Compliance & Culture Newsletter

December 2012

Editor's Column: Workplace Statistics Speak Volumes

The September 2012 issue of *Inc.* magazine offered a variety of statistics related to the workplace. Here are a few that I found interesting:

- More than two in five small business owners or managers (43%) say that they feel more stressed now than they did a year ago. This should be a scary sign for all of us, because these folks have created the only real net job growth in the U.S. during the past few years.

- Apparently, 77% of American workers are stressed about something at work. My question is: What's going on with that other 23%? Are they slackers? Zen Buddhists? Numb? Or have they given up? I don't know anybody trying to be successful who doesn't feel at least somewhat anxious and stressed. Stress is generally related to low salary (49%), lack of opportunities for advancement (43%), heavy workload (43%), unrealistic expectations from managers (40%), and long hours (39%). It seems as if you could pick any subject and half of us would be stressed about it.

- Interestingly, among Americans who listed their go-to stress relievers, watching TV came in at 64% for men, and 70% for women, while exercising came in at only 44% for men and only 42% for women – one reason why we have a growing obesity epidemic.

- *Inc.* 500 companies offered these employee benefits: Health insurance (92%), bonus plan (85%), retirement plan/401(k) (66%), Life insurance (49%), Disability insurance (49%), and tuition reimbursement (25%). These are "rich numbers." I wonder if this is because these companies are so fast growing and successful that they can afford such generous benefits; or does the fact that they provide benefits allow them to attract great employees, who help grow their companies quickly? Chances are that it's a little bit of both.

- Among *Inc.* 500 CEOs who took a leadership quiz, 51.7% viewed themselves as creator-builders, happiest at the start of projects. **Only 11.9% considered themselves to be people-movers who excelled at spotting, motivating, and nurturing talent.** Think about this statistic for a minute – if the CEO is not excelling at the talent game, then who at the organization is? How can HR step into this incredible void and allow those builders-owners to expand and execute on their creative visions?

Three Questions Job Applicants Should Be Asking *You*

The October 2012 issue of *Inc*. magazine posted three great questions that applicants should ask you and, in turn, you should be prepared to answer:

1. What do you expect me to accomplish in the first 60 to 90 days?
2. What are the common attributes to your top performers?
3. What are the major factors that drive results for the company?

## Have You Ever Promoted the Wrong Person Into Management?

When we asked Webinar participants this question, 76% replied yes. Please take advantage of the Webinar *First Time Supervisors and Managers* and the White Paper: *Critical Transition: From Employee to Manager* on the HR That Works program. Here are some pointers that these tools set forth:
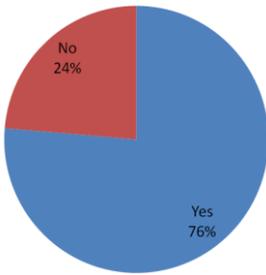
1. Promotion into management is a hiring decision.
2. Make sure they want the promotion more than you do.
3. Talk about expectations upfront and what "outs" the company and employee have if these expectations are unmet. The last thing you want to do is let go of a poor manager and lose a great employee in the process.
4. Make sure that these managers have a formalized training process (see the next article)

Here's another chart from that Webinar. The first hurdle for a new manager is "moving from friend to boss." The second is "learning how not to do the job of others."

The most difficult aspect of transitioning into management is:

- 1% Getting a new wardrobe
- 36% Learning how not to do the job of others
- 38% Moving from friend to boss
- 25% Becoming a part of the management team
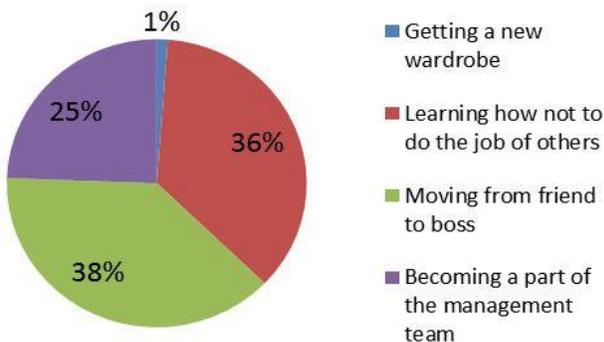
Think about it this way: If you're paying an employee $30,000 a year ($15 an hour) and you then promote them to management and pay them $50,000 a year ($25 an hour), every time they do $15 an hour work, you lose. Although nobody is suggesting that friendships end because of a promotion, becoming a boss is a fundamental shift that might require assistance. You can role-play scenarios with these managers. What type of situations show up in your workplace when you ask managers to do the jobs of others, or when people try to influence management decisions with their friendships? Teach your managers how to deal with these situations effectively and you'll have far better managers.

