



Fact Finder

HRA Services, Inc.
www.hraservices.com

April 2008

"...helping organizations find solutions to people-related problems"

LOOKING AHEAD

Remember the old IBM sign that said, "Plan ahead," where "ahead" ran down and then off the right side of the page. It's a fundamental rule of management that boards and CEO's have one key responsibility: Protecting, preserving, and perpetuating the organization. And how is that most effectively done? By creating and sustaining a sound succession plan. And yet more and more corporate directors and senior executives seem to ignore this important consideration essential to organization success.

The first of the classical functions of management is planning. Planning requires an ongoing assessment of how the organization is doing and what needs to be done to insure its future success and development. People, knowledge, skills, and abilities are critical components. This process often entails evaluating organizational performance in terms of current goals and objectives as well as brainstorming potential new initiatives and new lines of business that will promote competitiveness, not dilute niche strengths, and complement current operations. All too often, succession planning amounts to replacement planning where the chief consideration shifts from the organizational dimension to the personal career dimension of who will replace who. This latter process is easier than organizational succession planning because it doesn't necessarily take into account how the organization and its markets and internal operations are changing before it weighs in on the human dimension.

Another important aspect of succession planning is balancing organizational efficiency and effectiveness with staff utilization and professional staff development. A good litmus test here is the concept of "bench strength": Are we lean but not so lean that we have no viable options when unexpected turn-over occurs? This balancing act is never perfect and in many ways is an exercise in probability. What is essential is having the bench strength to make it through the game and developing the bench strength to back-fill predictable and unpredictable needs.

The final and enduring component of succession planning is discipline. Those responsible for organizational viability and success must rigorously discipline themselves and their staff to keep succession planning on the front burner. This means asking about organizational capability and sustainability on a regular basis. Even the best conceived succession plan will become ineffective and useless if discipline is not there. It is all too easy for successful

organizations to grow lethargic and treat succession planning as an appendage rather than an engine of the organization.

If you are wrestling with how your company is positioned in terms of current and future capabilities, call us so we can discuss ways to clearly frame your questions and to develop processes to build needed bench strength and improve organizational effectiveness.

COMPENSATION TRENDS & PERSPECTIVES

With continuing concerns over growing health insurance costs, many organizations are feeling as though they are squeezing the proverbial balloon when it comes to managing personnel costs overall. Most companies have moved from traditional pensions to 401(k)'s and from conventional catastrophic healthcare insurance to consumer-driven health plans. These shifts in employee benefit programs have occurred gradually over the last ten to twenty years and clearly reflect dramatic changes in how employees and employers view the quality, quantity, and character of employer provided benefits. In the 70's and 80's, about the time ERISA was implemented, employee healthcare insurance, composed of basic and major medical, was mainly predicated on minimizing the potential impact of a major health calamity on the employee and her family. Today health insurance programs are driven by the cost of pharmaceuticals needed to control or prevent serious health threats. The growing presence of television pharmaceutical commercials is evidence enough of the magnitude of this change.

In the context of rising healthcare costs, employers in 2008 are expected to increase base salaries by 3-4 percent, a pattern that has generally prevailed since 9/11. Because this represents only modest base salary increases in light of inflation, surveys continue to show more employers supplementing salaries with incentives and bonuses, with some surveys now reporting more than 90% of employers offering some form of variable pay. The moral of the story is that money for pay increases is available, but mainly to those who meet or exceed specific company performance expectations. More and more, employers are willing to share, but only when there is a clear link between performance and pay.

DID YOU BUY A NEW SUIT FOR EASTER?

That new suit can be top-quality name, fabric, and style, but if it doesn't fit right, you'll be uncomfortable for the duration. So it is with jobs and people. Getting the "fit" right is critical. As a busy business leader and manager, you face a multitude of goals and priorities every morning. One of your most daunting and time-consuming concerns is to find employees who fit the job and you can trust to keep your company's best interest at heart.

In three to six months, if not sooner, you may realize you hired the wrong person, often in an urgent effort to get someone in place as soon as possible. Unfortunately, you may end up rationalizing your decision until you are forced to part company or they decide to leave. In either case, time, training, and energy are misspent and then the cycle begins again.

How HRA Can Help

"Fit" is a little word with big implications. Let us do what we do best: Get a clear understanding of your organization and the job; then find and evaluate people who fit the bill. We assist you in creating job specs and ads, posting information, and reviewing responses. We then evaluate candidates for your consideration and assist you in selecting the individuals that fit your needs.

What You Can Do

To stay focused on your own goals and priorities, call us about how we can help you and your business grow and prosper.

KEEPING PACE

What's new? Keeping pace with policy changes of your own making or of the government's is a never-ending task. Certainly, at least once a year, Human Resources should conduct a comprehensive review of employee handbooks and human resource manuals that guide employee and supervisory conduct and behavior. Not only do federal and state labor laws such as FLSA, FMLA, COBRA, and others, experience subtle or dramatic changes, but work rule guidelines for cell phone and Internet use, for example, continue to bear increasing scrutiny in the workplace. Most organizations have detailed policies on such litigious and sensitive areas as sexual harassment, EEO, and Family and Medical Leave; and yet supervisors and employees are only vaguely aware of their own individual responsibilities in terms of day-to-day employment and management practices.

Remember, no matter how complete and well-written your policies are, your practices are the most common source of litigation and employee relations problems. It's very easy for organizations to commingle policy issues and management issues, which often cloud what's really going on and make decisions more complicated. As a rule, there are policy issues and management issues. Trying to remedy a management issue by a policy rule usually doesn't work and ends up confusing everybody. Of course, if your policies are not well thought out and clearly and simply stated to begin with, there is increased opportunity for organizations confusion and chaos.

HRA has been helping all kinds of organizations with unique needs sort out these issues for over twenty-five years. We can help you be sure your policies are soundly thought out and well written and help your managers apply rational and consistent standards of behavior and performance.

LEADERSHIP IS HARD

Leadership has been debated and examined over the years from many perspectives. Today, books, articles, tapes, and programs on leadership are everywhere. Why is leadership such a

popular topic?

Well, there are lots of reasons including international affairs, political uncertainty, and the natural desire for control. On the business front, more and more business leaders are seeing the need to develop leadership within their organizations to ensure success, succession, and future prosperity. Rather than the traditional list of traits, leadership is a dynamic activity that requires understanding people. It entails an objective assessment of individual development levels on specific "tasks-at-hand"—then determining what leadership style to appropriate. It requires thinking in-depth about the leaders who have had an important impact on your development and then listening to what you hear those leaders saying and doing as you think back over your own experience.

Many of us have never had the opportunity to discuss and examine leadership in a way that demonstrates how and why leaders behave the way they do. As a result, we often simply try to mimic the leaders' behaviors, which is sometimes not even applicable to the situation at hand. Give your managers the opportunity to examine what leadership is and how it works. Give your organization the competitive advantage of informed leadership that can magnify performance many times over.

Specialist in Human Resource Management Consulting

Leadership Development

Compensation Planning

Board Development & Evaluation

Employee & Manager Handbooks

Outplacement Services

Succession Planning

Organizational Development

Executive Coaching

Recruiting Support Services

If you have questions or further interest in any of these subjects, please call us. 610-869-4494