

# **SUPPLIER OPERATIONAL STABILITY**

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**HR/Manpower Project  
Improvement Activities & Best Practices**

# BACKGROUND

In 2018, unemployment levels in the U.S. dropped below 4% and some local areas were drastically lower. Full employment is considered to be 4-5% unemployment, meaning everyone who has the desire and ability to work is already in the workforce.

These market conditions have created an urgent need to revise work policies and recruiting practices, focus on associate engagement and development, improve desirability of the work environment to compete for necessary manpower, as well as ensure optimal factory performance.

In 2019, we engaged with a focus group of suppliers to understand their current labor/human resources practices and to identify improvement strategies. This document has been developed to share the key themes which include various improvement activities shared throughout the project.

– Honda of America Mfg. | NA Supplier Quality & Delivery - Supplier Stability Team

Labor Score	
Background: Plant Management	
Open positions : Mgmt / Eng. / Labor	
Temp staff	Turn-Over %
	Hiring Candidates
	Absent %
Perm staff	Turn-Over %
	Hiring Candidates
	Absent %
Engineer	Turn-Over %
Management	Turn-Over %
Overtime management	
Wage competitiveness	

Factory Mgmt. Score
Work Conditions
Understanding of Capacity Planning
Understanding of Production Control
Understanding of production progress and inventory
Suggestion Box
Visual Process Management
Communication

## KEY THEMES

Recruiting & Retention

Policy & Compensation

Factory Performance

Training & Development



The subsequent slides will share improvement strategies related to the following key themes:

**Recruiting &  
Retention**

**Policy &  
Compensation**

**Factory  
Performance**

**Training &  
Development**

This document includes a summary of improvement activities based on a focus group of suppliers. The information contained within this document is for review to determine if any of the strategies shared would be beneficial to your organization. Some or many of these practices may already be part of your organization's processes. Before making any HR or payroll/compensation/policy changes, please consult with your legal counsel and any other appropriate parties.

Any companies/products referenced are for example purposes only.


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## Recruiting & Retention

Company Branding  
& Online Presence

Job Postings/  
Application

- Utilize latest technology for job postings:
  - Top job sites (Indeed, Monster, Glassdoor, CareerBuilder, ZipRecruiter, etc.)
  - Local area employment websites
  - Video job descriptions
  - Smartphone/tablet friendly job application process
- Facebook and other social media    
  - Facebook advertising campaigns: target most likely hiring areas, typical candidate profile/interests, advanced criteria to customize advertising reach
  - “Employer Branding” and managing social media posts/comments is important
  - Post responses addressing negative comments to make your organization look better to the public (in addition to social media, Google reviews and job sites)
  - Encourage associates to raise concerns through internal channels rather than via social media and to share positive feedback on social media (communicate the importance)

## Recruiting & Retention

*(continued)*

Company Branding  
& Online Presence

Job Application

- Facebook and other social media (continued)
  - Think about “Why would someone in the job market click on your company’s ad posting?”
  - Tell the story of career growth opportunities at your organization – know and grow the % of internal promotions and share this on social media
- “Employer Branding” examples:
  - Videos of associates telling their stories – career growth, training/advancement opportunities
  - Success stories of engaged associates who made a difference, improved something, what the company values mean to them, company community volunteer activities, etc.
- Text message app for recruiting, communicating with candidates, scheduling interviews (AI capabilities available)
  - Example: TextRecruit  [textrecruit.com](https://textrecruit.com)
- Applicant tracking system – save info/follow-up candidates who may consider later (those that accept another position, stay in current position, etc.)

