

National HR Pilot Project

Description

1. Pertinent Facts

THE OBJECTIVE OF THE NATIONAL HR PILOT PROJECT

- ***To increase the effectiveness of HR management practices within smaller businesses, in order to improve productivity and competitiveness.***

PARTICIPANTS FROM ALL OVER CANADA

- Participants from all ten provinces and from two territories of Canada
- 100 small businesses
- 45 project agents from organizations offering aid to small businesses throughout Canada

KEY INNOVATIONS

- **A simplified “one-on-one approach” to help small businesses implement quality HR management practices**

* Focused on an AGENT *working jointly with the business in improving its HR management*

- **A “Set of Tools” designed specifically for small businesses**

* Practical and Easy to Use: *Tools based on the real needs of SMEs*

* Easy to understand: *Tools written in language within everyone’s reach*

* Indispensable for HRM: *The Tool Kit is based on the fundamentals of HR management*

- **A cross-Canada network devoted to the improvement of HRM effectiveness in SMEs**

* A national organization with a membership of 269 associations:
The Pan Canadian Network of CBDCs, CFDCs, CFs and SADCs.

KEY RESULT FOR PARTICIPATING BUSINESSES

- ***A 18.1% increase in employee productivity between 2007 and 2008***

2. General Description

2.1 The HR context in small businesses

Restigouche CBDC is part of the cross-Canada network of community development groups that is made up of 269 associations working with over 20,000 business clients in their respective rural areas.

This network participation has allowed Restigouche CBDC to observe that SME have many needs in the HR management area. Among them are easily accessible knowledge and more tools in the

HR management area. Through observation, it was found that these discrepancies are attributable to the lack of time and money as well as the size of SME.

2.2 History

In November of 2006, Restigouche CBDC obtained a mandate to carry out the National HR Pilot Project following an invitation to tender by the Government of Canada within the framework of the Workplace Skills Initiative. The pilot project was to last three (3) years from January 2007 to January 2010.

2.3 Financial Partners

- Principal Financial Partner
 - * Human Resources and Skills Development Canada
- Other Financial Partners
 - Department of Post-Secondary Education, Training and Labour of the Province of New Brunswick
 - New Brunswick Regional Development Corporation

2.4 Project Team

The project team was made up of four (4) people:

- Ms. Alexandra Jones, Project Manager;
- Ms. Claude Larouche, HR Project Team Leader and Regional Coordinator;
- Ms. Micheline Roy, Regional Coordinator; and
- Mr. Derek Leslie, Regional Coordinator.

Occasionally, various consultants were added to this group

(For professional information concerning members of the project team, go to the Restigouche CBDC website at <http://www.restigouchecbdc.ca>).

3. Objective

The main objective of the project was:

- **To increase the effectiveness of HR management practices within smaller businesses, in order to improve productivity and competitiveness.**

4. Approach

To attain this objective, it was decided that the pilot project would use the following approach:

- Develop a set of tools meeting the HR management needs of small businesses
- Emphasize a **simplified “one-on-one approach”** centered on the agent helping the business with HR matters

From the beginning of the project, it was clearly established that business people and agents should work together using a new "One-on-One Approach". (To learn more about this approach, please refer to the AGENT GUIDE in the section entitled INSTRUCTIONS in the printed KIT or on the CD.)

5. Participants in the National Pilot Project

Delivery of this project was made possible by the participation of 45 project agents employed by the following organizations helping small businesses:

- 32 member organizations of the *The Pan Canadian Network of *CBDCs, *CFDCs, *CFs and *SADCs*:
 - * Community Business Development Corporations (CBDC) in the Atlantic Provinces
 - * Community Futures and Community Futures Development Corporations (CF and CFDC) of the following: Ontario, the western provinces and the territories
 - * Société d'aide au développement des collectivités (SADC) of the province of Québec
- One chamber of commerce from the Yukon
- 12 CEDA (Community Economic Development Agencies) members of the New Brunswick Enterprise Network

☞ For the complete list of the organizations that participated in the National HR Pilot Project, please consult the section, "Welcome and Table of Contents" on the CD.

☞ For profiles of the organizations that participated in the National HR Pilot Project, please visit the following website: www.restigouchecbdc.ca

6. Project Activities

6.1 Recruitment Phase

Participating Organizations (45): Using the Pan Canadian Network, Restigouche CBDC first contacted each provincial association (CBDC, SADC, CF, CFDC and the Enterprise Network). This first contact informed the associations about the National HR Pilot Project and asked for their collaboration by informing CBDC Restigouche on which organization might potentially be interested in participating. The project team then communicated individually with each of the organizations that make up the community development network in order to explain the project and provide those interested with sign-up forms. The interested parties then submitted their forms and 45 were selected to participate in the national pilot project.

Project Agents (45): Each of these organizations designated one of their regular employees to act as an agent for the duration of the pilot project.

