

Growth Challenges

As companies grow, there are a number of challenges that must be faced, especially in the area of Human Resource Planning.

Objective: Successfully scale the company to a multiple of its current size with growth synched to operational requirements and preservation/establishment of desired cultural attributes.

Recruitment & Selection

The critical factor here is the timing within the growth curve, especially the irregular pattern of growth that may exist as different operating units come online. This will require close alignment of project schedules and the recruiting pipeline along with clear competencies that will be required of new employees when hired or developed shortly thereafter. The hiring process also presents the opportunity to craft cultural movement through the types of employees hired while also trying to keep desired cultural attributes from being overrun by a critical mass of large numbers of new hires overwhelming the current employee base.

Compensation & Benefits

Closely associated with significant external hiring is the possibility of compensation compression as the local labor market is stretched. As this situation possibly arises, it may require careful benchmarking of compensation/benefits and review of labor contracts to prevent short-term market imbalances from being instituted in long-term contracts. Retention may also become an issue if new hires are seen as getting preferential treatment as a hiring inducement or special attention during on-boarding.

On-boarding new employees

Two challenges exist here. First is gaining full productivity as soon as possible, which involves both the hiring process and internal development relative to core competencies required for each position. Second is acculturation of new hires into the organization which will be a mix of the existing culture and potential unknown attributes being transplanted through the significant number of new hires.

Development of 1st line supervisors

This is likely to be a critical element in successfully on-boarding a significant number of new employees. The vision and desired culture will be enabled to the extent this group of new supervisors can be identified among existing employees. However, promotion to supervisor is a significant change in roles that often has little or no advance preparation of the employee promoted. This opportunity can be addressed in a number of ways from empowerment and self-leadership through changed work processes that give all employees small tests of their leadership abilities. Once identified for advancement, further development will be necessary along with coaching and/or mentoring. A Supervisors Forum can also be used as a vehicle for peer-learning and as a communication vehicle for building a shared vision and aligning work activity with new strategies.

Safety

Adding a significant number of new employees greatly increases safety and environmental risk in three ways. The first challenge is the baseline safety training that will be required of new employees. Second, there is some danger in the safety culture being diluted by new hires not having a similar level of safety consciousness, creating a risk to themselves and others. Finally, there is the risk of safety lapse with the general disruptions associated with change and on-boarding a significant number of new employees – employee focus will be on adapting to growth and not necessarily on safety.

Labor Relations

To the extent labor relations are good, the existing union representatives can be an ally in the growth process. In any event, communicating the vision for the future and the role existing employees will play in helping through the transition will be essential. Growth may also bring new challenges in how best to approach the work, which may conflict with existing work rules embedded in the contract and/or culture of the unionized workforce.

Overhead control

Economies of scale are not equal across the organization and care must be taken to limit growth to those areas identified in the personnel plan. Otherwise empire building will occur while organizational focus is on overall growth. To the extent there is little operating slack, many line positions will grow nearly proportional to the growth in the business. However, sales may gain some economies of scale through leveraging sales expertise toward growth markets and changing work processes relative to customer segmentation. Of course, there will still be some lowering of productivity as new salesmen are recruited and brought up to full productivity. Further economies of scale should be possible from overhead departments where there are significant fixed costs tied to stair step levels in system and structural growth. Yet there will be a tendency to grow these areas as well since the general attitude will be more accepting of headcount growth.

Process Improvement

Work processes may not be scalable as the business grows significantly, which would put additional stress on some employees at the same time they are working to integrate new hires into the company.

High Performance Culture

Building a high performance culture requires a performance management system in harmony with the organization culture. This requires feedback processes that are constructive, avoiding inherent conflict that is often enabled in many employee development systems. Care will also be required in building a community among all employees which will require shared vision, socialization, knowledge sharing, and supporting work features. This will require tracking employee attitudes through surveys of employee engagement (loyalty & extra effort) and an on-going organizational assessment of strategic alignment (goal awareness, competencies, leadership, and succession plan permitting growth).

Post-Growth Challenges

Equally challenging will be the shift in HR strategies as the growth cycle matures and expectations established during the growth phase will need to be managed within a new operating environment. The key here will be anticipation of needed change and establishing the necessary foundation well before the organization identifies any pain in misaligned policies and procedures.