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An Assessment of the Human Resources Department in SAKE

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by

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INTRODUCTION

Students Acquiring Knowledge through Enterprise (SAKE) is a student-run business through the Sam M. Walton School of Business. It is set up as a class, so students who are members of SAKE receive class credit from the business school. Students can receive up to nine hours of credit through SAKE. SAKE recently obtained the title "Forever-Red by SAKE" as the official name of the business. Forever-Red by SAKE sells many products in several categories. The categories are framed diplomas and other framed products, t-shirts and artwork, and office accessories.

The main purpose of this project is to do an overall assessment of the human resources department to identify the obstacles and challenges and also find solutions for them. The completed assessment will benefit the business of SAKE and all its stakeholders through discovering the most efficient way to run the human resources department, which will affect the whole business positively. Because of this, it will allow the students to have the best possible experience in SAKE. This paper will first go through the background information of SAKE, followed by an overview of the human resources department and what functions it performs. Next will be a more in depth description of the purpose and also information on the methodology used in research. Last will be the results and the final conclusions.

I am currently participating in my third semester of SAKE. My experience in SAKE has taught me so much and I have truly learned valuable lessons. However, through my experience, I have always been frustrated that there are operational problems that tend to hurt the business. These problems are often problems that occur over and over again due to various reasons. These problems often caused me to spend my time fixing or coming up with temporary solutions to these problems, rather than making high level and strategic business decisions. As a student in SAKE, these operation problems cause more stress on the business as a whole and often caused my involvement in SAKE to feel like an obligation, rather than a privileged learning experience. Although I have learned so much from working through these operational obstacles, I feel that in the future, students will really benefit from having long-term solutions to these obstacles so they can put their attention elsewhere. Also, many of the problems are caused by obstacles that are not relevant to almost any other business, for instance, the absence of our employees during school breaks and also the uniqueness of our organization. Because I am a management major with a focus in human resources, I have had the privilege to oversee the human resources of SAKE for two semesters. In these two semesters I was able to experience firsthand the effects of these problems. When I decided on my thesis topic, I knew that putting my efforts into SAKE would be the most fulfilling and beneficial use of my time.

HISTORY AND GENERAL INFORMATION

In the fall of 1996, a group of five MBA students and five undergraduate students met in Dr. Carol Reeves' office for her "special topics" elective class. This group of students was the first SAKE class, and they made it possible for students to learn through experience for years to come. SAKE was created in April 1996 through the efforts of Dr. Carol Reeves with start-up capital from Frank Fletcher and Jerry Jones. When Dr. Reeves pitched the idea of a student-run business to Fletcher, he immediately liked the idea, and she began recruiting students to develop a business plan to present to him. Dr. Reeves wanted to start a student-run business after she realized how much students could learn about applying theory to a real business through her

work with her husband to manufacture and sell board games. The business came down to two ideas: a framing operation or a copy center run out of an office on Dickson Street. The students recommended the framing company to Fletcher because they could get discounted frames using Fletcher's existing framing operations. Fletcher called his good friend, Jerry Jones, and together they donated around $150,000 to start this student-run framed diploma business. So it was settled that SAKE would be in the business of framing diplomas, but it was an Economics professor that gave Dr. Reeves the idea to rub the names from the Senior Walk after he had experimented with doing a rubbing of Adam Smith's name himself. The students worked out many prototypes of what the framed diploma sets would look like, and finally got it down to the right size, colors, and other details.

Coming up with the prototype and start-up capital were relatively easy compared to getting approval for a University student-run business. It was getting University and faculty approval, the time commitment, and the final details that gave Dr. Reeves the most trouble. She pitched the idea of SAKE to the UA Board of Trustees in 1997 as a "separate but affiliated 501(c)3 not-for-profit organization." SAKE was only the third 501(c)3 group to be approved by the Board of Trustees. This status was needed to allow SAKE to have a separate checking account.

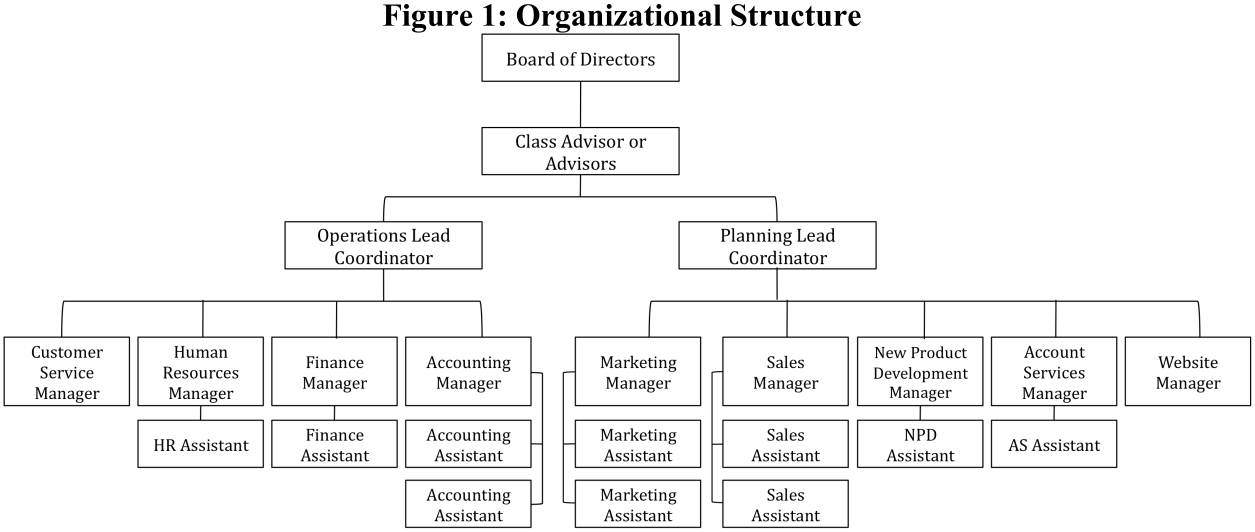
With the help of the University attorney and the faculty approval, SAKE was ready to take off, but Dr. Reeves still needed a group of strong and dedicated students. She recruited undergraduate students through the honors college and personally handpicked MBA students. With all ten students committed, they began working on the framing business. The group of ten students took a trip with Dr. Reeves down to Little Rock to tour one of Fletcher's lamp manufacturing plants, and after being treated to Benihana's Japanese cuisine for dinner, the group piled into Dr. Reeves' van and headed back to Fayetteville. Dr. Reeves told the group, "You are not getting out of van until you come up with a name for the company. We've got to have a name!" After hours of brainstorming and deliberation, one student who was inspired by his experience at Benihana's suggested the name of "Sake". Although this did get a few laughs at first, Dr. Reeves started to play with the letters in the word "Sake" and realized it fit with the words they had come up with for a name. It also met Frank Fletcher's advice to have a name that was an acronym. So, at that moment, the name "Students Acquiring Knowledge through Enterprise" became the business name.

