



# 7 Costly HR Mistakes

and how to avoid them

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## Q. WHY WAS THIS EBOOK PRODUCED?

A. This eBook has been produced to highlight 7 common HR mistakes which cost businesses both money and time.

## Q. WHO IS IT FOR?

A. It has been written for business owners, CEOs, managing directors and other key decision makers who are experiencing ongoing difficulties in relation to their HR practices.

## Q. WHAT WILL YOU GET OUT OF IT?

A. The eBook will help you to identify the causes of common HR issues. Additionally, it will explain valuable advice for successfully growing your business by leading a team of highly productive and committed people.



Once your business begins to grow and more employees come on board, the more complicated your HR needs will become.

It's likely you don't have the time, experience or expertise to properly resolve every HR issue that arises. This puts you at risk of making a costly slip-up.

Fortunately, there are ways to prevent HR mistakes. With some hard work and professional advice, you can grow your business through a team of superstar employees.

After all of the hard work building a sustainable business, the absolute last thing you want is to spend all of your company resources, time and money on managing poor performing or unproductive employees!



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## **MISTAKE ONE:** You don't know what you need

Unfortunately, many business owners simply 'don't know what they don't know' about the necessities of employing individuals or hiring contractors.

In addition to this, they don't obtain professional advice in order to understand what their employer obligations are, nor the best way to hire, manage and motivate their team to achieve amazing business results.

As your business grows, you will face HR challenges that you would never have expected to face. This makes it almost impossible for you to plan for the future.

## **SOLUTION:** Seek professional advice early

It might sometimes feel like you're expected to know everything there is to know about employer obligations and managing your employees, but the reality is, you're not a HR expert.

You have many responsibilities as a business owner and you simply can't face all the pressures of leading a successful team by yourself.

If you seek professional advice from the get-go and set up some basic HR systems, you will avoid making costly mistakes in the long run. You'll also be more prepared to deal with complex HR challenges that occur as your business continues to grow.

Consult with HR professionals or employment law experts for this. At the very least, you should check the *Fair Work* website which has a plethora of free resources about your workplace rights and obligations.

The sooner you seek advice, the better positioned you will be to create a happy and productive workplace.



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## **MISTAKE TWO:** You don't have a plan

Most business owners take an unplanned approach to the hiring and management of their team. This is reactive, inconsistent and not at all strategic.

It may seem surprising to some, but many businesses actually operate without even having a business plan, let alone a "people plan" for managing employee KPIs. A solid business plan is what should drive everything a business does. So it's really no surprise when these businesses struggle to achieve goals and targets.

If you don't understand your business goals and what needs to be done to achieve your objectives, how can you expect your employees to do work that's going to deliver on those goals?

## **SOLUTION:** Develop a business plan and a people plan

Whether you are starting a new business or growing an established one, planning should always precede action.

A business plan is a necessity to understand where you're going and how you're going to get there. It's best if you can get your business plan summarised on a single page.

From there you will be able to identify the types of resources and jobs necessary to achieve the plan. This allows your employees to be clear on what they need to do to deliver on the business plan.

While a business plan is essential, so is a people plan. This should be the product of careful consideration and discussion surrounding people and culture goals.

Your people plan should include descriptions of:

- > Your organisational structure
- > Workforce capabilities and capability gaps
- > The number of employees you intend to hire
- > How you will manage your employees
- > Your estimated workforce costs
- > The roles each member will play in your organisation

By putting together a thoroughly considered business plan and people plan, you'll be far more likely to reach the destination you have in mind.

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## **MISTAKE THREE:** Your approach to recruitment is lazy

Too many business owners do not have a well thought out recruitment and selection process that will result in attracting and appointing the best person available for the job. They have no clarity over exactly what an ideal candidate profile looks like.

If you are always in a rush to get someone in the door, you aren't investing enough time on selecting the right person for the role.

This approach leads to large sums of money being wasted on training and recruitment agencies due to high employee churn.

There is simply nothing worse than realising an employee you have recently hired is the wrong fit. You're then faced with having to provide additional training or conducting performance management. If you decide to let them go, you'll have to start the whole recruitment process all over again.

## **SOLUTION:** Develop a robust recruitment process

It's always best to take your time to find the right person.

You should first ask yourself whether you really need a new employee to fulfil a role or are there alternatives around it. Alternatives to consider include retraining an existing employee, promoting from within, redesigning the role or outsourcing.

If you're confident you need to hire someone new, get absolutely clear on the skills, experience and attributes you require from them.

You'll need to develop a multi-faceted selection process to ensure you ultimately choose the best person for the job. Consider incorporating the following into your recruitment and selection process:

- > Application forms
- > Behavioural based job interviews
- > Pre-employment medicals
- > Ability and personality assessments aligned with job requirements
- > Assessment centres
- > Work trials
- > Presentations
- > In-Box exercises
- > Behavioural based reference checks

A little more time invested up front in recruitment and selection will result in significantly less time and money being spent later on if the person needs additional training or has to be replaced.

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## **MISTAKE FOUR:** Your expectations are unclear

Business owners who fail to provide employees with clarity around their job expectations are asking for trouble.

This has become a very common trend in businesses both large and small and will really hold a business back from achieving growth.

Even a successful business can begin to lose revenue if there are sudden internal changes that result in a lack of accountability and unclear employee expectations.

