



# advantage

## COACHING: WHAT IT IS AND WHAT IT ISN'T (PART 1)

*By Ray Redburn, Ph.D.*

Coaching is one of the hottest trends for developing workplace talent. Newspapers and business journals often tout the benefits of coaching, as seen through the eyes and ideas of a coach. So what is, and what isn't coaching?

The first part of this series reviews the essence of coaching and distinguishes it from counseling and therapy. Next month, Part 2, will offer an unusual perspective on the results of coaching—through the eyes of a client. The final article, Part 3, will examine the coaching process. This will provide an inside look at what a coach actually does to help a person make significant shifts in their work.

**Coaching IS:** Coaching usually seeks to help a key person in an organization build their strengths and make specific improvements in their job performance. Like a sports coach, the work performance coach has an action focus. A good coach helps people discover their strengths and how to use them appropriately. We say “appropriately” because great strengths, used indiscriminately, can work against a client. The coach also helps people identify very clearly the gap between where they are now and where they want to be. Then the coach aids them to reduce that gap.

**Coaching IS NOT:** Coaching is not counseling or therapy. Most definitely, coaching does resemble them both from the outside. A good coach listens actively to the client and gives them support. The difference, however, is in the goal of that listening and support. The coach's listening and support are directed to action. The therapist's or counselor's listening and support are directed more to helping the client gain insights about how they got to where they are now and how they are going to handle the situation going forward.

**Apparent Similarities.** Another area where coaching begins to look like therapy is in the area of self-discovery. Coaching aids the client to become more self-observant so they can see how others view them. Guiding clients in building their self-awareness is a key strategy for both coaches and therapists. However, the coach is especially interested in helping the individual discover “blind spots” about themselves—the things others see clearly, but which may not appear on the client's radar screen. Once discovered, these blind spots can be reduced as the client sees them more clearly.

**Other Significant Differences.** Another big difference between coaching and counseling or therapy is one of time. The coach helps the client discover worthy targets and hit them now (the present) and tomorrow (the future) by making good choices. The origin or source of a challenge or difficulty (the past) is not usually addressed in the coaching arena; that work is more the province of therapy and counseling. This final distinction is why many prefer a coaching approach.

Counseling and therapy have traditionally been addressed as a weakness or dysfunction. In many psychological contexts the term used for the client is negatively loaded: “the identified patient.” By contrast, coaching usually has a primary goal of building strength. Thus, the person entering coaching is looking at how to be even healthier and more effective, not how they can be fixed, healed, or made whole.

Stay tuned next month when Part 2 looks at the results of coaching through the eyes of a client.

## TIPS & TECHNIQUES FOR EFFECTIVE PERFORMANCE APPRAISALS

*By Stacey Lynch, SPHR*

Most organizations today have a system for evaluating employee performance. The most common type of system is one in which employee performance is evaluated on an annual basis using a performance evaluation form. There are many good reasons to have a performance evaluation system. The general goal of performance appraisal is to help individual employees accomplish results that will meet organizational objectives. It is easy to lose sight of this goal and many organizations find themselves bogged down in system details, such as trying to create the “perfect” evaluation form. The bad news is that, as far as we know, the perfect evaluation form does not exist. The good news is that you don't need the perfect form if all managers

and employees understand the system and its objectives, and if there is clear, open, and on-going communication between employees and their supervisors regarding job performance. While a good performance evaluation tool is an important element of a good performance management system, the personal interaction between employees and supervisors regarding performance is far more important than the tool that is used to record that interaction.

Unfortunately, many managers and employees alike do not look forward to the performance evaluation discussion. Managers are often uncomfortable in their role and may not feel prepared to pass judgment about another individual's performance. Employees may view the process as subjective or unfair because clear goals and standards have not been set. In some cases, neither party understands the process or its objectives and this increases the level of discomfort and distrust. While the following information focuses on the formal performance evaluation, it is important to remember that performance management is an on-going activity that managers and supervisors must engage in every day. Employees should receive regular feedback about their performance, both good and bad, and the annual, semi-annual, or quarterly review is just the culmination and formalization of these on-going discussions.

Let us offer a few performance evaluation tips.

There should be NO SURPRISES. Employees should always know where they stand in terms of their job performance. In practice, this means that organizations need to ensure that supervisors understand the importance of providing this feedback to all employees on a regular basis, that they have the skills needed to do this effectively, and that they are held accountable for doing so.

