

Connections



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Your Business Link to People, News and Services

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Prepare for Possible Employee Exodus as Economy Improves

by Ray Edwards, president & CEO, AAIM Employers' Group

Most everyone loves spring. With warmer days the ground thaws and flowers bloom. But spring can also bring heavy rains and the danger of disastrous flooding. Similarly, all of us look forward to the end of what has been a long and painful economic recession. Many of our member companies are starting to report cautious optimism with 2010 operating results exceeding those of the prior year.

When the ice breaks and hiring resumes, companies may see themselves facing a flood of unwelcome changes as employees, frustrated by pent up demands, decide to move elsewhere. Forward thinking organizations anticipate this, work to head it off and make plans to mitigate potential damage.

Turnover costs vary by study. According to the U.S. Department of Labor, it costs one-third of a departing employee's annual salary to replace them. These costs do not include customer service disruption, emotional costs, loss of morale, burnout and absenteeism among remaining employees, as well as loss of experience and continuity.

Business leaders report a growing concern with keeping key employees and maintaining their organization culture as the economy improves. So how can you hold on to your key employees and your culture with the coming changes?

First, find out what employees are thinking. Employee opinion surveys are a powerful tool for gauging employee morale and engagement. Follow-up small group feedback sessions allow employees to share concerns directly with management.

Communicate regularly. Some companies schedule ongoing employee meetings in large groups to communicate business performance or smaller settings to talk more informally. This lets employees know what's going on and lets management hear from employees.

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1st Farm Credit Services

2010 Illinois Employer of the Year Award Category: 101-250 employees



First Farm Credit Services, located in Normal, Illinois, is a cooperative with about 10,000 stockholders and is the largest agricultural lender in Illinois. Since many of the team members have agricultural backgrounds, received agricultural degrees or have parents or grandparents who were farmers, there are numerous opportunities for close connections between the staff and their client base.

HR Best Practice

Mentor Program

A workforce analysis shows that fully two-thirds of 1st Farm senior management staff will be retirement eligible in the next five to seven years. Nationally, trend and generational data show that “millennials” potentially are job hoppers when the economy picks up. As a result, the mentor program was conceived to prepare future leaders by giving current leaders an opportunity to tell their story and share their expertise before they retire. There is an application process for both mentors and mentees and all applications are reviewed by the executive team. Even if not selected, employees are assigned learning activities to ensure continued self-improvement.

The 15-month mentor program offers a blend of six group meetings and 12 one-on-one sessions. After mentees complete an assessment about their goals, strengths and opportunity areas, meetings and topics are arranged by the mentee. Mentees develop questions for their mentors that query areas such as educational path, role models, leadership experiences and future plans.

What Makes Them the Best?

All employees have opportunities to serve on committees and to provide input and work on projects throughout the year. One example is the PACE HR Committee, an

employee and management cross-functional team that recommends programs to the Executive Leadership Team. The Committee makes sure that 1st Farm is doing what they should be doing in the areas of training and development, recognition, benefits and all areas important to satisfied team members.

In addition, 1st Farm encourages employee input through the QUIT DOING initiative. Employees are asked for ideas as to what the company should “quit doing” that would lower costs and increase efficiency.

And finally, through the Culture Cash Program, employees award cash to other team members when they catch them “living” the culture. As a result the company’s values are alive and well because team members keep the 1st Farm’s vision front and center every day.

What Makes 1st Farm an Employer of Choice?

President and CEO Gary Ash responds: “This company gives young team members opportunities and allows them to learn new skills and try new things. We empower employees—they have the authority to meet the needs of our clients. We have low turnover (less than 3%) and we credit this success to how we treat people. We place a very high value on integrity and respect of our team members because we know people are the key to our success.”

AAIM Employers' Association recognizes outstanding Illinois and Missouri employers with the Employer of the Year Award. The award acknowledges people as the company's greatest asset. Winning companies have made efforts to make their organization a great place to work. The 2010 award winners were announced at the AAIMEA Strategic Directions Conference and Luncheon held in Peoria on October 20 and in St. Louis on October 21, 2010.

The Booksource, Inc.

