

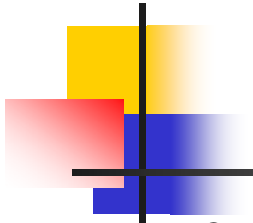
**FPPA Management Workshop**  
**October 13-15, 2008**  
**Chicago, Illinois**



# **EFFECTS OF THE ECONOMY ON HUMAN RESOURCES**

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- Can Employees Afford to Work?
- What is the impact on dual income families and how will it affect you?
- Understanding Generational Differences to develop your plan of action
- Creative ideas to providing alternative work schedules
- Tools and Resources to help your Employees
- Recognition and Rewards to retain employees during this economic downturn
- How to use Performance Improvement Plans to assist the employee
- Partnering with Your Employees For Financial Success



# Can Employees Afford To Work?

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- Still need a Paycheck
- Can they afford 2 income family?
- How does that affect you?

# Economics of Two Income Families



- Rising Transportation Costs
- Child Care
- Other Economics

Time = Money

# What is Your Employee Thinking?



- Opportunities closer to home?
- Reduce \$ and time
- 25 cents an hour around the corner
- Benefit Costs
- New Employee – no loyalty

# What is Your Employee Thinking?



Not the 1<sup>st</sup> Economic Crisis

- 1970 – no gas/gas lines
- 1980 – 16% mortgages
- 1990 – savings & loan crisis

But Your Younger Workers Don't Understand



# What is Your Younger Employee Thinking?



- No built up loyalty in the company
- No seniority for vacation time
- No security for them
- No risk

# What is Your Older Employee Thinking?



- Retirement \$\$
- Inflation effects on savings
- No \$\$ for kids college
- Overtime perks going away
- Will I ever be able to retire now?







# The numbers

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- Inflation at 4.3%
- Projected 2009 raises – 3.48%
- Projected 2009 medical increase – 9%

	<u>1998</u>	<u>2008</u>	
Gallon of Gas	\$ 1.03	\$ 3.50	344% +
Wages	\$ 14.13	\$18.65	32% +
1 share GE	\$24.58	\$ 18.70	-24%

# YOUR #1 COMPANY ASSET

What is Your Preventative  
Maintenance Plan for



Your Employees??



# YOUR TEAM!!!

HR + Managers = Success





# The Road to \$uccess

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- **Generational Differences**
  - What does it mean to you?
- **Creative Economic Support**
  - Help your employees and you!
- **Employee Retention**
  - Recognizing and Rewarding
- **Partnering with Employees**
  - Cost Control Efforts



# Generational Differences

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- Traditionalist
- Boomers
- Gen Y-ers
- Gen X-ers/Millennium Babies

# Traditionalist – 63 to 86

## “Silent Generation”

### Who Are They?

- Patriotism, teamwork
- Doing More with Less
- Loyalty, respect for authority, rules

### What Motivates Them ?

- **Loyalty** – they give it and expect it back
- **Respect** – generation created lots; respect that they are knowledgeable
- **Security** – money is great motivator. Benefits that create security

# Boomers – 44 to 62

## “Born to Live”

### Who Are They?

- Prestige, power, position, status, have it all.
- Loyal if \$\$ rewards
- Buy now, pay later

### What Motivates Them

- The 3 p"s - position, power, prestige,
- Great comp - profit share, pensions, healthcare benefits, special perks.
- Networking opportunities – love associations and conventions.

# Generation X - 26 to 43

## “Work To Live”

### Who Are They?

- Work/Life Balance
- Independence
- Team oriented but interpersonal skill issues

### What Motivates Them

- Flexibility – not the 8 to 5, Mon- Fri
- Group-think processes with recognition for individual effort
- Kudo's, Kudo's, Kudo's



# Gen Y-ers/Millennium 13 - 25

## “ Live In The Moment ”

### Who Are They?

- Non-loyal – experienced parent’s lay-off’s
- Sheltered – Helicopter parent syndrome
- Over-rewarded – gold stars for everything they did
- Team dependant – accustomed to group work, weak on self-reliance.

### What Motivates Them?

- Flex guidelines – question the sense of long term company rules
- Change & Challenge – experience over \$\$, not linear careers, job changer
- “Out of Box” thinking – opportunity to be heard on opinions.



# Creative Economic Support

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## Two Key Factors



**MONEY**



**TIME**

**Time to throw out conventional thinking and truly**

**“THINK OUTSIDE THE BOX”**



# Four Day Work Weeks

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- Do your employees want it?
  - Fit their personal schedules
- Can employee's do it?
  - Productivity?
  - Standing/sitting 2+ hours a day
- Fit customer demands
- Equipment to support overlap of shifts
- Other changes needed – policys?
- Think outside the Mon-Fri Box
  - Sun-Wed/ Mon-Thurs/ Tues-Fri/ Wed-Sat

# Job Sharing



- Split ½ day or split days in the week?
- Effective schedule for both parties?
- Communication/transition?
- Short one employee – how to fill?
- Can employee commit long term?
- Have they thought through economic reduction?





