HR Needs Assessment: Determining Operational Needs

by Merrick P. Dresnin

Whether an HR professional is joining an organization full-time or initiating a consulting relationship with a client, that professional needs to understand what, if anything, is broken before striving to fix anything. Those who enter a business environment making changes in every direction often create more harm than good.

By way of example, picture onboarding a highly qualified HR Manager. Within a week, he forms opinions of the organization's procedures and practices. He then over-delegates tasks and under-observes operations. Beyond significantly alienating himself from those he assigns tasks to and those he passes judgment on, he creates more work for everyone by undoing long-standing procedures and infusing those of his own. Rather than trying to learn and operate within the procedures and practices of the organization, the new HR Manager tries to remake them. Rather than stepping back, listening and identifying problems, he launches into aggressive assumptions ignoring the repercussions of those assumptions. As you can imagine, he will not last long at the organization.

How does one identify problems? How do you discover what is broken within HR? One tool is an HR needs assessment. The design of this assessment need not be complex, but it should allow one to analyze and describe all people management functions and initially-perceived performance gaps.

An HR needs assessment starts with detailed discussion with organizational leaders determining what their goals are and what they believe they want out of human resources. A needs assessment becomes a foundational tool for identifying gaps in the operation – whether practices are weak or strong is less important than learning exactly what those practices are.

Building the HR Needs Assessment

An HR needs assessment can be divided into nine sections, each addressing a particular function within people management:

1. General Organizational Information, Climate & Workplace Productivity – This first section is arguably the broadest and perhaps most important. This is the comprehensive review of the organization. It should include discussions around reporting structure – is there an organizational chart available? It is in these initial discussions where you should learn from those being interviewed what they believe to be the HR challenges. Ask about what hurdles will exist to any changes. It is in these conversations where organizational "politics" should be described and identified. This portion of the assessment is where honesty is critical. The operations team needs to be open as to the challenges in place – including personalities, resistance to change and any internal strife.

2. Training/Organizational Development – In this area of the assessment, the assessor should look for compliance with certain training requirements. One must consider federal, state and local laws, regulations and ordinances when determining what training employees should receive. Prior to training one's employees, a business needs to on-board them. The assessor should learn how new hires are absorbed into the organization. Is there an orientation program? Is there departmental training? How are they welcomed? How are expectations set, and how is the organization illustrating its business goals and the role new hires play to make those goals happen? In addition to compliance and on-boarding, an assessor should investigate employee/management development and succession planning. Does the organization have training programs designed to grow employees beyond their current roles/tasks? In terms of succession, the assessor should learn the organization's plans for replacing its key leaders and its process for internally promoting developing employees into higher roles. All businesses have employee turnover. Sustainability of the business is only possible if employees are able to grow and the organization is prepared to replace exiting leaders.

3. Recruitment/Employment – Effective recruiting depends on several factors. When assessing, the HR professional should understand the application process. How does the candidate find the organization and express interest? What "sourcing" options are used by the organization – how is the organization finding people and what is the "spend" on each source? Is the organization using any measure to determine the effectiveness of each source? It is also important to look at the interviewing techniques. Are recruiters asking behaviorally-based questions (how did someone deal with the something in the past)? Or are recruiters asking how candidates might handle situations currently occurring at the organization or might occur in the future? It is important to understand the style used. Many successful companies incorporate their mission statements/values into the interviewing process.

4. Benefits: What plans are in place? Did the organization partner with a broker to negotiate with carriers and establish them? Is the organization taking advantage of the broker and the broker's many services. Most brokers provide advisory tools for general HR matters beyond only benefit-related issues. Compliance is key here. Are monthly, quarterly, and annual reporting requirements being met? Is the HR team reconciling benefit bills, ensuring accuracy and ensuring that the organization is appropriately receiving overpayment credits? Perceived value of every benefit is important. In this section of the assessment, the assessor should ask questions as to how much the employees appreciate the benefits available. He/she should ask about participation levels and any participant feedback. Benefits are expensive – if there is no perceived value of the supplemental long-term life insurance plan, do you need to bother offering it? Is the organization relying on its broker to help determine benefits appropriate for the region and industry? Is there a pension or 401k plan? Is it a perceived value, and what is the participation level? Is the organization administering the plan or is there a third party administrator? Does the organization offer an employee assistance program, and do the employees know about it and how it can help them? When is open enrollment, and has the broker calendared strategy meetings in anticipation?

