

TABLE of EXPERTS

TODAY'S HR

The *Albany Business Review* hosted three executives to discuss changes, challenges and the importance of human resources. The discussion was moderated by David Pratt, professor of law at Albany Law School.

What are the key challenges that employers face in dealing with today's HR issues, and how are they responding?

Matt Ingold: There's a lot of things that businesses, particularly those in the mid-market, need to do on an HR level in order to just survive on a daily basis. You have to give people benefits. You have to stay compliant with laws. You have to have your human relations things going on as well.

That can take a lot of the time up, and it's not necessarily something that's particularly growing the business per se. Sadly, a lot of times we will see HR get relegated to a cost center intrusion at best, a necessary evil.

That's not necessarily the case, and it's not where the industry and profession is. I'm on the board of the Capital Region Human Resource Association, and one of the things that we're constantly trying to do is work on how we rebrand the HR profession: how we rebrand so there's a purpose for them being at the table.

There's a purpose for them being at the strategic table because they can lend something in terms of answering the question of how do we develop our employees, how do we bring the talent on that we need.

So, not every HR person is meant to be at the strategic table, just like not every accountant is meant to be director of finance for an organization. It's not leaving behind what HR is right now and losing it, but it's rather creating, I guess expanding the discipline. There is more of a strategic role for some HR professionals and businesses that start to see their HR leaders as truly somebody that can contribute to the bottom line.

Patty Fusco: A lot of people don't have an HR department, which could be a problem when you're bringing on employees. I find something that is really difficult with companies is when they don't have a good onboarding process for the employees. They hire employees and they put them into a position and they're not ready to start with that company. They're not trained properly. They're not given the tools necessary to do their jobs in an effective manner, as well

as they don't know the company's processes.

That creates a big problem because it causes turnover more often than not, when they really did hire the right person for the right job. But because there is no onboarding process, people are left to fend for themselves. It's a poor work environment for the employees and it also doesn't give them the tools necessary to do the job.

What skills do HR leaders in the future need?

Guy Maddalone: They'll always need those "soft" people skills and good communication abilities. That'll never change. However, HR leaders will also need to be comfortable using technology and systems that deliver benefits, pay, performance evaluations, learning opportunities and HR information to employees.

There could be a skills gap when it comes to understanding the role technology plays in HR, and understanding that HR professionals are not "techies." An HR team needs to be active in identifying the systems that will work for your business. There is a need to not only deploy technology and systems but also to correlate data to business outcomes, understand analytics, and predict trends based on collected data.

What are your clients' biggest problems?

Maddalone: They're juggling a lot of different requirements, whether it be onboarding new employees, trying to process the payroll, or managing the benefits. It's understanding how the roles are changing and how they can embrace technology in order to help them do that job without adding more people in the human resources department.

Technology is actually playing a huge role in human resources today. It helps companies and employees save time, increase productivity. It's crucial to the compliance business to try to keep up with state and federal reporting requirements, such as the Affordable Care Act and Paid Family Leave. A human capital management system is certainly where many of our clients are starting to look to see if that's the solution for them. It allows them to track the lifecycle of the employee from the time they hire them until the time they retire.

Do you see a trend towards people increasingly outsourcing what were traditionally in-house human resource functions, or are more people trying to develop the expertise in-house?

Maddalone: We see our clients trying to do both. They're trying to learn more as things are evolving and regulations are coming, and they're also leaning on outsourced solutions in the way of consultants or payroll services companies that provide a human resource option. They're trying to juggle by using both avenues.

Do your clients generally have an adequate understanding of what HR involves?

Fusco: It depends on the company, but some people feel it's a problem department – you bring on an HR person and more people can come thereto complain. But others really do feel it's a necessity they need to have to bring new people on, especially now with the unemployment rate so low, and they're trying to obtain new employees and retain current employees. It's important for them to have the tools in order to attract and retain the employees they need.

Ingold: I think what you're seeing is an expansion of the role that's taking place. It's not leaving behind anything that role is currently doing. Those day-to-day onboarding activities and all those things that are essentially business survival, don't go away. The glass balls they're juggling, they can't drop.

Now they're saying, okay, we got the tools in place to be able to survive well enough, and now we can afford to make this investment over here. And then the question is: What's the value you're seeking to get out of that position? It's going to be different for every company.

How do you help your clients relate to their employees in a way that is mutually constructive?

Maddalone: It's not human resources' responsibility to have the culture of the company. They certainly can help influence and help with different aspects of moving culture goals ahead, but it starts with the entire

executive team, and then their hiring managers. The certain culture that employees are seeking and expect, that needs to be an entire organization ownership.

Fusco: A common thread that we have found is employees want to feel valued.