## Recruiting & Retention

*(continued)*

### Competitive Recruiting Practices

### Developing Future Talent

- Local Cost of Living data may be helpful for recruiting efforts (example resource: [bestplaces.net](https://www.bestplaces.net))
- Local colleges may have average salary data for technical/engineering positions (know your position in the market and if higher than local average, use this data in recruiting)
- Communicate to candidates the total compensation package (health/wellness, 401k, etc.) vs. hourly rate
  - Example: provide a total rewards overview with the job offer, showing estimated annual compensation for the position and all benefits based on avg. cost/value
- Apprenticeship programs (there may be state, county or local resources) or internal training positions (e.g., die maintenance trainee position)
- Partner with local schools/colleges to encourage students about opportunities in manufacturing, host events for students to tour and learn (some manufacturers have partnerships as low as elementary level at local schools)
- Partner with high schools/local vo-techs for intern type opportunities for students to work/learn about mfg.

## Recruiting & Retention

*(continued)*

### Interviewing

### Onboarding

### Understanding Turnover

### Contingent Workforce

- See *Training & Development* section regarding GED program which is also a recruiting/retention tool
- Include plant tour during interview process for candidate to view work environment and job duties
- Comprehensive onboarding and new associate training process (including welcome from leadership)
  - Multiple day vs. single day orientation
  - Regular follow-up with new associates during first 30, 60, 90 days to 6 months
- Designated training classroom, hands-on-training/work cell
- Stay interviews during new hires' first 60 days (see following slide for example questions)
- Exit interviews and tracking turnover reasons (process to review and act upon feedback)
- Temp associate turnover – understand from temp agency if those that leave go elsewhere (if so: where, industry, etc.), continue to work as temp or move out of workforce
- More than one temp agency as a strategy to introduce competition and increase agencies working to fill openings

## 15 Questions to ask a New Employee in the First 60 Days

1. Why do you think we selected you as an employee?
2. What do you like about the job and the organization?
3. What has been going well? What are the highlights of your experience so far? Why?
4. Do you have enough, too much or too little time to do your work?
5. Do you see your job relating to the organizational mission?
6. What do you need to learn to improve? What can the organization do to help you become more successful in your job? (Don't ask these two questions unless you are prepared to follow up and actually respond substantially)
7. Tell me what you don't understand about your job and the organization.
8. Compare the organization to what we explained it would be like.
9. Which co-workers have been helpful since you arrived? (Goal: Identify which employees are influential in retaining new workers).
10. Who do you talk to when you have questions about work? Do you feel comfortable asking?
11. Does your supervisor clearly explain what the organization expects of you?
12. How does it go when your supervisors offer constructive criticism or corrects your work?
13. Do you believe your ideas are valued? Give examples
14. How well are you getting along with co-workers?
15. Have you had any uncomfortable situations or conflicts with supervisors, co-workers or customers?



## Recruiting & Retention

*(continued)*

Contingent Workforce

Work Environment

Associate Engagement

- Increased accountability for temp agencies – monthly reviews, request performance scorecard and provide targets/requirements
- Temp ratio
  - In today's employment environment, <20% (ideally 10% or below) temp to perm ratio has resulted in enhanced workforce stability (reduced turnover and absenteeism)
  - Additional considerations: utilize temps only for temp to hire strategy or eliminate carrying temps altogether
- Expedited timeframe to evaluate and convert temps to permanent associates (30 – 45 days or less)
- Part-time work options as a recruiting strategy or to retain associates considering retirement
- Associate Referral Program (See *Policy & Comp.* section)
- Evaluate the work environment – safety, lighting, ergonomics, cafeteria/break areas, outdoor break areas, lockers, parking, desirability compared to competing employers
- Benchmark 'best places to work' in your community; strive to become one!

## Recruiting & Retention

*(continued)*

Work Environment

Associate Engagement

Communication

- Market café instead of vending
- Depending on cafeteria offerings, food trucks as an option
- Consider free food or refreshments
  - Luncheon/appreciation events
  - Complimentary fruit, coffee, refreshments during summer months, etc.
- Two-way communication is important (not just top down)
- Key element: Must review and respond/act upon feedback provided
- One-on-one meetings with leadership
- Round tables (small groups) conducted according to regular schedule and follow up is posted
  - Open discussion with associates and top management
  - Internal process to analyze/act upon feedback
  - Suggestion: serve snacks, refreshments, or determine incentive to generate associate interest/excitement about attending
- Monthly / Quarterly “Town Hall” meetings