The Importance of Formalized Training

Two-thirds of HR That Works companies have between 25 and 100 employees. In a recent webinar, when asked "Do you provide your managers with formalized training?" only 43% answered yes. This means that less than half of these companies have a plan to create top-flight managers. I say this because if they don't have formalized training, I doubt that they'll have a formalized management success plan. Here's a list of topics on which all managers should have training:
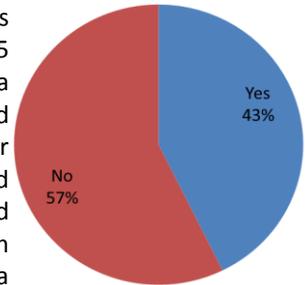
1. Hiring great people
2. How to manage the performance of great people
3. Keeping great people
4. How to motivate great people
5. Dealing with poor performers and the termination process
6. Compliance basics
7. Effective leadership and management skills
8. Emotional intelligence
9. Business acumen
10. Creativity and innovation
11. Managing across generations
12. Time management

Yes, HR That Works offers training in each of these subjects. Make sure that your managers watch at least one of these programs every month. At the end of the year they are guaranteed to be much better managers. Amazing! In addition, reward them with bonuses, contests, recognition, etc. when they seek out their own training programs.

Data Retention vs. Data Destruction

An excellent article in the September 2012 issue of *Corporate Counsel Magazine* focuses on the tradeoffs between *data management* (storage, security, speed, and storage space), *information management* (storage, organization, and rapid access to information), and *data retention* (creating a defensible policy to avoid litigation and regulatory sanctions if certain information is destroyed). According to the author, just because a business can keep data in perpetuity, often in cloud-based applications, does not mean that it *should* do so. The negative aspects of unlimited data retention include the

difficulty of archiving and segregating information for easy access. The gist of the article is that it makes sense to have a retention policy that discards information when it's no longer required for compliance purposes, backup, or analysis. [Click here](#) to read the article.

Three Keys to Effective Wellness Programs

A consensus of six healthcare organizations have released a Joint Consensus Statement entitled "Guidance for a Reasonably Designed, Employer-Sponsored Wellness Program Using Outcomes-Based Incentives." Anyone in HR, benefits, or who cares about wellness or productivity should read [this article](#).

Here are three major conclusions I gleaned from the paper:

1. Evidence suggests that long-term lifestyle modification and risk factor management require more than financial motivation.
2. The key to a successful worksite wellness program capable of sustaining behavioral change is the creation of a culture and environment that supports health and wellness.
3. You can't wing wellness; you need a strategic plan to make sure that it works. That strategic plan should provide the right mix of rewards versus penalties and have cultural support, include assessment and screening, behavioral change interventions, engagement methods, measurement, and valuation, HIPAA and ADA compliance, and effective incentives.

Why Workers Don't Use Vacation Time

A survey by Harris Interactive, Inc., found that by the end of 2012 Americans will leave an average of 9.2 vacation days unused, up from 6.2 days in 2011.

According to a survey by Expedia, here are the top five reasons why U.S. employees don't use all of their vacation time:

1. I can't afford a vacation;
2. My work is my life;
3. I have trouble scheduling far enough in advance;
4. I can get paid for my unused vacation days; and
5. Taking off might be perceived negatively at work.

Unfortunately, only the Japanese take fewer annual vacation days than Americans (5 versus 12), compared to 20 in India, 25 in the UK, 28, in Germany, and 30 in Brazil. Although employers want employees to work hard, burnout and disengagement is a real concern. If it were my company, I would make sure my employees used all their vacation!

Improving Performance Evaluations

I don't like the idea of traditional performance evaluations. Most managers don't like to give performance evaluations – and most employees don't like to get them – because they seldom identify the real issues. For example, poor performance can be caused by a number of factors beyond the employee's control.
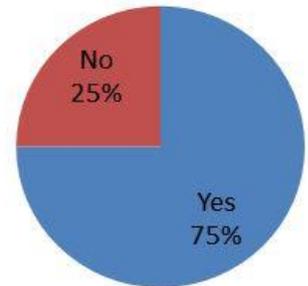
- *They have a poor boss.* Remember, half of all managers are above average, while the other half are below average. What's the value of a performance evaluation from a below average manager?
- *The reviews are seldom honest.* Because no one wants to offend anyone else we rate toward the comfortable middle or, if there's a "let's get rid of them" agenda, the performance appraisal gets manipulated toward the low end.
- *The Peter Principle.* The person was moved into a new role (whether through hiring, transfer, or promotion) for which they lack the requisite skills or training. They have the desire, but not yet the ability. Whose fault is that?

