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Organizational Advisor

Strategies for
Managing Your Most
Valuable Resource

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How Do You Say Goodbye?

Ease Downsizing Woes With an Outplacement Strategy

If you asked human resources professionals to name their least favorite responsibility, many would probably say terminating employees. It is never pleasant, especially when an economic slow-down necessitates layoffs.

In recent months, several organizations have responded to the sudden market shifts by downsizing their workforces. Downsizing is an effective strategy for cutting costs in lean economic times. But employees often see it as just that — a strategy. How, then, can you cut costs, reduce unemployment benefits, ward off litigation lawyers and maintain a reputation as a caring employer? Consider an outplacement strategy. By providing career counseling and retaining positive relationships with terminated employees, you can accomplish your fiscal goals while minimizing the ill feelings that downsizing can create.

Look Through Your Employees' Eyes

A job represents social and financial security: a regular paycheck, as well as professional contacts and friendships. When people lose their jobs, they may feel many emotions, including shock, anger, resentment,



frustration and denial. After dedicating much of their time and lives to an organization, being laid off is akin to the bough breaking — cradle and all.

Downsizing isn't always an exact science. As noted, companies often terminate employees for reasons other than incompetence. This can frustrate ex-employees, especially when someone with less seniority or dedication stays on.

Such a scenario can also panic remaining employees, who might wonder "Are we next?" Previously dedicated employees might take their termination personally — a scary concept considering the recent rise in workplace violence.

Other workers' biggest grievance may lie in being pushed back into the job market after years of stability.

Cushion the Blow

Early retirement isn't for everyone. Eventually, many of your former employees must find new jobs. Fortunately, you can incorporate an outplacement strategy into your downsizing process. This service helps your terminated employees transition into a new job or career while letting your company retain its reputation as a compassionate — but savvy — organization.

An effective outplacement strategy begins with counseling, which may include some or all of the following:

- Support, intellectually and emotionally in accepting the job loss,
- Assessment of professional personality, interest and work-style,
- Advice and counsel regarding finding new employment,
- Guidance in developing a job-search plan that considers functional area and discipline, financial requirements, interests, and aspirations, and
- Help understanding the job-search process and locating job sources, such as employment agencies and Web sites.

Establishing yourself as a conscientious and compassionate business will facilitate future hiring efforts.

More specifically, outplacement counseling helps ex-employees develop a complete, concise, marketable accomplishments-oriented resume. And it can teach them to write correspondence that best attracts potential employers' attention.



When their resumes and correspondence elicit responses, counselors can coach ex-employees on the interview process, and stress preparation and attention to detail. Last, when job offers start rolling in, outplacement counseling can help downsized workers negotiate equitable starting salaries.

Use Positive Reinforcement

Maintaining a positive relationship with former employees is the second stage of a typical outsourcing strategy. Many people know not to burn bridges when leaving a company, and the same holds true when letting employees go. After all, you may want to hire them back when the economy or your company's financial situation turns around.

Remember, your company's reputation is its calling card. Establishing yourself as a conscientious and

compassionate business will facilitate future hiring efforts.

And, as we mentioned earlier, consider your remaining employees' feelings. Decreasing your workforce inherently increases their workloads. They will probably also feel depressed or anxious because their coworkers were let go. Such stress usually causes people to question their own job security.

Look at the Big Picture

Corporate branding and culture have become hot topics because they reflect the development of trust and strong work ethics among employees. When considering layoffs, include an outplacement strategy to bolster not only your former employees, but also job prospects and your organization's image. When all is said and done, treating downsized employees with dignity and respect helps everyone get on with their lives. ●

Locking Up the House

How To Keep Departing Employees' Valuable Knowledge

These days, people often switch jobs or careers within two years. And a lot can happen in two years. Companies can start up and close. Clients can be won and lost. And employees can learn much about their jobs and organizations.

Of course, most companies try to retain their key employees. But nothing in life is guaranteed and many of these same companies fail to protect the valuable knowledge that walks out the door with workers as they leave. Subsequently, their turnover costs rise exponentially. Let's examine some ways you can lock up your house to prevent critical information from drifting out with your departing "guests."

Build a Solid Structure

Would you feel safe working in a straw hut during monsoon season? Probably not. One swift wind and you'd be scrambling to rebuild. Well employee turnover is that swift wind. When even one worker leaves, the absence of his or her knowledge can damage your company's infrastructure.

Don't waste time and money scrambling to maintain an account or continue a project just because

one employee decides to "pursue other opportunities." Instead, use teamwork to reinforce your business structure. With teams — instead of people — controlling accounts, you won't be vulnerable if one, or even several, workers leave the company. You can bolster this teamwork strategy by cross-training employees to move from one team to another. For example, an administrative assistant with

exceptional technical knowledge could help out the computer support department. Or a graphics-savvy customer service representative could contribute to marketing efforts.