## Recruiting & Retention

*(continued)*

### Communication

### Associate Engagement & Recognition

- Associate surveys (most important topics covered, not too lengthy)
  - Conducted at regular frequency, such as every 2-3 years to ensure adequate time to act upon associate concerns between surveys
- Quality circle programs
- Quality find programs
  - Incentive/reward and recognition (post in company newsletter, company monitors) for finding defects or quality improvements
- Suggestion program with rewards (example: criteria to rank/score the suggestion to determine reward level)
- Anonymous ethics reporting system/hotline
- Employee Assistance Program (EAP)
- 5S/6S program including training, competitions/associate engagement
- Proper off shift coverage/experience to reduce turnover

## Recruiting & Retention

*(continued)*

Associate Engagement

Hiring Practices

- Tuition/ongoing training reimbursement programs to drive associate retention (see *Training & Development* section)
- Increased direct hiring (vs. temp to perm) as a means to be competitive and attract the best talent
- Planning/hiring farther in advance of new model activity/volume increases
- Increased focus on culture and company core values – ensuring that management lives the values and encourages associates to work and treat fellow associates according to the company values

## Policy & Compensation

**“Re-branding” –  
reconsider policies/  
procedures, relaxing  
rules to improve  
morale, overall focus  
on the associate**

- **Increasing flexibility of work policies to attract/retain based on current workforce dynamics and expectations, examples:**
  - 3-5+ call-in days per year (trend: allow more per year)
  - “Personal Days” – 2-3 days per year, paid or unpaid (able to use in 2 hr. increments; no need for doctor notes – also helps minimize unnecessary insurance usage)
  - Birth of a child/adoption (2-3 days)
  - PTO at hire (5-10 days)
  - PTO carry over (typical max 40-80 hours)
  - Allow PTO usage in 2 hr. increments
  - Paid shutdown(s)
  - FMLA – goes into effect immediately, associate does not have to exhaust vacation first
  - Anniversary gifts/gift cards
  - Allowing water bottles on the floor, providing branded/approved water bottles
  - PTO for temps
  - Re-hire policy (possibly factor in prior years of service for pay/PTO)
  - Hiring from same household (cannot supervise immediate family)

## Policy & Compensation

*(continued)*

### Incentives & Benefits

- Evaluation of attendance points system (one area of focus: in the situation of a late arrival, system should make it beneficial for associate to still come in and not miss the entire day)
- **For associate gifts/recognition, gift cards seem to be the most preferred. Consider TVs, electronics, bicycles, etc. as years of service gifts.**
- **Associate referral program with monetary incentive (\$250-500 typical, partial pay out initially and remaining after new hire reaches 90 days or 6 months of service)**
- **To minimize months with extreme vacation/PTO usage, associate PTO renewal based on anniversary date**
- **Pay frequency (weekly if bi-weekly)**
- **Pay scale max out (# of years service) – trend: increase max out period to recognize/compensate long tenured associates**
- **Attendance pay/bonus (monthly/quarterly is common, can provide annual bonus eligibility in addition)**
- **Attendance bonus for temp associates as well**

## Policy & Compensation

*(continued)*

### Incentives & Benefits

### Wage Reviews

### Level Advancement Programs

- Recognition incentive (lunch, \$\$\$, etc.) for meeting key KPIs (safety, quality, delivery, scrap rates)
- Consider additional recognition for FLLs as well
- Birthday bonus and day off (with pay)
- Shift differential
- Years of service increase
- HR, payroll, work status, associate/company update app (and website)
- Wage surveys annually or semi-annually (third party data, potential data source: SARG Annual Wage & Benefits Survey)
- Associate development wage level advancement program (multiple process development)
  - Associates with initiative are able to expand skill level and receive higher wages
- Additional benchmarking regarding policies and benefits
  - Local HR network groups (e.g., chamber, county, SHRM)

