

Human Resources Management

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Ideas & Trends

PREPAREDNESS PLANS

Prepare for potential disasters before it's too late

In the wake of the London terrorist attacks and Hurricane Dennis' Gulf Coast assault, now is the time for HR to review its organization's preparedness plans. An organization failing to take reasonable steps to prepare for anything from a terrorist attack to a natural disaster will not only suffer greater immediate physical and financial impact from the event, but also may be liable for losses incurred by employees, surviving relatives and investors, according to Littler

Mendelson, the nation's largest employment and labor law firm.

Organizations are least aware of "how to deal with terrorist attacks and catastrophic events that are thus far unprecedented in nature," warned Terri M. Solomon, a shareholder in Littler Mendelson's New York office. "The latest attacks in London are a stark reminder that the vast majority of American corporations are woefully unprepared, a point noted in the 9/11 Commission's final

report," said Solomon. "This catastrophe may finally prompt companies to become compliant with the NFPA 1600 Standard."

Living up to the NFPA 1600 Standard. NFPA 1600 is the National Fire Protection Association Standard on Disaster Management and Business Continuity Programs. Available at www.NFPA.org, it contains a roadmap for developing emergency preparedness plans. An organization using NFPA 1600 as a guide will be taken through issues to consider in designing plans and procedures that encompass different types of disasters. The 9/11 Commission—citing a Homeland Security report that 85 percent of the country's vital infrastructure is privately held—adopted NFPA 1600 as the country's National Preparedness Standard.

NFPA 1600 was recommended by the 9/11 Commission as the *legal standard of care a company owes its employees and the public*. What does this mean for HR? Simply this: Failure to comply with the NFPA 1600 standards puts organizations at risk of being sued. "We are starting to see more cases where companies are successfully sued for not planning for disasters and other potential threats," Solomon added. "An analogy would be a school failing to conduct fire drills."

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UNION NEWS

SEIU, Teamsters disaffiliate from AFL-CIO

Teamsters president James P. Hoffa and SEIU president Andy Stern announced on July 25 that the Service Employees International Union (SEIU) and the International Brotherhood of Teamsters were disaffiliating from the AFL-CIO. The SEIU, with 1.8 million members, was the largest and fastest growing union in the AFL-CIO. The Teamsters represent 1.4 million workers.

"This decision has been reached through a lengthy and thoughtful process," Hoffa said. "It has been a difficult decision to make and we do not take this step lightly." The General Executive Board of the International Brotherhood of Teamsters, which is directly elected by the union's members, voted unanimously to withdraw its membership.

An expected departure

On July 23, the AFL-CIO Executive Council voted to adopt reform proposals offered by AFL-CIO President John Sweeney without considering more far-reaching provi-

sions advanced by the Change to Win Coalition. With this action, the likelihood of disaffiliation increased sharply.

"Unfortunately, our reform ideas were not taken seriously," Hoffa said. "The Sweeney leadership adopted many of our words but none of the substance of our program for a new, aggressive labor movement."

In departing, Stern and Hoffa each pledged solidarity with the federation, its unions, and the workers they represent. "We will always answer the call to help any worker or any union that wants our assistance," Stern assured.

SEIU intends to coordinate with the AFL-CIO and its individual unions to seek no-raid agreements and cooperate on strategies to help workers unite their strength in their core industries or occupations, regardless of whether the cooperating unions are in or out of the AFL-CIO.

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DISASTER PREPAREDNESS

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You can guess which organizations are most at risk.

The organizations that are most at risk of falling victim to a terrorist attack are those you would expect. They are:

- Those that have received threats or that have been identified as specific targets;
- Those in safety sensitive industries, such as airlines and chemical plants; and
- Government agencies and embassies.

Even organizations that unfortunately can expect to be victimized, however, can prepare for and protect against an attack. A sound business preparedness and recovery plan protects both corporate and employee interests. The plan should address:

- Historical threats, such as natural disasters and possible acts of terrorism;
- Infrastructure disruption, including transportation, power, sanitation and distribution;
- Accommodation of staff—on- or off-site—for up to 72 hours without outside assistance;
- Reunification plans for employees' families;
- Communications with employees, customers, suppliers and safety agencies;
- Security of operations during and following the disruption and possible security measures for employees' homes; and
- Distribution of cash to employees when banks and ATMs are unavailable and credit cards cannot be processed.

