



STRATEGIC MANAGEMENT OF WORKFORCE REDUCTION

MINNESOTA COUNTY FUTURES

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OBJECTIVE FOR TODAY: Challenge Your Thinking

- Jump Start Thinking (Outside the Box)
- Stress Systems Thinking
- Rethinking the Way We Work
- Strategic Approaches
- Proactive Actions
- Focus on Your “Circle of Influence”
- Options / Alternatives
- Sharing Best Practices



RETHINKING VS “R.I.F.TING”

- Mindset Changes Needed
 - Convenient vs. Strategic
 - Reactive vs. Proactive
 - Easy/Expedient vs. Tough
 - Short Term vs. Long Term



OUT OF THE BOX THINKING

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“You cannot solve a problem from the same consciousness that created it. You must learn to see the world anew.”

-Einstein



RETHINKING VS “R.I.F.TING”

Four Approaches

- Mathematical
- Political
- Equitable
- Strategic



RETHINKING vs. “R.I.F.TING”

APPROACH #1: MATHEMATICAL

Driver Is Simplicity

- Mandates - i.e. 10% Across Board Cuts for All



RETHINKING VS “R.I.F.TING”

APPROACH #2: EQUITY

Driver is Fairness Among Groups

- All Departments Equal
- All Budgets Equal
- Allows Some Discretion



RETHINKING VS “R.I.F.TING”

APPROACH #3: POLITICAL

Driver Is Emotional, Pressure or Reality

- Based On Connections
- Based On Visibility
- Sacred Cows
- Squeaky Wheels



RETHINKING VS “R.I.F.TING”

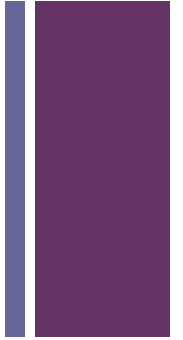
APPROACH #4: STRATEGIC

Driver is Effectiveness

- Effectiveness
- Strategic Focus
- Impact
- R.O.I.



STRATEGIES



QUESTION: WHAT DO WE DO?

ANSWER: FOCUS ON
PRODUCTIVITY & EFFECTIVENESS

+ ORGANIZATIONAL PRODUCTIVITY DEFINED

- Productivity
 - Measure of the quantity and quality of work done, considering the cost of the resources used.
- Effectiveness
 - Successful in producing the *desired results*

+ Four Strategies For Improving Costs & Organizational Productivity

- Restructure
- Realign
- Maximize
- Outsource

*Goal is to Increase Organizational Productivity or Decrease Per Unit Labor Costs for Service Delivery

Strategy #1 to Improving Organizational Productivity

RESTRUCTURE

- Revise Org Chart
- Reduce Staff
- Merge Staff or Department

*Goal is to Increase Organizational Productivity or Decrease Per Unit Labor Costs for Service Delivery



Strategy #2 for Improving Organizational Productivity

REALIGN THE WAY WE WORK

- Revise Workloads
- Combine Workload
- Technology

*Overall Goal is to Increase Organizational Productivity or
Decrease Per Unit Labor Costs for Service Delivery

Strategy #3 for Improving Organizational Productivity

MAXIMIZE (ALIGN) HUMAN CAPITAL

- Attract
- Retrain
- Performance /Talent Management
- Retain

*Goal is to Increase Organizational Productivity or Decrease Per Unit Labor Costs for Service Delivery



Strategy #4 To Improving Organizational Productivity

OUTSOURCE

- Non-Key Competencies
- Cost Effective
- Potential Union Issues



IF YOU MUST REDUCE LABOR FORCE

DEALING WITH R.I.Fs

- Involve Key Managers
- Develop a Communication Plan
- Plan for Dealing With “Survivors”
- Offer Outplacement



IF YOU MUST REDUCE LABOR FORCE VIA R.I.F

DEALING WITH R.I.Fs

- Investigate Alternatives
 - Furloughs
 - Early Retirement
 - Attrition
 - Hiring Freeze
 - Voluntary Separations
 - Formal Layoffs

+ Group Exercise – Sharing Best Practices

OBJECTIVE: To capture the activities that are already being implemented in various counties.

At Your Tables-

1. Generate a List of Strategies That You Have or Are Considering Implementing.
2. Generate a List of Potential Ideas You Might Implement.
3. Pick A Scribe to Report Back In

+ Common Best Practices

1. Contract Workers
2. Outsourcing
3. Retirees
4. Part Time
5. Job Share
6. Efforts To Reduce Turnover (Flex Time)
7. Bonuses
8. Telecommuting
9. Four Day Work Week
10. Reduced Hours of Service
11. Furloughs



RETHINKING VS “R.I.F.TING”

COMMUNICATION STRATEGIES

1. Communication of Service Expectations to Customers
2. Reframing to Customers The Priorities and Services
3. Assess Impact on Citizens

+ CONCLUSIONS

- Traditional approach to downsizing does not provide preservation of organizational knowledge and core competencies during downsizing.
- Need to strategically analyze and preserve your core competencies during the downsizing and implementation.

+ CONCLUSIONS

Role of leadership - formal and informal

- Build relationships with elected dept heads
- Influence without direct authority
- Work within your “Circle of Influence”
- Identify knowledge leaders
- Need change leaders
- Leadership in politics, not in business



QUESTIONS???

THANK YOU FOR YOUR TIME.

