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## Blackfoot Farms, Scenario C: HR Technology/Fair Labor Standards Act (FLSA), Instructor's Manual

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### Recommended Citation

Riccio, Steve. "Blackfoot Farms, Scenario C: HR Technology/Fair Labor Standards Act (FLSA), Instructor's Manual." Alexandria, VA: SHRM Academic Initiatives, 2017.

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# Blackfoot Farms

## **Scenario C:**

HR Technology/Fair Labor  
Standards Act (FLSA)

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**Please note:** All company and individual names in this case are fictional.

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The case begins with introductory information about the organization and is then divided into three scenarios.

Each scenario includes question sets for **undergraduate** and **graduate** students. A debrief is included with each scenario, but because management dilemmas can be resolved using a variety of solutions, expect that students may come up with solutions that differ from those included in the scenarios. This document contains only Scenario C: HR Technology/Fair Labor Standards Act (FLSA). The scenarios are as follows:

- **Scenario A:** Communication and Employee Relations
- **Scenario B:** Ethics and Mistreatment of Animals
- **Scenario C:** HR Technology/Fair Labor Standards Act (FLSA)

# Overview

Blackfoot Farms has been a leading producer of dairy products for the southeastern region of Idaho since 1942. It is the second largest of the 600 dairy farms in Idaho, a state which has the fourth highest number of dairy farms in the United States, surpassed only by California, Wisconsin and New York. Like in other states across the country, Idaho dairy farms are declining in number for economic reasons. Dairy product prices in the U.S. have dropped dramatically during the past four years because the industry's production capacity has met demand nationally and internationally. A strong dollar also makes it difficult for foreign consumers to afford U.S. dairy exports. Fewer exports and the money associated with them have forced many U.S. farms to sell off their operations to competitors. Luckily for Blackfoot Farms, only about 3 percent of its dairy production is exported outside the U.S.

Blackfoot Farms has had a long-term strategy for more than 20 years to become larger and more productive. Blackfoot Farms bought three adjoining farms between 1995 and 2005, expanding its holdings to its current 3,000 acres. Family-owned and operated for four generations, Blackfoot Farms began with a herd of 15 cows and 225 chickens on roughly 100 acres of land five miles west of the town of Blackfoot, Idaho. Today, Blackfoot Farms is home to 2,000 cows and 3.5 million chickens.

The latest expansion required the farm to hire workers at a faster rate than ever before. The number of employees in its production facilities increased more than 125 percent during that 10-year period. As the farm continued to add new employees, it also began investing in technology to become more efficient in its rapidly growing dairy and egg production facilities. Blackfoot Farms currently employs 245 full-time and 140 seasonal employees. Thirty-five percent of the workforce are immigrants, the majority of whom originate from Mexico, Guatemala and Nicaragua.

Dairy farms that hire immigrant laborers are often vilified because people feel they are taking away jobs from U.S. citizens. Blackfoot Farms, like many in a similar position, is quick to defend its hiring practices. In a recent interview with a local television station, Blackfoot Farms CEO Mitch Alexander said, "I don't know if we could exist without our immigrant workers. They are hardworking, dependable and willing to learn. We have hired local residents

who have been exceptional workers. To be frank, though, there aren't a lot of them lining up for work." With a smile, he added, "It's not easy work. Let's just say the conditions are less than ideal for most, and we can't have everyone working the 9-to-5 shift. Cows can't milk themselves."

Blackfoot Farms knows that despite its strong position in the market, it needs to adapt to changing conditions to be successful in the long term. The farm currently has state-of-the-art processing and production plants for its milk and egg operations. Two of the three dairy production facilities have already reached capacity, and the third is expected to be at capacity within the next two years. The farm recently broke ground on a fourth facility, which will be completed in nine months. Blackfoot also recently redesigned its manufacturing plant to increase production because of demand for other beverages it makes, including iced tea, lemonade and fruit drinks. Blackfoot Farms is a top supplier to major supermarket chains in Idaho, Wyoming, Montana and Utah, providing supermarkets with its full beverage line and egg products.

Blackfoot Farms opened its first restaurant in 1997 next to its headquarters, with a second restaurant opening in 2006 just 10 miles north of Idaho Falls. A visitor center was added in 1998 and has grown significantly over the years to include a gift shop. The center also hosts farm tours throughout the year to thousands of guests. Blackfoot Farms believes its strategic diversification over the past 20 years has helped it navigate market fluctuations caused by the economy and extreme weather conditions.

## **FOURTH-GENERATION FAMILY FARMING**

Blackfoot Farms CEO Mitch Alexander spent the majority of his childhood on the farm. His father and grandfather often talked about how interested Mitch became in farming at an early age, peppering them with questions about different areas of the operation. Mitch earned his bachelor's degree in business administration from the University of Idaho. He spent the next 15 years after graduation overseeing every operation at Blackfoot Farms, with exception of the restaurant. He was promoted to general manager in 1998 and served in that capacity under his father's guidance until his father's retirement in 2005.