After a year of the business running, Dr. Reeves suggested the group take a trip to China. With the encouragement and financial support of Fletcher, the group took the first SAKE trip. It became a tradition that if the business had the funds and had made a profit, the students could take a short trip after the spring semester. Since then, the class has traveled to many places, including Costa Rica, Tunisia, Panama City, Hawaii, Quebec City, Disney World, and many more.

The original set-up of SAKE was very similar to how it operates today. It was set up with two lead coordinators. One was an undergraduate student and the other was an MBA student. The class was composed of half MBA students and half undergraduate students. The lead coordinators gave direction to the managers, who gave direction to their teams. The original teams were accounting, marketing and sales, new product development and operations. The class had two advisors to help with transitioning of faculty. The students recruited new students in classrooms campus-wide. Today, Dr. Reeves believes that the business of SAKE has truly accomplished all that she had originally envisioned it would.

The remarkable beginning of SAKE has allowed the business to evolve into a simple, but effective organizational structure. Today, SAKE has a five-tier organizational construction. At the first tier is the board of directors. These board members come from many different fields and places and they have a wide range of expertise between them. Many board members were former members of SAKE and local business professionals. The next tier is the class advisor or advisors. Through the years, there have been one or two advisors at any one point in time. The job of the advisors is to lead the class in the right direction with their expertise and advice, while leaving the management decisions to the class. Below the advisors are the lead coordinators. Historically there are two lead coordinators. One is the Operations lead coordinator, who oversees human resources, customer service, finance, and accounting. The other lead coordinator is the Planning lead coordinator, who oversees marketing, new product development, sales, website, and account services. Each department has one manager to lead the team and many departments have assistants below the manager. Although SAKE is broken down into two major teams, the departments within SAKE are very closely interlinked. Each member will allocate the majority of their efforts towards his or her specific department. However, in order to make SAKE work, each member also must be willing to play multiple roles in the company. For instance, each member is a salesperson and has a sales goal and each member is in marketing and must work at local events and let consumers know about SAKE through word-of-mouth. The organizational structure allows the members to be flexible so they can satisfy the changing needs of the business.

Figure 1: Organizational Structure



HUMAN RESOURCES DEPARTMENT

The role of the human resources department in SAKE has been to recruit, select, train, and manage the students in SAKE. The main objectives of the HR department were created by the human resources department of fall 2011. They are defined below:

- Recruit best possible candidates that can commit at least two semesters to SAKE
- Continue succession plan implementation to ensure positions are filled in the most effective and efficient manner
- Select the best possible candidates to join SAKE through fair selection methods

- Ensure all members of SAKE are trained regarding the topics of products, business roles, and other various business functions

The human resources department consists of one or two students. The functions the department performs derived from the objectives are: staffing, student development, organization planning, and compensation and rewards (Lawler and Boudreau, 2009). The evaluation of the department will be done through the use of those four human resources functions.

Staffing Function

The first function of the human resources department is staffing. This includes the two sub-functions of recruitment and selection. The recruitment processes are carried out in a number of ways. The human resources department is responsible for recruiting through presentations in classrooms, recruiting through Walton College publications, and recruiting through referrals of current SAKE members. In the classrooms, recruitment is done in several business classes through the use of a promotional video and a short presentation. The second sub-function of staffing is selection. This is completed through an application process followed by an interview process. The human resources department is responsible for conducting and scoring all interviews. After interviews, the human resources department chooses the students based on both the available talent and the current business needs. The department selects students who have high GPAs, are involved on campus, and are eager to gain business experience. Quality of interview and resume are also considered. The business needs change every semester depending on which students are leaving from which departments.

Student Development Function

After staffing is completed, the next HR function that is carried out is student development. Student development is the process of training the students on the business functions of SAKE. The major areas of training are sales/products, customer service, specific departmental roles, and other business procedures. The training takes place within the first two weeks of the semester during class times.

