

**The**  
**TRUTH**  
**ABOUT**  
**HR**  
**and YOU**

**BY DON PHIN, ESQ.**

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The Truth About HR... and You

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**//** Only the mediocre are ever truly comfortable. **//**

– *Paulo Coelho*

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# Introduction

**W**elcome. My name is Don Phin, and I'd like to tell you the truth about HR... and you.

This book was written from presentations delivered to numerous HR groups in 2017. Here's what was said about the live delivery of this content:

- // Best session I've ever attended at any conference in my 15 years in the industry."*
- // Don Phin's presentation style and content was excellent."*
- // Don was captivating and very knowledgeable. He also challenged me to be better. I was highly motivated after listening to what he had to say. Great use of the slides plus he put a good bit of humor into the session."*

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- // Don was so passionate and committed to reaching out to the HR community and help us to do better. I really appreciate his approach and honesty about how HR typically behaves, and we would serve ourselves better. He was a breath of fresh air and know-how."*
- // Enjoyed this discussion about how to brand ourselves as HR professionals."*
- // Great presenter, informative, fun, and entertaining."*
- // GREAT program! Honest – hard-hitting – concise! "*
- // He's definitely a character. For me, it added to the draw. But then again, I'm a New Yorker too."*
- // Loved his honest look at the role of HR—we need to accept folks and policies for what they truly are and if they don't work, stop trying to make them work because we want them to and find a new way! Great sense of humor!"*

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- // One of the best sessions I've attended! Very interesting speaker and held my attention during the entire presentation. Very much appreciated the open discussion throughout the presentation with the speaker and the audience. Inspiring—I left the session wanting to do more and be more! Thank you for the gut check."*
  
- // Phin went straight to the heart of the matter when he challenged HR professionals to link revenue-generating activities to HR actions."*
  
- // Please have him come back next year—we need more strategic content like this that makes us think."*
  
- // Should win 'Best of Conference' in my opinion. Phin was tough on us as a profession, but I didn't get the sense he was bashing us, but that he was for us, that he wanted us to do better because we can do better. His content was great, too. I'll definitely file his name in my mental Rolodex."*

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I decided to put this presentation in a book format so more HR executives, like you, could benefit from it.

This will be one of the most honest and challenging conversations you will hear about HR. I won't be pulling any punches... *because I'm here to help you.* That's my number one agenda—to help you do Great HR!

Are you interested in becoming more effective in your career, enjoying your career more, and getting paid well for it?

If so, you have come to the right place. Whether you're earning \$50,000 and trying to figure out how to make \$75,000, or you're earning \$150,000, but you want to work in a more empowering environment, this book will help you.

First, I will discuss what I call the HR Zeitgeist. If you're not familiar with "zeitgeist," it is a German word that means *the spirit of the times*. "Zeit" meaning time, and "geist" meaning spirit.

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Next, I'm going to talk about the reality that the journey to great HR success *is all about you*. That's because nobody is coming to save you. A reality that is both scary and liberating.

Last, I will teach you how to communicate your value to business owners, Presidents, CEOs and other executives in a way that supports your getting a raise. I'm sure that, like most HR executives I've surveyed, you would like to see an improvement in your financial position.

# My Background

**B**efore we dive in, I'd to give you a bit of my background. I grew up street-wise in the Bronx and came out to the sunny, sandy shores of San Diego when I was 19. I've been here ever since. In 1983, I became an employment lawyer and litigated cases for 17 years. I eventually realized that nobody ever really wins a lawsuit, so I quit at 40. I then started an environmental nonprofit, which was so non-profitable that I ended up in bankruptcy court. Stupid. Embarrassing. Regretful.

Since I have always been able to "see things," I then began a management consulting career and did effective turn-around work with companies, primarily by enhancing the personnel function.

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When the internet came along, I saw it as an opportunity to leverage my efforts and share my work with more people, so I built a program called HR That Works.

At its peak, some 3,500 companies used the HR That Works program. As part of the program, I conducted more than 100 Webinars and created two dozen training programs, as well as many unique tools that included an employee handbook builder, checklists, audits, etc., etc., etc. I sold HRThatWorks in 2014 to my largest competitor, ThinkHR, with over 100,000 companies using their program. I stayed on as a vice president for two years, and now I assist their members from outside the organization.

Much of what I share in this book comes from my experience presenting about human resources, leadership, and emotional intelligence to more than 400 CEO groups around the country through a group called Vistage. You might have a CEO in it. I'm one of the top-rated speakers about

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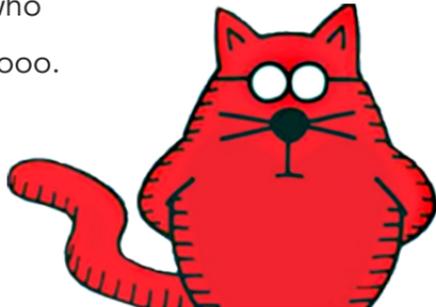
HR management in the country for Vistage. I get roughly 15 CEO's for half a day around a boardroom table, and we talk about the opportunity in managing people. We also talk about their HR people.

Presenting at these Vistage CEO meetings has revealed two things: (1) What these executives want out of HR, and (2) How they look at HR from an emotional standpoint.

I will help you understand how to better manage your bosses, and your career based on this experience.

# The HR Zeitgeist – “Them”

My journey into HR began at about the same time Dilbert came out as a cartoon, including its evil HR director Catbert. Catbert, who debuted 1995, was hired to handle a company downsizing (a process that leads to Alice and Wally running for the new organizational chart and colliding so hard that they ended up wearing each other’s clothes, backward). Catbert was not portrayed as the happy-go-lucky, strategic, effective HR director who everybody loves. Nooooo. Catbert was the evil, manipulating HR director that you had to watch out for.



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It was the first big public stab at HR that I can remember.



Then, in 2005, *Fast Company* magazine published its now-famous cover, "Why We Hate HR." That

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cover story triggered a great deal of defensiveness on the part of HR. I feel it also “gave permission” for other executives to say they hate HR too. The title is not, “Why I Hate HR,” but rather, “Why We Hate HR,” as if everybody hates HR. And, of course, the HR executive was a woman...and she is cutting people into pieces!

