

Organizational Advisor

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Make your sales compensation plan hit the mark

Does your sales compensation plan fail to differentiate enough between high and low performers? Are your top salespeople quitting at an alarming rate? Are incentive dollars failing to create high performance results? If you answered “yes” to any of these questions, it’s time to realign your sales compensation plan with your business strategy.

Pinpoint weaknesses

Although companies frequently change compensation plans, they rarely address the underlying business strategies that drive sales and deliver productivity. Unfortunately, this situation isn’t limited to large corporations. Many small and midsize businesses also have difficulty establishing effective plans. If your company is one of them, ask yourself these questions:

Is your sales compensation plan tied to your business plan? Tying them together will give you a better chance of achieving your business objectives. So if, for instance, you are trying to increase revenues from your current customer base, heavily reward salespeople for upselling existing clients.

Is your plan flexible? You must be able to quickly react to marketplace changes without having to overhaul your compensation plan. So when introducing a new product or service, heavily weigh the commissions on it. This way your sales force will focus its efforts on newer, more profitable items.

Is your plan easily understood? To clear up misconceptions, explain the plan to each salesperson. If you don’t, they may spend countless hours trying to decipher it, rather than using that time to call on potential customers.

Are you providing your sales force with adequate training? It’s easy to tell people to perform a certain task, such as “go out and sell” a set number of products. But when salespeople fail to make the grade, you have to assess their skill sets. Perhaps they are unfamiliar with some of your company’s products or services or are ill-equipped to branch into a new market. Ongoing sales training should teach them how to sell

into new channels, qualify leads and target the most attractive customers for your company.

Are you giving salespeople enough support? Consider the amount of time your sales force spends on administrative duties — could it be better spent hitting the pavement? Hire personnel to handle administrative tasks, and ensure your salespeople have the right business tools, such as laptops and cell phones, to be more efficient.

Redesign your plan

From assessing your plan, you may discover it needs a major overhaul or only minor tweaks. Either way, as you redesign



your sales compensation plan with your corporate vision in mind, avoid rewarding workers just for selling a product or service. Instead, require salespeople to sell those items and services that are strategically important for your company’s growth. Be sure your sales force has specific, measurable goals.

For instance, sales reps in an overnight delivery business may need to increase the density of established routes in their territories by 30%. To reach this goal, the company

should increase route commissions from 2% of revenue to 3% of revenue.

Keep in mind that compensation plans typically fall apart when there is little differentiation between top salespeople and poor performers. (Fire those missing quotas if you're confident you gave them the proper training and tools.) Finally, streamline the administration aspects by using software to track expenses and submit expense reports, and audit your plan every few years. Companies lose money as a result of inefficient or faulty compensation plans and processes.

Support your strategic vision

A results-oriented sales compensation plan needn't be complicated, but it must support your company's strategic vision. To ensure it meets this goal, first analyze your business and marketplace and create a strategic marketing plan. After communicating the marketing plan to your staff, you are ready to start creating a compensation plan. For assistance on this or other HR matters, please call us. 👥

The rules of engagement

How to increase productivity and keep your best employees

An alarming number of employees are either moderately engaged or disengaged with their current employers, reported the Towers Perrin 2003 Talent Report, "Working Today: Understanding What Drives Employee Engagement." But with turnover so low, why should your company care about how invested your workers are in your business?

Given the current economic climate, many organizations (particularly those with small work forces) are struggling to do more with less. If you can motivate your workers to give more freely of themselves, productivity will rise. Plus, it won't be an employers' job market forever. You need to take steps now to minimize the chances your best workers will leave later.

Improving performance

According to Towers Perrin, employee engagement is "workers' willingness and ability to contribute to company success" or the extent to which they exert additional energy into their jobs, work extra hours and spend more time resolving problems.

Many have long believed that there is a correlation between an employee's level of engagement and the quality of his or

her performance. A Gallup Organization survey published in the *Journal of Applied Psychology* (April 2002) supports this belief, reporting that engaged workers are more:

- 👤 Productive,
- 👤 Profitable,
- 👤 Customer focused, and
- 👤 Safety conscious.

Also, these workers are likely to withstand temptations to leave.

Boosting engagement

Before you lose valuable workers to an energized economy, you must understand your employees' level of commitment to your company's success. According to the Gallup survey, 66% of highly engaged employees have no plans to leave their current jobs. Meanwhile, the desire to stay with their current employers decreases significantly for moderately engaged and disengaged workers — only 36% of the former group and 12% of the latter group do not intend to leave their positions.

To increase your chances of keeping the very people who are most attractive in a competitive marketplace, boost engagement by implementing these tips:

- 👤 Take an interest in your employees' well-being by asking how their day was and following up on their concerns,
- 👤 Give challenging assignments and decision-making authority,
- 👤 Offer career advancement opportunities,
- 👤 Ask your staff for their opinions on key business matters,
- 👤 Show how your company is focused on customers by providing examples, and
- 👤 Provide the necessary resources and a clear vision about your business's goals and direction.