Mitch met his wife, Suzanne, at the University of Idaho. Suzanne has since pursued her passion in marketing and communications to build and oversee Blackfoot's marketing department. It was Suzanne's vision that led to the creation of the visitor center, which attracts multiple generations to Blackfoot Farms.

Mitch and Suzanne have three children. Bryce is their oldest and has been the general manager of Blackfoot Farms for the past eight years. He has a background in logistics and supply chain management. Before his current

role, Bryce oversaw the shipping and receiving department for four years. Mitch and Suzanne's oldest daughter, Jan, has been the director of finance for the past four years. She joined Blackfoot Farms after college and worked as an accounting clerk and budget manager for the farm for six years before assuming her current role.

Sara is the youngest of the three. Unlike her siblings, she did not have a direct path to Blackfoot Farms. Sara, known by her parents as the “free spirit” of the family, decided that she wanted to create her own opportunities and not rely on her family to get her a job at Blackfoot. Sara studied to be a secondary education teacher at the University of Idaho but realized during her student teaching experience that teaching was not the career for her. After graduation she accepted a position as a human resource specialist for a *Fortune* 500 global food supplier. After three years in that role, she took a job as an organizational development consultant for another *Fortune* 500 company. Her specialty was organizational change initiatives, including corporate restructuring.

Mitch has always been concerned about how his family is perceived by his employees and the public. He doesn't want employees to think his children were handed management positions. He made it clear to Bryce and Jan when they joined the business that they would have to learn the entire operation from the ground up. Both started by milking cows and caring for the chickens.

## **THE BRIEF UNSUCCESSFUL HISTORY OF HUMAN RESOURCES AT BLACKFOOT FARMS**

The human resource (HR) department at Blackfoot Farms consists of three full-time employees—an HR manager, an HR coordinator and a payroll clerk—and a part-time HR assistant. The organization hired its first HR professional in 1998 when it added its retail operation. As the organization grew and diversified, the management team realized it needed to formalize its HR systems. Mitch felt that the complexities of running the farm required managers to become less hands-on and to think more strategically; he also believed that laborers should become more specialized. This was Mitch's ideal scenario, but the reality was far from ideal. Despite an intentional shift to formalize HR, all of the divisions—including the production facilities—continued to operate as they did before. Encouraging managers to think and operate more strategically continues to be a challenge. For example, Mitch has expressed his frustration to Bryce that production supervisors are not taking full advantage of the additional data being gathered through recent technological advances to support the farm's long-term growth. They also lack core supervisory skills to motivate employees to perform their best.

Recruiting and retaining employees with the appropriate skills continues to be a challenge. Many production employees join Blackfoot without any previous farming experience. There is also significant employee turnover in the production facilities, primarily in the nonimmigrant labor force. And the lack of advancement opportunities frustrates employees. Although HR programs like onboarding and professional development are becoming formalized, managers are not consistent in enforcing HR policies with their staff. In addition, establishing performance goals, performance evaluation systems, effective recruiting and employee training have had limited success. Employee turnover has increased nearly 25 percent during the past five years, and managers are beginning to realize that practices need to change to become more productive in the long run.

Mitch understands that the farm's past investment in HR has not provided the results he wanted to achieve. He has contemplated for several days about calling his youngest daughter, who he knew would be able to build the HR systems Blackfoot required. Mitch has been hesitant to call Sara because he knew she wanted to create her own future. He also knew how fulfilling her career had been; all he ever wanted was to see his children happy in their chosen profession. Blackfoot Farms was experiencing a series of workforce challenges, however, including recruiting and cross-cultural communication. These challenges led to the departure of their second HR manager in five years and the third in 10 years. The last two managers cited "relocation" as the reason for leaving, but Mitch knew the fit had not been ideal in both instances. Both had sound HR backgrounds but lacked the strategic perspective Blackfoot Farms desperately needed. Cultural issues at Blackfoot—mainly resistance to formal HR policies and procedures—also have contributed to the lack of progress.