HR has many options. There is no disaster preparedness plan blueprint that will fit every organization. Depending on the nature of the business and the level of risk, HR should also consider the following helpful tips when developing or maintaining a disaster preparedness plan:

- The more at risk your organization is, the more detailed the design of your plan should be;
- Advise employees to maintain their own personal preparedness kits that could contain any medications the employee relies on, bottled water, sneakers, a flashlight, a transistor radio, a face mask, etc.
- In addition to the disaster preparedness plan, create a disaster *recovery* plan so as to avoid confusion. However, if your organization does decide to utilize two

plans, keep both in one location. "There should be one document that is the source of all information related to disaster preparedness and recovery," advised Solomon. "With everything in one document (perhaps kept in a binder in full view), there is more chance that it can be quickly recovered and referred to in an emergency, rather than having to search in different places for multiple documents."

- Develop a crisis management team, made up of management and experts who bear the responsibility for responding to and directing the organization in the event of a disaster. Each member of this team should have readily accessible a copy of the disaster preparedness plan. "It would be a mistake to allow others, such as line employees, contractors, or outsiders, to take charge when they have not been briefed or trained in the myriad of factors that go into a disaster preparedness and emergency response plan," warned Solomon.
- Review your organization's policy at least annually, but be prepared to do so sooner in the event that the organization undergoes a change in circumstances or becomes the victim of some type of catastrophic event.

HR can expect any of these various procedures to be implemented with relative ease once they have enlisted the support of upper management and implemented a solid training program.

Employees who resist any of the organization's disaster preparedness procedures should be met with a firm stance and be advised that "all employees must adhere to such procedures as a condition of employment—period," suggested Solomon.

"Every organization, public and private, should have a disaster preparedness plan and should also do regular training and preparedness drills," advised Solomon. Preparedness is the key. A successful plan pays equal attention to the triumvirate: protecting employees, revenue and physical assets. Ultimately, Solomon noted, "You cannot be too prepared!" □

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Source: CCH, Inc. interview of Terri M. Solomon, a shareholder in Littler Mendelson's New York office, on August 1, 2005.

UNION SPLIT

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Sweeney responds

AFL-CIO President John Sweeney issued a harsh statement following the dissenting unions' initial decision to boycott the convention. "Not to attend the convention is an insult to their union brothers and sisters, and to all working people," he charged. The AFL-CIO leader continued to assert that most of the proposals made by the Change to Win Coalition were "similar, if not virtually identical," to many of those made by the AFL-CIO leadership.

Change to Win charts course

"Today will be remembered as the rebirth of union strength in America," Burger said. "This debate began with a desire to reform the AFL-CIO. It has evolved into an exciting new movement to organize and unite workers across America and, in fact, around the world."

Burger said Change to Win leaders and organizing directors would immediately begin implementing the organization's vision of industry-wide organizing, coordinated bargaining, and political action aligned with aggressive organizing campaigns. □

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Sources: AFL-CIO, Change to Win Coalition, International Brotherhood of Teamsters, SEIU.

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DOL creates flexibility by modifying disciplinary deduction rule

The Department of Labor (DOL) modified the “disciplinary deduction” element of its overtime exemption regulations, creating flexibility for HR and employers who seek to suspend an employee for less than one week. Effective in August of 2004, the revised regulation allows suspension for one or more full workdays for “serious employee misconduct,” such as sexual harassment, drug or alcohol abuse, violations of state or federal laws or workplace violence. The DOL cautioned that “serious employee misconduct” is not to be construed expansively to include performance or attendance issues—the term refers only to conduct.

Disciplinary rule reflects current workplace realities. The current regulations “adopt a safe harbor procedure under which employers can make inadvertent improper deductions without sacrificing the exemption,” reported Paula D. Walker, an attorney with Waller Lansden Dortch & Davis. Walker stated, “The old regulation allowing deductions for violations of serious safety rules is just that—old.” She explained that it was implemented long before the current focus on workplace concerns about sexual harassment, drug use or workplace violence. The current regulation is an example of the DOL striving to catch up with the modern American workplace.

When the DOL adopted the new regulations, it recognized the need of employers to suspend employees for periods shorter than the one week required under the old rules. According to Walker, “The new regulation recognized the employer’s obligation to effectively address violations of laws as well as the obligation to take remedial action to address certain types of misconduct.” Employers and HR will now be able to address serious workplace misconduct consistently within their organization for exempt and non-exempt employees alike.

