

From the Editor

What an interesting, challenging year 2009 promises to be! Last year taught me that the "norm" cannot always be depended on (a pregnancy should be 40 weeks, not 28!), and so too, I think in 2009, we are going to have to remember this – the "normal" / usual way we did things in the past may not work / pay the dividends we have come to expect, businesses are going to have to look at innovative ways of doing business and managing their resources (including people) if they are going to survive.



In the article "Hungry for SA Talent" (Business Times, 11 January 2009), Prof Linda Duxbury notes "The US will have a shortfall of 10 million skilled workers by 2010, and will be sucking talent from the rest of the world like a vacuum. South Africa should definitely be worried". She goes on to add that the global financial crisis would reduce demand for talent, but only temporarily. "In Canada and Australia companies are being really careful who they cut right now, even though we're in downturn. They're recognizing that if they cut now, they're not going to be able to grow in a year when the market's going crazy." So, if the "norm" was to cut jobs, then perhaps we should be questioning whether this "norm" can be depended on again. See Charles's article "riding out the economic storm - mobilising employee engagement".

As always, your comments, thoughts & input are appreciated - mail to kim@ep.co.za

Happy Reading!

Kim

Kim Odell - Editor

RIDING OUT THE ECONOMIC STORM

- mobilising employee engagement

Charles Henzi

Business confidence can be fickle, almost bipolar in nature – euphoria during good times and deep depression during bad!

During good times employees are regarded as vital to business success, as assets to be invested in. During bad times it is easy to fall into the trap of regarding employees as a cost and therefore an opportunity to quickly react to reduced fortunes by culling them.

Many companies having traveled this road discover that, when the good times return, they are short of delivery capacity and there are other consequences as well, namely, surviving employees are likely to continue to feel insecure, looking out for more stable employment and prospective employees will not easily gravitate to an employer who may be regarded as fickle.

DRG Outsourcing recommends that enterprises who consider themselves threatened by economic circumstances to not communicate "doom and gloom" messages to their employees. This will simply cause people to focus on survival behaviour/ agendas and in so doing become dysfunctional, that is, disengaged from the job at hand.

Far better is for them to really engage employees in the challenges that face the business, to involve them in the discovery of solutions - to deliver beyond expectations. Focus on the "We" – we are faced with particular circumstances, we will manage them (not respond to them) and we will get through these times and circumstances – together, just as entrepreneurs do.

In this scenario, when economic circumstances become more conducive to growth, the enterprise will be very well positioned in terms of competitive advantage through can do delivery capacity.

In more difficult times enterprises are urged to redouble their efforts at what we call Performance Leadership (as opposed to Performance Management – via a system). The objective is to create a spirit of entrepreneurship throughout the enterprise so that, especially in these times, competitive advantage is assured, to be used to advantage.

The DRG Performance Leadership Process ensures that employees become highly engaged in the enterprise, through becoming very clear on the Purpose of their work, understanding the dynamics of the business and how each role is pivotal to achievement of enterprise objectives.

In constrained economic circumstances, organisations remain just that – inwardly focused, whereas enterprises think on their collective feet, ride out the storm and emerge even stronger for the experience!

The question is: are you an organisation – likely to revert to type when feeling threatened, or an enterprise – capitalising on adversity?

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COACHING - One of those "airy fairy" fads or a means of moving from ordinary to extraordinary?

Marianne Voster, professional coach, sheds some light

Through Coaching, a person can realise their true potential by following a process of uncovering and then eliminating destructive behavioural and thinking patterns in their life - and doing this in a fully supportive, caring and inspirational environment.

Going through a coaching process however is not a soft and fluffy process. It requires hard work and commitment from both the coach and coachee. One coach defined a coach's job as kick-starting the next phase of your life.

Coaching traditionally takes place as one hour face-to-face sessions but is

developing to meet the needs of our modern world and includes telephone, on-line video, email and the multitude of electronic communication options.

The coach helps you to expand the kind of observer you are, in order to see patterns, contexts and questions that you haven't been able to see. The spectrums of possible actions that we have at any moment are determined by the observer that we are. Imagine someone listening, not only to your words, but also to what's behind them; someone who even listens to the spaces between your words; someone in tune with the nuances of your voice, your emotion, and your energy - who

is intent on receiving everything you communicate; someone who listens to the very best in you, even when you can't hear it in yourself.

Imagine hearing the truth about yourself. Where you are strong, and where you sell yourself short. Imagine hearing that without judgment? The process is set to help you break free from self-limiting conversations and take action that will lead to a more fulfilling life. It is about unlocking your true potential.

Interested? Contact Marianne Voster through the DRG Office..

What is a Professional Employer Organization??

Professional employer organizations (PEO's) enable clients to cost-effectively outsource the management of human resources, employee benefits, payroll and workers' compensation. PEO clients focus on their core competencies to maintain and grow their bottom line.

Businesses today need help managing increasingly complex employee related matters such as health benefits, workers' compensation claims, payroll, employee tax compliance, retirement/pension fund, unemployment insurance claims, etc. They contract with a PEO to assume these responsibilities and provide expertise in human resources management. This allows the PEO

client to concentrate on the operational and revenue-producing side of its operations.