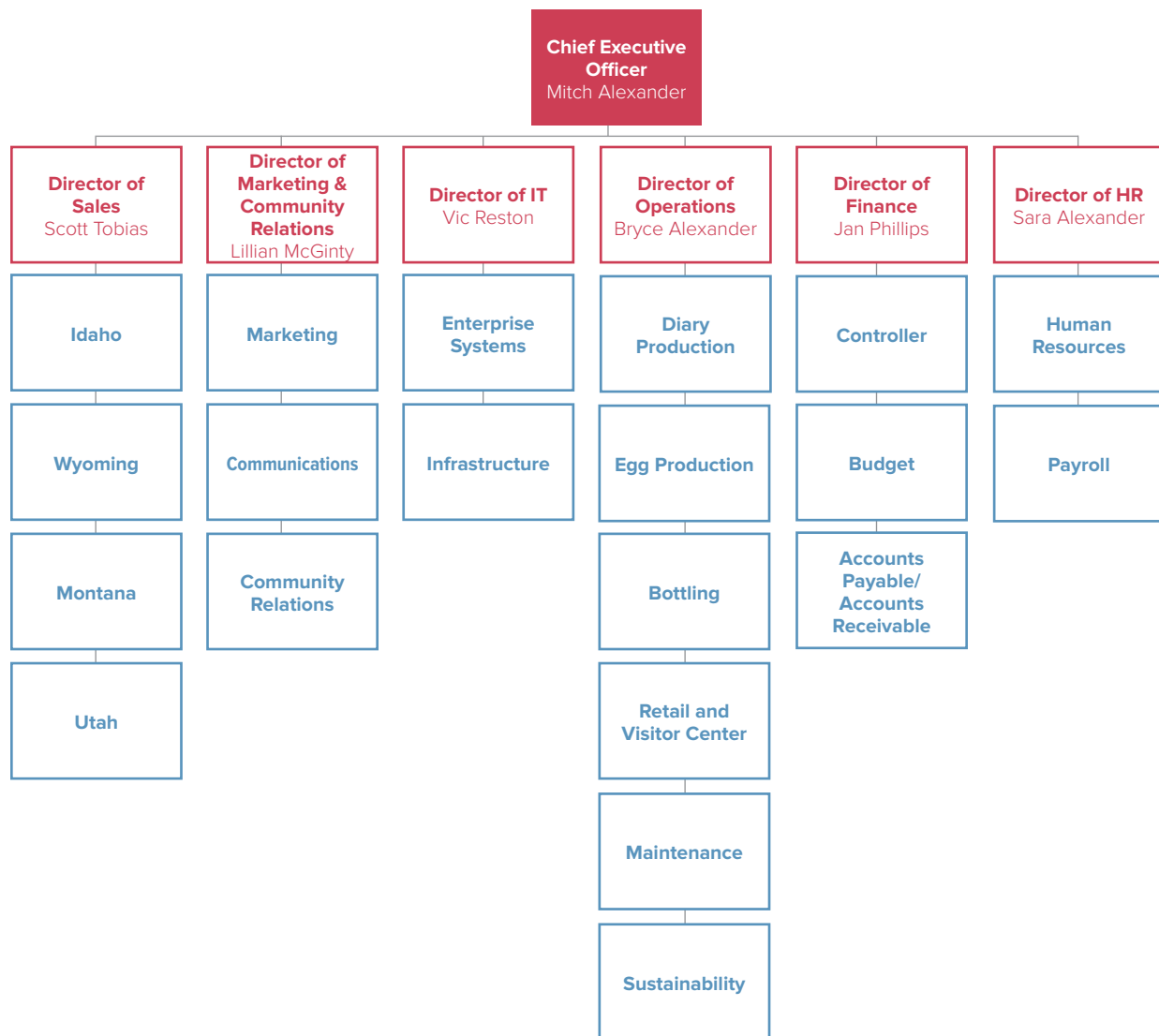
Mitch wondered how much of this failure was due to his own lack of appreciation for the HR function. He certainly was not proud that the HR manager position had turned over three times in a 10-year period. It is never easy to revise policies and procedures in a change-resistant culture like Blackfoot Farms. Did he want his own daughter to experience those challenges? Whatever he decided, he knew he needed to get it right this time. Despite a lack of HR systems, Blackfoot had been successful, but Mitch knew advancing HR was critical to maintaining and growing Blackfoot Farms in the long term.

Mitch held a series of conversations with Sara and finally convinced her to join the family organization. The last conversation took place over a holiday weekend when Sara was visiting her family. Mitch and Sara walked around the farm after dinner one night and discussed several topics. When Sara asked if she would be reporting to her sister, Jan (director of finance), Mitch laughed to deflect the awkwardness of the moment. Sara took this as a "yes."

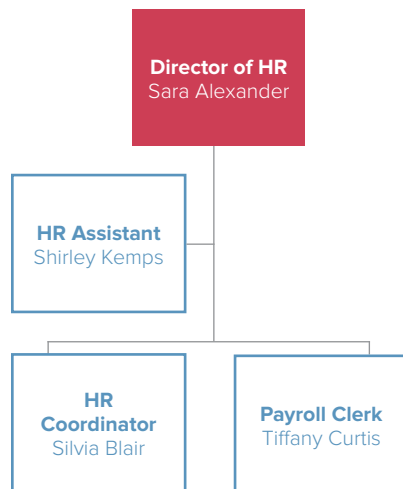


The previous HR managers reported to the director of finance, the last two reporting to Jan. Sara stopped and turned to her father, “You’ve gone through three HR managers in 10 years. I don’t want any special treatment, and I mean no disrespect to Jan. But if you want to have a strong HR operation and one that is finally respected, I need to report to you.” Mitch hesitated briefly and said, “I need to talk with your sister, but I think it will be a welcome relief for her. She would be the first to admit that she didn’t give HR the support it needed. It will be a director-level position, titled director of human resources since you’ll be reporting directly to me.” Sara Alexander became the newest employee of Blackfoot Farms two months later.

