

INSIGHTful DISCUSSIONS

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HIRING AND RETAINING TALENT IN A COMPETITIVE ENVIRONMENT



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When it comes to hiring new talent, employers no longer have the upper hand. As the economy recovers, top candidates are receiving multiple offers, while at the same time many companies are seeing long-time employees begin to test the job-search waters. In this discussion, human resources and benefits experts discuss what companies need to do to attract and retain the best employees, and how old practices in these areas may be holding organizations back.

How is the unemployment rate affecting the competition for hiring and retaining top employees?

GARY GREENE: As the economy continues to improve, candidates have more options when deciding to make a career move. We are finding that more and more candidates regularly have multiple or competing job offers. Additionally, after several years of flat or

declining wages, salaries are beginning to increase, causing companies to reassess their compensation levels. Companies are also evaluating their websites' user-experience and application process as well as their level and speed of follow-up with candidates, their employee development programs, and their overall employer brand.

DAVE HOFF: As the unemployment rate goes down, there are fewer candidates in the labor pool to choose from. When unemployment was at 10 percent, employers could be very picky and take their time in

making offers. When unemployment goes down, there are fewer candidates available and job candidates will be unemployed for a shorter time and may have multiple offers. The implications are that employers may need to be less selective or they may find themselves having to raise salaries in order to get the best. Employees may be less willing to put up with a bad boss or undesirable working conditions. They may be able to leave a job one day and be hired into a better job a few days later.

ELIZABETH HONEYCUTT: Employers continue to share that finding qualified, skilled employees is

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a challenge. Fortunately, applicant tracking systems give employers the ability to place their job requisitions on a variety of job boards to try to reach larger audiences with broader skill sets. Additionally, systems and strategies that provide new hires quality training when they accept positions allow them to quickly shine in their roles, which brings job satisfaction to them and benefits the employer.

SKIP WOODY: Finding and keeping talent is a top priority for many firms. As the economy has improved, many employees have "tested the waters" in the job market looking for opportunity and advancement. Staying focused on core employees and high performers is important if you want your company to advance and grow. Recruiters are getting better at finding good candidates through LinkedIn and other social media channels, making it hard to know if your employees are vulnerable.

In a more competitive environment, what do companies need to do to attract or retain talented employees?

HOFF: Let me say that in answering this question and others, I am wearing two different hats. I have held jobs in talent management and my firm EASI-Consult® does a lot of that kind of work. I also have been a vice president of human resources, which is a generalist job. In several of my answers to these questions, I will indicate which hat I am wearing.

To attract or retain talented employees, you must be an employer of choice. What makes you an employer of choice? If you are doing interesting work. If you treat people well. If you

develop people. If the organization lives its values, you will be seen as an employer of choice. Once that gets started and really good people start joining your organization, then other good people will want to join, too. Really good people want to work with other good people and work on really cool stuff. Really good people want constructive feedback. That is how they get better. If you have good people, good work and opportunities to grow, very few people will leave.

HONEYCUTT: Businesses strive to offer stronger employee benefits, wellness plans, training, potential for advancement, and a quality work environment. Offering a streamlined onboarding option for new hires through their payroll provider can ease onboarding administration for human resources and payroll staff so they can focus on their new employees' success.

WOODY: Wages are important, but total compensation is what matters. Employers need to offer competitive retirement and benefits packages. If you are not sure how your plans compare to your competitors' plans, I suggest a benchmark study. With respect to health care, employees have a heightened awareness due to Affordable Care Act tax penalties and they are taking time to understand what is offered. Even small employers who are not required by the Affordable Care Act (ACA) to offer coverage are offering or continuing to offer health benefits. Without a solid package, you just can't compete.

GREENE: Companies that have a comprehensive talent management strategy are leading in attracting and retaining talented employees. Companies are taking the time to enhance their culture, which is very important to job seekers, especially the millennial

generation. Some popular company offerings include flexible work schedules, more collaborative office spaces, creative benefits offerings, clearer paths for growth and advancement, and paid time off to volunteer in the community. Companies are also seeking ways to get ahead of the competition by engaging with candidates sooner through internships and similar programs.

What unique factors do you see in the Wilmington region's employment market? In what sectors does our region have excess talent or a shortage of talent?

HONEYCUTT: The Wilmington region is strengthened by its culturally diverse population with its mixture of students and faculty of the education system, those who moved to this area to take advantage of the coastal climate and the business opportunities associated with tourism, and the many professional services offered. Business owners value the local resources and connections they have with their regional bankers and accounting firms, which have a positive impact on their business decisions and their bottom line. Seasonal employment sometimes presents challenges for employers but presents a tremendous training experience for the employee.

