

# ADVANCED AFFIRMATIVE ACTION METHODOLOGIES: CENTRALIZING PLAN DEVELOPMENT

Patrick M. Nooren, Ph.D. and Chris Lindholm.

Over the past decade a significant increase in the adoption of new technology has occurred in corporate human resources. Organizations such as PeopleSoft and SAP have released software designed to make sense of the chaos with which corporate human resources information was typically stored. These products, collectively referred to as human resource information systems or “HRIS,” utilized advances in technology to provide integrated systems allowing for centralized collection, storage, and viewing of employee information. These systems were able to integrate the human resource functions from what was

---

*PATRICK NOOREN is the Executive Vice-President of Biddle Consulting Group. He has a Ph.D. in Organizational Psychology and over 10 years of experience in the field of Affirmative Action.*

*CHRIS LINDHOLM is the Manager of the Affirmative Action Division and has been involved in medium and large-scale Affirmative Action projects for nearly six years. Biddle Consulting Group, based in Sacramento, CA, specializes in software and consulting services for EEO, Affirmative Action, and Personnel Selection.*

once a diversified effort involving many different employees on many different systems, at many different locations, to a much more efficient centralized effort requiring fewer people and a single system. These systems also allowed for employees in many different locations to access their own personal HR information, thus reducing the workload within the HR department. These advancements, coupled with the advancements in communication technology, allowed organizations to move from paper and in-baskets to electronic email and in-boxes. Businesses began to take advantage of technology by centralizing data storage for all relevant business-critical information. With these centralized data “warehouses” it became possible for corporations to distribute and access data in ways never before imagined. Unfortunately, the realization that centralized processes are more efficient has only begun to crossover to Affirmative Action Plan development.

Federal government contractors (or subcontractors) with 50 or more employees and \$50,000

or more in federal contracts (or subcontracts) are required to develop written Affirmative Action plans (hereinafter referred to as AAP’s) for each of their establishments with 50 or more employees. For many larger organizations this may require developing hundreds of individual plans. As you might imagine, a project such as this can be very daunting. However, it is now understood that by centralizing the process, plan development can be addressed at a lower cost with much more manageable results.

While many organizations are slowly moving toward centralized AAP development, the majority of organizations still adhere to a decentralized process. In a decentralized process, individual employees located within each establishment are responsible for compiling the necessary data (sometimes requesting the data from a centralized data warehouse), creating the highly technical reports, running the numerous statistical and mathematical analyses, and writing the associated narrative text. With federal re-

quirements constantly increasing, and subject to broad interpretation, is it smart business to leave this task to potentially untrained employees with numerous other tasks in their workload? With centralized plan development, organizations are able to take advantage of the benefits associated with centralized data and centralized expertise. There are a number of factors to consider when comparing a centralized planning process to a decentralized one, such as costs, employee workload, and legal exposure.

### **COSTS**

Perhaps the most important factor to consider when deciding on a planning process is cost. Fortunately, most medium to large organizations have already laid the groundwork for a centralized process by purchasing an HRIS system and managing HR data from a central or regional source. Although HRIS systems can be very costly, implementing a centralized plan development process does not have to be. Many of the changes associated with centralizing the AAP development process are related to a re-assignment of duties and a re-allocation of resources, not to a large-scale purchase of hardware and/or software. Those employees formerly required to perform the tiresome task of creating reports are now free to focus on implementing results (among their other numerous duties). Specialists in the field of equal employment opportunity and Affirmative Action are trained (or hired) and focus on streamlined plan development designed to create consistent results within an organization. For example, in a hypothetical organization with 50

locations requiring 50 separate and individual plans, a decentralized process may require as many as 50 employees, each spending tens or hundreds of hours over the course of weeks or even months to complete their own plans. On the contrary, in the same hypothetical organization a centralized process whereby a team of 2-4 people in a corporate office using advanced technology or a consultative relationship could develop the same 50 plans over the course of 60 days. This would be utilizing only 25 percent of their time during that period — and that does not even factor in the value of developing plans under a unified structure.

Unfortunately, development costs are not the only costs associated with plan development. In the event of an audit, damages associated with incorrectly developed plans, late plans, or plans which inadequately depict the organization can be extensive. For larger organizations, these damages can reach into the thousands or even millions of dollars.

