

# Human Resources Pitfalls That Businesses Fall into and How to Avoid Them

By Susan Power, MBA, CHRL

Many small business owners make the mistake of trying to do everything themselves. They assume that they know their business best and sometimes get in over their head falling into the trap of “Jack of All Trades, Master of None.” My fifteen years as a human resources consultant has uncovered some common human resources pitfalls that business owners often fall into. My intent in sharing these common mistakes is to save entrepreneurs time and money so hopefully they can avoid making these same mistakes themselves.

## **Pitfall #1: Underestimating the strategic importance of talent decisions and not tapping into the full breadth of programs that human resources management can provide**

Human resources management is one of the most strategic areas of a business. The flux of new talent entering and exiting an organization results in constant change to the team dynamics and the skills available for a business. Many small businesses do not tap into the full breadth of human resources programs that can have a major impact on their business—programs such as recruitment strategy, talent review,



compensation management, employee engagement, employee experience, workforce planning, and proactive employer brand management. If a business is executing HR processes only when there is a vacancy in the business, this is exceptionally reactive and not a strategic way to advance the business.

## **Pitfall #2: Intervening as the owner to resolve workplace employee relations issues**

As the owner of the business, it is usually in your best interest to keep human resources issues at arm's length. An HR specialist can do the background and employee consultation work before raising key issues for your input and decision. Often, if the owner or general manager investigates HR issues or intervenes to resolve workplace conflict, employees resist disclosing information, or it becomes very one-sided. Nobody wants to look bad in front of the boss. Additionally, owners have enough on their plates

with day-to-day operations and strategic planning to manage the human resources side of the business appropriately. Key people programs and processes simply will not get the attention they deserve if the owner attempts to manage human resources off the side of their desk.

## **Pitfall #3: Failing to take required risk mitigation practices for a professional business**

Especially after a business reaches a certain size (ten or more employees), there are fundamental human resources processes and policies that need to be in place for risk mitigation and professional business management. The fundamentals include a legally sound employment contract for new hires, a human resources policy manual that meets or exceeds employment standards for all jurisdictions in which employees



are based, and fundamental training for employees. The board of directors for a business is financially liable and can even face criminal charges if certain health and safety standards are not met. Fundamental training, which is a legislated requirement in certain Atlantic provinces, includes:

- workplace harassment prevention training
- health and safety requirements for working and reporting incidents and near misses
- diversity and inclusion training (business imperative, not a legal requirement)

**Pitfall #4: Delegating human resources to the office manager (as well as finance, purchasing, information technology, administration, etc.)**

Many growing businesses hire an office manager to manage the administrative

side of a business and then neglect to revisit the responsibilities of this position as the business outgrows the limitations of this generalist skillset. Employment standards requirements evolve regularly, and as with professions such as law and accounting, best practices for recruitment and retention are constantly evolving. Top talent selects employers that offer leading training and development programs, coaching and mentoring, and a competitive total rewards package. If you have an office manager dedicating 15 to 20 percent of their time to the administrative side of human resources, they will not have the time needed to execute HR processes and launch HR programs and training that attract and retain top talent.

**Pitfall #5: Avoiding tough staffing decisions about discipline and termination, resulting in reduced team morale and engagement**

Many small business owners procrastinate on making tough decisions around talent. Often, owners do not want to make a difficult employee termination decision or provide difficult feedback to a staff member, for fear of negative backlash from the employee or the team. My experience is that when these tough decisions and conversations are avoided, it is like a cancer in an organization that grows, having a much more detrimental impact on the health of the team and the overall level of engagement. It is the responsibility of the owner to make the tough decisions for the organization in

the most expedient manner possible. Avoiding these difficult decisions can result in other problems, such as top performers exiting the business, or a workplace investigation due to a formal harassment complaint. It is usually better to pull off the band-aid quickly rather than delay making a difficult decision and see the business results suffer.

**Susan Power** is the owner & CEO of Power HR Inc, a boutique human resources company specializing in coaching and building leadership capability. Susan has worked in human resources for 15+ years building her consulting skills at the global management consulting firm Accenture. In 2016, Susan sold her first human resources consulting business (Higher Talent) in St. John's, Newfoundland and Labrador, and is building another practice in Halifax, Nova Scotia. Susan is a Certified Human Resources Leader (CHRL) and has her Master of Business Administration (MBA) from the University of Calgary. Susan can be contacted at [susan@powerhr.ca](mailto:susan@powerhr.ca); she invites you to check out her and Tyler Bayley's Inspired Leadership™ podcast and reach out to share an Inspired Leadership™ story.



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