GREENE: Some of the Wilmington region's unique differentiators when it comes to employment include the wonderful blend of business, culture, and the arts; college communities like Cape Fear Community College and UNC Wilmington; and the area's overall

quality of life. Wilmington's beach-town atmosphere creates a unique quality of life and community culture that carries into the work setting of local companies.

Work-life balance is very important to Wilmington businesses and their employees. Some examples of employee offerings of Wilmington employers include casual attire, in-house gyms, dog/pet day care, and surfing before work.

Wilmington has the good fortune of having so many students graduating from UNCW who prefer to stay in the area. While this helps the service, retail and hospitality industries, these graduates are hoping to land careers in their specific fields of study. Wilmington also has a large number of retirees moving to the area who often want to remain in the working pool. Some areas in which there are shortages of talent include the information technology field, where specific technology skill sets are desired, as well as in the insurance field, where it is difficult to locate licensed insurance agents.

HOFF: First of all, Wilmington has a lot going for it. We have the beach, a great climate and a really affordable cost of living. A recruiter doesn't have to do any embellishing to "sell" Wilmington to a candidate who doesn't live here.

I don't really see us having an excess of talent. For entry-level up to mid-level positions there is competition. That is the nature of a pyramid of jobs, more at the bottom and fewer at the top. There is competition in every market. That is not something unique to Wilmington. There are some people who were raised here and would like to stay but can't find jobs. I think some employees lack certain skills or experience or are not able to effectively communicate what they do bring to the opportunity. I think there may be a skill shortage for engineering and scientific positions.

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What things can companies do to provide greater flexibility in the working environment?

WOODY: Telecommuting, teleworking, flexible hours and casual attire can make coming to work more enjoyable. Obviously not every industry will be able to adopt such policies, but those that can will have an advantage. Often employers see an increase in productivity and improved morale. However, you should be mindful of how using remote employees will impact your organization's culture. It can be challenging to keep telecommuters engaged with other employees and with the company as a whole.

GREENE: First, a company can provide flexibility in how an individual works. Providing clear goals and desired outcomes and then providing the freedom and independence to get the job done without micromanaging allows individuals to experience personal growth and achievement in their jobs.

A company can also provide flexibility in where an individual works, such as allowing individuals to change their workspace throughout the work week (for example, huddle rooms, lounge areas, laptop bars, patios and opportunities to work remotely or from home.) Finally, a company can provide flexibility in when the work gets done, such as varying start/end times per person on an ad hoc or indefinite basis, compressing work weeks, and offering summer hours.

HOFF: The biggest way that companies can provide greater flexibility in the work environment is by managing results, versus the "how" and "when" of their employees. I worked for a company a number of years ago and it was just starting to talk about "working from home." The CEO was convinced that if someone was at home, he or she was not working.

I have been managing a virtual consulting firm for 13 years. On a daily basis I hardly ever see my employees. Are they working? You bet, and they're working hard. I tell them the products I need and to what standard and on what day and

time I need them. I can't remember the last time I was disappointed.

What are the needs of the millennial workforce, and what should a company do to adapt to them?

GREENE: There seems to be a lot of talk about how the needs of the millennial generation are vastly different from the generations that have preceded it. Like each generation, millennials are faced with unique experiences that create some differences in attitudes and beliefs. At the same time, it seems that their work-life needs are what all generations want to experience. These include:

- To have purpose – wanting to know that we matter and what we do has meaning, contributes to the big picture, and makes a difference.
- To be connected to a cause – knowing the company cares about the community and builds a culture of care for employees and the community as a whole.
- To receive personal and professional development – knowing where we are going, being given guidance on how to get there, and having a mentor (versus a manager) who wants to help us grow and develop and gets to know us on a deeper level.
- To have balance and flexibility – desiring to be successful both at work and at home, millennials may have different preferences as to when and how work gets done. This does not mean they are any less hard-working than other generations.

HOFF: My firm, EASI Consult, just did an article for our May Newsletter entitled, "The Face of Leadership is About to Change." The article is all about millennials and how assessing them for leadership roles is going to require us to do some things differently.

In the article, we explained that millennials want opportunities to learn and develop their leadership and technical skills. They also want to see their opportunities for advancement. Millennial workers want flexibility and work-life balance, and they typically enjoy and often prefer working in teams. Millennials generally prefer to

collaborate rather than compete.

They also want flexibility in how and where they work, which introduces a whole new set of supervisory challenges. How does a leader still accomplish the duties and responsibilities of the role in a technology-enabled and possibly remote culture? What kinds of competencies are required of the leader? How do we assess for these things as part of the selection process?

