



United We Stand

Briefly

Greener pastures: When it comes to compensation, a majority of American workers believe that the "grass may be greener" at other organizations.

A Watson Wyatt survey of nearly 13,000 employees found that only two out of five employees (41 percent) believe they are paid as much as their peers in similar positions at other companies. Only half (48 percent) think they are paid fairly when compared to people with similar jobs at their own companies.

The dissatisfaction is due, in part, to inadequate communication. Only 43 percent of employees said their companies do a good job explaining how their pay is determined, a 13-point drop since 2000 and the lowest figure for pay communication since 1994. One out of five (20 percent) employees said they do not even know what their total compensation packages are worth.

The value of effective communication is evident in the results related to employee benefits. Almost seven out of ten (68 percent) employees said their companies do a good job providing information on their benefits.

Human Resources Memo is published semi-monthly by the Indiana Manufacturers Association One American Square, Suite 2400 Box 82012 Indianapolis, IN 46282 Phone: 317-632-2474 Toll Free: 800-462-7762 Fax: 317-231-2320 IMA Web Site: www.imaweb.com Editorial Layout: Charlene Hickey, chickey@imaweb.com

Indiana Manufacturers Association's

M HUMAN RESOURCES M e m o



Indiana's Leading Voice for Industry

November 8, 2002

New Law Requires 30-Day Notice Prior to Pension Blackouts

A new federal law requires 401(k)-type plan participants be given a 30-day notice in advance of "blackout periods" that would affect their rights to direct investments, take loans or obtain distributions.

The U.S. Labor Department's Pension and Welfare Benefits Administration (PWBA) published the interim rule Oct. 21. The law takes effect Jan. 26, 2003.

Blackout periods typically occur when plans change record keepers or investment options, or add participants due to a corporate merger or acquisition. The interim final rules contain model notice language to assist plan sponsors in carrying out this new obligation.

"These rules are the first regulatory action to implement components of the President's retirement security plan," said Secretary of Labor Elaine L. Chao. "Workers will now be empowered

to take control of their retirement assets and make informed decisions to manage their retirement accounts in advance of a blackout."

"Congress needs to take the next steps to pass legislation to give workers the right to diversify their accounts and better information including access to professional investment advice," Chao added.

On July 30, President Bush signed the Sarbanes-Oxley Act of 2002 giving the Labor Department authority to promulgate interim final rules and a model notice implementing the blackout notice provisions. The Act requires that participants and beneficiaries be given a 30-day advance notice of a blackout period. When a blackout period affects a plan that includes employer stock as an investment option, the plan

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Recruit and Retain the Best

Understand what motivates your workforce

Even in a poor economy, successful companies are continuing to recruit while also using sophisticated techniques to motivate and keep the talent they already have, according to a best-practice study by Towers Perrin.

The study profiles best practice, talent-management organizations and what these leading organizations do to recruit and retain top talent and keep employees engaged. It also examines companies' flexible reward programs that serve to support superior business performance.

"Top companies make talent management a strategic business priority regardless of economic pressures," said Emmett Seaborn, a Towers Perrin principal. "Companies that do it right understand what motivates customers and the aspects of their business that drive value. And they tailor their talent management programs to get the right people to deliver it."

The study found that leading organizations have certain important things in common. They:

- Have a clear talent management strategy and build talent management as an essential capability

within the organization

- Use technology to streamline processes and information sharing, so they can focus on the more critical "high touch," or one-on-one, aspects of recruiting, "onboarding" (helping new hires become acclimated to company culture) and assimilation.

- Engage employees in the business and create a clear line of sight between what employees do every day and how the company performs.

- Focus employees' energies on results by basing certain key elements of pay on business performance and by clearly differentiating rewards for individual performance.

- Provide flexible reward programs that can be customized to meet varying employee needs and support work/life balance.

- Ensure the success of their talent management strategy by developing the capabilities of their managers.

High Tech Enables High Touch. The study

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found that participating companies seek to recruit people with “the right fit” based on the contributions the individual will be able to make, as opposed to simply filling the job. “Technology plays a significant role in streamlining administrative processes so HR and line staff can focus on the ‘high touch’ aspects of recruitment that ensure a candidate is right for the company,” said Chris Michalak, a Towers Perrin principal.

