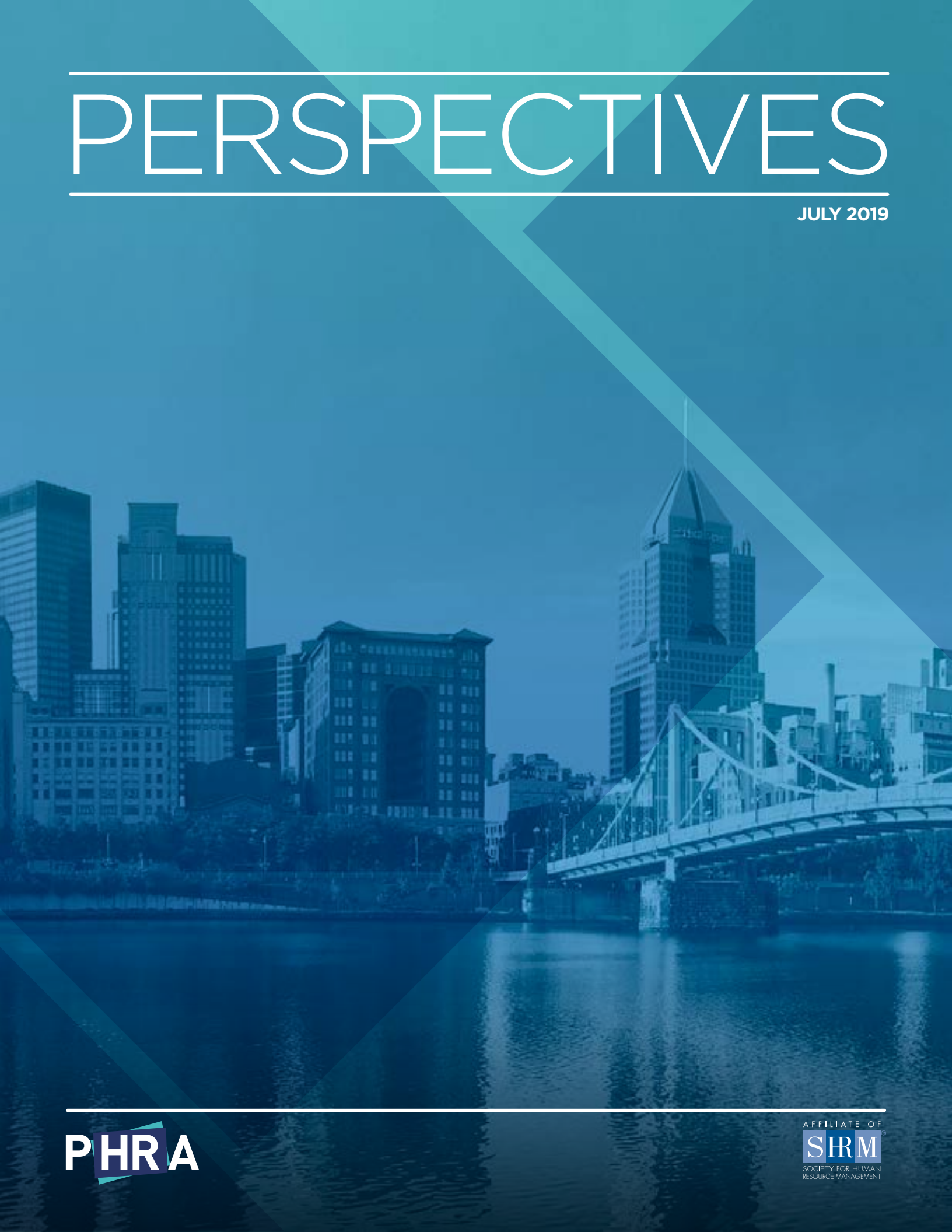


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# PERSPECTIVES

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JULY 2019



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**PHRA**

AFFILIATE OF  
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SOCIETY FOR HUMAN  
RESOURCE MANAGEMENT

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# PERSPECTIVES

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## PHRA PRESIDENT'S MESSAGE:

### Half-Way There – Let's Keep **TALKing!**

Janet Manuel SHRM-CP, PHR, President, PHRA

I can't believe my presidency for the PHRA is halfway completed. ....time flies by when you are having fun. ....I really am having fun and I hope you are too!

In the January Perspective, I stated that me and the board would **TALK** (The Actions Link Kinesthetically) to our members in 2019. As I reflect over the first six months, I believe we have done so through our offerings such as the HR Academy, Engaging Pittsburgh aka The PHRA Oscars, Golf and Bocce, Welcome and Checkup Calls to new members, Member Appreciation Breakfasts, The Coffee Corners – meet new board members, the various webinars and programs etc. that support this great profession and enhance your KSA's (Knowledge, Skills and Abilities) in Human Resources to benefit yourself and help move your organization.

