

Robust workforce strategies to help weather the storm

As a business facing currently rising costs and demand pressures you may be finding yourself in a position of having to rethink your workforce requirements.

You are not alone – the latest Hudson Hiring Expectations Report on New Zealand employers has shown around a quarter of businesses intend to reduce permanent staffing levels in the April to June 2009 quarter.

This is the worst result since the survey began in 1999, and employer confidence has fallen around the country, with more and more businesses looking to reduce staff levels in this time.

The report shows the worst affected industry is tourism and hospitality, followed by manufacturing retail, telecommunications, and wholesale.

Large businesses are being hit hard: a net 13.2% intend to reduce staffing levels, a 23.1% drop since

the last survey, and a net 11.5% of medium sized businesses and 6.7% of small businesses are also planning staffing reductions.

Contractors aren't faring much better than permanent staff: a net 14.1% of businesses intend to reduce their contracting/temporary workforce.

Hudson executive general manager Marc Burrage says as a result they are seeing some employers talking to their employees about reductions in salary levels or offering flexible working practices, such as job sharing, to help retain the talent they've worked so hard to develop.

For those employers who are faced with downsizing GrowHR can assist in developing a restructuring process that not only retains the best people for the business going forward, but one that is also legally watertight.



DSK Engineering – Improving performance through people



Managing Director Shane Kerrisk

Hawke's Bay firm DSK Engineering is a highly regarded engineering company specialising in fabrication, installation, sheet metal, machining, maintenance and general engineering services to a range of clients.

A one-stop-shop, DSK provides clients in the food, wine and processing industries with the total package, from concept design to finished installation and commissioning.

Operating since 1992, DSK now employs in excess of 40 staff, and over the last four years has called on GrowHR's professional expertise and advice to support its business operation, with a particular focus on staffing.

Managing Director Shane Kerrisk says the GrowHR team has worked with DSK over a wide range of employee issues.

"DSK has grown from what started as a two-man band to a vastly larger company and I was run ragged making all the business decisions, including the day-to-day ones.

"GrowHR helped me structure the business and set up and devolve accountability for all day-to-day operational issues to my managers and train them to ensure they had the tools they needed to succeed.

"This has freed up my time to allow me to concentrate on areas that better support the business," he says.

Establishing more structure in terms of people management to ensure they knew what was expected of them was another area where GrowHR's assistance was valuable.

They developed position descriptions and an integrated performance review and performance-based pay system, the development of people policies and procedures and have assisted greatly with the overall strategic direction in relation to people, says Shane.

"In addition, Grow HR has developed and implemented a Health and Safety system, developed tailored Employment Agreements and Contracts for Services, and assisted us with a broad range of staffing matters.

"Sue Whiteley also took five of our managers through a leadership training programme which identified people capabilities, gaps and opportunities, and was also a lot of fun.

"They are really professional, and very responsive and they have a good understanding of my business and what drives our operational performance," he says.

Contact GrowHR for advice and assistance on making the most of your people and business performance.

How are you managing your team during the recession?

- A. Head in the sand like an ostrich hoping the recession will disappear?
- B. Making last minute reactive changes when faced with no alternative?
- C. Planning proactively to improve productivity and reduce overhead costs?

If you answered anything other than 'C' you need to consider an HR audit.

Less onerous than a tax audit and far more energising, an HR audit will help you to get your team to focus on

productivity, while you focus on reducing unnecessary costs, address poor attitudes and increase performance. These are the key drivers of your business.



Engaging with staff is critical, it drives improved performance. Expecting your staff to work harder will only work if you can communicate with them effectively. If you want your staff to 'go the extra mile', care about your business as if it were their own and 'take ownership' staff will want to know 'what's in it for me?'

These issues can be addressed with an HR audit. Set your business up to thrive and call Melissa from GrowHR, (06) 878 5454 or 021 880 690 for a free consultation. (Offer valid until May 29).

Employee or Contractor?

Do you have contractors and employees working for you in your organisation? How do you tell the difference between them? And more importantly, what are the consequences if you get it wrong?

