

The New HR Consultant

BMGT 205

You have recently been hired as an HR Consultant in the new HR Department of Velocity Video Games. Velocity is a 5 year old, upstart company, run by two very bright young men – Peter Remus – President, and his best friend Nick Jenkins, Vice President. This is a very exciting change for you because Velocity, which literally started in the basement of Peter's mother's house, controls a number of the top video games in the North America, including the number 1 hit, Sub Atomic Adventures. The growth of the company has been phenomenal, and you are looking forward to working with some young leaders, especially in such a fun industry.

You knew this was going to be a different place to work because your hiring interview with Peter and Nick was a little unusual. You expected to have to wow them with your HR expertise, but in fact, you were asked very little about HR. Rather, the discussion quickly turned to the video game business, and given that you love video games, a very animated conversation ensued. It surprised you to learn that Peter and Nick started off as computer geeks, turned into programmers, and eventually ended up running a company, without having to take any management courses.

It seemed normal for Peter and Nick to interview you because you will be supporting the management team, but apparently they feel so strongly about the people that work there, they have done all of the hiring of staff - usually referrals from existing employees.

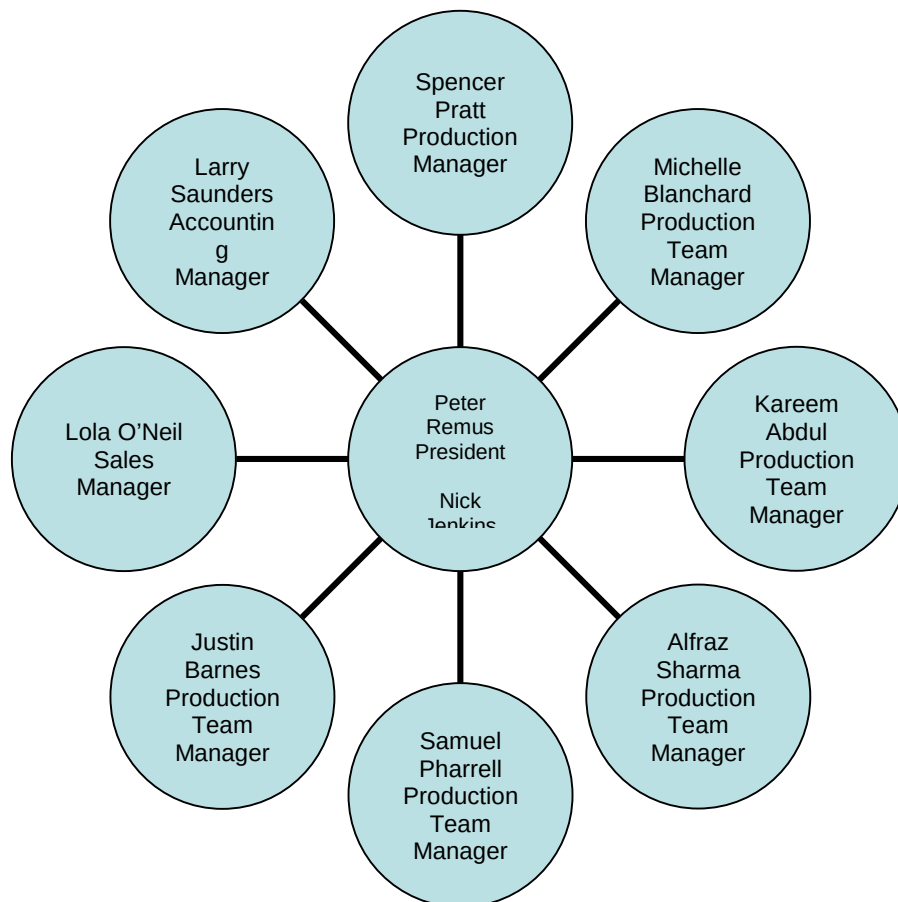
The HR department that you are joining is made up of 4 people including you. The other 3 people report to you. They do mostly compensation and benefits work related to transactions like issuing salary cheques, and processing benefits applications and changes. When you are introduced to the group, they seem a bit harried and don't have a lot of time to talk. Everywhere there are signs asking "Is Marissa Dead?...Bring Back Marissa". You think that this is a bit of a joke, but Peter tells you that Marissa used to work in the section, but when she left to have a baby, they really haven't had time to hire anyone else. Besides, with overtime 3 nights a week, the work is getting done just fine.

