

**CHANGING PERSPECTIVES:
HR LEADERSHIP THROUGH
THE BUSINESS LIFECYCLE**
MM SHRM 2019 SPRING CONFERENCE

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WHAT IS THE BUSINESS LIFE CYCLE?

- Every business evolves and changes over time through a cycle of evolution.
- The timeframe for each phase within the business lifecycle ranges from months to years and varies based on industry, business plan, structure and specific products and services.

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AN EXAMPLE: HARLEY-DAVIDSON

1903 First factory on Juneau Avenue in Milwaukee

1920 Largest motorcycle manufacturer in the world

1930's Great Depression hits

1932 Restrictive practices

1969 Merges with American Machine and Foundry Company (AMF)

1981 Execs buy back Harley-Davidson - "The Eagle Seals Alone"

1983 Harley-Davidson's Group "H.O.G."

1990's Peak demand

2006 Harley museum opens

2009 100th Anniversary

2019 Reinvigorate new generation of riders

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WHAT STAGE IS YOUR COMPANY IN?

- Your business is constantly changing
 - The first challenge is understanding what phase of the business life cycle your organization is in.
 - Each phase presents different challenges that require attention and planning. The inclusion of Human Resources (HR) in the business plan is essential.



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WHAT STAGE IS YOUR COMPANY IN?

What are your top three 1 to 3 year strategic business goals?

Where do you believe your company (as a whole) is on the Business Life Cycle?

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STARTUP

FOCUS

- Focus is almost entirely external to break into the market.

CHALLENGES & INDICATORS

- Business shifts from an idea to conception.
- Time to market and seed funding is critical.
- Long hours and tremendous demands from owner(s).
- Be prepared for shifts, changes and the unexpected!
- 25% of start-ups will not reach their fifth anniversary.



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HR IMPLICATIONS AT **START-UP STAGE**

- COMPLIANCE**
 - Obtain and implement employment forms and record-keeping systems to meet federal, state and local requirements.
 - Create simple, compliant guidelines and/or employee handbook.
- RECRUITING & STAFFING**
 - Determine skeleton staffing needs.
 - Start to engage partnerships and vendors.
- COMPENSATION & BENEFITS**
 - Determine initial models and plans and implement payroll processes.
- TRAINING & DEVELOPMENT**
 - Selectively invest in skill and knowledge development.

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HR IMPLICATIONS AT **START-UP STAGE**

- COMMUNICATION**
 - Keep team members informed of rapid fire changes and market insights.
- EMPLOYEE ENGAGEMENT**
 - Ensure key team members understand their roles.
 - Roles will shift multiple times - engagement is key to retaining employees.
- CULTURE & STRUCTURE**
 - Core values and culture may begin to emerge that, typically mirror those of founder(s).
- LEADERSHIP DEVELOPMENT**
 - Leaders are likely learning strengths and needs on the fly.

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GROWTH

- FOCUS**
 - Focus turns inward to build teams and recruit high-level talent to run operations.

CHALLENGES & INDICATORS

- Revenues and customer base expand.
- Business solidifies its stance in market.
- Stronger management and delegation is key.
- Accounting and financial focus must mature.
- Growth will put incredible stress on the founder and management team.



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HR IMPLICATIONS AT GROWTH STAGE

- COMPLIANCE**
 - Invest in annual HR compliance audit because now is the time to get it right!
 - Address employee relations issues promptly and fairly to set precedent.
 - Be aware of key requirements and thresholds.

- RECRUITING & STAFFING**
 - Link workforce plans to the fiscal budget and growth plans.
 - Develop job descriptions and refine recruiting and onboarding processes.

- COMPENSATION & BENEFITS**
 - Maintain internal and external equity.
 - Begin to establish seeds of pay for performance culture.
 - Explore the need for executive level total rewards.

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HR IMPLICATIONS AT GROWTH STAGE

- TRAINING & DEVELOPMENT**
 - Identify skill gaps needed to sustain and accelerate growth.
 - Invest in key training areas and anticipate skills needed in future.

- PERFORMANCE MANAGEMENT**
 - Implement systems to link individual performance to business goals.
 - Explore models that reflect the fast emerging culture.

- COMMUNICATIONS**
 - Continue to keep team members informed of rapid fire changes.
 - Consider leadership communications training that reflects stakeholders.

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HR IMPLICATIONS AT GROWTH STAGE

- EMPLOYEE ENGAGEMENT**
 - Implement work teams and/or focus groups to employees.
 - Demonstrate what a career path looks like for employees.

- CULTURE & STRUCTURE**
 - Document and communicate cultural values and behaviors in-line with expectations and aspirations.
 - Assess if structure and culture can sustain and continue propelling growth.

