

STRATEGIC HR MANAGEMENT
CASE STUDY WITH TEACHING NOTES

SRMTM

SOCIETY FOR HUMAN
RESOURCE MANAGEMENT

High Growth Industries

By Alan Cabelly, Ph.D.

PROJECT TEAM

Author:	Alan Cabelly, Ph.D.
SHRM project contributors:	Bill Schaefer, SPHR Nancy A. Woolever, SPHR
External contributor:	Sharon H. Leonard
Editor:	Courtney J. Cornelius, copy editor
Design:	Kellyn Lombardi, graphic designer

© 2009 Society for Human Resource Management. Alan Cabelly, Ph.D.

Note to HR faculty and instructors: SHRM cases and modules are intended for use in HR classrooms at universities. Teaching notes are included with each. *Currently, these resources are available free of charge and it is our intent to continue to provide the materials at no cost; however, we reserve the right to impose charges should we deem it necessary to support the program.* Please duplicate only the number of copies needed, one for each student in the class.

For more information, please contact:
SHRM Academic Initiatives
1800 Duke Street, Alexandria, VA 22314, USA
Phone: (800) 283-7476 Fax: (703) 535-6432
Web: <http://www.shrm.org/education/hreducation>

Case Overview

High Growth Industries (HGI) is a regionally accredited chain of daycare centers in northern California with headquarters in San Francisco. HGI has established an excellent reputation during more than 30 years of service and has worked hard to achieve its motto to “foster high growth for your child”. It was recently awarded its largest contract ever; in just six months, HGI will be the sole provider of daycare services for all central and northern California state agencies.

HGI currently operates 17 daycare centers, mostly near San Francisco, Sacramento and Napa Valley. These centers employ 163 teachers, childcare specialists and aides. Thirteen centers are more than 15 years old, and 60 percent of workers have been with HGI more than 10 years. Centers range in size from two to 19 employees.

You were recently hired as HGI’s first vice president of human resources. You left an HR director position in a major manufacturing organization out of boredom. With an HR degree and 20 years of progressive HR experience in various industries, you have seen it all. You have always been quite successful and eagerly anticipate the challenge that HGI’s president said would be yours, yet you cannot help feel somewhat uneasy at the enormity of your future tasks.

The HR function is in a shambles. You were unable to find an affirmative action plan, training documents or other basic personnel information, including I-9s. Although the company has been unionized for the better part of 20 years, labor contracts are available for only the past five years. The teachers’ union nearly struck two years ago over wages and conditions, although the specialists/aides union appears less militant. Each union is a union shop. Both contracts expire January 1 next year.

In the past, the president and each center’s managers performed all of the organization’s personnel functions by the seat of their pants. Recruiting was by word-of-mouth, performance appraisals rarely occurred, and the president was the chief union negotiator. “Management by walking around” is constantly practiced; the president visits each childcare center every month. Most managers are happy with this management style and the flexibility it provides them.

The data surrounding HGI’s upcoming expansion are astounding. You will be adding between 1,200 and 1,500 daycare workers, and a commensurate number of support staff. There will be approximately 40 new daycare facilities, some as far as 350 miles away. You wonder if enough skilled and certified teachers are available.

TEACHING NOTES

Introduction

This case provides an introduction to human resource management. The case is one where a service organization rapidly expands, hiring its first VP of HR. Students can take any number of perspectives as they identify the tasks confronting this individual. The instructor leads students to develop effective operational and strategic solutions within the context of the situation and HR theory.

Depending on instructor goals, class type, and student background, this case can be analyzed in many different ways. Four different methods are presented here.

Typically, the case analysis would take place during the first class session. Built into the case is its brevity—students can read the case during class with no advance preparation, although instructors may want to assign it as pre-reading.

During case discussions, especially when using one of the role-play alternatives, student comments and reactions occur rapidly, often moving discussions in unexpected directions. Students internalize their roles, feeling a true attachment to their characters. Instructor questions become important; those versed in the Socratic method of teaching will do well. A central tenet of this method is that there is never one answer to a question; the purpose of using a questioning methodology is to engage students in critical thinking, guiding them as they generate their own solutions. This case has often been used in two different sections of the same course, sometimes in consecutive hours, coming to remarkably different conclusions about what should be done. The instructor who is prepared for varied responses, does not have a set conclusion, and can focus the discussion on important areas will find a high degree of success using this case. While this might seem risky to some, the rewards are substantial.

For those unfamiliar with the Socratic method of teaching, consider conducting an Internet search on that phrase. Two particularly helpful sources are <http://lonestar.texas.net/~mseifert/crit3.html> and http://www.garlikov.com/Soc_Meth.html.