For example, Walker described a situation in which an exempt employee engages in some form of prohibited mis-

conduct and the employer, to protect itself from liability, must take effective remedial action to stop the conduct. It is in these situations that the DOL recognized the employer’s need to treat exempt and non-exempt employees similarly and in a way that didn’t penalize exempt employees by forcing a week-long suspension when a shorter suspension otherwise would have been given.

Employers and HR will now be able to address serious workplace misconduct consistently within their organization for exempt and non-exempt employees alike.

Exempt employee must violate a written policy. To take advantage of this new, flexible rule, HR must have workplace misconduct rules documented in a written policy. “As a threshold matter, employers should not suspend an exempt employee for less than a week unless they determine that the employee violated a written workplace conduct policy,” advised Walker. Suspension for a violation of any policy outside those identified by the DOL requires careful scrutiny to ensure that the policy addresses conduct, not performance, and to determine whether the policy is similar to those identified by the DOL.

As a general guide, the policies DOL identifies involve conduct that impacts the safety of an employee or others or is directed at another person. When subjecting an employee whose conduct involves neither type of action to a suspension that is to be served in less than one week, HR should be aware that it is taking a risk in

doing so without additional guidance from the DOL.

Adopt a policy for each type of prohibited conduct. Rather than relying on one policy governing prohibited conduct, HR should adopt individual policies for each type of conduct. The policies should specify the prohibited workplace conduct and the possible consequences of violating the policy, including suspension, regardless of whether it will be for more or less than a week. HR should ensure that all employees are made aware of the changes when the policy is implemented and should also consider either manual or electronic distribution of the policy, along with some sort of training program.

Detrimental performance conduct is not “serious employee misconduct.” Even if you have a particular employee that consistently arrives for work an hour late or one that spends four out of eight working hours e-mailing family and friends, this conduct is merely “detrimental” and does not rise to “serious” for the purposes of the current DOL regulation.

Although attendance issues can be extremely detrimental to an organization’s productivity and employee morale, HR should begin by counseling the late arriver progressively and only after that if the issue is not resolved, suspend the employee for a one week period. If the performance does not improve, termination would be the next option. Walker does not recommend imposing a suspension for less than a full week on an exempt employee due to performance issues until the DOL gives additional guidance on applying “serious workplace misconduct” to performance issues. □

Source: Interview conducted by CCH, Inc. of Paula D. Walker, author and attorney with Waller Lansden Dortch & Davis, practicing primarily in the area of employment litigation and providing day-to-day advice to employers; www.wallerlaw.com.

CRO: Another very costly executive to be added to the mix

First came the position of CEO. Corporate boards rested easy knowing that the future of their company was in capable hands. Then the position of CFO was born. Now another C-level position is emerging: the position of chief risk officer (CRO), which is a direct result of efforts to ensure compliance with The Sarbanes-Oxley Act (SOX).

SOX increases financial compliance burden. SOX was intended to regulate auditing and accounting rules and regulations, but its effects stretch much further. SOX is affecting the hiring practices of HR departments nationwide by rapidly increasing the demand for experienced financial talent, according to a report presented by CareerJournal.com.

Passed in the wake of the scandals at Enron Corporation and WorldCom (now MCI, Inc.), SOX was intended to tighten auditing and accounting rules and regulations. It resulted in additional pressure on companies and accounting firms to hire additional qualified senior-level talent. No company is immune from having to hire financial executives. Even companies that traditionally have not had to develop this type of expertise are finding that more and more must be demanded from their chief financial officers who alone cannot carry the ever-growing auditing and accounting burden, thus making the hiring of a financial executive necessary.

Having someone charged with the task of monitoring *all* kinds of risk to help a company avoid a range of business setbacks has caught on. The result is steady growth in the number of companies creating the position of chief risk officer.

"Businesses need to be able to take risks in order to make money, but they need to know how to do so wisely," says Leslie Rahl, founder of Capital Market Risk Advisors, a New York-based consulting firm. Ms. Rahl, who is often consulted by headhunters or chief executives seeking a chief risk officer, says she sees the role as just as important as any other top-level executive position.

"Companies are bending over backward, not just to hire experienced accoun-

tants, but also to try and keep the ones they have, offering them flex-time schedules and other benefits," said Tony Lee, publisher, CareerJournal.com. Recruiters estimate that pay in the accounting/auditing sector is up at least 10 percent with experienced financial executives commanding 20 percent more today than they were able to one year ago.

