



HRA Services, Inc.

# Fact Finder

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. . . helping organizations find solutions to people-related problems

## WHY ORGANIZATIONS FIND REAL CHANGE SO DIFFICULT

With each new year comes the well-established tradition of New Year's resolutions. (You may want to note that "resolution" means "firm decision.") Nevertheless, most of us think of New Year's resolutions more as something to be abandoned rather than adhered to. We all resolve to lose weight, get more exercise, etc., and yet current realities tell us that most of these firm decisions become "infirm" before the end of February.

Like individuals, companies engage in organizational resolution setting. Then they devote considerable dollars, in the form of meeting and training, to reviewing and defining the "organization's culture" only to find in retrospect that little has changed in terms of efficiency, effectiveness, and behavior at the day-to-day operating level.

What went wrong? We read all the books. We studied all the models. We engaged one another in clear, open communications. Well, the answers are many and, of course, different with each organization. From a systemic perspective, here are some of the more common factors:

- New values and desired behaviors were never woven into the basic fabric of the organization. It's akin to refurbishing a building without examining the health of the foundation itself. It looks better with new paint, but the basic systems operate as they always did. Mission, vision, and value statements are re-visited and perhaps re-cast in new words, but new ideas and approaches were never transfused into the organizational bloodstream.

- Another common disconnect results from failure to clearly define how you will know when the new model is working. What behaviors are you looking for and what will you do to re-affirm them when you see them? What behaviors do you want to eliminate and how will you behave if they continue? Failure to nail down answers to these questions in specific, concrete terms causes the system to fail and often generates new, more intense levels of frustration among managers and employees. Here, it is critical to set standards and accountabilities and insist on commitment and discipline throughout the organization.
- Degenerative evolution is safer than wading into the unknown. Many, if not most, organizations that need change and rejuvenation have a history of prosperity and success. Departing from history is a fearful adventure, especially for owners and founders who often pride themselves on the verity of historical intuition. Because their sense of intuition and knowledge of the history of the enterprise is so strong, they sometimes fail to recognize the need of managers for data, budgets, and goals. As a result, drives to develop an organizational plan to guide the work of the team can seem too confining and too theoretical. Such plans are even sometimes viewed as potentially detrimental because the organization will become so focused on its objectives that it will miss important opportunities along the way. Who knows what the plan is and who has the fortitude to enforce its execution? How much objectivity is enough?

Despite the fears that change and new approaches prompt, growing personnel costs, new technologies, new markets, new competitors, and the ever-changing external

environment all conspire to mandate organizational change. The challenge of leadership is to initiate, inspire, and manage the change process in ways that amplify organizational strengths and minimize organizational vulnerabilities.

## **SHARPEN 2002 OBJECTIVES WITH “HRA VariPAY”**

The annual Hewitt survey of prevailing pay practices and trends shows continued growth in the use of variable compensation plans. Eighty-one percent of surveyed participants reported at least one kind of variable pay plan in place, up from 78% last year and 51% in 1991. Companies and financial institutions are using variable pay plans to set and align organizational goals and to relate pay to performance in terms of discrete annual objectives. As we enter the New Year, consider variable pay plan options to provide your organization’s leadership with a clearer, more focused view of the goals and objectives for 2002.

As you might expect, pay projections for 2002 have changed perceptibly since September 11. The same survey before September 11 reflected average salary increases of 4.5% for salaried exempt staff, 4.4% for salaried non-exempt staff, 4.3% for hourly non-exempt staff, and 4.6% for executives. A later survey shows 4.0%, 4.0%, 3.9%, and 4.1% for these same staff categories. Survey results also reflect higher levels of uncertainty and fiscal conservatism waiting for the economy to begin emitting clearer signals of predictability and future direction

## **WORKPLACE SAFETY AND SECURITY**

With the catastrophic events of 2001 and at the request of current and new clients, HRA is continuing to develop new policies and procedures related to keeping the workplace safe and secure. Before 9/11, many of us gave only superficial thought to workplace threats and

hazards, especially on any grand scale. Today we are all keenly aware of the need to be more observant and to anticipate and plan for potentially dangerous events that threaten organizational viability and staff security. In addition to policies on workplace violence, weapons, searches, and systems security, we urge you to consider policies and procedures in such areas as mail-handling, emergency notification, disaster planning, records and files management and security, and cyber policies to name just a few. Please call us if you are concerned that your managers and staff may not know how to respond to these kind of issues and uncertainties so that we can assist you in recommending appropriate policies and preparation.

## **HRA INTERACTIVE**

HRA’s website now provides direct access to resources to support your management and leadership development needs. Click “Learning Tools” and view top quality, time-tested, and innovative products to help you identify and solve human resource problems and build stronger, proactive organizations, teams, and leaders. In addition, we can tailor development processes to your specific company needs and objectives.

We will soon be sending you our newsletter, HRA FACT FINDER, electronically so you can easily print it or send to others you feel may have an interest in specific articles. We expect to distribute our first electronic edition before mid-January. Please let us know your thoughts and suggestions for making the newsletter more useful for you and your colleagues.

## **“WE WISH YOU A HAPPY AND SUCCESSFUL NEW YEAR”**

The *HRA Fact Finder* is published by HRA Services, Inc., to keep clients and business associates abreast of developments and trends in human resource and personnel management and is not intended to serve as professional advice on specific personnel and organizational issues.

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