Please note that the timelines provided are merely advisory. In more advanced classes, the case can require 20-50 percent more time than is estimated. Although instructors may want to use the case on the first day of class with no advance preparation, time can be saved by distributing the case (potentially with questions) to students in advance.

Please also note that no separate student workbook is provided. Instructors should photocopy and distribute the case overview from page 1 to each student.

TEACHING METHODS

Four different teaching methods are suggested. Instructors may wish to combine methods.

Method 1: Perceptual Comparison Role Play

The first method works best with undergraduate, graduate or continuing education students with a good business background; they do not need a strong foundation in HRM concepts. The goal is to identify expectations that other organization members have of the HR executive, and how HR responds to these and other expectations.

Method 2: SWOT Analysis

The second method works best with undergraduate or graduate students with a solid understanding of HRM concepts. The goal is to understand how strategic planning helps HR leaders make effective decisions.

Method 3: Operational Planning Case Analysis

The third method works best with students who have a great deal of HR experience, in either the classroom or the workplace. The goal is to teach students how to prioritize among competing demands and make operational decisions that respond to critical needs while placing subordinate needs in a secondary position.

Method 4: Strategic Planning Case Analysis

The fourth method works best with students who have a strategic background, from either study or work. Executive MBA groups work well here. Students with this or similar background do not need specific HRM knowledge to learn with this method, which teaches students to take a long-term approach to what appears to be immediate needs. Students learn that effective strategic planning leads to clear operational decision-making.

Method 1: Perceptual Comparison Role Play

Method 1 works best with undergraduate, graduate or continuing education students with a good business background; they do not need a strong foundation in HRM concepts. The goal is to identify expectations that other organization members have of the HR executive, and how HR responds to these and other expectations.

This approach allows students to see how people from different situations view the HR executive's role. It does not require a great deal of HR background on the student's part, although a broad business background will help. Instructors may choose to provide some overview of the basic types of HRM roles (operational, administrative, strategic) for students to really recognize the specific perspective of each group. At the conclusion of the role play, students will have had the opportunity to see a number of competing demands under which the HR executive functions. Further, hidden agendas of these groups can, at the instructor's discretion, be explored.

The case typically works best when presented at the beginning of an introductory HRM course, or at the conclusion of an introduction to business, principles of management, organizational behavior or similar course.

Divide the class into as many as 10 small groups (with smaller classes, the first groups to be eliminated are, in order, middle management, marketing, and CFO). Information provided for each role may help inexperienced student groups develop their responses.

- HR vice president.
- Chief executive officer.
- Legal staff: Focus on all legal issues within the corporation, including teacher certification, labor issues (EEO, wage and hour, legal ability to work, safety, etc.).
- Marketing vice president: Focus on increasing the client base, both short-term and long-term.
- Chief financial officer: Focus on budgetary and other financial issues, seeking ways to keep costs low. Should examine cost-saving potential in operations, teachers, and support staff.

- Managers of individual daycare centers: Responsible for the daily operations of each center.
- Middle management (such as accounting, purchasing, etc.): Responsible for specific functions.
- Training director: Responsible for teacher and support staff training (either conducting the training internally or finding sources for training).
- Union leadership: Elected by the teachers, specialists, and aides themselves. A union shop requires all workers to join the union shortly after becoming employed.
- Workers: These are primarily the teachers, specialists and aides. (They do not necessarily have the same goals as the union leaders.)

Each group (except the HR vice president group) is given 15-20 minutes to develop responses to the following questions. Advise students to stay within their roles, thinking the way that particular manager or worker would think.

- What do you desire of the new HR vice president?
- What are your next goals in your position?
- What perceptions do you bring to the situation?
- What are your hidden agendas?

The HR vice president group simultaneously prepares its analysis by responding to the following questions:

- What are your priorities as the new HR vice president?
- How are these priorities established?
- What problems do you expect to face?
- How should these be addressed?

During this process, students often state they have neither enough information nor enough time to produce high-quality responses. Remind students that the modern executive's job is to make effective decisions in uncertain conditions; that they rarely have all the time and information they need; and that they need to make assumptions as necessary. At the instructor's discretion, however, and with consideration of time constraints, reports at this stage might cover only the first two questions listed above.

Each group now has 90 seconds to make a “private” report to the HR vice president group, with the CEO reporting last. The HR vice president group does not report anything at this stage. Thus, in a classic fishbowl setting, everyone hears what all other groups report; everyone is cautioned to ignore what other groups report and state only what their group has prepared. For purposes of the debrief at the conclusion of the role play, everyone is well-versed on what all the groups desire. For purposes of the role play, however, each group functions as if they do not know what others are thinking.

