



Cabby sacked after video of



Descendant Of The Sun: Hot, hot, hot



Dengue epidemic looms

Recommended by

SPONSORED CONTENT

Tour agency Konsortium invests in HR for sustainable growth



🕒 PUBLISHED MAR 28, 2016, 4:00 AM SGT

Brought to you by

SPRING

singapore

Enabling Enterprise

The tourism industry is a competitive one, with many tour agencies vying for business and trying to outdo each other with better travel packages and service. Konsortium Express & Tours Executive Director Joe Lim realised last year that one way to truly uplift standards at his firm and grow his business in a sustainable way was to invest in a better human resource (HR) strategy. He spoke to The Straits Times about his company's HR journey.

WHY IS TALENT IMPORTANT TO YOUR BUSINESS?

People are the key driver of my business. When employees are in high spirits, they positively engage my potential customers to create more pleasant experiences for them and convert them into 'paying' customers who purchase our travel packages. No one will buy a holiday package from an unhappy sales representative as they are unhappy of the poor service rendered even before they go for the holiday!

WHAT WAS LACKING IN YOUR PREVIOUS HR STRATEGY?

Our approach to HR was very conventional. We hired HR executives who would administer payroll and leave and on my request, they would sometimes make changes to HR policies. This typically meant cutting costs and scaling back on employee benefits. While this approach saved money, it negatively impacted staff morale and sales suffered as a result.

We always cap HR costs as a percentage of sales but this would mean that the number fluctuates from year-to-year. When profitability is high, HR costs increases as we can afford more employee benefits and privileges. When the economy is slow like now, we reduce the cost-to-sales ratio to conserve cash flow and ensure the sustainability of the business.

So previously, whenever I lowered the cost-to-sales ratio, our HR executives would interpret it as a hiring freeze and this will cause friction between the HR and sales departments. The sales team complained about not hitting their sales targets as there were no sales representatives stationed at the counters but

HR was unwilling to hire new staff to control costs. It was this refusal to hire that led to a drop in sales which then ultimately increased the cost-to-sales ratio.

And so you tapped on Spring Singapore's HR Shared Services (HRSS) programme in October 2015. The programme allows you to outsource some of your HR operational activities and leverage on IT to enhance your HR systems and processes. How has things changed since?

Prior to participating in the HRSS programme, we hired HR executives who did not see the implications extending beyond HR, bearing in mind the wider business needs. This negatively affected my business.

By outsourcing my HR operational activities, I now do not require an in-house HR executive to manage day-to-day operational HR activities like payroll processing and benefits administration for 50 employees.

Through the use of cloud-based HR info systems managed by the HR shared service provider, employees can now self-service and apply for leave, claim and manage attendance tracking online, resulting in time savings. Furthermore, due to the large SME client base that the HR shared service provider has, the provider was able to aggregate demand and offer all their clients additional benefits like discounted group medical and subsidized dental coverage, at no additional cost. Hence, I am able to provide my employees with better employee benefits without more cost to the company.

We are also able to access professional HR advisory services where the provider would use our data and HR analytics to advise and help us make important HR decisions.

WHAT WERE SOME OF THE CHANGES THAT KONSORTIUM MADE AS A RESULT OF THE HRSS PROGRAMME?

We started by studying our P&L and identified areas of the business that needed improvement. We studied and revamped our sales commission structure to incentivise greater sales. This means that the more sales a counter staff closed, the higher the percentage commission he would earn as compared to the previous model where a flat commission rate was given regardless of sales achieved.

Improvements in performance management was also made such that we can now track and measure staff performance through a monthly KPI and People Analytics metrics and monitor report. To cascade this down the levels, we held a KPI briefing for all nine department heads and managers to ensure that everyone was clear and aligned to the new performance measurement tracking structure. Today, with a glance of the document, I can have an overview of the progress made by my employees and company.

HAS THIS ALSO CHANGED THE WAY YOU RECRUIT AND TRAIN NEW HIRES?

New hires who join the company are immediately presented with the performance blueprint containing Konsortium's KPIs and process flows. This is so that employees know what they are hired to achieve, how to achieve it, and consistent reporting keeps employees informed if they are on track to meet their KPIs.

High performers are identified from the monthly reports, and these high performers are asked to complete a 90 questions “success drivers” questionnaire. From the answers given, we try to frame the profile of employees we want. This increases the chances of hiring the right candidate who would fit and excel in Konsortium.

DO YOU THINK YOUR IMPROVED HR STRATEGY IS ALSO HELPING YOU THROUGH THE CURRENT ECONOMIC SLOWDOWN?

Certainly yes. With HRSS, I am now able to focus on upskilling and continuously educating my counter staff, who can bring in my sales and tide us through this economic slowdown. In fact, to-date, Konsortium’s coach business is averaging more than 20 per cent profitability, outperforming the industry.