Getting Older, Getting Better

Call it enlightened, call it great PR, but don't forget to call it good business.

David Chen

A couple of years ago, McDonald's began running heart-warming TV commercials featuring its older employees. If you reacted as most people did, the ads gave you warm, fuzzy feelings and made you think better of McDonald's for giving kindly older folk a nice chance to get out of the house for a few hours a day.

And indeed, the McMasters program through which the restaurant chain recruits older workers has received high marks for the social and economic benefits it provides. It has also been an important marketing tool for McDonald's.

But for most businesses, McDonald's included, neither altruism nor public relations has anything to do with the decision to hire older workers. In a tight labor market, especially in low-wage segments of the service sector, the 65-and-over set may be the single most viable source of well-qualified employees.

As a result, many employers these days go out of their ways to attract older workers and help them stay on the job.

"The continued success of my business depends on older workers,"says Lynn Corona-Potter, president of Law-in-Order, a Connecticut company that provides library services to law firms, accounting firms, and corporate law and tax libraries. "It's in our best interests to satisfy them."

Corona-Potter says older workers make up half of Law-In-Order's workforce. She points out that these employees are reliable, rarely call in sick, and are very loyal to their employers.

Nonetheless, organizations with older staffs often find it necessary to adjust their personnel practices to suit the need of older employees.

Flexible schedules are especially important, because many older workers do not want to work a full 40-hour week.

One of Law-in-Order's employees, Olive Manning, is a good example. A retired secretary, she's been working for the firm for three years. After a year and a half of working 15 hours a week for one client, Manning decided she didn't want to be tied down that much.

Law-in-Order responded by using her as a "floater" among several clients. She now puts in five or six hours every few weeks. "I like to be out in the business world, but I like my freedom, too. This gives me the right balance in my life," she says.

Employers also must be prepared to alter training programs to suit the needs of older employees.

Surprisingly, traditional stand-up lectures aren't an effective way to deliver training to these workers.

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According to Anthony Redwood, executive director of the University of Kansas's Institute for Public Policy and Business Research, older workers have trouble with oral instruction because short-term memory tends to fade with age.

Alternative delivery systems can overcome that obstacle, Redwood says. In particular, he recommends interactive, self-paced instructional systems because they continually reinforce learning objectives, provide regular feedback, and let the learner control the instructional process.

Once older workers overcome occasional misgivings about learning from machines, they tend to embrace these technologies. "[Some] employers think you can't teach an old dog new tricks," says Corona-Potter. "They are wrong."

"The older workers here couldn't wait to get their hands on the computers. In fact, we find their training periods are actually shorter than many of our other employees."

Such relatively minor modifications in standard operating procedures allow older workers to quickly blend in with the rest of the workforce, a point not lost on experts who caution employers to avoid treating retirees differently from other workers.

"Older adults don't want to be coddled," says Corona-Potter. "Like all workers, they like to make things happen. They don't want others to define what they can and can't do and they like the feeling of being productive."

Storm Clouds Brewing in the West

The bosses that U.S. managers love to hate are the Japanese, according to a report by the New York consulting firm Management Practice, Inc. The company contends that many of the 600-plus Japanese subsidiaries in the U.S. are staffed by discontented American middle and senior managers.

How discontented? Hard numbers are hard to come by, but anecdotal evidence suggests that Japanese companies employing American managers suffer substantially higher-than-average turnover, have to pay higher-than-market-level salaries, and often get dragged into court by disgruntled former employees.

There appear to be two sources of resentment.

First, Japanese-born and educated employees in Japanese-owned firms tend to get more status and pay for work equal to that of their American counterparts.

Even so, many of the Americans have impressive sounding job titles. Trouble is, that's all they have.

"[The] Yanks' greatest anger and frustration is reserved for the covert power structure," the report says. "They are excluded from the informal shadow government and decision-making machinery."

Shadow managers often appear below their nominal American bosses on organization charts, but actually report directly to the home office in Japan.

"You have a situation in which business is conducted at night on the telephone in Japanese between Japanese," explains consultant Kazuo Nomura in the Winter/Spring 1990 issue of *Management Practice Quarterly*. "Then they come back in the morning and tell the Americans what has been decided and, sometimes, they make it seem like the American made the decision."

Columbia University professor Martin K. Starr believes that Japanese companies that employ such Machiavellian management tactics negate the productivity improvements Japanese companies have brought to the factory floors of their American subsidiaries.

"While Japanese managers in the U.S. have shown great sensitivity to production-line workers," Starr says, "they're not nearly so good at managing other types of functions or people problems."

Random Stats

Filling the Beaker

Companies with formal policies on drug and alcohol use: 90 percent.

Companies that currently test job applicants or employees for illegal substances, or that will begin doing so soon: 55 percent.

Companies that say their drug testing programs have helped create a safer working environment: 63 percent.

Companies whose drug testing programs have been challenged in court or by unions: 12 percent.

The Conference Board pinpointed the numbers when it surveyed 681 HR executives earlier this year.

Pay for Performance

Executive-search firm Heidrick and Struggles, Inc., reports that more than a quarter of the companies it recently polled offer pay-for-performance incentive plans to all employees.

Nonetheless, executives and managers continue to be the biggest recipients of performance-based bonuses.

Seventy percent of companies factor in performance when compensating executives, while 63 percent do so for middle managers. In contrast, 24 percent of clerical workers and 14 percent of blue-collar workers are eligible for pay-for-performance.

The Well-Disciplined Organization

When it comes to employee discipline, what could be worse than supervisors who don't know the law? How about supervisors who don't know the law but think they do.

