

The Independent's



September 1999

Employees Come First – Coping With the Continuing Labor Crisis *By FMI Director of Education Ernie Monschein*

Twenty years ago who would ever have predicted the competitive intensity of today's marketplace? This competition has not only expanded beyond traditional supermarket competitors, but it is no longer limited to competing for customers and market share. The boom years of the 1990's have also forced us to compete for something many of us used to take for granted — employees.

Gone are the days when people were merely labor and the goals were to reduce labor percent, increase the number of part timers and reduce hours. Gone is the attitude that if we lost an employee, there were many more just waiting in line to take their place. Gone, by necessity, is managing with the stick, rather than the carrot.

It's all different and will continue to change in the years to come. Quality employees for our stores are becoming increasingly scarce, more demanding, more diverse and possess much dif-

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FMI Focuses on Liability as Health Care Debate Takes Center Stage

One of the biggest concerns for food distribution companies this Congress is the health care debate unfolding in the House. Lawmakers are extremely likely to face votes this month on Patients' Bill of Rights legislation, including provisions to overturn the ERISA preemption and allow vast new liability against employers who sponsor health plans.

Democratic members nearly unanimously support legislation to expand liability. The Republican leadership, operating with an extremely narrow five-seat majority, is faced with a group of Republican members, led by Reps. Charlie Norwood (GA) and Greg Ganske (IA), who have steadfastly supported efforts to expand liability.

Over the course of several weeks prior to the August break, intense negotiations occurred between Reps. Norwood, Ganske and the Republican elected leaders and subcommittee chairmen with jurisdiction over health care issues. Attempts to forge a compromise broke down, and just prior to the recess, Rep. Norwood joined with Rep. John Dingell (D-MI), the chief Democratic leader on health care issues, in introducing new legislation, H.R. 2723, which includes unacceptable new liability for employer-sponsored plans in state courts. H.R. 2723 was immediately cosponsored by 20 Republican members and 45 Democrats. Reps. Norwood and Ganske, both physicians, are likely to sway the votes of several other Republican members and could carry enough votes to ensure passage of expanded liability.

In response, Reps. John Shadegg (R-AZ) and Tom Coburn (R-OK) are drafting alternative legislation. While the text has not yet been released, the Shadegg/Coburn bill apparently will include expanded liability with limits. The two lawmakers maintain that their bill will include strong controls to prevent unnecessary lawsuits and language to protect employers who were not involved in decisions by the health plan. However, FMI is skeptical the bill will provide adequate protections for employers. FMI will be focusing much of its lobbying efforts on preserving the ERISA preemption this fall. Contact Eric Nicoll for more information. ★



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Employees Come First,

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ferent values from those managing them. This article could easily be dedicated to the reasons for this shift in the workforce and the implications for our stores and nothing else.

Rather than dwell on the past, we need to focus on solutions. How do we attract quality, customer friendly people to work in our stores without the cost of labor going through the roof? Once we have them, how do we keep them from migrating to our direct and indirect competitors? When it comes to people, virtually every employer is a competitor, not just other supermarkets. To begin to tackle the people problem and work towards solutions that work, consider the following three points:

- Change your mindset and company culture, if you haven't already done so. Rather than customers, your employees must now come first. Without quality people, building a reputation for service is impossible.
- Realize that you don't have a recruitment problem, you have a retention problem. Recruiting serves no purpose if you can't hang on to those you recruit. You will end up burning out your managers who typically have to pick up the slack and will ultimately lose them as well.
- The key to retention is the leadership style and skill of your store management team. "They have to pay their dues" is no longer a management style, it's management suicide.

How do you achieve an "employees come first" store culture? Consider the importance of communications, flexibility and the opportunity to learn. Employees today want to know what's going on in the company, they want balanced feedback on their performance and they want to know the reasons for changes that affect them. They also want flexibility in scheduling, dress code and creative benefits. Training needs to be more than the basics, it also needs to be on the job where they are given the opportunity to learn new things and build their per-

sonal skill sets. That doesn't mean that money is not important. Wages need to be competitive with your competition in the area, but do not need to be more than your competition, assuming you take care of the intangibles discussed above.

How do you retain your best performers? Ask them what is important to them on the job, what they like and dislike. Conduct periodic, anonymous attitude or opinion surveys and take the pulse of your organization. Find out what your people are thinking and feeling. In short, find out what your people want and need on the job and meet as many of those needs as possible. You will often find that their wants and needs cost little or no money; they just require flexibility and tolerance for diverse values and lifestyles. When you must recruit new people, cast a wide net. Today's workforce is increasingly diverse and, if fully utilized, represents a rich source of talent with either the skills you need or the potential to learn those skills given proper training.