During this process, the HR vice president group can ask follow-up and clarifying questions as necessary. The time constraint of 90 seconds is important; it forces each group to focus and keeps an exercise with as many as nine reports from getting bogged down. It also adds a bit of levity because everyone tries to rush through their reports. Consider using a watch with a countdown timer and alarm, and challenge groups to try to complete their reports before the alarm sounds.

The HR vice president group then is allowed 5-10 minutes, outside of the classroom, to prepare a final report to the CEO. Coming to conclusions and developing a plan in such a short time is challenging to say the least. However, it provides focus and allows discussion to begin without the potential of dead time in the classroom. At the instructor’s discretion, and depending on the class level, the final report outlines HR’s short-term operational plan, its long-term strategic plan, or a combination. The HR vice president group returns to the room and has 5-10 minutes to speak “privately” with the CEO (of course, the rest of the class observes).

While the HR vice president group is preparing its presentation outside of the classroom, the instructor can utilize this time with the remaining students by discussing one of the following topics:

- The competing perceptions and hidden agendas of the groups.
- How the new HR vice president is being pulled in many directions.
- The specific steps HR should implement.
- The broad approach HR should take.

After the HR group gives its report to the CEO, a classroom discussion should be held to examine the following:

- Did the HR group respond to your needs (within role)?
- Which groups seemed to be most satisfied with the HR vice president's recommendations?
- Did the HR group respond to the organization's needs?
- Was the HR group's approach inclusive, or an "ivory tower" reaction?

This concludes an intense, demanding, but fun examination of a situation in which expanding organizations often find themselves.

Timeline

- Students read the case (5 minutes).
- Divide class into groups, explain task (5-10 minutes).
- Groups have 15-20 minutes to prepare its statement to the HR vice president group.
- Each group presents a 90-second report to HR (90 seconds x 9 groups = ~15-20 minutes).
- HR prepares its report to the CEO; instructor leads discussion with other groups (10 minutes).
- HR reports to CEO (10 minutes).
- Debrief (15-30 minutes).
- Total: 75-105 minutes.

Method 2: SWOT Analysis

This method works best with undergraduate or graduate students who have a solid understanding of HRM concepts. The goal for this method is to understand how strategic planning helps HR leaders make effective decisions.

There is no structured role play as in the first approach. Different groups identify strengths, weaknesses, opportunities, and threats and report these to the class. Other groups identify short-term and long-term needs. Finally, the last group, having listened to all previous groups, prepares a formal report to the CEO.

The purpose of this exercise is to allow students to see the relationships among the SWOT analysis, short-term and long-term planning, and a final HR plan. Because this approach requires a solid understanding of HRM concepts, this method typically works best at the conclusion of an introductory HRM course or at the beginning of a capstone HRM course.

Begin by ensuring that students have a basic definition of the key SWOT concepts:

- **Strengths** are those tangible and intangible qualities that enable an organization to achieve its mission. These include human competencies, services and process capabilities.
- **Weaknesses** are those activities, services or other factors that block the organization from fulfilling its mission.
- **Opportunities** present themselves through the environment in which an organization operates. They may be generated by the appearance of new trends in the marketplace, technology or demographics.
- **Threats** are external to the organization. Unlike weaknesses, they cannot be directly controlled; in fact, they exploit weaknesses and increase vulnerability.

Make sure that students understand these concepts and realize that strengths and weaknesses are internal concepts, while opportunities and threats are external—not directly controlled by the organization, but often essential for success.

Have a brief discussion about the difference between short-term and long-term needs. An instructor may keep this discussion ambiguous or make it relatively precise, depending on the instructor's own goals.

Many instructors have their own personal definitions of a SWOT analysis, as well as varying distinctions between short-term and long-term needs. Use definitions that are consistent with your own teaching; what is most important is that all students in the class are using a similar framework.

The instructor divides the class into a minimum of five groups and assigns each a different task:

- One group identifies HGI's strengths and opportunities.
- One group identifies HGI's weaknesses and threats to its future.
- One group identifies short-term needs (typically items that must be accomplished within the next six months).
- One group identifies long-term needs (typically items that must be accomplished but are not immediate needs).
- The final group prepares a complete report.

Give each group 15-20 minutes to complete its task.

The first two groups should present complete reports to the class, answering questions if necessary. These groups should focus on stating and analyzing specific details of strengths, weaknesses, opportunities and threats, without identifying action steps. The instructor should remind the class that the purpose of a SWOT analysis is to understand the organization's situation; only then can effective action planning take place.

The next two groups then spend 5 additional minutes in private deliberations, adding to their reports based on what they heard from the first two groups. Each group then gives a complete report to the class, answering questions if necessary; the group that identifies long-term needs is encouraged to think on its feet, continuing in the direction that the short-term group started.