Compensation and Rewards Function

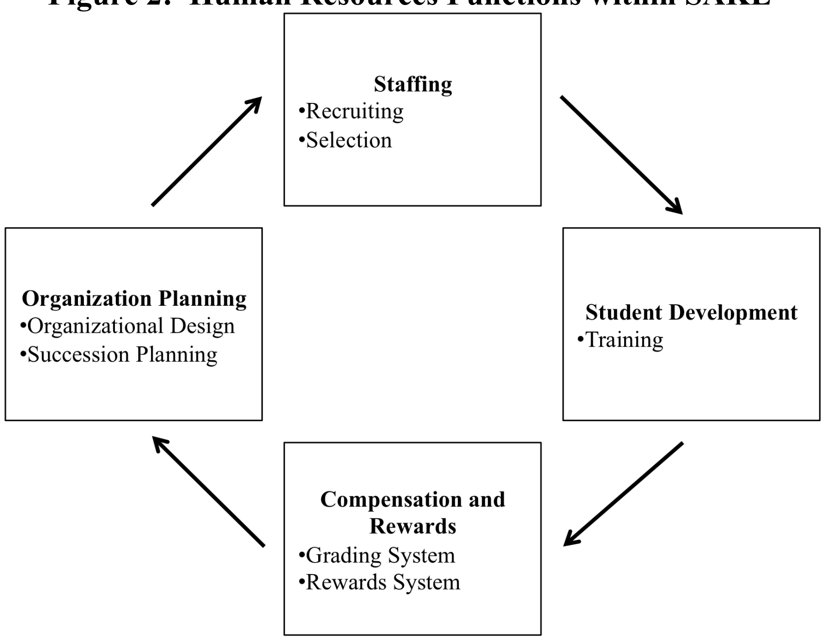
The compensation and rewards function takes place towards the end of the semester. It consists of the grade the students receive and also the reward of the trip after the spring semesters. The grading is left to the discretion of the advisors with some input by the lead coordinators. For evaluation purposes, this is not a function that is carried out by the HR department, but it is still an HR function that is carried out in SAKE. The reward in SAKE is the trip that students may get to take that takes place after the completion of the spring semester. The students eligibility and/or funding depends on several factors including the amount of sales the student made, the length of time the student has spent in the class, the involvement of the student, and the advisors' discretion. It is not the HR department that is responsible for deciding the amount of funding each student will receive on the trip, but this is still a human resources function that is completed in SAKE. The compensation and rewards function will be evaluated

under the consideration that it is a crucial aspect of SAKE, but is not performed by the human resources department.

Organization Planning Function

The last human resources function in SAKE is the organizational planning. This consists of the two sub-functions of organizational design and succession planning. In SAKE, organizational design consists of positioning the correct departments in the most effective place within the company. For instance, every semester the department must consider what departments are working on the most and least strenuous projects and select the correct number of students for each department based on that consideration. The organizational design must vary from year to year as the needs of the business change. The organizational design is reviewed at the end of each semester and changes are made as necessary. The succession plan is a system developed in SAKE to plan out which students will be in which departments in the future. It also is used to evaluate the average number of semesters of experience the class has and the turnover rate from semester to semester. It gives the department a short view into the future to predict shortages in certain departments. The succession plan is reviewed and updated each semester to ensure that the staffing can happen as efficiently as possible.

Figure 2: Human Resources Functions within SAKE



PURPOSE AND RESEARCH METHODOLOGY

As mentioned in the "Background Information" section, SAKE is a class where students learn from running an actual business and therefore, the ultimate goal is to allow the students to learn and experience the maximum amount while they are members of the class. When there are problems and inefficiencies in any area of the business, this lessens the chance that students will learn. Time should be spent making high-level, strategic decisions and growing the business, rather than using valuable time to fix operational problems that could be avoided. Although

there are lessons to be learned from operational problems, these problems often force students to spend their time making low-level and basic business decisions.

The main inquiry being researched for this project is to learn the methods and opportunities that SAKE can use to run more efficiently to allow students the best learning experience with running a business. The overall purpose is to help SAKE grow and change to allow the business to run in the most efficient and effective manner. The three goals of the research derived from the purpose are as follows:

1. To identify the challenges faced by the SAKE human resources department and use further research to find possible solutions to these challenges.
2. To identify new opportunities for SAKE to enable an improved learning experience for the members.
3. To prepare the human resources department and advisors to implement the solutions and new opportunities on a long-term basis.

To achieve the goals, several different methods of examination and research were used. To fulfill the first goal of identifying the challenges, an overall analysis of the human resources department was conducted to discover what challenges existed. This analysis was done using my personal experience in the human resources department and knowledge of the history of SAKE. From that list of challenges, a list of the most relevant problems and obstacles was created. Defined by the four human resources functions, the problems are listed below. To identify solutions to these problems and new opportunities for SAKE, two methods were used. First, interviews were conducted with business professionals that were either human resources professionals, or other professionals who had experience working with human resources functions. Overall, five professionals from four different corporations were interviewed. All of the professionals had different positions, backgrounds, and experiences, but they all had experience and knowledge about growth within a business. The interviews covered three main topics. The topics are the human resources department within their organization, general experience on typical human resources problems and solutions, and advice or opinions on human resources functions. The list of topics covered in the interviews was derived from the list of main problems in SAKE, along with other general HR principles (see Appendix A). In addition to the interviews, through analysis of the best human resources practices was conducted. Many functions, methods, and systems were researched in accordance with the problems stated below. It was through the interviews and the additional research that the conclusions in section V were drawn.

Staffing Challenges

To begin the explanation of the main problems within the human resources department of SAKE, the staffing function challenges will be discussed first. First, the general student population does not know about SAKE. The human resources department only recruits in specific business classes because the students get business class credit for the class, but this tends to limit our applicant pool. Along those lines, for those who are interested in SAKE, there are several misunderstandings regarding SAKE because it is a very unique concept, and it is tough to correctly explain in the limited time we have to recruit in the classrooms. Next, because of the constant turnover, the recruiting message is inconsistent and can be conveyed in an unrealistic

way. Last, there are class credit limitations for most students, making it impossible for many highly qualified students to apply. Students only have so many credits to fill with upper-level business management and often these credits are used to fulfill a minor.

Beyond recruiting limitations, there are also problems with the selection. The applicants are inexperienced and it is tough to decipher one "qualified" applicant over another. Also, there are a limited number of spots and positions in SAKE and it has been debated whether it is best to chose an outstanding "generalist" applicant and place them in a position, or to recruit specifically for a position and place a person in the position based on those specific job characteristics. The last and most prevalent staffing challenge is the turnover. It creates a lack of organizational memory and slows the growth of SAKE. It also makes is difficult to interact with other local businesses because any relationship established during a semester may be lost when the member leaves SAKE. The high turnover in SAKE literally affects every single human resources function performed within SAKE.