According to the American Productivity and Quality Center, plenty of managers routinely discipline their subordinates in ways that violate employee rights, confident that they are doing the right thing. The fault, says the center, lies with HR staff members who are in charge of communicating disciplinary procedures to the managers.

"Failure to teach managers how to administer discipline is making companies highly vulnerable to the explosion of wrongful discharge lawsuits and costly jury awards," says the research group in a report that details data gathered from a poll of APQC members.

Wrongful discharge lawsuits have become common in recent years. Courts in at least 46 states are entertaining such suits in one form or another, and juries have awarded damages in six- , seven- , and occasionally even eight-figure amounts.

The APQC poll measured two factors: managers' knowledge of proper employee-discipline practices and their confidence in that knowledge. Managers who are both knowledgeable and confident of their knowledge are quite likely to correct employee misbehavior effectively. But those who don't understand how to handle problems but are confident that they do are likely to make costly mistakes.

Alarmingly, the survey found that cocky ignorance characterizes many managers. On six of the 12 questions posed, managers were wrong an average of 70 percent of the time. Nonetheless, on average, the managers were "quite certain" that they were right.

The most common misconceptions have costly implications in real life.

For example, the way in which employers charge employees with violations has an enormous effect on damage awards when discipline cases go into litigation. But on two questions concerning how to minimize an employer's burden of proof when charging an employee with a violation, more than 75 percent chose responses that would have *increased* the company's burden of proof. Another question on the same topic found 60 percent of the managers choosing incorrect responses.

On a much more basic level, more than 82 percent did not understand what constitutes discrimination: unequal treatment of equals.

The survey also found that managers have widely varying opinions of how to best administer discipline. That variety carries a high price tag when managers within the same company use different standards to correct employees, because a company's most lenient standards generally establish its acceptable standards. Since judges, juries, and arbitrators are loathe to sustain discharges based on inconsistently enforced offenses, companies whose managers don't understand disciplinary procedures can expect to lose plenty of lawsuits.

If this dark cloud has a silver lining, it is that managers at least know *why* their firms have disciplinary policies. More than 92 percent correctly surmised that discipline is designed to "correct misconduct," rather than to "punish," "severely punish," or "condition employees to expect swift and harsh retaliation."

Working Documents

Almost every business says it has a strategy, a master plan that in theory helps decision makers large and small identify where they want the organization to go and which actions to take to make sure it gets there.

But a road map won't help you reach your destination if it's wadded up under the passenger seat, and a strategy can't work if it's locked away in the company archives or stuffed in the back of a desk drawer. As with a map, you have to study a strategic plan, consider the alternatives it offers, and then decide which route to take.

When Benjamin B. Tregoe, chairman of the Princeton-based consulting firm Kepner-Tregoe, Inc., comes across a company in trouble, one of the first things he asks about is the organization's strategy. "One clear sign of strategic distress," he says, is that "strategy does not guide decision making."

The next time you suspect your organization is getting off track, try asking the following questions. (With slight modification, you can apply them to your department's work, too.) Tregoe believes the answers can point out where bad decisions led to wrong turns.

■ Is there a clear, concise, written strategy?

■ Can its key points be carried around in everyone's head?
■ Does the strategy describe the primary competitive advantage to be exploited?
■ Does the strategy state the priorities for new business development?
■ Does the strategy give guidance on the future scope of product and markets?
■ Does the strategy give guidance on which department or groups must be phased down or out?
■ Does the strategy identify the key capabilities that require development or acquisition?
■ Do the criteria for capital budgeting decisions include strategic considerations in addition to return on investment?
■ Is the strategy frequently mentioned whenever key decisions are made?

Companies that can answer "yes" to most of those questions probably stick to their knitting pretty well, which is what strategic planning is really all about.

Down But Not Out

These days, most prudent organizations allow for the possibility that, some day, they might have to trim the employment rolls.

Downsizing can be unpleasant to think about, but it's a fact of life. Between 1987 and 1989 most *Fortune* 1,000 corporations shed staff, affecting more than 2.8 million jobs. During that time, many executives used sweeping, across-the-board downsizing to respond to competitive or cost pressures.

A new study, however, concludes that such "quick-fix" plans fail to improve competitiveness or reduce costs two-thirds of the time. University of Michigan professor Kim Cameron found that 20 out of the 30 automobile-industry units he studied over a three-year period mismanaged their downsizing efforts, using workforce reduction as "a hammer to crudely redesign an organization."

The 10 efforts that succeeded offered a wealth of useful strategies. Cameron concludes that well-managed downsizings do more than cut payroll; they also change work systems and corporate cultures.

Key decision makers in these firms tended to follow five rules:

■ Conduct a systematic analysis, in advance of the actual downsizing, of the tasks, resources, and talents in the organization.
■ Pay attention to employees who lost their jobs and to those who remain with the company. Departing workers, of course, should receive counseling and relocation assistance, as well as retraining and special benefits packages. But those who stay on staff need support too. They should receive extra training to handle new responsibilities, and higher salaries as compensation for taking on new tasks. They also need access to complete information on how and why the downsizing occurred.
■ Don't limit downsizing plans to such short-term tactics as across-the-board staff cutbacks and layoffs. Include selective, long-term measures such as redesigning the organization, changing the corporate culture, and modifying employee approaches to work.
■ Target internal inefficiencies, as well as the organization's entire network of suppliers, customers, and distributors. Reduce the number of outside agents that the organization deals with.
■ Create cross-functional teams to devise downsizing strategies and design changes. The most successful downsizing was inspired, managed, and led by the top managers, but specific strategies were recommended and designed by employees.

Cameron says the most successful downsizing efforts resulted in small, semi-autonomous units within the larger organizations. At the same time, the firms made sure to strengthen their centralized functions, giving them the advantages of both small and large organizations.

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