A PEO provides integrated services to effectively manage critical human resource responsibilities and employer risks for clients. A PEO delivers these services by establishing and maintaining an employer relationship with the employees at the client's worksite and by contractually assuming certain employer rights, responsibilities, and risk.

Businesses across America (USA and Canada), and Western Europe have discovered the incredible value of PEO's because they provide:

- A wide range of personnel

management solutions through a team of professionals.

- Improved employment practices, compliance and risk management to reduce liabilities.

- Access to a comprehensive employee benefits package, allowing clients to be competitive in the labor market

- Assistance to improve productivity and profitability

- Relief from the burden of employment administration

Definition of PEO supplied by Harry Feinberg, CEO/Chairman, SourceQuest, LLC, www.sourcequestllc.com

Sometimes the right solution for your business is to outsource some of its human resource functions to a preferred service supplier...

In an interview discussion with Harry Feinberg, the founder and former chairman/CEO of Outsourcing Today (a company devoted to publishing magazines on outsourcing and outsourcing event coordination) and a specialist in the international arena, and David White (CEO DRG Outsourcing) talked through ins and outs and developments within the HR outsourcing industry.

One popular business model in the USA is termed PEO (Professional Employer Organization). These companies provide outsourced processing employment services. A PEO is considered a co-employer with its client companies and assumes structural employment responsibilities as following fair procedural representation for each employee, and ensuring that statutory employment body responsibilities are met through its advisory and administrative services to its clients. The PEO becomes employer in the first instance, and has a contract relationship with staff employed. The PEO has a strict service level agreement with the client detailing salary fund transfers and for payroll and retrenchment purposes.. The PEO's responsibilities include, adherence to the labour laws and social securities as defined in location of employment. In South Africa this same service offer is often referred to as HRO (Human Resource Outsourcing) and includes compliance requirement as providing work permits, and making employer contributions to Unemployment Insurance Fund, Workman's Compensation, Skills Development Fund, and Public Liability.

Total solution PEO's now provide talent management and performance/reward

modules to help their clients reach employee optimization within the business. Employee optimization may be defined as "highly engaged employees taking self directed action".

The line defining employment relationship responsibilities between PEO and client is simple in that PEO's assume statutory employment responsibilities, and the client assumes management and employee delivery responsibilities. The PEO is an advisor to employer bodies for statutory compliance, however, does not influence management outcomes. The client manages the staff member in terms of work allocation and remuneration/reward, and the PEO advises its client on keeping current all HR related procedures, policies, and documentations. The PEO provides an HR platform for businesses to operate staff relationships efficiently, and in successful relationships great synergies are reached.

The vision for the industry is about reducing a business owner's stress level through becoming compliant with employment regulations and requirements, and through enhancing employee engagement. An international survey conducted by Jefferies and Co determined that approximately 25% of a business owners time is spent focusing on the paperwork of the workforce related items and procedures rather than on the products/services that generate revenues. PEO's provide support to these inefficiencies within business environments, and are critical suppliers to the clients business. PEO services are used in various forms in all industry sectors of the market. A typical PEO provides service to call centers, IT

companies, engineering firms, consulting firms, etc, with employee counts of 1- 50 employees. However, corporate and large companies use the services of PEO's in the form of procuring processing support to staff employed on contract within their organisation. The variations of service packaging among PEO's are many, but similar in that their aim (and success) is in being able to assist client companies in maintaining an efficient, harmonious, and productive employment environment. Sheer numbers detailing the growth in contract employment relationships confirms the growth in HR outsourcing services. In 2000 5% of USA population was employed on contract, and in 2008 12% of the population is employed on a contract agreement.

There are many instances where PEO's provide HR platform services to companies with larger employee counts (50 – 150 employees), but it has not been until recent years that PEO's have had the sophistication to provide HR services to larger companies. In this respect the vision within PEO industry has grown in that it has begun to reach for mid market territory. Corporate outsourcing companies provide global solutions to cross cultural multi-national organisations. In the same way the PEO structure has dominated the small employer HR business requirement, corporate outsourcing companies have dominated service provision within companies employing thousands and tens of thousands of staff members. The mid market is fresh seas in that it has not reached any point of maturity in terms of HR outsource service efficiencies and benefits, and is significantly interesting in that it



Sometimes the right solution for your business is to outsource its administrative human resource functions to a preferred service supplier ... *CONTINUED*

comprises as much as 50% of companies in the market. The key in providing outsourcing HR services to the mid market is in supplying a suitable costing and delivery balance. Many believe that the service delivery model that will have early success within the mid market will develop out of the PEO model. Certainly the Total Solution PEO model, where the PEO provides packaged solutions in each activity within a company's HR

environment, is steering in the direction of mid market wants and needs. The larger outsourcing companies suffer with over structure and cost disadvantage, and so it is likely that there is greater opportunity in this market for PEO's with their hands on and entrepreneurial approach. The mid market requires a unique delivery model in that mid market companies generally have some internal HR delivery capacity, and require only

modules of HR processing and support.