**Figure 1: Organizational Structure: Blackfoot Farms**



**Figure 2: Human Resource Department Structure: Blackfoot Farms**



**Figure 3: Number of Employees by Department**

Department	Full-Time	Part-Time/Seasonal
Dairy Production	47	23
Egg Production	29	12
Bottling Production	22	10
Retail and Visitor Center	14	36
Restaurant Operation	37	35
Maintenance	24	8
Sustainability	8	1
Administration (marketing, communications, IT, HR, finance, sales, senior management)	64	15
<b>Total Employees</b>	<b>245</b>	<b>140</b>

# Scenario C: HR Technology/ Fair Labor Standards Act (FLSA)

Blackfoot Farms has focused extensively on becoming a more sustainable operation for financial and environmental reasons. The farm is now equipped with 3,300 solar panels that generate 1.2 million kilowatts of clean, renewable energy every year. Blackfoot Farms has invested more than \$6.5 million over the past five years into its dairy and egg production operations. The implementation of new technology has allowed Blackfoot to make better business decisions while increasing overall production. Blackfoot's business strategy, like many other large farms, is to increase the economies of scale to allow for greater efficiencies, because to survive, the farm must increase the volume in its production facilities.

## Precision Dairy Farming

The technology in dairy farming, known as precision dairy farming, helps Blackfoot measure the physiological and behavioral well-being of its herd and its overall productivity. In keeping with its reputation of providing excellent care to its animals, Blackfoot Farms was one of the first farms in the country to install an automated heating ventilation air conditioning (HVAC) system that will automatically kick on when outside conditions reach a certain temperature. It also has installed new stainless-steel Herringbone milking parlors, each priced at \$750,000. The parlors are safer for the cows and better utilize space.

Many smaller farms are transitioning to automated milking systems that use robotic technology to manage the production process. Blackfoot, given the size of its herd, decided not to follow the trend, citing that it was not cost effective. With the change to the new parlors, all cows are equipped with enhanced automatic metering systems with individual tracking capabilities. These pedometers are placed on the cow's ankle and monitor several pieces of critical data to help manage production. Before the pedometers, the data gathered were limited to the number of pounds of milk each cow delivered per parlor visit/day and the length of time each cow was in the parlor. With the new parlors and software, farm managers can collect other data, including the amount of feed consumed per cow and the exact location of each cow using GPS. From a health perspective, the data allow for early detection of potential problems, including lameness, mastitis, infertility or other diseases. To support this effort, video cameras have been installed at

the new milking parlors to identify any abnormalities in cows' behavior as they leave the milking area. Cows are now milked three times each day (an increase from two), which not only is highly productive but decreases the less chance of infection. All of the information generated is now available through the use of tablets that provide "real time" data.

Blackfoot recently installed an automated manure removal system that cleans waste as cows are directed into the milking parlor. In addition to creating a better working environment, the system moves the manure so it can be used as fertilizer across the farm. In addition, Blackfoot recently received a grant through the state's environmental protection agency to partner with a biotech company to significantly reduce the amount of runoff created by animal waste. Approximately 70 percent of the nitrogen and phosphorus in cow waste is collected and used as fertilizer.

### **Automation in Egg Production**

The egg production operation has also experienced a series of transformations in the past several years, including the opening of a new state-of-the-art production facility last year. Unlike the dairy operation, Blackfoot automated most of its egg production. The egg production facility is equipped with tunnel air conditioning and a waste disposal system that transports the waste from below the chicken cages. The waste is then used as fertilizer.

The average chicken lays one egg a day; some produce more, and some less. Egg production depends on several factors, including the breed and age of the chicken, the time of year, and the environmental conditions in the egg facility. Production at Blackfoot Farms once averaged one egg every two days. Now, the 3.5 million chickens at Blackfoot Farms produce an average of 115,000 eggs per hour, or approximately 2.75 million eggs per day. Blackfoot Farms believes that the recent change to larger cages has a lot to do with the increase in productivity. A spokesperson was recently quoted in a national publication as saying, "Roomier cages result in less stressful and more productive birds." Approximately 97 percent of the Blackfoot Farms' eggs are rated AA Quality, the highest quality rating. The improvements in efficiency have resulted in eggs being transported from the facility roughly three hours after being laid. Blackfoot Farms is recognized as having the highest quality control levels in the business.

