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Fact Finder

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

IT'S A STRANGE YEAR

In the consulting business, we are regularly confronted with the question: "What's new?" In the short term, it sometimes seems we are on the brink of chaos; on the other hand, it seems as though the economy is clawing its way back to some degree of health.

In meetings with compensation committees, boards, and senior managers, everyone is wondering what's happening out there in the external world. There seems to be a relative hiatus in the use of the term "best practices," which some argue was never really a great idea anyway. "Should we freeze pay altogether or grant increases to only top performers." "What should we be communicating to individuals at all levels with unemployment now nationally at ten per cent?" "Are we headed for a second dip in the recession pool or is the economy slowly regaining traction?" "When will the government spending rampage end?" "Healthcare Reform" for many seems to signal impending disaster in many respects in terms of its potential impact on not only the staggering economy, but also in terms of its longer-term impact on fundamental national principles and values.

As always, we are in charge of and responsible for our own destinies. As responsible and accountable business people, we can continue to do our best to provide quality services and products to improve the quality of life and the state of the nation. We continue to suggest, for example, that employers grant merited salary increases to individuals who go "above and beyond" and significantly contribute to the organization's success. Of course, affordability is always an issue in good times and bad. These are also times when it may be appropriate to deal with performance issues that may be sapping the company's resources and absorbing funds that really ought to be allocated to those who are working the hardest to sustain profitability and success. Rather than being frustrated by our perceived inability to impact the larger national picture, each of us can do our part to remain optimistic and to improve those areas that are within our control. It will be all those small to mid-sized businesses across America, like many of our clients, that will generate jobs and opportunities by being the best they can be and re-building the economy from the bottom up.

Now is the time to revisit your organization, your company culture, and your leadership capabilities. Use the exigencies of the times to take a hard and objective look at what's working and what's not. Have the courage to address performance issues that are diminishing your organization's ability to move ahead now and position yourself for increased productivity and profitability when the economy recovers. Let us know if we can assist you by providing an experienced, professional, independent perspective that gives the insight and confidence you need to move to the next level.

PEACE AND HARMONY

The executive summary of "How to Pick a Good Fight" in December's *Harvard Business Review* begins with the observation that "Peace and harmony are overrated." A little later, the writer points out that "Research shows that the single greatest predictor of poor company performance is complacency."

While we all strive for peace and harmony in our personal and family lives, leaders and managers must strive for that appropriate balance between consensus and competition to keep organizations alive, healthy, and moving ahead. An excessive desire to create consensus often leads to organizational ineffectiveness and causes the organization to atrophy under the guise of peace and harmony.

"Creative tension," a term I believe coined by Peter Senge, plays a central role in keeping organizations fit and vital. A close look at the leadership styles of your senior and mid-level managers is the first step to understanding where your company is and where you want it to

go in the future. Unfortunately, many managers have had only superficial exposure to understanding their own styles and how their styles affect others. They suffer under many misconceptions about their ability to motivate others and how to develop a cohesive, unified team with a clear sense of purpose, direction, and mission. They sometimes tend to operate from the point-of-view of the "hand-I've-been-dealt" rather than conducting an objective, thorough analysis of the factors in the leader, the follower, and the situation. More often than not, the course of least resistance is most comfortable for all concerned when a better course may be to push the envelope and bring underlying covert conflict to resolution.

HRA has twenty-six years of experience and expertise in helping organizations, small and large, evaluate their efficiency, effectiveness, and leadership and in helping chart courses that sustain organizational health, productivity, and profitability.

HANDBOOKS, POLICIES, AND PROCEDURES

We daily hear about that scary word "CHANGE." It seems to be increasingly difficult to maintain the pace. Nevertheless, we urge all our clients, but especially handbook 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 many others. There is not only an inordinate amount 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 and human resource manual are up-to-date, please don't hesitate to call us.

INVESTING IN PEOPLE

I was recently a part of a discussion related to how difficult it is to reward people appropriately in times like these where budgets are tight and predictability is tough. For several decades annual surveys of supervisors and employees demonstrate that among those workplace things employees value most is "feeling part of the organization," "being in on things," and "generally being valued as an important contributor." The term that usually tops the list is "recognition."

Unfortunately, we often forget that real individual and career development are among those things employees value most. In tight time, taking a hard look at what can be done to assist employees in their personal and professional development can provide inexpensive and effective opportunities. Take time to inventory the company's internal development resources, like having your top business developer define what he or she does to be successful or having your most skilled Excel user teach others. Have informal, but structured, training and information sharing sessions where less experienced folk can learn from the master. These kinds of opportunities can take many forms and should not be left to simply evolve on their own. They can provide recognition for individuals with top skills in a variety of areas while leaving interested participants with an enhanced sense of value and accomplishment as they improve needed performance areas.

Meaningful personal and professional development opportunities rank high on most people's list of priorities and ways of achieving increased job satisfaction. Making sure the opportunities are real and meaningful, however, does require planning, work, and monitoring on the part of the organization's leadership.

Someone said, "People don't leave organizations; they leave supervisors." Focusing on building individual and organizational skills and bench strength works to the benefit of all and helps enhance supervisor-employee relationships while raising organizational competencies to a new level.

COMPENSATION PRACTICES SHOW CAUTIOUS OPTIMISM

According to recent compensation surveys, most U. S. companies are heading into 2010 with cautious optimism in terms of compensation budgets. Most are working with proposed merit budgets in the 2.5% neighborhood, down slightly from an earlier projected 2.6. While these numbers are still modest, they represent a sharp change from a year ago where the emphasis was on holding the line, possible pay reductions, and salary freezes. Employers seem to be trying to return to more conventional salary and pay administration practices, while being careful to keep a sharp eye on the pace of economic recovery. A recent Hewitt survey projects executive increases of 2.4% with salaried exempt and non-exempt at 2.5 and union workers at 2.3. Actual pay raises for workers in 2009 were 1.8 for salaried exempt, 1.4 for executives and 2.2 for union employees.

Variable pay tied to discrete performance goals continues to be popular, and payouts are expected to rise modestly this year. Variable pay options provide the advantage of being timeframe-specific and are easier to link to established goals and performance results based on productivity and profitability. While they have been steadily growing in popularity and utilization in most industries, they provide an especially attractive way of rewarding top performance without continuing to ratchet up base pay, especially in uncertain times when the impact of potential tax and healthcare cost increases are a growing concern.

Helping organizations like yours develop innovative solutions to issues of recognition and compensation has long been among our principal areas of interest and activity. As the economy continues to rebound, it is important to do the most you can to be able to attract, retain and motivate individuals you need to keep your company strong and competitive.

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