We will continue to **TALK** (The Actions Link Kinesthetically). As members, many of you have **TALKed** (The Actions Link Kinesthetically) but I call upon you to **TALK** back to me and the board even **louder** for the remainder of my presidency!

#### **How can you do this?**

Let's set records of attendance for remaining events in 2019 i.e. annual conference, webinars, certification class, etc. Inundate us with Perspective Articles on HR topics that are written by you (our members), Link/Connect with us on Social Media (leave comments, share our posts etc.). Tell others who are not a member of the PHRA to join us and become part of the **TALK!**

These are a few things that you (our members) can do to **TALK** loudly with me and the board so that it echoes. Our combined **TALK** will tell everyone in the Greater Pittsburgh Region and beyond that the profession of Human Resources matters, is impactful and does make a difference to change the workforce!



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# Can Leadership Development Be Autonomous?

Richard Citrin and Michael Couch

During a discussion about the talent challenges facing a perspective client, the head of HR indicated that he did not think that the company needed to invest in leadership development. Instead, the HR manager believed that good leaders just “naturally bubble to the surface”.

In recounting the discussion, we took the concept a little further and decided that this bubbling, autonomous process should be called the “Effervescent Model of Leadership Development”. (We considered calling it the “Build it and They Will Come” model but that was taken.) We envisioned a process of eruptions, fizzing or other random emissions that spewed forth the next generation of leaders. Well, OK, it was funny at the time!

No, we do not think that effective leaders naturally bubble to the surface. We have entered the age of autonomous transportation but do not see autonomous leadership development anywhere on the horizon. Effective leadership development has to be much more deliberate and focused, what we refer to as Intentional Leadership Development.

Being more deliberate about leadership development begins by first understanding what success looks like in your company. An important foundation for identifying and developing leaders comes from translating your strategy into the competencies needed to drive success. There are some constants across organizations but different business strategies will typically require different leadership knowledge, skills and abilities (competencies). Because of the key link to strategy, competencies should define high-performance (not what is typical or average) and should focus on the future (not what it took to be successful in the past.) In addition, the list of critical skills should be short and sweet, not an exhaustive list broken down by level or function.

A deep dive into your strategy from a talent perspective should also highlight roles that are mission-critical. Mission-critical roles are those that can have a direct impact on growth, that are responsible for key component of the strategy and/or that require important knowledge or skills that are scarce. Beyond identifying current mission-critical roles, it is also important to identify roles or skills that may be required in the future. For example, a client’s growth strategy included moving from a functional structure to market-focused business units. Business unit leaders are strategic roles and require a much different set of competencies than functional heads.

Opportunities for intentional development are highlighted when you assess your current talent against the mission-critical competencies and matching the resulting profiles to mission-critical roles. When we work with organizations to assess their talent, we typically uncover a variety of opportunities to improve the organization’s leadership capability. In some cases, we find that the company has more leadership capacity than they realized; the talent is just not placed where it can have the greatest impact. But we also find high potential leaders reporting to low-skilled managers, ineffective leaders in critical roles, skill gaps in key talent pools, or mission-critical roles without ready-now, capable back-ups.

## Can Leadership Development Be Autonomous? (Cont.)

The actual skills building part of Intentional Development comes from targeted development plans that build or enhance mission-critical competencies for the leaders in mission-critical roles . . . or for high-potential future leaders in the talent pipeline. Intentional Development Plans seldom involve taking a class or going to a leadership workshop. The Plans build development into the day-to-day challenges and experiences that all leaders face since that's where most learning occurs. Intentional Development Plans are also built with a specific business impact in mind and deliberate step-by-step learning experiences to achieve the impact.

As you can see, nothing of effective leadership development is naturally bubbling. And the only autonomous component of Intentional Development occurs when leaders understand what effective development looks like and can take steps to learn from the variety of challenging experiences they face throughout their careers. The Effervescent Model of Leadership is sure to go flat (sorry) and leave adherents with a shortage of capable leadership talent and poor business performance.

Michael and Richard are the co-authors of *Retooling Leadership Development* to be published by Taylor Francis in 2020. You can reach Michael at [michael@mcassociatesinc.com](mailto:michael@mcassociatesinc.com) and Richard at [Richard@citrinconsulting.com](mailto:Richard@citrinconsulting.com)

# How to Not Get Ghosted by A Potential New Employee

By: Dana Hoelle, Talent Acquisition Specialist at Passavant Memorial Homes Family of Services

If your company has tried to fill an open requisition lately, you know how tough it is. It is a candidate's market with record low unemployment rates.