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GARY GREENE
Greene Resources

How do you manage work-life balance in an organization?

HOFF: I think it has to start at the top of an organization. Does the CEO take his vacation, work weekends and send emails at all times of the day and night? What tone does that set for the organization?

As an employee you have to have the courage to take care of yourself. I firmly believe that if someone is working all the time and doesn't take a vacation, then he or she is not going to do a good job when working. I didn't always do these things; ask my wife. I do now. I schedule personal things into my schedule and I protect those times. Work-life balance is a personal thing that gets affected by the culture of the organization.

HONEYCUTT: Employees will work toward goals if they know what those goals are. Performance reviews are implemented at different intervals depending on the type of job, staff who will organize the process (implement the questions, determine the roll-out to managers and staff), and take action on the responses. Employees who appear to be overworked may allude to their

concerns in a performance review, whether on the actual document or in the conversation before or after. Open dialogue with staff members about their progress toward their goals and prioritizing projects when the volume peaks at certain times of year are beneficial to the employee and the organization.

GREENE: It is important for a company's leadership to create a culture that values hard work and dedication to meet business goals while understanding the importance of an individual's life outside of the workplace. One way this balance can be achieved is by giving employees flexibility in how, when and where the work gets done. Leadership can promote the importance of delivering the highest level of quality while providing the individual some freedom in how the results are achieved. This way, employees have more control over both their work and personal needs.

What are growing pains that small and mid-sized organizations face in the area of human resources?

HONEYCUTT: A common concern for many businesses is there are too many tasks to accomplish and not enough hours in the day. Small to mid-sized businesses often have a human resources staff person who also has a variety of other important tasks outside of human resources. HR staff members look for training and guidance and want to stay up-to-date on the latest issues, trends and legal topics. If that HR person is also responsible for payroll, outsourcing payroll saves HR professionals time by using databases for paying employees through direct deposit, remitting tax payments and reports, tracking and reporting HR data, and a variety of other features. They are not burdened by handling the critical task of paying employees in-house.

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GREENE: Determining how and when to add talent, evaluating and selecting appropriate health benefits, and ensuring the company culture remains in place are a few of the growing pains we find small and mid-sized organizations face in the area of human resources. It is important that each is carefully considered to ensure that healthy growth continues.

HOFF: As organizations grow, they go through phases. Initially everyone does everything. Then there is a person appointed to handle administration. Human resources is soon added to administration's plate. It's one of the hardest jobs out there. Every wheel is squeaking for attention. Your knowledge of things is a mile wide and an inch deep. With regard to HR laws or creating procedures, you know just enough to be dangerous.

Then HR becomes its own function. Very quickly the same problem happens, and HR has trouble providing the depth of response to the breadth of issues the department faces. It might take two hours to address one question, and you have 50 of them to resolve today. You also have bigger concerns such as recruiting, compensation, benefits, training, performance management, policies and procedures (developing and enforcing).

The next stage is that you hire a few specialists to handle recruiting, compensation and benefits, and the like. The specialists truly are specialized, so the specialists and the generalists are not interchangeable. The last stage is when the business wants HR to be more strategic and have a seat and voice at the table with the management team. Many HR people have difficulty becoming business people.

For small businesses, what are some of the benefits of outsourcing human resources functions? How does a business know when it's time to outsource?

GREENE: The main benefit of outsourcing HR functions is to

remain focused on the company's core competencies while ensuring the company remains compliant and follows the best HR practices. There are several indicators to look for when determining if it's time to seek outsourced HR support. These include:

- You are spending increasingly more time on HR-related tasks versus core competencies.
- You have increasing concerns and questions about employee decisions being made and overall compliance.
- Your customers and the business are negatively impacted because HR or recruiting policies and practices are not in place or are ineffective.

"Tracking and monitoring hourly employees' time is always an important business function, and the rules associated with the ACA enhanced that need."

ELIZABETH HONEYCUTT
CBIZ Flex-Pay

HOFF: For this question I am wearing my vice president of HR hat. The biggest benefit of outsourcing parts of the HR function is that you don't have to do the transactional stuff. The organization doesn't value it and you only hear when there has been a problem.

If you can get the work done outside for the same or a lower price than doing it yourself, why wouldn't you? Big companies are getting rid of the transactional work left and right. Outsourcing it does not mean forgetting about it. There needs to be oversight. I would not outsource the strategic parts of HR like talent acquisition (although you can automate and screen through outsourcing), talent management and succession planning.