Performance must always be evaluated against objective standards that are identified and communicated in advance. Standards define the minimum acceptable level of performance that is applied to all employees in the same position or work unit. Employees need to know what is expected of them and what good performance looks like. For example, a productivity standard may set the minimum number of widgets that must be produced each day. This number is the standard against which all employees are evaluated. The critical part of this is to identify the indicators of good performance. If an employee does not know what good performance looks like, they are unlikely to perform as expected.

Although it is often easier to set standards for the performance of job tasks, it is just as important to set standards for job behaviors. Because performance should be measured in terms of behavior or action that can be objectively seen, appraisals should never be based on a person's "attitude" or what the supervisor thinks is going on inside the person's head. However, this does not mean that an employee cannot be disciplined for a "bad attitude" or rewarded for a "good attitude." It means that the actual behaviors that constitute a bad or good attitude must be defined. For example, a common behavioral factor upon which employees are evaluated is teamwork. It's not enough to state that an employee will be evaluated on good teamwork. The specific behaviors that constitute good teamwork must be identified. For example, good teamwork might require such things as active participation in team meetings, assisting others when needed, and communicating with co-workers in a courteous and respectful manner. These are actions that can be observed and documented.

Evaluations need to be prospective as well as retrospective. An important performance management element is goal setting. While part of the appraisal will focus on past performance, this is also the time to set goals for future performance. We highly recommend the S.M.A.R.T. model for goal setting. Goals should be Specific, Measurable, Attainable, Relevant, and include a Timeframe. The recommended number of goals is two to five depending on the nature of the job and the goals themselves. A follow-up time should be set to discuss progress based on established timeframes. Supervisors should not wait until the next review for this follow-up.

Employees should be active participants in the evaluation process. Some organizations have employees complete a self-evaluation form that is turned in to the supervisor before the review meeting or used for discussion purposes during the meeting. Even if this is not a formal process, supervisors should ask employees for feedback regarding their own performance, and employees should always be involved in setting goals for the next evaluation period. Employees are generally more committed to processes and goals when they have had a say in their development. The evaluation discussion itself should also be open and two-way. Supervisors should solicit information from the employee to determine if there is agreement or if further discussion is necessary for ensuring that the employee understands why the supervisor rated his or her performance a certain way. In cases where the employee presents information the supervisor had not considered, it may be appropriate for the supervisor to change the rating.

Most evaluation systems require that supervisors designate a rating or score for a variety of performance factors such as productivity, quality, dependability, teamwork, communication, applied job knowledge, etc. Specific comments should also

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be required to support each rating. These comments should include specific, observable examples of performance that contributed to the supervisor's decision to apply a particular rating. If comments are not provided, or are too general, the employee may not feel that the rating is objective and the supervisor may find it difficult to explain or defend the decision.

How the evaluation meeting is conducted is a major factor in determining how an employee will feel about the discussion. To help ensure that a meaningful and effective meeting takes place, there are some things a supervisor needs to consider such as privacy, seating arrangements, and time. Evaluation discussions should always be held in private and without interruptions. Some thought should also be given to the meeting location and seating arrangement. The employee may feel at a disadvantage if the meeting is held in the supervisor's office or if asked to sit in front of the supervisor's desk. If at all possible, try to level the playing field. Be sure to allow enough time for the meeting. If the employee feels rushed it can inhibit the conversation and signify that the supervisor does not feel this is an important meeting. One idea - depending on the organizational culture and the employee preferences - is to conduct the review over lunch, but never do this if there are serious issues to discuss.

Compliments and reassurances should be offered to the employee. Because the evaluation is based on performance in a variety of areas over a period of time, there should be areas of good performance even with employees who may have some performance deficiencies. However, it is very important to be honest and objective. Supervisors should never be tempted to gloss over issues or tell an employee their performance is satisfactory when it is not. This is the type of mistake you want to avoid. If it becomes necessary to terminate the employee, or if it becomes a lawsuit, it can cause the organization a great deal in time, money, and energy if the documentation is not accurate.

Finally, don't forget to set a time to follow up, and don't forget to provide employees with on-going feedback.

## NATIONAL SAFETY MONTH

A fatal injury occurs every six minutes and a disabling injury occurs every two seconds, according to the National Safety Council. Every year, unintentional injuries kill more Americans between the ages of one and 44 than any other cause, including cancer, heart disease and stroke. In an effort to promote public awareness and ultimately decrease the number of injuries and deaths, the National Safety Council has designated June as National Safety Month.