Moving workers from a state of moderate to high engagement can help you retain — and even uncover lost — talent.

Battling employee disengagement

Disengaged employees are like poison ivy: They can spread their disease throughout any organization, easily converting

moderately engaged employees into disengaged ones. Once the malady takes root, job performance will erode, harming customer service and eventually profits.



Periodically, you may need to rid your organization of these infectious people, weeding out those who will not blossom. You'll both benefit: These workers will have the opportunity to find a position more suitable for their needs and interests, and your organization can build morale and be more efficient.

Why you need to be patient

Developing a work environment where employees are highly engaged is time consuming and challenging — and, unfortunately, changes won't happen overnight. But by taking an interest in your workers and providing more opportunities for them to learn and grow, you can soon reap the benefits of a highly engaged work force. 👤

Highlights from the Towers Perrin 2003 Talent Report

Here are some interesting findings from the Towers Perrin 2003 Talent Report, "Working Today: Understanding What Drives Employee Engagement" and what it could mean for your company:

- Only 17% of respondents said they are highly engaged, continually giving extra effort while 19% said they were disengaged, meaning they have probably checked out from their work mentally. This could be a serious problem in particular for small to midsize businesses that must have all employees working at optimal levels to remain competitive.
- "Half of disengaged workers are open to other opportunities, but are not actively looking." Companies with many employees just marking time take a chance that they will negatively affect moderately or highly engaged workers. Communicate with your employees to find out why they are dissatisfied; hire an outside professional to gain objective and unfiltered feedback.
- Almost half (49%) of employees "don't believe their company rewards top performers more than average performers." You can't get in the game — successfully attracting and retaining people — without a reasonably attractive compensation package. Now is a good time to ensure your key workers are happy with their salaries and benefits.

Raising the bar on work-life balance

Imagine a workplace where you have virtually no turnover, you retain expertise when vital employees do leave and you no longer have to pay steep agency fees to fill difficult positions because *qualified* candidates are waiting in line to work for your company. How can you craft such a workplace? By helping workers balance their careers and personal lives.

A cultural shift

The advantages of employee-friendly policies are myriad. They can help you recruit employees and retain valued workers, increase morale and ensure continuity in your workplace. For instance, if you allow job sharing and one partner is on maternity leave, the other can temporarily fill in. To create this environment, you must shift your business's culture by:

Examining policies and procedures. First, create a vision statement that reflects the need for work and life balance and addresses how your programs support this belief. Then ensure policies and procedures are aligned with your new vision.

Small to midsize
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Leading by example. Show your managers and their subordinates that it's acceptable to end the workday before nightfall by leaving early yourself. Also, take a break from your responsibilities to accompany a parent to a doctor's appointment or a child to practice, and encourage your staff to do the same occasionally.

Reprimanding inflexible managers. You can detail your philosophy perfectly in your policies but they will be useless



unless your supervisors cooperate. If managers are sabotaging your company's efforts, explain why their behavior is inappropriate and how they should change.

Treating employees like family. Be sensitive to your staff's differing needs and allow the appropriate flexible arrangements whenever possible.

Inexpensive — but effective — changes

When it comes to a balanced workplace, large companies aren't necessarily at an advantage because they have greater financial resources. Small to midsize businesses can make a significant impact on a shoestring budget. Here are some cost-effective ways to be employee friendly:

- 👤 Implement core work hours and let workers set their schedules based on their needs.
- 👤 Offer compressed workweeks to help employees reduce their dependent care costs or give them more time to pursue other interests.

👤 Allow telecommuting: It will cut your overhead costs, save your workers commuting time and expenses, and increase their productivity because they are away from office distractions (as long as there aren't too many diversions at home).

By accommodating your employees' needs, they will stay loyal and committed to your organization.

Equal opportunity

Childless employees shouldn't feel like second-class citizens in your company. So eliminate special treatment for parents and provide flexible work programs to all workers. Otherwise, resentment may fester and lead to decreased productivity.

If your office is already employee friendly but needs a boost, provide an annual stipend for worker benefits that aren't already covered, such as daycare, financial planning, health club memberships or smoking cessation programs.



Awareness

When designing an employee friendly workplace, understand your workers' needs, solicit their input and make benefits accessible to everyone. Although your company may be too small to make the list for *Working Mother's* "100 Best Companies for Working Mothers," you may be able to generate headlines in your community. 👤

3 ways to entice mature workers to retire

Once the golden solution for excess staff, companies can no longer count on a certain percentage of workers retiring to reduce their work forces. Seventy percent of Americans plan to work past the once-typical retirement age of 65 and nearly half expect to work well into their 70s and 80s, according to AARP. If you need to prune your staff, but want to do it through retirement rather than layoffs, your company must make the first move.