2010 Missouri Employer of the Year Award Category: 101-250 employees



The Booksource story began in 1974 when Sandy Jaffe took over the operations of Paperback Supply, a local book wholesaler in St. Louis, with just seven employees and a 6,000 square foot warehouse. At that time, the company carried only paperback books from fewer than 75 publishers. From there, the story is one of continuous growth. During the next 35 years, a bindery was purchased, hardcover books were added, a retail-products division was acquired and market coverage was expanded to cover the entire country. They now have around 160 full-time employees plus numerous seasonal temps.

The Booksource has always been family-owned and operated. Sandy's sons Neil and Gary are co-presidents of the organization and his daughter Donna is president of their retail-products division, Peaceable Kingdom Press.

HR Best Practice Open Book Management

The Great Game of Business (GGOB) is an open book management model based on a book by Jack Stack. The philosophy of the GGOB is to create a culture of ownership and empowerment that taps into the enthusiasm, intelligence and creativity of the employees of the company. The GGOB model teaches employees how to think and act like owners. The Booksource has integrated several GGOB practices, such as:

- Critical numbers and key drivers
- Scoreboards
- Daily/weekly huddles
- Performance-based bonuses

By practicing GGOB, The Booksource has experienced specific improvements to the bottom line. For example, a key driver measurement for the binderies is Books Per Person Hour (BPH). By sharing critical numbers with all employees and using scoreboards to display day-to-day improvement, this measurement grew from 15 BPH to 33 BPH in less than two years.

What Makes Them the Best?

The Booksource recognizes the value of exceptional customer service through “Moments of Truth”—those moments when customers instantly judge the quality of service when they come in contact with some aspect of The Booksource. Whether it's a customer placing a book order over the phone or a teacher opening a perfectly-packed box of textbooks delivered to a school that's a thousand miles from where it was originally packed and shipped, every employee understands that how he or she performs their job will ultimately show up as a Moment of Truth to a customer.

What Makes The Booksource an Employer of Choice?

One employee expressed how most Booksource employees feel about their workplace by stating, “The people here and the way the Jaffe family treats one another with genuine respect make this a great place to work. The Jaffes show us they care about the people, not just making the money.”

Eye on Illinois & Missouri

Illinois

A requirement of the Illinois Identity Protection Act of 2010, is for Illinois public sector employers to have an identity protection policy in place by June 1, 2011. The purpose of the policy is to protect social security numbers from identity theft. Required components of the policy include:

- The policy must identify the Act.
- Employees with access to social security numbers (as part of their work duties) must be trained to protect social security numbers.
- Access to documents that contain social security numbers must be restricted to only those with a need to access.
- Where social security numbers are requested from an individual, they must be provided in a manner that's easily edited out if required to be released as part of a public records request.
- A statement or purpose for why the social security number is being collected must be provided.

There are numerous prohibited activities related to social security numbers that are also included. Read the full text of the law at: <http://www.ilga.gov/legislation/96/HB/PDF/09600HB0547lv.pdf>

Missouri

The minimum wage rate in Missouri will remain at its 2010 rate of \$7.25 per hour for year 2011. Employers engaged in retail or service businesses whose annual gross income is less than \$500,000 are not required to pay the state minimum wage rate. Currently, the Missouri minimum wage and the federal minimum wage are the same rate.

How Can Organizations Become Successful at Change?

by Marvis Meyers, VP, training & organization development, AAIM Employers' Association

January is typically the time when all of us make resolutions to improve ourselves or our lives in some way. Lose weight, exercise, spend more time with the kids. You know the drill. As you also know, most of us don't live up to those resolutions. "Real life" gets in the way. We keep on doing what we've always done and we get the same results.

We don't think about it in quite the same way, but organizations make resolutions too—they're called goals, objectives or strategic plans. The terms may vary, but they mean the same thing: this is what we're going to do more of, less of or different in order to be better. Unfortunately, organizational "resolutions" have about the same degree of success as personal ones do and for the same reason. Change is hard.

The practice of Organizational Development is founded, in large part, on the practices of change management. If you want your organization to achieve different results, the organization itself has to change. Processes have to change, structures have to change, markets have to change—but most importantly, people have to change. Unfortunately, according to multiple studies, only 25-30 percent of change initiatives succeed. Although that's a daunting statistic, change is necessary. So how can organizations become successful at change?

Many, many books have been written on change and they all share a similar message: create a clear vision, take your time, don't expect overnight results, and above all, communicate, communicate, communicate. With so many clearly outlined processes and techniques, you'd think it would be easy to develop a change strategy that would guide an organization through a change initiative; but as many battered and bruised leaders can tell you, it's not.