PEO's in their various forms in all business sectors in the market continue to play an integral part in managing meaningful employment relationships throughout the world. Companies more and more are learning to focus on core business activities, and build value adding relationship with suppliers of HR and (other business) services.

PEO Services within DRG Outsourcing

DRG Outsourcing provides an administrative human resource management services to small and medium size companies employing 1-100 staff members. The administrative service includes the following human resource activities:

- Payroll Management
- HR procedures, policies and documentation
- Payroll and HRA business processes and defined outcomes
- Performance, Reward and Incentive.

- Employee Health and Benefit Management
 - Talent and Succession Planning
- What every employer wants in his business is "highly engaged employees, taking self inspired action."

DRG Outsourcing has the HR solution that unblocks talent within all business structures, aids in developing a strong staff delivery culture, and keeps current all employer statutory body structures, procedures, and documentation.

For enquiries of PEO solutions within DRG Outsourcing please contact David White on david@drg.co.za

Telebond Call Centre testimonial

"DRG Outsourcing plays an integral role in my company decision making in regard to all employer-employee activities. DRG provide a turnkey HR management approach that certainly has played dividends in my business. Telebond is now in our fifth year of trading, and administratively DRG has been there for us from the beginning. DRG are a professional team that brings great value to our business, and we are very glad to have had their support and expertise guiding our HR decision making."

Martin Smith, MD Telebond Call Centre.

CO SOURCING

An HR Platform that provides HR processing and support for your business

DRG Outsourcing, through its associate relationship with HR Torque Outsourcing are able to provide your business with an HR Platform for your business that professionally administrates Payroll, Employee Benefits, and HR Administration.

DRG Outsourcing and HR Torque Outsourcing collectively have 20 years experience in providing professional and reliable HR solutions to more than 1000 companies in KZN and nationally.

The Co Sourcing option to HR Management within your business includes a review of current payroll and HR structures, and a consolidated report to assist in drawing effectiveness and efficiencies into your business. The cost of our HR processing and support program is minimal, and certainly will help to manage and reduce current costs and liabilities.

We will be glad to present our Co Sourcing solution to your company in further detail. Contact David White on 031 767 0625 or david@drg.co.za

Is your Company a BEE EME?

Government has singled out small enterprises as vital in the fight against unemployment. Aiming therefore to ease the regulatory burden on small enterprises, many of which are already struggling under financial and capacity constraints, the BBBEE Codes of Good Practice, gazetted on 09 February 2007 (The Codes) provide less onerous BEE compliance requirements for small and micro enterprises.

Thresholds for Qualifying Small Enterprises (QSE) range between R5million and R35million based on annual turnover. Thresholds for

Exempted Micro Enterprises (EME) are R5million based on the annual turnover.

The effect of these thresholds is that a significant number of enterprises are excluded from having to comply with BEE requirements.

For Enterprises who fall into this category (R5million or less annual turnover), provision is made for a Micro Exemption which carries with it an automatic "Level 4 Contributor" status. In addition if the enterprise is more than 50% black owned they qualify for a promotion to a BBBEE status of "Level 3 Contributor".

DRG Outsourcing is proud to be associated with butterflymanager®

butterflymanager® can provide candidates from a database of 2000+ readily available high quality managers that are able to fill in gaps where a particular expertise is needed and for a specific timeframe.

butterflymanager® is typically filling top management positions such as CEOs, CFOs and Director-Level vacancies at short notice.

The managers provided are covering for sickness, vacation, unscheduled departures or a special transition period in the company such as new project start-up, turn-around or closure.

"Delivering managers that enhance performance", makes butterflymanager® an essential partner in helping you source the appropriate skills and expertise whatever your situation.

For further information contact David White – 031 767 0625



Watch out for those "informal" SMS's!

Increasingly in business we find ourselves communicating not only via e mail, but also via SMS. In this regards it is important to be aware that SMS communications do have legal effect, as ruled in the recent case of Jafta v Ezemvelo KZN Wildlife (2008) JOL 22096 (LC).

The court ruled that "an SMS is as effective a mode of communication as an e mail or a written document."

For the facts and ruling see www.saflii.org/za/cases/ZALC/2008/84.html

BBBEE Update

SANAS (South African National Accreditation System) has provided certificates of accreditation to 11 BBBEE Verification agencies nationwide. The full list of verified agencies is as follows; BEE Empowered, BEE Matrix, BEE Verification Agency, **DRGSiyaya**, Emex Trust, Empowerdex, Empowerlogic, Honeycomb, NERA – Gauteng, NERA – KZN and NERA Western Cape.

In addition, another 20 agencies are in the "pipeline" for accreditation.

DRG OUTSOURCING LIST OF SERVICES:

- **Employee Investment**
Charles Henzi
- **Strategy and BEE Facilitation**
Jeff Blackbeard
- **Human Resource Management**
Tony Kruger
- **Training**
Lindiwe Bhadi
- **Recruitment**
Megan Shepstone
- **Contract Management**
David White
- **Payroll**
Christy Chetty
- **Sales and Marketing**
Raoul Di Marco
Megan Shepstone

For further information on each of these service lines call **(031) 767 0625** or visit: www.drg.co.za