Manage Knowledge

Perhaps you already have these or similar strategies in place. If so, you may be one step ahead of other

Get Back to Basics

In the good old days, people usually stayed with a company for their entire career. Those days are gone. Today's employees often leave, not because they're unhappy, but because they feel their employer isn't meeting their needs. In re-evaluating your employee-retention efforts, don't forget the basics. You may be surprised at how employees positively respond when you:

- **Say "thank you."** Perhaps the most sublime form of positive reinforcement lies in those two simple words.
- **Hold recognition meetings or retreats.** Employees appreciate being appreciated. Regular meetings can reinforce their sense of accomplishment. If your company is too big or busy for such meetings, consider an annual or quarterly retreat.
- **Inquire openly about money.** Communicating with your employees about compensation shows respect and cooperation. Ask your workers to write an annual memo describing the compensation agreement that would best motivate them. Their proposed plan can include additional time off, bonuses or even work-related gifts — such as an upgraded computer or special office furniture. Of course, you can't guarantee them that you'll provide what they want. But these memos will give you valuable insight into what will keep your employees happy.

companies. But to provide ultimate protection, you must manage your employees' cumulative knowledge. This business-improvement idea is aptly called knowledge management.

Knowledge management finds ways to share and store your employees' knowledge, which helps improve your company's efficiency and profitability. In following this concept, first break down your firm's productivity methods into:

1. Explicit knowledge — which exists in tangible sources such as books and databases, and
2. Tacit knowledge — which exists in your employees' minds.

The first step is markedly easier than the second. You can arrange books and files in any order. But, harnessing your employees' knowledge takes creative thinking. You could, for instance, require employees to transfer their tacit knowledge into more manageable resources — such as databases that hold work duties, procedures and contacts. But that would be laborious. Instead, consider using an intranet — a self-contained, Internet-like computer network. An intranet tracks employee communication by preserving threaded discussions and collaborative documents as they occur.

After you've organized your company's explicit and tacit information, categorize it by accessibility

and frequency of use. Thus, when employees leave, you can quickly and easily summarize and disseminate their knowledge.

Be Prepared

Although you can't always prevent turnover, you can prepare your company for its effects. A solid business structure and knowledge management can help alleviate the stress that comes with losing employees.

If you feel employee turnover is blowing away your company's valuable knowledge, please call us today. We can help. ●

Park Your Company on Perk Place

Using Transportation Benefits To Reward Employees

Let's face it: Rewarding employees is the name of the game. How have you been playing? Many companies rely on their pension and health plan benefits to attract and retain employees. But that's merely a good starting point. What some companies don't realize is employees appreciate perks that improve their daily lives.

With that in mind, consider offering employees transportation bene-

fits. It might seem like a lot of work, but transportation benefits offer employers IRS incentives and a high return on investment. Plus your outlay for such benefits is a fraction of other benefit costs.

Exclusions Allowed

The IRS allows employees to treat the value of employer-provided parking, carpool transportation and transit passes as fringe benefits and exclude the amounts from their



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From the COO's Chair

Performance Improvement: Save 10% of Revenue!

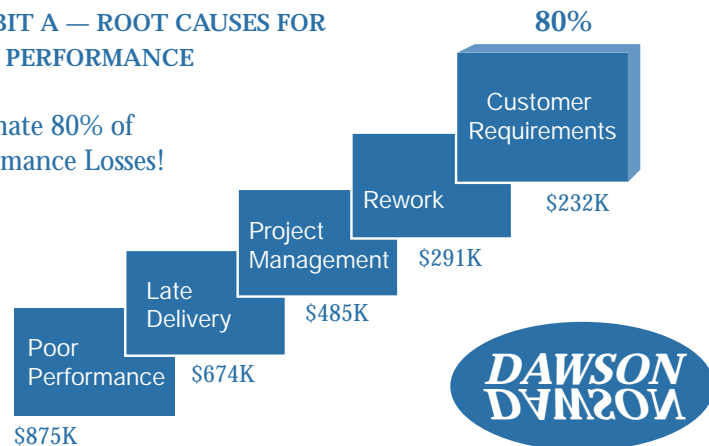
Are you, your Board and shareholders satisfied with your organization's performance? Would you like to save 10% of revenues through performance improvement? Performance Improvement Consulting is a proven process that identifies hidden performance gaps and implements the changes required to enable your organization to improve the bottom line in an economic slowdown. Following are examples of companies that have benefited from Performance Improvement Consulting:

- Turned around a service company in two years from going out of business to profitability and significantly increased profit margin in the 3rd and 4th years.
- Saved 5% of revenues of a medical practice in 12 months which led to a successful merger in the second year.
- As result of performance improvement, an engineering firm qualified for a major contract representing an 8% increase in revenues.
- Established an aggressive Performance Improvement program in a unionized manufacturing firm which avoided layoffs in a down market.

With Performance Improvement Consulting you not only avoid layoffs and losses, but improve your long term potential! This strategy is a win/win for the short and long range, and is best for all your constituents — shareholders, board, strategic partners, management, employees and vendors. Rather than

EXHIBIT A — ROOT CAUSES FOR POOR PERFORMANCE

Eliminate 80% of Performance Losses!