### **EMPLOYEE WORKLOAD**

Employee workload/productivity is another important factor to consider when choosing between centralized and decentralized development processes. According to Geoffrey A. Moore, author of *Living on the Fault Line*, tasks that take employees away from their primary function are considered “context,” while those that are directly related to the success of the company are considered “core.” The goal of any successful organization is to allow employees to focus their efforts on core tasks while minimizing time spent on the context. This dichotomy of “core versus context” is similar in context to

the dichotomy of centralized versus decentralized plan development. Decentralized plan development adds context to employees who may or may not be experts in Affirmative Action. A typical example of a decentralized process is one in which an HR generalist at a specific location is required to compile and prepare the necessary data (often an extremely cumbersome task), develop the reports/analyses (often incorrectly or such that they don't display the organization in the best possible light), create and/or modify the required narrative (staying abreast of the changing regulatory requirements), and then be expected to implement the AAP (or at least make it appear so in the event of an audit). Unless the employee was specifically hired to develop AAP's, every task mentioned above is in addition to their regular workload. An example of a centralized process is one in which an employee (one or more depending on the number of plans) is specifically hired and/or trained to develop plans or work with an outside agency to guide the process of centralized plan development. This employee is an expert on proper data compilation and manipulation. They are trained on how best to display plan results in an effort to put the organization in the best light and are able to defend the organization in the event of an audit. Once the plans are developed in a centralized process, this employee then distributes the plans to individuals at each establishment for implementation. Instead of involving many employees in plan development, a centralized process allows individuals to focus on their core tasks (*i.e.*, those which they were hired to do).

**EXHIBIT 1**

**A Comparison of Centralized and Decentralized Affirmative Action Plan Development Strategies**

	Decentralized Plan Development	Centralized Plan Development
<b>Costs</b>	<ul style="list-style-type: none"> <li>Numerous employees at multiple locations spending weeks and/or months developing plans</li> </ul>	<ul style="list-style-type: none"> <li>Few employees, centrally located, spending less time to develop all plans (with distribution of completed plans to all locations)</li> </ul>
	<ul style="list-style-type: none"> <li>Untrained employees causing re-work due to incorrect reports and/or analyses</li> </ul>	<ul style="list-style-type: none"> <li>Trained employees creating all reports resulting in fewer errors and less re-work</li> </ul>
	<ul style="list-style-type: none"> <li>(Potential for) increase in penalties due to an inability to represent the organization in the most favorable way (e.g., proper choice of analyses, reports, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>(Potential for) reduced penalties due to trained personnel properly developing plans that represent the organization in a favorable way</li> </ul>
	<ul style="list-style-type: none"> <li>IT personnel developing and maintaining decentralized systems developed either internally or purchased by outside vendors</li> </ul>	<ul style="list-style-type: none"> <li>A single system maintained by corporate IT</li> </ul>
	<ul style="list-style-type: none"> <li>Turnover in various locations requiring re-training for those associated with development</li> </ul>	<ul style="list-style-type: none"> <li>Redundancy associated with multiple individuals involved in development of all plans at one central location</li> </ul>
	<ul style="list-style-type: none"> <li>Increased cost of development associated with multiple plans at multiple intervals</li> </ul>	<ul style="list-style-type: none"> <li>Reduced individual plan costs by compiling data and running all plans concurrently</li> </ul>

	Decentralized Plan Development	Centralized Plan Development
<b>Employee Workload</b>	<ul style="list-style-type: none"> <li>Multiple requests for data from a central location</li> </ul>	<ul style="list-style-type: none"> <li>One request for all data</li> </ul>
	<ul style="list-style-type: none"> <li>Employees focused on context (i.e., peripheral) instead of core activities</li> </ul>	<ul style="list-style-type: none"> <li>Dedicated AAP personnel focus on core activities leaving all other personnel to focus on what they were hired to do</li> </ul>
	<ul style="list-style-type: none"> <li>Increased risk of individual plans being completed late or not at all (or only begun after a scheduling letter is received indicating 30 days left until the OFCCP is on-site)</li> </ul>	<ul style="list-style-type: none"> <li>All plans completed at one time, on time, by dedicated personnel (using available technology or acting as oversight for outsourced plans)</li> </ul>