If you are not communicating your vision, values, business plan, KPIs or feedback to your employees, then they are always going to fail to meet the desired goals – because they don't even know what their goals are!

## **SOLUTION:** Set clear expectations and provide regular feedback

Every employee needs to be 100% clear about their responsibilities and how their performance will be measured. Employee expectations and goals should be set following the SMART objectives framework:

- > Specific (concrete, detailed, well-defined)
- > Measureable (numbers, quantity, comparison)
- > Achievable (feasible, actionable)
- > Relevant (reflects interests)
- > Timeframe (defined timeframes, deadlines)

Put your discussions about expectations in writing and remember to provide your employees with copies of the goals you have agreed upon with them.

You should set aside time to provide regular (daily/weekly) feedback to each of your employees in relation to their performance against these goals. Regular in-the-moment feedback will also help to keep them on track whilst acknowledging their contributions to your business.

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## MISTAKE FIVE: You're not engaging hearts and minds

Many business owners don't realise that their primary role is as *leader* of the organisation.

They don't sell the vision of the business, they communicate poorly, don't involve others in their decision making, and don't develop and reward their people in a meaningful way. As a result, they operate within a "silo".

As a CEO, managing director or key decision maker, you need to bring people along with you on your journey. You need to communicate an inspiring vision and share the values behind that vision with your teams. This is the ultimate goal for any great business owner.

## SOLUTION: Become a great leader

Your main task is to lead your business and your people. Mostly this is about inspiration, communication and recognition.

Leaders of the best places to work are:

- > **Brave** in their approach to business and life
- > **Authentic** in their communication
- > **Love** what they do and have fun doing it

Of course, becoming a great leader is much easier said than done. It takes time and dedication. The following starting points can help you begin your journey towards becoming a better leader:

- > Take time to examine your purpose and your passion to help you understand the real reasons why you do what you do.
- > Identify what tasks you are good at and you enjoy doing, then focus on doing these tasks more in your work.
- > Be aware of your limitations – nobody expects you to be good at everything. Seek feedback on areas where you can improve.
- > Take stock of your Emotion Intelligence (EI). A strong understanding of how your behaviours impacts others and how others perceive you is an indispensable quality.
- > Find your intersection – this is where your passions, talents and opportunities intersect. By finding your intersection, you'll be able to inspire your customers and those you lead.

You'll need to systemise the way you approach becoming a better leader to ensure it happens regularly and effectively in an authentic way.

Remember, as the leader of your organisation, it all starts with you. Seek professional support or coaching if you need guidance along the way.

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## **MISTAKE SIX:** You're not complying with the law

It's an all too common occurrence - a business owner who has landed themselves in trouble with the law because they failed to meet their employer obligations. It could be for anything including unfair dismissal or wage underpayments claims, to workplace investigations around bullying or sexual harassment.

If you fail to comply with the Fair Work Act, you put yourself at risk of facing employee claims as well as fines from the Fair Work Ombudsmen.

Many employers *think* they understand basic obligations such as paying award entitlements or ensuring a safe working environment. However, in reality they can operate under a number of false assumptions until suddenly...one or more of their employees will raise an issue.

There's no denying that employer obligations and employee rights are complex. But as a business owner, it's your responsibility at a minimum to ensure you are complying with relevant laws.

It's a costly mistake to not seek advice up-front on what your employer obligations are and what you need to do to minimise your risk.

## **SOLUTION:** Invest now before you make a mistake

By the time you realise you've haven't been complying with the law, the damage has most likely been done. This is why you must always be on top of your employer obligations.

To do this, you need to seek professional advice. Get help putting together templates, systems and strategies for meeting your obligations. Once you understand what you need to do to comply with the law, take action and implement all requirements throughout your business.

As mentioned earlier in this eBook, you can't be expected to know everything there is to know about HR. Recognise this and the importance of investing in some expert guidance.

**Never assume** you know what your employer obligations are when it comes to the Fair Work Act, modern awards, work health and safety, and other important requirements. Also, never rely on second hand information from unqualified individuals.

Like recruitment, it's better to spend a little more time and money upfront rather than having to pay huge fines, legal costs, settlement claims, or back-pays in the future.

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## **MISTAKE SEVEN:** You're procrastinating

Procrastination is the nemesis of business growth.

You will feel the consequences deeply if don't quickly deal with poor performance, or put off communicating and rewarding your team.

It's human nature to want to avoid giving people bad news, but part of your role as a leader is to manage bad employee performance.

It's equally important to provide positive feedback in a timely manner, otherwise team morale and workplace culture will suffer.

## **SOLUTION:** Do it now!

The solution to this common HR mistake is short – act now.

As the saying goes, don't put off until tomorrow what you can do today. Rip the band-aid off quickly!

Procrastination ultimately causes stress, slows down the business and can create a crisis that should have been avoided. If you have a difficult decision to make or conversation to have, then plan it out, don't procrastinate.

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Professional consulting and coaching will help you avoid costly HR mistakes.

While people management and leadership mistakes are common in organisations of all sizes, this doesn't mean you can't turn things around for your business.

A comprehensive HR Audit is often an important first step in reviewing your existing HR practices and setting up a framework for making improvements moving forward.

For more information about how to resolve your HR issues and developing a strategic HR plan, contact Harrison Human Resources on 1300 544 803 or [info@hr.com.au](mailto:info@hr.com.au)



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