

Preparing for Growth

During the past few years, chemical companies have enjoyed tremendous output and high margins as prices have reached 10-year highs.

Yet, with increasing international competition, escalating energy costs and product commoditization, it's crucial for companies such as yours to do what they can now to ensure continued success. While preparing for growth and addressing industry-wide issues is a complex strategic challenge, this is a column on human capital management, so I'll focus on the human side of managing growth. After all, it's human capital that will drive your productivity, maximize your efficiency, develop new products and ensure the successful implementation of your strategies.

Don't Drop Your Guard

Throughout the past century, businesses have had a habit of becoming fat, dumb, and happy during boom times. Yet, complacency is a huge risk to your organization. Fail to manage operations effectively, and margins plummet. Ignore R&D investments, and long-term growth opportunities vanish.



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From a human capital perspective, the real risk of complacency is not paying enough attention to employee retention issues. Many successful organizations have had their growth derailed by the loss of key personnel. And when times are good, new opportunities abound for your top executives, engineers and scientists.

Does your organization make retention a strategic priority? Do you know who the most valuable people in your organization are? And not just at the executive level, but in middle management, technology, and even on the front lines. Are you doing enough to ensure that continued employment with your firm is the best career option for these people?

Employee retention is a complex issue; however, here are a few fundamental tips to help you retain your best and brightest:

Involve everyone.

A group with a common goal almost always outperforms an individual, even an expert in the field.

Identify top talent.

Create a list of the people in your organization you can least afford to lose. Your retention plans will focus on keeping these people happily employed.

Benchmark compensation.

Make sure that the wages and benefits your organization offers is comparable with other firms in your niche and lo-

cal market. While you do not have to pay the highest salaries to retain talent, your compensation plans should be in line with the market.

Communicate.

Poor communication is the No. 1 cause of employee discontent. Managers must be trained to be better communicators. At a minimum, make sure managers are conducting regular reviews with top performers to ensure that those individuals are engaged in their work. Use the reviews to solicit ideas for making your firm a better place to work.

Provide meaningful work.

Top employees want to be valued contributors. It's your job to provide opportunities for people at all levels to do work that they perceive to be meaningful. While you may not be able to redefine people's job duties to add more meaning, you can help people see how their work contributes to the success of the firm.

You can also show people how the products that your firm produces contribute to the quality of life for people throughout the world. You may also want to offer your people the opportunity to invest some of their work time in projects that give back to their local communities.

Offer opportunities for work/life balance.

Balance may be the most sought after employee benefit. The days of people dedicating their lives to their employers are over. To retain top talent, you must create a culture that acknowledges that people have a life outside of the plant. This can be done through flexible work schedules, part-time work options, telecommuting, and providing quality of life services such as onsite day care, concierge services, or simply upgrading the cafeteria. For more retention ideas, read Fortune's annual list of Best Places to Work, or go online and search companies like Google or SAS Institute. If you've never read about these firms, you'll be amazed at what they do to attract and retain top talent.

Improve Management Systems

Because operating efficiency drives so much success in the chemical industry, your organization can never afford to get complacent when it comes to management. However, effective management is not all about command and control. It's about finding better ways to inspire and lead people while creating feedback mechanisms and early warning systems to stop problems before they occur and ensure that results continuously improve.

Workforce consultant and employee retention expert, Greg Smith, recommends creating a work environment that motivates people toward exceptional performance.

He developed a 5-step approach to management called the PRIDE process:

Provide a positive work environment:

Do your facilities, policies, and management structures encourage people to do their best? The key to creating an effective work environment is to understand what "turns people on" and then design your physical workspace, management policies, and support services to meet the needs of your employees. This may mean offering services like employee assistance programs, day care, financial consulting, and even check cashing and transportation.

Recognize everyone's efforts:

People need to feel appreciated. Whether it's a simple pat on the back or receiving a plaque at the annual awards dinner, your employees need to know that you appreciate their hard work. According to Smith, "recognition from one's peers is even more motivating than from supervisors," so you should encourage peer recognition by creating systems that make it easy for people to acknowledge the contributions of their co-workers.

Involve everyone:

A group of people with a common goal will almost always outperform an individual, even if that person is an expert. Working as a team, they'll make better decisions, produce higher quality output, and achieve results that the individual could never have achieved on his own.

As a manager, your challenge is to get workers involved in teams at all levels of the organization. One of the most famous examples of employee involvement is Johnsonville Foods in Sheboygan Falls, WI, where employee teams are responsible for setting performance goals, cost control, and even hiring and firing.

In this organization, management's role is to provide coaching and mentoring. Thanks to self-management, Johnsonville Foods radically improved product quality while making substantial increases in productivity and profitability.

Develop skills and potential:

While balance may be the most sought after benefit, professional development ranks a close second, particularly for knowledge workers. Beyond being a desired benefit, training makes people more competent in their jobs, improves quality, allows for greater worker autonomy, enables people to contribute better ideas, and makes people feel more confident and satisfied with their work.

Evaluate and measure continuously:

Continuous evaluation and constant improvement are the final steps in the PRIDE system. The purpose of evaluation is to measure progress and determine what needs improvement. Employers should regularly measure the attitudes, morale and motivation of the workforce. The goal is to identify problem areas and design improvement plans.

Become a Strategic Recruiter

So far, this article has focused on maximizing the potential of your current human capital, but what about the future? While no one has a crystal ball, from a recruiting standpoint, you want to plan for "the worst" and hope for the best. By the worst, I don't mean the worst economic conditions, I mean the largest possible demand on your recruiting capabilities. This may include new hires due to growth, succession due to retirement or promotion, or replacements for either anticipated or unplanned attrition.

Here are a couple of ways to strategically recruit for your organization:

1. Forecast personnel needs.

- Evaluate workforce planning requirements based on best case and worst-case scenarios.
- Anticipate likely attrition based on historic rates.
- Perform a gap analysis to determine where labor shortages and skill deficiencies will exist.
- Determine "core" workforce planning needs (i.e. the personnel needed to keep critical operations running during slow periods) and estimates for peak workload requirements (i.e. the additional personnel required during busy times).
- Look for opportunities to upgrade talent within your organization.

2. Develop a workforce planning system.

- Create a detailed process defining your company's methodology for when and how to hire and for how to fill in for peak workload periods.
- Incorporate well-defined processes for new hires, develop current employees, supplement with project personnel, and outsource non-core functions.
- Develop a proactive recruiting and permanent placement program to begin sourcing the people you will need to handle the increased workload that comes with economic recovery and market growth.

Gazing into the Crystal Ball

Are today's chemical industry economists' forecasters or fortune tellers? Only time will tell. One thing is certain—now is the time to take the steps to ensure your success. Plan your retention strategies, make improvements in your management systems to create a better work environment, and strategically recruit for future hires.

When it comes to human capital, there's no better time than today to prepare for tomorrow.