The article in *Fast Company*, and the ones that have come since, continue with the theme that HR is some corporate wasteland, nothing gets accomplished in HR, it is an expense—not something that produces a return on investment (ROI), like sales, marketing, or operations—and... it’s boring. Many have even called for its complete elimination and, with advances in HR technology, see an opportunity to work without HR at all.

How often have you seen an exciting article about HR in a non-HR business publication? I see a glimmer of hope when I look at the “great workplace” type of awards. However, most of the feel-good articles about HR are relegated

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to within the HR community. When I see articles in publications like *Forbes* magazine or *Fast Company*, it's usually about some cool personnel thing being done at a company... with no mention of HR being involved!

HR has always been viewed as an administrative function, which it is, just like finance has administrative aspects to it. Somebody must manage the data of finance. And somebody must manage the data of personnel. Since many administrative functions can now be outsourced, these articles say we should do just that. And, at a smaller company, I don't disagree. So I say, yes, HR is administrative. And if it makes sense to outsource those functions, then do so...and prepare to pay a premium for the service. However, there becomes a tipping point where it is more efficient to handle administration internally.

According to many of these pundits, as far as the strategic aspects of HR go—like the critical functions of hiring, retention and performance

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management—the argument is, “HR doesn’t help us with that much anyway. We can handle it ourselves without HR. We would be better off hiring another salesperson than an HR person.” That’s how a lot of non-HR people think about HR. It’s the sea of opinion HR wades through daily.

I have spent the time to look at the hundreds of comments put forth by HR executives in response to this “attack.” Instead of HR practitioners giving solid examples of how they have been very effective and bottom-line oriented, what I see instead is defensiveness, in effect saying, “You just don’t understand HR.” (And, they don’t...but more on that later.)

One of the CEO’s I spoke to said, “We always called HR, the Department of No.” The cover of that *Fast Company* magazine talks about how HR “blocks constructive change.” In my experience, business leaders expect HR to say no to illegal, immoral, or unethical conduct. I don’t know about your experience, but I don’t see HR saying no

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to a lot of things unless they're supposed to say no to those things! Because somebody is doing something against a company policy or even the law.

I don't hear HR saying no to somebody wanting to do unique engagement work with employees. At least not most times. Now if you want to get off work early and take employees out drinking or clients to the strip club, HR might justifiably say no to that. HR is in the position where, like finance, they're required to say no both by law and by company policy. I want my HR executives to live up to that responsibility. But I'm not familiar with HR saying no to a lot of other things, are you? When have you said no to things that might be good for employees?

This is the HR Zeitgeist... from the outside. The vitriol can get nasty. I was speaking at a conference for the Professionals In Human Resources Association in Anaheim, walking down a long block with a bunch of people attending their various

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conferences. I chatted with a group of men walking in my direction. They told me they were at an engineering conference. I told them I was speaking at an HR conference. They looked at me with surprise, and then one guy said, "I'd like to drop a bomb on HR," as if he meant it!

Now, you don't hear people saying that they want to drop a bomb on their marketing, finance, or operations departments, but the fact that there's even permission for that conversation about HR floors me.

For many in HR, it feels as if they're continually pushing uphill against this beatdown.

Stay with me, and we will learn what to do about that!

# The HR Zeitgeist – “Us”

Over the last two years, I acquired a deep sense of how HR executives feel about their jobs... and themselves. HR’s Zeitgeist if you will.

To make a long story short, years ago, I ran a mastermind group for HR executives in San Diego. We had 15 people in it, and we stayed together for five years. It was an awesome group. We met for one-half of a day every month. After kicking around names, we decided to call it the Chief Relationships Officer Forum. After five years, I let go of the group and turned it over to an attorney who was a member.

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Last year, I went to the Vistage organization and said I would like to form a similar HR mastermind group, only this time under the Vistage umbrella. The Vistage model is robust. It's what CEO's and their Key executives commit to, including a full-day meeting every month. In 8 of the 12 meetings, a professional presenter like me is brought in to educate the group for half of the day. Vistage membership is not cheap. Membership for key executives runs \$700 - \$800 per month. It's twice that amount for the CEOs.

Members would have access to the same speakers, materials, group coaching, and strategic insights provided to the CEOs and their key executives. HR claims it wants a "seat at the table," so I tried to put them at that table. I could think of no greater opportunity for an HR executive!

After much cajoling, Vistage said yes, and I went through months of training to run that group. I expected to build two, if not three, groups within a year. Then, I wanted to teach others how to build

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these groups across the country. You could say I was pumped about this opportunity!

Then, I spent months recruiting members and conducting one-hour in-person interviews with more than 100 HR people for membership in that group. I marketed the opportunity to hundreds more.

And it became *one of the most frustrating things I have ever done in my life!*

I spent at least \$50,000 - \$60,000 of my time trying to build just one group. Keep in mind that these are all HR executives that earn at least \$100,000 per year. I know membership in that group would make them at least 10% more effective. Yet my recruitment effort failed miserably. Except for the rare few, all I heard was excuses as to why they could not join.

# Overwhelm

The first thing I sensed in my interviews was that these HR executives, who were mostly women, were on **overwhelm**. They would tell me things like “I’m very busy and can’t add a full day to my plate.” “I don’t have the time.” “I can’t do it; I’m already stuffed.” “I’m already running for my life.”

It seems everyone in HR is on overwhelm.

Why is this?

There were other excuses for not joining the group including, “They would never say yes”, “Nobody else gets to have training like this,” “We really don’t have it in the budget right now,” “I’ll have to ask my CFO,” and, “I already know what he’s going

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to say." And those were only a few of the excuses I heard.

I never heard so many excuses in my life!

After six months of nonstop effort, I eventually got eight members to start the group through sheer willpower. When I got it up to nine members, it quickly dropped to six because of two layoffs and a termination. The group folded shortly afterward, as there was no logic in my spending any more time to build it up to a full 15 members.