## Policy & Compensation

*(continued)*

### Benchmarking

- Honda sponsored resource – SARG for networking/best practice sharing with local suppliers
- Refer to the *Recruiting & Retention* section for some additional topics related to compensation
  - Cost of Living data
  - Local colleges may be a resource for average compensation data (technical/engineering positions)
  - Total rewards overview



## Factory Performance

### Company Performance

### Capacity Planning


### Work Schedule / Overtime

- **Real-time data/visual management:**
  - **Production plan vs. actual**
  - **Required inventory on hand**
  - **Shipping plan schedule (also ensuring up to date on AHM/service parts, IOO export/reverse KD parts)**
- **Communication to associates on factory performance and importance of Safety, Quality, Delivery, Cost, etc.**
  - **Included on company monitors, visual management boards/reviewed at stand-up meetings**
- **To help mitigate amount of OT required, ensure appropriate capacity/manpower planning is completed**
- **If must work OT, ensure periodic recognition in place (company provided lunch, gift cards, certain # of hours OT = vacation day)**
- **Covering overtime – cross-training plan and OT offered first to those who want to work OT**
- **No OT during new hires' first two weeks**
- **Alternative shift arrangements if OT is a challenge (e.g., 4 10's and staff accordingly)**

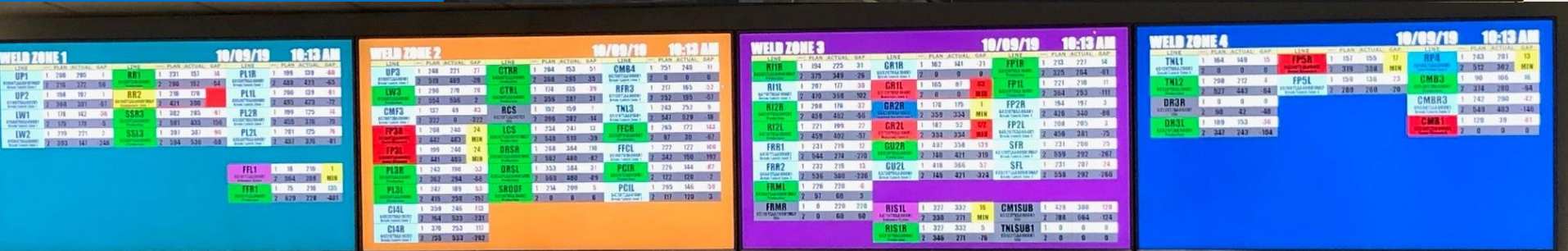
## Factory Performance

*(continued)*

### Work Schedule / Overtime

- Part-time work options
  - Example resource:  'When I Work' app showing who's off, where/when; retirees, college interns, part-time and F/T have access to app. Through app can book to work a shift, based on requirements – e.g., must work a shift one week per month to have access to the app.  
[www.wheniwork.com/](http://www.wheniwork.com/)
- Ensure OT is communicated adequately in advance (Weds. is typical day to announce weekend OT)
- Recognize the importance of work/life balance
- Honda sponsored resource for factory performance, process improvement, etc.
  - Lean Network [www.leannetwork.com](http://www.leannetwork.com)

## The Power of Dreams





## Factory Performance (continued)

### Visual Management Examples

- Associate engagement in company overall performance
- Stand-up meetings, daily reminders (safety, quality, etc.)