The final group then spends an additional five minutes in private deliberations before presenting their final report to the class (the fictitious CEO). The intent of this report is to give a formal vision statement to the CEO describing what HR will do and why, and identifying additional needed resources.

At the conclusion of this process, students will have seen how the SWOT process works from beginning to end and will understand how one process directly affects others.

Timeline

- Students read the case (5 minutes).
- Divide class into groups; explain SWOT analysis, describe task (10-15 minutes).
- Each group has 15-20 minutes to prepare a preliminary report.
- Strengths/opportunities group reports (5 minutes).
- Weaknesses/threats group reports (5 minutes).
- Remaining groups deliberate (5 minutes).
- Short-term group reports (5 minutes).
- Long-term group reports (5 minutes).
- Final group deliberates while instructor leads discussion of class expectations (5 minutes).
- Final report to the CEO (5-10 minutes).
- Debrief (15-30 minutes).
- Total: 80-110 minutes.

Method 3: Operational Planning Case Analysis

This method works best with students who have had a great deal of HR experience, either in the classroom or in the workplace. The goal is to teach students how to prioritize among competing demands and make operational decisions that respond to critical needs while placing subordinate needs in a secondary position.

Students are placed in groups and asked to focus on relatively immediate needs. This works best when the groups are given a series of time periods, each one longer than the previous. All groups are assigned the same task. Groups discuss what they must accomplish in the:

- First two days.
- First week.
- First month.
- First three months.
- First six months.

Although not absolutely necessary, this process generally works best when each group has its own flip chart. Depending on the instructor's preference, the flip charts for each group could face the rest of the room (so they could be viewed by the entire class) or turned so that each group sees only their own chart.

A minimum of three groups should report to the class, giving the rationale for their choices and answering questions. After those groups report, the instructor should ask others if they have additional ideas or suggestions. Generally, most of the ideas will have surfaced after three groups report; however, the instructor should ensure that all voices are heard.

If student preparation is adequate, discussions will cover many significant issues. Where appropriate, the instructor should provide information about these concepts to students before or during the exercise:

- Legal issues, including I-9s, affirmative action and EEO, teacher certification, etc.
- Contract negotiation, labor relations, union certification/decertification, and other labor issues.

- HR staff development.
- Teacher staffing.
- Documentation, both past and future.
- Compensation.
- New vs. old; respect loyal employees while simultaneously embracing change.
- HR vice president; personal style, department style.
- Communication needs and corporate culture issues.
- Effect of changes on both operations managers and the CEO.
- Budget.
- Training needs.
- Methods of getting buy-in.
- Use of consultants or other short-term support staff (e.g., retired executives).

Many of these questions will lead to rousing debate. Experienced HR professionals will often disagree with inexperienced students, especially those whose learning has been primarily theoretical.

Timeline

- Students read the case (5 minutes).
- Divide class into groups, explain task (5-10 minutes).
- Group analysis (20-30 minutes).
- Group reports, discussion, and debrief (30-50 minutes).
- Total: 60-95 minutes.

Method 4: Strategic Planning Case Analysis

This method works best with students who have a strategic background, from either study or work. (In particular, executive MBA groups work well with this method.) Students with this or similar background do not need specific HRM knowledge to learn with this method, which teaches students to take a long-term approach to what appears to be immediate needs. Students learn that effective strategic planning leads to clear operational decision-making.

The general line of discussion will revolve around where HGI wants to be in two years and how they should work backward. This analysis typically seeks to get a buy-in from the entire organization, using executive and managerial teams to study the problem. Answers are slower to develop and are significantly broader, especially if there is little HR expertise in the class. Where this occurs, the instructor might ask the class to solve a specific unanswered question (e.g., What should we do when the letter from the OFCCP arrives? Who will be doing the actual hiring for HGI? How does the collective bargaining process work?).

For this type of analysis to work, the instructor should be well-versed in the relatively standard Socratic method of case analysis—one that involves constant questioning of the class. The instructor's job is to ask the right questions, allowing students to develop solutions. Often students themselves will lead the class in the proper direction.

CONCLUSION

Conducting this case—no matter which analysis option is used—provides students with enough material to make effective decisions while leaving enough unanswered questions for many speculative assumptions to be made. This generally leads to a wide-ranging discussion of HR planning.

SHRM members can download this case study and many others free of charge at <http://www.shrm.org/education/hrededucation>.
If you are not a SHRM member and would like to become one, please visit www.shrm.org.



SOCIETY FOR HUMAN
RESOURCE MANAGEMENT

1800 Duke Street
Alexandria, VA 22314-3499