Successful change initiatives all have one thing in common: they focus on the individual. Each individual employee must be convinced of the need for the change, the safety of making the change, the ease of making the change and how they will be helped and supported in making the change. An announcement from top management, a poster in the cafeteria or even an all-hands meeting won't do it. From the top down, each leader must tell the change story to the people who report to them and gain commitment to change—not as a group, not as a team, but as individuals. Yes, it takes time; but can you afford a 70 percent probability of failure?

Change is scary. It can mean a change in an employee's financial well-being, personal feeling of status, perception of fairness and belief in his or her ability to do a good job. Taking the time to have conversations about planned change and listening to employees' concerns are the best tactics for leading a successful change initiative.

AAIM Employers' Association provides a variety of training and consulting options to help your company resolve issues related to change. Contact Marvis Meyers at 314.754.0221 or Marvis.meyers@aaima.org to learn more.

Health Care Reform: OTC Meds Not Eligible for Reimbursement from FSAs and HSAs

by Sherrie Dornon, trainer & consultant, AAIM Employers' Association

Effective January 1, 2011, employees may no longer receive tax-free reimbursements for over-the-counter (OTC) drugs. Under the Patient Protection and Affordable Care Act (PPACA), OTC drugs are no longer reimbursable through employee flexible spending accounts (FSAs) or health reimbursement arrangements (HRAs) unless prescribed by a medical provider. Furthermore, OTC drugs are no longer considered qualified medical expenses for employee health savings accounts (HSAs) and eligible for tax-free reimbursement unless the drugs are prescribed.

Effective Date. The changes are effective for OTC purchases made after December 31, 2010. The changes do not apply to OTC purchases made before January 1, 2011, even if reimbursement is requested or made after that date. The changes apply to all plans and all plan participants effective January 1, regardless of plan year dates. Therefore, employee reimbursement for OTC drugs will change mid-year for non-calendar year plans. Additionally, the new law does not recognize an FSA's grace period that allows participants to use remaining 2010 funds in 2011. Rather, the effective date is January 1, regardless of the plan's terms.

Ineligible for Reimbursement. OTC drugs that are no longer eligible for reimbursement without a prescription include medicines for pain relief, allergy, sinus, cough, cold, flu, stomach remedies, sleep aids, acid controllers, antibiotic products and others.

Eligible for Reimbursement. Insulin remains eligible for reimbursement without a prescription. Similarly, medical supplies and equipment, such as contact lens solutions, bandages, wheel chairs, walkers, crutches, and diagnostic tests such as blood sugar tests remain eligible for reimbursement without a prescription. OTC drugs purchased pursuant to a prescription are eligible for reimbursement.

Tax Penalty Doubles for Non-Qualified Expenses. The PPACA increases the penalty for employees who use HSA funds for non-qualified expenses, such as OTC drugs purchased without a prescription. Effective January 1, 2011, the tax penalty for non-qualified expenses increases from 10 to 20 percent. The increased penalty makes it crucial for HSA participants to maintain copies of receipts and prescriptions for their tax records to show payment for qualified expenses.

Employer Action and Employee Impact. Employers should ensure their plan documents are updated to reflect the OTC changes for 2011 and notify employees of these changes. FSA and HRA plans that utilize employee debit cards should have notified employees that eligible OTC drug purchases (OTC drugs with a prescription) will need to be paid out-of-pocket and will be reimbursed by submitting a claim with a copy of the prescription and the receipt for the purchase. A valid prescription is one that is written (or sent electronically) by a person authorized to write a prescription in that state.

continued from page 1

Recognize and make employees feel valued. From a simple daily greeting and expressions of concern to formal recognition programs, there are many ways to help employees feel more connected to the organization.

Review and communicate compensation plans. Companies that want to reduce turnover are also reviewing their total compensation program as the economy improves to ensure they are competitive. Some companies also let employees know the value of their "total compensation" (including benefits) so they can fully appreciate what they receive from the company.

Use succession planning. Despite your best efforts, if employees leave it's important to have an established succession plan. Identifying high potential employees now and training to develop them for future growth pays off when openings occur. Identifying search partners can also speed up recruiting when a need arises.

Every spring brings sad stories of those who lost their home to flooding believing "it can't happen here" and failed to prepare. As a responsible business leader you can prepare now to ensure you have the right people for the coming thaw.

