

April 2009 HR–Xchange Summary

The bottom line of our April HR-Xchange session, titled “Compensation Strategies for Today’s Economic Environment,” is that organizations should have ongoing programs for attracting, motivating and retaining employees; and these programs should consider cash compensation, benefits, perks and culture. At all times, and on a continuous basis, organizations need to communicate their programs, understand their competition, and focus on employees in order to achieve their goals for attracting, motivating and retaining employees.

Our April HR-Xchange facilitator was Terry Henley, CCP, SPHR, and Director of Compensation Service for Employers Research Association (ERA). With over 35 years of HR management experience, encompassing HR generalist and compensation specialist positions, Terry was well-qualified to lead us in exploration of “Compensation Strategies for Today’s Economic Environment.” As most organizations are challenged to do more with less, participants were encouraged to share ideas and experiences related to maximizing the impact of cash compensation, benefits, and company culture while under increasing pressure to control expenses.

Terry kicked off small group discussion by asking the following questions:

- 1. What are you doing to motivate and retain employees with regard to:**
 - a. Cash Compensation/Salaries?**
 - b. Benefits?**
 - c. Perks and Culture?**

The overwhelming response was that communication is the key in all of these elements. Ideas and observations reported from the small group discussions included:

- Communicate *something* – it is much better to communicate something than remain silent. Silence invites speculation, gossip and insecurity.
- Utilize company newsletters and the intranet to communicate philosophy, consideration factors, and other information regarding current and future programs.
- Publicize pay scales and pay ranges, including which jobs within the organization are assigned to each.
- Prepare and distribute Total Compensation Statements (also known as Total Value Statements). This helps employees understand the true and total value of company-paid benefits.
- With regard to benefits, publicize not only the employee costs per coverage or option, but also the employer’s costs as well.
- Create a culture of transparency. Communicate all the time – not just during open enrollment or during difficult times. Continually communicate the good news and the bad news. Have meetings throughout the year – discuss benefits all the time, not just at open enrollment.

- Both the message and the execution of the message are important. Carefully consider both in preparing any communication. Make sure messages are open and straightforward (which will help create the culture of transparency).
- Insure communication is “top-down” and consistent.
- Keep in touch with employees at all levels of the organization. Walk around, meet person-to-person to find out what is important, what the concerns are, etc. Do this on an ongoing basis to create and reinforce a culture of transparency and establish ongoing rapport.
- There are many things you can do that don’t cost anything (or cost very little) yet make a huge impact in communicating value to employees. Things such as sending anniversary cards to all employees (handwritten, of course), and finding ways to pay attention, such as visiting with all employees regularly.
- Maintain your culture, even in bad times! Have a strategy for retention, motivation, attention, etc., and practice it during good and bad times.
- If you have a variable pay plan, insure that you are paying it to the good performers only – not everyone regardless of performance.
- Insure you are paying a competitive wage to your good performers; don’t cut wages of your top performers (Terry thinks this is a big mistake that many organizations make during tough times).
- If you have a policy, follow it!!!!

To close the session, Terry shared some statistics with the group:

- Employees underestimate by 25% to 50% what employers are spending on benefits and other perks.
- In a recent study, employees listed as the top three issues of importance: #1 – Salaries, #2 – Health Insurance, and #3 - Retirement (employer match); followed by #4 – Dental Insurance. In fact, 72% of employees indicated that retirement is very important.
- In a recent study, employers thought that employees had the following elements top of mind: #1 - Salaries, #2 – Health Insurance, and #3 – Culture (followed by #4 - Advancement). Only 40% of employers thought that retirement was top of mind for employees.

These are some startling revelations that demonstrate why communication is the key! In addition, Terry also urged us to understand our competition in order to facilitate our organization’s ability to motivate and retain employees – in both good and bad times.