Ingold: Nobody wants to be a cog in a machine. Nobody wants to be somebody else's means to an end. We're starting to see companies incorporating things that are really atypical benefits, into the company.

I read an article in the *Harvard Business Review* talking about Facebook and how they retain people. A study they performed found that roughly 31 percent of the people that stayed because, certainly, they enjoy the work, but they also found purpose in the work. They felt there was a reciprocating investment that was coming back to them by the employer.

Fusco: Culture has been such a large part of companies' practices hiring now. You see companies fighting over the culture – how are we going to make our culture better, how are we going to make our culture like Google, or how are we going to make our culture more welcoming and friendly? Companies are not only just hiring HR people, they're hiring what they call 'total rewards program' managers.

Those people come in and put together programs that attract the employees, bring the employees closer together, make them feel part of their team, and also retain them with different programs. Whether there's bonus programs or advantages to the employees, whether they can give them different things as being part of this company, they have advantages at



Standing, left, Patty Fusco, Matt Ingold and Guy Maddalone. Seated, moderator David Pratt.

DONNA ABBOTT-VLAHOS

MEET THE PANELISTS



PATTY FUSCO

President & CEO
Fusco Personnel Inc.

Patricia A. Fusco, president & CEO of Fusco Personnel Inc., an award-winning executive search, recruiting and staffing firm, est. in 1994. A NYS Certified Women Business Enterprise, headquartered locally, recruiting and servicing nationally. Specializing in executive searches, mid-level recruits, human resource consulting, as well as, temporary/contract and temp-to-hire staffing. A recruiting team consisting of eight generalists and specialists, focusing in the areas of information technology, health care, engineering, accounting/finance, operations, manufacturing, legal, and administration. Ranked No. 1 Recruiting Firm - Exceeding 500 placements annually - five time winner of "Best Places to Work" in the Capital Region – recruiting talent and culture.



MATT INGOLD

Director of Business Development
Benetech

Matt serves as Benetech's director of business development, assisting employers in their transition to technology-driven HR administration and focused Talent Management Programs. He is a published writer on topics of HR technology and Human Capital Management. Leveraging years of talent-development and leadership experience in the military, Matt aims to introduce those same focused talent-cultivation and management methodologies to employers seeking a competitive advantage attainable through improved talent management. Active in the Capital Region, Matt serves as the marketing co-chair for the Capital Region Human Resources Association, and chairs the Capital Region Chamber's Executive Mentorship Program. A transplant to the Capital Region, Matt resides with his wife, Erin, in Troy.



GUY MADDALONE

CEO
GTM Payroll

Guy Maddalone, founder and CEO of GTM Payroll Services, has 30 years of experience in human capital management. Over the years, Guy has helped thousands of clients — local businesses and domestic employers — with workforce management, payroll, human resources, and insurance. Founded in 1991, GTM has grown to nearly 70 employees. Today, the company processes more than \$1 billion in payroll every year for more than 30,000 local employees. GTM has been featured multiple times by the *Business Review* as one of the Best Places to Work in the Capital Region and made the Inc. 5000 list eight times as one of the fastest-growing U.S. companies. Guy is a graduate of the highly acclaimed MIT program Birthing of Giants, past president of the Albany Chapter of the Entrepreneur's Organization, and an angel investor with the Eastern New York Angels. Guy is also a graduate of Siena College with a degree in accounting.



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different organizations throughout the community, which makes them feel, again, part of a team, but also that they're getting more of a value from being part of this company.

Ingold: It's fostering entrepreneurship, really, at the lowest levels. The market's demand is pivoting so fast, and the value that's dictated by the market that we're responding to as employers, is pivoting so quick. If you don't have your lowest-level employees able to make smart decisions to pivot to that value and cater to that value and they're just waiting for a bureaucratic process to put things in place, your business is going to suffer for it.

Do companies use performance reviews in the right ways?

Ingold: Reviews can't be about putting a person on a scale. They have to be about putting them on a path. It's about identifying those deficiencies. Performance reviews have been misused as the only tool that's in the performance management system, and that's going to fail. The reason they fail is because performance reviews turn into a counseling tool. It's the only conversation that's ever had about the employee's development and where they're deficient, and it's happening at a time where it's impacting their compensation. That is a recipe for disaster or for an angry employee at that time.

Performance evaluations and assessments should be used to put people on a path, not on a scale, and nested in a structure that has regular counselings, regular mentoring sessions, very explicit guidance in measurable ways that employees are meant to develop them and impact the overall mission of the company.

Maddalone: It's a combination of being subjective and objective. Subjective would be: How are you doing to promote the company's core values and the culture, and letting the employee give that feedback. Then there's feedback from their constituents. Who is relying on this employee to perform so that they can do their job, and how did their metrics perform based on their performance or non-performance?