Student Development Challenges

The next group of problems is regarding the student development function. First, there is a time constraint within SAKE for training. The business is always running and it is not ideal to stop operations to train the new members for the first couple of weeks during the semester. Second, there is a somewhat set procedure for training on general topics, but there is no set training for the specific departments. Last, as mentioned previously, because of the high turnover, there is a seriously lack of organizational memory. This causes a huge lag at the beginning of every semester when new members come in and all the ground that was covered in the last semester is lost. After the first couple of weeks of general training, this lag can last a couple of weeks to almost a whole semester, depending on how much and what type of information was not documented.

Compensation and Rewards Challenges

The compensation and rewards function also has a few problems associated with it. First, there is a set of criteria and guidelines established that determine the student's grade, but there are often discrepancies and miscommunications that come along with those criteria. Second, in the past, there have been miscommunications regarding the requirements to participate in the annual SAKE trip. Many students do not understand the amount they need to sell, the grade they need to achieve, and other requirements to be able to go on the trip and have a portion paid for by SAKE. This also partly stems from the problem with the recruitment message consistency, but it has roots in other places too. In the past, students have heard about the annual trip while the department recruits in the classroom and they assume everyone gets to go on a fully paid trip. But in reality, this is not the case and going on a trip requires hard work and commitment. There is no formal documentation of the grading criteria or the trip policy present in SAKE.

Organization Planning Challenges

The last function of organizational planning has problems that spillover from the effects of turnover. The succession planning often is very hard to complete because students spend such limited amount of semesters in SAKE. The most SAKE can plan ahead is one semester. Because

of the high turnover, SAKE does not reap the benefits that most companies see from the succession planning

RESULTS

This section describes the patterns and findings from the interviews without making conclusions or adding bias. Although some of these patterns and findings do not directly coincide with the problems listed, they do uncover many solutions and opportunities for SAKE that will be described in detail in the following section. These patterns and findings, along with other research, will be the basis on which recommendations are made for SAKE.

Staffing Results

After interviewing the professionals with human resources experience, many solutions and opportunities were discovered. To begin, for the staffing sector, the professionals described an ideal candidate as self-motivated, intelligent, honest, hardworking, and someone who will get along with the rest of the team. In response to the inquiry about the best method to select candidates, a common pattern occurred that these professionals are recruiting people for both specific positions, and recruiting outstanding people and will find an open position to match that person. One professional mentioned the importance of flexibility when recruiting and selecting, because new, unique occasions will always arise and being able to adjust is key. Also, another professional stressed the importance of having a solid hiring criteria and sticking to it when making selection decisions. Questions were asked about how to deal with turnover because of the prevalence of the problem in SAKE. A common pattern that many professionals discussed is that not all turnover is bad and it can be helpful at times.

Student Development Results

The next human resources function of student development varied a lot from company to company. As stated in the "Purpose and Research Methodology" section, SAKE has a somewhat standardized training program currently in place and needs to find a better solution to both general and departmental training. Because of this, questions regarding training were asked. One professional reported that the company had a very general training and then used more specific training as the employee moved further into their job. Several of the other companies use an "on-the-job" approach and have the employees learn as they complete tasks or as they move their way up through the company. But for the most part, these professionals agreed that their company had no formal training procedures in place.

Compensation and Rewards Results

In the interviews, few questions were asked about the compensation aspects because of the nature of the topic and the uniqueness of the SAKE rewards and compensation processes. However, one professional did discuss the topic and said that it is highly important to adequately measure performance. This professional also suggested other forms of recognition for students that go above and beyond because of the limits SAKE has on the compensation system.

Organization Planning Results

Although SAKE does not currently have problems in regards to the organizational structure, questions were asked on this topic to find out if there is a better way to have the departments organized and which departments should be growing first and last. In regards to the organizational structure, there were some patterns of how these companies used their organizational design to grow as a company and also how they dealt with succession plan obstacles, such as turnover. One professional reported that as a small company, you need many generalists, who can perform many duties, but once the company reaches a certain level, they can attain depth to get that specialization. Another professional mentioned that sales is what can drive the growth in an organizational design and when sales are large enough, the company will be able to grow. Several companies agreed that the human resources department should be the last to grow because it is a support function and they do not generate profit.

Other Results

Other insightful observations and comments were mentioned that are broader than the four human resources functions that SAKE uses. One theme seen throughout these interviews is that the professionals believe the human resources department must play many roles. The common roles mentioned were administrative roles, visionary roles, and internal culture-based roles. Several others also said that it is crucial for human resources to have a complete understanding of the whole system and how it works together. They also must have an understanding of the company goals in order to make the best decisions. There also was a repeated theme of culture among the professionals. One professional described the human resources department as the "Champions of Culture", claiming that the department should be the one to create and maintain the culture to help with the organizational relationships and also combat turnover.

RECOMMENDATIONS AND CONCLUSIONS

Based on the results of the interviews with the professionals and further research on many topics, a set of recommendations and policy changes for SAKE will be suggested. These changes will help SAKE deal with many of the limits and obstacles they face. The conclusions and new opportunities will be organized by the original four human resources functions, but many of the conclusions overlap in several of the same functions and will be indicated. Also, there were opportunities discovered through research and the interviews that do not coincide directly with a specific human resources function. These opportunities are listed in a separate paragraph. In this section, there are several references to the Human Resources Manual. This is a handbook that I created to fulfill the third objective of this thesis that gives step-by-step and important information that will be used as a guide by the human resources department in the future. The manual gives instructions for the activities already in place, as well as instructions and guidelines for the recommendations from the research. All components of the Human Resources Manual have never existed before this project. A summary of the recommendations is available in Appendix I.