Small Businesses (100): Each of the organizations had the authorization to approach small businesses in their regions and offer them the opportunity to participate in the pilot project. The 100 final participating businesses were chosen through a selection process. Each business chose someone from the business (often the owner) to act as the "HR Business Person" in the framework of the pilot project. During the course of the project, only twelve (12) businesses dropped out. These were immediately replaced by eleven (11) new businesses.

6.2 The “Diagnostic” Phase

With the support of the project agents, the 100 businesses provided the agents and the project team with a good picture of the present state of their HR management by:

- Completing the diagnostic tools.
- Providing administrative and financial data relative to the year preceding the project. (“Research and Statistics” Form).

 For more details on the “Diagnostic” phase, see the “Agent Guide” on the CD.

6.3 The “Action Plan” Phase

With the diagnostics completed, each business had to prepare an action plan to improve HR management. This action plan covered the duration of the project (three (3) years). The members of the project team along with the agents were involved with supporting the business people in this task. This experience led to the preparation of a tool specifically dedicated to the preparation of an action plan.

 For more information, consult Tool “10 • Action Plan” in the printed kit and the corresponding Excel file on the CD.

6.4 The “Implementation” Phase

In general, the business people had no difficulty with the initial literature and the templates for the preparation of their “HR Manual”. The templates proved immediately popular among business people. On the other hand, it required encouragement from the agents to put into concrete form the techniques learned and the procedures written down. Once these techniques and procedures were set up, the satisfaction level of both business people and employees improved overall.

6.5 The “Evaluation of Results” Phase

In order to obtain reliable and representative statistics, the project team called upon the services of an HR research specialist. Ms. Sylvie Guerrero, Ph.D., a professor at the University of Québec in Montreal (UQAM), was asked: to undertake a review of the literature on the HR performance indicators in SMEs, to review all the diagnostic tools, to prepare an Excel file to compile the data gathered and to analyze the results.

 For more details on the “Evaluation” of results, see the “Agent Guide” in the printed kit on the CD.

From the gathered and compiled data, members of the project team prepared a “Display Card” for each business.

³ See examples of “Display Card” from project participants on the website: www.restigouchebdc.ca

7. Achievements

After three (3) years of experimentation and thanks to the comments and evaluations of the 45 agents and 100 participating businesses, Restigouche CBDC was able to design a **“One-on-One Approach”** for businesses and produce an **“HR Tool Kit”** to help SMEs in improving their HR management.

7.1 The “One-on-One Approach”

In the **“One-on-One Approach”** an employee of a community agency (who already works with small businesses) provides support and encouragement to a business during the use of the tools contained in the kit. The community agency employee is an **“Agent.”**

The **“HR Tool Kit”** was therefore developed to guide agents in supporting SMEs in the HR management process. The kit thus contains:

- AN **“AGENT’S GUIDE”**
 - * Explaining the use of the HR Tool Kit
- AN **“INFORMATION SHEET FOR THE BENEFIT OF BUSINESS OWNERS AND/OR MANAGEMENT PERSONNEL”** interested in improving their HR process.

7.2 The HR Tool Kit

This **“HR Tool Kit”** was conceived with the goal of providing basic HR management tools. Its principal characteristics are:

- Practical and easy to use, since it is based on the actual needs of SMEs;
- Easy to understand. The tools are written in everyday language;
- Essential for HR management. The Kit covers the basic elements of HR management.

By using these tools, **the agent** can help small businesses take the first steps toward setting up a quality HR management system.

The **“HR Tool Kit”** contains **ONE HUNDRED AND ELEVEN (111) ESSENTIAL HR TOOLS** in the following important categories:

- * Six (6) **“Diagnostic Tools”** of which one is a “Quick Diagnostic Tool” to complete an HR portrait of each business and measure its progress.
- * Three (3) **“Tools to Clarify Management Principles”** in each business.
- * One (1) **“Action Plan”** tool to facilitate the preparation of an action plan.
- * Twenty-five (25) **“Readings”** on HR management containing practical suggestions.
- * Seventy-four (74) **“Templates”** and **“Forms”** to help in the preparation of a **“HR Manual.”**
- * Two (2) tools **to measure the progress** of each business.

8. Pilot Project Evaluation Program

The pilot project evaluation program is made up of the following principal components:

- The performance of participating businesses
 - * OBJECTIVE: To measure the impact of good HR management practices on the performance of businesses
 - * EVALUATION TOOL: An annual survey of participating businesses
- Participant Satisfaction

- * OBJECTIVE: To measure participant satisfaction regarding the approach and the HR management tools suggested by the pilot project
- * EVALUATION TOOL: An annual survey of the participants (Businesses/Agents)

9. Preliminary Results

The results of the pilot project presented here only cover years one and two (2007 and 2008). The results for 2009 will not be available until the project ends in January 2010.

To obtain the final results of the National HR Pilot Project, please visit the CBDC Restigouche website: www.restigouchecbdc.ca

9.1 Impact of HRM on the performance of participating businesses

An analysis of the diagnostic tools and the statistics gathered during the national pilot project shows that the adoption of good HR management practices improves the efficiency of HR management and its impact on business performance.