Peter and Nick told you that they have some great ideas regarding some additional directions that they would like the company to take, but are a little reluctant to pursue expansion because they have a feeling that there may be some human resource problems that need addressing before the company moves ahead. While they really couldn't tell you what they are, they would really like to meet with you tomorrow to hear your ideas.

You know that you cannot meet with Peter and Nick without doing some fact finding, and after explaining this carefully, the bosses decide to give you 2 weeks to do some research. During the two week period you obtained the following information:

There are currently 95 employees at Velocity, 40 programmers (junior and senior), 15 in CD reproduction, 20 involved in packing and shipping activities, 10 in sales, and 10 involved in administrative functions - accounts payable, accounts receivable, etc.

In management, there are the following personnel: Peter Remus (President), Nick Jenkins (Vice President), Larry Saunders (Accounting Manager), Spencer Pratt (Production Manager), Lola O'Neil (Sales Manager), and 5 project team managers for programming - Justin Barnes, Samuel Pharrell, Alfraz Sharma, Kareem Abdul and Michelle Blanchard. The following is the organization chart:



Hiring for the most part has been done by word of mouth - people who already worked for Velocity recommended other people. Peter and Nick generally accepted these referrals from existing employees, if they got along well with them during the interview and thought they would fit in with a young high tech company. This seemed to work quite well for a length of time, but now Peter and Nick have several concerns and they are not sure how to handle them. Many of the early Programmers stayed with the company because they had backgrounds like Peter and Nick and enjoyed the environment. Lately however, Velocity has lost 8 of its 40 programmers - these were a mixture of senior and junior programmers.

Peter is not sure why these people left. Some just gave notice and left, and some had had a discussion with Peter about raises. There didn't seem to have been very much dialogue. Peter told you that his compensation formula was to offer employees 10% more than they made on their previous job, and a yearly increment of 7% if people came to him and asked for it. He said the formula worked well in the early stages of the company and no one complained. When you had a look at the pay information, you found that salaries for programmers were "all over the map". Some junior programmers were earning as much as seniors, there was a \$25,000 year spread between the lowest and highest paid programmer and salary could not necessarily be matched to seniority.

Benefits are handled by a private company that Nick's cousin works for. Your understanding is that this arrangement was made because Peter and Nick didn't know anything about handling benefits and this was the first option that was presented to them. Nick's cousin provided them with a very comprehensive set of benefits, so they did not get a second opinion. Everything was fine until recent comments were made about the type of benefits being offered.

Peter and Nick have expressed major concern about the programming teams not meeting deadlines on their projects and this is having a disastrous effect on the timing of a new product's readiness for market. Peter has made it clear that all of the project managers started with the company as programmers and just sort of fell into these jobs. Things have happened so quickly with the new video game that not much training has been given to any of the Managers. In interviewing the Managers, you find that two, whose deadlines are mostly met, have been so desperate for training that they even took courses externally, without reimbursement from the company. Courses have included time management, project management and how to lead.

Coming into the office later in the week, you bump into a young man by the name of Eric. He seems lost. You quickly find out that he was hired about 4 weeks ago as a junior programmer, has just finished school and this is his first full time job. He is a little frustrated. He tells you that the people are very nice and he is delighted to be working for this company, but he has spent a lot of time just trying to find everything from the lunchroom to office supplies. Everybody is just so busy that he has had problems getting someone to "show him the ropes". He also tells you he asked for a job description and was told that no one has a job description in the company...a programmer is a programmer.

He seems so desperate that you stop and show him where things are, and make sure that his desk is set up. While chatting you discover that he is a little nervous about his pay because he has yet to be paid; you call one of your pay people to help him out. It turns out that it is not unusual for a new employee to wait up to 6 weeks for their first cheque and that his should be in any time now. He is so grateful for the assistance that you tell him if he has any other problems not specifically related to his work duties, to give you a call.

