

November 2013 Essential Update

Contents

Over the coming months, the Essential Update will focus on Strategic HR Management. In this issue we define Strategic HR and discuss its importance. In coming issues we will explore different areas of HR and view them through a 'strategic' lens.

Included in this month's update:

- **Helpful Hint** – Strategic HRM and why it is important
- **Did You Know?** – New staff at Essential HR
- **Legal Latest** – Better medical certificates; Effective restraints of trade; Dismissal processes
- **Essential Essentials** – Strategic Planning for staff

Helpful Hint

Strategic HR Management – why is it so important?

Recently, a client set about recruiting to meet the growth opportunities his company was facing only to find no one with the skills he is looking for currently in NZ and that he needs to import someone from overseas! If only he'd organised an apprentice 2 years ago!

HR strategy is all about ensuring you have the right people at the right time to deliver your future business needs and address your business risks.

To be effective, **HR strategy** should be integrated into your normal business planning activities. So, when you sit down to identify your company goals and strategy and the specific business risks you need to address in the coming 1 – 5 years you should also be asking questions like: 'What must I do to have the right people to execute the strategies?'; 'What recruitment or training and development will be needed?'; 'What must I do to retain existing key employees?' and even 'What changes should I make to my business strategy in response to my staffing constraints?' And, let's face it; where there is limited manpower, like on the West Coast, available staff are even more important.

This sort of "HR" thinking, while planning business strategy, should identify staffing issues to address, but is equally likely to identify business opportunities as a result of the particular mix of skills your employees hold. Holding on to these talented people then becomes critical. Yet this is easier said than done when you can't afford to pay more in wages in a tight labour market. Many business owners put this into the 'too hard basket' and risk losing the very people that give them a competitive advantage.

The reality is that while pay is important, it is not the only important strategic factor. Other factors can be just as important – like making staff feel valued; giving constructive performance management feedback; giving some autonomy; and providing job challenges. So this month I challenge you to think strategically. Next month we'll look at how to better retain talented staff.

For more information

Regarding any newsletter item or for HR Consulting Services

Email: mike@essentialhr.co.nz

Phone: 03 9436310

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We Have Moved

Essential HR is now located at e3 Business Accountants' Building at 94 Disraeli Street

We have a new landline and someone to answer it 03 9436310

Please note my 12 Nazareth Ave address and 03 9610892 numbers are no longer valid.

My whereabouts

Ashburton/Timaru – 19/20 Nov;

Ashburton – 27 Nov; 2/3 Dec

Westport – 25 Nov; 10/11 Dec

Did you Know?

You may have noticed in my September Essential Update, I have two new employees, Renata and Jade.

Renata Marhevka is my Personal Assistant, she looks after my dairy and knows better than anyone else where I am and when is my next meeting. If you need to talk to me, call 943 6310 in the mornings and Renata will do her best to assist with your request, arrange a time to meet and/or make sure your question is answered.

Jade Taylor is an Assistant Advisor and many of you will already have worked with her. Jade helps prepare employment agreements, job descriptions and other documents and plays an active role in recruitment. In my absence Jade is always happy to assist you with your HR needs and answer your questions.

Legal Updates

New medical Certificate Guidelines

The Medical Council released new standards for medical certificates on 30 October. This should be good for employers who know what to do. In brief they require necessary information be disclosed as required by the “employer” and consented to by the “employee”:

- Limited to clinical opinion on safe activities, restrictions, number of hours that can be worked, and timeframes
- Diagnosis only where necessary to help prevent recurrence or contagion
- They should clearly indicate where they are retrospective & show patient comments separate from clinical opinion

Critical for employers in getting meaningful information from doctors is ensuring they have the employee’s consent, so I strongly recommend that a suitable clause authorising the above be inserted into all employment agreements. *I have a draft clause and a draft letter to send to a GP where a certificate is lacking, so can assist where needed.*

When a Restraint of Trade is enforceable

In a September case UPS had their Restraint of Trade clause upheld and gave some useful pointers to what made it valid:

- It was a binding term of employment and consideration (\$) was given for it (usually this is linked to salary)
- The employee was the only one in Auckland doing this job and was in a position to influence customers
- He had knowledge of UPS’ pricing and therefore how to undercut them (but this could be any critical element of IP)
- UPS would lose out financially if the employee caused them to lose clients

Note that Restraint doesn’t work just as a means of stopping someone from working – *if you would like to review your own clause I am happy to advise.*

Guidelines for acceptable dismissal process

Dismissal processes continue to frustrate employers. One recently had the Authority approve their redundancy but still fined them \$7,000 because the dismissal was undignified and an escorted departure (despite there being reasons for this).

However if you take care you are OK – the Employment Court recently upheld a dismissal because:

- The Employee had been warned before about his actions
- His employment agreement stated what was required and that the actions he took could result in dismissal
- The Employee raised a defence only after the Employer had finished their investigative meetings with him
- His obstructive manner destroyed trust and confidence

If you have a challenging employee, call us before taking action.

Essential Essentials

HR Thinking – Strategically

Here are some simple steps for you to consider, which will help ensure you to have the right staff at the right time into the future.

- Identify the business developments you expect/want to take place over the next few years – big picture.
- Identify the staffing structure and skill sets you will have in place once you have achieved these?
- Summarise the skill sets you already have and the growth aspirations of your existing staff.
- The difference is broadly people and skills you will need to develop. This gives you the basics of a strategic HR plan – your challenge is identifying where to source them from:
 - Recruit as needed
 - Develop from apprentices
 - Contract in
 - Start with casuals in order to grow the skill slowly
- The sooner you do this, the less likely you will be rushing around looking for staff to avoid a bottleneck to your company growth

Essential HR can help with every aspect of this, so after you have decided your big picture – why not call us in for an hour’s discussion – or ask us to review your HR plan. It all helps to ensure you don’t miss something important from the people perspective.

Inflation Update

The September CPI figures show an annual 1.4% increase mostly caused by property expenses. The September Wage index figures show an annual increase across the board of 1.7%. So anyone in pay rounds now should consider 2% is ahead of inflation.

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