Medical expenses, property damages, employer costs and other expenses related to these injuries and deaths cost Americans an estimated \$500 billion each year.

Communities, businesses, educational institutions, and individuals nationwide are being encouraged to participate in the effort by holding a community event or working with their local law enforcement agencies, firefighters and other public groups. Originated by the National Safety Council, this June will be the fifth annual observance of National Safety Month. Each of the four weeks of June will focus on a different area of safety.

- June 3-9: Workplace Safety
- June 10-16: Home Safety
- June 17-23: Community Safety
- June 24-30: Driving Safety

Activity ideas, fact sheets and other National Safety Month information will be housed on the new Awareness in Motion website: [www.nsc.org/aware/nsmonth.htm](http://www.nsc.org/aware/nsmonth.htm).

### What Can You Do?

The way in which we choose to do our jobs has a dramatic impact on our personal safety and the safety of those around us. Each individual's efforts in promoting and maintaining workplace safety should be acknowledged.

Here are some ideas; customize these activities to reflect specific objectives and initiate awareness activities within your workplace:

- Sponsor a safety fair with booths representing every aspect of safety. Invite community services, such as utilities, law enforcement and the fire department to participate.
- Show safety videos and feature "safety talk" brown bag luncheon programs each week focusing on safety topics such as seat belt use or workstation design.
- Offer a first aid/CPR course for employees.
- Insert safety flyers in employee paycheck envelopes and customer invoices.
- Display safety posters in offices, on bulletin boards, at workstations, and at corporate headquarters.

- Recognize individual contributions to safety and health programs in your newsletter.

In addition to these activities, here are some workers' compensation pointers to remember for every organization.

- **Active participation**

Being an active participant in the workers' compensation claims process will invariably reduce your workers' compensation costs. One of the best ways to participate is to thoroughly investigate all new claims. If you can provide your insurance carrier with relevant, well-organized information about the employee, the alleged injury, and the nature of the work involved, you will give your adjuster a head start on his or her investigation.

- **Thorough investigation**

A thorough investigation helps your organization have a smoother and more thorough claims process. You help a legitimately injured employee by speeding up the process for payment. And you help the insurance carrier by contributing to a good defense, if the claim is questionable.

- **Transitional work**

Providing a modified-duty or transitional-work program is another way to participate in the claims process. By working with the insurance carrier and the medical experts involved in the case, you should be able to craft a way to return the employee to a fruitful job at your organization. There may even be another benefit in that you will learn of other ways in which various employees can do their jobs. This will help reduce claims down the road.

- **Reducing work**

If you are switching to a cost-sensitive policy from a guaranteed-cost policy to reduce premium, but are concerned about the risk, ask the carrier to limit the number of annual adjustments to two or three. This may be a less costly way to reduce long-term risk than a lower retention.

- **Ask for audit results**

Most insurance company claims departments and third-party claims adjusting companies perform internal audits of claim staffs. These audits determine if adjusters are performing up to the company's standards. Ask if any of your files have been audited and if you can see the results.

- **Safety-incentive programs**

Does your safety-incentive program reward individual employees who avoid workplace injuries and illnesses? If so, you should investigate whether this is illegal discrimination in your state. Some states regard withholding awards to injured employees as discrimination unless the employee is clearly at fault for his injury.

- **OSHA log**

Don't underreport OSHA cases for temporary-agency employees. Injuries must be reported on the log of the employer that supervises the injured worker, not necessarily the employer, for payroll purposes. If temporary-agency employees are injured while being supervised by your organization, be sure to add them to your OSHA log.

## LEGISLATIVE AND LEGAL UPDATES

### Washington State

Some of the Human Resources related bills that passed during this year's legislature were: unemployment for domestic violence/stalking victims (HB1248), allowance for employees to use sick leave or other paid time off to care for a sick family member (SB6426), and prohibiting health care facilities from requiring employees to work overtime (SB6675). An Unemployment Insurance Reform bill (HB2901) also passed, which shifts the unemployment insurance tax burden among employers. Some industries will see a dramatic increase in UI costs, while others will actually see a decrease.

On March 5<sup>th</sup> Governor Locke announced a two-year delay in the penalties for violations of the upcoming Ergonomics Rule. He announced that the rule stands and that he would veto any attempt to repeal it. AWB and the WE CARE coalition indicated that the suit filed against the Department of L&I, regarding the Ergonomics Rule, would continue. A hearing was scheduled in May in Thurston County Superior Court.

