

PAIN-FREE BUDGETING

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Preparing a budget needn't consume you. Here are some tips to help better plan, administer, sell and facilitate a human resources budget.

GETTING STARTED

Never begin budgeting directly with past budget numbers and accounts. Instead, canvass managers, staff and executives—in that order—either by personal interviews or by survey to determine specifically what they think HR money is used for, and how they would like to see it used. This could include: staff compensation/benefits, projected bonus, dues, staff travel, ads, legal review costs, job fairs and HR information system costs.

To gather information, **DO NOT** take the focus group shortcut! You'll stand a better chance of getting less "group think"-influenced information if you make the process individualized and personal. First choice is face-to-face interviews with as many as properly represent the organization; second is a paper or online survey.

Save time by starting with employees closest to members, front-line staff. They are the direct link to members, clients and vendors and have the most direct knowledge of those needs, expectations, suggestions and complaints.

GATHERING INFO

If using a survey, be sure participants have some personal contact with you either by a direct visit or phone call.

Survey delivery should also be personalized. Use a cover memo to provide a due date, time available for comments, as well as a discrete drop-off envelope out of immediate view. Such a drop-off point adds credibility by show-

ing survey confidentiality intentions.

A very effective technique is to solicit help from your toughest critics, as well as some new and tenured staff, on survey design, content and distribution. This helps break down perceived barriers between staff and builds consensus and confidence because participants are more likely to buy into a survey when asked to participate from the start.

Create and sell your human resources budget.



IMAGE BY SUPERSTOCK

ORGANIZE IT

Once initial staff information is compiled, do a "quick-'n-dirty" categorization of findings by department, then by position. Aim to be able to identify need categories from information gathered. Record information in a simple, easily updated spreadsheet program. Getting a handle on when, where, who, what and how needs change provides the opportunity to continually tailor programs to both predict needs and prevent problems. This is especially true in training.

For example, the teller department may show a perceived high need in the training category. A closer look of demographics may show a large percentage of lead tellers and supervisors specifically noting a high need for professionalism training, whereas tellers specifically note a high need for job-related computer training. This shows that a "must budget" item is going to be both these training sub-categories.

Next, canvass managers. Be consistent with methods so data is as accurate as possible. Once management level surveying is done, **STOP!** Total results so there are three sets of information: staff results, management results, and staff & management results.

DETERMINE A PATTERN

Analyze all three results to determine a pattern of need.

Look at the past three years of HR budgets to determine how much was spent on each determined need. (You will probably not have all needs represented in past budgets. Don't worry; this is normal.)

Add this to spreadsheet information by category, showing perceived level of need and dollars previously spent. Do this for all three results categories.

To prepare to "sell" the proposal, gather turnover rates by department and position as well as reasons for leaving, so you have a good comparison to help make a case. Next, note gross assets vs. gross profits so you can compare back costs of doing HR business vs. value gained/saved against overall credit union numbers. Being able to show what percent HR is adding to the overall asset increase goes a long way with board members. Being able to show an increase of added HR value over previous years goes even further.

POLL THE EXECUTIVES

Now you can canvass executives, using the same method. Once those results are tallied, show how executive ideas of where and how much money should be spent both merge and diverge.

Show their results separately from others, as you will be making a case for both dollars and direction in which you intend to spend the dollars. Use ancillary information on turnover, reason for leaving, etc., as support.

This is the selling part. By personally including all levels of staff in information-gathering, you've already obtained support necessary to back up numbers.

By showing where staff and managers' perceived needs merge and diverge, you'll show you've taken care to devise a spending plan that supports all levels. It's important to base requested needs for change—especially increases—on proven needs that will move a particular department—and the organization—closer to overall strategic plans.

ALWAYS allow all staff the opportunity to participate in research and treat all levels the same. Be objective. If you've presented the case and know how your requests compare to and bear on the overall profit margin, you should not only see more of your original budget approved, but also enjoy growing respect from all levels.

CLOSING THE SALE

In closing "the sale," show what did and didn't work and what you can do to improve so future results will be better. This is where ancillary information obtained from such sources as exit

interviews comes into play.

People always have a reason for leaving. Whatever it is, put percentages to this information and use what you can to support your budget requests.

Listen to staff, and yourself, to determine specific needs. If you're trying to upgrade the department or have a goal of keeping everyone current on HR issues, commit the dollars. For example, development costs for an HR staff consisting of a director, two recruiters, compensation-benefits analyst, trainer, payroll clerk and administrative assistant would need funds for one out-of-state or week-long conference, four one-day seminars, and 12 "lunch-'n-learns" each. On average, an out-of-state conference costs \$1,200, day-long seminars around \$200, lunch-'n-learns \$25.

Rounding up, this means budgeting about \$2,500 for each person in the department, except the administrative assistant. Unless this is a person being groomed to move up, there is no need to budget for the \$1,200 conference. But, do be cognizant of the person's need to feel not only included, but also worthy of development. Make staff responsible for their development budget, understanding growth needs and allowing them to choose accordingly.

IMPORTANT QUESTIONS

The important idea when creating the budget is not "how can I get more money for my department," but "what are the expected services of my department, how do each of my staff want to grow, and how much will this cost next year?"

Remember researched expectations allow you to basically present a new budget each year based on something concrete, rather than the total spent last year plus 10 percent.

Keeping staff informed and involved in budgeting keeps the department in synch with what can be expected. (Delegate some analysis to allow others

to gain experience.)

Understanding the role a budget serves in helping fulfill organization and staff expectations gives you better control over future goals. If you do not need a full benefits analysis, then do not budget for it. If something is not budgeted, it shouldn't be scheduled. Expect, however, the unexpected. Meaning, add padding of three to five percent.

ROUND UP

It is also helpful to re-evaluate everything for which your department is responsible. Generally, start with the basics, the costs of payroll, benefits, training, bonus and salary adjustments, new hires, recruiting and any other HR responsibilities.

Then, get department-specific: HR staff compensation, benefits, projected bonus (always use maximum numbers), and other possible dollar increases. When figuring development costs, don't forget professional organization dues and a line item for travel and meals.

Lastly, include costs of doing HR business: subscription renewals, advertisements, company marketing materials for recruiting, job fair fees, etc.

Much of what you include on a department-specific budget may actually be accounted for in another budget account—"general services" for paper, toner, etc., for example. Let accounting take those out. You must know how much the department costs in hard dollars, because you're going to have to justify costs against what you've saved.

Having a handle on all the department's costs enables you to provide concrete information at strategic planning conferences, better plan departmental goals, and better justify your department's existence.

Be a strategic leader. Help lead your credit union forward by remembering why your department exists: to attract, develop, guide and retain PEOPLE. ■



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