As an employer, it is frustrating when you put countless time and effort into candidates and they "ghost" us. Ghosting (for those who were thinking about Googling this term) refers to a situation when a person cuts off all communication with zero warning. Some examples of ghosting in the Recruiting/HR world can include: not answering calls and/or emails, scheduling an interview but not showing up, or worse ... accepting job offers and never showing up to work.

I have put together some tips and tricks that have helped me in this situation and can hopefully help fellow Recruiting/HR professionals, like you, as well!

## **Employer Branding**

First impressions are everything during the hiring process. In this day in time, social media presence is crucial. The first thing candidates are doing when applying for a job is checking for an active social media presence and online reviews of your company. If your company does not have a Glassdoor account, the first step would be to create one! They are free, and they give you a chance to showcase your company in a positive light. The second step would be to monitor your reviews that you are getting on your social media sites (Glassdoor/Google Reviews/Facebook). Make sure you are responding to your reviews (not just the good ones) to show candidates/employees that you care/have an active presence.

## **Application/Screening Process**

Candidates do not want a lengthy process when having to apply for a job. Do not make them jump through hoops when applying! Have your application be short, sweet and to the point. If a candidate knows your application process will take 30+ minutes, it is sad to say but they will not complete it.

Once the applications start rolling in, screen them in a timely manner (Candidates are most responsive within three days of submitting their application). Another tip I have is to not just get back to the candidates you wish to interview but the rejected candidates as well (Get back to them via phone in a timely manner and not just when the job closes with a generic rejection email ... make it personal/help them improve!).

## **Interview Process**

After reaching out/screening your chosen candidates, it is time for the in-person interview process. When a candidate comes to your office, create a welcoming environment. Some tips to create a welcoming environment includes having coffee and/or water when they arrive, having someone greet them at the door, interview the candidate in your best location (your nicest boardroom, etc.). Little things like this have a real impact on the candidate and can be a make or break in having the candidate choose your company.

## How to Not Get Ghosted by A Potential New Employee (cont).

After the interviews are complete, set expectations of when you will give the candidate a decision. Make sure you give the candidate an idea of when you will get back to them and actually get back to them (If you don't have feedback yet ... tell them! They appreciate the honesty rather than being left hanging). Communication is key!

### **Onboarding Process**

When your decision is made and you offered your ideal candidate the position, don't forget to keep "selling" your company until the candidate is present for their first day. Once they are through the door, make their onboarding process/first day easy (email them paperwork in advance, give them a tour, welcome lunch, etc.). Giving them a welcoming first day will have them bragging to their friends/family of how great of a company they work for!

Lastly, always remember candidates have choices ... give them a reason to pick your company!



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# EEO-1 Data Reporting Deadline for Compensation Data Established

By Arthur J. Gallagher & Co.

## Gallagher

In late April, the U.S. District Court for the District of Columbia ordered the U.S. Equal Employment Opportunity Commission (“EEOC”) to begin collecting employee compensation and hours worked data for 2018 on Form EEO-1 by September 30, 2019. The court also gave the EEOC a choice of either requiring the reporting of compensation and hours worked data for 2017 this year or requiring the reporting of 2019 data in 2020. On May 1, the EEOC announced its decision to require the reporting of compensation and hours worked data for 2017 by the September 30, 2019 deadline.

## Background

Employers with 100 or more employees and federal contractors with 50 or more employees are required to provide demographic data to the EEOC annually using Form EEO-1. Historically, employers were required to report on the number of employees by job category, sex, race and ethnicity (which EEOC calls Component 1). In September 2016, the EEOC announced that it was revising Form EEO-1 to include employees’ Form W-2 earnings and hours worked into 12 pay bands for 10 EEO-1 job categories (which EEOC calls Component 2). This new requirement applies to employers with 100 or more employees. It does not apply to federal contractors with 50-99 employees.

However, the Office of Management and Budget ordered the EEOC to halt the collection of Component 2 data and in September 2017 the EEOC issued a stay on the collection of Component 2 data. After litigation, in March of 2019, the D.C. District Court issued an opinion reinstating the EEOC’s obligation to collect Component 2 data. Thereafter, in early April, the EEOC advised the court that its current data processes were not capable of collecting the additional information, but that if it hired an independent contract to assist with the process it would be ready by September 30, 2019. For more detailed information on the background, please see our previous articles “Stay Alert Employers: D.C. Court Rules that You Have to Provide Your Pay Data to the EEOC” ([click here to access](#)) and “EEO-1 Reporting Deadlines” ([click here to access](#)).

## What Employers Need to Do Now

Affected employers still need to report Component 1 data by the May 31, 2019 deadline. The September 30 deadline does not apply to Component 1 reporting. The EEOC website that contains information on reporting of demographic information is operational and ready to accept Component 1 data from employers. ([Click here to](#)

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## EEO-1 Data Reporting Deadline for Compensation Data Established (Cont.)

access information, such as who must file, what, and when). A sample form for Component 1 is also available on the EEOC website ([click here to see the sample](#)).