Governor Locke signed Senate Bill 5264, attempting to correct the misclassification of "temporary" state and local government employees. The new law requires "permatemp" workers (long-term workers classified as temporary employees) to be offered benefits consistent with those offered to other long-term employees. The misclassification stems from a cost-saving mechanism: since temporary workers traditionally do not receive benefits, employers save millions of dollars. According to David West, the executive director of a Seattle based non-profit agency that deals with permatemp issues, the law strives for fairness in classifying employees, and not as an attempt to expand benefits coverage.

This law only applies to public sector employees, as the Employee Retirement Income Security Act (ERISA) prohibits states from regulating the benefit plans of private employers.

## Oregon

On April 11, 2002, the Oregon Supreme Court ruled 1998 Ballot Measure 62 unconstitutional, citing it violated the single-subject requirement for constitutional amendments. The initiative, entitled the "Open and Fair Elections Act," ensured the right of both public and private sector unions to collect political campaign funds through payroll deductions.

Measure 62 allowed payroll deductions to be used for political activities such as contributing to political campaigns or to political parties. Lobbying does not fall under the scope of political activity. The court's decision adds a further notch in a divisive battle over payroll deductions, pitting Oregon unions against Oregon Taxpayers United, a tax watchdog group that now targets union activities.

In addition to Measure 62, another initiative was defeated by voters in 1998, two ballot initiatives concerning payroll deductions were defeated in 2000, and up to five new initiatives are being considered for 2002. Initiative Petition 18, one of the initiatives up for consideration this November, seeks to prohibit payroll deductions in both the public and private sectors, if the money is used for political purposes.

## Federal Legislation

Pension Reform has been the focus of a great deal of attention since the Enron problems. Numerous bills have been introduced since the Enron collapse. The main reform issues involve new contribution diversification rights, disclosure requirements, and incentives for retirement education. Other revisions involve "blackout" periods that would restrict executives from selling company stock while employees can't, as well as requiring a 30-day notice of a blackout period. This legislation is very hot and will receive a great deal of attention in the next couple of months.

The Department of Labor has introduced a new toll-free Participant and Compliance Assistance Number at 1-866-275-7922. It is intended to make it easier for employers, and employees, to get help with questions about their retirement and health benefit plans.

Unemployment insurance was also a big topic at the federal level. Legislation (HR 3090) to stimulate the economy and extend unemployment insurance duration passed the House and the Senate, and was signed by President Bush. The legislation includes \$8 million in special distributions from the federal unemployment trust fund to finance program administration, boost unemployment benefits, or extend benefits to those who are currently ineligible for unemployment. Also included is a provision that would provide states that have at least a 4% insured unemployment rate with an automatic 13 weeks of federally funded unemployment benefits beyond the initial 13-week extension. The final legislation did not include provisions for health care coverage for displaced workers. The Welfare to Work (WTW) and Work Opportunity Tax Credits (WOTC) programs were also extended through the end of 2003, as part of the economic stimulus package.

In addition, on March 25<sup>th</sup>, President Bush signed Public Law Number 107-154, which extends the current disaster unemployment insurance program for an additional 13 weeks. The measure extends UI assistance from 26 to 39 weeks for eligible individuals under the Disaster Unemployment Assistance (DUA) program. These benefits are to be provided to individuals who have become unemployed because of a Presidential-declared disaster. Employers do not fund the program directly.

**Senate committee clears bill barring discrimination based on sexual orientation** – Chances for approval have improved for a bill that would bar employers from discriminating against employees and applicants based on their sexual orientation. Introduced in several previous congressional sessions and defeated by a single vote in the Senate in 1996, the Employment Non-Discrimination Act, or ENDA (S. 1284), would extend civil rights protections to homosexuals in decisions of hiring, firing, promotion and compensation. Employers would be prohibited from collecting information about the sexual preferences of employees and potential hires. The bill would not allow quotas or special treatment of homosexuals and would not require employers to provide benefits for domestic partners. Religious organizations and businesses with fewer than 15 employees would be exempt. A companion bill, (H.R. 2962), is pending in the House and enjoys considerable support.

