



# Fact Finder

HRA Services, Inc.

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

## LEARNING TO LEAD

A recent study conducted by the Center for Naval Analysis Corporation (CNAC) shows a dramatic increase (from 63% to 91%) in the ability of Navy petty officers to select the correct behavioral response to leadership situations as a result of Situational Leadership II<sup>®</sup> training. Leadership is often viewed as an exercise in mysticism, where the learning leader seeks to emulate the experienced leader. While it begs the long-standing question of whether leaders are born or made, just emulating successful mentors is rarely a practical solution in building leaders because there are simply too many variables between the student leader and the experienced leader. This approach commonly leads to frustration and poor leadership outcomes.

Situational Leadership II<sup>®</sup> provides individuals with a clearly defined model, a set of practical principles, and the evaluative tools to make specific behavioral choices in providing leadership to individuals and groups. Situational Leadership II<sup>®</sup> training gives student leaders the perspectives and experience needed to assess a variety of variables and determine the appropriate course of action that builds leadership confidence and employee competencies as they continue to grow and contribute more to the organization.

This study of the results of more than 3,000 U.S. Navy petty officers clearly documents the effectiveness of quality leadership training and demonstrates the importance of focusing on building tomorrow's leaders today. If you are concerned about your organization's leadership, present or future, talk to us about how such programs can benefit your company.

## WE'RE ALL IN THIS TOGETHER

As recently as fifteen years ago, most employee pay at all levels consisted of base compensation. Since that time, more and more companies have moved toward variable pay programs, pushing them farther down into the organization. This steadily growing pattern of pay has several attractions. First of all, it causes a pre-eminent focus on discrete performance periods where managers and employees can develop and define specific performance goals related to annual company objectives. Second, it promotes the idea of getting things done in a context that includes internal perspectives such as company vision, mission, and goals as well as external factors such as the economy and competition. Finally, variable pay programs, properly designed, underscore the message that “We really are all in this together.” They make the connection between individual and organizational performance and between individual and team performance and the number one employee-rated values of acknowledgment, recognition, and reward in the form of compensation.

Beyond satisfying these objectives, variable pay programs also infuse the performance management with new blood by focusing on what the individual and the organization are achieving in terms of specific, measurable accomplishments rather than assessing individual performance traits. The principles underlying the concepts of variable pay are sound and provide organizations seeking to improve products, service, and profitability the advantage of greater clarity, fairness, and sense of team as they allocate scarce salary dollars.

## CREATIVE COMPENSATION

A recent *Newsweek* article records an interview with an environmental architect convinced that current models are ineffective in solving today's problems. What we really need are new ways of thinking about things. At an organizational planning session, one manager, when trying to solve the dilemma of "too much on the plate," drew the focus away from quantity by announcing: "Maybe the problem is we shouldn't be using plates."

While business rightfully dreads creative book-keeping, organizations are facing the need to become ever more resourceful in managing and allocating pay and benefit dollars. Consider these recent observations:

"Wages fell for the average worker in 2004 after adjustment for inflation, the first decline in nearly a decade," the New York Times reports.

"In 2004, inflation-adjusted wages, or real wages, dropped 0.5 percent among non-supervisory workers in the private sector," according to the Bureau of Labor Statistics.

Faced with growing financial constraints such as steadily rising healthcare costs and Sarbanes-Oxley to name just two, employers are being compelled to find new ways to mix and match in providing employees compensation and benefit programs that recognize contribution and create incentives to encourage and promote improved individual performance and company profitability.

As you face these choices, let us work with you in thinking through the options and help you tailor solutions that keep your employees fully engaged to meet your current and future organizational goals.

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.

## HERE COMES THE AUDITOR

A recent actual external audit of a company's human resources practices included a range of recommendations such as handling I-9 Forms differently, revising company employment application forms, and improving internal management and control of personnel actions. All these were aimed at reducing the company's potential liability and encouraging a best practices approach in administering human resources. The longest list, however, related to the company's employee handbook, which was characterized as "comprehensive, but not current." Among policies that needed to be added or updated were these:

HIPAA  
COBRA

Access to Personnel Files  
Problem Resolution  
Workplace Violence  
Weapons in the Workplace  
Personal Office Relationships  
Cyber Policy (Email, Internet, and Voicemail)  
Searches for Cause

The company's handbook was up-to-date six years ago, but in that relatively brief time much has happened in the American workplace that mandates new or revised policies and procedures as well as new thinking and new practices in some areas. Some of these changes are the result of new legislation requirements; others are simply better ways to lead and manage your organization to keep employees motivated, challenged, and productive. We strongly recommend you review your handbook at least every two years. If it does not include these kinds of policies and others that reduce your company's exposure, please call us so that we can assist you in developing policies and practices that keep your handbook current, comprehensive, and balanced.

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If you have questions or further interest in any of these subjects, please call.