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HIGH LEVERAGE - HIGH RETURN SERVICES

VALUE ADDED HIGH ROI CRUCIAL SERVICES	VALUE ADDED HIGH ROI LT SERVICES
VALUE ADDED LOW ROI DISCRESSIONARY SERVICES	VALUE ADDED NO ROI DISCRESSIONAY SERVICES



Assessing the Internal Workforce

- **Organizational Capabilities Inventory**
 - HRIS databases—sources of information about employees' knowledge, skills, and abilities (KSAs)
 - Components of an organizational capabilities inventory
 - Individual employee demographics
 - Individual career progression
 - Individual job performance data

+ HR EFFECTIVENESS & FINANCIAL PERFORMANCE

■ Effectiveness

- The extent to which goals have been met.

■ Efficiency

- The degree to which operations are done in an economical manner.

+ Assessing the Internal Workforce

■ Jobs and Skills Audit

- What jobs exist now?
- How many individuals are performing each job?
- What are the reporting relationships of jobs?
- How essential is each job?
- What jobs will be needed to implement future organizational strategies?
- What are the characteristics of anticipated jobs?

+ HR Planning in Mergers and Acquisitions

■ Cultural Compatibility

- The extent to which such factors as decision-making styles, levels of teamwork, information-sharing philosophies, and the formality of the two organizations are similar.

■ HR's Role in Mergers and Acquisitions

- Communicating decisions
- Revising the organization structure
- Merging HR activities

+ Measuring Effectiveness Using HR Metrics

■ HR Metrics

- Specific measures tied to HR performance indicators.
 - Development and use of metrics that can better demonstrate HR's value and track its performance.
- Characteristics of good HR metrics:
 - Are accurate.
 - Are linked to strategic and operational objectives.
 - Have clearly understood calculations.
 - Meet information needs.
 - Can be compared internally and internally.
 - Can be used to drive HR management efforts.

+ Forecasting HR Supply and Demand

- Forecasting
 - The use of information from the past and present to identify expected future conditions.
- Types of Forecasts
 - HR Demand
 - Internal Supply
 - External Supply
- Forecasting Periods
 - Short-term—less than one year
 - Intermediate—up to five years
 - Long-range—more than five years

Examples of Strategic and Operational HR Metrics

Strategic

- Revenue generated per FTE
- Net income before taxes per FTE
- Ratio of managers to non-managers
- Labor costs as percentage of total operating costs
- ROI of human capital expenditures
- HR department expenses as percentage of total expenses
- Payroll/benefits costs as percentage of revenues

Operational

- Annual turnover rate
- Benefits costs as percentage of payroll
- Training expenditures per FTE
- Average time to fill openings
- Workers' compensation costs per FTE
- Number of applicants per opening
- Absenteeism by employee level/department

+ Measures of Strategic HR Effectiveness (cont'd)

- Economic Value Added (EVA)
 - A firm's net operating profit after the cost of capital (required return) is deducted.
 - Cost of capital is the benchmark for returns for all HR activities.

- HR and the Balanced Scorecard
 - Financial
 - Internal business processes
 - Customer
 - Learning and growth



Forecasting HR Supply

Forecasting External HR Supply

- Factors affecting external supply:
 - Net migration for an area
 - Individuals entering and leaving the workforce
 - Individuals graduating from schools and colleges
 - Changing workforce composition and patterns
 - Economic forecasts
 - Technological developments and shifts
 - Actions of competing employers
 - Government regulations and pressures
 - Other circumstances affecting the workforce

+ HR Measurement and Benchmarking

■ Benchmarking

- Comparing specific measures of performance against data on those measures in other “best practice” organizations

■ Common Benchmarks

- Total compensation as a percentage of net income before taxes
- Percent of management positions filled internally
- Dollar sales per employee
- Benefits as a percentage of payroll cost



Assessing HR Effectiveness

HR Audit

- A formal effort that evaluates the current state of HR management in an organization
- Audit areas:
 - Legal compliance
 - Administrative processes
 - Recordkeeping
 - Employee retention
 - Benefits
 - Absenteeism and turnover control
 - Performance management system

Strategic HR Management Process



+ Brain dump ideas - quotes

RIF - NEW PERSPECTIVE AND MINDSET

- RETHINK HOW YOU DO YOUR WORK
- NEW PARADIGM
- 1ST INSTINCT IS TO DO MORE OR SAME LESS OF SAME –
- EINSTEIN SAID –INSANITY OS DOING THE SAME THING OVER AND OVER AND EXPECTING NEW RESULTS AND ALSO SAID WE CAN'T SOLVE A PROBLEM WITH THE SAME MINDSET IN WHICH IT IS CREATED ---POST OFFICE EXAMPLE – WANTED 2C INCREASE 6 BILL DEF- EVERY YEAR THEY HAVE A Deficit—EDUCATION SAME
- Change quotes as well

+ HR Forecasting Methods

Judgmental

Estimates
Rules of thumb
Delphi Technique
Nominal Groups

Mathematical

Statistical regression analysis
Simulation models
Productivity ratios
Staffing ratios



FORECASTING HR DEMAND

Organization-Wide Estimate for Total HR Demand

- Unit breakdown for specific skill needs by number and type of employee
 - Develop decision rules (“fill rates”) for positions to be filled internally and externally.
 - Develop additional decision rules for positions impacted by the chain effects of internal promotions and transfers.