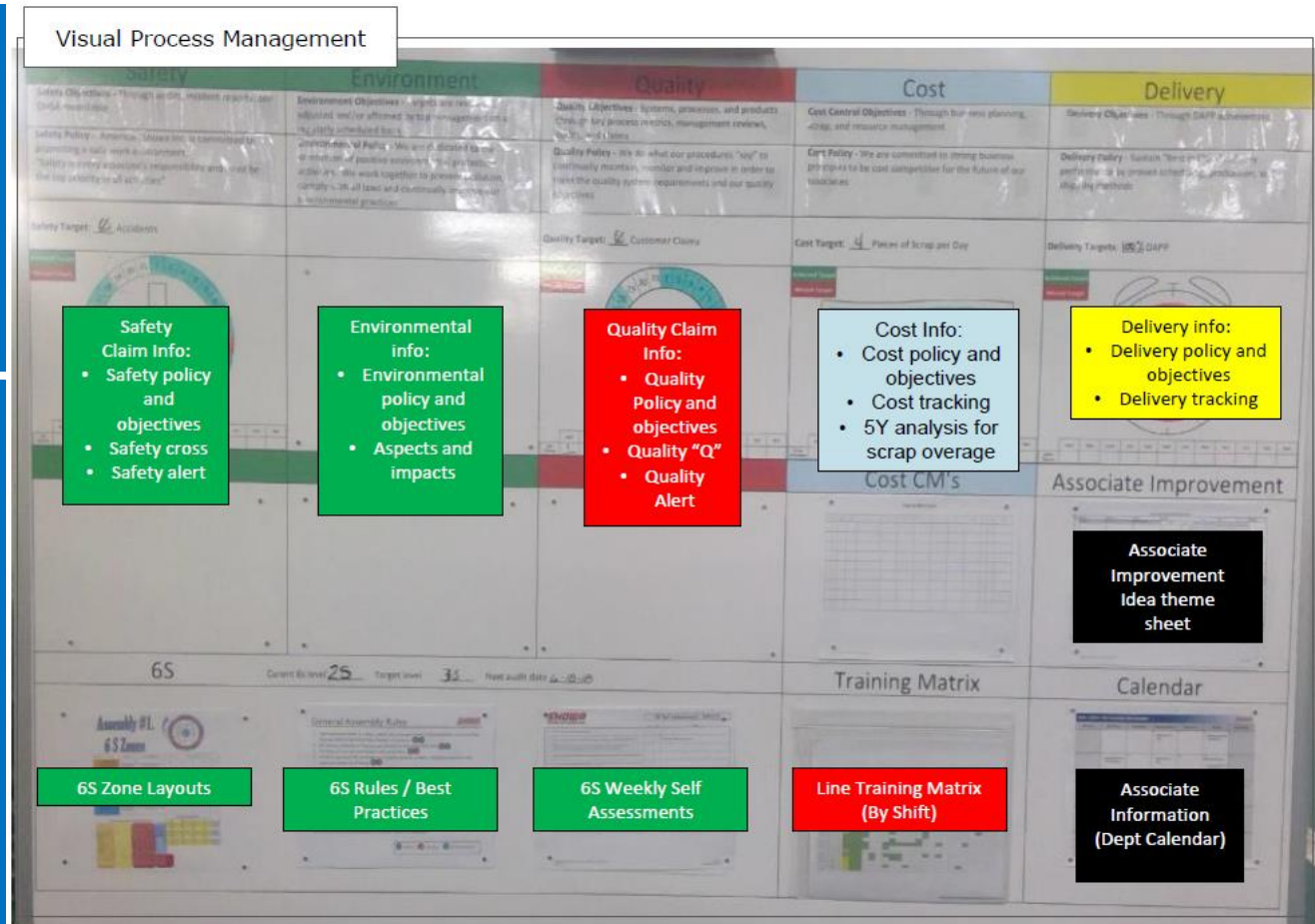
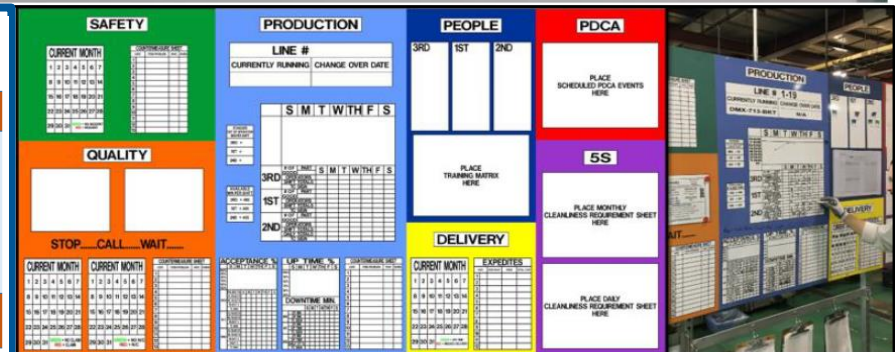