- LEADERSHIP DEVELOPMENT**
 - Invest in coaching, training and mentoring of leaders and management.

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MATURITY

FOCUS

- Focus on big picture impactors such as consumer tastes, market shifts, global events and the economy.

CHALLENGES & INDICATORS

- Sales may still be increasing, but at a lower rate.
- Must build out from existing operations and structure.
- Automation, outsourcing and expectations of stakeholders.
- Founders may be reluctant to accept change or burnt out.



NOTE: THIS IS A KEY STAGE!

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HR IMPLICATIONS AT MATURITY STAGE

COMPLIANCE

- Create processes for HR due diligence of growth risks (and rewards).

RECRUITING & STAFFING

- Recruitment needs will have slowed down.
- Candidate selection becomes more refined as cultural fit is easier to assess.
- Opportunity to assess attrition trends and promotion processes.

COMPENSATION & BENEFITS

- Cash flow available to offer competitive pay.
- Buying power and scalability should be reviewed in addition to market trends.

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HR IMPLICATIONS AT MATURITY STAGE

TRAINING & DEVELOPMENT

- Develop formal training programs and consider outsourced vs. insourced.

PERFORMANCE MANAGEMENT

- Hold leaders accountable for good performance management practices.
- Ensure transparency to employees regarding measures, processes and outcomes.

COMMUNICATIONS

- Communication methods and style become more reflective of culture.
- Assess communication vehicles, technologies and pace.

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HR IMPLICATIONS AT MATURITY STAGE

- EMPLOYEE ENGAGEMENT**
 - Build on successful foundational principles.
 - Determine priorities to capitalize on strengths and identify areas of improvement.
- CULTURE & STRUCTURE**
 - Incorporate values into performance reviews.
 - Shift structure to support operational efficiencies.
- LEADERSHIP DEVELOPMENT**
 - Develop and implement leadership succession plans.
 - Identify single points of failure (SPOFs).

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REFLECT ON YOUR ORGANIZATION

Do you believe your company has the added complexity of having multiple product lines at different phases within the Business Life Cycle?

Please describe.

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DECLINE

- FOCUS**
 - Focus on strategic, long-term planning.

- CHALLENGES & INDICATORS**
 - Sales and cash flow continuously decline despite operational efficiencies.
 - Cost cutting, downsizing or exploring new ventures.
 - Founder may experience extreme loneliness despite leadership team or advisors.



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HR IMPLICATIONS AT **DECLINE STAGE**

COMPLIANCE • Create plans for downsizing that meet compliance standards.

RECRUITING & STAFFING • Assess if open roles need to be filled, contracted or absorbed.

COMPENSATION & BENEFITS • Review vendor relationships and products for cost reduction opportunities.
• Determine appropriate compensation plans in face of business down-turn.

TRAINING & DEVELOPMENT • Develop skills of employees who are taking on different or additional responsibilities due to downsizing.

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HR IMPLICATIONS AT **DECLINE STAGE**

COMMUNICATIONS • Develop proactive, honest communication plans.

EMPLOYEE ENGAGEMENT • Counsel employees and managers as needed.

CULTURE & STRUCTURE • Restructure organization to best utilize talent while cutting costs.
• More important than ever that leaders lead with values and fairness.

LEADERSHIP DEVELOPMENT • Provide leaders with mentors and confidants during periods of high stress.

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EXIT

FOCUS

• Determine exit strategy: sell or close?

CHALLENGES & INDICATORS

- Relook operations, management team, competitive advantages and potential barriers to increasing the business value .
- Family businesses with a charismatic owner may need additional support to prepare for transfer to seller.
- Ensure support from coach or confidant.



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HR IMPLICATIONS AT **EXIT STAGE**

- COMPLIANCE**
 - Ensure compliance to prepare for sale or closure.
- RECRUITING & STAFFING**
 - Assist in outplacement of talent.
- COMPENSATION & BENEFITS**
 - Communicate duration of benefits and alternatives such as COBRA.
- COMMUNICATIONS**
 - Continue proactive and honest communication.
- EMPLOYEE ENGAGEMENT**
 - Increase touchpoints with employees; make sure EAP services are available.

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HOW HR SUPPORTS **EVERY STAGE**



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CLOSING THOUGHTS

- All business go through an evolution as they change over time.
- Each stage presents different business challenges and people management needs.
- The market today is agile and prime for businesses to evolve faster than ever before; managing through the business lifecycle is critical.
- HR is so much more than employee benefits, recruiting and compliance - it encompasses every aspect of human capital over the life of a business.
- To add value as a strategic business partner, HR professionals must understand and support the business lifecycle.

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OUR EXPERTS SIKICH.



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