**EEOC settles first genetic testing case under ADA** – The first-ever Equal Employment Opportunity Commission (EEOC) lawsuit challenging genetic testing under the Americans with Disabilities Act (ADA) has ended with a mediated settlement of \$2.2 million. The agency alleged that the Burlington Northern Santa Fe Railway Company (BNSF) genetically tested or sought to test 36 of its employees without their knowledge or consent as part of a comprehensive diagnostic medical examination that BNSF required of employees who had filed claims or internal reports of work-related carpal tunnel syndrome injuries against the company. While BNSF denies that it violated the ADA or engaged in any form of workplace discrimination, it agreed to attempt to conciliate the charges with the EEOC through voluntary mediation. Under the terms of the settlement agreement, BNSF has agreed to:



- not use genetic tests in required medical examinations of its employees in the future;
- provide enhanced ADA training to its medical and claims personnel;
- have senior management review of all significant medical policies and practices; and,
- pay up to a total of \$2.2 million to the employees who were directed to appear for the medical examination for claims related to the genetic tests, as part of a larger settlement which included partial payments for claims filed under the Federal Employers' Liability Act (an act which regulates a railroad employer's liability to its employees for on-duty injuries).

**DOL's first set of industry-specific ergonomic guidelines targets nursing homes** – Secretary of Labor Elaine Chao announced that the first industry-specific guidelines to reduce ergonomic-related injuries and illnesses will be developed for nursing homes. "Nursing home workers suffer back injuries and other ergonomics-related problems. Our goal is to prevent these types of injuries and illnesses from occurring," said John L. Henshaw, Assistant Secretary of Labor for Occupational Safety and Health. "With the nursing shortage and other issues confronting this industry, it makes sound business sense for the stakeholders involved to be the first to tackle ergonomic problems in their industry." The draft guidelines are expected to be ready for public comment later this year.

**Bush calls for agreement on mental health parity legislation** – President Bush pledged to reach agreement with Congress this year on mental health parity legislation, declaring that "our health insurance system must treat serious mental illness like any other disease." Bush noted that he shares the same commitment to treating mentally ill patients fairly as Sen. Pete V. Domenici, R-N. Mex, who is co-sponsor of the Mental Health Equitable Treatment Act of 2001 (S. 543). The Domenici proposal prohibits placing any treatment limitations or financial requirements on benefits for a broad spectrum of mental health conditions unless comparable limits on treatments or financial requirements are imposed on medical and surgical benefits. The bill also includes an exemption for small businesses, defined as employers with two to 50 employees, because of the potential for increasing health care costs. Business groups were quick to criticize Bush's call for parity. A new mental health parity law would increase health care costs by about 1%, congressional analysts say. But the U.S. Chamber of Commerce and other business groups claim the price tag would be much higher and would force companies to pass on resulting increases to employees.

**House votes to make EGTRRA permanent** - On April 18th, the House passed 229-198, a bill (H.R. 586) that would make last year's \$1.35 trillion tax cut law (Pub. L. No. 107-16) permanent, improve taxpayer protections, and enhance Internal Revenue Service accountability. The bill would eliminate a provision of the 2001 tax law that would sunset the tax cuts at the end of 2010. This provision was included in the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA), in order to ensure that the legislation complied with Senate budget rules. Despite support for the measure, it appears unlikely the bill will be brought up for consideration in the Senate due to Majority Leader Thomas Daschle's (D-S.D.) objection to the legislation.

**IRS releases proposed regulations on plan notifications** - The Internal Revenue Service, on April 22, proposed regulations (REG-136193-01) that would clarify when pension plan administrators must notify participants of a change to the plan likely to significantly reduce future benefit accrual. The proposed rules would require notification:

- 45 days prior to most plan changes;
- 30 days prior to a change made in connection with a business merger or acquisition that only affects an early retirement program or retirement-type subsidy; and,
- 15 days prior to other changes made in connection with a business merger or acquisition or a change to a small pension plan.

The IRS has said the regulations aim to strike a balance between giving participants and affected parties sufficient notice to understand the amendment and its ramifications before it takes effect and allowing employers flexibility to change pension plans for business reasons, such as reorganization or cost-cutting, within a reasonable time. Prior to the EGTRRA, Section 204(h) called for 15 days' notice prior to adoption of a benefit-reducing amendment. Details of the proposed IRS regulation can be located via the following link: <http://www.irs.gov/pub/irs-reg/13619301.pdf>.

