

In celebration of the 25th anniversary of CUES' Credit Union Management, we present the 11th in a series of stories that look back and ahead 25 years at credit union-related topics. In this issue, Diane Faulkner discusses the history of human resources.

Within credit unions, the necessity of a stand-alone human resources function hasn't always been clear. Often the function is part-time, especially in smaller CUs. Donna Johnson, VP/operations, describes the HR evolution at Coastline Federal Credit Union of Jacksonville, Fla.:

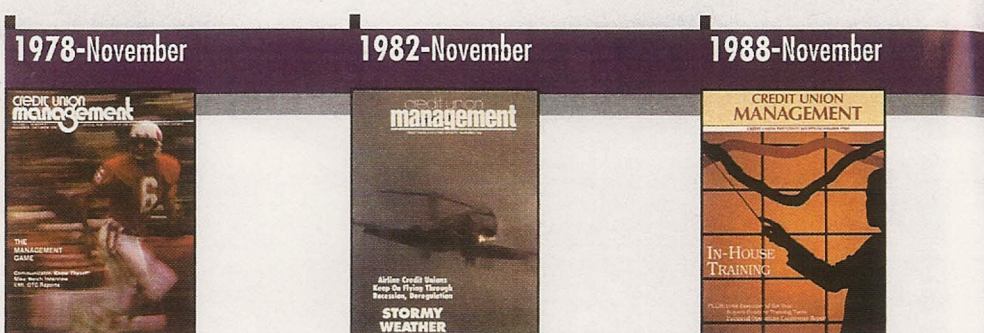
"Back in 1973, there were really only three people on staff. Over all those years, our (recently retired) senior vice president, S. Louise Johnson, basically did all the hiring. As we grew, Louise looked to other positions to assist in staffing, finally resting the duties on the business development manager, who'd expressed an interest in HR.

"It wasn't until we reached 50 people, though, that we actually created a full-time HR position to take over all aspects of human resources. One of our board members, an HR executive at one of our SEGs, helped define the role and responsibilities, and HR professionals have grown the function far past simply hiring and firing to helping us improve our productivity and employee relations."

Outside the movement, HR has gone through similar phases. But it was labor challenges, over everything from processes to people, that forged HR into an executive level function that proves as necessary as finance.

Let's take a brief look back at the genesis of people management.

FIVE SCORE AND TWO YEARS AGO... Historically, "personnel" departments consisted of clerks who processed paper and occasionally hired new staff. No emphasis was placed on the quality and type of records kept (if indeed any were kept), nor was there the need to analyze the information gathered. HR staff generally consisted of well-thought-of glad-handers who were no



HR YESTERDAY, TODAY AND TOMORROW

BY DIANE FAULKNER, ACC, SPHR

25th anniversary

longer effective in their positions, but very well liked in the organization: people who had the knack of keeping "the troops" in good spirits. The focus was people and, somewhat, process—but it was very reactive.

...OUR PREDECESSORS BROUGHT FORTH A NEW FUNCTION...

A turning point for HR grew from the civil unrest of the 1960s. The Civil Rights Act changed the way business looked at, hired and treated their people. "Personnel" grew into "employee relations" and more focus was put on helping people get along with each other on the job as the need for diversity in the workplace grew.

The next significant event happened over time: The litigious workforce of

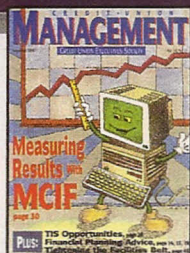
the 1980s reacted to businesses' unwillingness to diversify labor pools up the ranks, as well as balance personal needs with business needs. Recognizing patterns of employee lawsuits, legislators were forced by the courts to lay down some ground rules as to how business would be conducted in the U.S. "Employee relations" became "human resources" and the focus moved from glad-handing and backslapping to risk management.

...CONCEIVED OUT OF NECESSITY...

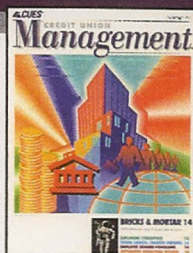
With this new role, HR staffs needed to be made up of professionals who could not only recruit within the law, but also develop marketing strategies to attract top talent and retention packages to keep that talent on board. HR needed to step up to the role of advisor in termination decisions, as legal ramifications for wrongful discharge grew and became more costly. At the same time, HR needed to step up as advisers to all levels of supervision in the counseling and development of employees.