Employers with 100 or more employees should collect the 2017 and 2018 compensation and hours worked information (Component 2) that must be filed by September 30, 2019. The EEOC is not yet able to accept this data, but anticipates being able to do so by mid-July. The EEOC will notify filers of the precise date the survey will open as soon as it is available. Although it is possible that there will be legal challenges to the D.C. Court's decision, there is no certainty that any challenge will succeed, particularly given the relatively short time frame. As a result, employers should collect compensation and hours worked data to have it ready to report before the deadline. A first step in this process is to determine how W-2 compensation information will be split into the 12 pay bands required for each of the 10 EEO-1 categories. Employers will also need to determine how to report hours worked. In 2016 the EEOC had posted a sample report for Component 2 data on its website. Unfortunately, that sample is no longer available. However, the 12 pay bands plus guidance on what compensation to report and the definition for "hours worked" reporting for nonexempt and exempt employees is contained in the EEOC's July 14, 2016 Notice ([Click here to access](#)). Human Resources staff will likely need to work with IT and in many cases their outside payroll vendor to ensure that they will be able to collect and report compensation and hours worked data on time. Since this process involves reporting a significant amount of new data and will also involve the outside contractor used by the EEOC, cautious employers may want to provide Component 2 data to the EEOC before the September 30, 2019 deadline to avoid any potential last minute problems with the transmittal of the data.

Unless there is a successful legal challenge to the D.C. Court's decision, employers will need to report this information sometime between the date when EEOC is prepared to accept Component 2 data and the September 30, 2019 deadline. Since the situation is fluid, employers should be on the alert for additional developments and for any additional guidance provided by the EEOC.

*The intent of this article is to provide general information on employee benefit issues. It should not be construed as legal advice and, as with any interpretation of law, plan sponsors should seek proper legal advice for application of these rules to their plans.*

# Employee Benefits Compliance: Three Employee Benefits Plans That Your Company May Be Overlooking

By Anne D. Greene, Esq., Cozen O'Connor

Although changes to medical benefit elections and 401(k) contribution issues often dominate discussions with employee benefits counsel, ensuring compliance for benefits plans has its foundation in careful review of written plan documents, descriptions, programs, and policies. Benefits programs are governed by rules and regulations set forth in the Internal Revenue Code (the "Code") and the Employee Retirement Income Security Act ("ERISA"), which control administration of programs but also contain requirements for the written plan materials. Ensuring that your company's documents are up to date will save headaches, time, and money for both the company and employees. Below are three types of plan documents that are often pushed to the back of the file box without review and sometimes altogether forgotten.

## ***Section 125 Cafeteria Plan***

If a company offers pre-tax salary contributions, it likely has or needs a written cafeteria plan document. A cafeteria plan is simply a means to allow employees to select benefits, such as medical premiums, health savings accounts, dental, or dependent care assistance, and pay for those benefits on a pre-tax basis. The cafeteria plan does not provide the underlying insurance, but merely a choice between compensation and pre-tax benefits.

Cafeteria plans are governed by section 125 of the Code. A key requirement under the Code is that the plan must be written. This means that without a written document employees cannot direct pre-tax payments from their salary to pay for benefits. The implication of not having a written plan document is that the compensation withheld for payment of benefit premiums should have been treated as taxable to the employee and employment taxes should have been paid on the same compensation by the company.

Although model plan documents are available from vendors and third-party administrators, the cafeteria plan document should still be given careful review. Cafeteria plan rules are strict as to what the plan document must contain. Often model documents supplied by vendors contain issues such as erroneous plan year, benefits left out, or "change in status events" not being listed in the document that exist in practice. Review of the cafeteria plan document and inventory of the underlying benefits can help avoid these compliance problems.

## ***Form 5500 Wrap Plan***

Companies sponsoring ERISA plans are generally required to file an annual Form 5500. Each individual plan must be filed with its own number, such as 501 or 502. However, companies have another less cumbersome option to filing the Form 5500 for each individual ERISA plan. Rather than having multiple Form 5500 filings every year, companies may combine the plans governed by ERISA into a single "wrap" plan document. The wrap plan stands as its own plan and consequently allows companies to file a single

## Employee Benefits Compliance: Three Employee Benefits Plans That Your Company May Be Overlooking (Cont.)

Form 5500 with its own plan number. Look to employee benefits counsel for help preparing or updating the company's wrap plan.