AAIM Employers' Association can assist your organization with employee opinion surveys, compensation planning, succession planning as well as other employee retention strategies. Contact your AAIMEA representative at 888.325.5212 (St. Louis) or 800.948.5700 (Illinois).

AAIM Employers' Association is a not-for-profit association. This newsletter has been compiled by knowledgeable labor and human resources specialists. It is not intended or designed to render legal advice to its readers.
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Survey Calendar

Mark your calendar to participate in these upcoming surveys for 2011. Member participants always receive free results!

Survey	Opens
National Executive Compensation Survey	JAN
Benchmark Wage & Salary Survey	FEB
Health Services Industry Wage & Salary Survey	FEB
Manufacturing Industry Wage & Salary Survey	FEB
National IT & Engineering Survey	MAY
Salary Budget Survey	AUG
Paid Holidays	AUG

Biennial Policies & Benefits Survey releases 1st quarter 2011

Contact Deanna.Hicke@aaimea.org or Liz.Redohl@aaimea.org with questions or if you wish to order or participate in any surveys.

And did we mention Member participants receive **FREE** results?

Answers to Recordkeeping Quiz:

1. True
2. False. Requirements vary from law to law.
3. c.
4. c.
5. b.

Heard It on the Hotline

Q. In anticipation of possible winter weather-related business closings, what are the wage payment issues we should be aware of?

A. The way pay is handled depends on the employee's classification under the Fair Labor Standards Act (FLSA):

Exempt employees: According to an Opinion Letter published by the Department of Labor, an employer can direct exempt employees to use vacation time when the business is closed due to inclement weather. However, if an employee does not have enough accrued time left in their vacation account to cover the closure, the employer would still have to pay the employee their full salary for the day off, as it is not permissible to withhold from an exempt employee's pay for the closure. If the office remains open during inclement weather but an exempt employee fails to report for work, the employer can direct the employee to take a vacation day, as stated above. Furthermore, the FLSA states that deductions from pay may be made when an exempt employee is absent for one or more full days for personal reasons unrelated to sickness. So if the office is open and the employee chooses not to report to work, the day off may be treated as a personal, unpaid leave day.

Non-exempt employees: If your company is closed, you may want to allow non-exempt employees to use a personal or vacation day. If you are open, you may still want to allow those employees who do not show up to use a personal or vacation day. If you are open, you will obviously want to pay those employees who arrive at work. It's the employer's decision whether to pay non-exempt employees for the actual hours worked or for an entire day. If you are able to notify the employee ahead of time not to appear, you can avoid this liability.

Q. An employee came into the HR office stating that tomorrow would be his last day before a two-week military leave. What forms do I need to complete?

A. Although there is no specific form required under the Uniformed Services Employment and Reemployment Rights Act (USERRA), employers must notify employees of their rights under USERRA. Employers may meet that requirement by displaying the required poster, "Your Rights Under USERRA." This poster is available to download and print from the Department of Labor website: http://www.dol.gov/vets/programs/userra/USERRA_Private.pdf. Additionally, a best practice is to make sure the employee understands how benefits--such as health insurance and pension contributions--will be handled while on military leave.

Call the Member Answer Center team with HR questions of your own.

Barb Ruck, barb.ruck@aaimea.org, 314.754.0169 or Susan Martin, susan.martin@aaimea.org, 314.754.0203 or toll free at 877.819.8284.

January, February and March Training & Events

January

FAIRVIEW HEIGHTS, IL

Visit www.eaconnect.com for a complete list of courses and descriptions.

- 11 Payroll Tax & Fringe Benefit Update

PEORIA

Visit www.eaconnect.com for a complete list of courses and descriptions.

- 18 Union Organizing & the Employee Free Choice Act: A Brave New World or the Same Old Swimming Hole? (Session 1 of the Employment Law Certificate Series)

ST. LOUIS

Visit www.aaimtrain.org for a complete list of courses and descriptions.

- 11 Working with Difficult People
12 PHR/SPHR Certification Prep
18 Superior Leadership Through Communication
19 Your Role as a Supervisor
20 Personal Productivity
25 Active Listening
25 Delegation
26 Interpersonal Communication Skills

February

PEORIA

Visit www.eaconnect.com for a complete list of courses and descriptions.