Even though there are other difficulties associated with the traditional performance appraisal process, 75% of small to mid-sized companies still do them. What should we do instead? Here are a few points to consider:

1. Make sure you have crystal clarity about what constitutes good performance – in terms of quality and quantity.
2. Allow the employee to own the performance benchmarks.
3. Provide as much feedback as possible on these benchmarks.
4. Catch problems early.
5. See where the "system" might be hampering performance.
6. Think of yourself as more of a coach than a manager.
7. Seek anonymous feedback of your staff and other managers. If you truly want to be a good manager,

you need 360˚ input. Solicit it and take any judgment as a gift.

8. Finally, there are only three results to a performance evaluation process: rewarding good performance, *coaching* poor performance, and *terminating* employees who just can't cut it.

This last option is the trickiest because it involves more emotion than any of the others. Nobody likes to end a relationship, even if it's a bad one. As a manager, you have to embrace the fact that employees won't be happy about getting fired and will probably begin pointing fingers. If your performance evaluation process is able to identify their shortcomings without surprise, there should be little regret on your part.

Spotting Scoundrels

A recent issue of *Scientific Mind* discussed studies of truthfulness and physical signals. The bottom line: Opportunists or liars tend to display a cluster of four cues: *hand touching, face touching, crossing arms,* and *leaning away*. Although none of these individual clues in itself indicated deceitfulness, taken together they provided a highly accurate indicator. How can you benefit from this insight? When hiring an employee or investigating a matter, make sure to challenge the interviewee. If he or she starts displaying these gestures, beware!!

Leadership Challenges with Millennials

I've read numerous books and watched webinars about managing younger workers. Here's a summary of the key points to remember:

1. *Don't micromanage them.* A better approach is to be very clear about the outcomes you're looking for and allow these employees to play a part in figuring out how to get there. Get them to define and own success benchmarks.
2. *Allow them to share their ideas.* Even if they're young and new. Many of their parents raised them to be their peers or friends, so they will expect the same from you.
3. They can expect to be acknowledged and rewarded for participation. So do that.
4. Remember when you were young? Make it fun!

As Millennial work expert Blake Cavignac reminds us: "Remember, you raised us!"

Most Employees Face Health Challenges

I've come across a few surveys recently that really got my attention. According to a Gallup - Healthways Wellbeing Index, here's the health status of full-time employees:

- 13.9% are normal weight and without chronic conditions
- 17.9% are overweight or obese without chronic conditions
- 30.2% are overweight or obese with one or two chronic conditions
- 17.8% are overweight or obese with three or more chronic conditions
- 14.8% are normal weight with one or two chronic conditions
- 5.3% are normal weight with three or more chronic conditions

These are scary statistics for employers and our nation as a whole. Of course, some of these statistics vary with location, job position, employer, etc. Employers are beginning to realize that they should do everything possible to put a dent in these figures – not just to reduce healthcare costs, but also to reduce absenteeism and increase presenteeism, improve productivity, and more.

It's not just employees suffering from health challenges. According to Manta, 44% of small business owners say that the poor business climate had a negative effect on their health in 2011. A third said that they exercised less; 22% said they gained weight.

This health trend has caused employees to view their benefits as on a par with their compensation. According to a Mercer Workplace Survey, 75% of employees said that as healthcare costs rise, they would rather pay more out of pocket than have their health benefits reduced. The survey also found that 61% of companies offer wellness benefits and 30% of employees say they take advantage of those benefits. Unfortunately, this might be the same 30% who try to keep themselves healthy in the first place.

Considering Obamacare

An interesting dialogue sponsored by AFLAC on how today's agents and brokers can help their clients navigate healthcare reform offered these pointers:

1. Carriers and brokers will be supplying a Summary of Benefits Coverage in 2013. Payroll companies will help with reporting benefit payments to the IRS.
2. In 2014 we'll have to worry about obtaining insurance from either federal or state exchanges. Much remains to be worked out before any advice can be given in this area.
3. Agents and brokers will still need to advise their clients on the purchase of Disability, Life, and other insurances and often times on a voluntary basis.
4. Employee education will be essential. Work with an agent or broker that can provide employees with this education so they don't get their information from the TV.
5. The healthcare exchanges will be providing "navigation services," and we're still not sure exactly what that means.
6. Ultimately, employers are going to ask, "What should I do?" and your agent or broker must have the experience and expertise to provide you with insight.

This will be a challenging time as carriers, brokers, employees, employers, and healthcare administrators struggle through the implementation of the Affordable Care Act. The bottom line: Getting your benefits act together with your Health insurer, agent, broker, and employees will provide a significant competitive advantage for your business.

Form of the Month

Team Commitments ([PDF])

This form was designed to give you a head start on creating a set of Team Commitments that can work for your company. Make sure you get employee input in the process. Once you finalize this document display it proudly and often.