Companies are using the Internet in creative ways to attract the talent they need. Many combine use of a company recruiting Web site with postings on Internet job boards. Others pull potential job candidates to their recruiting site through links from related Internet sites.

A growing number of employers use online applications and assessment tests, with the effective use of technology also making a good impression on candidates by speeding the application process and supporting a “leading-edge” image, according to the study.

Online onboarding was identified as an important new trend, which includes such approaches as acquainting new hires with the company via intranet orientation sites. “An integral part of the recruiting process includes getting employees off on the right foot. Leading organizations use technology to take care of the basics, such as company manuals, benefit enrollment and company credit cards,” Michalak said.

Assimilation programs constitute another

best-practice aspect of recruiting and retention efforts. One company develops customized assimilation plans that spell out whom the new employee must meet and build relationships with, or how newly promoted or transferred employees can best navigate the organization in their new positions. “Leading organizations,” noted Seaborn, “recognize that recruiting never ends, particularly for high-performing, high-potential employees. Recruiting helps reinforce the employee’s decision to join the organization and, equally important, encourages employees to stay as their roles and careers develop.”

Engagement Key in Producing Results.

Organizations with the best talent management practices recognize and actively build the connection between employee engagement and business results, according to the study. Critical components of the employee engagement process include defining goals, creating a clear line of sight between employee actions and desired results, building a high-performance culture through communication, and closing the loop through rewards.

Baxter Healthcare was cited as an example for getting the right messages to their people and reinforcing those messages by using scorecards to focus employees on the behaviors that support specific corporate objectives.

Leading organizations also use business education tools to help employees understand why goals are important and how they can help achieve them. Cited as an example,

“learning maps” are visual, interactive tools tailored to employees at different levels that create an understanding of the company’s business. The maps allow employees to make different business choices in their day-to-day work that generate different financial outcomes. As a result of the learning exercise, employees develop a clearer picture of the overall business and are more likely to make the right choices.

Work/Life Balance and Flexible

Rewards Important. Organizations in the study recognize that intangibles such as work/life balance play a key role in attraction, retention and engagement. Many of the study participants offer a variety of rewards that encourage employees to both advance in their careers and pursue activities outside work.

Rewards for Top Performers. Towers Perrin employee research also shows that recruiting and rewarding high-potential talent and making a clear differentiation in rewards for top and average performers has a powerful “halo” effect. An organization’s effort to understand high-performer needs ranks high on the list of engagement factors for *all* employees.

“Leading organizations recognize the power of performance differentiation and, after identifying high-potential employees, direct their employee development investments toward formal training in customized leadership programs and toward informal training accordingly,” said Seaborn.

Blackouts (Continued from page 1)

must also notify the corporate issuer of the employer stock so that corporate insiders are aware that they may not trade employer securities or exercise options during the blackout. Under the interim rules, administrators of plans with individual accounts must provide blackout notices that contain, among other things:

- The reasons for the blackout period,
- A description of the rights that will be suspended during the blackout period,
- The start and end dates of the blackout period,
- A statement advising participants to evaluate their current investments based on their inability to direct or diversify assets during the blackout period.

A second set of rules issued by the Labor Department provides for civil penalties of up to \$100 per day, per participant, for plan administrators who fail or refuse to comply with the notice requirement.

IMA Meeting Calendar**OSHA One-Day Safety & Health Tune-up**

November 20, 2002 - Clarksville

Environmental & Safety Conference

November 21, 2002 - IMA Conference Center, Indianapolis

OSHA 30-Hour Certification Course

December 3, 4 & 5, 2002 - IMA Conference Center, Indianapolis

Avoiding Employment Litigation

December 10, 2002 - 5th Floor Auditorium at the Barnes & Thornburg office, Indianapolis

OSHA Recordkeeping Requirements

December 11, 2002 - IMA Conference Center, Indianapolis

Leadership for Supervisors

December 12, 2002 - IMA Conference Center, Indianapolis