

IN SUMMARY:

SPECIAL: OUT PERFORMING
THE COMPETITION

MESSAGE FROM THE EDITOR

GUARD YOURSELF FROM A
HOSTILE LAWSUIT

MEASURE YOUR HR

VEGAS RECAP

WC CRISIS

In the aftermath of the SB-847 bill that was finally laid to rest, employers can breathe easier, for a moment. Although this harmful labor bill died in the last hours of the 2007 session, the workers' compensation crisis has not gone away.

The SB-847 concerned workers' compensation discretionary benefit. It allowed state workers' compensation commissioners to award discretionary benefits up to the maximum scheduled benefit amount. This would have resulted in an increase of up to 55 % in workers' comp insurance costs for businesses across the state.

Workers' compensation claims costs are reaching crisis levels despite the declining number of claims. The U.S. workers' compensation exposure is \$64 to \$104 billion, according to analyst Mercer Oliver Wyman. The lower rate of claims is being offset by longer absences with associated higher costs that can have a major impact on an employer's bottom-line.

In 1911, workers' compensation laws were introduced as a covenant between employees and employers. Employees gave up their right to sue their employers for on-the-job injuries and occupational diseases in exchange for fast and efficient wage-loss replacement, reasonable and necessary medical care and possibly disability awards to compensate for lost future earnings if there was no complete medical cure. The goal was

to safeguard the economy from endless litigation, expenses and lost productivity.

There are several cost drivers causing the rise in workers' comp costs. One major factor is inappropriate claims. From misunderstandings and honest mistakes to cost shifting from nonoccupational health care to employee resentment to outright fraud. These drivers are billed back to the employer in higher premiums. The National Insurance Crime Bureau estimates that workers' compensation fraud alone cost

insurers \$5 billion each year. It's important for employees to understand that in a sense they are paying as well; higher comp premiums could mean lower wages.

In a sense the workers' comp laws are fueling some of the issues the nation faces. The longer an employee is out of work, the more likely they will get a cash reward. Claimants with injuries that should be out of work for two or three days sometimes are taking advantage of this and stretching it out to two or three weeks or even more.

Extending their absence from work entitles them to indemnification for lost wages. Many of these employees don't regard taking a few extra days or weeks as fraudulent, but its causing employers of all sizes to feel the effects.

What is an employer to do? There



are strategies employers can use to reduce the cost and duration of claims. But first employers should examine how they manage individual claims. If the employer or the adjuster is not gathering information within 24 to 48 hours of a claim, then changes in the procedure should be changed to make this process more effective. It is also important to know how you stack up compared to others in your industry. Researching data relative to other companies in the same industry will give a benchmark where action can then be taken to work towards being the best in that class.

Ideally you want to prevent claims from even occurring. Injury prevention begins with the hiring process. It is important to hire a person who is capable of performing the essential functions of the job and with reasonable accommodations when needed. If there are specific demands of a job such as lifting a
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BULLETIN


FROM THE EDITOR

As a business owner how can you build a better company?

As I was putting together my address to OEM Priorities' fellow readers on, "making things better," I came across an article on measuring success. I found the article very interesting and having much truth, so I thought I'd share my findings with you. Dan Sullivan, founder of The Strategic Coach developed the concept of measuring backward. Starting with the end, your vision or where you want your business to be; whether it's size, sales, market share, etc. Then work backwards to reach your goal.

When you're goal setting how do you measure your success? How do you measure if your programs or plans you've created to make your business better have succeeded? If you measure against your hopes or ideals, or referred as measuring forward, it is said you will fail at achieving your goals. To be successful at achieving your goals, this time measure backwards. In other words, ask yourself if your business, or your even your former self is better now than it was say a year ago or five years ago. Measuring backwards helps puts things into perspective. It gives you a solid standpoint of where you are in achieving your goals; if you have built a better company, or remained the same or even regressed.

Ritsa LaFond



AVOID THE PITFALLS OF WORKPLACE HARASSMENT

Sexual harassment is behavior that is bothersome, irritating, demeaning, and annoying. Sexual harassment is unwelcomed sexual advances, request for sexual favors, other verbal or physical conduct of a sexual nature, when submission to or rejection of this conduct affects an individual's employment, unreasonably interferes with an individual's work performance or creates an intimidating, hostile or offensive work environment.

Workplace harassment does not only cover sexual harassment but several other job discriminations as well. There are six federal laws prohibiting harassment and job discrimination. These include Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act (ADEA), Title I and Title V of the American with Disabilities Act (ADA) and sections 501 and 505 of the Rehabilitation Act and the Civil Rights Act.

Managing a harassment free workplace has become a priority for a growing number of employers. Laws in several states require employers to provide employees with sexual harassment training. In California, employers with 50 or more employees must provide training to *all* employees. Connecticut employers with 50 or more employees are

mandated to provide training to anyone who supervises others. Prevention is the best tool to eliminate harassment and discrimination in the workplace. Even if an employer's state does not have a mandatory requirement for training, it is best advised to provide some anyway. California has no cap on hostile lawsuits. Even in other states with caps, they still can be fined up \$300,000 and can cascade even more when multiple plaintiffs and attorney fees are added in.