Here are the improvements in performance obtained between 2007 and 2008 for the participating businesses. They represent some of the key performance indicators:

- PRODUCTIVITY: Increase 21.7%
- RATE OF ABSENTEEISM:Decrease 0.16%
- RATE OF VOLUNTARY EMPLOYEE TURNOVER:Decrease 1.53%

9.2 The Importance of Leadership in the performance of a small business

A central point of the proposed approach had to do with the importance of leadership in the performance of a business. From the first data analyses of 2007 on, Ms. Guerrero made mention of the importance of the owner's leadership style.¹

Proactive leadership can influence the performance of a small business in three (3) ways:

- (1) It is directly related to human resource performance indicators;
- (2) Leaders who seek to mobilize their employees also put into place more "good human resources management practices";
- (3) Employees are only as engaged and satisfied as their leader is capable of mobilizing them.

Again in 2008, the need to emphasize best leadership practices recommended by the project is reiterated.

To refer to the foundations of HRM, please consult the document entitled, "114 • HR Basics" in the SPECIAL FEATURES' section of the CD.

¹ Guerrero, Sylvie, Résultats sur la mise en place des pratiques RH. Enquête réalisée en 2007. p.18.

10. Participant Satisfaction

Two opinion and satisfaction surveys were taken during the project. .

Here are some comments that indicate the participants' level of satisfaction.

 To see a wider range of comments, please refer to "Participant Comments" in the SPECIAL FEATURES' section of the CD.

 To view photos and videos of accounts by National HR project participants, please refer to "Project Photos" or "Project Videos" in the "SPECIAL FEATURES" segment of the CD.

10.1 Business Participants

"My role in this project has been clarified by working with the tools regarding our mission, values and visions. These tools help to increase my awareness of what is needed for my business to grow and improve; and they guide me on implementing these practices." (NL)

"We have taken many steps over the last 2 years and we will always have room for improvement. We would not be where we are today if it wasn't for this program. Two years ago we were ready to close our business. Now we know we can work with it." – (NL)

"Most small businesses need assistance to help out with human resource & business plans, so they can plan actions rather than react." (PEI)

"We are currently implementing some of the tools given to us by the HR project and it is improving our working conditions." (NB)

"The project helped to develop systems to reach the attention of our employees, make them feel responsible for their jobs and get them involved in the business. Now the employees have a voice and we have developed better ways to communicate with them". (MB)

"I felt proud of our little motel and our staff! I guess this really emphasizes why we needed a mission statement. Feeling it is one thing but seeing it in print is quite another." (SK)

"I cannot tell you how excited we are to be part of this project, it could not have come at a better time for us." (AB)

"While we knew intuitively that we needed to codify our HR practices, we had never done so. The guide and the info we received from our local Community Futures were helpful." (BC)

10.2 Agents

"The program is great!! I am learning much more than I ever expected. One of the businesses is in a process of major changes and has included me in on the meetings about finances, banking, company changes, etc. The business credits the HR manual with helping them move along so confidently. I'm loving every moment of it." (NS)

"The tools are 'exceptional'...I really liked the diagnostics and found them to be very effective. The businesses are really "running" with the Guide as a reference." (ON)

"In one business in my area, communication has increased about 50%! Very successful results! ... The leadership survey was very revealing and useful." (NB)

“I never really appreciated the impact of having an HR policy manual for employees. The buy-in and co-operation of the employees is really great. They now feel like and work as a team.” (ON)

“One business owner had an “epiphany moment”. She has changed significantly how she manages... big shift for her business in the management culture.” (BC)

“Most SMEs that I work with will require some aspect of HR management and this project has given me a better respect for its importance and how I stress it to them. It has also given me the tools to help!” (NT)

11. Conclusion

To assure the future use of “The HR Tool Kit” and the “One-on-One Approach,” the project team put a maintenance plan into place. This plan contains the following components:

- Distribution of the tool kit to 269 member organizations of the *Community Futures Network of Canada*.
- Distribution of the tool kit to the 15 community economic development agencies part of the New Brunswick Enterprise Network.
- Preparing organizations involved as partners in the project for their role as “Champion” of the project.
- Spreading word of the project’s results through the use of various media (information workshops, publications, press conferences and permanent information on the Restigouche CBDC website).

11.1 *The Role of a “Champion”

During the last year of the pilot project, the 45 participating organizations were invited to choose a role in spreading knowledge of the experiences acquired during the project. The administrators chose to involve their organizations in one or more of the following categories according to their interests and availability:

- Facilitator (Facilitate workshops and/or information sessions on the “HR Tool Kit”)
- Mentor (Be there to give continuous individual support to new agents)
- Resource Person (Occasionally available to answer new agents’ questions)
- Promoter (To promote the results of the project and the “HR Tool Kit” at various events)
- Experience Sharer (Share personal experiences as a participant in the HR pilot program)

☞ to better understand the role of “Champion” or “Advocate” chosen by the organizations that participated in the National HR Pilot Project, please go to the CBDC Restigouche website: www.restigouchebdc.ca