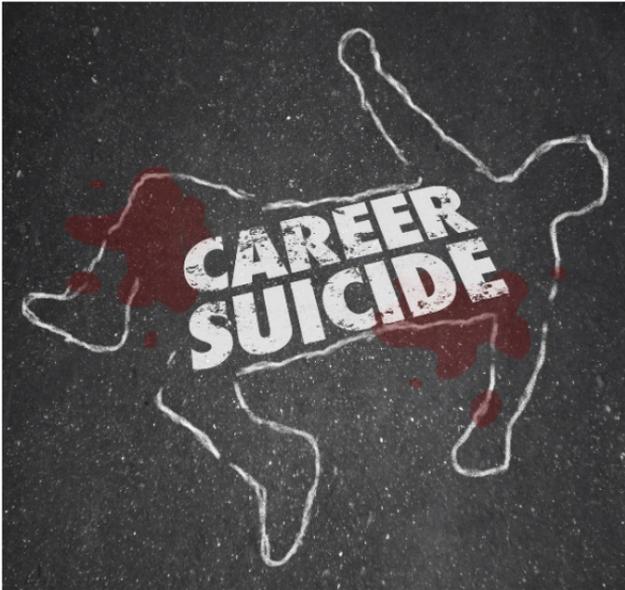
Note: I am forever grateful to those rare HR executives who joined my group. May you live long and prosper!

What I realized from this experience is that **most HR executives poorly manage their time**. And then they justify it.

Absolute nonsense.

# My Journey with Overwhelm

When I was a trial lawyer, I would spend 70 hours per week litigating. This blew apart my marriage and distanced me from my kids because 'daddy is just too busy being at the



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office'... right? And I thought I was trying to be a hero. In reality, I was burning out and began resenting my work.

After I quit litigation, I did a deep dive into the concept of time and time management. As a result of that effort, I restructured my approach to work. I decided I would work a maximum of 40 hours per week. I got there within two years, earning the same income I did as a trial lawyer, with far less stress. In those 40 hours, I was more effective producing work that makes a difference than I ever did as a trial attorney.

Now, when people tell me they are overwhelmed, my loving kindness response is, "You have chosen to be overwhelmed. If you do not want to be overwhelmed, then you will figure a way to get out of that trap."

By the way, being overwhelmed is not a sign of job security. Just because you work a ton of hours doesn't mean your job is secure. In fact, being on

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overwhelm makes you 'fragile,' a concept we'll discuss further.

Don't work more than an 8-to-6 shift. That's 50 hours per week. You can work 50 hours per week and still have a life afterward. Then, try to get it down to 45 or 40 hours per week. There may be a time when you must chip in and work late, but that should be rare. And you can compensate for it by taking off a half day at another time.

*Bottom line: There's no reason you can't be more effective than you are today, in less time and with less overwhelm. I will show you how.*

Go into your work life and find five hours of low hanging fruit that you can eliminate immediately. If there were a gun to your head, you would have no problem finding those five hours. One-tenth of your week. Then we can eliminate another hour of low-value work every month after that. At the end of a year, you can change your effectiveness by 16

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hours! This is very doable. I've done it myself, as have my employees and executives I coach.

This business of using overwhelm as an excuse for not growing in your career is *nonsense*. It doesn't make you a hero or give you job security.

Cut it out!

# Underappreciation

The second thing I sensed from the HR executives was a feeling of being **underappreciated**. Absent the few who signed up (4 already had a CEO in Vistage, so they weren't as intimidated to ask), most HR executives felt intimidated *to even ask* for the opportunity to be in the Vistage group. This blew my mind—**they wouldn't even ask!**

Even when they said they would love to join, their internal noise had to tell me something like, "We don't have the budget right now," or "None of the other executives get to do that, so I'm not going to even try."

HR feels underappreciated.

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As a theme, HR managers told me, "I put in all these hours. I deal with this overwhelm. I take all the stress home and then, when I *do* ask for something, for me, I get shut down. It gets to a point where I don't even bother to ask anymore."

Talk about employees and engagement. Gallup says two-thirds of employees are disengaged. I don't think that percentage is any different when it comes to HR executives! Why would it be? Why wouldn't two-thirds of HR executives be disengaged if the rest of the workforce is?

I remember one CEO telling me that his HR executive seems so needy. He's not alone. The reality is *the need to be appreciated is not a healthy psychological need.*

As Byron Katie says "God spare me from the desire for love, approval, and appreciation. Amen."

Is it nice to be appreciated? Sure. But having an emotional need to be appreciated? Not good.

## THE TRUTH ABOUT HR... AND YOU

It's time for HR to stop the conversation about overwhelm and underappreciation...and do something about it! Stand your ground! Demand your excellence! Are you ready to do that?!

# HR is Underpaid

**B**ecause of this Zeitgeist, HR executives are *in fact* underpaid. I did a little research at the Bureau of Labor Statistics website. The average pay for a marketing manager is \$144,000 in the United States. For an IT manager, it's \$146,000. For a finance manager, \$140,000. For an operations manager, \$125,000. And the lowest paid of the top-level managers is HR, coming in at \$120,000.

HR is underpaid, and some of it comes from the perception of HR being solely an administrative function. I believe it's also because HR is staffed primarily by women (70% of HR managers are women).

HR is burdened with unequal pay and a glass ceiling.

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One goal is to get you that \$20,000 raise, so you're up there with the other managers and you can meet more of your financial goals. We'll talk about that in a little bit.

# HR is Undervalued

I love it when people tell me their employees are their number one asset, yet I don't see an HR executive on their leadership page. Are you on the leadership page? Is HR valued at your company?

In coming chapters, I will show you how to state your value in a way to get you paid... and on the leadership page!

# HR is Poorly Managed

**N**ot only is the HR manager an underpaid and underappreciated executive, it is also the most poorly managed executive. In my experience, probably one in ten CEOs drinks the HR Kool-Aid and believes HR is a chief function of their organization. The sad reality is most CEOs don't want to manage an HR executive, either because they don't have experience doing it or don't think they can do it well.