### **Challenges in Workforce Planning**

The rapid introduction of technology into the dairy and egg production facilities has not been without its set of challenges. Many dairy employees are frustrated with the level of customer service they have received from their milking parlor vendor. When the milking parlors were installed, for example, Blackfoot employees felt the training they received was insufficient. The

training was not only brief but limited in terms of the number of employees who could attend. Only supervisors and selected long-tenured employees participated in the training. As one supervisor said, “They trained a few of us and expected us to train the rest of our employees. You can tell they put their resources into the technology and not their support.” Those who were trained have spent the majority of their time trying to understand the new technology and troubleshooting issues as they arise. To date, the HR department has had limited involvement in the implementation of the technology in the milking parlors.

Blackfoot is also struggling to realize a significant return on investment following multiple phases of technology upgrades to its production facilities. Despite the increased output of eggs through the automation, managers have seen an increase in overall labor costs. The operation that was once labor-intensive is now highly automated and includes washing, sorting and packing the eggs. Because of Blackfoot’s quality standards, however, other areas continue to require labor. This includes candling (examining the quality of the eggs for consumption) and shipping. These positions require certifications and, in some instances, advanced degrees. Sara Alexander, director of human resources, has argued since her arrival to the organization that much of the increased labor costs can be attributed to the lack of HR planning when the production facility was being constructed. The new operation requires less labor overall but more technical proficiency for those who work at the facility. Blackfoot has repositioned some of its employees to the dairy and feed operation as openings become available, but supervisors realize they need to reduce labor costs to reach optimal efficiencies.

Bryce Alexander, director of operations, told Sara of the ongoing issues that the technological enhancements created in managing the workforce, but she still has several questions that need to be answered. As she was learning about the inefficiencies in the dairy and egg operations, she was also faced with a related challenge of addressing the classification status of all Blackfoot employees.

Silvia Blair has been the HR coordinator at Blackfoot Farms for the past three years after graduating from a local community college with a degree in business administration. Sara’s assessment of Silvia has been mainly positive, recognizing her strong work ethic and willingness to learn. However, Sara also realizes that Silvia lacks proficiency in the compliance side of human resources. In fact, Sara feels Silvia’s strengths are in the transactional side of HR and wants her to “step back” to see the operations from a more holistic perspective. Silvia acknowledged to Sara her tendency to work at a fast pace to “cross it off her list” while moving on to the next challenge. Sara recalls a comment Silvia made in their first sit-down meeting, “I notice I become bored if I work on a task for too long.” Hearing this, it didn’t surprise

Sara to hear that Silvia managed to complete the job descriptions for every position at Blackfoot Farms before Sara's arrival.

Although Sara was pleased to see the work completed, she still questioned if the actual duties were captured to reflect the technology upgrades to the facilities. This then led to her concern about the exemption status of many of the production employees. Several of the laborers were classified as exempt based solely on the current salary test of \$23,660 annually, despite their primary duties not reflecting such a classification. In addition, Sara wasn't sure how many hours each of the employees in question worked during a given week, but she was convinced it was well beyond the 40-hour overtime eligibility threshold set by the Department of Labor. Knowing HR was not going to figure this out alone, Sara decided to meet with Bryce to determine how her department can gather an accurate assessment of the production positions to better understand the challenges that lie ahead for Blackfoot.

### **In Bryce's Office**

Bryce was busy finishing an e-mail when Sara arrived at his office. Without looking away from his screen, Bryce motioned Sara into his office, apologizing for having to complete his current task before the meeting began. When he finished, he joined Sara at the conference table in his office, bringing his lukewarm cup of coffee with him.

It was apparent to Sara that Bryce's mind was focused on issues outside of this meeting. Although Sara called for the meeting, Bryce set the tone of the meeting by stating with some degree of frustration, "Before we start, can I ask why we are talking about job descriptions again? My staff and I already spent a lot of time with Silvia. I thought this was completed." Growing up, Sara never backed down from her older brother, and she wasn't about to start in this meeting. However, she also knew that she wasn't going to place her department in a positive light by arguing with Bryce. Sara acknowledged her brother's frustration. "I know this has already required a significant amount of your team's time," she began. She then added, "But my main concern is that the technology upgrades were not captured in all instances. In fact, Silvia told me that she received some job descriptions back from supervisors marked as approved but without any changes made. I doubt they even reviewed them before sending them to us." She paused slightly to gauge how Bryce would respond. Hearing no objections thus far, she continued, "Look, I'm frustrated it wasn't completed correctly in the first place, but I know in several instances the technology upgrades have not been added to the job descriptions. This will definitely affect how positions are classified." She added, "Bryce, I know Silvia was not given the access needed to conduct a thorough job analysis." This last statement invoked a response. "Analysis! I'm not sure what you are referring to, but I know when anyone

uses that term with me, it usually means a lot more of my time.” In attempts to reason with his sister as well as push toward a conclusion to the meeting, Bryce added, “I’m sure there are a thousand things HR can be doing right now. Why does this have to be at the top of the list?”

