay HR as a formal hire, then you actually need HR Software more than ever. And here's why:

Step One: Record consolidation

If your records become a mess, it creates drag and slows you down. It's a problem that becomes increasingly difficult to fix as it gets worse, until eventually the burden to fix it can start to really hurt your business. (Not only that, but disorganization and clutter waste a lot of time and money.[25]) Create a foundation that allows you to move smoothly by making order of your records right away.

Step Two: Generate reports

Once your records are consolidated and organized, you need to do something with them. Take the information you have on employees, their activities, performance, skills, and preferences, and turn it into valuable insights. Those insights will be able to guide your business strategies and tactics. By generating reports, you will be able to make improved decisions and reduce risks that threaten your business.

25 https://blog.barracuda.com/2014/09/24/the-real-cost-of-productivity-infographic/

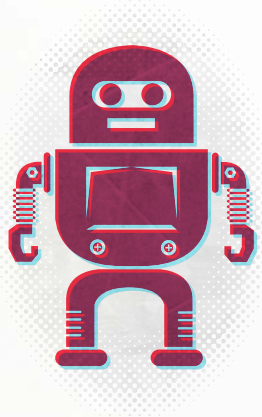


FIG. 4 *Free yourself from operational drudgery*

Step Three: Automate the operational*

As important as HR activities are, operational or administrative activities should not monopolize your time. If a computer can complete a task effectively, it should. At a certain point, you need to set yourself free to grow your business. (Fig 4) This is where HR software comes into play. This is the most important of the three steps since—among other things—through HR software you are able to consolidate records and generate reports, in addition to automating the operational.

HR drives business outcomes, but you don't have the time or resources to spend all day doing HR things. Here are a few benefits of HR software worth considering now:

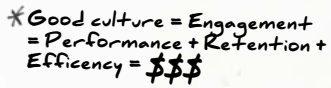
* Day to day tasks that keep the doors open, like payroll, benefits administration, creating company policies, etc.

Benefits of HR software

- **Reduce clerical errors** - Reduce error risk and protect your business from fines by organizing and automating your data.
- **Monitor compliance** - Track employee training, keep compliance

documents (like signed harassment policies) in one organized location, and create accurate reports that help you stay compliant.

- **Quicker hiring time** - Use an Applicant Tracking System (ATS) to hire people faster and reduce recruiting costs in a way that strengthens your brand.
- **Control time off** - Quit giving people extra days off by accident, and save everyone time by putting an end to ceaseless questions about vacation days by implementing automated time off tracking.
- **Effective onboarding** - Make the first few weeks great weeks, for new employees and you, by automating onboarding.
- **Stay connected** - Use mobile apps to quickly reference employee information, create portable workflows that allow decisions to move forward remotely, and keep all the moving parts of your company connected even when you're on the move.
- **Empower employees** - Give your employees the ability to update relevant personal information, easily check benefits and other company information, and fulfill other assigned tasks.
- **Gain insights** - Quickly and easily use data to make reports that will inform business decisions and improve business productivity.
- **Create efficient approval processes** - Put bottlenecks into the guillotine once and for all with the help of custom workflows.
- **Go paperless** - Use esignatures to save lots of time ... and trees.
- **Measure and manage performance** - Create performance reviews that actually perform well enough to pass a review.

Conclusion

HR is important. When done right, it helps build cultures that attract the right people to your company. It helps use that culture to engage your people and keep them motivated in their day-to-day work. It helps your people reach their full potential, and it helps remove distractions which might prevent them from doing so. It helps keep your people satisfied and loyal to you and your cause. So, whether you're ready to use HR for all its worth now or not, you need to use it! Don't waste any more time and make an HR plan now. Find the right tools to help in the process—including the right HR software—and make sure you are setting your people up to succeed. Both now and in the future.