CEOs have been trained to know three things to become successful: (1) deliver a quality product or service, (2) market and sell that product or service, and (3) collect your money and go to the bank. So what positions do you think they might have an

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affinity for managing? Most likely operations, sales and marketing, and finance.

How many CEOs had to know HR to get where they are in their career? The answer is... none of them! How many do you think fantasize about running a business without any employees...or an HR department? The answer is... all of them!

One thing that drives CEOs and business owners nuts more than anything else is that which they can't control. The hardest thing to control is somebody else's emotions, and they don't want to deal with that. That's why they don't want to deal with HR. They don't want to deal with people problems. They hate the drama and just want to grow their business.

What many CEOs do is say, "All right CFO, you manage HR, or "You, the COO, you manage HR." Now how many CFOs and COOs do you know got into those positions because they couldn't wait to

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manage an HR executive? My answer is **none of them.**

When I present to CEOs, CFOs, and COOs, I ask these executives if they have ever read a book on HR? And none of them ever has. Some will mention books like *Good to Great*, where Jim Collins talks about the importance of getting the right people on every seat of the bus. And that's about it. I ask if they have read a book specifically on HR, just like they would on operations, finance, marketing, or sales and the answer is always no.

It's the very rare executive who has HR acumen, simply because they don't have an interest in it.

HR is out there working naked from a management standpoint because nobody knows how to manage HR well or wants to manage HR well. Yes, there are rare exceptions, but this is the truth 9 out of 10 times. We'll discuss how to manage your boss soon.

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That's my summary of the HR Zeitgeist. It builds up to a deep resentment on HR's part.

There are plenty HR executives out there who love the work they do every day, are very well-paid and are well-managed. In my experience, that's not most HR executives. If you're in that rare category, awesome on you. I think you'll enjoy the rest of this book anyway.

# Where HR Goes from Here

## **How bad do you want success?**

I keep learning the hard way that you can't want for people more than they want for themselves. I can't want this success for you more than you want it for yourself. I can coax, encourage, and inspire... but you've got to want it for yourself.

## **Do you want to get paid more?**

Do you?

## **Do you have a plan for that?**

When I ask HR executives what motivates them, two-thirds have consistently said they are more interested in making a difference than getting paid.

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That's the type of person I am. I want to make a difference too. It's my primary motivator.

The problem is, that whole Robin Hood story landed me in bankruptcy when I was about 40 because I was more concerned about helping other people than my family or myself. I wasn't buying ski jets with the money I earned. I was helping people. I was loaning people money. I was just giving people money. I donated to dozens of causes. I figured I can always earn it again. I never kept any because I'm Robin Hood and I'm not supposed to keep any of it... right?

Wrong. I had to learn the hard way that **you can't properly help others if you don't take care of your *self* first!**

When I survey HR executives and ask, "What do you want to improve in your life? Your job? Your finances? Your relationships? Your health? Your spirituality?" Overwhelmingly, the respondents have said **they want to improve their finances.**

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Take a hard look at this Catch-22. HR is more driven to make a difference than to get paid... yet the number one thing we want to change is our finances!

Anybody see a challenge with that? It may be your challenge too. And, you know it. Unless we focus on getting paid, you can make a difference and end up no better for it financially. And that is nonsense.

When is the last time you asked for and got a raise?

# When and Then

When recruiting HR executives for my Vistage group, I heard a lot of the “when and then” conversation. For example, when my CEO spends more time with me, then \_\_\_\_\_.

When we are in a better financial position, then \_\_\_\_\_. When I get a new job, then \_\_\_\_\_. When she retires then\_\_\_\_\_.

When and then. When and then. When and then.

Do you ever hear yourself saying this?

The problem with the “when and then” approach is you’re waiting for somebody else to complete your story. That is called killing your dreams. You

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are putting an "X" on your calendar every day,  
letting your potential slip away!

I don't want you to wait for them, because the  
opportunity in great HR is amazing and I want you  
to live your dreams!

# Nobody is Coming to Save You

**T**hat's the reality, and it can leave us feeling alone. Abandoned. On an island.

That's why we have to get to the deep understanding that **it is all about you**. It's about your story. Not theirs.

At least not anymore!

# Draw the Line

**K**icking ass in HR is about drawing the line and saying, "I will no longer live my life based on their story of who I should be. I will live a life based on my own story." That is called freedom.

To get there you must believe in yourself. What does it mean to believe in something? It means to accept something as true. Do you believe it to be true... that you are a kick ass HR executive? Do you? And if you don't believe that now... when will you?

This whole business about faking it until you make it has merit to it. It's a "begin with the end in mind" approach. After I went bankrupt, I gave myself the mantra that I'm a millionaire in the making.

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I'm a millionaire... in the making. And that's what eventually happened.

I think I should have asked for 10 million in the making.

Your mantra might be, "I am a kick-ass, well paid HR executive... in the making." That whole idea of being in the making tells you it's a journey, and that's where I want you to be. I want you believing in your journey.

*You must trust yourself to believe in yourself.*

That means you must trust your skills. What skills? Compliance management, sourcing candidates, operating the HRIS system you're running, emotional intelligence, finance, you get the idea. If it's training you're managing, then how good are your training and management skills? How can you hone them and constantly improve them so you and others can trust in them?

# Do You Believe that There's a Great HR Opportunity at Your Company?

Do you?

Yes, there's amazing HR opportunity at my company... in the making.

Or, if for reasons completely out of your control, there is not... then it is time for you to leave and go to the land of HR opportunity!

# What if You Knew You Couldn't Fail?

One of the questions I like to ask is, “**What would you do if you knew you couldn't fail?**”

Pretend you just got promoted to CEO or president of the company. You can do whatever the heck you want. What would you do to improve the company? I'm asking because I want you to think strategically.

My next question is, why aren't you already helping to do that? What fear blocks the movement? That they won't respect your idea?

The fear for most people is the fear of failure. And **the fear of failure is associated with the fear of**

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**someone's judgment.** Think about it: What would you fear to do if there was no judgment associated with any possible failure?