### ***Severance Plan Document***

If your company offers post-employment pay or COBRA subsidization, it may want to revisit its severance program. Often, companies have not considered whether their program would be considered a plan governed by ERISA. The analysis of whether a plan qualifies as an ERISA plan is a facts and circumstances analysis that employee benefits counsel can guide the company through. Failing to look at a severance plan and determine whether it is governed by ERISA can lead to unexpected claims and penalties for failure to comply with ERISA compliance rules if a court decides that the severance program is, indeed, an ERISA plan. Although you may have heard a caution against creating an ERISA severance plan, the real danger is unknowingly creating an ERISA severance plan.

In practice, there are tangible benefits to creating an ERISA severance plan. Two key benefits are: (1) the written claims and appeals procedures and (2) access to federal court. ERISA plans are required by law to contain claims and appeals procedures. These procedures set forth guidelines of how claims for benefits, by employees, former employees and participants, should be handled. When properly followed by the company, these claims and appeals procedures not only provide a black and white guideline for benefit determinations but also offer substantial litigation benefits if the case ever reaches court. A second benefit is that ERISA preempts state law, meaning that ERISA, and not state law, will control the resolution of the case. This means that any case brought by a participant will need to be brought to or removed to federal court, which is usually favorable to employers.

Employee benefits and ERISA are not always the most talked about subjects at a party. However, when you are talking to the IRS, Department of Labor, or an employee claimant, it is comforting to be able to point to something that is black and white. Take advantage of that rare opportunity and double check your company's file box.

# Follow My Lead: How Leadership Training Can Improve Your Personal Value as a Business Partner and, Ultimately, Your Team

By: Christian Antkowiak and Erin McLaughlin

Workplace conflict is considered by many to be an unavoidable and inevitable cost of doing business. It simply cannot be avoided.

**The good news:** well-trained leaders can reduce workplace conflict and protect the company from litigation, improve employee satisfaction and retention, and contribute significantly to a company's growth prospects. Sound familiar? These are the same objectives many of you strive to accomplish as human resource professionals within your organization.

As employment lawyers, we see leadership training as an indispensable – but often overlooked – training component that every human resource professional should embrace on a personal level and champion within their organization.

## Understanding What's at Stake

There are obvious benefits in having a workplace that cultivates great leaders, who in turn foster positive employee relations. For starters, members of a well-functioning workforce are less likely to initiate litigation. Last year alone, over 75,000 charges of employment-related violations were filed with the U.S. Equal Employment Opportunity Commission (and believe it or not, this number decreased from prior years). The financial costs of responding to and defending against employment claims may be, and usually are, in excess of six-figures. Additionally, employment-related litigation is a long, arduous, and time-consuming process for companies, often exceeding a year to resolve a single matter.

There are less obvious benefits as well. By way of illustration, but by no means limitation, effective leaders foster loyalty which can have a tremendous impact throughout an organization. Consider this commentary from a recent Forbes article on the essential qualities that define great leaders:

The best leaders understand that true loyalty is reciprocal. Because of this, they express that loyalty in tangible ways that benefit the members of their teams. True loyalty is ensuring that all team members have the training and resources to do their jobs. It's standing up for team members in crisis and conflict.

<https://www.forbes.com/sites/kimberlyfries/2018/02/08/8-essential-qualities-that-define-great-leadership> (6/21/2019). Effective leaders are also known to facilitate trust and transparency through constructive, ongoing dialogue with members of their teams. This process can be challenging and requires hard work, commitment and accountability. Moreover, effective leaders boost morale, which often translates to a more productive, driven and engaged workforce, which leads to improved satisfaction among customers and clients alike. Strong morale also tends to lead to lower rates of absenteeism and employee turnover.

The question we ask is, as human resource professionals, how many of you are embracing leadership training on a personal level and championing leadership training in your organization?

# Follow My Lead: How Leadership Training Can Improve Your Personal Value as a Business Partner and, Ultimately, Your Team (CONT.)

## **Jumpstarting the Process**

When is the last time you thought about, let alone devoted time to, becoming a better leader in your organization? Human resource professionals that neglect to hone their own leadership skills are putting themselves at a critical disadvantage. Those who invest in themselves often reap the rewards of having “a seat at the table” because, among other things, they can serve to inspire both superior and subordinate employees, play a critical role in the analysis of (and solutions for) mission-critical business problems, drive results, and empower other team members to succeed. As you think about your personal and professional goals for the remainder of this year, consider devoting some time to becoming a better leader in your organization.

At the organization level, consider making leadership training a part of your organization’s standard employee training regimen. Don’t know where to begin? Start small. Identify those who have what it takes and work with a trusted business partner to provide them with targeted leadership training. Make it interactive. The best leadership training classes are structured in a motivational, interactive, and conversational way. Finally, make it a going concern. Leadership is a process, not an end-point. Consider holding a kick-off training session followed by quarterly “lunch-and-learns” focused on discrete leadership traits and best practices for developing them.

