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People profit and how to measure it.

Employees are typically a company's largest expense, but often the least measurable when it comes to productivity and profit.

As is the case with most initiatives, some organisations measure employee profitability well; some don't do it at all; and most are somewhere in between – making good-natured attempts, but often not following through consistently or measuring only bits and pieces without getting the full picture on employee productivity or profitability.

While many organisations measure and evaluate an abundance of employee-related constructs such as output, efficiency, satisfaction and engagement, few companies have systematic ways of assembling them into a formal process that calibrates the long-term relationship between people and organisational performance.

It is relatively easy in certain industries to connect people input to business outcomes, while in others it is far more complex. A lot of organisations find it difficult to identify and agree on an accepted method of connecting people to business. For some companies, connecting people to business outcomes is put in the 'too hard basket'; for other organisations it is the 'holy grail' and the rest fall some where in between.

The ability to measure profit per employee varies depending on the size and sector of the organisation. Process-and-sales-driven businesses have greater potential to establish metrics that monitor employee performance against key events, and are likely to be better positioned to understand relative productivity.

However, for more 'knowledge' or 'innovation'-focused organisations, measuring an individual's profitability and productivity is more difficult. Without strong information and a clear sense of what is being measured, it can be difficult to draw meaningful conclusions to aid decision-making.

There are a number of formulas for measuring

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Are they really casuals?

The term 'casual' employee is not defined under the Employment Relations Act 2000, however it is generally understood to mean that the employee works "as and when required" without any ongoing expectation of employment. Hence the employment relationship only exists when the employee is actually performing the work for the employer.

A large percentage of New Zealand companies' use casuals, the question is, are they truly casuals?

It is important that employment agreements reflect the **true** nature of the employment relationship.

In recent Employment Court decision (*Jinkinson v Oceana Gold (NZ) Limited*), the court found that, the employment arrangement outlined in the original employment agreement was "abandoned in favour of the ongoing relationship".

The facts of the case were:

Ms Jinkinson was employed as a casual employee over a 19 month period.

The employment agreement stated that she was "employed hour by hour to work as and when required" and there was "no guarantee any hours would be offered"

Ms Jinkinson was made redundant and challenged the decision.

In deciding the case the Court had to determine the nature of the employment relationship. Work practices and patterns were examined to ascertain the "real nature of the relationship".

The Court took into account that during the 19 month period the pattern of work was consistent and highly predictable, therefore, the parties' conduct was consistent with ongoing employment.

Employment relationships can change over time and it is important that employment agreements accurately reflect the nature of the employment relationship.

People profit and how to measure it Continued.

productivity and profit per employee. Companies need productivity metric, similar to a value-added per-person metric, which measures output.

This metric is not profit per employee, but more about productivity, because in profit per employee you include personal costs and it is better to separate input from output.

Generic productivity levels are usually tracked using metrics such as remuneration/revenue and remuneration/costs. Both methods provide clear indications of whether sufficient revenue is being created to justify the level of the remuneration bill and whether it is reasonably controlled against the business's total costs.

Additionally, organisations often look at revenue/full-time employee (FTE), profit/FTE and cost/FTE. Organisations that achieve a competitive revenue per FTE and high profit per FTE, with costs per FTE under control, are likely to possess a workforce with the right numerical

strength, delivering competitive levels of productivity.

Without strong information it is difficult for organisations to effectively monitor this area and generate real improvements.

Creating a successful measurement program requires clarity around how productivity will be tracked and ensuring robust data exists to support decision-making.

Tips for starting out

1. Understand the relationship between people and business performance.
2. Find a simple and consistent way to measure value and report it.
3. Spend time analysing results rather than arguing about the data.
4. Act on the outcomes to improve bottom-line performance.

Source: Infohrm, Asia-Pacific Region

5 Tips for succeeding in change management

1. Start early - be more proactive and avoid "fire fighting" and damage control
2. Apply structure - be more effective and efficient; increase the credibility of the work you are doing
3. Customise your approach - understand your unique situation and adapt accordingly
4. Engage employee-facing players—enable the face and voice of change to be successful
5. Focus on the individual—remember that organisations don't change, people do

Source: Prosci

Lean Organisations

The core idea of a lean organisation is to maximize customer value while minimizing waste. Simply, lean means creating more value for customers with less resources.

A lean organisation understands customer value and focuses its key processes to continuously increase it. The ultimate goal is to provide perfect value to the customer through a value creation process that has zero waste.

To accomplish this, lean thinking changes the focus from optimising separate technologies, assets, and vertical departments to optimising the flow of products and services through entire value streams that flow horizontally across technologies, assets, and departments to customers.