How can the leadership style of your management team have a positive impact on turnover rates in your stores? Start by respecting the comments made by your people in attitude surveys and on a daily basis. Listen to their concerns, be flexible and keep your promises. Clearly outline your performance expectations, then reward good performance when it occurs. Incentivize your workforce. Look for ways to give tangible rewards for bottom line results. Take some risks, invest in skills training and delegate increasing levels of responsibility as it is earned. Treat all of your people with respect and provide equal opportunity for learning and advancement. Recognize and reward your management team when they lead their people in ways that result in increased productivity, improved financials and the highest levels of customer service.

Put your employees first, focus on retention and reward your managers when their efforts result in lower turnover, less time spent on recruiting and a more motivated, customer friendly workforce. These results will improve your ability to attract the best people, a critical competitive advantage for today's independent operator. ★

X Marks the Spot: Understanding Younger Workers

By FMI Senior Vice President Michael Sansolo

Consider the world of today's college freshman. Born in 1981, they have little personal recollection of any president other than Bill Clinton, of a time when the Soviet Union existed, or even when Johnny Carson—not Jay Leno—hosted the Tonight Show.

Why would they possibly want to be managed the same way as the generations that came before them? In fact, without some fairly significant changes, today's managers will have trouble keep-

ing and motivating this important workforce group.

Clearly, these are among the most difficult questions facing management today as we look at the emerging work force of Generation X and the succeeding (and much larger) Echo Boom. Too many see the children of these generations as "slackers," a description that some specialists say couldn't be more incorrect.

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In truth, many see the children of these generations as more self-motivated, more technologically proficient and more flexible in skills and career goals than their elders in the Baby Boom generation. But improper management of this group could leave turnover high and leave your company or stores with a reputation as a place to avoid for jobs.

Generation X (a title given this group by the older Baby Boomers) includes the 45 million Americans born between 1964 and 1978. The Echo Boom (the children of the Baby Boom) includes nearly 80 million Americans born since 1978. (In contrast, 78 million Americans were born in the post-war boom from 1946 to 1964.)

J. Walker Smith of Yankelovich Partners and Bruce Tulgan of Rainmaker Thinking, two speakers at this past May's FMI Convention, offer viewpoints of this generation that fully attack the slacker myth. Some of their opinions offer profound lessons for the workplace.

1. These younger workers are described as more entrepreneurial and much more self-reliant than earlier groups and for that reason may resist efforts to have them work in teams. Echo boomers are especially seen as self-reliant.
2. They are very ambitious, but in a different way than some previous generations. They hope to build the lifestyle they seek and view work as a way to achieve that goal. They don't look at their job as the key aspect of their life. Rather, it helps pay for their life.
3. In many ways they embrace the values of pre-Baby Boom generations. They like the traditional values of hard work and competition.

4. They expect to have 10 different jobs over the course of their lifetime and they want to learn new skills with each job. The best way to keep them motivated is to help them learn these new skills.
5. Hard work means working smarter, not necessarily harder. They are enthusiastic and able in using technology, but they don't believe technology can solve all problems.

It's not surprising that these workers are looking for a different workplace experience than their predecessors. The key word for the future would seem to be *flexibility*, in every imaginable way. For instance, traditional pensions have little appeal for a group that expects many jobs in the course of their lifetime. Rather, they are looking for portable benefits such as a 401k plan, which is portable and self-controlled.

Likewise, they put heavy emphasis on flexibility in scheduling. Tulgan in particular says younger workers list flexible schedules as the single most important benefit a company can offer today.

Smith and Tulgan also make it clear that today's younger workers have no interest in being forced to confront hardships or "pay the dues" that older workers faced. That can be one of the more difficult challenges facing Baby Boom managers in dealing with these workers.

For companies the challenge is clear. Store workers are the front-line in serving the consumer. Store and department managers are the front line in hiring, training and motivating the workers. Assessing and retraining managers to raise their understanding of the values and needs of younger workers can help provide a powerful tool to cut turnover and improve customer service and store performance. In today's competitive market, that's not an option. That's a necessity. ★

Industry to Cover Every Pain, Strain and Sprain – OSHA Moving Forward With Ergonomics Regulation; Legislation to Stop it May Have Trouble in Senate

The Occupational Safety and Health Administration (OSHA) is quickly moving forward with its plans to propose an ergonomics regulation this year. In February, OSHA released a 16-page "Working Draft" and is expected to formally propose a regulation this month.