Workplace harassment training can be a pricey undertaking. However, the capital expended here certainly outweighs a steep fine that can cost several hundred thousand dollars from a lawsuit brought on from a hostile work environment. There are two options available, traditional live classrooms and Internet based training. Each has their perks and downsides. Classroom learning has the advantage of being more interactive, but is also more costly. Internet training is more flexible and cost effective, but adversely may not be as effective. In order for e-learning courses to pass muster in court, training programs should be at least 30 minutes. If you every find yourself in the middle of a litigation, the training will be investigated as well, so make sure you don't only shop by price but also content. ■

METHOD TO THE MADNESS

IF YOU CAN'T MEASURE IT YOU CAN'T MANAGE IT.

Companies that perform HR effectively report earnings 35% greater than those who don't. But how do know you are performing HR effectively? With the right metrics in place you can manage your workforce and administration more precisely and efficiently. With OEM's specialized calculators, employers can measure the performance of their company in areas of:

- Cost Containment
- Employee Turnover
- Employee Productivity

Employers can then use these metrics and benchmark their results against other companies in the industry and create a "lean, mean, fighting machine."

OEM America developed do-it-yourself calculators that let the employer plug in numbers and see a numeric representation of business functions as they relate to the workforce.

Five calculators are slated to be released on line on OEM's website within the next month. The five calculators are:

- ROI Calculator
- Cost Containment
- Human Capital Measurement
- Turnover Cost
- Turnover Ratio

In addition to measuring your workforce contributions, OEM includes a unique calculator, Murphy's Law Calculator. Employers can measure the relativity of performing a task unsuccessfully.

While these DIY calculators are available 24/7 for all to use, these five calculators are also the backbone in OEM's Profit Watch Program. Together, Profit Watch and these five calculators tell a story, uncovering problem areas that have gone unseen too long and shows the road to a happy ending. Profit Watch has the ability to pack in hundreds of thousands of additional profits from OEM initiatives.

More information on these calculators and the Profit Watch Program can be found online at oemamerica.com. If you are interested in the Profit Watch Program you can contact Tracy Michaud at 860.528.5555 or mict@oemamerica.com

VEGAS RECAP

The Society for Human Resource Management (SHRM) recently held their annual national conference in Las Vegas, Nevada, drawing over 22,000 human resource practitioners from all over the world. There were literally hundreds of thought provoking sessions highlighting current trends, legislative developments as well as the current and forecasted state of business. The following is a summary of the key themes and findings:

A Conference Board study asked employees what they expected from their employers. The top three responses were:

1. Interesting, challenging work
2. Open, two-way communication
3. Opportunities for growth and development

Employers can address these key findings by connecting people and performance in three powerful ways:

Connect people to people – cultivate networks of high-quality relationships that will help drive innovation, learning and effective decision-making

Connect people to purpose – actively build and sustain a sense of personal and organizational mission

Connect people to resources – manage knowledge, technology and time in ways that enhance performance and adaptability, connecting people to the *right* resources, not just the *most* resources

According to a recent Deloitte Research Study:

- More than 85% of all surveyed executives consider people “vital” to every aspect of their company’s performance
- 88% believe people issues will become more important over the next 3 to 5 years
- 60% of senior business executives already consider people issues “very significant” or “highly significant” to strategic decision-making, and that number rises to 90% when looking 3 to 5 years ahead.

The top people concerns for senior business executives are: creating a high-performance

culture (79%), leadership development (76%), talent management (76%), and training (63%)

Only 4% of senior business executives describe their company as world-class in people management.

On average, 29% of the surveyed companies already outsource recruitment, training, and payroll, while an additional 18% expect to outsource these and other HR activities in the next 3 to 5 years.

“Administrative processes have been outsourced to the fullest extent possible,” said the VP of Finance and Business Development at a small, privately held bio-tech company. “Now you might believe we are treating HR as an afterthought and you’d be right. But the way it’s turning out, that’s really a world-class approach. We’re not in the business to administer HR.” ■

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specified weight be sure you have assessed the employee’s physical capabilities for this example.

Ensuring injuries, claims and costs remain minimal be sure to orientate new hires and employees of safety procedures. A well developed safety plan can go a long way in eliminating injuries.

If and when there is a claim, providing some kind of early-return-to-work (ERTW) program

should prevent an employee from stretching out their absence. An ERTW is designed to facilitate the earliest possible return of injured workers to the workplace. Where workers can perform productive work within their physical capabilities, which may be modified duty, light duty, limited duty, alternative duty, restricted duty or transitional work. An ERTW is a win-win situation for both sides. The employer will be able to minimize workers’ compensation costs while retaining the use of valuable trained employees. The employee will be able to return

to work while avoiding the negative effects of a long-term absence.

While measures can be taken to reduce one’s workers’ comp cost whether a state’s workers’ comp system is efficient or wasteful, employers need to become actively involved. They should speak directly to their legislators, become active in affiliated business associations and be loud and clear to the government that excess workers’ comp costs are a serious impediment on competitiveness. ■



THE WATER COOLER

Just a little work...

“I’m tired. For a couple of years I’ve been blaming it on iron poor blood, lack of vitamins, dieting and a dozen other maladies. But now I found out it’s not that. I’m tired because I’m overworked.”

The population of USA is approximately 237 million. 104 million are retired.

That leaves 133 million to do the work. There are 85 million in school, which leave 48 million to do the work. Of this there are 29 million employed by the federal government. This leaves 19 million to do the work.

Four million are in the Armed Forces, which leaves 15 million to do the work.

Take from the total the 14,800,000 people who work for State and City Government and that leaves 200,000 to do the work.

There are 188,000 in hospitals, so that leaves 12,000 to do the work. Now, there are 11,998 people in Prisons. That leaves just two people to do the work. You and me.”

OEM America®

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