

# HRA

# Services

## Management Consultants

### **FACT FINDER**

### **February 2011**

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

#### **WHAT OTHERS ARE PLANNING TO DO ABOUT PAY IN 2011**

Recent surveys of projected employer pay practices for 2011 reflect mounting optimism about pay increases, growth, and staffing levels. After several years of negative, flat, or meager increases, employers are currently planning average increases of about 2.8 percent. While individual surveys categorize and report data differently, employers are anticipating overall increases of about 2.8 percent, which, while still a small number, represents a solid step forward. In specific employment categories, surveys reflect 2.8 percent for non-exempt employees and 2.9 for exempt and executive staff. Of course, trends vary by industry classifications, specific disciplines, and other specially defined employment groups.

Consistent with past well-established and growing trends is the practice of putting greater emphasis on variable pay, where opportunities for additional compensation are linked to specific goals for individual, work group, and company performance. The expectation is that employees and employers have become accustomed to modest increases in annual base compensation over recent years, providing a natural bridge to continuing that trend while offering opportunities to make greater gains if discrete annual production goals are satisfied or exceeded.

#### **YOUR BEST PEOPLE MAY BE LOOKING FOR NEW JOBS**

A recent compensation survey paints most companies as optimistic about 2011 prospects. Clearly the last few years to many have felt like a ride on the downhill slope, peppered with agonizing uncertainty. Most of those companies surveyed plan on increasing salaries based on the prospect of improved 2011 performance. The survey also noted that although many organizations planned to hold the line on pay in 2010, only about 17 percent did. In short, 2011 promises to be a year where employers may feel the result of pent up frustration much like that generated by this winter's seemingly endless ice and snow.

In any case, the current age of protracted economic doom and gloom will begin to give way to brighter prospects, and employees are poised to begin examining their options and, in some cases, trying to recover salary increases that just haven't happened. As is always the case, it is usually your top performers who make the first move, so it is important to be sure you are provided ample opportunities for salary growth, career development, and promotional promise. A majority of those surveyed plan to retain high performers in 2011 through merit-based pay and increased opportunities for learning and professional development.

With surveys also reflecting rising levels of employee job dissatisfaction, 2011 will probably show increasing employee mobility as the economy recovers. As a result of these projected trends, employers should be carefully assessing their current and projected 2011 staffing needs and realigning talent to guard against unanticipated turn-over.

**Here are things you and your leadership team can do to build organizational breadth and depth:**

- Take a hard look at who's working really hard;
- Review your compensation programs to be sure they are current and competitive in the changing environment;

- Engage and encourage managers to be sure they are genuinely communicating with their people;
- Insist on your leaders managing by “wandering”--that is, proactively talking with the troops where they live to determine how they really feel about their jobs, their leaders, and the company as a whole;
- Be sure leaders don’t allow the “disengaged” to poison the well;
- Find out what top performers really like and dislike about their jobs and day-to-day activities--what would they change to significantly improve company productivity, profitability, and performance;
- Create appropriate forums to examine ideas for change and improvement--“appropriate” is the operative word. Be sure leaders lead and that the formal organization doesn't fall victim to the informal;
- Encourage all players to play to their strengths; and
- Create and support a climate that encourages and acknowledges those who are passionate about achieving excellence. Be lavish in recognizing genuinely creative and hard workers.

## WRITING PEOPLE POLICIES

While writing policies for people will probably not get you on the New York Times Best Seller List, it can get you on other less popular and desirable lists. Human resource policies designed to guide behavior within your company should carefully follow certain principles, not only of good writing, but also of good management and leadership.

### Here are some important points:

- Don’t make and document policies and procedures you are unable or unwilling to enforce.
- Be sure your strike a balance between specificity and practicality.
- Avoid painting yourself and your managers into a corner.
- Don’t build policies around exceptions or problem employee behaviors.
- Don’t use policies to fix management and leadership problems.
- Be sure your policies conform to labor law, but maintain sufficient flexibility to apply rational management practices.
- Avoid “either/or” thinking in weighing legal compliance against good leadership and employee relations.
- Fairness and equity are important, but different, concepts. Confusing them can create organizational chaos.
- Use good, simple English. Fewer words are better than more.

For a complete HRA service menu, visit our website

Warm Regards,

Dave Martin

HRA Services, Inc. 610-869-4494 [www.hraservices.com](http://www.hraservices.com)

**“Applying Systematic Thinking to the Human Dimension”**