Staffing Conclusions

There are several recommendations for the staffing function and sub functions. As previously mentioned, the main problems affecting the recruiting sub function are low levels of student awareness, inconsistency with our recruiting message, and class credit limitations. The recruiting done in SAKE is very unique and unlike any other company. To combat the problem of the limited reach, it is recommended that the human resources department and students within SAKE also recruit in other colleges. It would not only prevent groupthink within the group of business students, but it would allow the general student population to learn about SAKE as an opportunity. According to Dr. Reeves, for the first couple of years that SAKE began, the students recruited all throughout the University and not in just the Walton College. This practice would benefit SAKE through a larger applicant pool and greater diversity within the business. The next recommendation is to have a recruiting message that stays consistent from semester to semester. This message also needs to stay as realistic as possible. When using a realistic recruitment message, the employees tend to have "higher job satisfaction and lower turnover" (Heneman and Judge, 2009). To ensure this happens, the appropriate message has been listed in the Human Resources Manual (see Appendix B). It includes the benefits of joining SAKE and also the parts of SAKE that are less glamorous. This will help fight the problems of an inconsistent recruiting message and misunderstandings about SAKE. The recruiting should continue to include the use of the promotional video and the short presentation that is an overview of the recruiting message. The last recommendation for recruiting is to begin as early as possible. By this, it is meant that it is important to inform freshman of the SAKE class. It is recommended to go to the Freshman Business Connections classes and inform freshman of this opportunity every fall semester. When they are informed, they will be able to plan ahead for the class credits that they will receive for SAKE. This could help solve the problem of students not being able to apply because of the lack of upper level business elective credits they have left in their schedules.

For the sub function of selection, the human resources department should continue many actions, but also have many places for improvement. To review, the main problems affecting the selection sub function are a lack of knowledge of how to select the most qualified applicant and the debate of selecting a student for a specific position or selecting a student then later matching them with a position. For the initial assessment methods of applicants, the human resources department is using many criteria including GPA, extracurricular activities, experience, and resumes. All of the measures have either moderate or high validity and reliability (Heneman and Judge, 2009). In the areas that SAKE can improve, the business professionals had great advice that was applicable to SAKE. First, driven from the results to the selection interview questions of the professionals, it is recommended that the human resource department selects highly self-motivated and intelligent students that will get along with the group and fit in the culture. Many other criteria are also important, but those are the traits that many professionals recommended and are using for their own selection processes. To ensure the students have these qualities, behavioral interview questions aimed at those traits and an evaluation of the applicant's experience should be analyzed. The answers and previous experience of the applicant should lead the interviewers to understand that the applicant has those skills and has used them in the past. Next, in the debate of matching a person to a position or vice versa, the results of the interviews lead to a recommendation that the human resources department use a combination

both methods. It is important to fill the necessary positions, while also gaining multi-skilled and talented students.

The last problem in staffing is the turnover. For this, the recommendation is to add a sub function of separation management. With the added sub function, the human resources department should monitor all leaving students. As mentioned in the "Purpose and Methodology" section, there is a problem of turnover that affects all the functions of human resources. Research shows the first steps in reducing turnover are to understand the problem and to compile data to track your experience with it. After those steps, the next steps involve analyzing policies causing the turnover in the data collected (Clarke, 1971). To allow SAKE to understand the problem and compile the data, the department should conduct exit interviews with the students. The exit interviews could discover the main reasons for voluntary turnover and help begin that analysis process because "sound retention management… must be based on a gathering and analysis of employees' reasons for leaving" (Heneman and Judge 2009). When doing the analysis, it is important to remember that "the overall pattern that emerges over many interviews should be used" to make changes to retention strategies (Heneman and Judge, 2009). The exit interview has been included in the Human Resources Manual (see Appendix C). It will be up to the future generation of students in SAKE to take this data and use it to the advantage of SAKE. Because the effects of turnover show up in all functions of human resources, there are several other recommendations for turnover in the remainder of the conclusions.

Student Development Conclusions

In the next function of student development, there are several recommendations. The problems previously listed in the student development function are the time constraint, the lack of a standardized training problem in general and departmental, and the lack of organizational memory. Although many of the professionals indicated they have no general training in place, it is recommended that due to the circumstances of limited time in the organization and lack of time to learn the basics "on-the-job" in SAKE, that there is a standard training program in place. It is important to consider that as "the new hires become newcomers… their initial entry into the job and organization should be guided by orientation and socialization activities" (Heneman and Judge, 2009). Because it is highly important, the training should be a highly organized and documented process. It should be consistent from semester to semester and should cover several topics. A through and standard training program was created for this project. The specifics of the program are available in the Human Resources Manual (see Appendix D), but the general topics are listed below:

1. Overview of SAKE as an organization and expectations as a member
2. General Training Customer Service
3. General Training in Sales
4. How to complete basic duties

The standardized procedure of training should help with the time constraint and with the turnover. It will allow all students to learn the basics in the minimum amount of time. With the problem of low organizational memory, there are three recommendations. First, the students should be thoroughly trained on how to use the program of Microsoft OneNote. SAKE has used it in the past, but it has gone unused for the past couple of semesters. This is mostly because

students are unfamiliar with how to use it and do not put in the time to learn. All past documents and files are kept in this program and it would seriously reduce the effects of low organizational memory if it were used properly. The second recommendation is to have the new SAKE members "shadow" the previous SAKE members within the last month of class. This would put them in contact with each other and allow the new members to get the basics of their teams. The last recommendation is to have each department create a detailed manual that includes information regarding the department. There are specifications for each manual in the Human Resources Manual (see Appendix E). With the added sub category in staffing of separation management, the human resources department can also help reduce the effects of this problem through the previously mentioned tasks. As part of the student development, it is also recommended that the human resources department makes arrangements and opportunities for continued growth with the students. Because the main goal of SAKE is to learn and because it is important to have satisfied employees, it is important to "drive learning into every nook and cranny of your company" (J. Harris, 1996). The department should have speakers come and give various lectures and seminars to the students on various topics. These speakers can be found in the board of directors, professors, local professionals, ect. The department should also be on the look out for local seminars or training sessions taking place in the community for the students to attend. The students should have say in topics they are interested in, but some examples are sales techniques, entrepreneurship, creativity, and public speaking. Overall, the student development function deserves a lot of attention because "knowledge-rich employees are far more able and willing to help businesses maintain and increase their competitive edge and to support and lead the efforts necessary for corporate survival and growth" (J. Harris, 1996).