This actual example of a company with \$875,000 in losses, demonstrates how the Performance Improvement Analysis identifies and quantifies the root causes of performance gaps. When the Performance Improvement recommendations were implemented, 80% of the company's performance losses were eliminated.

waiting for a turnaround or scrambling for short term fixes, implement Performance Improvement Consulting and gain improved retention, improved performance across your organization and improved competitive positioning short and long term.

What are the steps involved?

Performance Improvement Consulting scientifically finds the gaps that most impact individuals, work teams, divisions and the entire company's work flow. Through systematic changes, rework, redo and waste are eliminated. The first step is a cost effective assessment of your Process, People and Technology to identify performance gaps. Subsequent steps are custom designed based on the size of the company, industry and targeted group / division within the company. Recommendations from the Assessment Step alone typically result in performance improvement savings that more

than compensate for fees associated with the initial Assessment. A fully implemented program typically achieves performance improvement savings equal to 10% of revenues within 18 months.

Why does it work?

Essentially, through this focused analysis, the root causes of poor performance are uncovered. Each step into the operational analysis leads closer to the root cause as the actual example in Exhibit A demonstrates.

How can you get started?

Call Dawson & Dawson Consultants, Inc. today to learn more about this proven process for improving performance and saving 10% of revenues within 18 months.

By Sheryl Dawson
President & COO
Dawson & Dawson Consultants, Inc.

income. They can exclude up to \$180 a month in qualified employer-provided parking — \$2,160 annually — from their gross income.

Employers can deduct — as a business expense — the value of qualified parking and transportation benefits they provide. You must provide parking on or near your business premises or on or near a location from which employees car-pool to work. This limits some employees because they can't exclude from income the value of employer-provided parking located on or near their residences.

As an employer, you may offer either parking or a parking reimbursement. But the IRS has indicated that employees given the choice between parking and the cash equivalent will no longer be required to include parking benefits in their income.

Employees appreciate perks that improve their daily lives.

En Mass

Since 2000, the government has allowed employers to provide mass transit benefits — either transit vouchers or transportation itself, such as a shared carpool van. If you provide either benefit, employees may exclude from gross income a maximum of \$180 a month for fringe benefits. This limit applies to these benefits in the aggregate.

Explore Other Options

Sometimes you need to get off the beaten path to find what you are looking for. Selecting employee perks that attract and retain employees is no different. Consider the following nontraditional benefits when establishing or revising your benefits plan:

Employee discounts. You can provide employee discounts and at-cost services tax free to employees. The discount cannot allow the employee to buy the item below cost. An example of a no-additional-cost service is allowing airline employees to fly without cost in a seat that was not otherwise being occupied. Employers can also maintain on-site eating facilities to provide low cost meals often without tax to employees.

Recognition awards. You can recognize employees for outstanding safety achievement or for long time service by presenting them with property other than cash or its equivalent up to \$1,600 in value in any one year. This limit is subject to a separate smaller limit in certain cases. Additional restrictions may apply: The award must be given to the employee in a meaningful presentation of recognition and can be awarded to each employee no more than once every five years.

Time off. You can reward employees time off for a job well done or a celebrated milestone. Or, consider the benefits of providing flexible work hours. Not only can they lower workplace stress, but they can also allow your business to maintain longer hours that are more convenient to customers and clients.

If, however, you can't directly distribute vouchers or similar items that employees can exchange for transit passes, workers can exclude from their income cash reimbursement for mass transit transportation.

Gassing Up

Employers can take advantage of other, nonfringe transportation benefits. For example, if some of your employees use company cars for business purposes, you are allowed to use the standard business mileage rate of 34½ cents per mile to compute the reimbursable and deductible costs in 2001. (The standard business mileage rate is adjusted annually.)

You can also calculate, deduct and reimburse mileage expenses for medical and moving purposes at 12 cents per mile this year.

Go the Extra Mile

Employee turnover is not a game — it's serious. The costs associated with recruiting and training go above and beyond the monetary.

Why not go the extra mile and offer transportation benefits? If your employees feel you have their best interests at heart, they may think twice about leaving. For guidance on establishing these or other fringe benefits, please call us. ●

The Value of Your Business Increases With the Effectiveness Of its Most Important Resources

When it comes to business success, few organizations' assets have a greater impact than its human resources. That's why specialized Organizational and HR expertise can add value to your company, enhancing your competitive position — as well as your bottom line.

Could your organization benefit from professional Organizational and HR assistance?
Try this short survey:

ORGANIZATIONAL IMPACT SURVEY

(Check all that apply)

- Your business plan involves major change initiatives.
- Operational performance isn't meeting or exceeding targets.
- Turnover is creating problems.
- Succession planning is a concern.
- Your Benefits plan structure is not optimized to minimize the impact of rising benefit costs.
- Operating costs are too high.

If you checked any of the above situations, you can count on Dawson & Dawson Consultants, Inc. for responsive, personalized help to achieve the results you want. For a complete organizational survey and for more information call Dawson & Dawson Consultants, Inc. today at 713.784.3197 or visit their web site at www.dawson-dawson.com.