**House passes measure to split INS into two agencies** - The U.S. House of Representatives on April 25 overwhelmingly passed H.R. 3231, the Barbara Jordan Immigration Reform and Accountability Act, by a vote of 405 to 9. The measure, introduced by House Judiciary Chairman James Sensenbrenner (R-WI), would abolish the Immigration and Naturalization Service altogether and establish an agency of Immigration Affairs within the Department of Justice (DOJ), with two separate sub-agencies to be formed: one agency would be charged with immigration services, the Bureau of Immigration Services and Adjudications; and the other with enforcement and border control, the Bureau of Immigration Enforcement. It would also abolish the commissioner's post and create the position of associate attorney general. Other details of the INS restructuring include:

1. Establishment of an Office of Children's Affairs.
2. Determining whether Congress would consider closing "interior checkpoints" such as highway stops and transfer those responsibilities to border control.
3. Backlog reduction goal of 4.9 million.
4. More efficient tracking of student visa applications.
5. Commission of Government Accounting Office (GAO) study on efficient funding levels for the new agencies.
6. Creation of a general counsel's office.
7. Innovative pilot initiatives to eliminate application backlog and prevent the backlog from recurring.

On the other side of Capitol Hill, the Senate is preparing to consider their own INS restructuring legislation that differs from the House passed bill. The Administration has signaled cautious support for the House measure.

**Employee verification program promoted by SSA** - The Social Security Administration is promoting a website for employers to verify the social security numbers of current and potential employees. The web site contains instructions for *employers* and *third-party* submitters (accountants, service bureaus, etc.) to use Social Security's Employee Verification Service (EVS). The service will match your record of employee names and Social Security Numbers (SSN) with SSA's records before you prepare and submit W-2 Forms (Wage and Tax Statements). Making sure names and SSN's entered on the W-2 match SSA's security records is important because unmatched records can result in additional processing costs for the employer and unaccredited earnings for your employees. Unaccredited earnings can affect future eligibility to (and amounts paid under) SSA's retirement, disability and survivors program. EVS can help eliminate this common reporting error. The employee verification website can be located at <http://www.ssa.gov/employer/ssnv.htm>.

## Supreme Court Decisions

In a major victory for employers, the Supreme Court ruled that the Department of Labor's regulation requiring an employer to provide proper notice to an employee designating leave as FMLA leave was not valid. According to the DOL, failure to give proper notice ends the running of the 12 weeks of leave under the FMLA. In the decision in *Ragsdale vs. Wolverine Worldwide*, the court ruled that the penalty for failure to give proper notice is contrary to the FMLA's remedial scheme. However, employers should be very careful of adopting leave policies that "press" the notification edge.

In case you missed it, another issue involving the Americans with Disabilities Act (ADA) was put to rest by the Supreme Court. In *US Airways, Inc. vs. Barnett*, the Court ruled that it is generally enough, as a matter of law, to prove that the "accommodation" is not "reasonable" if an employer shows an employee's requested accommodation conflicts with existing seniority rules. Although it opened the door for exceptions, the Court said that as a general rule workplace seniority systems, whether collectively bargained or unilaterally imposed by the employer, will prevail over conflicting reasonable accommodation requests. Only upon a showing of special circumstances would an accommodation that conflicts with a seniority system be considered reasonable, and that burden rests with the employee seeking accommodation.

Employers of wait staff, valets, taxicab drivers, newspaper carriers, or any employee who makes over \$20 per month in tip income will want to watch for the U.S. Supreme Court's pending decision on tip income. The case, *U.S. vs. Fior D'Italia, Inc.* (Dkt. No. 01-463), tests the boundaries of the IRS' power to make tax assessments. Current federal law puts employers, such as restaurant owners, in the awkward position of having to pay tax on "deemed" income that was paid from patrons to employees. Under federal tax law, Federal Insurance Contributions Act (FICA) tax applies to wages, including tips, paid to individuals. The case focuses on whether the employer's share of FICA tax on employee tip income may be assessed on a reasonable estimate of the aggregate tip amounts received by all employees, or whether it must be based upon the accumulated results of individual audits. Because the aggregate tip reporting method does not identify the individuals who received the wages, the employer has no way to dispute the assessment of tax calculated by the IRS under this method. But the aggregate tip reporting method is the only way for the government to account for the disparity between amounts reported as tips on credit card purchases and amounts reported by employers as tip income paid to employees. Big money is involved on both sides.