Compensation and Rewards Conclusions

The next set of recommendations is regarding the function of compensation and rewards. As mentioned before, the problems for this function are the discrepancies with the grading process and misunderstandings regarding the requirements to participate in the trip. After evaluation of the situation, this problem of grading discrepancies appears to be happening because there is no communication of the performance appraisal system and criteria prior to the actual grading. This is a problem because briefing employees is "an essential condition" for a successful system (Anderson, 1993). The performance measuring system and the communication are so vital because "the performance appraisal system is a necessary link that clarifies and measures performance and links outcomes to rewards" (Fombrun, Tichy, and Devanna, 1984). It is easy to see how discrepancies arise when there is no communicated performance appraisal system in place. One benefit of a standard, communicated performance appraisal system is "greater clarity of the results/standards expected of them" (Anderson, 1993). Therefore, this new system should allow students to know what they are being evaluated on and how their performance is being appraised. To result in the maximum outcome, it is said that objectives in performance appraisal systems should be "verifiable, quantifiable, achievable, challenging, and significant" (Anderson, 1993). When creating the rubric, the most significant and desired behaviors were identified and put into measurable terms to follow those five criteria. Through the research and collaboration of the SAKE faculty, a subjective and specific grading rubric has been created and will be handed out with the syllabus at the beginning of the semester (see Appendix F). The next problem that occurs in the compensation function of trip policy miscommunications should be partially worked out with the consistent recruiting message (see

Appendix B). Also, to ensure the problem is completely solved, it has been recommended that the trip policy and guidelines are also handed out in addition to the grading rubric and syllabus. A detailed description of the guidelines and circumstances was created with help from the class advisors (see Appendix G). This clear and consistent message of the expected behavior will not only cause the students to understand the expected behavior, but also allow little room for discrepancies. In addition to an explanation of the trip, the main criteria for the trip (i.e. sales goal) should be accessible and visual for all students. It is recommended there should be a visual and up-to-date representation of each student's goal. With this representation, it will be easy for each student to track his or her progress towards the trip. In addition to the grade and trip, outstanding students should be recognized for their efforts. Research shows that "those organizations that give the most rewards tend to attract and retain the most people" and also that "better performers need to be rewarded more highly than poorer performers in order to be attracted and retained" (Fombrun et al., 1984). Based on the research and the results from the interviews, it is recommended that SAKE should implement meaningful awards for deserving students. These awards should be prestigious and students will also be able to add them to their resumes. The list of awards and criteria was developed through the guidance of the class advisors (see Appendix H).

Organization Planning Conclusions

For the last function of organization planning, the main problems were effects of turnover. The recommendations for turnover have all been discussed in the previous functions and will also help increase the positive effects of succession planning.

Other Conclusions

From the interviews and advice of the professionals, it is recommended that the human resources department makes a strong effort to continue and strengthen its culture. Culture is important for many reasons and "it can have a significant impact on a firm's long-term economic performance" (Yamashita, 1998). Beyond financial rewards, forming a culture can be "inherently satisfying and a strong source of motivation" for employees (Turner, 1992). The recommendation is to work to develop this culture as a means to satisfy the students and reduce voluntary turnover. Organization development activities should be done and the students should work to socialize newcomers into the culture. Culture can help the newcomers feel part of the group because "culture makes the group and nation unique, giving its members a sense of identity" (P. R. Harris, 1998). The activities SAKE should continue to plan are socialization activities at the beginning of each semester, such as group outings to restaurants or bowling. The recommendation is that the socialization activities like this happen more than once a semester. Also, SAKE should implement a volunteer action plan and volunteer as a group. Through spending time outside of the classroom, SAKE students will learn about each other and how to work better in the classroom. Through these activities, the culture should continue and improve in the years to come.

Overall, those are the recommendations for the human resources department in SAKE (see Appendix I). In order to achieve maximum results, the human resources department should use the Human Resources Training Manuel to help implement and follow the new

recommendations. With these recommendations, SAKE could see serious improvements in many problem areas and help students have the maximum experience while running the business.

Appendix A: Business Interview Questions

1. Overall, how is your company organized departmentally?

2. When focusing on growth, which departments grew first and last? How did HR grow relative to the rest of the company?

3. What are the responsibilities/types of things HR does in the company?

4. When hiring, do you tend to seek out a qualified person then find a position for them, or go out with the position in mind and find a person qualified specifically to that position? What qualities or characteristics do you consider to be most important in an applicant to support growth of the company?

5. How does training take place and what general topics are covered? What is the level of structure in training?

6. Did you ever have problems of high turnover and if so, how did you deal efficiently with it?

7. In your opinion, what differentiates a successful HR department (or employee) from a less successful one in a growing organization?

8. What HR functions are necessary to be a successful small business?

9. What are your biggest mistakes you have made while working in HR or when hiring employees and what did you learn from them?