5. Risk Management – In an HR assessment, risk management should focus primarily on workers' compensation. Are claims being reported timely, and how are they being reported? Is there a broker relationship, and is the broker a true partner? The assessor may want to ask about current claim costs, timeliness of claims reporting and any catastrophic claims. Reviewing previous OSHA 300A logs might be a good idea and finding out if they have been properly posted is important. Is there an active safety committee, and therefore a safety culture? In other words, while usually not a key business goal, safety can and should be "top of mind" when striving to lower costs, increase employee morale and avoid absenteeism. The assessor should ask for the organization's emergency plan(s), and briefly review them. Though possibly reviewed in the training section of the assessment, has the organization properly trained its employees on evacuation, material safety sheets, personal protective equipment, eye safety, etc. Going back to the broker being a true partner, is the organization provided proactive tools to enhance safety awareness?

6. Employee/Labor Relations – This section, both objective and subjective, overlaps with many of the other ones. Communication/training is critical to lowering employee relations problems. Is the organization union? If so, the assessor needs to review the contracts, including expiration dates (so as to understand potential for an uptick in union activity). What are the organization's perceived "pain points" with the contract? If non-union, any areas where unionization is a concern? Performance management is key to this section. Is there a performance evaluation program in place, and how effective is it? How many people are evaluated and when? The assessor should review the forms and discuss the employee feelings around their delivery. In addition to performance evaluation, the assessor needs to understand and review immediate feedback, coaching and progressive disciplinary tools. Perhaps most important, does the current performance management and feedback program address organizational priorities and expectations. Performance management should not be done just "to do it," it should have a purpose ensuring all employees are on the correct route towards achieving the organization's goals.

7. Compensation – Pay practices need to be explored by the assessor. The assessor needs to understand the organization's pay goal – is it to lag, match or lead the industry within the organization's regional market? The organization should be able to articulate this strategy and the assessor ought to request pay rates to see if the goal is actually being met. Is there a formalized compensation system, and how is the organization ensuring that the rates provided to hourly and salaried employees are competitive? How does the organization handle increases? If someone is taking on additional duties, does that equate to more pay? If so, how consistent is the organization in providing such an award? Are there other forms of compensation – annual incentive awards, spot bonuses, commission, etc. How fair are these other forms of pay? Is there consistency? Is there anyone or any group (gender, ethnicity, age) potentially being left out?

8. Community Relations – This area may not seem important, but many studies equate a organization's community involvement with an engaged workforce. Workers who are engaged work harder, faster and with dedication. How can employees give back to their communities? Is there an incentive to do so? Does the organization sponsor such opportunities?

9. Legal/Compliance – This section may be used to review general reporting requirements, such as the EEO-1 Report, or posting requirements – pay, leave rights, etc. In this section, the assessor needs to ask about any recently closed or currently open legal charges (administrative or within the court system). The assessor should ask about employment practice liability insurance (in place for lawsuits), and the current deductibles. Discussion should surround background checks, transportation requirements for drivers, privacy protections at all levels.

Putting the HR Needs Assessment Together

With your assessment sections evaluated and narratives intact, it is time for the professional to take a look at the entire HR function, and look for the gaps. Consider possible solutions, including recommended steps for implementation. This is where the "rubber meets the road," in that the assessor has identified the gaps and/or problems and is now providing realistic solutions. The operators and/or clients want this piece more than any other.

Once the assessor can share the gaps and solutions, the information should be compiled into a document. An excel spreadsheet works well, as it allows for each function to be listed and the findings described. This segmentation allows for easy discussion and ease of view. Upon compilation and completion, the document should be shared with the client or operational leaders in a subsequent meeting.

The assessment's solutions are not likely to happen overnight. Whether the HR assessor is an organization employee or consultant, they then must work with the principles in drafting a tactical or strategic plan for each functional area. This plan should include a timeline and tangible goals. When all is said and done, the plan resulting from the HR assessment must align with the business goals of the organization. Business and HR goals should seamlessly align, and never conflict.

The HR assessment will describe HR practices, identify gaps and solutions. As the organization uses the assessment to fill HR gaps, it moves the HR function in line with operations, ensuring that the organization becomes more efficient, profitable and successful. ♣

Merrick P. Dresnin is a Senior Human Resources Executive with Cote Family Destinations, an organization with resorts and related activities in Minnesota and Arizona. He can be reached by calling (312) 919-3993 or email merrickdresnin1@att.net.