

Leading Your Business in an Unpredictable Economy

This uncertain economic environment is making it more difficult than ever to make strategic financial decisions in my commercial construction business. Any tips on how to operate when you don't know what the economic climate will be in the coming months?

During tenuous economic times, leaders of enterprises of any size can benefit from focusing on some "best practices" to stay on track, includ-

ing staying focused, facing financial reality, communicating with employees, and even staying healthy.

You are not alone in your observation that it is a difficult economy to predict. CEOs from major U.S. companies report that the economic outlook is difficult to forecast and are preparing themselves for the possibility of more volatility in the near future, according to a October 9, 2007, *Financial Times* article entitled "**Corporate America**

racked by uncertainty."

"US chief executives say the economic outlook has not been so difficult to read since the last recession in 2000-01," says author Francesco Guerrera, reporting that CEOs are perplexed by conflicting economic indicators and volatile business conditions. The article features quotes from CEOs of Loews, Land America, and Fed Ex, all who indicate they are operating in an environment of uncer-

(Please see Leading on p.4)

Six Principles for Becoming an Employer of Choice

Employers are looking for a new approach to reach their business goals. The ability to attract, optimize, and retain top talent is a vital component to achieving this objective. In her presentation at this year's WorldatWork annual conference, Sandy Asch, author of *Excellence at Work - The Six Keys to Inspire Passion in the Workplace*, addressed how employers can transform and reward employee performance and offered six things employers can do to become an employer of choice.

First, Asch identified a number of questions companies can ask themselves to determine if their em-

ployees view them as an employer of choice.

- Do your employees love to work for your company?
- Are employees deeply engaged?
- Are employees' full potential being realized?
- Are employees planning on staying with your company?
- Are communications open, honest, positive and future-focused?
- Are people proac-

tive and see, own, and act on problems quickly and efficiently?

- Are truth telling and risk taking encouraged and rewarded?
- Is there a high level of cooperation and collaboration?
- Are people respectful and seek to bring out the best in each other?
- Is there a healthy work-life balance?
- Do employees have energy and passion?

(Please see Six Principles on p.6)

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When Are Stray Comments Discriminatory?

Under what circumstances should company owners refrain from speaking their minds when they're making employment decisions? A federal court sitting in Illinois recently dealt with that question.

What happened. A woman took a job as a doctor with Midwest Emergency Associates (MEA), a medical corporation that provided emergency room services for a hospital in Elgin. When she was hired, one of the owners

of the practice mentioned that ownership might be a possibility in the future if her performance and dedication warranted it. While working there under an employment contract in the position of assistant medical director, she had three children. When she'd been there for 4 or 5 years, MEA offered her a 1 percent ownership. There was evidence that no partner joined MEA without at least 5 percent ownership.

She turned the offer down, and MEA's six owners met to discuss what to do next. At that meeting, according to one of the owners, another owner said that people like her were not partnership material because they weren't fully committed to the business and were more interested in having children. A third owner allegedly said that he was not for the woman becoming a

(Please see Stray Comments on p.6)

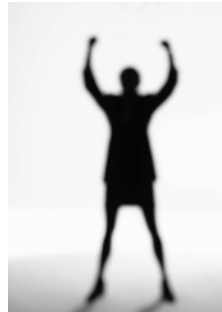
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Small Business Passes Along Family Advice

I'm not from a family in family business per se, but I am part of a long line of entrepreneurs. From butchers to bakers to financial advisors and artists, my brother and I mark the latest generation to carry out the family tradition of running a small business.

It would be hard to encapsulate all that I learned from being surrounded by entrepreneurs while growing up. Most of it, I'm sure was through osmosis. But there were a few "lessons" handed down that I find myself



thinking about quite often as I navigate the ups and downs

of managing my own company.

First, it was a comment from my dad when I was starting out. He told me to remember that a business was like a train. It would not suffice to

just focus on the front (e.g. driving sales), because all of the other cars, including the caboose needed to remain connected in order to be driven too. Without the right coordination and alignment, neglecting one car, would very likely derail the whole train. I got it.

Second, after we'd both had tough years, **my brother** said that a really good entrepreneur is someone who is able to manage his or her business efficiently, without losses, re-

(Please see Small Business on p.3)

Americans Working Longer Hours, Especially in Small Businesses



Do you seem to be working longer hours and still not get-

ting everything done? Are you paying employees overtime simply because you can't fill job slots? If so, you have plenty in common with owners and employees of small businesses across the U.S.

