

Employment Going UP and Maybe “OUT?”

Theresa Welbourne : eePulse

The Leadership Pulse study, which is being conducted with the University of Michigan Business School, started in June, 2003. Each month we conduct Pulse Surveys of two key business metrics: (1) resource growth and (2) leader confidence. Since June we have seen evidence that senior leaders expect sales and number of customers to increase, but employment projections have been very slow to change. We did see some improvement from June to August in that less firms said they were planning to reduce staff; however, there were no changes in the number of employees that leaders expected to add to their payrolls.

September numbers show increase in employment expected

The September results tell quite a different story. Employment numbers are up by 10 points. This means the percentage of our leadership population (about 40% are CEOs, others are VPs, Directors, senior managers) reporting that they plan to INCREASE their number of employees went from 31% in August to 41% in September. That's a big increase considering this number had not changed at all since June. This means that for the rest of 2003, if nothing else changes to interfere with growth plans, we may be seeing a rise in the number of employees being hired. This may mean that in addition to hiring for new jobs, you may experience a rise in the turnover levels within your own organizations because your employees may be moving into some of these new jobs that are elsewhere.

Now is the time to think about how you can keep the intellectual capital that you have grown and nourished within your organization during the tough economy that you've surely endured. Thus, as HR leaders, I thought you might be particularly interested in the answers to one of the comment questions included in the September Leadership Pulse.

Tapping into employee knowledge

We asked respondents to tell us how they tap into the organizational knowledge (about business opportunities, the customer experience, ideas for improvement, etc.) that resides with employees. This is important because if you don't capture employee knowledge during the employment years, then when the personnel leave, your firm loses even more from that event. Or, when you hire new employees, you may be getting less value than possible if you don't harness and share the wide array of experiences that new employees bring to the business.

Over 800 people completed the Leadership Pulse in September, and in response to the question about employee knowledge, we found the following:

- 3% said they don't tap into employee knowledge at all
- 78% use personal and informal types of communication
- 19% had formal or technology-driven processes to manage employee knowledge

Below are sample comments from people who employ technology to tap into employee knowledge:

“Rolling polls; celebrating success through our Intranet; company periodicals”

“Routine, scheduled monthly telephone calls”

“Web-based knowledge management system that allows employees to share best practices, ask and answer questions, and post personal expertise profiles”

“Intranet forums”

“60 second surveys; response rate is 50%”

“Periodic pulse surveys of all employees”

“Weekly team conference calls”

“Monthly webcasts”

“1-hour teleconferences”

“CRM system for internal and external clients”

“Monthly newsletter and e-mail”

“E-mail works well”

“E-mail, voicemail, cell phones”

“Instant messaging”

Samples of personal communication-based forms of accessing employee information:

“Cross training and mentoring”

“Meetings, discussions, coaching”

“Suggestion program”

“Regular meetings”

“Management by walking around”

“Brainstorming sessions”

“Listening is key”

“Culture of openness”

“Weekly exchange of ideas”

“Empower employees to act”

Even though many used technology, the most frequently used forms of technology were fairly simple. There were multiple examples of e-mail, phone, web-based communications, and very few examples of sophisticated software systems or processes that collect and systematically share employee knowledge with people who can take action.

HR sophistication can add long-term value

I just returned from a two-day conference sponsored by SHRM (Society of Human Resource Management) on HR metrics. One of the issues we discussed revolved around how HR manages data compared to the ways that other departments (e.g. finance, accounting, sales, etc.) handle data. The conclusion was that we in HR can learn from our colleagues in other departments and provide rigorous and sophisticated data to leaders. That data should allow senior leaders and line managers to implement strategy and negotiate change as needed.

However, even within a group that boasted having the latest HRIS systems, very few executives admitted to using these their HR data to effectively help managers implement their strategies. That overall finding (via a show of hands in a room of about 50 people) seems to mesh well with the results in the September Leadership Pulse survey. Leaders are trying to get employee data, but they are not using the kinds of tools that allow for systematic collection and manipulation of data. Conversations and e-mail support information flow, but they do not permit data storage, data analysis, or real-time sharing of information to inform strategy and business decisions.

Taking action with employee-based data is key to long-term competitiveness

Getting data is not as important as doing something with data, and when we use personal communication mechanisms to collect data, you have very few choices about what we can do with data. If employee knowledge is gathered in a meeting or in a teleconference, or even in short surveys that do not allow for adequate and timely follow up, then your workforce data is only good for today. The reliance on casual handling of employee data means that workforce

analytics will not be used for important business decisions. And even worse, employee knowledge that could be used in multiple parts of the organization is not analyzed and shared in ways that drive real business value.

When employee growth was not on the horizon, and when HR budgets were cut to dramatically low levels, any thought of creating extensive employee knowledge warehouses may have been discounted by your senior executive team. But if employment growth is on the horizon, and you need to face the hard reality of hiring and motivating key personnel to drive business growth, then methods of managing employee knowledge should rise to the top of your priority list. The only real competitive advantage you have that cannot be easily copied by your competition is your employee knowledge; it's time to manage that asset in ways that are at least as sophisticated as those processes used with other forms of business data.

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Theresa M. Welbourne, Ph.D. is the founder, President and CEO of eePulse, Inc. as well as an Associate Professor of Organization Behavior and Human Resource Management at the University of Michigan Business School. Prior to summer, 1999, she was on the faculty of the Human Resource Studies Department (from 1992 to 1999) and the Entrepreneurship and Personal Enterprise Program (from 1993 to 1999) at Cornell University. She received her Ph.D. in Business from the University of Colorado, Boulder in 1992. Prior to that, she spent approximately ten years working in the field of human resource management as a practitioner and as a consultant. Dr. Welbourne's expertise is in the area of employee management in high growth and high change organizations. Her particular focus is on understanding how various human resource, communication, leadership, and rewards strategies affect the longer-term performance of organizations and the employees within those firms.

As CEO of eePulse, Inc., she leads a technology and research business that is delivering web-based Pulse surveys powered by the company's proprietary software called Measurecom™. The measurement and communication tool was developed based on Dr. Welbourne's research and consulting. She conducted a number of studies with initial public offering firms and large firms undergoing large-scale interventions.

In these studies, she demonstrated the direct effects of leadership and human resource management strategies on firm survival and financial performance (e.g. stock price growth, earnings growth, etc.). Her research has been featured in popular publications such as Inc. Magazine, The Wall Street Journal, Business Week, The New York Times, and Entrepreneur Magazine. Her work has been published in several books and in journals such as the Academy of Management Journal, Journal of Management, Human Resource Planning, Executive Talent, Compensation and Benefits Review, Journal of Applied Psychology, and Journal of High Technology Management Research. She is currently writing a book (publisher is Jossey-Bass) that summarizes all of her research to date. For more information, please contact eePulse, Inc. at 734-996-2321.