

Getting a Seat at the Table



How does a credit union's human resource department transform itself from an administrative and task driven hub to a strategic, pro-active business partner? If you have attended an HR conference you know this is a hot topic, and no easy or short answers to achieving this shift exist.

With the administrative burden HR has carried being streamlined by technological advances, high performing HR departments are poised to add more value to their organizations by becoming consultative and focused on developing their role as a strategic business partner. But what exactly does that mean for credit union HR professionals today?

Merely inserting the phrase "strategic partner" into a department mission statement or job title has not led to a place at the strategic table. What gets us there? Shifting direction and focus from looking in the rear view mirror (being task centric) to the road ahead and aligning the department strategically with the managers it supports. HR departments that make the commitment to becoming a strategic business partner focus on common challenges:

- Reducing the administrative burdens that keep HR from tackling issues and initiatives that can really make a difference in the credit union.

- Developing credibility with the senior management team – learning the business and expressing a degree of comfort with financial language. This requires an understanding of the business drivers the credit union uses to keep score (net income, ROA, loan and membership growth, products per household).
- Enhancing the business and strategic skills of the existing HR team to ensure HR adds value and communicates the value added. It is important for the HR team to be able to customize their responses to management needs and to ensure alignment between the business objectives and policies, procedures, and practices.
- Clearly articulating the role HR can play in defining and executing the credit union's strategic plans. Proactive HR professionals are asking: "How do we attract, train, develop and retain the right people?" and "How can HR help managers effectively deploy their people to achieve business objectives?"

HR professionals should participate on the leadership/executive team. Though specialists in HR, they are business professionals first. They know credit union industry trends and the challenges and opportunities that face the credit union. They also understand the financial, operational and membership drivers that are important to its success.

HR business partners diagnose credit union needs and offer advice based on their unique viewpoint. They implement solutions, work closely with department managers and often build management capability to address HR issues. Their calling is to educate, motivate and influence others. They operate as internal consultants, assessing issues/situations and providing knowledgeable solutions.

Once the decision has been made to shift the focus and direction of the HR team, it is important to define the strategic business partner role that your team will play. (See “*Tips for becoming a strategic business partner*” below.)

In its new role as strategic business partner, HR can deliver results and add value to the credit union’s ability to develop successful relationships with

employees, the membership and the community. For credit unions striving to gain a competitive advantage in a shrinking financial services market, inviting HR to sit at the table can be a key to success.

Tips for becoming a strategic business partner

Identify the strategic people issues for each department. Discuss with the managers of each department their business goals and objectives. Ask them to discuss challenges such as retention, succession planning, cross-training, skill gap analysis, performance management and barriers to change.

Separate the administrative and strategic roles the HR department plays. Department managers will continue to use your HR department in the traditional way until all their administrative needs can be taken care of in one location. Creating an HR Service Center within your HR team will allow you to dedicate HR specialists to more strategic areas. For example, if you are a department of three (HR Manager, Payroll Administrator and HR Generalist/Recruiter), the Payroll Administrator could become the Service Center – answering payroll, benefits and policy questions. The HR Manager and HR Generalist/Recruiter become internal consultants, supporting managers in the delivery of HR tools and practices to enhance the business.

Create an HR Scorecard: HR departments that have made the shift from traditional HR to strategic partner have done so by combining the goals of the department with the goals of the organization. One way to achieve this is an HR Scorecard. The scorecard is a measurement tool that highlights the role HR plays in business success. It is the most important action HR can take to link its alignment and contribution to the business. Key areas on which HR can have impact are the following:

- Managing, improving and rewarding employees for performance
- Identifying, developing and maintaining high-potential employees
- Designing jobs that provide employees with challenging opportunities
- Developing leadership skills in managers
- Developing a work environment that demonstrates the core values of the credit union
- Addressing the high cost of attrition and the value of retention

Credit unions will have different needs in these key areas depending on their position in the business lifecycle. By analyzing how current HR activities support these objectives, HR department members can assess their progress as a team in making the transition to a strategic partnership with management. This is a good place to begin dialogue with the business managers you support.

