

CPS Maintains HR Program and Manages Change for Company in Transition

HR'S ROLE LEADING CHANGE

All businesses change. With major change and restructuring, it is particularly challenging to retain and motivate top talent. Surveys demonstrate that top talent always has options for jobs, even in a poor economy. HR's role during restructuring efforts is vital for talent retention so that the business ends up maintaining a competitive advantage after the restructuring efforts. Following are the steps for effective change management that we followed in the SRI case study:

- Developing a clear agenda to define business objectives and why change is necessary.
- Develop plans for top management's involvement, including coaching and development of change skills.
- Develop the sets of activities to support the required changes.
- Develop the communication plans and activities to build commitment and support of the change.
- Develop plans for implementation that focus on participation and buy-in to the change.
- Performing periodic reviews with senior management to monitor progress and adapt as necessary

Change is pervasive in today's business world. To keep on top, companies have to evolve. Yet, evolution as an organization isn't always easy. The company as a whole may be ready to move forward, but what about the individuals who make up the company? How can firms make major changes and keep employees at the same time?

Service Resources, Inc. (SRI), an energy management company based in Atlanta, faced that very dilemma. The Company completely revamped their business platform successfully while managing to keep the majority of their original employees. The Company didn't do it alone, though. The executive staff and Board at SRI knew they'd need help with the human resources function, so they brought in Corporate Performance Strategies (CPS), a human resources consulting firm dedicated to creating high performance work cultures that enable companies to achieve business and financial success.

CPS had started work with SRI several months earlier, before the Company refocus. CPS was hired to fill the void after the vice president of HR left and to revitalize the HR function. They had previously set up new benefits and executive incentive plans for the company, which had about 100 core employees at its headquarters in metro Atlanta and nearly 1,700 employees located at their clients' offices across the United States and Puerto Rico. As clients had come on board, new health benefit providers were engaged or contracts were assumed to cover the new employees at those new locations. Therefore, there were over 100 health plans across the country and costs were out of control. CPS consultants redesigned the health benefits program for the company, reducing the number of providers to only two and renegotiated rates to save the company tens of thousands of dollars.

Yet, it wasn't long before the president of SRI had other priorities – the company was planning some major changes. Pleased with the work of CPS thus far, the CEO requested that CPS consultants complete a full human resources audit to assess the current HR strategy and tactics. The HR audit found several shortcomings in the current systems, primarily in the effectiveness of benefits communications, base compensation administration, incentives, professional staff level training, hiring and termination programs.

The change SRI was facing went beyond basic HR functions. The company, which had operated as a facilities and energy management and outsourcing firm since 1997, wanted to become solely an energy process outsourcing company, responsible for managing energy for clients in an array of industries. The company's goal was to reduce clients' real estate operating budgets through its management services.

To be ready to make such a large-scale change, SRI would need to downsize staff, and, with their HR program at a weak point, they especially needed outside support. The company needed an experienced professional to lead the downsizing they faced with this change. So, they brought CPS consultant Linda Crow on board as

their Interim Vice President of Human Resources, making her the full-time head of HR. Using the HR audit completed earlier in the year, she began managing the organization's change. She immediately created and implemented programs to transition hundreds of employees back to their previous employers (current or former clients of SRI) and to lay off a sizeable portion of the headquarters' staff. She reviewed the selection criteria for those to be downsized, as well as reviewed decisions for legal issues, developed all severance-related policies and materials, trained the management staff, and planned employee meetings and communications. In the end, the downsizing was accomplished smoothly without legal or employee relations issues.

The company was now poised to become a top energy management firm. At that point, a new CEO was appointed by the Board of Directors to assess the viability of the fresh business platform. It was deemed a good opportunity, but many more steps were necessary to bring the staff up to speed. CPS was asked to stay on board to keep employee relations effective during the difficult change effort that was required to create a new company.

Ms. Crow remained the full-time Interim VP of HR. Her immediate goal was to retain the company's intellectual assets – its trained, professional, knowledgeable energy experts. Unfortunately, as often happens during intense organizational changes, morale was very low. And, employees had not received salary reviews for some time.

To solve these issues, CPS immediately focused on two key initiatives – communication and compensation. A strategic communication plan was developed and implemented within weeks. Communications strategies included publishing a bi-weekly e-mail newsletter, and organizing and leading a weekly team meeting with all executives. "All Hands" meetings were formed to communicate with employees face-to-face on a monthly basis about current business issues. A bi-monthly print newsletter magazine for employees was renamed and re-launched at the same time. And, all managers were tasked with "communicating, communicating, and communicating."

On the compensation front, CPS identified critical issues and formulated recommendations that were presented and approved by the Board of Directors for immediate salary adjustments and raises for key individuals. Other employees were told to plan on a general salary review in upcoming months. The promises made were kept and employee morale began improving. Employees began believing what they were hearing about the business climate and felt that management cared about their well-being and respected them. This improved morale showed. Not a single key employee was lost, and, six months later, the company was on track bringing in new revenues and new clients. The original investors had so much confidence in the re-launched company that they committed to a second round of financing to invest in growth.

NOTE: Since the writing of the case the company has changed names to Prenova, Inc.