Good luck!

# When They Don't Wanna': What To Do When Employees Don't Want To Take FMLA Leave

By: Mariah L. Passarelli, Esq., Cozen O'Connor

The Family and Medical Leave Act ("FMLA") applies to employers with 50 or more employees. Marking the 20th Anniversary of the FMLA in 2013, the United States Department of Labor's Wage and Hour Division released the findings of a survey entitled *Family and Medical Leave Act in 2012: Final Report*. That Survey (which remains the most recent data available) showed that "nearly 60% of employees meet all criteria for coverage and eligibility under the FMLA." See <https://www.dol.gov/whd/fmla/survey/>.

Successfully administering the FMLA is a challenge for many employers in the best of circumstances. One situation that has been historically difficult to navigate occurs when an FMLA-eligible employee demands to take paid time off ("PTO") before beginning a period of FMLA leave, instead of exhausting his/her PTO concurrent with FMLA leave (as required by many employer policies). The Department of Labor ("DOL") recently issued an Opinion Letter that clarifies the rights of employers in such a scenario (DOL Opinion Letter FMLA2019-1-A).

In the related request for an Opinion from the DOL, the employer stated that some employers "voluntarily permit[ ] employees to exhaust some or all available paid sick (or other) leave prior to designating leave as FMLA-qualifying." The employer asked the DOL to clarify whether such a practice – essentially delaying the start of FMLA leave, even where an employee is clearly FMLA eligible – was lawful.

In its response, the DOL explained that employers have the discretion to permit employees to use PTO concurrent with FMLA leave, so as to render some period of the FMLA leave paid, and the discretion to implement leave policies that are more generous than the FMLA. However, the DOL advised that employers may not use this discretion to delay the designation of FMLA-qualifying leave.

In reaching this conclusion, the DOL relied upon 29 CFR § 825.220, entitled "Protection for employees who request leave or otherwise assert FMLA rights." Specifically subsection (d) of this regulation states that "Employees cannot waive, nor may employers induce employees to waive, their prospective rights under the FMLA." On this basis, the DOL stated that "[o]nce an eligible employee communicates a need to take leave for an FMLA-qualifying reason, neither the employee nor the employer may decline FMLA protection for that leave."

Practically applied, when the employer receives a request for FMLA leave from an eligible employee or otherwise becomes aware of an eligible employee's FMLA-qualifying need for leave, it must notify the employee of his/her FMLA eligibility and provide the employee with the requisite Certification of Health Care Provider within five (5) business days. The employee then has 15 business days to return the Certification, completed and signed by his/her healthcare provider. Even where the employee asks to use PTO in lieu of FMLA leave, if the employer determines that the employee has an FMLA-qualifying need for leave, the employer must designate the employee's time off as FMLA leave. In other words, the employer cannot permit the employee to use, for instance, two (2) weeks of accrued PTO prior to beginning FMLA leave, such that the employee has up to 14 weeks off.

Particularly for employers with generous PTO policies, this Opinion is welcome news.



# Financial Wellness and Summer - Don't Take a Vacation From Your Finances

By: Carl Lander, Financial Wellness Speaker, Trainer, & Author, C3 Financial Services

## **Vacation season is here!**

Don't let summer vacations break your financial plan or and make your journey something you regret when you return home. Often times, people will take one more "grand family vacation" before their high school or college graduate starts their new job or before their child leaves for college.

Here are several ideas to have a great time and create lasting family memories while not spending thousands of dollars.

## **Visit friends and family**

Have friends or family that live out of town or in a different state? You probably want to see each other more than just at weddings and funerals. Plan a visit with friends or family and make memories that last a lifetime. You'll get to spend time with people you love, instead of wishing you had!

## **Tour Pittsburgh**

Pittsburgh, like many cities, offer summer outdoor movies, concerts in the park, and other free events. Visit Pittsburgh's visitors bureau and you can find events that interest you. For example, there is a recently published book that lists 100 things you should do in Pittsburgh before you die. Many of these are experiences and events that you may not be aware of. Hundreds of thousands of tourists come every year to experience Pittsburgh. If you haven't fully explored Pittsburgh or our local area, it's a great way to have a wonderful time and see things you haven't seen before.

## **Season passes**

Instead of one time admission fees, consider purchasing a season pass. Many attractions offer season passes. If you're going to go to the attraction once, look at the cost of a season pass. How many times do you see everything on one visit? If it's an attraction you will visit more than once (amusement parks, changing exhibits at museums, conservatories, etc. . .), the season pass is definitely a money saver.

