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AN AMERICAN SOCIETY OF EMPLOYERS MAGAZINE

EAGLE EYE INTERVIEW WITH SAM KAHAN OF THE FEDERAL RESERVE BANK

DIVERSITY, POST-RECESSION

ASE

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The mission of the American Society of Employers (ASE) is to provide prompt, high-quality service to member organizations as the state of Michigan's preeminent authority on human resource management issues.

TO OUR MEMBERS

By Mary E. Schroeder

When the economy took a dramatic turn for the worse last fall, the ASE staff adopted the phrase "Now, More Than Ever" as our operating mantra. You have no doubt noticed that we use it regularly in our member communications, but we use it all the time internally as well—during staff meetings and planning meetings especially. We are channeling all our energy in two directions: first, towards delivering our traditional services that are particularly relevant in the current climate, and second, towards developing new services that have that same level of relevance. And so allow me to remind you of some of the areas where we can help you and where you may need our help now, more than ever:

- If you have laid people off, or are planning to, consider using ASE's Career Transition Services. These are basic as well as advanced support services for displaced salaried employees below the executive level. They are very reasonably priced.
- If you laid people off more than 60 or 90 days ago, it may now be time to gauge the morale of your current staff by means of an Employee Opinion Survey.
- If you are concerned about dealing with gender-based pay equity complaints since the Lilly Ledbetter Act became law, access the Pay Equity Assessment Tool (PEAT) on our website.
- If you are now short-staffed in HR and have projects that are languishing because of it, call our Supplemental Staffing group to get professional temporary help and get those projects done.
- If the changes in benefit law in the last several months have your head spinning, come to our May 29 Selected Insights event entitled "Unscrambling HIPAA and Other Benefit Changes."
- If you are short-staffed and have had to move untrained people into leadership positions, consider sending them to our "Principles and Practices of Supervision" training classes.
- If you feel the need to pick the brains of your HR peers in other organizations, consider attending some of our networking events, particularly our complimentary Members-Only Roundtables.
- If you are non-union and concerned about the push in Congress to enable unions to organize companies more easily, don't forget to access the EFCA Toolkit on our website.

One last thought: No matter the economy, we should never forget that we still need to celebrate our profession whenever we can. ASE does that formally every year by recognizing three deserving HR professionals as HR Executives of the Year. Yes, we will do that this year too, in the fall. But we need nominations. Go to our website to learn how you can nominate a deserving individual for this award.

In the meantime, stay positive, and keep at it. I'll talk to you next month.

Mary

Welcome New Members

Accuri Cytometers, Inc.
Ann Arbor
Science research tools - produce and sell

Asthma Allergy & Immunology Institute
Southfield
Medical practice

Avon Protection Systems
Cadillac
Products for self-contained breathing apparatuses

Calhoun Health Plan
Battle Creek
Provide basic health coverage for the uninsured

Compact Power Inc.
Troy
Lithium on battery technology

JobLink Service Center
Pontiac
Educational services (career center)

MichBio
Ann Arbor
Bioscience industry association

Tachi-S Engineering USA Inc.
Farmington Hills
Engineering and design of automotive seating and trim

Ujima Enterprises Incorporated
Kalamazoo
Education, culture and community service

Umicore Autocat USA, Inc.
Auburn Hills
Metal powders, compounds, and materials

Waltonen Engineering, Inc.
Warren
Engineering, Design, Staff Services

DIVERSITY, POST RECESSION: YOUR KEY TO SURVIVAL

By Karen Lannoo

Your organization's diversity initiatives are not just good public relations—they may be a strategic key to your organization's survival in the future. That is why you should not include your diversity programs among those you put on hold, or scrap, during these lean times. In fact, you should further develop them.

In other words, now is the time to really push your diversity efforts to ensure your workforce is ready for the future. After all, these current tough times will eventually pass. And when they do, the real question will be whether or not your company is armed with the workforce it will need to take care of *all* of your current and future customers.