Fannie Mae's woes highlight CRO position. Last fall, Fannie Mae ran afoul of its regulator, the Office of Federal Housing Enterprise Oversight (OFHEO), amid accusations that it had violated accounting rules. To pacify OFHEO, Fannie Mae agreed to appoint a chief risk officer to oversee the company's myriad of financial and operational risks going forward.

A good chief risk officer should be able to flag accounting problems, ensure the company is keeping up with regulatory requirements and be confident that sudden currency or commodity-price moves won't lead to large losses.

"That was a significant step forward in the public profile of the chief risk officers in corporate America," says Mike Corey, a Chicago-based vice chairman and global head of the financial-services practice at recruiting firm Highland Partners. "There are not many people out there with the right blend of skills to be able to do this job, but there is a steadily growing demand for them."

Creating the job of CRO: Be careful, it'll cost you

Unlike an auditor, who tries to figure out what a company may have done wrong, a chief risk officer's job is to ensure that an auditor finds nothing that has gone amiss. That means evaluating everything from the company's accounting policies and procedures to its technology network. A good chief risk officer should be able to flag accounting problems, ensure the company is keeping up with regulatory requirements, and be confident that sudden currency or commodity price moves won't lead to large losses. Their task is to ensure that the business functions exactly as it should.

While their work may be anonymous, the rewards are increasingly generous. "This is a job that very few people have the background or the skills to do well," says Alan Hilliker, a partner at recruiting firm Egon Zehnder International Inc., and head of its financial services practice. "The demand has soared, and their compensation has gone into the stratosphere as the risks of running afoul of regulators—one of the things a good CRO can guard against—have escalated."

Mr. Hilliker says a veteran risk manager taking the top job at a major financial institution may be able to earn \$2.5 million to \$3 million annually in salary and bonus, up from a comparatively paltry \$750,000 five years ago. There are other signs of higher status: The title of chief risk officer is more often used, and these individuals may report directly to directors. Part of this trend can be traced to the fact that CROs are now in growing demand within all parts of the financial services industry, not just the multinational banks. Mr. Hilliker estimates that half of medium- to large-size asset-management firms have an independent risk manager or CRO today, up from only 10 percent three years ago. In a few years, he calculates, few will be without such a senior position.

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FINANCIAL EXECUTIVE

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There isn't enough supply of qualified CROs for all the demand.

Demand for risk-management talent is now spreading beyond Wall Street, and the multinational banks where veterans honed their skills are now prime recruiting grounds for headhunters. The energy industry has been the most aggressive, with generating companies and utilities recruiting risk managers to oversee their intricate webs of energy-supply contracts and regulatory issues.

Robert Endres, president and chief executive officer of Houston-based Synaptic Decisions, a consulting firm, stated that his biggest challenge is recruiting his own team. Mr. Endres explains: "We need people who understand whole sets of risks and how to detect them in all kinds of places. Finding [qualified candidates] has really been a challenge." He assured, "Yes, the people with the quantitative skills are there, but you also need that understanding of the business world," he says, "so that risk managers are alert to new or different kinds of risks that are just emerging and know how to gauge when a risk is worth taking."

If the price is too high, there are alternatives.

When companies can't find a dedicated CRO, they may turn to someone like Endres. He and his seven-person team are called in to advise clients on risks in contracts for sales, equipment leasing, transportation and other business operations. "We look for things that might expose our client to risks they aren't aware they are taking," Mr. Endres explains. □

Source: *CareerJournal.com—The Wall Street Journal's executive career site, www.careerjournal.com.*

EEOC COMPLIANCE

Avoid common EEOC violations when posting job openings

Diversity is a valuable corporate tool that can often lead to a happier, more productive workforce. Recruiting diversity is a challenge that employers and HR must face head on by ensuring that members of protected classes are not discouraged from applying for jobs for any reason. One area that requires extensive caution is job advertising, which is carefully scrutinized by the Equal Employment Opportunity Commission (EEOC). The EEOC enforces laws that forbid recruitment practices that discriminate on the basis of race, color, religion, national origin, sex, age, or disability.

How often have you posted a job listing that ended with, "We are an equal employment opportunity employer. We do not discriminate on the basis of race, religion, color, sex, age, national origin, or disability." Quite often, this language is completely discredited by the language in the advertisement that precedes it. Although at first glance the following advertisement samples appear to be completely neutral and non-discriminatory, a closer analysis reveals otherwise. Consider these samples next time your HR department is writing up an advertisement looking to draw the most qualified candidate and try to avoid making similar mistakes.