The objective side is the metrics. What's the metrics for their position? How did they do? That's something that they're looking at daily, if not weekly. And then skill assessment. With that, comes this combination manager feedback, and then it comes into some sort of scale. Were they a low performer, solid performer, exceptional performer?

From there, what is the organization's policy on compensation increases in the event it's even with the annual performance? Many companies are getting away from the annual performance tool tied with compensation increases. However, if you have it there, it's very easy to come up with a score based on objective/subjective type criteria and say, this person is a solid performer and as a result would get two percent, three percent, whatever the rate would be.

What are the big issues coming down the pike that employers will have to respond to?

Fusco: Holding on to their employees is going to be huge because whether the job market is tight or not, replacing a candidate is expensive. We try to educate employers on this. The training process, the skill set, sometimes it's a lengthy process to get the other person up to speed.

Ingold: If you really want to start applying these new talent management sciences down at the lowest level, we have to be able to give HR the tools to get beyond survival. Even if they don't have an HR person, somebody's doing that role. How do we build capacity over on the survival side so that we can focus on fostering a kind of company culture that's going to be a performance culture for the organization? I think you're going to see more of that.

In light of that, employers will be looking more to outsource some of those things that are transactional. You cannot have somebody that is 100 percent focused on the transactional side and also doing the cultural development side. Because of the growing need to keep employees and the talent war that we're in right now, employers are going to be forced to look at this more so than they have in the past, and to make investments in a delivered process for managing culture in the organizations.

Maddalone: Patty is right, it's going to get tougher and tougher to recruit the talent that you're seeking. As we look into the future and mobility, at the shift of your workforce that's working out of their home or working flexible hours, maybe working early in the morning and not during the 9 to 5 time period, and evening, you must have systems and tools in places where you can enable them to work in your organization that way, but also so that you can supervise and manage the type of work they are doing.

With the movement of Generation Zs and Millennials coming through, you will need to change up

the game period and almost make it a game. We have to recognize that they're going to move on to a newer position, hopefully internal, or maybe the expectation that this person is going to work with the customer service team for five years, now has to be tapered down to two years.

As far as HR leaders, I see them, without a doubt, continuing to need soft people skills, but they need to have a real good understanding of technology and those technical skills. It's very hard to find those matches of great, soft-people skills and being able to run complicated systems for compliance and benefits, and so forth. They have to be really comfortable using technology systems, delivering benefits, pay, helping managers with performance evaluations, continuing education, and the HR information systems.

What are ways that companies can be competitive in attracting the workforce of the future?

Maddalone: Staying up to date with technology is important. That starts with the first interactions a candidate has with your company. Whether it's learning more about your company, submitting a resume, or completing an online application, candidates are judging your ability to deliver an exceptional experience. You need to connect with potential employees on many different levels. It's not just about the money. Give them a reason – that's more than a paycheck – to work for you.

Probably the biggest fail we see in the small market would be the absence of an employee handbook. Some of the startups are trying to focus on the revenue aspects to just keep the business going. And when they start hiring one person, two people, there's a whole ignorance around what employment regulations there are that they have to follow at the federal and the state level.

How can employers manage an increasingly remote workforce?

Maddalone: Small- and mid-sized businesses are embracing and growing their remote workforce. GTM, for example, has several employees who work out-of-state and we've equipped our sales team with mobile productivity tools and resources when they're out in the field. We've invested in VPN technologies, cloud services and mobile technologies to keep remote employees engaged and connected while maintaining high levels of security. Video conferencing is another key piece of technology that helps connect remote employees with the physical office.

How different are the expectations of people coming into the workforce today from the people who were coming into the workforce 20 years ago?

Fusco: As an employer, we expect the new hires to be all excited and energetic and thrilled, but they're not always. Whoever is doing the hiring for them, you think that these new employees would come in like that, but they're not all like that anymore. It's definitely a different culture. They have different expectations, they have different wants, and different reasons for going into the new job. They don't go in with that same energized, bubbly attitude that we would like them to have.

Ingold: The market changes, but people don't. People are the same as they've been 100, 200, 2,000 years ago. Same drivers, same motivations. So, in answering those same questions, how does the organization provide this person with a sense of purpose? How do they provide this person with a sense of being valued? How do they provide this person with an environment that is dignified, that's in keeping with their

dignity?

I think if you can answer those three questions, you've got the foundation for your culture. If you can make yourself unique in your answers to those questions, and being able to better answer them, you will attract better talent.

Maddalone: In the past, people were living to work. Today, they're working just to live. It's the elusive work/life balance piece that people have a little more of a focus on today.