Let's take the example of Bob - a tradesman who is employed as an independent contractor to work on an 'as and when' basis for a local plumbing company called Toilets 'R' Us Limited. Bob drives a company owned and branded van, wears company branded overalls and uses company owned protective equipment and tools. Bob works alongside employees on a regular basis and joins them at the company premises every Friday for work beers.

Is Bob a Contractor or Employee?

It's a tricky distinction to make, and one that's important to get right for several reasons.

Only employees are entitled to benefits and protections under the Employment Relations Act, Holiday's Act, Wages Protection Act, etc. They have access to personal grievance proceedings and other rights and obligations including the right to be treated in Good Faith. Employers are responsible for what employees do at work and for covering the cost of damages caused by employees in the course of their employment.

Contractors, on the other hand, are not subject to the same regulatory framework as employees and can only seek to enforce their contractual rights through the civil courts. They have no access to personal grievance provisions so cannot challenge a dismissal or other employer action which works to their disadvantage. There is no duty of Good Faith or vicarious liability between an Employer and Contractor.

If the Courts considered Bob an employee, he would have access to personal grievance procedures and if successful in claiming he is an employee, Toilets 'R' Us Limited could potentially end up having to pay Bob for all Annual Leave and PAYE that would have accrued over the time he was employed as a contractor, and any penalties for non-payment that become due.

There are a number of tests that the Court would consider if a Union, Labour Inspector, or any other person were to apply for a declaration over whether a worker meets the definition of 'employee' under the Employment Relations Act. If you need help determining whether one of your workers is a contractor or an employee, GrowHR has a checklist that will assist you in making the right decision.

For robust Employment Agreements and Contracts for Service, contact GrowHR.

Ensuring optimum business performance



As with a high-performance vehicle, running a high-performing workplace requires care and attention, as well as checks and measures, to ensure standards are not only met but even surpassed.

A good way to get the wheels turning is for businesses to firstly define their vision and/or mission, make strategic plans and set goals.

The key then is to act on these goals and regularly review the strategic plan and associated goals to ensure all pistons are firing as they should.

High-performance cultures often demonstrate the following characteristics:

- The company has a clearly articulated purpose and values, senior managers 'walk the talk', and the strategic plan is communicated to all employees in a way they can understand.

- The annual business plan drives performance results. Managers engage in the process and are accountable to achieve targets within budget.

- KPI's are linked to the business plan and are mutually agreed so that individuals have clearly articulated performance expectations.

- Performance reviews and informal feedback are the norm in the company, and remuneration is clearly linked to rewarding high performers.

Contact GrowHR for expert advice on improving workplace performance.

Redundancy checklist

As an employer or manager, how you go about laying off staff to survive the economic crisis requires careful management to protect the self-esteem of those affected, the morale of your remaining workforce, and the overall success of your business.

There are five essential areas to look at when considering redundancy:

Are there any other alternatives? - Replacing a valuable employee can be costly and before going down that road it is a good idea to talk to your employees and explore all the possibilities for avoiding redundancies, such as modifying hours or transferring job roles.

Are you making cuts in the right areas? - Before going ahead with lay-offs it's a good idea to identify the areas of your business that work best. From there any cuts should be made to protect this core business. Such a strategy will more likely result in long-term business gains.

Are you involving your employees in the process and being honest with them? - Communicating with employees about the state of the business is essential and they need to be told if their job might be in danger, and how any changes in the overall company strategy might affect them.

How are you going to tell employees if their job is on the line? - The decision to lay off staff is

tough on everyone and employers need to be open and talking to their employees face to face - not communicating with emails behind closed doors. By fronting up, you are showing respect, concern and compassion, and are there to offer support if needed.

Are you prepared for how your employees are going to react? - The impact of lost income and the blow to an employee's self-esteem if they are laid off should not be treated lightly. Often productivity and moral drops after a round of redundancies and you need to stay positive and continue to look at ways to restructure roles and duties to make the most of your talent.



Grow Human Resources

204 Warren Street North, Hastings

Phone: 06 878 5454

Fax: 06 878 5417

Email: melissa@growhr.co.nz

This newsletter is not intended as specific legal advice, but is to alert our clients to current issues of interest. If you require further information or specific employment advice regarding matters covered, or any other human resource matters, please contact your team at GrowHR.