I've come to realize that sometimes we make up this potential judgment in advance. We may have a fear of judgment from our boss that's unrealistic. Most CEO's and owners I know would rather have their executives go for it and make mistakes than rest in the comfort zone and do nothing. It's when you don't go for it that you get their judgment!

If you're hooked on that potential for judgment, then take it on head-on. Find out what you are dealing with. Let them know you are concerned about their judgment should you go for it and things don't work out right away.

Say, "Look, I want to go for it. I see a lot of opportunities. I'd like to be able to chart a course together. I want to make sure my work is in alignment with your vision for this company. Where will I have to worry about your judgment if I go for

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it and things don't work out 100% right? What gets you upset with executives you manage? "

And then listen. Get them talking. Dig out of them what they want.

You can have that conversation upfront, very honestly. You may be amazed. They may say something like, "Of course I want you to go for it. Try not to make stupid mistakes, but go for it. Look, I made mistakes to get good. You're going to make mistakes to get good. I'm willing to meet with you next Wednesday about this. I'll set aside two hours. Please be prepared with an agenda and your proposed course for the department."

Most CEOs know you don't get really good without making mistakes. Just don't make stupid ones. Think things through.

# What's Stopping You?

When I coach HR executives, I like to do a personality assessment and go over it in our first session. If you're in HR, you know all about assessments. There are some 2,500 assessments in the marketplace. Of course, the best one is the one you use!

One that I use is ZeroRiskHR. I use it anytime I hire an HR executive. I've used it with dozens of HR executives. I see some commonalities in the profiles. Four out of five HR executives profile similarly. They tend to be very rules-oriented, which is great. I want my HR executives to be rules-oriented, just like I want my CFO to be rules-oriented. I want my safety officer to be

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rules-oriented. There's a lot of legal obligations we have to live up to. There's a lot of policies and procedures we've created for good reasons that we have to live up to.

Read this:

### **POTENTIAL WEAKNESSES:**

**Excessively defensive; self-perfectionism; takes criticism very personally; will avoid situations where they will be rejected or confronted; may overreact to criticism or challenges; either cannot win or cannot lose. May be very sensitive to rejection and/or criticism.**

This is from the profile of 4 out of 5 HR executives that take this assessment. Before you say, "That's not me," ...is it possible there's any of it in you?

I've taken many assessments. When I first took them, my reaction was to judge the results, e.g., "I

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don't have a weakness in that area," or "I disagree with that." Then I realized that the opportunity was to dig into what the results were saying. If I asked other people if what the assessment said about me seems accurate, they would chuckle and go, "Oh yeah, that's you."

So let's break down some of that profile. See where you can find yourself in it:

**Excessively defensive** – I talked about that early on—the defensiveness of HR execs in response to the Zeitgeist. When I discuss this reality in the GreatHR program, it produces tension. Then somebody goes, "Oh yeah, nailed me," the tensions are released, and the laughter begins. Know this: You can hold your ground without having to be "defensive."

**Self-perfectionism** – That happens when you're very rules oriented, right? There's a time for rigidity and a time for flexibility. The "department of no" rap often comes from one's misjudgment. A

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report went viral about an HR executive In Florida who denied an employee leave to find out what happened to her elderly mother in Puerto Rico, after Hurricane Maria devastated the island. She was told that all her leave was used up, it doesn't qualify for FMLA, and she'd be fired for violating the attendance and leave policy. She was devastated, her co-workers were incensed, and the press had a field day.

Not good. Too rigid. And in this case, the criticism was well deserved.

**Takes criticism very personally** – Don Miguel Ruiz's second agreement in *The Four Agreements* is: *Don't take things personally*. But HR people do. When you put your heart into your job, you tend to take things very personally. I know I do. But it doesn't help. See where there is some truth in the criticism, as there almost always is, do something about it, and move on. If they are continually critical, find a new place to work!

**May overact to criticisms or challenges** – An HR executive hired me to coach her to better deal with her boss who was highly critical. The boss was micromanaging her. She said he would come into her office, dump some criticism on her, and run back out again. Instead of accepting it for what it is—an overstressed boss who doesn't know how to manage any better—she chose to own it. And it threw her game off.

You don't have to emotionally do anything with that boss. You don't have to step on stage with him...or her. It's about them. It's not about you. Seek any truth in the criticism and then let go.

**May be really sensitive to rejection and criticism.**

One of the biggest challenges I see with HR executives stepping up their game, where they can be more strategic and creative, is the fear of stepping out- because when you do, there will be the inevitable rejection and criticism that comes with it. I'm stepping out all the time. I expect to get rejection and criticism. People unsubscribe.

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Some want to argue with me. That's what happens when you step up and step out.

If you are going to come out of your shell and go for it, then do not play victim. Get a thick skin and deal with it. It's what comes with stepping out!



One of my favorite quotes comes from Paulo Coelho. He said, "**Only the mediocre are ever truly comfortable.**"

Think about that for a minute.

What happens when your organization gets too comfortable?

What happens when you get too comfortable?

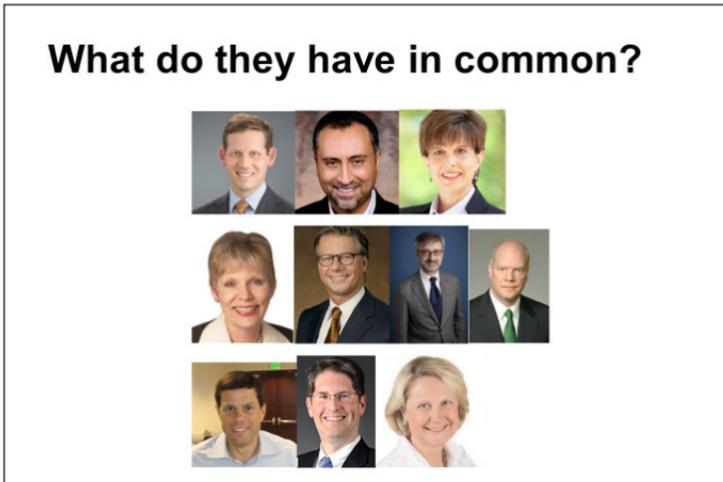
## THE TRUTH ABOUT HR... AND YOU

Abraham Maslow's basic human needs of safety, security, and belonging provide us with great comfort. I want those things too. But I also like to live life as an adventure, as it's way too short to live any other way.