## UNDERGRADUATE QUESTIONS

### What is HR's role in addressing the workplace planning issues facing Blackfoot Farms?

Blackfoot Farms has not thought strategically about its workforce during periods of growth. Despite the investment in HR, the role of the HR function has been limited to being tactical, focusing on filling openings as they become available. Sara came to Blackfoot Farms with more of a strategic perspective than her predecessors. This is an opportunity for HR to demonstrate its value and to offer the organization a service that is so desperately needed with the recent technological advances. However, it is evident from the case that Bryce and his operations team are reluctant to transition to such an approach.

Louch (2014) points to two recent trends that, when used together, can support the workplace development needs of organizations. He argues that talent management should focus on predictive supply analytics and demand planning—in other words, being able to effectively manage the talent demand and talent supply (see Figure 4) (Louch, 2014).

As it relates to Blackfoot Farms, HR can make significant strides by developing a series of metrics focused on the organization's talent. Managing turnover, for example, is critical to any business. Blackfoot can start to track trends of not only the overall turnover rate but the turnover rate by position, by department and by years of service. Analyzing workforce demographics, including identifying who might potentially retire in the next one to three years (and even longer), can provide critical data to help senior leaders make informed decisions. If a number of employees of a certain age work in the production facilities, it might make sense for the organization to offer an early retirement option to get more value from its investment in technology.

Knowing future talent needs can help HR effectively implement programming that will narrow the talent gap through recruiting, training and redeployment initiatives (Louch, 2014). As was stated in the case, many employees in the production facilities have not been as productive because of the implementation of newer technologies. Knowing future needs will allow HR to retrain workers and prevent the need to lay off and hire new employees in the future.



**Figure 4: Predictive Supply Analytics, Coupled with Demand Planning, Provides a Blueprint for Talent Management activities**



Louch, P. (2014). Workforce planning is essential to high-performing organizations.

## What criteria must HR use to determine employee classification at Blackfoot Farms?

Blackfoot Farms must comply with Fair Labor Standards Act (FLSA) regulations, a federal law enforced by the Department of Labor, Wage and Hour Division. It was enacted in 1938 to prohibit employers from taking advantage of employees. The law ensures that standards for minimum wage rates, overtime pay eligibility, child labor standards and accurate recordkeeping processes are in place for all full-time and part-time employees (U.S. Department of Labor, 2014).

Under the FLSA, employees are entitled to overtime pay unless they meet certain exemptions for employment categories, including executive, administrative, professional and technical. Employees may be classified as exempt if they meet the following tests:

- **Salary level:** To qualify for exemption, employees generally must be paid no less than \$455 per week on a salary basis. These salary requirements do not apply to outside sales employees, teachers and employees practicing law or medicine. Exempt computer employees may be paid at least \$455 on a salary basis or on an hourly basis at a rate of no less than \$27.63 an hour (U.S. Department of Labor, 2008).
- **Salary basis:** Being paid on a “salary basis” means an employee regularly receives a predetermined amount of compensation each pay period on a weekly, or less frequent, basis. The predetermined amount cannot be reduced because of variations in the quality or quantity of the employee’s work (U.S. Department of Labor, 2008).
- **Job duties:** An employee must meet all of the criteria specified in one or more of the following exemptions: executive, administrative, education establishments and administrative, professional—learned, professional—artistic or computer-related. See [https://www.dol.gov/whd/overtime/fs17a\\_overview.htm](https://www.dol.gov/whd/overtime/fs17a_overview.htm) for additional information (U.S. Department of Labor, 2014).

## Assuming many of the production positions will need to be reclassified, what are the employee relations challenges HR faces when informing employees who will be affected by such a change? What are the most important points to communicate to the farm employees?

Throughout this process, it is important for Sara and her team to be upfront and transparent. They need to inform the organization, as a whole as well as the specific employees who are affected, about the purpose of the job analysis and the importance of classifying positions accurately from a

federal regulations perspective. They must also make themselves available as questions arise. As HR considers communicating this change to employees, both individually and collectively, there are a number of important points that it must keep in mind. First, HR must educate employees. Many employees are unaware of what exempt or nonexempt means as it relates to position classifications. In addition, some are unfamiliar with the FLSA and what it means to them and their employer. The education process can take place using several approaches, including department meetings, all-employee information sessions and written communication (e-mail, posted memos). Sessions dedicated to the topic and one-on-one discussions with employees who will be affected by this change are also important. It is imperative to note to employees that any changes that must occur are due to federal regulations and not based on decisions made by Blackfoot Farms' management.

