



Fact Finder

HRA Services, Inc.

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“ . . . helping organizations find solutions to people-related problems”

Who's Warming Up?

Succession planning has been around for a long time, often masquerading under other labels like “manpower planning.” Today, however, succession planning is drawing increasing attention and debate. Organizations once satisfied ambling into the future by promoting longer-service employees until they exceeded their level of competence realize that in today's sharply competitive market the future belongs to those who develop and find talented leadership. The air waves, the newspapers, and professional and popular journals are saturated with articles and commentary on leadership. While today has been characterized as the era of customer service, it is also clearly the era of leadership. Some important and provocative business writers and scholars are trying to restate the importance of management science, but leadership continues its undaunted reign over American business thinking and life in general. The age-old question of whether leaders are born or made seems to have fallen victim to the sheer weight of paper and cyberspace telling us how to do it better.

Business and political events over the last two decades have certainly underscored the importance of developing a reserve of knowledgeable, able, fit, and wise managers to lead the organization. This need is increasingly apparent to boards of directors and senior executives. Past methodologies have often proved ineffective in putting together top-quality boards and management teams and have given way to more rigorous methods of examining and screening candidates for demanding business roles. Availability, geography, and personal relationships have been supplanted by business knowledge, critical thinking skills, and the capacity to articulate, balance, and contribute to the vitality of the enterprise.

Succession planning is a “soup-to-nuts” kind of endeavor. It entails leaders and organizations taking a recurring hard look at their human resource inventories while studying and understanding their current needs and future prospects. A recent article pointed out the ease with which leaders rationalize why they cannot promote or realign top performers because they are so critical in their current roles. In general, the tendency is to hold back before pulling the trigger rather than run the risk of moving a promising candidate who is “not quite ready for the next challenge.” How many times has the “not quite ready” candidate, when thrust to the next level by chance, proved an able, if not incomparable, leader.

Succession planning is a critical organizational function indeed—far too important to be left to happenstance or last minute maneuvering.

Call us if your company or board needs assistance in this vital area.

Is HIPAA Contagious—

It Seems to be Everywhere

(Health Information Portability and Accountability Act)

You've probably signed enough HIPAA forms for your doctor, your dentist, etc., to feel as if you're an expert. HIPAA's purpose, of course, is to prevent inappropriate and unauthorized release or disclosure of personal health information to individuals who have no need or right to see such information. While HIPAA mainly focuses on healthcare providers, it does carry obligations for employers as well. As of April 14, 2004, HIPAA expands its provisions to include companies with up to \$5 million in annual health plan receipts. Larger companies began complying a year ago.

For organizations providing medical insurance plans or flexible spending accounts, HIPAA requires care in protecting personal health information, referred to as PHI. Companies need to safeguard against the possibility of PHI affecting employment decisions. Where human resource staffers have access to PHI, it may be prudent to establish a firewall between those who handle such information in administering benefit programs and those whose principal functions focus on such areas as employment and employee relations, for example. Such information can, of course, be on paper, in electronic form, or simply word of mouth. While federal agencies responsible for compliance have indicated they will pursue audits only in response to a complaint, violations carry stiff penalties.

Under HIPAA, employers need to name a privacy officer responsible for properly managing PHI; establish policies and procedures for handling PHI and processing complaints; and conduct HIPAA-related training.

Managing Performance

Managing performance is a continuing source of frustration for supervisors and employees at all levels. To reduce appraisal pain, organizations have chased new methodologies such as self-evaluation, 360, and others, designed to produce positive, objective performance assessments.

Much of the frustration on the part of supervisors and staff comes from fear of confrontation and the tendency to procrastinate. Both of these are natural and amplified by the mistaken belief that assessing performance is a negative, judgmental exercise that inevitably produces alienation.

Performance management—today’s term for performance appraisal—is an improvement in terminology at least and connotes the broader idea of something beyond just the end-of-term report card. Performance management should reflect these elements no matter how the mechanics of the performance management policy and system work:

1. **Shared values and understanding.** These goals and objectives are established at the beginning of the performance period through mutual discussion and communications. They derive from overall company goals and departmental or unit goals as they relate to the individual’s job duties and responsibilities. Be sure mutually understood standards of performance are defined, discussed, and clearly communicated. Without standards, confusion will reign.
2. **Create and nurture a climate of teamwork.** Have a conversation. Encourage individuals to talk comfortably about their career goals and aspirations. Establish times and opportunities to revisit performance progress. Recognize good and bad things as they happen. Acknowledge the kind of performance you expect. Don’t wait for catastrophic events to create bad feelings.
3. **End with the beginning in mind.** The purpose of performance management is improved performance. Consider these questions: What went well? What could have gone better? What needs to happen to do it better next time? Again, have a conversation. What can you as the supervisor do differently? Do you know what your employee’s interests and objectives are? How can you strengthen the team overall?

Accountability is the essential element underlying performance effectiveness. Employees already know how they’re doing in their own minds. They want to know how they are doing in your mind. Not honestly sharing the differences leads to wasted energy, bad feelings, and poor performance for sure.

The *HRA Fact Finder* is published by HRA Services, Inc., to keep clients and business associates abreast of developments and trends in human resources and personnel management and is not intended to serve as professional advice on specific personnel and organizational issues.

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