**Labor organizers target women globally** - With the number of women in the United States who are union members reaching an all-time high of 6.77 million in 2001, organized labor is targeting women on a global scale. A new initiative, "Unions for Women, Women for Unions," seeks to double the number of women members and to improve working conditions for women in the trade union movement. The campaign represents a collaborative effort between the International Confederation of Free Trade Unions (ICFTU), the AFL-CIO and the Coalition of Labor Union Women (CLUW). According to the Bureau of Labor Statistics, in 2001, union membership increased by 93,000 among all women and 42,000 more Hispanic women were union members in 2001 than in the prior year. Between 1997 and 2001, 425,000 women joined the U.S. labor movement. Women have outpaced men as new union members for the last 20 years, and research indicates that workplaces with a majority of women workers are more likely to win organizing campaigns.



## COMPENSATION REVIEW, PLANNING AND DESIGN

### *A FEATURED SERVICE OF HR NORTHWEST*

The price of employee compensation and benefits is a major cost factor for any organization, large or small. In light of this enormous investment, compensation is fundamentally about balancing human resource costs with the ability to attract and retain good employees. For this reason, it is critical that organizations align their compensation practices with their organizational cultures in order to maximize the return on their investment and link pay to performance. Failure to do so can be costly on many levels for the organization.

HR Northwest offers a complete range of compensation services, which can enhance your organization's ability to connect your pay program to your organizational goals and objectives. These services include:

- Determination of exempt vs. non-exempt status
- Policy and philosophy development
- Job evaluation
- Job ranking or grading program
- Job description writing
- Salary/Market surveys
- Pay structures
- Incentive plans
- Performance management and pay for performance systems

In short, HR Northwest can provide expertise from design and refinement to the implementation of total compensation systems. Our broad range of skills and flexibility allow us to work within your budget.

Is your organization facing any compensation challenges? To conduct your own brief but personalized assessment of compensation within your organization, please turn this sheet over and answer the ten questions. Your answers should provide you with a thumbnail sketch of your organization's current needs.

Upon completion, please return this form, via fax, or contact any of our offices. One of our professional consultants will arrange to provide an hour of free consultation and a follow-up report. All information regarding your compensation program will be held in the strictest confidence.





## Compensation Needs Assessment Questionnaire

1. Are you receiving employee complaints about pay? ☐ Yes ☐ No
2. Is your organization losing employees because of pay? ☐ Yes ☐ No
3. Is your organization having trouble attracting qualified employees for the wages you want to pay? ☐ Yes ☐ No
4. Does your pay plan help your organization achieve its business objectives? ☐ Yes ☐ No
5. Does your organization have an established process for ensuring market competitiveness? ☐ Yes ☐ No
6. Does your organization have a written compensation policy that identifies your pay practices? ☐ Yes ☐ No
7. Does your Employee Handbook include information designed to answer employee questions about pay? ☐ Yes ☐ No
8. Are you sure that your decisions about overtime eligibility (exempt/non-exempt status) are correct so that you are safe from federal fines? ☐ Yes ☐ No
9. Is pay linked to employee performance? ☐ Yes ☐ No
10. Does your organization have a knowledgeable resource assisting with compensation issues? ☐ Yes ☐ No

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Organization: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_ E-mail: \_\_\_\_\_

If you answered "yes" to any of the first three questions, you may be facing some compensation challenges. If you answered "no" to three or more of the last seven questions, your pay practices may be costing you more than you think. If you have compensation questions or would like assistance in auditing, developing, implementing, designing or refining your compensation plan, please contact the office closest to you.

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## Q & A WHAT DO YOU KNOW ABOUT THAT?

By Steve Myhre, SPHR

We usually have a Q&A column that addresses a question we have received from one of our clients or Advantage newsletter readers. However, this month we thought we would turn the tables and try a different approach. We'd like to hear *your* answers to an HR issue. We will then share a sample of your answers in the next Advantage newsletter. We think this will be a great way for our readers to benefit from everyone's collective knowledge and experiences. Are you game?

### **Do bonuses need to be included in a non-exempt employee's pay for the purpose of calculating overtime pay?**

Email your answer to me, [smyhre@hrnorthwest.com](mailto:smyhre@hrnorthwest.com). In our next issue, I'll share some of your responses and perhaps offer some additional information or advice. Please let me know if you'd rather not have your name shared (which I would only do anyway if it made you look good!).

### **DAD'S WISDOM**

#### **When I was:**

4 years old:

My daddy can do anything.

5 years old:

My daddy knows a whole lot.

6 years old:

My dad is smarter than your dad.

8 years old:

My dad doesn't know exactly everything.

10 years old:

In the olden days, when my dad grew up, things were sure different.