HONEYCUTT: Human resources information systems (HRIS) give businesses an online tool to maintain data on their employees from the time they are hired to when they retire. Components of applicant tracking, new hire onboarding, open enrollment onboarding, changes to payroll

elections, time and labor management, and performance reviews can happen in one system to eliminate the filing cabinets of paper documentation that HR departments have traditionally maintained, while saving hours of administrative time.

What are common mistakes that businesses make with their benefits packages?

HOFF: Wearing my vice president of HR hat again, I'd say that the biggest mistake companies make with their benefits packages is that they don't collect data from their employees on the relative importance of a particular benefit. What if an

organization offered pet care and most of its employees didn't have pets? What if an organization offered three days of sick leave and hardly anyone ever called in sick? If an organization offers

benefits that their employees won't use or don't value, what is the value of that benefit to employees? Not much.

Offering benefits because the competition does or without knowing your employees would value the benefit are a few common mistakes.

WOODY: The most common mistake is not having a defined benefits strategy. Too often companies focus only on controlling cost and forget that benefits are part of employee compensation. If your benefits are below market benchmarks, your job offer will not be as good as your competitor's offer, making it hard for you to find new employees. Worse, your current employees might become disenchanted with what they are offered and be vulnerable. What would happen if your best employees left and joined the competition?

HONEYCUTT: Having a benefits consultant that serves your needs at a local level but is supported by national resources, such as pharmacy consulting, well-being solutions, actuarial services and other strategic services, is imperative

to creating a cost-effective benefits plan that your employees will value. Common mistakes we see in the marketplace include:

- Benefit plans that lack long-term strategies. It's imperative to set three- to five-year strategies so you can effectively plan the financial impact your benefits plan will have on your company.
- Businesses that don't have a clear understanding of how their benefits consultant is being compensated are at risk of receiving a poor return on their investment with their consultant.
- Businesses that hyper-focus on driving down their health plan costs but do not have a well-being strategy are often spinning their wheels because they are not focusing on the whole person – an imperative move to total employee health and engagement.
- Businesses that do not have their benefit plans integrated with their payroll administration are missing out on significant savings on health plan costs and opportunities to ease HR administrative burdens and improve employee engagement.

GREENE: The most common mistake businesses make with benefits packages is not aligning their benefit offerings to what their company or their employees actually need and want. At Greene Resources, we serve many different employers so we focus on offering a solid plan that is affordable. Whether their employees are full-time or contract, our customers desire a great match of skills, experiences and behaviors in people who remain with them long-term. As their recruiting partner, Greene Resources maintains a strong benefits platform to better support these needs.

It is also important to meet the needs of employees by offering plans that support their financial stability in regard to medical costs and other life risks. All of this begins with establishing a clear strategic direction for the company and the benefits it provides. Having a benefits partner like Hill, Chesson & Woody has certainly helped Greene Resources establish and maintain clear strategies and goals.

Now that the Affordable Care Act has been in place for a few years, what



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should employers be doing now or planning for next?

WOODY: The dust has begun to settle on the ACA. Businesses have complied with the law and most recently reported to the IRS. Now what? Costs continue to rise and savvy employers are beginning to ask good questions about controlling costs. Obtaining information about and understanding what is driving your health plan cost is key to unlocking the cost control equation. Once you understand the drivers, you can make thoughtful decisions aimed at controlling expected changes in costs from one year to the next. Health management initiatives will be part of the conversation, along with programs designed to reduce waste.

GREENE: The regulatory hurdles of the Affordable Care Act have been cumbersome for many employers. Most of the regulations have been implemented. However, volatility and hyperinflation of medical costs continue. Employers should be refocusing on trends for managing health care costs such as wellness programs, improved employee communication and the use of technology for employee engagement and decision making.

HONEYCUTT: Tracking and monitoring hourly employees' time is always an important business function, and the rules associated with the ACA enhanced that need. Clients that use CBIZ Flex-Pay's clock service ensure that their hourly employees' time is accurately tracked and imported for payroll, as well as for needed ACA reporting. We offer a mobile app, web-based clock and physical clocks to help employers and employees track employee hours worked on-the-go. From entries for an employee's time cards to supervisor time-off approvals, this app is your mobile workforce companion. Entries within the payroll system support the payroll administrator's responsibility to know when to offer employees health insurance when applicable.

How can businesses weigh their benefits packages against

the competition?

HONEYCUTT: Businesses that have savvy benefits consultants should have the ability to benchmark their benefits plans against similar businesses according to size, industry and geographic dispersion.