Linen Assistant: responsible for laundering and delivering clean linen. Must be able to lift 50 pounds and push carts. Applicant must be able to stand for sustained periods. High School Diploma or GED required. Under Title VII, if educational requirements have a significant im-

pact on race or national origin, the requirements of the ad must be proven to be job related and consistent with business necessity. Some jobs obviously will require a particular education, but this job is likely not one of them.

Jewelry Sales Rep: Qualified candidates must possess some sales experience, strong communication skills, ability to multitask, and be in excellent physical condition. This ad might make someone with a disability think they would not be hired even though he or she would likely be qualified to perform the essential functions of the job with or without an accommodation. It would have been helpful if the posting included a description of the essential job functions. Making this effort will benefit the organization because it will help to attract only those applicants that have appropriate qualifications.

Quality Manager: Must be U.S. citizen or permanent resident. The EEOC will likely refer this type of ad to the U.S. Department of Justice Civil Rights Division—Office of Special Counsel for Immigration-Related Unfair Employment Practices (OSC) for investigation. Typically, "citizens only" hiring policies are found to be illegal, which is why HR is encouraged to consider using the following language instead: "In compliance with federal law, all persons hired will be required to verify identity and eligibility to work in the U.S. and to complete the required verification documentation upon hire."

Loan Professional: Our company is full of young, experienced professionals looking to grow, expand and develop. We are looking for candidates that are new to the industry that we can train and develop. This ad will likely deter older workers from applying as it appears to be preferential of young workers, which is a violation of the Age Discrimination in Employment Act.

Managers and Sales Persons: Christian-based company is expanding rapidly across the U.S. Unless the employer is a Christian Church, this ad appears inappropriate and will serve to discourage anyone who is not Christian from applying.

Apartment Maintenance: No charge offs or collections, no felony convictions. This advertisement may have an adverse impact on minorities or women and should be avoided unless there is a bona fide occupation qualification for it.

Sales/Maintenance Assistance: Seeks energetic individual. Every employer wants to hire enthusiastic employees, but be aware that those who are in a protected age category (40 or older) may read this advertisement as code that the employer only wants to hire young people. Should that protected person bring a discrimination claim, this advertisement could be used as evidence of a discriminatory motive. □

Source: *U.S. Equal Employment Opportunity Commission July 2005 Newsletter, Phoenix District Office, www.eeoc.gov.*

Everyone wins with workplace health, wellness programs

With the population aging and the prevalence of illnesses such as cancer and heart disease becoming painfully common, it is time for HR to consider implementing a wellness program to encourage employees to undergo regular screenings.

Everyone wins with wellness programs—employers win because healthier populations are more productive and, over time, employer's health care costs may decrease. Employees win because they are healthier and will be able to enjoy their time off to enjoy life rather than trying to recover from something that threatened it. Further, wellness programs tune employees in to just how much employers genuinely care about their well-being.

Surprisingly, only 11 percent of U.S. employers encourage health screenings through wellness programs. Perhaps this statistic is partially responsible for the fewer than 50 percent of adults that get early detection screenings as recommended by the American Cancer Society.

If the American Cancer Society's recommended early detection screening schedule was followed, the five-year relative survival rate for many common types of cancers (breast, colon, rectum, cervix, prostate, oral cavity, and skin) would increase to approximately 95 percent.

Wellness programs are offered by large organizations, rarely small. Small and even some medium-sized organizations seem to understandably believe that wellness programs would be "nice to have, but they're outside the realm of essential business activities," reported Dr. Ron Leopold, vice president and national medical director of MetLife Disability. Large organizations however, are bigger and have "more hands on deck to establish issues of health in the working populations," said Dr. Leopold.

Small organizations should not be too quick to turn away from offering wellness programs because there are multiple not-for-profit organizations nationwide, such as the American Heart Association and the

American Cancer Society, that can provide assistance in creating a program that is both cost-effective and manageable.

No two wellness programs will be the same. Don't be too quick to look at a competitor's wellness program as a model for your own. No two wellness programs will be the same because, to be successful, a program must be targeted to a particular population. Dr. Leopold provided as examples a department store with a working population comprised of a majority of women between the ages of 35 and 55 likely focusing its wellness program on breast cancer awareness and osteoporosis prevention, and an organization with a population made up mostly of men ages 40-60 focusing more on blood pressure

Wellness programs tune employees in to just how much employers genuinely care about their well-being.

screening and prostate checks.

