

INSPERITY[®] E-BOOK SERIES

HOW TO DEVELOP A TOP-NOTCH WORKFORCE THAT WILL ACCELERATE YOUR BUSINESS





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Introduction



Too often business leaders think about human resources (HR) as a **running to-do list**.

- 1. Process payroll.**
- 2. Implement new government requirements.**
- 3. File new employee information.**

While these tasks are essential to every business, the power of your human resources strategy doesn't stop here.

Think about this for a minute.

Who are your best employees – your A-players?

What if they quit? Or, what if you hired 20 more employees just like them?

What would happen to your business?

At its core, your human resources should be about ... humans – your employees.

They are the ones who produce your products and services. They are the ones who turn prospects into returning customers. They are the ones who show up every day and work hard to turn your vision for your business into reality.

A truly thorough HR strategy considers this and more. It's proactive. It identifies and delivers the tools, environment, structure and resources your workforce needs to achieve your company's goals. It allows you to create and maintain a highly productive team that can continue to drive your business forward, despite any challenges or changes.

In this guide you will learn how your human resources strategy has the power to transform your business.

What's your HR strategy?

Let's take a quick survey. (Don't worry, there's no right or wrong answer here.)



When you hear the words “human resources,” what are the first things that come to mind?

- A. Employee paperwork, processing payroll, employee handbooks
- B. Creating a strong company culture, salary structure analysis, succession planning

ANSWER A

These are your typical HR tasks – things that every business needs to do to keep its people employed and doors open. This is what we will refer to as **TACTICAL HR**.

While tactical HR is a must-do, your HR strategy shouldn't stop there.

ANSWER B

Your people are probably your business's most valuable asset. What they do (or don't do) can dramatically affect whether your business is successful. Therefore, implementing HR practices that align your people with your company's goals can allow your business to be more productive and profitable. This is what we will refer to as **STRATEGIC HR**.

Let's take a deeper dive into the differences between these two approaches.

Tactical vs. strategic HR

TACTICAL HR

First, so that we're on the same page about what tactical HR is (and isn't), here are some common examples:

Access to comprehensive, cost-effective benefits for your employees

Improve the overall cost and predictability of employee benefits, while maintaining the quality, options and features you want to offer.

- Processing payroll
- Filing payroll taxes
- Administering and managing employee benefits
- Processing employee paperwork
- Tracking and reporting employee work hours
- Creating and maintaining an employee handbook
- Enforcing workplace policies
- Hiring and onboarding new employees
- Monitoring and implementing government regulations

Sound familiar?

Just like people need food, water and oxygen to survive, businesses need tactical HR functions to continue running.

For instance, if you don't cut your employees a check every pay period, they're probably going to quit. Then where will your business be?

Or, fail to comply with a new government requirement and see how quickly your company comes to a screeching halt.

These are basic, foundational processes and systems that need to be in place for your business to produce its products and services. And, before you can grow or further develop your workforce and business, these elements need to be solid.

Think about it: What happens when you build a house on a shoddy foundation? Walls crack. Pipes leak. So instead of building that extra room or upgrading your appliances, you spend all your time and money fixing the problems caused by the flimsy foundation.

Same is true for your HR. If you're miscalculating wages or not paying employees on time, you're not going to retain your people. You'll spend your time and money recruiting, hiring and training replacements, instead of developing the good ones you had.

But if you think shoring up your company's tactical HR functions will put you on the road to long-term success, think again. Remember, tactical HR tasks are the basic functions a business needs to execute to keep its doors open and its workforce employed.

But is that all you want to do – just survive? Or do you want more?

That's where strategic HR comes in.

STRATEGIC HR

Here's a somewhat cliché question for you: Where do you see your business in five years?

Now, here's a tougher question: How will you get it there? Are you going at it alone?

Probably not. You're going to need some help from your employees.

But how and, maybe more importantly, why will they help you?

The answer to that is in your strategic HR plan.



STRATEGIC HUMAN RESOURCE MANAGEMENT

“Proactive management of the employees of a company or organization. Strategic human resource management includes typical human resource components such as hiring, discipline and payroll, and also involves working with employees in a collaborative manner to boost retention, improve the quality of the work experience, and maximize the mutual benefit of employment for both the employee and the employer.”

Source: BusinessDictionary.com

Take a closer look at the last part of that definition.
(Hint: This is the root of your HR strategy.)

“...involves working with employees in a collaborative manner to boost retention, improve the quality of the work experience, and maximize the mutual benefit of employment for both the employee and the employer.”

It's kind of like the old saying: “You scratch my back, and I'll scratch yours.”

When you create a company culture and work environment that your employees appreciate, they'll care more about their jobs and be more invested in the success of your company.