Congress has taken a major step in stopping this costly new regulation in its tracks. On August 3, the House passed (217 to 209) the Workplace Preservation Act (H.R. 987), which would prohibit OSHA from moving forward with its ergonomics regulation until completion of a congressionally-mandated study on musculoskeletal disorders. FMI and the industry have promoted this common-sense bill, sponsored by Rep. Roy Blunt (R-MO), since it was introduced. The companion bill in the Senate, however, will have a more difficult time when it hits the floor for a

vote. If S. 1070, sponsored by Sen. Christopher Bond (R-MO), goes to the floor as a stand-alone bill, the Democrats, led by Sen. Ted Kennedy (D-MA), will filibuster. In order to get the 60 votes necessary to end debate, we not only have to get all Republican members to support passage, which is unlikely, but at least five Democrats as well. This will be very difficult.

Please contact your lawmakers (see box on back page) and urge them to support passage of this common-sense bill. Tell them you are extremely concerned about the extraordinary costs and burdens the new regulation would impose on the food industry, and that OSHA should refrain from promulgating a regulation pending the establishment of a scientific consensus concerning ergonomics injuries and completion of the NAS study. ★

What's Happening on the Hill

Tax Relief Package — The House approved the \$792 billion tax cut conference report on August 5 by a vote of 221 to 206. The Senate followed suit that evening narrowly clearing the package on a 50 to 49 vote. Although the battle between the Clinton Administration and proponents of the tax bill will likely result in only slight tax reform this year, this bill has set the stage for larger tax relief, including estate tax repeal.

Estate Taxes — FMI praises the House-Senate conference committee, which accepted the House-passed language regarding estate and gift taxes, including rate reductions and full repeal of the death tax. The provisions include:

- gradual elimination of the estate, gift and generation-skipping taxes over a 10-year period;
- conversion of the unified credit into a unified exemption effective after 2000;
- repeal of the 5 percent bubble, which phases out the benefit of the graduated rates, effective after 2000; and
- reduction in rates above 53 percent in 2001; above 50 percent in 2002; by 1 percent in 2003-2006; by 1.5 percent in 2007; by 2 percent in 2008; repeal after 2008, with carryover basis regime.

Work Opportunities Tax Credit/Welfare to Work Credit — The tax cut package extends the Work Opportunities Tax Credit and the Welfare-to-Work tax credit through December 31, 2001, with the option of filing electronically. Both would be retroactive to workers hired after June 30, 1999.

Minimum Wage — The minimum wage debate will continue this fall and will be the subject of a House committee hearing in September. The Clinton Administration is backing Sen. Edward Kennedy's proposal to raise the minimum wage by \$1 per hour. FMI is actively participating in the Coalition for Job Opportunities, a group of employer organizations working against minimum wage increases. FMI is also actively engaged in communicating to Congress the harmful effects an increase would have on entry-level employment and efforts to move welfare recipients into work.

Money Services Businesses — The U.S. Treasury Department, Financial Crimes Enforcement Network, issued a final rule requiring the registration of non-bank "money services businesses" effective December 31, 2001. This rule will apply to businesses cashing checks, exchanging currency, issuing money orders or traveler's checks in excess of \$1,000 per person per day. For a full copy of the rule, contact Jennifer Hatcher at 202-429-8287 or jhatcher@fmi.org.

Unemployment Funds for Paid Family Leave — House Education and the Workforce Committee Chairman William Goodling (R-PA) and Workforce Protections Subcommittee Chairman Cass Ballenger (R-NC) expressed strong opposition to President Clinton's proposal to use America's unemployment compensation funds to provide paid family leave benefits to employed Americans.

**Mark Your
Calendar!**

PAA 2000

June 19-20



Key Lawmakers to Contact on S. 1070 – The SENSE Act

Republicans

Sen. Craig (ID)
Sen. Campbell (CO)
Sen. Grams (MN)
Sen. McCain (AZ)
Sen. Murkowski (AK)
Sen. Roth (DE)
Sen. Santorum (PA)
Sen. Gordon Smith (OR)
Sen. Bob Smith (NH)
Sen. Specter (PA)

Democrats

Sen. Breaux (LA)
Sen. Cleland (GA)
Sen. Graham (FL)
Sen. Hollings (SC)
Sen. Landreiu (LA)
Sen. Lincoln (AR)
Sen. Robb (VA)