## **Take a weekend or mid-week trip**

If you need to get away, taking a couple days could just be what you need. We have many wonderful areas to visit and beautiful sights to see that are day trips. Are these as relaxing as a weeklong trip? Well, no, but it doesn't cost nearly as much. If you take a couple vacation days in the middle of the week, the cost can be even lower. Hotels or Airbnb's are pricier on the weekend. A quick two or three day getaway can be refreshing and recharge your batteries.

## **Utilize discounts**

Do you belong to a warehouse club? AAA? Does your workplace offer discounts for employees?

You may already have discounts available to you that you don't know about. Warehouse clubs offer travel discounts if you use their member services. If you belong to AAA, many discounts are available both

## Financial Wellness and Summer - Don't Take a Vacation From Your Finances (Cont.)

locally and nationally just by showing your card. You may have to ask the vendor sometimes, but most have signs that say AAA discount available.

Your employer may offer discounted tickets for employee appreciation day at amusement parks or sporting events. Sometimes these tickets are available all year long. Check with your employer to find out what offers are available.

Make your vacation something to remember and not something difficult to deal with once you get home.

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Carl Lander works with organizations to bring financial wellness to the workplace. He is a personal finance expert and the author of *Bite-Size Budgeting: Making Your Budget Work for You*.

# Setting Performance Goals: One Size Fits...One!

By: Bill Thomas, SCP, SPHR, Managing Principal, Centric Performance

## THERE IS NO MAGIC FORMULA

The ability to set effective performance goals and expectations is a key trait of high-performing organizations. But it's an elusive trait for many. Making sense of the numerous processes and techniques being used across the country can be mind-boggling. A key part of the challenge for many organizations is trying to find that one approach or model that can accommodate every level of the organization and every type of job. The fact is – that one model does not exist.

Many organizations find a model that intrigues them and then try unsuccessfully to force-fit it into their organization. Today's increasingly complex and varied organizations make it both impossible and impractical to try and find a single, one-size-fits-all approach. In our experience and view, one size usually fits...one! So we need to refresh our mindsets and approach when it comes to effectively setting performance goals and expectations for our managers and employees.

First, it helps to recognize the highly varied make-up of most organizations. They can consist of, among others, unskilled and semi-skilled employees,

laborers and production employees (union and non-union), clerical and administrative employees, knowledge workers, technical employees, and managers at the front-line, mid-level and senior manager levels. The responsibilities and work deliverables among them vary widely – from very short term and basic tasks and assignments to often longer term and more complex, multi-faceted projects. We find it helpful to view the organization's make-up as a spectrum of responsibilities and corresponding skills and deliverables. See the diagram below.

Generally speaking, employees who are in roles to the left side of the spectrum tend to be more task and transaction oriented with shorter term deliverables. While those to the right side tend to be more relationship management and project-oriented with relatively longer term deliverables. We find assignment priorities and job description related goals to be more applicable to those towards the left, and annual goals or project-based goals to be more applicable to those towards the right.

## SMART STILL WORKS – STRETCH MAY NOT

Regardless of an organization's make-up, we still find SMART goals to be highly useful in organizations that use them appropriately. Whether an individual sets task-oriented priorities or project-oriented goals, we should still strive to ensure they are **S**pecific, **M**easurable, **A**ttainable (or Achievable), **R**elevant and **T**ime-Bound.

From the most basic assignments to the most complex projects – SMART does work. Though many organizations still struggle with making it work. The two areas where we see the most struggles are with Measurable and Attainable.

## Setting Performance Goals: One Size Fits...One! (cont.)



**Measurability.**<sup>1</sup> One of my colleagues, an Industrial Engineer, insists that everything can be measured. And watching him work over the years – I’ve come to agree with him. Nonetheless, coming up with quantitative measures for some goals may not be easy, time-effective or even necessary. In many situations, observation of something can be a proxy for measuring it. For example, you might give a manager a goal of closing every meeting she conducts with a recap of action items – summarizing the team’s next steps as well as who owns them and when they are due. It isn’t a numerical or measurable goal as you aren’t going to literally count how many times she does and doesn’t do it. It is an observable goal where if you were able to observe meetings where she didn’t do it – then the goal wasn’t being sufficiently met.

**Attainability.** The problem here is that over time, “Attainable” morphed into “Attainable but provides stretch.” The thinking was that the more difficult the goal, the higher the level of learning and motivation it provided to the performer. So stretch goals came into vogue as a way to challenge the performer to strive for something beyond just performing their normal job. The goal had to be achievable but it also had to require the employee to stretch beyond their skill level, or comfort zone, or scope of responsibility to achieve it. That approach, however, came with problems for some organizations.