There certainly are employee relations challenges when having to change a position classification from exempt to nonexempt and vice versa. HR needs to be cognizant when meeting with an employee whose position has been reclassified to nonexempt. The fact of the matter is that many employees' egos are attached to their jobs. Someone who was previously classified as exempt and therefore did not have to track his or her time might perceive the status change as a demotion because the employee will have to follow the same set of rules as the employees he or she supervises (Miller et al., 2016). Occasionally, an employee will be curious if the reclassification will result in back payment if he or she worked in excess of 40 hours in a week previously. This can be challenging, and HR professionals are encouraged to seek legal counsel when such a situation arises. In short, it is important that the organization informs employees that this change was made based on an internal audit and set an effective date when the reclassification will occur. Finally, HR also may want to consider offering training classes to new nonexempt employees to answer questions and to educate them on how to properly report their hours.

Reclassifying a position to exempt is also not without its challenges. While some may consider this a more manageable transition, many employees have relied on overtime payment as a percentage of their overall compensation. The reclassification, of course, removes this possibility going forward. However, it can most likely result in an increase in salary due to the "worth" of the duties being performed by the employees. Students should also keep in mind that employee benefits are often linked to overall salary. Someone earning more may therefore pay more in health care premiums. To many, using the notion "to whom much is given, much is required" seems to be the fairest approach when asking employees to share more of the burden of health care costs. In such a system, employees understand that a merit-based or salary increase, in this case, will often result in a possible increase in premium payments.

## GRADUATE QUESTIONS

**Compare and contrast the workforce planning challenges in the dairy and egg production operations from an HR perspective. What recommendations would you propose for each of the operations?**

In both instances, new technology has created a series of workforce planning issues that must be addressed for Blackfoot Farms to fully realize the benefits of the technology and increase efficiencies through a reduction in labor costs. Despite the fact that both production facilities have invested considerably in technology, Blackfoot Farms made the decision not to integrate automation into its milking parlors. The reasons for the technological upgrades were the health and longevity of the herd and better data for improved analytics. Automation has been introduced in the dairy facilities to clear manure from the stalls, which used to require manual labor. Because a limited number of employees were responsible for that role, they were able to be integrated seamlessly into the milking parlor operation.

In contrast, the nearly complete automation of the egg production facility requires significantly less manual labor than in years past. In fact, much of the labor associated with egg production is skilled in the area of quality control and inspection. Organizations that spend a sizable amount on capital improvements invest very little time in the human costs associated with such transitions. Workforce strategists argue that it is best to address staffing issues during the planning phase of technology implementations (Bechet, 2008).

Workforce planning at Blackfoot Farms should not occur in a vacuum. Management should not view these operations as separate entities. Given the diversification of the operations, there should be plenty of opportunities for employees to move across the organization. There are tremendous benefits to this approach. As a family-owned farm, Blackfoot Farms should want to demonstrate its dedication to the community by treating all of its employees well. Laying off employees does not convey a good message to the company's stakeholders. Conversely, having a reputation as an organization that offers opportunities to its dedicated employees helps in terms of retention, morale and productivity.

Based on the facts addressed in the case, there appears to be a surplus of labor in the egg production facilities. It would seem to make most sense from a business perspective to reduce labor to achieve optimal efficiency. This is where HR should be tasked to work with management to identify other opportunities at the farm. What areas of the operation are the most productive and will need more workers? What areas are under-resourced?

What areas seem to have the highest level of turnover? HR must conduct a thorough review of the workforce demographics, including employee age, and identify positions and areas that may experience voluntary turnover due to retirements (Miller et al, 2014).

**In referring to Sara’s recommendation to conduct a job analysis, Bryce responded, “I’m sure there are a thousand things HR can be doing right now. Why does this have to be at the top of the list?” Placing yourself in the role of Sara, would you agree that conducting a job analysis is a priority for human resources and the organization? Explain your response. If you were Sara, how would you recommend conducting the job analysis?**

Many would agree that conducting a job analysis is one of the most important activities any HR department can complete on behalf of an entire organization. According to the Society for Human Resource Management (2013), a job analysis is a systemic study of a job to identify the specific responsibilities to be included, how the position compares to others in the organization, the qualifications needed to perform the job, and the working conditions in which the duties will be performed. Rue, Ibrahim and Byars (2016) further characterize a job analysis as a gathering of relevant information through “observation and study.” The job analysis becomes the foundation to developing a job description and specifications that help guide processes such as recruitment, selection, compensation, training, performance management and career development.

A number of methods can be implemented to conduct a job analysis. However, it is essential that this process be conducted in collaboration between human resources, the incumbents in the position and the supervisors of those incumbents. Through this process, Sara must gain support from not only Bryce but also the entire senior management team at Blackfoot Farms. It is unfortunate that the previous work conducted by Silvia was considered incomplete, as supervisors and employees may not react favorably to what essentially is rework on the part of the human resource department. That being said, it is important for Sara and her team to craft a message about the job analysis and explain why they are taking the steps to conduct a thorough assessment.

