



Fact Finder

HRA Services, Inc.

October 2003

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

THIRTY-YEAR RECORD

Reliable compensation surveys are citing 2003 as representing the lowest trends in compensation practices in the last thirty years. Furthermore, projections for 2004 are expected to remain fairly constant, and actual increases over the last two years have come in lower than earlier projections. All in all, that would seem to say: “Hang on and ride it out!” As the October *Economic Research Institute Update* points out: “These are the most dangerous of times for managers of salaries. When one can treat everyone the same and freeze salaries or structures, the very best employees ‘manage their own salaries’ by slipping away to competitors or trying other (ad)ventures.”

Despite unusually low turn-over and a loitering economy, staying in tune with prevailing compensation changes and developing new programs to address the issues of the day are certainly prudent and thoughtful measures in being prepared for the future. For example, current and projected merit increase trends have created yet more emphasis on variable pay programs that tie payouts to discrete periodic performance goals. These plans for managers and others meet several important objectives in today’s environment. First, they cause organizations to examine, define, and reach for specific performance objectives that can be used as realistic, timely measures of company performance. Second, they provide clear metrics for allocating dollars to individuals and teams based on the accomplishment of pre-determined performance goals. In a time where pay is subject to increasing scrutiny and where there is a growing need to recognize and reward

outstanding performance, variable pay programs are a valuable, useful supplement to base salaries. If you are weighing the pros and cons of developing or revising a variable pay program, give us a call so we can help you through the decision and design process. Plans intended for implementation for 2004 should be underway as early as possible in the final quarter of 2003. There are unexpected issues and concerns that arise as organizations work through this process. While current base pay projections are modest indeed and turn-over is low, it is important to keep a close eye on pay patterns for specific positions and job families, especially since jobs rarely move uniformly in the market place. As the economy continues to recover, competition for scarce talent, especially for leadership and skilled managers, will grow ever more fierce. Knowing that your current pay practices are competitive and attractive is one of the basic foundation stones for retaining and developing the talent your organization needs to succeed and prosper.

START AT THE BEGINNING

Sound, productive employment relationships start before the first day of employment—they begin, in fact, back where position requirements and specifications are first discussed, defined, and documented. The problem is that all too often this first phase of the process either never happens or is given short shrift in the haste of getting the position filled as quickly as possible. Sometimes managers, even top managers, just don’t expend the time and energy to clearly communicate what exactly they’re looking for and how they will know it when they see it.

That's where objective, insightful, experienced consulting support and expertise can be especially important and helpful in asking the right questions and pressing for clear answers.

As a result of missing first base, all those who participate in the candidate selection process end up wasting time and energy screening and interviewing prospects with the perspective of "let's pick the best of what we see" rather than insisting on finding the "right fit" for the position. The consequence is lost time and money, not to mention the frustration that results from a poor fit that can debilitate the new employee, the hiring manager, and the organization.

It's tough to find the right talent if you haven't first objectively discussed and documented your needs. Let us talk with you about managing this all-important process.

THE BEST BOSS

In the October 2003 issue of *Fortune Small Business*, *FSB* published the results of its survey of effective leaders in the current tough economy. Among their findings is the observation that effective leaders find ways to show they really care about their employees. "The more convinced they [employees] are that you care," says one expert, "the more demanding you can be." They acknowledge that this sense of caring is harder to establish and maintain in larger organizations because top management is often more remote. This connectivity can exist in most organizations, in our experience, although it requires considerable management energy focused on communications, consistent leadership styles, and discipline.

FSB found that perks, child-care centers, and concierge services are not the stuff of effective leaders, though they may coincidentally exist. Most important is the "feelings of trust and autonomy managers impart." Effective leaders understand that "if you don't let go, no one else will be sufficiently empowered to make things happen." They avoid micromanagement by establishing attainable goals and understand that their employees know better than they do how to reach their objectives.

AVERAGE COMMUTE—26 MILES

A recent Bureau of Transportation Report indicates the average American commutes just over 26 miles one way. Only 6% of commuters spend more than one hour commuting, but the longest reported commute in the August 2003 *Omnibus Household Survey* was three hours; the shortest was one minute.

DO YOUR SUPERVISORS KNOW HOW YOU EXPECT THEM TO LEAD AND MANAGE?

The Manager's Handbook sets the leadership tone and management expectations within your organization. It provides supervisors clear, simple guidance on how to set the example, promote consistency, and minimize potential legal liability in such areas as hiring, terminations, employee problem-solving, motivation, performance management, and many other important aspects of leadership in today's tough business environment.

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