Appendix B: Recruiting Message

1. SAKE is a student-run business and a class
2. Students can get up to nine hours of credit (3 semesters)
3. SAKE is a fall, spring, and summer class
4. If there is enough money made, we might have a reward at the end of the spring semester
5. If a trip is taken, students may be eligible to go if they perform well and make their sales goal

Appendix C: Exit Interview

This exit interview is completely anonymous and will not have any effect on your grade. Please fill it out with complete honesty to help improve SAKE for future students.

1. Circle all reasons for leaving?
    A. Already did three semesters
    B. Have not completed three semesters, but do not have enough room left in schedule/credit for SAKE
    C. Not what you expected
    D. Not fun
    E. Not worth the effort
    F. Too stressful
    G. Not enough to do/bored
    H. Don't enjoy environment
    I. Did not enjoy my department
    J. Other______________________
2. If you selected choice (a) for question 1, would you participate in SAKE next semester if you have the credit hours left in your schedule?
3. From question 1, please rank your top three reasons circled (if applicable) in order of most significant. (A is most significant, C is least significant)
    A.
    B.
    C.
4. What are the top three reasons you are glad you joined SAKE?
    A.
    B.
    C.
5. What would you change about SAKE?
6. What would have improved your SAKE experience?
7. What would you change about your specific department(s)? (This question is optional to maintain anonymity)
8. What would you change about the grading and trip policy?
9. Are you willing to recommend SAKE to others to join?

Appendix D: General Training List of Topics

1. <u>Overview of SAKE</u>
    a. Mission Statement
    b. Expectations as a student
    c. Grading Criteria
    d. Organizational design and main tasks of each team
2. <u>Customer Service</u>- (See Customer Service Manual for handouts)
    a. How to enter an order
    b. How to look up the status of an order
    c. One Note
    d. Office hours
        i. Signing in/out
        ii. How to answer the phone
        iii. How to record voicemails
3. <u>General Tasks</u>
    a. How to take a sale
    b. Overview of products
        i. Platinum vs. Silver
        ii. Which products can be customized
    c. Checking out t-shirts
    d. Where to put money from selling
    e. Taking minutes
4. <u>Rubbings</u>
    a. Cutting paper, getting supplies (brush, chalk, ect.), finding location of name on map
    b. Walk outside and do at least one
    c. Keep stride vertical
    d. Erase letters to make rubbing perfect
    e. Where to put finished rubbing
    f. QRP

Appendix E: Departmental Manual Specifications and Guidelines

1. Tasks:
   a. Define the 3-5 main tasks that your department/manager position completes. Give step-by-step details of how to complete each action. Give details of past mistakes or lessons learned. Include pictures/screenshots when needed.
   b. Give very intense details and make it as if you could hand it to a stranger and they could perform the tasks
   c. Create a checklist of things and priorities to do during office hours specific to your department. All should include:
      i. Checking the voicemail
      ii. Answering the phone
      iii. Checking the closet for organization
      iv. Cleaning the room
2. Accounts/Contacts:
   a. List all accounts/contacts that you have for this department. Include contact information.
   b. Include all history and/or emails that you have experienced with this client.
   c. Also include contracts if applicable.
3. History:
   a. Write a detailed description of past projects and what happened with them. Include names and contact information of people involved as well as things that worked well and did not work so well.
   b. Include documentation when necessary
4. Checklist:
   a. Create a checklist of things to be done.
   b. It can be organized by main task/duty, time of the year, etc.
   c. Include all tasks and sub-tasks that can be completed.
5. Other
   a. Include any other information that this person may need or an additional tab for your specific department.

Appendix F: Grading Rubric

SAKE Grading Criteria			
Grading Criteria	**Level 3**	**Level 2**	**Level 1**
Attendance/Punctuality	SAKEr missed one class or less and was on time to every meeting	SAKEr missed two to four classes and showed up on time majority of the time to class meetings	SAKEr missed five or more classes and/or was rarely on time to class meetings
Goal Attainment	SAKEr achieved and/or made good attempts to achieve all goals set at beginning of the year	SAKEr made some attempts and achieved 60% of goals sets at beginning of year	SAKEr did not attempt to attain goals set at beginning of year
General Tasks/Office Hours	SAKEr completed 95%-100% of office hours and completed tasks when needed	SAKEr completed 50% - 95% of office hours and sometimes completed tasks when needed	SAKEr completed less than 50% of office hours and rarely complete tasks when needed
Objectives of Department	SAKEr always worked towards objectives of department and attained 90% or more of objectives	SAKEr sometimes worked towards objectives of department and attained between 50%-90% of objectives	SAKEr made few or no attempts towards objectives of department and attained less than 50% of objectives
Resume	SAKEr's resume was turned in on time and exhibited several projects and tasks that contributed to SAKE	SAKEr's resume was turned in on time and exhibited some projects and tasks that contributed to SAKE	SAKEr's resume was late and/or exhibited very few or no projects that contributed to SAKE
Sales	SAKEr reached 50% of sales goal in one semester or 100% in two semesters	SAKEr reached 30% of sales goal in one semester or 60% of sales goal in two semesters	SAKEr reached less than 30% of sales goal in one semester or less than 60% of sales goal in two semesters
Overall Class	Class as a whole earned a profit and successfully ran the business	Class as a whole did not work together and did not earn or lose more than $5000	Class as a whole lost more than $5000 and did not work together

In addition to the above criteria, each SAKEr will be asked to rate and grade each other on the following criteria at the end of each semester:

- Contribution to meetings
- Organization for class meetings
- SAKE event participation
- Completed projects for the business
- Brought new opportunities to SAKE
- Respectfulness to others
- Encouragement and support levels
- Helped on projects when needed

Appendix G: Reward Policy and Guidelines

The trip policy is as follows and based on the assumption that SAKE students will complete at least two semesters of SAKE. A maximum of $750 can be spent per student per semester in SAKE. Also, the numbers given for the Sales Goals are subject to change each year.