One problem was subjectivity. Stretch is unique to the individual. What requires me to stretch in my role might represent far too much stretch or no stretch at all to my co-worker performing the same role. So setting appropriate stretch goals took time and thoughtfulness. Another problem evolved as these stretch goals increasingly became an extraneous layer of work often lacking any real linkage to the performer’s job or work unit. And that conflicted with the requirement that a goal be Relevant. But stretch goals are still very useful and appropriate in the right situations and if done effectively.

An alternative we’ve been using, which can help strengthen the pay-for performance linkage, is “Attainable and Adds Value.” This means to be **SMART**, a goal must be attainable but can’t just maintain the status quo – it must improve the status quo. It must improve or add value to, or have a positive impact on, the person’s job, a particular work process, assignment or project, their department’s priorities, etc.

This value-add or impact criteria has been used by a number of organizations. For example, at The GAP, employee goals must answer the question: “What’s going to be different in the (department, company, world, etc.) if you’ve succeeded at what you’re doing?” Microsoft now uses core priorities which are short

## Setting Performance Goals: One Size Fits...One! (cont.)

statements about what they'll accomplish and the impact of it. The duration of priorities can vary from 3 months to 3 years and are captured and reported on a tool they call Impact Summaries.

### **SHIFT TO SMALLER, SHORTER GOALS**

Even where annual goals make sense for given populations in an organization – there is clear benefit to chunking those larger goals into shorter ones. From an execution standpoint, it helps with monitoring progress, identifying obstacles, aligning resources and effectively making course adjustments. It also helps from an employee engagement standpoint. For example, frequent reinforcement of progress is more motivating than waiting for total achievement before you recognize or celebrate success. Also, data shows the more often people hit a target, the faster they improve their performance.<sup>2</sup> We'll further discuss these benefits in our next newsletter.

### **CONCLUSION**

To optimize their effectiveness, performance “goals” must be meaningful to both the organization and to the individual performer. SMART goals – especially when they involve value-added impact – help ensure the goals are meaningful to the organization. The process the organization uses to identify and pursue those goals can ensure they are also meaningful to the individual performer. In our next newsletter, we'll be discussing a proven approach to identifying and pursuing goals that helps ensure they are also meaningful to your performers.

Let us know if you have any questions or want to learn more about the approaches and techniques described above.

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<sup>1</sup> For more information on measurability, see “How to Measure Anything” by Douglas W. Hubbard; 2nd Edition; John Wiley & Sons; 2012

<sup>2</sup> For more data, see related research efforts conducted by David Rock, Aubrey Daniels and Carol Dweck, respectively.

# NEW MEMBERS

**Cindy Ambrosini**

MHY FAMILY SERVICES

**Kristen Bates**

PathWays of Southwestern PA

**Jennifer Beighley**

**Justine Bolam**

Nine Energy Service

**David Brauer**

Priority Bridge LLC

**Carol Brenneisen**

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**Min Cai**

University of Pittsburgh - Joseph M. Katz  
Graduate School of Business

**Jodi Dunkle**

Nine Energy Service

**Karrie Dunn**

Wyndham Hotels & Resorts

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Kabeyia & Kompany, LLC

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**Kayla Panning**

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**James Singer**

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Allegheny Health Network

**Jake Young**

Mobilize 360 LLC

## ON THE MOVE

**Congratulations to the following PHRA members on recently achieving their SHRM certification:**

- Laura Engle, **SHRM-SCP**, AK Steel
- Melissa Liberatore, **SHRM-SCP**, Tier1 Inc.
- Abigail Painter, **SHRM-CP**, Highmark Health
- Lorrie Safar, **SHRM-SCP**, Carnegie Mellon University



# 2019 EVENTS

The Pittsburgh Human Resources Association offers many valuable networking and education programs throughout the year. Keep an eye on the PHRA online event calendar for a complete and up-to-date listing of all programs. Register for an upcoming event today!

To learn more and register for PHRA events

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One Gateway Center  
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Phone: 412-261-5537  
[www.PittsburghHRA.org](http://www.PittsburghHRA.org)



**August 1 | Network**  
Member Appreciation Breakfast-West

**August 19 | Learn**  
Fall SHRM-CP & SHRM-SCP Prep Class Begins

**August 20 | Learn**  
Diversity & Inclusion: Strategies & Tactics

**August 22 | Learn**  
The PHRA Experience Webinar: Making the most of Your Membership

**September 17 | Learn**  
Preparing Your Technology Workforce to Transition to Cloud-Computing

**September 21 | Network**  
PHRA Community Day

**October 8 | Learn**  
Journey Mapping the Candidate Experience: Your Edge to Get Great Talent in the Tightening Talent War

**October 22 & 23 | Learn**  
Annual PHRA Conference

**November 14 | Learn**  
Pre-Employment Post-Offer Testing: Where Do I Start?

**December 10 | Learn**  
Lean Six Sigma Overview



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