

FAMILY BUSINESS FORUM

Can an HR Manager Help Your Business?

By Donald Levitt

The Issue

Of the many family business owners I have met or consulted with over the years, there is one characteristic which I have consistently found: they don't like to spend money unnecessarily – especially on “human resource” issues.

Yet some family businesses, as they grow in size and complexity, eventually decide that a professional human resource manager can be worth the investment.

What added-value does an HR manager bring? Let's hear from an expert in human resources, and from a family business which is very pleased with its investment in an HR manager.

The Expert

Jack Hollister is president of The Employers' Association (www.employersassociation.com) – a non-profit which serves over 600 member organizations in Northwest Ohio and Southeast Michigan with human resource and management resources.

“We often see HR responsibilities first handled by the owner, then shifted to the controller, and then shifted to an administrator,” says Hollister. “At this point some family businesses make the mistake of seeing HR primarily as an administrative role – as overhead to be minimized. They don't see the bigger vision of how HR can help the business be successful, and actually pay for itself.”

Hollister uses five categories to describe HR's added-value. “First, HR professionals can evaluate and design the compensation, health care, and workers compensation plans, and often save thousands of dollars – while getting ‘more bang for the buck.’ Second, regulatory compliance in areas such as overtime law and sexual harassment has become very complex. An HR professional keeps these issues in-focus, and keeps the company out of trouble.”

“Third, an HR professional can strategize with line managers to control labor costs and improve management practices. Fourth, HR can help management identify training needs – whether mandatory training such as safety training or supervisory and leadership training – and determine where to invest for the best return.”

“Finally, HR can find strategic opportunities for creating revenue or reducing costs – such as determining if sales people are being rewarded to get the best results, or if there are the right number of sales people.”

“Some HR managers have a college degree in HR Management, while others learn from readings, checklists, coaching, and workshops offered by organizations like The Employers’ Association,” notes Hollister.

The Family Business

Joe Shrader is president of Shrader Tire and Oil – the Midwest’s leading distributor of commercial tires and lubricants. Shrader Tire and Oil, a third generation family business founded in 1948, has 100 employees at ten locations in three states. Dave Stark is the Director of Human Resources.

“My grandfather initially handled HR,” says Shrader. “Then he passed this responsibility to my aunt who was the office manager for many years. As health care, 401(k) plans and other issues became more complex, our controller got involved. This resulted in some things ‘falling off the table’ because there was not a single HR department.”

“When my aunt retired, we decided to put all of HR under a single HR manager. We went through two unsuccessful HR managers – each of whom had HR experience but were not professionally trained in HR. Then we hired Dave Stark, who has both education and experience in HR.”

Shrader feels that his HR manager’s contribution is clearly quantifiable. “The state eliminated a workers compensation supplement which raised our costs considerably. In response, Dave put in a Drug-Free Workplace program which reduced our workers compensation costs and assured a safer workplace.”

“Dave also helps with hiring. We used to leave hiring up to the managers. Some did well -- and some hired people who got into accidents, broke equipment, and raised our workers compensation costs. Now we have greater consistency in hiring.”

“Dave gets excited about every aspect of the business. He’ll ride with a driver, spend time on the line, ride with a salesman – so he can better hire for those positions. Dave even heads up our strategic planning process.”

“We couldn’t be happier with Dave as our HR Director,” notes Shrader.

The Tip

Some family business owners “don’t know what they don’t know” regarding the potential added-value of HR – and may end up incurring unnecessary costs and risks as a result.

Donald Levitt, president of Levitt Consulting, helps family businesses to succeed as both a business and a family. More information about this month’s topic, and other family business issues, can be found at LevittConsulting.com