You don't want to look back with any regret, remorse, or guilt because you didn't go for it when you had the chance. All that comfort isn't worth sacrificing your freedom.

# You Can Be Paid Well in HR

Here is a picture from my presentation with ten people on it: seven men and three women.



What do you notice about the people in this slide?

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First of all, they are all HR executives. In fact, these were reported to be the top 10 paid HR executives in the United States in 2016. While HR is 70% women, the top ten is male dominated.

Is there a glass ceiling in HR?

Here's the fun part: Each of these HR executives earned over \$4,000,000 in total compensation... in one year! *Four million in HR.* For most people, that's a lottery win. And these executives probably did it last year, and will probably do it next year as well.

The reality is there is an enormous opportunity in Great HR! There are hundreds, if not thousands, of people earning over \$500,000 a year in HR. There are certainly thousands of people earning over \$300,000 a year and many more thousands making over \$150,000 a year. The midpoint salary is about \$120,000.

The opportunity for you to step up your game and earnings is significant. If you are earning \$50,000,

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you can choose to earn \$100,000. If you earn \$100,000, you can choose to earn \$200,000.

It is your choice!

**Don't have any mental limitations on what you can earn in HR.** If these HR executives had mental limitations on what they could earn in HR, do you think they would be earning \$4M a year? The answer is no way.

# The Journey to Great HR begins with Your Big Why

## Great HR starts with your “Big Why.”

Why do you want to be Great at HR? (If you have read this far, I’ll make that assumption). Have you ever directly considered that question? How would you answer it?

I want to be great at HR because \_\_\_\_\_  
(fill in the blank).

If your Big Why is to make a difference, that’s good. Let’s get very clear about what you mean by making a difference!

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In one sentence, define why you want to be great at HR: \_\_\_\_\_  
\_\_\_\_\_

First, are you going to make a difference for yourself? What is that difference going to be? Are you going to have the time to get yourself in great shape? Are you going to travel more? Are going to be able to share more time with your family, friends or charities you care about? Are you going to put less time into your job, yet be more effective in the process?

Many times our why's are held up by our financial situation. I can't do (X) because I don't have the money. What if you did have the money? I can't have a pool in my backyard because I don't have the money. Well let's figure out how you added \$500,000 to your value last year, and then you ask for a 5% raise, *and* get your pool built. I'm not kidding. I want you to think like that.

# Have a Plan...for Your Career

It's very important for you to have a plan because success doesn't happen without one. The beautiful Mary Kay, who got all those ladies in their pink Cadillacs, famously said: "Most people have a better plan for their vacation than they do for their career." That is a fact.

## **Do you have a plan for your career?**

How long could you talk to me about the plan you have for your career? Sadly, most people run out of anything to say within 30 seconds, which is terrible. As the saying goes, if you don't know where you're going, any road will get you there.

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When your energy is focused, and it's plan driven,  
it's much more powerful.

And of course, you need a plan for the  
department.

# Be the Boss Whisperer

I talked about how poorly managed HR executives are. That means you have to become the boss whisperer. Just like the horse whisperer and the dog whisperer, you've got to be the boss whisperer. You've got to help your boss understand how to better manage you. You are in charge of making the plan and getting the boss to either agree to it or help modify it.

When I talk to with CEOs and ask what's most important to them about HR, they focus on what I call the three-legged stool of HR. Hiring, productivity, and retention. Jim Collins is the author of *Good to Great*, *Built to Last* and similar books. He was asked at the end of a podcast

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what's *the one thing* it takes for companies to be great? He thought about for a minute. He didn't say to be in the right industry. He didn't say to have the best marketing plan. He said to **make sure your managers know how to hire great employees.**

Right now, CEOs tell me they are having difficulty hiring good talent. Bringing the right people on every seat of the bus is the most important job you'll ever do in HR. How well do you help do it? Are you in the top 50% of hiring in your industry? Are you in the top 25%? Top 10%? Top 1%?

Hiring is the tipping point of everything that happens in HR.

Understand this: It is not about finding great people. It's about attracting them.

The second thing is productivity. What if you have a multimillion dollar workforce that you help make 5% to 10% more productive? That drops directly to the bottom line. One way to increase productivity

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is through better time management. Another way is to engage employees and drive “discretionary effort.” You can also employ performance management software like Betterworks or Halogen.

And of course, when you’ve got the right people on the bus, you want to retain them. Retention is one of the easiest variables for you to address. Sometimes it’s only 5% turnover, but you are losing your top players. Other times, it can be 50% or even 100%. Turnover is expensive and offers a great strategic opportunity.

# Know Your Math... or How Every HR Problem Becomes a Sales Problem

**HR** is rightfully criticized for a lack of business acumen. I want to help you learn how to better communicate to your CEO by using the HR Cost Calculator.

This is the document I've used at the start of more than 400 workshops with the CEO's because I want them to understand the opportunity in Great HR

And because I want them to pay attention!

They are very interested in sales and marketing people talking about how they're going to help

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## The True Cost of Your HR Practices



Few executives fully understand the cost of their HR practices. Use this tool as a quick indication of your weak spots and financial growth opportunities.

How much did **bad hires** cost over the last 12 months? Use an average of 1:1 ratio of their annual pay. For example, an employee with a \$50,000/year salary will cost \$50,000.

.....

How much did **losing any good employees** cost over the last 12 months? Again, use at least a 1:1 ratio.

.....

What would be the bottom-line impact of **improving total productivity** by only 5%? Use 5% of total payroll. (For example: \$1,000,000 x .05 = \$50,000)

.....

What is it costing you to keep **poor employees**? (Here's the test: If they quit, would you be relieved or upset?) Use the impact they have on their entire team in your calculation. (For example: team payroll = \$240,000 x .05 = \$12,000)

.....