Start out by determining why workers postpone retirement. Financial concerns due to recent stock market losses and the desire to remain mentally active are just two reasons why employees are continuing to work into their golden years. Survey workers to find out what else motivates them to stay employed. You may discover that several employees have a similar problem that you can easily address. Here are three ways you can entice workers to retire:



1. Design a retirement package. One that addresses the concerns that are making employees reluctant to stop working will give them the confidence to retire. For example, if the majority of your soon-to-be-retiring workers are concerned about health care costs, consider splitting their insurance premiums with them for a set period.

2. Consider alternative work arrangements. Some employees may not take advantage of your retirement package because they are afraid to move on, love their work or are close to co-workers. But they may jump at the chance to reduce their hours. By creating part-time positions or allowing job-sharing, you may be able to trim your employment costs while avoiding downsizing.

3. Offer career counseling. Often workers hang on to their jobs because they are unsure of what to do next. Older employees may be apt to move on if they have other plans.

Ask the Advisor

Are your employees breaking the dress code?

Dear Advisor:

At our employees' request, we implemented a business-casual dress code. But now some workers come to the office dressed as if they're going to tee off at noon while others could be mistaken for rock stars. How can I resolve this situation without alienating the staff or adding "Fashion Police" to my job description?

Signed,
Fashion Dictator

Dear Fashion Dictator:

Ask 10 staff members to define the term "business casual" and you'll probably get 10 different responses. It's no wonder that some employees' clothing choices may be pushing the appropriateness envelope! Before you give gift certificates to Brooks Brothers, review your policy to see whether you are clear about what you consider to be acceptable attire.

3 steps to high style

Before creating a policy or amending an existing one, bear in mind your reasons for defining attire. If it is to present a professional image to clients, consider limiting the policy to workers who have face-to-face customer contact, such as your receptionist and salespeople. Also, phase it in gradually such as by having casual Fridays or by allowing it in summer months.

If this benefit is in jeopardy because of inappropriate attire, address infractions with violating employees and warn the entire staff. Issuing a memo or making an announcement at your next meeting may encourage some employees to

address the issue with co-workers. This is one area where peer pressure can be a particularly effective way to achieve companywide compliance.

Let's look at three ways to ensure employees are dressed not just comfortably but professionally:

1. Provide examples in your guidelines. For instance, rather than only telling your staff that jeans are not allowed, list types of casual pants that are acceptable (such as corduroys and khakis). This not only will help employees better understand what they can and can't wear, but also give them a sense of freedom due to having several options.

2. Address the consequences of poor appearances. Let employees know what will happen if they're dressed inappropriately. Consider giving written warnings and other measures for minor infractions; you may even need to send workers home to change. And enforce this policy consistently to avoid discrimination claims.

3. Motivate workers to enhance their attire. Remind your staff that first impressions count with your clients, and address how their appearances can adversely affect their ability to get promoted. To help work-

ers get the right idea about their dress, hire an image consultant to cover "Casual Dress for Success 101" in a brown bag lunch session, and provide gift certificates to stores that sell business-casual apparel.

The rules

Remember to keep your sense of humor. Just when you think you've got casual dress standards under control, you might see a retro-fashion revival — the return of the suit and tie. 🧔👩



From the CEO's Chair – Leadership Development Increases Retention and Job Satisfaction: A Case Study

Situation:

A major healthcare organization with 13,000 employees, was experiencing high turn over in their nurses in 4 hospitals costing the organization millions. They estimated that, system wide, for every percent they could reduce turnover the organization could save \$ 1.5 million annually.

Solution:

The organizational goal was to reduce RN turnover by 20% annualized. A 6 - month pilot program for departments that had consistently high turnover was established. Based on focus groups and a custom 360 employee survey, it was identified that leadership skills and emotional intelligence were key to retaining employees.

The leadership development program consisted of three mandatory classes on Emotional Intelligence, Managerial Styles, and reading and interpreting their 360 feedback. Following feedback, management teams from each department developed a team plan on retention in addition to each leader's personal leadership improvement plan. The classes were followed by individualized coaching which took place over a 6-month period. Both nursing managers and doctors participated in the program.

Results:

Quantitatively, at the end of the 6-month pilot, turnover was reduced by 50%, substantially greater than the original goal of a 20% reduction! Qualitatively, the nursing staff is happier and working more effectively as a team. Leadership skills and emotional intelligence have been enhanced.

Coaching was an essential element in the improvement of leadership skills during the 6-month pilot. Repetition of the

custom 360 survey demonstrated that those who were coached were able to achieve a 40% greater improvement than those who were not coached following the training.

The client organization is rolling this program out throughout the hospital system and is thrilled that their corporate values of teamwork and personal excellence are being embraced by their nursing staff.

Coaching led to a 40% greater improvement in leadership development skills than training alone. Ultimately, retention was increased by 50%!

This is just one example of the custom approach to leadership development that Dawson & Dawson Consultants and Career Partners International offers organizations seeking to improve retention and performance. For similar excellent results, Dawson & Dawson provides a range of individual executive, organizational and cultural assessments to identify areas of improvement and then custom designs the solution that will enable your organization to achieve its goals.

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