No longer is the HR department just a place to sign up for benefits. HR is a resource for staff, management, execu-

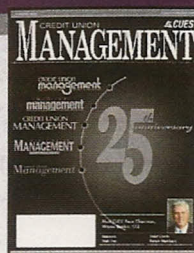
1993-November



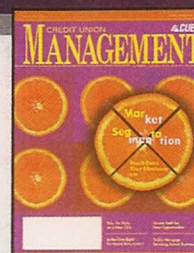
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tives and boards, playing a significant role in growing not only employees in their careers, but also organizations in their industries. HR is responsible for analyzing and researching market trends as they relate to the labor pool, as well as keeping up to date on all things legal. HR staffs now hold specialized degrees, often with additional professional certifications, and have come a long way from the original "personnel" clerks.

...AND DEDICATED TO THE IDEAL THAT EVERY POSITION IS CREATED EQUAL.

Out of the tumult of its formative years, HR will enter its adolescence battle-worn and field-ready for forging its next incarnation. Lessons learned through lawsuits, recessions and increased competition change the focus from collector and protector of the people to designer and developer of effective multigenerational organizations. Attention to critical positions closer to the member, as well as anticipating member and employee needs, will now determine the way future HR functions play out.

HR's primary purpose, staffing, supported by compensation in the form of payroll, medical and retirement benefits, takes on a lesser role as outsourcing becomes a more cost-effective way to administer the function. Hire dates will become cyclical to streamline administration. Staffing-focused credit union service organizations that pre-recruit, train and certify "graduates" will supply tellers. Skills testing for all positions can be delegated externally and used as another selection tool, but also a training tool as many candidates may fall short in areas easily corrected.

CUSOs will also use CU-specific, dedicated terminals to train on internal software so managers can train on duties and processes.

Intranets with direct Internet links to vendors will allow immediate sign-up in payroll, benefits and other systems. HR will become the contract contact and negotiator, while vendors assist via Internet with questions, automatic renewal notices and product updates. With more control given to the product end-user, HR can collect better information to use in negotiating and upgrading services when contract renewal time comes around.

Retention, a sister-function to staffing that's typically supported by development in the form of counseling, reviews, training at all levels and, to some degree, pay, is now given structure by pre-position and pre-employment strategies.


Direct service employees, like tellers, will most likely always be the most difficult to retain. Their skill sets are the most transferable next to a receptionist's, and so when searching for work, a potential teller is also a potential customer service clerk, cashier or waiter. When an exceptional candidate is found, it's imperative HR is equipped with ways to ensure offer acceptances aren't rescinded.

At its most basic level, pre-employment strategies can consist of pre-approved, budgeted retainers. These are used to guarantee a fill when a new hire will leave previous employment immediately upon giving notice, and your credit union's next start date isn't for another week and a half. Since a person's ability to go without a paycheck is inverse to the proximity of

that person's position to the member, a plan to advance set pay percentages could be issued at HR's discretion when need is shown.

Other strategies, like offering assistance with bills due, put HR in a facilitator role of contacting creditors to request later payment dates and being careful not to suggest guaranteed employment. Such acknowledgments reflect the hire's value to the credit union and play a large part in decreasing the number of rescinded acceptances. While the role seems to benefit only the hire, the credit union also benefits from the gesture. A bond begins as the actions demonstrate the type of culture the hire can expect once on board.

Pre-position strategies entail HR teaching managers to profile skill sets needed to best serve members and move departments closer to strategic plan goals. Profiles are followed by key service position brainstorming sessions to update workflow plans and allow staff to project the type and number of new positions needed in the future. This creates a front-line staff imbued with trust, responsibility and authority to help mold the organization.

Will post-hire and post-position elements still be a part of HR's future? Yes, but more so as a mentor to others whose positions are better suited to carry out those functions. Will HR still be called "HR"? Who knows? It all depends on the evolution of the function. 

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