What "bang for the buck" are you getting for any **benefits** paid? What if you improved that figure by 2%? (Use a benefits cost of 35% of payroll. For example: \$350,000 x .02 = \$7,000)

.....

What added costs are you paying with your annual **workers' compensation** modifier due to your risk management and return to work practices? (For example, a MOD of 1.2 means you pay more than your competition.)

.....

Did you have to manage and/or settle even a low-level **employee claim**? (Statistically, 1 in 4 get sued every year with an average verdict of \$250,000)

.....

**Your HR cost total:**

.....

How much revenue will you have to bring in to put these HR dollars back into your pocket? Use at least a 3 to 1 ratio.

**Revenue total:**

.....

This is what your HR practices are costing you at the most basic level. Roughly half of the exposure is "out of pocket," and the other half is "left on the table every day." What would you be willing to invest in time and dollars to reduce this number? Would you invest at least 1/10th this amount to start somewhere? As you consider your answer, ask yourself this question: What sales activities and work would you have to do to match that revenue total? (i.e. sell 100 new cars, build two homes, get 50 new patients, book five more installations, etc.)

Now, what are you willing to invest in terms of time and money to reduce this figure? (For example, we are willing to invest \$20,000 to reduce this number by \$50,000.)

.....

them make more money. They perk up about that because, emotionally, they're attached to revenue. Logically, they know they are supposed to have good HR practices, but they are not emotionally

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attached to it, largely because they view it as a cost center.

Let me teach you how I get CEO's emotionally attached to HR.

For now, let's just talk about three aspects of it: the three-legged stool of hiring, productivity, and retention. As part of that HR Mastermind Group I ran, we determined the average cost of turnover for a \$50,000 employee was approximately \$54,000. So you can figure that's about 1:1 turnover at \$50,000. When people get more expensive, the ratio is higher. When people are less expensive, the ratio is less.

### **Hiring**

When I give these CEOs workshops, I ask them a simple question: How much did your last bad hire cost you? I have never had a CEO come in at under \$50,000 because they're thinking about somebody like you that didn't work out. Many

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times they go into six figures, and a few have said over \$1,000,000!

When they say that, I'll say "Let me guess. A sales manager that made no money for you and is now suing you after you fired them. Close?" Then they'll say something like "How did you know, Don?" Maybe because I've been around this block before.

The hiring variable is very important. So let's say your company made ten hires last year and four of them were poor hires. Let's say the average bad hire cost \$50,000. I just took \$200,000 off the bottom line. Depending on the size of the company, it might be 10x that number... or more.

### **Productivity**

What if you helped increase the productivity of your workforce by 5%? Let's say you have a million dollar payroll that you're improving it by 5%.

What's that going to drive to the bottom line every year? By the way, people are there to produce an ROI, and I do not even include that in the figure.

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A 1/20 increase sounds very doable to me. What if it was a 10% increase in productivity? How would that impact the bottom line? Is there any reason why people can't be 10% more productive a year later, including you? That's was the benchmark for my team as we grew our business.

### **Turnover**

The third thing to analyze is the cost of turnover. As you know, turnover can be contagious, expensive, and can lead to lawsuits, loss of knowledge, brand damage, and more. One of the most impactful things HR can do is help put a dent in turnover.

Let me tell you a quick story about retention. I had a client at a call center with a million dollar turnover problem. Call centers are notorious for their turnover problems. She thought she could affect at least a 10% and maybe 20% reduction. There's going to be some cost in the effort, but let's say in a year's time she makes a 20% or \$200,000 difference. That's a big number.

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Here's what I've learned from all these years speaking to CEOs. They are not emotionally motivated by cost savings! You know what they are emotionally motivated by? Another sale. They are motivated by revenue. That's what motivates them. Not cost savings. But as HR, we always talk about the cost savings we drive. Thereby, evoking only one half of the brain and leaving the right half of the brain behind.

If the sales or marketing manager comes into their office, all of sudden the emotional side of their brain is instantly activated because they will be talking about revenue. So I've learned how to communicate to them in a way that connects the dots.

You do that by turning that cost figure into a revenue replacement figure. Let's say that turnover savings is \$200,000. That's money that would otherwise have gone out the door. What is the company going to have to do to bring in enough

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money top of the line to leave \$200,000 on the bottom line?

I spoke at two CPA conferences and asked for some help understanding this math because I was thinking in terms of ROI. Maybe a company's got a 10% ROI. But using ROI is not the right approach to take because there are fixed overhead expenses, like the building you are in, and annual insurance premiums. What I learned is that the discussion is about replacement costs, and it's typically a 4:1 to 6:1 ratio according to those CPAs. In some organizations, it is even more.

Meaning, to put \$200,000 in an owner's pocket, you will have to bring in between \$800,000 and \$1,200,000 in new revenue at most companies, after you pay for commissions, marketing, sales costs, taxes, support, etc.

**Now you are solving a \$1,000,000 problem, not at \$200,000 one. Understand?**

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The next question to ask is what would we have to do to bring in \$1,000,000 in revenue? First we'd probably have to hire a new salesperson. Then what will they have to do? How many cars will they have to sell, or new construction projects, new patients, etc. When you get that visceral, you get a CEO's attention.

I don't know about your organization, but for most organizations I've been around, if somebody brings in \$1,000,00 in sales they bow down to those people. They get trips on cruise ships. They go golfing and skiing. They do all these amazing things, and what does HR get for creating a similar impact?

Underappreciation.

I want you to be able to have the conversation the way I just had the conversation with you.

I remember speaking to a CEO of an automotive group that had turnover in his customer service position. He lost two customer service people that

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had worked with him for years, to a competitor. I showed him how the cost of that turnover was conservatively about \$50,000, depending on who he hired to replace them and how long it took to do that. I also knew from research that he made approximately \$500 on every new car sold. I took him outside and had him look over the car lot. I asked him "How many cars out there do you think you will have to sell to put that \$50,000 back in your pocket?" When I told him it is the equivalent of 100 new car sales, he just about had a heart attack. That got his attention.