A wellness program should be created to achieve particular goals. Keeping the goals as the focus of the program will assist in targeting a specific population. Although a program should not give too much in-depth medical information, it should:

- Change behaviors where they need to be changed (e.g., obesity and smoking);
 - Heighten employee awareness of the risks that coexist with the employees' age and gender; and
 - Encourage employees to see their physician regularly.
- A willingness to work with a specific organization, such as the American Arthritis Foundation or the American Heart Association, after your organization has selected a program, so that

it is properly targeted to a particular population. Such organizations have wellness program experts and informational pamphlets, all of which can help make your program great.

- A well-thought-out communication strategy. Placement and posting of materials is key and should be an HR priority.
- The buy-in of senior management, which, Dr. Leopold stresses, is of "critical importance." Associates who hear senior management speak to the importance of a wellness program will be more likely to buy into it themselves and will also get a glimpse into just how much the organization cares about employee well-being.

Attracting employees is easier than you might think. A wellness program is only as successful as the number of employees that are attracted to it. It is likely that posting information about the program and distributing pamphlets will not be enough. Therefore, HR should be prepared to be creative.

Dr. Leopold suggests using prizes and raffles. For example, an organization could raffle five I-Pods to a population in excess of 500 people. Competitions are often similarly successful, especially if your organization has more than one location, in which case you could create a weight-loss competition between each branch.

"Whatever you decide to do," advised Dr. Leopold, "the message must be engaging." Again, this would be a great opportunity to join with a group that specializes in wellness programs as they will be well qualified to help craft the message you seek to send.

The time is now. The American Cancer Society took the lead in disease prevention efforts in May of 2005 when it launched the Great American Health Check (GAHC), a campaign intended to raise awareness about the importance of

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WELLNESS PROGRAMS

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early detection in the fight against cancer. The initiative, made possible by Metropolitan Life Insurance Company, with additional support from Quest Diagnostics, encourages Americans to get tested for cancer. Employers can benefit from GAHC

A wellness program is only as successful as the number of employees that are attracted to it.

because it has paved the way and has spotlighted the need for health screenings.

Other factors illustrating the desirability of wellness programs include the fact that the economy is currently coming off of four years of double-digit healthcare inflation, which has resulted in healthcare costs having never been higher and the aging working population, since a wellness program will go a long way to offset future healthcare costs.

Utilize your organization's health plan. Quite often, HR is unaware of the resources that health plans offer. Perhaps the health plan has suggestions for how to entice employees to participate in the wellness program or even has suggestions for what the wellness program should include.

"Medical carriers and health plans are a great untapped resource for employers to see what can be coordinated for the benefit of employees," encouraged Dr. Leopold. □

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Source: Interview conducted by CCH, Inc. of Dr. Ron Leopold, vice president and national medical director of MetLife Disability, on July 22, 2005. Dr. Leopold is also the author of A Year in the Life of A Million American Workers, a disability reference almanac.

COMMUNICATION

Bosses don't listen and are failing at upward employee communication

Many organizations are failing when it comes to "upward communication"—the feedback from employees to management—according to the Organizational Communication Survey conducted by the Society for Human Resource Management (SHRM) and CareerJournal.com. SHRM was responsible for collecting data from employers while CareerJournal.com collected data from employees. The survey studied the communication connection between management and employees, not between HR and employees.

HR will likely find the just over half (59 percent) of responding employees who believe that their organizations listen to what they have to say is far too small a percentage. Perhaps the fact that fewer than half (46 percent) of all surveyed HR professionals reported that their organizations collect employee opinions contributes to the low number of "listeners." Those who don't solicit employee feedback might want to reconsider their approach, especially when considering that of the HR professionals who do use staff feedback forms, 86 percent rate the effectiveness of the resulting interactions as "good" or "very good."

Organizations fared better with their ability to conduct "downward communication"—messages coming from management to employees—with 68 percent of employees and 66 percent of HR professionals agreeing or strongly agreeing that their organization effectively communicates its business plan and goals to its staff.

"Communication is an important key to maintaining a successful relationship between an organization and its employees. Organizations that communicate effectively outpace organizations that don't," said Tony Lee, publisher, CareerJournal.com. "Companies should be more proactive in collecting employee feedback and establishing vehicles for employees to express their concerns."