And who will those customers be? The U.S. Census Bureau reports that by 2050, 30% of the country's population will be Latino, 15% Black, and 9% Asian. This means that non-Latino Whites will account for only 46% of the population (today this group accounts for 66%). Put another way, non-Latino whites will be just another minority in a population of nothing but minorities. What's more, there are demographers who believe that we will reach these numbers at least eight years sooner than the Census Bureau estimates. It is all due to rapid ethnic and racial change brought on both by immigration and the birth rates in the Hispanic and Asian populations.

The successful companies of the future are thinking through these issues today.

We have read much in the last 10 years about the expected mass exodus of Baby Boomers from the workplace, which demographers predicted to begin right about now. Even if tumbling 401(k)s push back the retirement timetables of many of those Boomers, they do not alter the fact that companies will sooner or later have to address a huge talent transition. The Boomers will have to be replaced, and the generations that will replace them are increasingly diverse, with significantly different needs and attitudes about work and life balance. How companies manage their rapidly diversifying workforces will determine whether they grow or stagnate and eventually die.

Consider also that President Obama won the presidency largely on the support of a broad and diverse coalition of voters, many of whom were young people and people of color. The 2008 election amounted to a powerful marketing lesson for business. Does your company want to continue serving a waning market or capitalize on the changing markets of 2010 and beyond?

The leaders at Marriott International not only really understand the importance of diversity, they regard their long-established diversity initiative as a gift that keeps on giving. Marriott requires mandatory diversity training to ensure that its employees are able to effectively deal with customers from various backgrounds. J.W. Marriott Jr., Chairman and CEO, is also committed to building hotels in urban localities that create jobs for minorities from low income areas. Marriot pledged to spend $1 billion with minority-businesses by 2010. As of this writing, Marriott has nearly doubled that goal. According to Jimmie Paschall, Marriot's Senior Vice President for External Affairs and its Global Diversity Officer, "Our business is all about people. That's why we view our 'spirit to serve' culture of more than 80 years as a source of strength that our competitors can't easily replicate. We strive to create an inclusive environment where the talents and unique ideas of 300,000 employees at our managed and franchised properties worldwide can flourish. When our employees feel respected and valued, we know that they'll make our guests, suppliers, owners and franchises feel the same way too. This is more than a

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ASE AMERICAN SOCIETY OF EMPLOYERS

PRESENTS

Do You Know <u>All</u> of ASE's Services?

We are always adding new services to our lineup. And we have learned that even our longest-standing members tend to lose track of all of ASE's products and services. It's no wonder—you have many other things to worry about as you go about your daily business.

ASE Services Orientation

Join us for one of our monthly Friday morning orientation sessions. In ninety no-muss no-fuss minutes, we will take you through our entire service portfolio and send you on your way better prepared to fully leverage your ASE membership.

When: Fri., June 11, 2009
8:30 a.m. -10:00 a.m.

Where: ASE Headquarters
23815 Northwestern Hwy
Southfield, MI 48075

Register: Click Here, or contact
George Brown
248-223-8019
gbrown@aseonline.org

Cost: Complimentary
Continental breakfast

Access the Power of Your Membership!

TALENT ACQUISITION AFTER THE RECESSION ENDS

By Keith Larson

We are either in just another recession or the mother of all recessions. The predictions for recovery range from just a few more months to several more years; but either way this experience will permanently change how we work and recruit. More importantly, when it does eventually end, recruiters will need to deploy their resources based on the lessons they (need to have) learned during the recession.

This economic storm is our real introduction to the 21st century. Social and communication trends in the first several years of this century were not a lot different from the several years that preceded them. The Internet was continuing a steady but not dramatic infiltration into the lives of ordinary people. But traditional workplaces remained central brick and mortar; companies replaced and added workers according to tried and traditional formulas; business travel became more uncomfortable in the wake of 9/11 but remained a requirement for those who worked nationally or globally; and the media remained dominated by movies, DVDs, and paper. Energy and the environment were emerging issues, but did not fundamentally alter the day-to-day lives of ordinary folk. It is difficult to make the case that the workplace changed significantly between 1995 and 2005.