Businesses looking to improve their processes will often request information on HRIS solutions to determine electronic options for employee benefits open enrollment. Payroll administrators speak with payroll providers about the services they have available, and that discussion allows the sales representative to determine the best option to present in a demonstration and to provide a quote for the services. From the discussion, a timeline is determined to pursue the HRIS as the next step. Sometimes the administrator determines an HRIS is not the best fit at the time but uncovers processes that can be improved in timekeeping and payroll processing from the conversation.

WOODY: Knowing how your plan compares to other places that employees might work is always good. There are a number of really good surveys that will help you better understand how your benefits compare. One of the best is the CAI Healthcare Cost and Benefits Survey. This survey is focused only on North Carolina employers and can be sliced based on size, industry and region.

GREENE: There are several ways. Benchmark reports that are regionally specific can help gauge the average plans available in the areas where an employer is hiring as well as the employee cost-share burden. If an employer has a specific list of known competitors, a specialty review of those specific companies can help in recruiting efforts.

HOFF: I write an Insights column for the Greater Wilmington Business Journal. I wrote a column a few months ago titled, "What is the Total Value of Your Compensation?" The cost of every component of a person's benefits program can be determined. The cost of health care has an employee and an employer cost. The company's match in a 401(k) program can be determined. Each week of vacation has a value of 1/52 of the person's base compensation.

You can do that calculation for your company. You can do that calculation

for the competition. That is how you would compare one company's benefits against another.

What are some legislative trends of interest to HR professionals?

WOODY: Both Congress and various federal agencies, like the IRS, Department of Labor, and the U.S. Department of Health and Human Services, continue to clarify and modify the ACA's provisions to address stakeholder questions and concerns. Congress continues to grapple with the Cadillac Tax, a 40-percent excise tax on high-cost group health plan coverage. Most recently, the Cadillac Tax was delayed until 2020. In the meantime, legislators are working to repeal or replace the Cadillac Tax.

We are also tracking legislative efforts to address benefits that do not fit neatly into the ACA's mold and other innovative benefits, like expatriate plans and telemedicine plans. Although the dust has begun to settle, the road ahead for employers is still a bit hazy and HR professionals are still encouraged to proceed with caution.

HONEYCUTT: With the overtime regulations by the U.S. Department of Labor going into effect December 1, 2016, many businesses are taking action to add a timekeeping system to track staff time and monitor overtime. With this rule, employers may have additional non-exempt employees whose time must be tracked and to whom overtime is to be paid at time-and-a-half. CBIZ Flex-Pay's online services offer an economical option for consideration. Some immediate steps to take in response to the new Department of Labor rules are answering these questions:

- How many of your employees will be newly classified as non-exempt because they earn less than \$47,476?
- How many of them routinely work more than 40 hours a week?
- What would it cost you if they continue to work more than 40 hours per work week and are eligible for overtime?
- What systems do you need to put in place to monitor employees' hours carefully after the new rules go into effect? The Department of Labor says

employers "may use any method they choose for tracking and recording hours" as long as it's complete and accurate.

GREENE: There are quite a few hot topics in the legislative realm right now that are impacting human resources:

- **Fair Chance/Ban the Box:** This legislation requires the removal of questions about criminal convictions from the initial job application to prevent companies from dismissing applicants based solely on the application.

- **FLSA Overtime Rule:** This legislation increased the minimum salary requirements within the exemption criteria with plans to increase the salary threshold every three years.

- **Sick and Safe Leave:** States, counties and cities across the nation are requiring employers to provide earned paid time off for illnesses for themselves and family members, as well as situations related to domestic violence, sexual assault and stalking.

- **National Labor Relations Board and Joint Employer Status:** The NLRB has expanded the standard for determining joint employer status as it is related to union organizing and collective bargaining. Companies can be considered joint employers if each have the authority to control terms and conditions of the work directly or indirectly.

HOFF: Recent legislative trends seem to be things that favor employees. Some recent examples include changes to who is eligible to receive overtime pay and a law just passed in Washington, D.C. that will raise the minimum wage to \$15 an hour by 2020. A law not favorable to some employees in North Carolina is HB2.

There is one potential law that I am more passionate about, sometimes called "Ban the Box."

I serve as a board member of a nonprofit organization called Phoenix Hometown Hires. Phoenix provides job skills and life skills for people who have hit a bad patch in their lives. I believe 57 percent of its participants had been convicted of a felony and been incarcerated. Phoenix is all about second chances. There are some wonderful stories of people who got past "the box" and got an opportunity to show that they had changed. I can understand companies holding people with issues like that in their pasts to a higher standard, but they should be given the opportunity to demonstrate they have changed.