And despite what you may think, offering your employees a bigger paycheck isn't going to keep them around for the long haul.

In a recent study, employees reported that being challenged and intrigued by their work (48%), having a work-life balance (41%), and being part of the organization's growth plan (34%) were the top reasons they would stay with a company long term, according to the Aberdeen Group.

When you create a company culture that provides these types of opportunities for your employees, you're creating a workplace where your employees want to be. They're no longer just there to collect a paycheck. They're doing something that makes them feel good about themselves. They feel valued and can see how day-to-day projects contribute to the greater good of the company. It's no longer just a job, it's an experience that will help them grow and achieve their own goals.

In return, you get a more productive workforce; a team who is willing to give it their all and has a vested interest in the success of your business.



HR strategy starts with a stellar company culture

Now, we're not suggesting you add indoor slides or sleep pods. Not everyone can be Google.

Your company's culture is a byproduct of the values and mindset of your employees and leadership team. The perks you offer your employees support and demonstrate these values.

For example, some companies allow their employees to work from home or have flexible work hours. While you may just see this as a nice gesture, it's actually a strategy for improving employee morale and productivity. It shows your employees that you care about their happiness, that you trust them and that you see them as more than just another ant in the anthill. It's not the hours at the office that you value; it's the work that they produce.

But an effective company culture isn't just about making your employees feel good.

At the end of the day, your focus should be on how to help your employees do their jobs better, so that your business can run and grow as efficiently and effectively as possible.

Sometimes this means engaging in tough conversations and pushing your people to reach their full potential. This requires a delicate balance between your business's and employees' needs.

As a leader, it's your responsibility to nurture and develop your employees. You'll need to identify and encourage the behaviors and principles that will help your employees and company be successful.

This may seem like a daunting task. Start small. Lead by example.

When your employees see you doing these things, they'll be more comfortable following your lead. These small gestures are contagious and can completely shift the culture of your team.

Here are some things you can do as a leader to foster a good company culture:

SET CLEAR AND SPECIFIC EXPECTATIONS

A marathon runner can't get to the finish line if he doesn't know where it is or how to get there. Same goes for your employees. Give them clear directions so that they don't get lost or frustrated along the way.

Think about team members on an individual basis. What are their roles on your team? What are their specific duties? What do you expect from them in the short and long term?

Set SMART expectations: specific, measurable, actionable, reasonable and timely. This will minimize your employees' frustration and any confusion so they can stay focused on their goals and help your business forge ahead.

EXPLAIN THE BIG PICTURE CONNECTION TO EVERYONE

Most of your employees probably spend more time working than they do with their families. They agonize over their jobs and push their minds to the limit day in and day out. Why? For what? Your employees want to know there is a purpose behind their sacrifices. How do their day-to-day jobs contribute to the objectives of the team and the company as a whole? Go even further: How does your company improve the lives of your clients or customers?

Knowing how their work contributes to the greater good of your business, and maybe even your industry or society, gives your employees a sense of belonging and value. This can be very motivating.

GET YOUR LEADERSHIP TEAM ON THE SAME PAGE

Chances are there's more than one leader at the helm of your business. These people are passing down directions to their employees. Therefore, it's essential that your leaders are focused on the same destination (goals). Otherwise, your business will likely make several wrong turns and spend a lot of time focused on the wrong objectives.

HOLD EMPLOYEES ACCOUNTABLE

Let your employees own their work. Avoid micromanaging them or their projects. They'll have a much more vested interest if those projects are something that gives them a sense of accomplishment and pride. But with ownership comes responsibility. Each individual should be responsible for shortcomings or mistakes within his or her assigned area. This way the whole team isn't punished for something that was beyond their control. In addition, it helps ensure each person is pulling his or her own weight.

MAINTAIN OPEN, HONEST COMMUNICATION

Your company is made up of many moving parts, each one dependent on another. Same is true for your employees. Yet, many teams fall into the trap of working in silos, not ever thinking about their work once it's off their desks. This kills innovation and creativity. How is your team supposed to develop new ideas if they're never exposed to anything other than what's right in front of them every day? How can they improve current practices if they don't know which are and aren't producing positive results?

Talk. Listen. Share ideas. And above all else, be honest with one another. Sweeping things under the rug isn't going to solve the problem. It will still be there. And it may even get worse over time.

TAKE TIME TO RECOGNIZE SUCCESS AND LEARN FROM FAILURES

It's easy to get caught up in the rush of business. But to become a truly effective team you need to avoid repeating mistakes and home in on what's working.

If your employees did well, take the time to tell them. You'll be surprised how far a "thank you" or "good job" can go. Recognize their successes in front of your team. Explain how their achievements get you closer to your company goals. Discuss why they were a success and what your team has learned from this experience.