After your discussion with Eric, you review the HR records, and also happen to talk to the accounting manager. It is true that there are no formal job descriptions, but there are outlines, drafted by Peter and Nick, that identify the basic job function and responsibility of all jobs. These outlines are about ¼ to ½ pages in length.

While you were helping get Eric set up, you noticed that a lot of the furniture is obviously not ergonomically correct and a lot of the programmers seem to have wrist braces. The equipment room is a complete nightmare of cable, cords, old keyboards and computer parts - an accident waiting to happen. In a brief meeting with the accounting manager, he advises that although there is no specific budget for new furniture, the company can certainly afford it. All a manager has to do is ask.

You make a comment to Larry about the equipment room and ask what the Health and Safety Committee has to say about it. You learn that even though a committee was set up a couple of years ago, that some of the members have left the company and the others haven't met in a very long time. Also during your discussion with Larry, he laughingly tells you that the office grapevine has it that a union has approached several of the programmers. When you ask him what other managers are hearing, Larry has no idea, but he does comment that since people are so well paid in the company, the union is barking up the wrong tree.

During your second week, Peter calls you and asks if you would sit in on a hiring interview for a programming positions, as Peter and Nick would like you involved in this process from now on. When you arrive, you learn that the interview is to replace a junior programmer who left in the last week. When you ask to review the application, Peter and Nick tell you not to worry, the candidate is a friend of one of the current programmers, and is bringing the résumé with her. When you asked what questions they would like you to ask, Peter and Nick tell you that they normally "just wing it...there isn't a lot to worry about when a current employee does the referral."

You attend the interview, only to find that it was practically a repeat of the one that you went through. There are very few questions relating to the actual job for which the person is being interviewed and the discussion quickly switches to video games and what direction the company is taking at this time. The candidate seemed to get along very well with Peter and Nick and they offer her a job during the interview.

You decide to have some get acquainted interviews with some of the staff and given that the programming area appears to be the hot spot in the company, you decide to start with the production team managers first. Two of the five team managers, Samuel and Kareem, confide that they are very unhappy. They were "having a blast" as programmers and when Peter and Nick asked them to lead one of the product projects, they were flattered and wanted to

help out any way they could. They quickly found out that dealing with staff was very difficult and time consuming and that planning who would do what and by when was a complex process. Doing all of this, and having something ready by a deadline, was almost too much for these two people. They did not have any project management or leadership training, but when they asked Peter and Nick if the company could send them on training, they were told several times that things were really very busy. They would have to wait a few more months.

An interview with a third manager, Justin, was very strained to start out with. Justin appears very intimidated by you and half way through the interview, he finally breaks down and confesses that he is having marriage problems right now, is fighting a cocaine addiction and doesn't know where to turn. The company's wellness program is non-existent and he does not feel comfortable talking with his family doctor, because the doctor is very close friends with his parents. He also feels that because of the doctor's age and religious background, he may not be very sensitive about the addiction issue. He also intimates during the conversation that he is "not the only one at Velocity who has an addiction problem".

Given the fact that there is no internal help available at Velocity, that this person needs help immediately and that it took a lot for him to even tell you about the addiction, you ask him if he would be willing to see a local physician that you know from previous HR work. You tell him that this doctor has dealt with patients with addiction issues and can access other assistance for him. Justin agrees, you get him an appointment with the physician before he leaves your office and he thanks you very much for listening to him and being willing to help him out. He also wonders if, because of your job function in the company, whether you will need to tell Peter and Nick about his situation.

Your interviews with the remaining two project managers, Michelle and Alfraz, went reasonably well. These two are meeting their deadlines, have taken project management and leadership courses at night, and they appear to have made the transition successfully to this type of position. Both are concerned, however, that they are not being paid the going rate in the industry for the type of work that they are doing. They both have had contacts through school, and through the internet and feel that their wage levels are about 15 - 20% below the industry rate. They would like to stay with Velocity, but not with this kind of financial sacrifice. Neither have had a discussion with Peter or Nick because they both know about Peter's pay formula, and they do not think that their discussions will be successful. Alfraz has confided that he is waiting to hear about the outcome of a recent interview.

Your two weeks are now up and you have a meeting scheduled with Peter and Nick to outline the issues that you have identified, and to provide an initial plan regarding how to proceed in dealing with these with these issues.