Americans are putting in more hours at work, about 42.5 hours in 2006, compared to about 37.5 hours in 2003, according to a January 2, 2008, *Pittsburgh Tribune Review* article by Joe Nashua, which

(Please see Americans on p.3)

INTERESTING RESULTS

EMPLOYERS OF ALL SIZES WERE ASKED, "WHAT PERCENTAGE OF EMPLOYEES PARTICIPATE IN YOUR RETIREMENT SAVINGS PLAN?"

- 38% LESS THAN 50 PERCENT
- 24% MORE THAN 90 PERCENT
- 19% BETWEEN 75 AND 90 PERCENT
- 9% BETWEEN 50 AND 75 PERCENT
- 9% WE DON'T OFFER ONE

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Americans...

cites time-use surveys by the federal Bureau of Labor Statistics. Workers in small businesses were among those who regularly put in a work week in excess of 40 hours, the survey reported.

The article, “**American workers are laboring longer hours,**” goes on to say that the “extra hours are a result of fewer employees to do work, fears of job security, a need for overtime pay and a hope for advancement, experts say. Drawbacks include burnout, and an impact on health and quality of life.”

The average work week differs for men and women, with men skewing the numbers upward. In 2003, the average workweek for men was 40 hours; in 2006, the average increased to about 45 hours. While women worked an average of 35.1 hours in 2003, 2006 saw an increase to slightly more than 40 hours in 2006. These numbers represent the average, which means that a significant percentage of work-

ers are actually putting in much longer hours. According to “Working Time around the World” study released in June by the International Labor Organization in Geneva, a global research organization, 18 percent of American workers put in more than 48 hours a week, the fifth-highest percentage among developed countries.

According to the survey, many employees work longer hours because the culture dictates it. If a few key employees work past quitting time, others may see long hours as the way to maintain job security. Others extend their workday in order to earn overtime pay, to qualify for a bonus, or in hopes of getting promoted.

What do these long hours mean for you as a business owner or as a worker? If you are a business owner, it may be difficult to see any choice but to put in the long hours necessary to maintain your business. And while it may be nice to have dedicated workers, many experts agree that people who

chronically work longer hours suffer health problems and are prone to burnout.

“Forty percent of American adults get less than seven hours of sleep on weekdays, reports the National Sleep Foundation, up from 31% in 2001,” reports an October 2005 Business Week cover article entitled “**The Real Reasons You’re Working so Hard.**” The article goes on to say, “About 60% of us are sometimes or often rushed at mealtime and one-third wolf down lunch at our desks, according to a survey by the American Dietetic Assn.”

Unhealthy health habits add up over time. Business owners know that an unhealthy workforce is an expensive workforce, from a health insurance standpoint; similarly, turnover has a high cost. If you can implement measures to curb excessive overtime, on your part or on the part of your employees, ultimately it may be more cost-effective.

Suzanna De Baca – Expert Business Source

Small Business.....

Regardless of how the top-line ebbs or flows. This, was what he said gets companies through unexpected hardships and enables them to sustain stability and growth over time.

And lastly, **my mom** stressed that it’s never worth worrying about what anyone else

does. She reminded us that there would always be someone better, faster and smarter.

There had to be. “Get used to it,” she said. “They’re out there. But you’ll be the one to pay the price if you choose to chase someone else’s dream.” Her point was that the

real pay off comes to those who focus on how well they do the things they do well.

All told, I was lucky, I suppose. These are the nuggets that money can’t buy.

Posted by Donna Flagg Expert Business Source

Did You Know?

Peliton has acquired a partner of ours, Balanced Business Partners, a company providing a wide variety of accounting services. This new company under the Peliton umbrella will be called **Peliton Corporate Accounting Services.**



Peliton Corporate Accounting Services

This is an extremely exciting time for all of us and completes the missing spoke of our Peliton wheel. By rounding out the breadth of Peliton services, our clients can now truly focus their attention to their core business and building upon their success. Another reason this is so exciting is Outsourced Accounting is one of the fastest growing segments in Business Process Outsourcing along with Outsourced Human Resources and Payroll.