But the trends that were already in place have been greatly accelerated by the current recession. They have changed the workplace profoundly, and permanently, since then. Changes that seem new and sudden are in fact the products of trends that have been with us for many years. It has just taken time and a crisis for us to realize their full impact in our daily work lives.

The field of Recruitment, or Talent Acquisition as it is now referred to, has already undergone massive change and will continue to do so in the future. The change has begun with a rapid movement to virtual sourcing, which is now well established. Virtual sourcing includes such things as Internet search, job posting, and website attraction. It will also include the development of sophisticated marketing and CRM tools. Fewer recruiters will use meetings or conferences as a sourcing mechanism, because there already are, and will be, fewer and much smaller conferences going forward. Blogs and even simple tools such as Twitter will become part of the complete sourcing strategy.

Social networks will continue to expand and become the core of a recruiter's working space. In the social network, a recruiter will be able to communicate with candidates, screen them, get recommendations, refer them to others when appropriate, and stay in touch when nothing is available. We are at the dawn of the age of the Recruiting Social Network, born of the marriage of relentless cost-cutting and unflagging demand for skilled candidates.

The next movement will be to online, virtual screening and assessment. This may take the form of short tests and simulations followed by video interviews, including video panel interviews with the participants stretching to the four corners of the globe. Career websites will contain more complex screening tools such as video job previews, short interviews, and virtual interviews with hiring managers or the management team. Very few candidates may even meet their recruiters face-to-face unless they already have physical proximity.

This year and forward, a significant number of people will be recruited, assessed, and offered positions without actually seeing anyone in person. They may not even meet their bosses face-to-face prior to starting work, and they may not see the firm's headquarters or even the office they will telecommute to from home. Computers and office equipment will either be delivered to them or they will pick it up from authorized distribution centers.

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Congratulations!

Recent ASE Training Certifications

Laura Davidson
University Pediatricians
HR Generalist

Randi Merrington
Michigan Molecular Institute
HR Generalist

Denise Thornton
Ncode International
HR Generalist

Sherelyn Walker
United Way for Southeast Michigan
Administrative Assistant

Scott Hubbard
Trinity Health
Supervisor

Stephanie Kazmierski
Municipal Employees Retirement Systems of MI
Supervisor

Michael Setnicky
Municipal Employees Retirement Systems of MI
Supervisor

Jim Ruggirello
Kenwal Steel Corporation
Customer Relations

Nick Honeycutt
Troy Design & Manufacturing
Supervisor

LEARNING AND ADVANCEMENT
AMERICAN SOCIETY OF EMPLOYERS

POTENTIAL H1N1 FLU OUTBREAK COMPELS POLICY REVIEW

By Michael J. Burns

The potential for a local H1N1 flu outbreak remains, even though earlier fears of its lethality now seem to have been exaggerated. At this writing, the number of confirmed cases in the U.S. is approaching 650, with cases reported in 41 states. There are another 850 suspected cases.

Regardless of how it may play out, employers are once again compelled to review their policies on illness and disability, communicable disease, and safety and health in the workplace.

Let us start with the basics: Employers are obligated under the law to maintain a safe and healthy workplace. The employer's normal safety concern (outside of the healthcare or food processing industries) pertains to the environment of the workplace and operations that could cause injury or illness, not specifically on outside communicable diseases.

The Center for Disease Control (CDC), which is currently monitoring H1N1 flu outbreaks in the United States, recommends educating workers on the basics of flu prevention, which are not in themselves workplace specific:

- Get vaccinated
- Follow good health habits (wash hands frequently and cover the mouth when coughing)
- See a physician when symptoms present themselves

This flu is caught from the coughing and sneezing of others who are infected. The symptoms of H1N1 flu in people are similar to the symptoms of regular human flu. They include fever, cough, sore throat, body aches, headache, chills and fatigue, and possibly vomiting and diarrhea. The CDC reports that infected people may be able to infect others beginning one day before symptoms develop and up to seven or more days after becoming sick. That means that you may be able to pass on the flu to someone else before you know you are sick, as well as while you are sick.

For all of the above reasons, the CDC recommends that persons who catch this flu stay home from work or school and limit contact with other persons.