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## Training & Development

- Comprehensive onboarding and new associate training process, as well as regular follow up with new associates
- Mentorship program (mentors trained and rewarded/recognized for mentoring)
- Education reimbursement program
- Partnerships with local technical schools to provide associate training:
  - Strengthening skills applicable to existing role or development for future position
  - Self-development, if associates need to improve basic skills (math, reading, writing, preparing for GED)
- GED program for associate to get GED  
[www.ged.com/gedworks/](http://www.ged.com/gedworks/)
- Implementing technology to attract/retain today's workforce as well as for training/performance (example: monitors with work process videos showing how to perform the process at that line)

## Training & Development

*(continued)*

- Identifying skill level of processes and assigning new associates to more basic processes initially (or processes that are lower potential impact to quality)
- Dedicated “trainer” positions rather than relying as heavily on TLs, other production staff to train new associates
- Internal promotion opportunities exist (jobs are posted) and are encouraged/communicated throughout the organization (continually communicate the potential for career growth)
  - Videos mentioned under social media section (career growth success stories) – post internally on company monitors
- Formalized/improved training, particularly leadership/‘soft skills’ training as requirement for FLLs
  - Honda resource: HOST Supplier Training  
<https://host.hondaengage.com/leadership-training/>
- Team Leader/FLL ratio to staff: best practice is generally 5-7 to 1, with 7 considered the ideal max

## Training & Development

*(continued)*

- **Leadership development (skills assessment and training) & succession planning is critical**
  - **Suggestion: utilize 9-block grid for succession planning**
  - **Identify and engage with high potential associates (clearly define path for career growth and potential opportunities)**
- **Increased focus on safety and regular training/reminders (short but memorable training for production associates)**
- **Engage in continuous skill/information-sharing between mother & sister companies, if applicable**

- **Continue to enhance company workforce policies and plans to manage key HR elements focused on employee recruiting, retention and stability**
- **Associates are your most valued assets**
- **Engage & invest in your associates' development**
- **Investigate skills gaps in the organization**
- **Ensure two-way communication (not top down) – build relationships & trust**
- **Don't fall behind – understand your associate's viewpoints & keep a pulse on your local labor market in order to be competitive to attract today's workforce**
- **Continuously perform activity to improve/sustain solid workforce & factory characteristics**
- **Retention and making your organization a highly desirable place to work must be an entire company initiative and part of the culture, with full support and participation from leadership**



*All generations care about:*

- ✓ *Becoming a leader*
- ✓ *Being appreciated & fitting into the organization*
- ✓ *Stress & work life balance*

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**HR Networking & Training Opportunities – [www.hondaengage.com](http://www.hondaengage.com)**



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2. The sharing of best practices amongst participants; and
3. Limited collection and dissemination of data containing **no information regarding future practices** and as approved by legal counsel.

**Improper Activities** at meetings include discussion of any of the following:

1. Prices;
2. Marketing Strategies;
3. Division of geographic or product markets;
4. Sales or production predictions;
5. **Cost predictions, calculations, or components;** and
6. Preventing or eliminating competition.

In a benchmarking project with competitors or potential competitors concerning cost or salary information:

1. The survey must be managed by a third party (e.g., consultant, academic, institution or trade association);
2. The information provided by survey participants **should be based on data that is at least three months old and preferably older;**
3. Information concerning future salaries and costs should not be solicited;
4. There should be at least five participants reporting information contained in the report, with no individual participant's data representing more than 25 percent on a weighted basis of any average salaries or costs reported; and
5. Any information reported should be sufficiently aggregated or masked such that it would not allow recipients to identify the salaries or costs of any individual participant.