Millennials and Generation Zs are looking for modern workplaces, and they've grown up with technology and always have been connected. Look at your policy about cell phones in the office. Is it okay to have them on and connected, or are you a put-it-in-the-bag and don't-pull-it-out type of culture?

They're going to ask for working-at-home options, remoteing, being mobile. With Office 365 and work emails on phones, they are trying to understand why it is that they need to be at the confines of this office. They're going to push managers to a point where they haven't been pushed before to justify why the work needs to be done in one location.

And, certainly, with the Family Leave Act and FMLA, you've seen more of a culture of taking time off. Employers need to be ready to adjust and make sure they have additional staff that is willing to step in when these events happen.

Training methods definitely have to be updated. No more sit down and work through a workbook. It's online training and it's online feedback systems and scoring of what their knowledge is. They expect to know the rules and they expect you to administer it to them nice and easily.

Are we actually evolving in a way that recognizes work/life balance?

Fusco: Absolutely. We have employers that say to their employees, you need to take this time off. Yes, you can carry some over, but we require you take X-amount of time off throughout the year. You have that time coming to you, anyway. They feel that they need that break to feel a little bit refreshed.

Ingold: You're seeing this benefit – some people cringe when they see it – unlimited paid time off, or PTO, where they don't even have vacation. They have unlimited PTO.

When you think of the type of conditions that you have to set within your organization for that to not go absolutely buck wild, you have to have laser focus on what that employee is supposed to do to move the ball forward for the organization. And you have to be able to evaluate if they are accomplishing that. Otherwise, it's going to be a subjective conversation when you think the person is abusing that privilege.

It's about empowering yourselves to be able to track those skill sets, and exactly how that employ-

ee, from an objective standpoint, is meant to provide value to the organization, and then be able to have that as a part of the conversation, should you need to have that conversation of questioning whether or not they are using that unlimited benefit appropriately. It's not something that's going to leave you subject to a wrongful termination suit. It's something that is very objective, and a dignified conversation between employee and employer.

Do you find that all of your clients have at least an employee handbook that sets out their expectations?

Ingold: They have one but it's not up-to-date.

Fusco: Employees don't even know about it and any changes you've made along the way. Big problem.

Maddalone: We serve thousands of clients, and what we find with employee handbooks is that maybe 10 percent of the clients have it if they have one to 20 employees. Once they hit over 20 employees, it starts

other things that we haven't covered?

Fusco: You've got to know what you want. You've got to know what it is you're looking for. As I always tell management, hire people that are smarter than you. It's only going to make you better. Don't feel threatened by that. They're only going to help you succeed.

Ingold: Know what you want. Be very laser focused in that area. It's taking something abstract and making it concrete. It's an incarnational experience. Your differentiator, you have to know how to make your differentiator. That's your market segment, your value proposition beyond that which your competitors provide. You need to know how to make that abstract value proposition concrete with the actual people in your organization – the skills that they need, the development plans that are there, and just being able to acquire that talent.

If you don't know what makes you different, you're going to be arbitrary with where you make your talent investments, and it's not necessarily going to be in a way that lends to the growth of the business. You're

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MATT INGOLD, Director of Business Development at Benetech

creeping up to 50 percent. But I think there's a balance, certainly. Number one, what does the business do and how unique is it? Is there intellectual property? How transportable is it? How much would the business be harmed if it were truly exposed?

The same goes to non-competition agreements. How much would the business be harmed? How unique is it in what you're doing and how you're preparing it, or how you're selling it, that you want to restrict somebody? How much would you be damaged in the event that somebody took all the training and the know-how and used that against you?

The other side of it is that you want to trust. A friend of mine who is CEO of a publicly traded company has a terminology, and it's 'verified trust.' Of course, we want to trust, but I need to verify it.

If you were advising your oldest child who is about to start a business about what they need to do in terms of building up a workforce and keeping a workforce, would you repeat the things which we've already said, or are there

going to grow based on what you can do differently than your competitor. Nobody wants to be a 'me too.' Be 10 percent different than the other person. And then build your plan, be able to bring in the people that are going to make that 10 percent difference a concrete reality for your clients.

Maddalone: My advice to my children is that, one, on the skill side, we need to have excellent, awesome people skills. We have to be able to look people in the eye, shake their hands, talk to them, listen to them. At the same time, you need to be able to use technology as a tool and use it extremely well. You have to learn how to ask the technology the right questions, and interpret it to other people with your outstanding people skills.

Without a doubt, be an expert in your core competency or whatever interest it might be, to embrace it and become the expert. At the end of the day, they need to have problem-solving skills, know how to be innovative and thinking about how we get around that particular obstacle. ■

TRANSCRIPT LIGHTLY EDITED FOR SPACE AND CLARITY.

Thank you to our participants

