

BUSINESS

insider

The HR Balancing Act



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**Tips
From
South Bay
Human
Resources
Professionals**



BETTER OFFER

for the next review period. It is critical to have the employee participate in the goal setting and have a clear understanding of the expected results and ramifications if no improvement occurs.


After the Appraisal Meeting

The manager must make time to follow-up on what has been agreed upon by both parties. This demonstrates that both the manager and the company are serious about empowering employees to improve and reach maximum potential. Both the manager and employee should schedule a follow up meeting within 30 days or even sooner to review the employee's progress.

Any required training should be set up quickly to ensure the employee is getting the appropriate training and skills to get the job done.

If any interpersonal problems are discovered involving other employees, the manager should set up a meeting with both employees to address these issues, getting HR involved if necessary.

When employees continue to perform poorly, they must be made aware that consequences may include further disciplinary action up to and including termination. When improvements in performance are seen, the manager needs to provide positive feedback and make note in the memory file.

Additionally, as part of a supervisor's or manager's growth, counseling and coaching from the HR department, or from a seasoned human resources advisor, helps a manager become more effective and ensure a positive outcome in the performance review process. When properly structured, the performance review process is a valuable tool for supervisors and managers to create a positive work environment, foster career growth and development and continue to build a successful company. 

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BY PAT BYRNES

Employee Retention Strategies

DOES YOUR COMPANY FIND IT CHALLENGING to recruit and retain quality personnel? Recruiting, retaining and rewarding the right people are challenges employers face in every economic climate. Management usually knows who the right people are. They are the ones producing, and sometimes pushing, more than anyone else, and keeping the company on track.

Here are five steps to developing a retention strategy that works. The first place to start is with an honest evaluation of your organization.

Step 1: Define Your Values System

What are your organization's behavioral value standards and vision? Where do you want your company to be in five years and 10 years from now? What behaviors do you tolerate? What shouldn't you tolerate? Identifying and writing down these values, serves as the foundation for determining whom you hire, whom you keep, and whom you reward. To maintain consistency in the organization, it's important for these values to guide your company. Your vision helps identify the employees who desire to move in the same direction as your business.

Step 2: Establish Trust Within All Areas of the Business

We all seek security in our jobs. However, most of us recognize this is something we must create ourselves. Security comes from trust, and trust comes from honesty and communication. The bottom line is that employees want to know their employer will be straightforward with them. Employees want to know when things are going well and when things aren't. To help build trust within your organization, establish a process for sharing important information related to your busi-

ness with your employees. This can be as simple as a quarterly letter from the president or a weekly e-mail from department heads. The goal is to keep people apprised of the health of the company and aware of vital issues. In addition to building trust among your workforce, it will also help employees make positive decisions that are supportive of your organization's vision.

Step 3: Assess Employee Priorities

Once you know who the real keepers are, survey them to determine their priorities, both work- and life- related. Is your workforce comprised of risk-takers? Do they have long-term goals or do they value short-term incentives? The answers to these questions will help you structure effective reward programs that satisfy these employees' needs.

Step 4: Do Your Homework in Your Industry

Now that you have an idea of your internal value system and what is important to your employees, it's essential to find out what compensation and benefit programs are being implemented throughout your industry, especially by your primary competitors. This gives you a clearer view of what is commonly accepted in the industry and gives you a comparison of what's important to your employees vs. the rest of the industry.

Step 5: Create Compensation and Benefits Packages that Support Company Values and Employees Needs

Your research should pinpoint the key areas that are important to your employees in terms of compensation and benefits packages. Map this information to your overall plans and budget so that your program adds value to employees.

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Key Areas to Include in Your Compensation and Benefits program:

The foundation for any compensation package is cash compensation. Most employees receive two forms of cash compensation: Base salary and a periodic bonus. Your competitive analysis should help you determine ranges for cash compensation. Taking into consideration employee expectations, as well as organizational goals and budgets, you can determine a "target" quartile for base compensation for your employees. Bonus and incentive systems tend to be more effective if they are based mostly on objective criteria; although each system normally incorporates some subjectivity as well.

b. Retirement Plans

Many companies offer employees long-term incentives, including qualified retirement plans for all employees, and non-qualified deferred compensation plans for selected highly compensated employees.

Qualified plans, such as 401(k), profit sharing, and defined benefit pension plans, offer tax advantages. Employer contributions are tax-deductible, and employee contributions are made on a pre-tax basis. Participant accounts grow on a tax-deferred basis and are exempt from creditors. Qualified plans can be structured to focus contributions on the basis of performance, age, and/or tenure.

Non-qualified plans permit significantly higher contributions, but do not enjoy the same tax treatment as qualified plans. These types of plans are generally targeted towards senior executives and have earned the nickname "Golden Handcuffs" due to the large payoffs that accompany long-term service. Like short-term cash incentives, these programs are successful if they contain the right mix of objective and subjective criteria.

c. Health and Welfare Plans

Benefit plans may be critical to your employees and these kinds of benefits generally fall into two categories: Health

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closure can be overwhelming for most plan sponsors. The use of an advisor who has knowledge of the retirement plan industry can assist in uncovering fees and benchmarking plan costs, investments and service providers.

Retirement plan investment advisors should **disclose their compensation schedule**. Payments made directly to advisors from mutual funds could create conflicts of interest, and may cause the plan to pay more than it should in consulting fees. To eliminate conflicts of interest and to ensure that your retirement plan consultant is working for you and in the best interest of the plan participants, it is recommended that your investment advisor be paid independent of the investments offered in the plan.

The world of retirement plans continues to evolve, making it increasingly difficult to monitor your 401(k) plan effectively. Given the heightened sensitivity to a plan sponsor's fiduciary responsibilities, it's never been more important to partner with a retirement plan investment advisor. 

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EMPLOYEE RETENTION STRATEGIES *continued from page 21*

and welfare plans and work/life programs.


Health plans include medical, dental, and vision-care insurance. Welfare plans include disability, long-term care and life insurance programs. One way to reduce employee costs associated with these programs is to implement a 'cafeteria' plan which enables participants to pay for many of these costs with pre-tax dollars.

Work/life programs include ways to foster flexibility, personal and professional growth. Examples of work/life programs include telecommuting, flexible scheduling, health and fitness programs and subsidies for personal and professional development courses.

Developing strategy around the right culture, the right processes and the right rewards system can lead to the retention of the right employees. By rewarding the desired behaviors that help grow a business, you can habituate those behaviors and not only retain existing employees but also help you make better hiring decisions. 


Pat Byrnes is founder and president of Actuarial Consultants, Inc. in Torrance and is recognized as one of the finest technicians in the pension plan arena today. He is a past president of the American Society of Pension Professionals & Actuaries (ASPPA). He is also the founding director of the College of Pension Actuaries (COPA). In November 2005, Pat was awarded The Harry T. Eidson Founders Award which recognizes exceptional accomplishments and contributions to organizations or the pension industry. Recipients of this award are chosen for their contribution over time and have delivered "above and beyond reasonable expectations." This award is ASPPA's most prestigious honor. He is also co-chair of the Los Angeles Benefits Conference, which is held annually and is sponsored by ASPA, the IRS and more than 20 employee benefits-oriented organizations. Pat can be reached at (310) 212-2600 or for more information go to www.acibenefits.com.

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