- 15 The Five Deadly Workplace Legal Risks of the 21st Century*
17 & 24 Leadership for Leads

ROCKFORD

Visit www.eaconnect.com for a complete list of courses and descriptions.

- 9 The Five Deadly Workplace Legal Risks of the 21st Century* (Session 1 of the Employment Law Certificate Series)



*AAIM Employers' Association is an approved provider of HRCI recertification seminars.

The use of the HRCI seal is not an endorsement by HRCI of the quality of the program. It means that this program has met HRCI's criteria to be pre-approved for recertification credit.

February

ST. LOUIS

Visit www.aaimtrain.org for a complete list of courses and descriptions.

- 1 Assertive Communication Skills
3 Behavioral Interviewing Skills
4 90 Days to Success
9 Basic Presentation Skills
10 Powerful PowerPoint Presentations
10 Project Management Fundamentals
15 Leading Organizational Change
22 Business Writing
23 Stress Management
24 Introduction to Human Resources

March

PEORIA

Visit www.eaconnect.com for a complete list of courses and descriptions.

- 2 Downstate Illinois Occupational Safety & Health Day
9, 16, & 23 Supervisor 1 Series*
15 Handling Employee Complaints & Conducting Investigations*
30, 4/6 & 13 Supervisor 2 Series*

ST. LOUIS

Visit www.aaimtrain.org for a complete list of courses and descriptions.

- 1 Interpersonal Communication Skills
2 Active Listening
3 Professional Presence
8 Process Flow Mapping
9 Successful Coaching Skills
10 Maintaining a Union-Free Environment
11 90 Days to Success
15 Emotional Intelligence (EQ) for Leaders
15 Mistake-Free Writing
16 Finance for the Non-Financial Manager
17 Building Commitment & Accountability
22 Negotiating Skills
23 Dealing with Conflict
24 A Measured Approach to Problem Solving
29 Your Role as a Supervisor

Coming Soon!

The 2011 AAIMEA
Training Catalog!

Welcome to Our Newest Members!

Beta Raven
Brown Shoe Company, Inc.
Cast Technologies
Coventry Health Care/GHP
David A. Austin
ESC New Media
Express Employment Professionals
Financial Foresight
I-70 Auto Body
Imperial Manufacturing Group
Ingersoll Machine Tools, Inc.
Jim Casey Youth Opportunities
Kaiser Abstract Company
Lloyd Industries, Inc.
Major Brands
Medical Transportation Management
Northwest Bank
Ozark Steel Fabricators, Inc.
Parker Hannifin Corp-Sporlan Division
Patriot Coal Corporation
Price-Gnade Ford
Roha USA, LLC
The Cohn Group, Inc.
Witte Bros. Exchange
Youth in Need, Inc.



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QUIZ: To Keep or To Shred?

Check your knowledge about federal recordkeeping laws! Answers are on page 6.

1. All federal employment laws have recordkeeping requirements.

True

False

2. All federal employment laws require you to keep the same records.

True

False

3. All federal employment laws require you to retain records for:

a. 3 years

b. 5 years

c. Different lengths of time depending on the particular law

4. If an employee files a discrimination complaint, all records regarding the employee must be kept:

a. an additional 3 years.

b. a minimum of 5 years following the date the complaint was filed.

c. until final disposition of the legal action.

5. Records containing employee and family medical information should be:

a. kept with other records in your employee files.

b. kept separately from other employee files.

c. destroyed or turned over to employees after 1 year.

Source: BLR

For additional federal recordkeeping requirements as well as the laws for all 50 states, visit your online HR resource at www.eaconnect.com/rconline.aspx or www.aaimstl.org/answers.

Make the most of your BLR experience by viewing the usage webinar at www.aaimstl.org/BLR.

Want to Save \$250?

You can when you take part in the New Member Referral Program! Save \$250 on AAIMEA membership dues, HR services or training* for every company referral that becomes a dues paying AAIMEA member by December 1, 2011.

The more you refer, the more you SAVE. NO LIMIT! Earn a \$250 credit for EVERY referral that becomes a paid AAIMEA member.

For full details and to make referrals:

> visit www.aaimstl.org/refer

In Illinois contact

> email Mary.Shea@aaimea.org

> call 800.948.5700

In St. Louis contact

> email Martha.Huskey@aaimea.org

> call 314.754.0199

*certain exclusions apply