Eliminating waste along entire value streams, instead of at

isolated points, creates processes that need less human effort, less space, less capital, and less time to make products and services at far less costs and with much fewer defects, compared with traditional business systems. Companies are able to respond to changing customer desires with high variety, high quality, low cost, and with very fast throughput times. Also, information management becomes much simpler and more accurate.

A popular misconception is that lean is suited only for manufacturing. This is not true. Lean applies in every business and every process. It is not a tactic or a cost reduction program, but a way of thinking and acting for an entire organisation.

Basically, lean is centred around creating more value with less work.

What is the managers role when providing coaching to their employees?

If the manager is coaching the employee direct then it requires them to use their relationship and communication skills to help their employee to focus on the requirements of their job in order to maximise their performance or resolve any other issues they may have which is inhibiting this performance.

The difficult question for the manager is to decide on the balance of the agenda - how much comes from the manager and how much from the employee? Getting this balance right is crucial if the employee is to feel involved, listened to and committed to taking positive action to improve their approach, behaviour and performance. While it is important to acknowledge that the manager has a vested interest in the performance outcomes produced by their employees and also sometimes in the

style and approach that they take, if the manager only concentrates on their agenda for the employee, then there is the danger that the employee may not get the opportunity to discuss the other issues that are concerning them and which may be inhibiting their ability to perform to their maximum.

The style and skills which a manager adopts with the employee during coaching sessions will be a crucial factor in determining how effective and successful the coaching interventions are. The ability of the manager to actively listen to their employees and the stronger the relationship from an honesty and trust point of view, the more likely it is that a positive performance improvement outcome will be achieved.

HR and Business Consultancy Services Offered

<p>Employment and Industrial Relations Provide support and advice on workplace relations and the relevant legislation that affects the employer-employee relationship. Development of employment agreements and documentation that best suits your relationship and situation with your employee.</p>	<p>Change Management A structured approach to transitioning individuals, teams, and organisations from a current state to a desired future state. Change is a part of every project we undertake, encompassing a number of techniques to achieve sustained improvement through change management.</p>	<p>Psychometric Assessments The strength and productivity of successful organisations lies with people. We use a range of assessment tools to accurately identify an individual's talents, strengths and weaknesses, and to diagnose organisational problems.</p>
<p>Performance Management Designed to be future-focused, support pay for performance programs, monitor milestones of goal achievement, and systematically improve the measured results of your employees and organisation. We facilitate the development of core organizational competencies, influence SMART goal setting, and clearly articulate expectations in order to have a measurable results-oriented tool for effective implementation.</p>	<p>Project Management Training, and resources to help organisations improve performance and deliver critical projects successfully. Project management is the discipline of planning, organising and managing resources to bring about the successful completion of specific project goals and objectives. The primary challenge of project management is to achieve all of the project goals and objectives while honoring the project constraints.</p>	<p>Process and Systems Development Professional human resource advice, policy solutions and job description writing and evaluation services. Development of employment policies and procedures and employee handbook. Provide practical guidance on administration of policies and pre-employment or post-employment duties required of the company.</p>
<p>Talent Management Developing and integrating new workers, developing and keeping current workers and attracting highly skilled workers to work for your company. Companies that are engaged in talent management are strategic and deliberate in how they source, attract, select, train, develop, retain, promote, and move employees through the organisation.</p>	<p>Health and Safety Offering both practicable and achievable health, safety and environmental sustainability solutions to suit your organisation. from a wide range of experience in health, safety, quality, environmental and sustainability (HSQE) management.</p>	<p>Professional Supervision and Mentoring A customised programme for Managers and Team Leaders to provide practical hands-on guidance as well as theoretical knowledge in relation to all aspects of management including leadership, performance management, delegation, communication & effective time management.</p>
<p>Career Transition/Outplacement and redundancy Managing change and redundancy in a fair and procedurally correct manner. Management Coaching through restructure and redundancy; Managing Change Workshops; Internal and external Job Search, CV Preparation and Interview Coaching; Budgeting and Financial Planning; On site consultation and redundancy support; Identifying the 'at risk' employee.</p>	<p>Investigations We investigate and report on the facts of a case to the person or body charged with making a decision, under the procedure relevant to the case and to the member of staff concerned. Any serious allegations or formal complaints require investigation to attempt to determine as objectively as possible the relevant facts on which decisions can be based. Ensuring that the investigation process is completed correctly enables you to make the right decision with continued support thou ought the process to reduce the risk to your company.</p>	<p>HR Audits Comprehensive report of the audit findings with recommendations prioritized, actionable work plan. Improves compliance, reviews ROI with Human Capital. Targets the organisational development and human resource practices including: Staffing and Hiring; Benefits Administration; HR Administration; Employment Practices; Education and Training; Time Off and Leaves; Health and Safety; Performance Management; Compensation; Terminations.</p>