



Culture Shock

Maintaining efficiency in tight labor markets **BY JOHN P. PALEN**

"Are you sacrificing your culture with traditional labor strategies?" I posed this question recently to a CEO who is challenged with finding enough employees for her growing company. Traditionally, she has relied on temp-to-hire staffing companies and managed downturns by reducing that staff. But the quality of the temps in the past year or so has deteriorated and caused more disruption than efficiencies. She has considered automation but worries that even exploring it might spook her good employees.

Low unemployment paired with economic growth has made hiring a challenge for almost everyone I speak with. As employees become overworked, the traditional strategy has been to hire more people. However, onboarding new staff is both expensive and disruptive

without a clear training process. Non-strategic hires may impact your culture even more — that is, if you can find them.

To overcome these problems, you have a couple of options:

Bump up salaries for retention and as an incentive to attract top hires.

Look into automation and new processes to improve efficiency for existing staff.

Increase salaries? Really?

It may seem illogical to increase your overhead costs when trying to build in efficiencies, but the cost to replace good employees is, as a rule, much higher than keeping those key employees happy and engaged. In addition, raising wages helps your company stay competitive in what is currently an employee market.

I would hope that most of your employees are working for more than a paycheck, but going too long without providing some wage or benefit enhancements can cause even the most well-paid employees to wonder where the grass might be greener.

Once you are confident that your wage base is competitive and attractive for current and future employees, develop a process for checking in with employees more frequently than during their annual performance reviews. Where it makes sense, invite them to bring their ideas to the table for increased efficiencies or new hires.

What can I automate and why?

Your key employees often know where inefficiencies lie in current processes — on the production and logistics lines or in the office. Ask them questions and really listen for the bottlenecks, pain points and safety concerns that hinder productivity and overall job satisfaction.

Often the most redundant and repetitive tasks are the ones that can be more easily completed through software solutions, artifi-

LESSONS IN CULTURE FOR TIGHT LABOR MARKETS

Assess the level of engagement in each area of your company: Can it be improved with wage increases, hiring and/or empowerment to create efficiencies?

Get people involved who will be most affected by new hires or automation

Have a point person or committee research best options

Analyze the cost/benefit of automating versus the cost of hiring, keeping quality in mind

Make a selection and develop the implementation and integration plan

Communicate progress to employees and customers

Monitor success and show the return on investment

Repeat

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— *John P. Palen*

cial intelligence or automation. Start there.

Once a solution is identified, do your homework. What is the cost analysis and benefit of automating this process versus hiring another person? How quickly can the automation pay for itself in time or money saved? Most importantly, will the quality remain high? Sometimes a shiny piece of equipment or software isn't the right fit if training is complex or unsupported, or quality suffers long-term.

Whether you are hiring people or adopting new technology, there will be growing pains. Sustain your positive culture by communicating the benefits of the changes, updating employees and customers on progress, and celebrating improvements or return on investment. Ongoing communication will support buy-in of these changes, and therefore, employee satisfaction and retention.

For the CEO I worked with, the solution came down to speed of implementation and long-term value. She decided to hire a director of operations who is now researching automation solutions while also focusing on employee-engagement strategies.

To create high productivity in a tight labor market, traditional strategies of hiring and layoffs don't work. Good employees have lots of opportunities, and it's best to create an environment where they can work efficiently and feel valued. Automation and strategic hiring can work in harmony. 📌



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