To ensure that HR activities are strategically aligned, they should meet one or more of the following criteria:

- Ability to positively impact the bottom line
- Ability to implement the strategic objectives of the credit union
- Ability to positively and directly impact employee performance

D. Hilton Associates Interview

With Jean Claytor, PHR

Vice President of Employee Services
CommunityAmerica Credit Union

DHA: What can HR do to add value as a business partner?

Claytor: Align Human Resources practices to strategic business goals. Solve employee relations issues by mediating disputes. Be very good stewards of the company's money. Compensation and benefits are the biggest expense. When Human Resources implements the best pay practices on base and variable compensation, the top executives notice. Do not overpay for your human capital. If you can show where you have creatively taken a 30% benefits cost increase down to a 3% increase to the company, you not only get noticed, you get a standing ovation. Top leaders want to see compensation and benefits managed with a vision, not just administered.

DHA: What kind of people will CommunityAmerica need in three years to support the business strategy?

Claytor: Our credit union has a 10-year vision that is extremely aggressive. It will take caring, ethical people with a "can-do" attitude to reach that vision. Human Resources is paramount in ensuring we reach that pinnacle. Old practices simply will not do. We are looking at every single function we perform from recruiting, to training, to evaluation of performance, and so on. We educate ourselves on leading edge practices, we try processes that may seem risky, we don't accept status quo, we aren't offended by criticism but embrace it, and we network. We cannot keep doing things the same way and expect great changes. Automate whatever can be automated so your resources can be spent on doing forward-thinking actions.

DHA: How can HR help managers get the right people at the right time?

Claytor: Develop a proactive partnership with hiring managers to understand their needs. By building a positive rapport and understanding their business needs or "world," HR can then provide the support needed and make appropriate recommendations. Branding and innovative recruiting ideas are powerful. Marketing dollars have helped tremendously. If the public recognizes you as a financial institution, they will also recognize you as a potential employer. We try whatever may work. If it doesn't work, we know not to do it again. We are very selective on career fairs. Some time ago, we partnered with a staffing agency. Great idea that worked. Stopped all of those pesky phone calls from other agencies and the agency gets our name out at all the fairs plus assists us on our fairs held at our main office. If we have a problem recruiting at a certain geographical location, we hold a career fair at the branch. Other practices are to volunteer in the community and apply for local awards. Bottom line—get your name out there in a positive light any way you can.

DHA: What role do you play as the top HR professional on the senior management team?

Claytor: My role is to drive toward our employee vision. That vision is an offshoot of the credit union vision. We're looking out at least three years to anticipate the resources needed to sustain our growth. At the same time, we need to be very adaptable to challenges and situations that arise (a data processing conversion, a reorganization, vacancy of a high level position, etc.). I make recommendations to the CEO and COO on all employee programs. I act as

an advisor on all employee relation issues. I earn credibility through being a confidante to the senior management team and providing counsel on delicate situations.

DHA: What competencies are important for HR to bring to the table to gain the respect and trust of the CEO and other senior managers?

Claytor: Know your audience. Communicate to top executives in the way that speaks best to them. If numbers and bottom-line impact are what they want to see, provide it. If they want it related to the member value/experience, provide it. If they want you to show how it supports the core values, go there. Always provide information in the manner that suits them best. And above all else, listen to their feedback.

DHA: How can HR transition itself from being the gatekeeper and administrative support for an organization to being a strategic partner and member of the senior management team?

Claytor: Flexibility and adaptability. If you're going to be staunch in your practices, management will not gravitate toward Human Resources. You will be forever the policy police. Be a partner. Have educational sessions to make them aware of HR's commitment to the credit union's future. Assist management in handling the tough situations and they will knock on your door for advice.

Summation:

Human Resources has the privilege of helping to build the culture. Make it a culture you want to live and grow in and others will want to join you.