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MONTH

CANCER CONTROL
MONTH

NATL AUTISM
PREVENTION MONTH

NATL VOLUNTEER
WEEK

FOOT HEALTH MONTH

YMCA HEALTHY KIDS
MONTH

WORLD HEALTH DAY

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Leading Business...

tainty. Several indicate that they are deferring some decisions and waiting for third quarter earnings reports to try and get a better read on the economic outlook.

You may not have the luxury of waiting for earnings reports, and even if you do, you have to keep operating. What can you do?

What Leaders Can Do

Focus on your vision: In an uncertain economy, many decisions are made quickly, based on panic and fear. You may be tempted to slash budgets, lay employees off, or consider side-line sources of revenue. While any or all of these ideas may have merit, go back to your business plan, your mission statement, and review your core competencies. Do these decisions really make sense or are they knee-jerk reactions?

Face the numbers: Good business planning means looking at the enterprise from all angles. If you've been operating in a boom environment, you may simply have been too swamped to sit down and really calculate what might happen to your business in a slowdown. When faced with uncertainty, many of

us have a tendency to let our minds immediate jump to the worst case scenarios; instead, sit down – with your CFO, accountant, bookkeeper, or people you trust—and work out the numbers, rationally and logically. Ask yourself what options you'd have in a number of situations, and create some realistic alternative plans of action.

Communicate with employees:

If economic uncertainty is affecting you, it is probably also a question or issue for your employees. Your management and workforce may be spending considerably time and energy contemplating what will happen to the business—and to them – if leaner times hit. Address this issue directly, even if you don't know all the answers. Consistent, honest communication can quell fears, engender loyalty and respect, and focus your team on the work at hand rather than on “what-ifs” in the future.

Harness the tension positively:

Uncertainty can be stressful, but there may be some ways to actually transform that tension positively. Rather than becoming paralyzed by uncertainty or falling into negative ways of coping, consider channeling

your stress into healthy or creative activities.

Taking good care of yourself physically and mentally – whether you are the CEO of a major corporation or the head of a family business – is critical to your ability to lead and think clearly. If you are feeling tense, think about doing more of what makes you healthy and well adjusted, whether that means increasing your exercise, reading or meditating more, or engaging



yourself in whatever volunteer or philanthropic activity brings you perspective and joy. Many innovative ideas have been the result of brainstorming or creative thinking that resulted from slowdowns or challenges, so keep your eyes and your mind open to new ways of thinking and operating.

Suzanna De Baca -- Expert Business Source

The 3 Biggest Employee Handbook Mistakes: How to Avoid Them

The casual approach many employers adopt when drafting their employee handbooks often leads to lawsuits. Such employee claims can best be avoided and defended if employers are armed with a well-crafted employee handbook.

Employers should bear in mind that employee handbooks serve many purposes:

- They help employees understand company philosophy.
- They inform employees about the conditions of their employment.
- They explain the benefits available to employees.

They detail the policies and procedures that employees are expected to follow.

Written and constructed well, employee handbooks can be a valuable resource for employees and supervisors alike. Poorly written employee handbooks, on the other hand, can lead employees to develop certain expectations contrary to the employers' intent or give employees rights that they wouldn't otherwise have.

Many employee handbooks are riddled with mistakes that increase employer liability and make it harder for businesses to operate. Here are three of the biggest mistakes:

1) Inadvertently creating contractual rights to employment. In Pennsylvania, the employment relationship is "at will," which means a company can terminate an employee for any lawful reason without notice. This "at will" presumption, however, can be altered by a poorly drafted handbook which inadvertently guarantees employees certain rights. For instance, companies can give employees contractual rights to employment when a policy states that an employee can only be terminated for "just cause" or when a policy guarantees certain disciplinary procedures prior to termination.

2) Inaccurately classifying employees as exempt. Under the Fair Labor Standards Act, employers are not required to pay exempt employees overtime pay, while nonexempt employees are required by law to receive overtime compensation.

There are certain categories of employees that companies are not required to pay overtime. An analysis of an employee's job duties is required to determine whether an employee is exempt or nonexempt. Employers often misclassify employees and assume that because an employee is paid on a salary basis that there is no need to pay overtime pay.

Poorly drafted handbook policies on employee classifications and overtime can be used against companies as evidence of a violation of the Fair Labor Standards Act and open the door to employee claims. To avoid confusion, employers should have a seasoned and knowledgeable human resources professional involved in determining exempt and nonexempt status before memorializing classification details in their employee handbooks.