But don't use this as an opportunity to raise the bar. Have you ever had a boss say to you: "Great job, but next try to do [insert objective here] a little bit better"? This "expectation escalation" can quickly kill your employees' motivation. If you keep moving the finish line further back, your employees will never feel the satisfaction of success. They'll get tired of never being good enough and give up.

That's not to say that you should look at everything through rose-colored glasses. Assess your failures. But don't do it alone. Talk to your employees. Because they are closer to the projects day to day, they can often shed light on problems you weren't aware of. And they often have more realistic solutions.

GIVE THEM ROOM TO GROW

Despite what you may believe, your employees' loyalty to your company only goes so far. For some employees, this means opportunities to get a bigger paycheck. For others, it's being able to expand their skills or career path. Most employees don't want to do the same job every day for the rest of their lives. They want to be challenged. They want to learn something new. This is what keeps their minds fresh.

Employees find a great sense of accomplishment in expanding their current skill sets, applying it to your business and observing the results. These types of opportunities can be as attractive as a bigger paycheck – if not more so. In return, your company will gain your employees' loyalty. In addition, they'll be able to apply their additional education or new perspective to your current strategy.



The 3 big benefits

A strong company culture and HR strategy does more than give your employees the warm fuzzies. It has some real bottom-line benefits, too.

1. RECRUITING

When word gets out (and it will get out) about your company culture and your company's employee-centric philosophies, like-minded candidates will be drawn to your business. You'll likely spend less time and money using traditional recruiting methods.

But attracting candidates is only the first step. Selecting the right ones for your company can prove to be much more difficult.

One study found that 46% of all new hires fail within their first 18 months, according to [Leadership IQ](#). Of those, 89% fail because of a poor personality fit – not skills.

A well-thought-out HR strategy can also make it easier to hire the right candidate the first time. While looking at a resume can help you select the proper candidates based on their skill sets, it doesn't tell you much about their personalities or how they'll mesh with your team. That's where your understanding of your company culture and HR strategy can give you a leg up. When you have a thorough understanding of your company's core values and goals, it's easier to weed out candidates who aren't aligned and aren't going to thrive in your work environment.

And what about those highly sought-after candidates? You know, the ones that you and your competition are constantly vying for. Usually, they are candidates with specialized and rare skills, training or experience. Because of this they can be selective about where they work. And most of the time, it takes more than competitive pay and a fancy benefits package to win them over.

They can get that from anyone.

They're likely looking for more than a job. They're looking for an experience where they can continue to advance their careers. With a well-developed HR strategy and a growth-minded company culture, you can offer that to them. And that could be what sways them to choose your company over your competition.

2. RETENTION

While turnover is natural in all businesses, excessive turnover can be a major drain on your budget.

There's no perfect formula to calculate the actual costs. The [Center for American Progress](#) found that, for all positions except executives and physicians-jobs that require very specific skills, a business could expect to spend an average of 21 percent of an employee's annual salary to replace him or her.



LET'S DO THE MATH:

$$\$40,000 \times 21\% = \$8,400$$

Now, multiply that by just three employees.

$$3 \times \$8,400 = \$25,200$$

Think we're overestimating? Consider all the factors involved:

- Lost productivity from being shorthanded
- Advertising open positions
- Time spent screening, interviewing and comparing candidates
- Conducting background checks
- Onboarding new employees
- Time spent administering and filing paperwork
- Time spent training new employees
- Lost productivity due to new employees' inexperience

It may take as long as one or two years before your new employee is fully productive. But retaining your employees isn't as difficult as you might think.

Here's the long and the short of it: If your employees are getting what they want from your company, they'll be less likely to go looking elsewhere for a new job.

Your HR strategy should take into account your employees' lifecycle – from hire to retire.

What kind of “experience” can you provide that will make them want to stay with your company for the long haul?

For some employees, it will be advancement opportunities. For others, it will be working in an environment where they can cultivate their creativity and relationships with like-minded professionals.

Talk to your employees. Consider conducting stay interviews to find out where your company is on target or missing the mark.

Armed with this information, you can tailor your HR strategy to meet the specific wants and needs of your employees. It will likely be much cheaper to invest in the talent you already have versus hiring and training new people.

3. SUCCESSION PLANNING

On average, wage and salary workers stay with their current employer 4.6 years, according to the [Bureau of Labor Statistics](#).

Change within your business is inevitable.

What really matters is how your business handles change. Does it come to a dead stop, or have you put the proper pieces in place to keep it moving?

If you have a good succession plan, then you can keep moving. A succession plan ensures that you have employees who are prepared to step up when others leave.

