

When They Tell You the Sky Is Falling...

How to Guide Employees Through Economic Uncertainty

By Mindy Rosenthal, Senior Consultant, The Segal Company

The economic trials of the past few months have put many people on edge. Public sector employees are distracted by all the bad news, not only about the financial markets, but also about the fiscal condition of the entities for which they work. In addition to worrying about potential job loss, many employees are also facing unprecedented personal financial challenges such as mounting credit card debt, impending foreclosures and an astounding reduction in the value of their investments. Not surprisingly, heightened anxiety and stress are spilling over into the workplace.

What Public Sector Employers Can Do

Despite the challenges—not the least of which is keeping Chicken Little at bay—there are steps public employers can take to maintain productivity and keep employees focused on achieving the organization's goals. The key to success is acknowledging that anxiety is running high and giving the employees the tools and information they need to cope.

Most public entities provide their employees with an array of benefits that they can use to relieve stress and remain energetic and productive in difficult times. The Segal Company suggests organizations should do the following things.

Encourage Employees to Use Their Health Care Benefits Appropriately

A number of recent surveys show that one of the side effects of the economic downturn is that people are spending less on health care. They are reducing their doctor visits and skipping preventive tests. Given a choice between spending \$50 on a co-pay for a checkup or a fill-up for their cars, many people are opting for the latter.

Some are even taking fewer prescriptions to help control costs. Doctors nationwide report that patients are

giving up medications that they think are expendable. Even sales of the anti-cholesterol drug Lipitor declined 13 percent in the third quarter of 2008. Other patients are skipping days' worth of doses or cutting pills in half to make their medication supplies last longer.

While some may welcome a slowdown in health care spending, people who defer medical care and fail to take the medications they need risk turning existing conditions into serious long-term problems. Moreover, delaying care may eventually increase overall health costs as people are forced to seek emergency treatment for issues that should have been dealt with more easily and less expensively earlier on.

While employees have the right to make these decisions, in difficult times especially, organizations have the opportunity to help them make intelligent choices by educating employees about the importance of practicing preventive care and following courses of treatment.

Public sector employers that offer wellness programs have an excellent opportunity to use this benefit to help combat stress among employees by promoting healthy living. Studies show that eating well, getting enough sleep and exercising regularly are major deterrents to anxiety. Moreover, living healthfully helps ward off illnesses that are brought on by stress.

Promote Resources for Learning and Stress Reduction

Many resources are available to help employees through difficult financial times. Public sector employers with Employee Assistance Programs should promote their use to employees as a means of coping with stress. Most EAPs offer one-on-one confidential financial and legal consultations by phone, as well as online articles and financial planning tools.

Organizations can also help improve their employees' financial literacy. Again,

there is no shortage of easily accessible information and tools. For example, the U.S. Financial Literacy and Education Commission provides educational materials on topics that include financial planning, home ownership and saving and investing. The commission's Web site, <http://www.mymoney.gov>, and toll-free hotline, 888-MyMoney (696-6639), both provide information in English and Spanish.

Public sector employers should also promote and explain the provisions and features of their own programs. Organizations that offer a 403(b), into which employees can make investment elections, need to make sure employees understand the various degrees of risk among the options. It is important to communicate how age—or nearness to retirement—should determine a person's investment strategy and how that strategy may be adjusted over time. Employers should also take advantage of services provided by their 403(b) plan vendor. Most vendors will conduct investment education meetings for employees at no cost.

Maintain a Positive Work Environment

It is not uncommon for public sector employers to fail to consider the small gestures that can have big impacts on employees' morale and engagement. With negative news abounding outside the organization, now is a good time to think about how to utilize employee benefits to lift spirits internally.

One possibility is expanding employees' options for adopting flexible work schedules. Entities that have instituted a four-day week or reduced hours can coach their employees on how to adapt to the change, which can bolster morale and improve productivity. Allowing people to take time to deal with family issues or talk to a financial advisor is a low-cost benefit with potentially high levels of return. Encouraging employees to use

their vacation time is also a good way to reduce stress on the job.

Another inexpensive and effective way to motivate employees is to provide frequent recognition of accomplishments. A culture of praise and gratitude goes a long way toward minimizing distractions. Offering stressed-out employees a quiet space or an unused office in which to unwind, reflect or make a phone call can also be of great value for lowering anxiety.

Listen to Employees

One of the biggest mistakes employers make when it comes to communicating with employees is thinking that they know employees' pain points and then launching an initiative based on these erroneous assumptions. Instead, employers should consider starting with focus groups, informal gatherings or surveys to find out what is on employees' minds. Assessing employees' attitudes and understanding will help the organization formulate a strategy and plan for future communications that align with what people need.

Involve Leadership

Providing strong, visible leadership is essential when fears run high. People crave credible explanations and take comfort in believing that those in control—especially their immediate supervisor and the political leadership of the entity—have a grasp of the issues and a plan for improving the situation. In times of crisis, strong leaders address problems in the context of the organization and communicate to staff at all levels. Effective leaders speak candidly and consistently and provide opportunities for questions and feedback.

Depending on the organization, leadership messages can be delivered in writing (e.g., in a weekly update to all employees), in person (e.g., via town hall meetings or departmental meetings), or in a combination of the two. There is perhaps no better mechanism for managing employees' anxiety and squelching rumors than using a high-touch approach.

Responsibility for managing effectively in a stressful environment is not, however, limited to senior leaders. Managers at all levels must deliver consistent messages, and all must be prepared to give the same answers to questions they are likely to receive. Even more so than senior leaders, first-line supervisors may need training to identify and manage stress. Supervisors need to recognize the different ways people demonstrate severe anxiety and also need to be equipped with the knowledge, tools and resources for managing distractions or disruptive behaviors that may result. Entities must make sure managers know what resources are available to them and encourage managers to communicate frequently with employees and find ways to acknowledge both effort and success in daily activities.

Leadership at all levels is about optimism. While managers may be struggling with their own financial challenges, entities must support them in their efforts to remain upbeat.

A Final Word

Few situations cause more stress and distraction than those over which an individual feels he or she has little or no control, such as failing financial institu-

tions and erratic behavior on Wall Street. Under conditions like these workplace morale and productivity are likely to suffer. Rumors spread like viruses, and talk about job losses, foreclosures and delayed retirements replace Monday morning quarterbacking.

While the cause for concern may be real, public sector employers can take steps to minimize the negativity. Encouraging employees to use their benefits is a good way to start. Listening to employees, encouraging consistent and open communication and focusing on individuals' and groups' achievements will also help keep the organization on course during tough times and position the entity for an economic rebound. In the end, improved employees' attitudes and behaviors will last long after today's financial dust has settled.

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