12 years old:

Oh, well, naturally, Dad doesn't know anything about that. He is too old to remember his childhood.

14 years old:

Don't pay any attention to my dad. He is so old-fashioned.

21 years old:

Him? My goodness, he's hopelessly out-of-date.

25 years old:

Dad knows about it -but then he should, because he has been around so long.

30 years old:

Maybe we should ask Dad what he thinks. After all, he's had a lot of experience.

35 years old:

I'm not doing a single thing until I talk to Dad.

40 years old:

I wonder how Dad would have handled it. He was so wise.

50 years old:

I'd give anything if Dad were here now so I could talk this over with him. Too bad I didn't appreciate how smart he was. I could have learned a lot from him.

### **HR NORTHWEST CALENDAR**

*Open up your daytimers, computer calendars and palm pilots. The following is a look at upcoming events, special days and other diverse and fun activities you will want to be aware of and get scheduled.*

#### **JUNE**

National Drive Safe, National Adopt-a-Cat, National Flag, Gay and Lesbian Pride, and National Safety Month.

June 5      World Environment Day and  
National Cancer Survivors Day

**June 12      HRN Workshop - Willamette Valley  
Taking Care of Your Customers  
8:30 - 12 noon**

**June 13      HRN Workshop - Portland  
Managing Employee Performance  
8:30 - 12 noon**

June 14      Flag Day

June 16      Father's Day

**June 18      HRN Workshop - Puget Sound  
Leadership for Supervisors  
8:30 - 12 noon**

June 21      Summer Solstice. First day of summer

#### **JULY**

**July          Training Hiatus - All locations**

July 4, 5      IMPORTANT NOTE: HRN offices closed

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## ON MY SOAPBOX

People-watching is a fun and educational activity. I watch people whenever I can. Waiting in a lobby or in an airport, and attending a conference afford great opportunities to watch people. I look at their mannerisms, the way they communicate with one another, and how they express themselves through gestures, their clothing choices, etc.

For the last couple of evenings I have had a front row seat on humanity. It was a most intriguing experience. I was presenting at a conference in Las Vegas. That city must have the widest range of visitors no matter how you structure the criteria. The mix of ages, races, national origins, demeanors, expectations, behaviors, etc. is amazing.

I play blackjack. I always try to sit "third base," which is the last place at the table. That way I get a good view of all the cards that are played for each hand. It is also a great vantage point from which to watch the other players at the table and the people who pass by or stand to watch us play.

This last couple of evenings after the day's work was done have been particularly instructional. There was a huge range of people and behaviors. Some of the players who joined the table were newly 21 years old. This was their first "adult" excursion into Vegas and gambling. They were high-spirited and often ignorant of the rules, but anxious to learn and win. They were joyously pleased by each winning hand, and sent into momentary deep depression by each loss. There were people who popped on and off our table for only a couple of hands, giving the dealer only moments to make them rich. There were others like me, more ready to settle in and try to establish a rhythm with the dealer and the cards. Much of my experience was highly entertaining, but some moments were simply disgusting.

There is something about gambling that can bring out the worst in people. Instead of remembering that they chose to sit at the table and they pulled money from their pockets to bet (and probably lose), they act as if they are absolutely owed a winning hand. They are sullen, rude, and occasionally vulgar when they lose. One man was so inappropriate, the pit boss finally had him escorted from the casino. Prior to being tossed, the man threw his chips when he lost, spouted obscenities, and berated the dealer for taking a required card and winning with it. At first, everyone at the table tried to calm him down. Then we tried telling him that he needed to change his behavior. We were even so bold as to suggest that he didn't need any more alcohol. Then the dealer had finally had enough and she called the pit boss over. He started to argue, quickly raising his voice to a yell.

Upon his departure, we all had to talk about what happened. Everyone had an opinion and needed to express it. I sat there partly a participant and partly an observer, finding the whole thing fascinating as well as objectionable. The combination of alcohol and gambling are not designed to bring out our most positive traits. And it appears they do not foster personal responsibility for one's actions.

But just to leave this on a more upbeat note, as I left the table headed for my room, through with gambling for this trip, I placed one \$25 chip on the roulette table, number 35 (my favorite). The wheel spun, I held my breath, and the little white ball dropped neatly in 35. Winner! What a way to end my trip to Vegas!!

And on my way back to my room, I wondered who was watching me in those last few moments and enjoying my excitement at winning in just one roll.

- Judy Clark, President



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