# Flex Time – Adjustable Schedules

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- Structure a policy where employees may pre-arrange a schedule for the week/month.
- Can't Retire Boomers
  - Part time? Fill in for vacations?





# Tele-Commuting

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- Workers Comp Issues
- Control of Work
- Employee morale for ee's who can't



# What Else??

- Employee Loans 
- Employee Assistance Program/Specialist
- 401(k) education
- Pre-retirement Planning 



# Beware Of The Hidden Messages

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- What message is your company sending?
- What message are you sending?

Make sure you “Walk The Talk”





# Retention and Motivation through Recognition & Reward

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Money not # 1 Motivator

Millennium Baby's would text

\$\$\$ 0 #1 ☺



# Key To Successful Retention

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- Enjoyment of Job
- Appreciation on the job





# Recognition, Rewards & Motivation

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- Create a culture of recognition & job satisfaction
- Top Down – starts with you
- Support your HR Team – key to success
- Change Your Theory X Managers





# REMEMBER . . .

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- Understand the generational differences
- Make the rewards of value
- The little things DO count!





# MANAGEMENT 101

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**SPEND 80% OF YOUR TIME  
ON 80% OF YOUR EMPLOYEES**

**RETENTION THROUGH  
PERFORMANCE MANAGEMENT**



# Partner with Employees For \$uccess

**EMPLOYEES + ENGAGEMENT = \$\$\$\$**





# THE HEADLINES

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*Company's Medical Cost up 12 - 18%*  
*Company's slashing employee medical benefits*

*Medical premiums  
rising again!*





# Our Headlines

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## **Dynamic Dies Faced the Medical Cost Challenge—And Won!**

**“Company saves almost one million  
dollars in medical costs while improving  
employee benefits.”**

The Cutting Edge – October 2006



# THE CHALLENGE

- 1998 – Self funded with stop loss
  - 2000/2001 – Renewal up 15%
  - 2001/2002 – Renewal up 23%
- } **38% increase in 2 years!!**
- **Cost projections over next three years**
    - \$1/2 million more in claims
  - **Benefit Consultant recommendation:**
    - Increase monthly premiums
    - Adjust premium % from 75/25 to 70/30
    - Increase deductible and/or amount of pocket
    - Consider removing spouses
    - Move to high deductible plan





# WINNING THE CHALLENGE!

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- 2006 medical claims \$ below 2002 (-9.38%)
  - 2008 medical claims \$ on target to match 2003
- No premium increases for the employees
  - 5 years in a row (on the verge of 6 years in a row)
- One free month of medical premium
  - 2 years in a row
- Improve (not take away) medical coverage
- \$ Million Dollar Savings!





# THE NUMBERS TELL THE STORY

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- 2000 – Insurance up 15%
- 2001 – Insurance up 23%
- 2002 - Insurance **up only** 6.6% (n.a. +13%)
- 2003 – Insurance **up only** 3.2% (n.a. +14%)
- 2004 – Insurance **Down 15.8%** (n.a. +11.2%)
- 2005 – Insurance **up only** 6.6%

Total Cost Savings from 2001 – 2006  
Almost \$1,000,000

**These can be YOUR company numbers too!!**



# THE WINNING PLAN

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## Evaluate

Gain understanding of plan history and data

## Educate

Training tools and vendor resources

## Communicate

Create an employee partnership

## Motivate

Rewarding results



# The \$uccess Continues

- Through Employee Partnership, we have cut our generic drug costs in half in 6 months.
- 2008 Medical Costs
  - Below projection
  - Below 2007 costs
  - On the verge of matching 2003 costs





# Win, Win Win!

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- Employees Save \$\$
- Company Saves \$\$
- Employees recognize the value
- Employees rewarded
- Spouses Involved
- HUGE retention factor!



**Get Your  
Employees Involved**









# Making It Happen!!

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- Know your people – what motivates them
- Think out of the Box for new schedule ideas – ask your employees
- Get creative with rewards and recognition
- Focus on those who are good –  
performance improvement plans
- Engage your employees to control \$\$



# Your Efforts Today . . . Will Reward You Tomorrow

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When Things turn around . . . And they will  
There is going to be a recruiting heyday.

What you do for your employees today . . .  
they will pay back in loyalty tomorrow!



# QUESTIONS ??



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