But it's not just about patching up the holes when important people leave. It ensures your company is ready for growth as well.

[Your succession plan](#) is the frame of your growing business. It aligns people and positions within your company so that you have the right people in the right place to support the growth or change. Your business will experience fewer roadblocks and interruptions if you have the proper people power in place.

An effective succession plan is the product of a well-executed HR strategy.

If your strategy is truly proactive and company-goal-oriented, then you've thought about your employees' future at your company long before you hired them. And if you've cultivated a culture that promotes growth and personal development, then your people are in the right mindset and motivated to take on these positions.

You have a plan for how every position will transform and support the future of your company. And you've hired or promoted the right people into these positions. While they may not have all the necessary skills or aptitudes yet, with a little training and mentoring, these employees have the potential to help your business thrive.

If your HR strategy is lacking, it will be much more difficult to secure your employees or keep them around long enough to fulfill their future roles.

MAKE YOUR HR STRATEGY YOURS

There's no perfect formula. There isn't a quick fix. And HR strategies aren't one-size-fits-all. While there are several suggestions here, this is only the starting line. Your HR strategy should be tailored to your unique business. Think about your employees and your business goals.

What kind of environment do you need to create so that they can sustain success?

Remember, when you build a better workforce, they'll help you build a better business.

Now, ready, set ... GO!

How Insperity can help

With Insperity® Workforce Optimization® full-service HR, you'll get administrative relief, access to better benefits, reduced liabilities and dedicated HR support from our experienced service team so you can spend more time doing what you love – growing your business.

In addition, you get a team of HR specialists who will get to know your business goals and challenges, so that they can provide guidance and assistance that's in line with your company's unique HR strategy.

AS A WORKFORCE OPTIMIZATION CLIENT, YOU'LL RECEIVE:



Affordable employee health insurance and benefits

Give your employees access to Fortune 500-level benefits. Choose from a range of benefits packages from a variety of insurance carriers, including our national medical insurance carrier, UnitedHealthcare®.



Stress-free payroll and HR administration

Ensure your payroll is always complete, accurate and on time. We'll also handle all your payroll-related taxes and employment verification, benefits administration, employee-related paperwork and other HR tasks.



HR-related government compliance

Limit employer-related liability by allowing us to handle your government reporting, agency interface, unemployment claims management, and wage claims and audits.



A dedicated HR service team

Our service team members average more than 15 years of experience in their fields. They can lend a helping hand with day-to-day HR duties as well as help you develop and implement your HR strategy.

Give your business a boost with Insperity's PEO service

The Insperity® Workforce Optimization® solution includes the following:

- **Fortune 500-level health insurance and benefits**
Choose from a range of benefit packages with nationally recognized insurance carriers.
- **Precise payroll and HR administration**
Produce timely payroll (for your approval) and employment tax reports. We'll also handle much of your employee-related paperwork and other HR tasks.
- **HR-related government compliance**
Help limit employer-related liability by letting us take care of much of your HR-related issues and unemployment claims management. We'll also assist you in interfacing with certain agencies dealing with employee issues, as well as wage claims and I-9 audits.
- **Billing transparency and reconciliation**
Know exactly what you're going to pay from start to finish. Our billed amounts are reported in detail, so you don't have to worry about unexpected costs.
- **A professional HR service team – not a call center**
Get a team of professional HR specialists ready to help with your day-to-day HR duties and provide tried-and-true, personalized guidance whenever you need it.
- **Advanced software that streamlines your HR processes**
Enjoy the convenience and simplicity of a fully integrated HR technology platform. Our software automates administrative processes through a single system and provides detailed reporting.

ABOUT INSPERITY

A company with a track record of excellence

Since 1986, Insperty has been showing companies how to harness the power of human resources to improve business success. Offering an array of HR services and technology to help you minimize risk and maximize profitability, we started as a two-person business and have since grown into a public company with offices across the country.

YEAR ESTABLISHED

1986



CLIENTS/EMPLOYEES

Insperty serves 100,000+ businesses with more than 2 million employees.

We serve businesses with employees from 5 to 5,000

NSP
LISTED
NYSE

Publicly traded on NYSE under ticker symbol NSP



A+

2019 REVENUES

\$4.3 BILLION

80+ offices across the United States with 3,200+ corporate employees

CPEO

Insperty has been designated a certified professional employer organization (CPEO) by the IRS*

* Insperty PEO Services has been designated a certified professional employer organization by the IRS. The IRS does not endorse any particular CPEO. For more information, go to [irs.gov](https://www.irs.gov).

Want to learn exactly how your business can benefit with Insperty?

Call **800.465.3800** or visit insperty.com