3) Neglecting to detail procedures for reporting and addressing harassment. Most employers recognize the need to have a policy to protect against illegal discrimination and harassment. Many employers, however, neglect to include procedures for reporting harassment or discrimination.



These procedures should include:

- Requiring employees who witness or experience harassment to report those

incidents directly to management officials who have the authority to investigate and resolve any problems.

- Giving employees the option to report harassment claims to an official outside of their chain of command.

Stating that all reports of harassment will be investigated and disclosures made only when necessary to investigate any incident or as required by law. Keep in mind that employers should never promise employees absolute confidentiality.

Employers may also need to revise policies to deal with the increased reliance on technology, such as email, internet usage and office monitoring. Employers should add clear and precise provisions to deal with these technologies that can be abused and misused by employees. Here are some tips:

- Specify each type of equipment that will be subject to monitoring, i.e. email, voicemail, internet access systems, hard drives, laptops, PDAs and cell phones.

- Include an acknowledgement form in your handbook so that employees understand the monitoring policy and consent to each form of monitoring.

Add provisions requiring employees to use only hands-free cell phones, PDAs or other devices while driving on company time or on route to conduct company business. Although not considered a legal requirement, this provision is essential in reducing the risk of car accidents.

Whether you're drafting your first employee handbook or updating one that is decades old, it is helpful to have an employment law attorney review your manual. Seeking legal advice will ensure that your employee handbook details all the necessary provisions, reflects any new labor regulations, and avoids the numerous mistakes employers routinely make.

By Elaina Smiley www.hr.blr.com

Six Principles...

- Do employees trust and respect their managers and feel valued and supported?
- Are your leaders trusted and respected?
- Are employees treated fairly?
- Are employees regularly rewarded and recognized for good performance?
- Are there opportunities for growth and development?
- Are employees encouraged to contribute and make a difference?
- Are employees proud to work for your organization?
- Would your employees recommend your company to their friends as a good place to work?

Most employers would likely find that they are lacking in at least one of these areas. As such, Asch provided six "principles for excellence" that employers can adopt to become an employer of choice.

1. Use your word wisely. It is important to communicate with employees with honesty openness, and respect. Communications should focus on what is possible.

2. Be accountable. Employers should act proactively and be committed to truth telling, focusing on the question behind the question rather than offering excuses or explanations.

3. Focus. By focusing on independent goals, employers can extract the greatest value from the efforts of employees.

4. Mine the gold. Employees and managers should strive to bring out the best in their employees, and be

committed to collaboration and cooperation.

5. Strive for balance. Employees will be vital and energetic at work as a result of a balanced life. Employers should therefore give their employees the opportunity to refresh and renew.

6. Lighten up. Perhaps the most difficult of the six principles, employees should not take themselves so seriously. Employers and their employees should seek to bring laughter and joy to the workplace and look for opportunities to make other people's day.

Asch stressed that these principles must be adopted by everyone in the organization from the top down. The model is designed to create new habits and a fresh mindset in a system that is peer enforced and led by enlightened leaders, transforming an organization into an employer of choice and allowing employees to attract and retain top talent.

Stray Comments...

partner because she missed work and had been pregnant.

Eventually, MEA offered her 3.5 percent ownership, which she also turned down. MEA then told her that the offer was withdrawn and that it would hire someone else as assistant medical director. MEA also offered her the choice of continuing to work there, not as an owner, and apparently with a different job title. Instead, she resigned and filed a pregnancy discrimination complaint with the Equal Employment Opportunity Commission, which took it to court. MEA asked the court to dismiss the case.

What the court said. The court said that the owners' comments at the meeting were direct evidence of pregnancy discrimination, defining direct evidence as an ad-



mission by the decision maker that his actions were based on a prohibited motive. MEA argued that the statements were "stray comments" and that there was no relationship between them and the challenged employment deci-

sions. But the court said that the comments occurred during the actual ownership decision-making process and shortly before MEA discontinued her role as assistant medical director and withdrew its offer. "This evidence points directly to the alleged discriminatory reason for the employment actions--[her] pregnancies," the court said, denying MEA's motion to dismiss. *EEOC v. Midwest Emergency Associates*, U.S. District Court for the Northern District of Illinois, No. 04-C-4353 (1/29/08).

Point to remember: Company owners are entitled to speak their minds, even when making employment decisions, unless their words show an intent to discriminate

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