	Decentralized Plan Development	Centralized Plan Development
<b>Regulatory Exposure</b>	<ul style="list-style-type: none"> <li>Different levels of AAP development knowledge resulting in different data requests</li> </ul>	<ul style="list-style-type: none"> <li>One request for all data</li> </ul>
	<ul style="list-style-type: none"> <li>Inconsistent plans (in core components such as job groups, analyses, action-oriented programs, and good-faith efforts)</li> </ul>	<ul style="list-style-type: none"> <li>Consistent, standardized plans</li> </ul>
	<ul style="list-style-type: none"> <li>Lack of communication resulting in plans not incorporating all company-wide "EEO good things"</li> </ul>	<ul style="list-style-type: none"> <li>All plans incorporating company-wide "EEO good things"</li> </ul>
	<ul style="list-style-type: none"> <li>Increased opportunity for mistakes due to the number of employees involved in development</li> </ul>	<ul style="list-style-type: none"> <li>Reduced opportunity for mistakes due to less employees involved in development</li> </ul>
	<ul style="list-style-type: none"> <li>Great difficulty managing/auditing compensation practices</li> </ul>	<ul style="list-style-type: none"> <li>Simplifies review of company-wide compensation practices</li> </ul>
	<ul style="list-style-type: none"> <li>No central overseer with practical AAP knowledge to oversee development</li> </ul>	<ul style="list-style-type: none"> <li>Central overseer with practical AAP knowledge to oversee development</li> </ul>
	<ul style="list-style-type: none"> <li>Difficult communication with corporate counsel</li> </ul>	<ul style="list-style-type: none"> <li>Simplified communication with corporate counsel</li> </ul>

	Decentralized Plan Development	Centralized Plan Development
<b>Miscellaneous Differences</b>	<ul style="list-style-type: none"> <li>Company-wide standardization extremely difficult and cumbersome</li> </ul>	<ul style="list-style-type: none"> <li>Company-wide standardization simplified and the norm</li> </ul>
	<ul style="list-style-type: none"> <li>Difficult to communicate company-wide findings to executives</li> </ul>	<ul style="list-style-type: none"> <li>Easily communicate company-wide findings to executives</li> </ul>

## REGULATORY EXPOSURE

Many proactive organizations have associated the rapid proliferation of employment discrimination litigation over the past several decades with a desire to reduce potential liability. This liability can come in the form of individual lawsuits, class-action lawsuits, or an audit by a government oversight agency. In the event your organization's AAP is audited, that agency is the Office of Federal Contract Compliance Programs (OFCCP). The goal of any organization interested in reducing legal and financial liability associated with their plan(s) is to reduce their exposure. In this context, the term exposure means, "that which is vulnerable." In a decentralized process, vulnerability is increased when: 1) many individuals are involved in the process, 2) the level of training/expertise of the employees varies, 3) plans lack consistency across locations, 4) plans are not completed on time due to varied employee workloads, 5) those employees tasked with development are unfamiliar with the process and unable to display the organization in the best light, and 6) more mistakes are likely to be made. Each of these issues alone can result in an adverse audit and a conciliation agreement, or worse yet, monetary

damages. If the OFCCP is going to assign monetary damages to issues associated with your organization's plan(s), wouldn't you rather they be legitimate issues associated with potential discrimination and not a technicality associated with plan development?

Another issue to contend with is the bad press associated with conciliation agreements and/or adverse findings. The OFCCP is very quick to release names and amounts in an effort to publicize enforcement. As you might imagine, the fallout associated with an adverse audit can negatively affect an organization's stock value, ability to recruit qualified minorities and women, and potentially even lucrative government contracts. Sometimes, the larger the target the more publicized the resolution. Have you been to the OFCCP website lately ([www.dol.gov/esa/ofcp\\_org.htm](http://www.dol.gov/esa/ofcp_org.htm))?

## FOLLOWING THE HRIS MODEL

Traditional business philosophy would state that organizations should seek optimization by controlling costs and increasing the quality of their goods and services. At the macro-level, this refers to overall company operation, but the same holds true at much smaller levels within an organization.

Departments as well as employees should be optimized to focus on core tasks. A belief in this philosophy is evident in the adoption of centralized HRIS systems. Automated payroll, benefits, and sick/vacation leave allow HR staff to focus on the core task of hiring and retaining top talent. However, the benefits associated with a centralized HRIS system are not fully recognized when the organization is still implementing a decentralized plan development process. Centralizing affirmative action plan development is simply the next step in the logical progression toward an efficient, optimized organization from top to bottom.

## SUMMARY

A cost-benefit analysis comparing the two approaches is the easiest way to justify the expense of centralizing plan development. Not only is centralizing plan development less expensive than a decentralized approach, it allows HR staff to focus on core tasks and reduces legal exposure by ensuring plans are developed by trained professionals. With so much at stake it's hard to imagine why a large organization would do anything else.