My advice is to know your numbers well enough to have a conversation like this. What are your replacement cost equivalents in revenue? What activities have to occur? If you are not sure, have a conversation with your CFO and VP of Sales, so you understand these numbers. When you do, they will think about you as a business partner, not just a cost center.

# Brand You

I want you to do a better job of branding your company work experience. When we think about the term branding, we're thinking about influencing how people think and feel about our company, whether they be job applicants, employees, vendors, customers, or clients. How do we want them to think and feel about us? That's what branding is all about.

Have you made an effort to brand yourself? Have you made an effort to influence how others think and how they feel about you? If I go to your LinkedIn page, will I see a great job of personal branding on there? If I go to your company leadership page or your blog articles (if you have any), will I see your personal brand on there?

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You can also influence the brand of the HR department itself. How would I know if I was in a cool HR department by walking by?

What's on the walls? What sayings? What quotes? What testimonials? What amazing things are going on in an HR that other people don't know about... yet?

You can use branding for hiring purposes, performance improvement, and retention. Take any of the literature on branding to the outside, cut out words like "client" or "customer," and insert the word "employee," and you'll learn what you can do to brand both yourself and your department.

# Getting that Raise

In this last section, we're going to talk about how to communicate your value and **get paid for it!**

I remember reading about the infamous bank robber Willie Sutton. When Willie was asked, "Why do you rob banks," his answer was, "Because that's where the money is!"

If you want to get paid well, the first thing you have to do is work where the money is. If you've got an organization that's been in the red for three years running, don't expect to get paid well. If a company has poor cash flow, and you can't impact that cash flow, you can't get paid well. Or maybe there's undervalued opportunity at a company, and if you help turn things around, you get a chunk of it in terms of stock, a raise or performance bonus.

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I had a consulting arrangement with a commercial printing company with about 80 employees. There was lots of turnover, lots of drama, and they just filed for re-organization under the bankruptcy laws. I came in, did my thing with their personnel management, and within ten months helped produce a 1.35 million dollar turnaround. All of a sudden, that company went from the verge of being bankrupt to being financially healthy again. Now there's money available for a raise.

When I help engineer a turnaround like that, I get paid well for it. If you're an HR executive and you help engineer turnaround like that, you should get paid well for it too!

So gather your HR costs data and complete this form. Then understand the revenue and activity equivalencies of it.

Now let's talk about getting that raise!

# Asking for a Raise

Let me ask you a question: When's the last time you went in and asked for a raise? Did you get anything more than a cost of living increase?

At the most recent group of HR managers I gave this workshop to, I asked them to raise their hand if they asked for and received a raise in the last year. Only two people raised their hand. I asked them to tell me about this.

One of them said, "I really didn't ask for it at that job. I left that job and I asked for a raise at my next job, and I got it." Okay, she got a raise. That's one way to get paid more. The other person said, "I hadn't asked for a raise for a couple of years, and since the company was doing better financially, I finally asked for a raise and got it."

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Nobody else in that room asked for a raise or got one, in large part because they can't walk in with confidence that they're kicking ass in HR and they're going to get a raise.

With every HR executive that I've coached, I tell them that their self-talk is, "I kick ass in HR." When you go to a cocktail party and tell somebody that you work in HR, they tend to walk the other way, right? I instruct the executives I'm coaching to respond by saying, "I kick ass in HR," when asked what they do at cocktail parties. At first, they're kind of shy about doing it, and then they're amazed by people's reactions. It peaks their interest.

You kick ass in HR? Now, that's interesting. I've never heard that before. How do you do that?

When you're confident you can show your CEO the bottom line impact you made, you're going to get that raise. Let them know that if you can't get that

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raise, you'll have no choice but to work someplace else soon.

Before you go into that conversation, have a meeting with a local recruiter. You find out where you stand in the marketplace, as well as the salary range they think you would get out in the marketplace.

Now you know the "market rate" and you know your value and you can be confident in asking for, and getting that raise.

If you do the work I'm talking about, and you're going to prepare for that conversation, I invite you to call me up or email me—I'll listen to your pitch, and make sure you have that conversation right away.

The bottom line is I want you fired up! Fired up about Great HR! I want you to believe in the opportunity in HR! I want you to believe in yourself! I want you to believe that you can make an even bigger difference than you do right now!

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So go for it!

Put your big dent in the universe and get paid for it. Then you can fulfill some of those Big Why's you've got for you and your family.

# Conclusion

I hope this book was the honesty you needed. I love HR and want to see you and your fellow HR executives live up to the enormous opportunity it represents!

I spent six months putting together a masterpiece called The Great HR Program, and only two out of twelve videos have anything to do with the law. Along with the videos come many excellent tools associated with them. Whether you binge watch the lessons, or spend a year to watch through it all, you'll immediately see its long-term value.

Learn more about the program, go to <https://www.GreatHR.com/>.

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The GreatHR Program is certified for 11 HRCI credits, offers dozens of tools, and it's different from any program you've ever participated in.

If you don't want to ask your company for the \$197 for the program, then do yourself a favor and take it out of your pocket.

Do you think you can spend \$197 to take your career to the next level?

Here's to doing GreatHR...and getting paid for it too.



All the best, Don

Don Phin, Esq.

# Contact Information

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(619) 852-4580 - Give a call remembering I'm in California. Let's talk about Great HR. In fact, if you would like a complimentary executive coaching session from me, don't be shy and let me know! You'll gain much from it.

[www.donphin.com](http://www.donphin.com) - Where you can learn about my speaking, coaching and investigation work. Check out the free tools and the blog posts.

[www.linkedin.com/in/donphin](http://www.linkedin.com/in/donphin) - Let's connect!

And don't forget to check out [www.greathr.com](http://www.greathr.com)!



**T**his book is an invitation and wake-up call for HR executives. The Truth about HR is nobody is coming to save you. Which is both scary and liberating. Yes, HR is bashed and mismanaged, but here's the good news – you can make HR anything you want it to be!

This book will help you define your Big Why. You will learn how to talk about your results in a way that will impress management. And you will learn how to get that raise!

**Be prepared to be challenged to step up to the great opportunity in Great HR!**



**DON PHIN, ESQ.**