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# Fact Finder

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## **TRUST YOUR DECISION-MAKING SKILLS**

A recent "Management Tip" from the *Harvard Business Review* gives a one paragraph perceptive quick study on decision-making, perhaps the most critical function of good leaders and managers.

Over the last twenty-seven years, we have conducted many organizational studies, which are always engaging and challenging because among many other reasons no two are the same. These studies examine efficiency and effectiveness in terms of vision, values, division of labor, communications, management practices, leadership styles, and overall culture. Such studies nearly always come down to two key factors: Role definition and decision-making processes.

Role definition is essential because all too often individual position or job roles are cloudy and the person assigned the role on paper is operating outside the role defined by the job, sometimes in areas of responsibility that belong to other positions and individuals. In other cases, people may not be meeting the requirements of their position. Most of these "disconnects" occur because of people's natural desire to do what they want to do or what they think they are good at and because the company culture lacks a real sense of accountability and discipline.

The second key factor, decision-making, is always interesting. Unfortunately, in some organizations, decisions get made through lack of leadership or management action. They simply happen by default rather than as a result of adequate data gathering, analysis, thought, and decision. As the "Management Tip" succinctly points out, some decision-makers and organizations suffer from analysis paralysis through excessive data-driven fact-finding and "scientific" analysis that disregards contextual anecdotal considerations that are critical to a good decision. Experience, insight, and intuition are essential to sound decision-making.

Examine your organization's decision-making process to see if it strikes a proper balance in moving the enterprise ahead in ways that demonstrate success and common sense progress. If necessary, engage professional, independent experience and expertise to optimize fresh thinking and to insure you are not simply validating existing biases.

## **STAYING IN TOUCH WITH PAY**

A common question today is: "What are others doing about pay increases. We froze pay a year ago. What do you think?"

The first consideration is always budgeting—that is, can you afford to grant increases at all, given current economic conditions and organizational performance. If increases are affordable, we normally recommend that you continue to apply salary administration policy concepts to the extent you can. You may want to re-examine and adjust your salary review tables to reflect current economic and competitive circumstances, but as a rule it is important to recognize individuals who are clearly exceeding expectations in moving the organization ahead. In tighter times, as many are experiencing, it is important to also recognize that past tendencies of granting most employees some sort of "across the board" increase may no longer be affordable if you want to grant meaningful increases to top performers. Often, times of scarcity put pressure on leaders and managers to make tougher decision than in more prosper times. As a general principle, salary administration programs and practices should encourage pay discrimination based on performance and position-in-range rather than "one-size-fits-all" increases where outstanding performance is really not adequately recognized.

If you are unsure whether your current method of allocating salary dollars is fair and competitive, it may be the time to implement a salary administration program that promotes a systematic, rational approach to pay. Such programs reduce susceptibility to unfair pay claims, promote a sense of fairness and equity among supervisors and employees, improve open communications, and provide you greater confidence that your organization is doing its utmost to attract, retain, and motivate the kind of staff you need to sustain success and build for the future. Implementing these programs will also focus on how you have classified exempt and non-exempt jobs under the Fair Labor Standards Act (FLSA), which the Department of Labor is viewing with increased scrutiny.

So the short answer to the initial question is: Do what's right. Be sure those who are working hardest to get you through the difficult times are acknowledged and understand how much you value their contribution to the enterprise. Remember that what keeps people going is recognition and acknowledgment, the feeling of being genuinely appreciated and valued as an important part of things. Don't hesitate to say thank you

and express how much you value what your key contributors do for you and the organization. Re-read *The One Minute Manager* and his advice on praise.

## **EMPLOYEE FREEDOM OF CHOICE ACT—HEADS UP!**

Among the many legislative initiatives afoot is the democratic-sounding, liberating Employee Freedom of Choice Act (EFCA). The only problem is that this initiative is neither democratic nor liberating in terms of traditional American labor relations values and perspectives.

If you are a business owner or manager or simply a citizen, you definitely should be well aware of this proposed legislation and be actively and repeatedly voicing your views to your elected representatives. It is indisputable that the purpose of this legislation is to make it easier for unions to organize workers. EFCA supporters argue that the current system favors employers, making it difficult for unions to gain recognition in bargaining on behalf of employees. To “level the playing field,” EFCA proposes, among other things, accelerating the bargaining unit recognition process; doing away with the secret ballot in the election process; and instituting binding federal arbitration in negotiating wages and benefits. On balance, these objectives clearly run counter to the time-honored American secret ballot principle. In addition, their collective effect is to provide yet another opportunity for the federal government to inject itself into private sector activities, not to mention the debilitating effect such provisions will have on the already ailing job picture and the cost of doing business in America.

To avoid issues that encourage unionization, be sure to examine objectively your company culture as perceived by employees and supervisors. Is your company viewed as caring about its people? Are your employment and employee relations practices legal, fair-minded, and conducive to good morale and esprit? Do staff in general understand the business you are in and the importance of pulling together as a team? Are your pay, benefits, and perks competitive and allocated in ways that are viewed as fair, equitable, and competitive? Are your communications working well? Do staff see themselves as having access and recourse on aspects of work life that are important to them? Positive answers to these questions will go far toward preventing unionization efforts in the first place.

## **DON'T GET SLOPPY**

“There are lots of folk out there looking for work, so why sweat the small stuff.” The current economic environment may seem to be a buyer’s market in terms of employee availability, but it also is a time when employers need to be careful that employees are treated according to their own policies and labor law. Fairness never takes a vacation, and difficult economic realities sometimes encourage more rather than less litigation,

especially if you get sloppy in documenting poor performance.

Most employee handbooks and certainly public policy endorse progressive discipline—that is the idea that employees with performance shortcomings will be confronted and given an opportunity to correct or improve their performance. This, of course, does not include actions like insubordination or dishonesty that would be so serious they warrant immediate dismissal.

Performance issues need to be well documented and acknowledged in writing by the employee. The steps in this process normally start with an oral admonition, move to written reprimand and probation, and finally to termination if performance does not improve. Supervisors sometimes tend to succumb to the milk of human kindness and terminate the progressive discipline process if they think the employee is “tending to improve.” Be sure improved performance is convincing before you abandon the process. Re-setting probation in a month or two is always more difficult and aggravating than confirming that all parties are fully committed to improvement and a restored relationship.

## **KEEPING UP WITH CHANGE**

Sometimes it seems that new labor law changes are released every day. It is increasingly difficult to maintain the pace. Nevertheless, we urge all our clients to do your best to stay abreast of changes in labor law like the Americans with Disabilities Act (ADA), Family and Medical Leave Act (FMLA), and others. There is not only a lot of change taking place, but there is also a lot of chatter about possible changes in the wind. Sometimes it is hard to know whether a law might change or has changed. The process is also compounded by interim changes, like COBRA and others, made to accommodate current economic conditions.

If you are unsure whether your handbook, human resource manual, or policies and procedures are up-to-date, please don't hesitate to call us.