If the H1N1 flu takes hold in Michigan, employers should consider reminding their employees to stay home if they are feeling flu symptoms, not only to take care of themselves but also to not infect their coworkers. Employers should review their attendance and sick pay policies with their employees so they understand what they are expected to do should they be off with illness.

Workplace consultants suggest that employers should consider using telecommuting as an option to prevent the spread of the flu while still getting work done. However, any employer considering this step would have to be ready to implement it before a local outbreak occurs.

Organizations with 50 or more employees should ready themselves for a potential spike in Family and Medical Leave requests. Such requests could come for the employee's own illness or to take care of ill spouses, children and parents. Under FMLA, the term "serious health condition" is defined as a condition involving inpatient care or continuing treatment by a healthcare provider. In general, "inpatient care" means an overnight stay at a hospital or medical facility, and all subsequent treatment for the same condition also qualifies for FMLA leave. Therefore employers may be responding to flu-related FMLA requests that may or may not meet the legal definition of serious health condition.

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ASE AMERICAN SOCIETY OF EMPLOYERS

PRESENTS

Career Transition Services

ASE offers meaningful, cost-effective support services for member employees who are displaced during times of economic stress or reorganization.

Basic Services:

- **Training:**

  Resume Writing
  Interviewing Skills
  Search Mapping
  Networking
  Coping with Change
- **Resume Bank posting**

Additional Services:

- **One-on-one coaching**
- **Job Profile assessment**
- **Individualized training**
- **Employer support (Managing the downsizing process)**

For more information:
Contact Keith Larson at
248-223-8044 or
klarson@aseonline.org.

START GETTING READY NOW FOR THE TURNAROUND!

By Suneetha Giridhar

The alarm goes off. You wake up. You are staring at another day at the office. You know what you will be doing today, and none of it will be upbeat. Did you prepare those memos for the layoff? Can you write something that will soften the blow of pay cuts? Of benefit cuts? All you feel like doing is taking the first plane to the Bahamas, finding an empty beach, hiding your head in the sand and keeping it there till the recession is over.

Forget about the H1N1 flu; you have a case of recession fatigue! It is everywhere, inescapable, on the news, in the workplace and on the street.

And yet, this is the worst time to give in to a negative routine. The day will come, sooner or later, when the economy will turn around, and you will not be ready for it if you do not begin to prepare now. While it is tempting to simply go through the motions every day, HR has never had a time when it needed to be as proactive as it does now.

So what can you do to get your HR house in shape? Spring cleaning, of course!

1. Review your HR processes. When the economy turns around and you have to hire and train many new employees, you will find yourself woefully behind if your processes are not streamlined and efficient.

   Start with Recruiting. This is where your organization's long-term regrowth gets its start. Ask yourself these questions: Does the process work? Where are the snags? Do I have a good system for developing job requisitions? Where are the recruiting networks and other sources that I can tap into?

   Or better yet, who are the potential candidates I could put on an ongoing list and pull from in a hurry if need be? If you don't have a presence online, now is the time to get one. Learn about LinkedIn, Facebook and other networking sites and how you can leverage them to begin building your lists.
2. Develop checklists and aids that will help you do your job faster, quicker and more efficiently. Make sure your forms and documents are up to date and do what you want them to do.
3. Analyze the KSAs (Knowledge, Skills, Abilities) of your staff: True, you have no budget to do any staff development; however, do you know what KSAs the organization needs to succeed? And do your employees have what it takes to help the firm moving forward?

   Create a spreadsheet of your staff's skill sets, and do a gap analysis. Then, when the economy turns around, you can quickly ramp up your training and development plans to help the staff get back up to speed.
4. Evaluate your vendors. We all fall into the complacency trap when it comes to vendors. But if you have learned anything from this recession, it is that you can never be complacent. Evaluate everybody that supplies goods or services that you are responsible for. Do a market survey and see who else is out there in the market. Compare quotes and prepare yourself with information to make good decisions later on.
5. Mind your remaining talent. Do not forget that the people who are still with you are the ones the company is counting on for survival now and renewed growth when the economy turns around. As a savvy HR manager, you need to find creative ways to reward these people now so that you can hold onto them later on. This will pay off in the long run.