Rue, et al (2016) identify the following four methods that Sara and the organization should consider when conducting the job analysis:

- **Observation:** This is a method where an individual observes the incumbent in the role, paying particular attention to what tasks are being accomplished, the duration of each task, the working environment in which the tasks are completed, and the technology and equipment used

to complete the task. It is important to note that multiple employees who hold the same position should be observed to identify any differences that might exist.

- **Interviews:** This method requires scheduling time to meet with incumbents to capture the same information that was addressed above in the observation method. One of the disadvantages to this approach is that the observer only has the point of view of the employee in analyzing the position, unless the supervisor is going to be consulted (which is strongly recommended). Interviews can be structured, in that the format and questions of the interview are similar regardless of the position, or unstructured, in which the interviewer asks a series of unscripted questions that may depend on previous answers provided by the incumbent. If multiple employees who hold the same position are interviewed, chances are there will be some discrepancies that will have to be resolved.
- **Questionnaires:** This method is used when several positions must be analyzed and time is a factor. In many instances, a human resource representative will forward the questionnaire to the incumbent, who will complete and forward to the immediate supervisor for review and approval. It is an approach that can be accomplished rather quickly, but it also has its drawbacks. For example, employees may exaggerate the value of their responsibilities, which could affect how the position compares to others in the organization. In addition, a supervisor may not review completed questionnaires closely, creating another flaw in the process. This was identified by Sara as an issue that occurred in the initial analysis.
- **Functional Job Analysis:** This approach, developed by the Employment and Training Administration of the Department of Labor, uses seven scales to help identify what an employee does in the position. These scales include data (the employee's involvement with information and ideas), people (the level of communication and interaction required), things (use of machines, tools, computers and equipment), employee instructions (depth of instructions required), reasoning (degree of concepts and decision making required), mathematics (depth of mathematics knowledge required) and language (degree of reading, writing and speaking required). This method is used less frequently and may not be applicable to Blackfoot Farms, particularly in the production areas.

There are a few areas for Sara and Blackfoot Farms to consider before identifying the most effective approach. First, as mentioned earlier, is the timeline. When would Blackfoot Farms want to have the analysis completed? There are nearly 100 full-time and 50 part-time production employees. With a limited number of professionals in the human resource department, conducting the observation or interview method could take a considerable

amount of time. Certainly not every production employee will have to be involved in the job analysis, but human resources will want to create a good representative sample in each of the areas. Sara may also consider combining methods to improve the accuracy of the job analysis. For example, an employee may be observed over a period of time and then interviewed once the observation period concludes. Finally, the existing language barriers may also help determine the type of method being used. For example, while the observation method may take a considerable amount of time of the human resource staff, it does not involve the verbal or written components that are evident in the interview and questionnaire methods.

**Draft one of the following letters, paying particular attention to the tone of the communication and how it will be received:**

- a. **A letter to an employee whose position has been reclassified to nonexempt and whose pay will remain at \$43,500.**

Below is an adaption of a sample letter provided by SHRM (2014) in an article titled, “FLSA: Reclassification from Exempt to Nonexempt Letter.”

*Dear [Employee Name]:*

*Following an internal audit of all the production positions at Blackfoot Farms, which included a review of each job description as well as observations and interviews with employees in the positions and their supervisors, we have found that your duties no longer meet the criteria of an exempt employee.*

*Your position’s classification status will change to nonexempt (overtime-eligible) effective [date]. You will now be paid an hourly rate of [\$] and paid overtime at time and a half for any hours worked in excess of 40 hours per week. There will be no changes to your job duties or benefits as a result of your nonexempt classification. Your supervisor will review with you the requirements for recording your hours worked and obtaining approval for overtime hours.*

*Please contact your immediate supervisor or Human Resources should you have any questions about this change.*

*Sincerely,*

*Sara Alexander*

*Director of Human Resources*

**b. A letter to an employee whose position has been reclassified as exempt.**

Below is a draft letter based on the template used above.

*Dear [Employee Name]:*

*An internal audit of all the production positions at Blackfoot Farms, which included a review of all job descriptions as well as observations and interviews with employees in the positions and their supervisors, was recently conducted. It has been determined that your duties no longer meet the criteria of a nonexempt employee.*

*Your position's classification status will change to exempt (which is not eligible for overtime) effective [date]. You will now be paid an annual salary of [\$], which is a [\$] increase of what you are currently paid as a nonexempt employee. There will be no changes to your job duties; however, if you participate in the organization's medical insurance plan, you may be required to pay an increased amount toward the medical premium based on your new salary. If so, additional information will be provided to you closer to our open enrollment period.*

*Please contact your immediate supervisor or Human Resources should you have any questions about this change.*

*Sincerely,*

*Sara Alexander*

*Director of Human Resources*



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