HR and employees aren't on the same page. The survey highlighted just how differently HR and employees rate the value placed on communication within their organizations. For example, 80 percent of HR professionals believe that their organizations are open to suggestions and improvements from employees, while only 66 percent of employees share the same sentiment.

"Clear communication must be among the highest priorities in any organization," said Susan R. Meisinger, SPHR, president and chief executive officer of SHRM. "When employees believe their ideas and concerns have been heard, they are more invested in their contribution to the success of the organization."

There is a light at the end of the tunnel. Even though employees felt that their organizations were less interested employee concerns, as compared with HR professionals, they did show strong trust in management. Apparently, trust in management does not necessarily result in equal approval of management's success at communicating with employees.

Despite strong trust in management, employees may still feel unappreciated and believe that their concerns and viewpoints are not always taken into account. Successful communication practices require not only the ability to transmit ideas to employees, but also the willingness to listen to employee ideas and concerns.

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Source: The Society for Human Resource Management (SHRM) and CareerJournal.com, The Wall Street Journal's executive career site.

EEOC revises guidance on timeliness for filing

The US Equal Employment Opportunity Commission (EEOC) has issued a revision to its Compliance Manual (Manual) section on "Threshold Issues" concerning time limitations for filing charges, which was originally issued in 2000. This revision replaces §2-IV.C, "When Did the Alleged Violation Take Place?"

The new section §2-IV.C is captioned: "When Can a Discriminatory Act Be Challenged?" and it discusses the fact that the timeliness of a charge depends on whether it involves a discrete act or a hostile work environment.

The revised Manual Chapter and questions and answers about the revision are available at <http://www.eeoc.gov/policy/compliance.html>.

HR Notebook

Number of mass layoff events decreases in June, down 21 from May

Employers took 1,175 mass layoff actions in June, seasonally adjusted, as measured by the Bureau of Labor Statistics of the U.S. Department of Labor. Each action involved at least 50 persons from a single establishment, and the number of workers involved totaled 127,887. The number of layoff events fell by 21 from May, and the number of associated initial claims decreased by 884.

From January through June 2005, the total number of events and initial claims (7,424 and 793,017 respectively) were lower than in January through June 2004 (8,018 and 819,644, respectively).

Conference Board's help-wanted advertising index improves by one in June

The Conference Board's help-wanted advertising index improved ever so slightly in June, inching up from 37 in May to 38. The index was also at 38 in June of 2004. Since March, 2005, the index has indicated a decline in advertising in seven of the nine U.S. regions, with steepest declines occurring in the Mountain (-13.1 percent) and East South central (-7.5 percent) regions. The help-wanted advertising index is a monthly measure of job offerings in 51 major newspapers across America.

"The labor market indicators turned soft in April and remained soft through June. Print want-ad volume was flat in April, edged lower in May, then recovered some of that lost ground in June. The data on initial unemployment claims point neither up nor down, even through the early weeks of July.

The Bureau of Labor Statistics' data (Job Opening and Labor Turnover Survey) show the same lack of trend: job openings were essentially unchanged through May. These indications all point in the same direction: Hiring intentions have turned more cautious as the economy is poised to lose some steam in the second half of 2005," reported Ken Goldstein, The Conference Board's Labor Economist.

EXECUTIVE COMPENSATION

Performance-based plans are a good, long-term solution

As companies struggle to align pay with performance and thereby manage costs, more and more HR departments are modifying their executive compensation programs to include performance-based programs. According to a survey of 115 large U.S. companies conducted by Hewitt Associates, 71 percent of respondents are revising or plan to revise their long-term incentive programs by implementing a performance-based compensation program. Further, 33 percent are shifting those long-term incentive programs to performance-based shares/units.

"As corporate boards come under increasing scrutiny from shareholders and regulators, they're shifting more executive pay to performance-based equity, which has a greater focus on long-term results," said Tracy Davis, senior consultant for Hewitt Associates.

"Moving forward, we expect this to have a major impact on executive earning potential, as a growing portion of their pay will be determined by their success in achieving long-term business goals and how well they meet shareholder expectations," reported Davis.

Executive base pay increases in 2005 are consistent with those of 2004, with more than 70 percent of companies awarding increases of less than four percent. □

Source: Hewitt Associates, www.hewitt.com.