- Each semester is broken into 50% of funding for the trip.
  - Within each semester, it is broken down further into: 20% Personal Sales Goal, 20% Class Sales Goal, and 10% Grade and Participation

Figure 1: Two Semester Trip Criteria

% of funding available to student	20% Personal Sales Goal	20% Class Sales Goal	10% Grade	20% Personal Sales Goal	20% Class Sales Goal	10% Grade
	50% Semester 1			50% Semester 2		

- Personal Sales Goal
  - $2000 per two semesters
  - To receive the 20% Personal Sales Goal, a full $1000 must be reached. The $1000 can be reached during one semester or two. However, the student can only receive the full 20% for either one semester ($1000) or two semesters ($2000).
- Class Sales Goal
  - $45,000 for fall semesters (June 1- December 31)
  - $75,000 for spring semesters (January 1- May 31)
  - Only the full goal is reached and 20% is rewarded, or $0 is rewarded. There are no percentage-based awards for funding based on the percentage of the goal achieved.
- Grade and Participation
  - A student gets the full 10% when they receive an "A" in the class
  - Less than an "A" results in $0 for that portion.

Special circumstances:

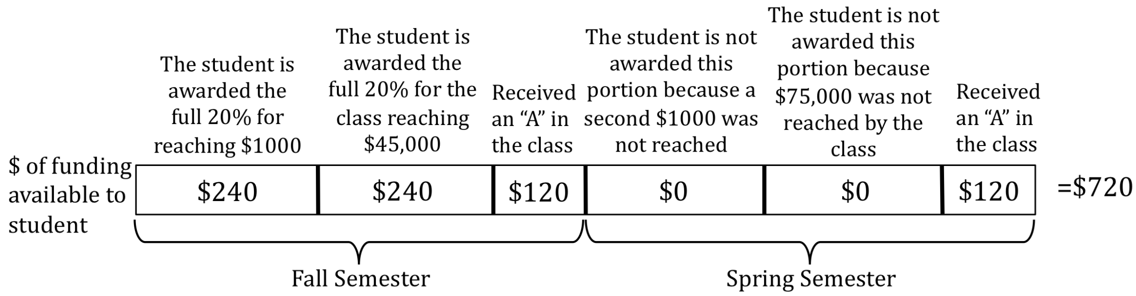
- If a student completes three semesters of SAKE, then component(s) of the two semester criteria can replace an unmet criterion from another semester.
- If a student wishes to go on the trip after completing only one semester of SAKE, the student must use the same criteria as above to determine funding. The student can only receive the maximum amount of funding if he or she reaches a full $2000 in one semester and the class reaches the goal for that semester. (See Figure 2)
  - The student will be responsible for paying the remaining amount of funding at the time of the trip. The student will sign a contract with SAKE determining the terms for repayment after the completion of the second semester in SAKE.

Figure 2: Trip Funding Available After One Semester in SAKE

% of funding available to student	20% if student reaches $1000	20% if class reaches $45000 or $75000	10% if A in class	20% if student reaches another full $1000	N/A	N/A
	Semester 1			Semester 2		

Example: A student sells: $1800 in personal sales in two semesters; $46,000 in class revenue from the fall semester; $37,000 in class revenue from the spring semester; he or she received an "A" for both semesters; the total trip costs $1200 per student. (See Figure 3)

Figure 3: Example Funding



Appendix H: List of Awards and Explanations

Outstanding Student Award

This award is given to a student who has gone above and beyond in every aspect of the business. They were always willing to help out, even when it may have no been their responsibility. This student was crucial to the success and growth of SAKE this semester and was extremely dependable. This person is chosen based on a combination of:

- Class vote
- Advisor vote
- Class attendance
- Office Hour completion
- SAKE event participation
- Projects initiated and completed

Most Outstanding Sales Award

This award is given to the student(s) who has the highest amount of sales for the semester.

Outstanding Customer Relations Award

This award is given to a student who went above and beyond in customer service or for a specific account.

Outstanding Team Player Award

This award is given to a student who was extremely dependable and willing to help the team. He or she always had the goals of the organization in mind and made efforts to further the business. The student was present at many SAKE events and went out of their way to get other tasks done.

Appendix I: Summary of Problems, Solutions, and Opportunities

PROBLEM	RECOMMENDATION
STAFFING	
Low levels of awareness of the organization	Recruit in classrooms outside of the Walton college
Inconsistent recruiting message	Standard message created and recorded in HR Manual
Limitations with class credits	Inform freshmen in FBC classes about SAKE
Deciphering one qualified student from another	Select students that have highly self-motivated, intelligent, work well in teams, and fit in with the culture. Their experience from their resume should prove those traits.
Selecting a person vs. a position	Use a combination of both and be flexible in different situations
Turnover	Added sub function of Separation Management
	Use of realistic recruiting message
	Exit Interviews
	See lack of organizational memory suggestions below
STUDENT DEVELOPMENT	
No standardized general or departmental training	Standard general training program created and recorded in the HR Manual
	Departmental training manual guidelines created for each department to create by 5/5/12
Time constraint for training	The standard general training program is organized and will therefore take up the minimum amount of time
Lack of organizational memory	OneNote training for students in SAKE
	Shadow program for new students in SAKE
	Departmental training manuals will capture history for new students to follow
New opportunities	Continued learning through speakers and lecture, etc.
COMPENSATION AND REWARDS	
Discrepancies with the grading process	Standard grading criteria guidelines created and will be handed out with the syllabus at the beginning of each new semester
Misunderstandings with requirements to participate in the annual trip	Standard and clear reward policy and guidelines created and will be handed out with syllabus at the beginning of each new semester
New opportunity	Awards for students at the end of each semester
ORGANIZATION TRAINING	
Problems are effects of turnover	See Turnover section above
OTHER	
Culture Development	Group outings for socialization and relationship development
	Group volunteering

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