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AN ECONOMIST FOR THE REST OF US

An Eagle Eye Interview With Sam Kahan of the Federal Reserve Bank of Chicago-Detroit Branch

By Joe DeSantis and Mary E. Schroeder

In the best-selling book *Freakonomics: A Rogue Economist Explores the Hidden Side of Everything* (2005), Steven D. Levitt (the self-described "Rogue Economist" of the title) applies the principles and methods of Economics to some truly odd questions about modern life. The book is an entertaining read for the non-economist, partly because of the subject matter—for example, do you know what Sumo wrestlers have in common with schoolteachers? Read the book and find out—but also because it is not actually about the economy at all. It is really about what you can learn if you apply the methods of Economics to things other than the economy. To read the book is to get the feeling that it is actually possible to understand Economics, at least a little—unlike the feeling you had throughout that semester-long sentence you served in college called Econ 101.

Sam Kahan, senior economist with the Detroit Branch of the Federal Reserve Bank of Chicago, has been a featured presenter at the last three ASE People Profit Progress conferences. At our last one this past March, Sam facilitated a discussion with a panel of three other economists on the state of the national and Michigan economies. It was very well received, and so we invited Sam to sit down with the Eagle Eye and share his insights with more of our members.

Sam has no connection to *Freakonomics*, of course. We don't even know if he's read it. But we think he shares Levitt's gift for making Economics accessible—and, we dare say, interesting—to the lay person. Sam has the natural pedagogue's ability to explain abstract concepts in real-world terms. Combine that with a low-key but warm and steady sense of humor, and you have an engaging conversationalist and a lively discussion about, yes, the economy.

At our request Sam began, as all our Eagle Eye interviewees do, with his own story:

Kahan: First I have to give a plug to a lot of people, to my parents, to the country, and everybody else. I am an immigrant; I can never be President of the United States, at least under current law. I was born in Prague, Czechoslovakia. For about eight years my family lived in Israel, and then we moved to the Bronx in New York City where I grew up. I took advantage of many of the things that the city provided us—free libraries, free museums. I got my art education by taking tours, by listening to graduate students from Columbia and other schools talk about the artists of the world. For college I went to Yeshiva University, and then for my graduate work I went to Columbia University, both in New York City, majoring in economics throughout. At Columbia, my areas of specialization were Monetary Theory and Policy and Urban Economics. I always wanted to be an economist, because I thought Economics is a discipline that enables you to understand why things happen, and puts them into context. I find history interesting, but to me history just tells you facts. Economics tells you why things happen—why people do things, why countries grow, things of that sort. After graduation I bounced around in different types of jobs, finally settling at Citibank's money market division. In 1983, I got a job as Chief Financial Economist for a commodities firm in Chicago. That is when this little boy from the Bronx, who thought there was nothing on the other side of the Hudson River, discovered that there was a big world out there. In time, I became chief economist for a securities firm ultimately owned by Fuji Bank, which was then the third largest bank in the world. I traveled all over the world talking about the U.S. and world economies, exchange rates and U.S. interest rates. When the firm's headquarters moved to New York City, I chose to remain in Chicago and formed my consulting firm, ASK Financial. I enjoyed this with all its challenges and pressures, but my wife is not an entrepreneur. So I got a job with a firm that is not likely to go out of business and not likely to be taken over, to all of you it is known as the Federal Reserve. I have been working and enjoying this position ever since.

We wasted no time asking Sam to give us his take on the current economy and the question that finally matters the most to the most people: At what point can we expect to see some sort of normalcy return to the general economy and to our individual organizations? But of course there is no simple answer to that question, and so he didn't answer it. But there is a lot to explain and understand about what is going on now and where it is all likely to lead.

Kahan: I think like a good economist I am not going to answer this question, but I will turn it around into a framework. I think we have to take a look at it in terms of long-run and short-run phenomena. The long run, and by that I mean over the next couple of years and over decades to come, the world that we are going to be living in is a world of change and high levels of uncertainty. They are both an opportunity as well as a challenge. The fact that we do something well today does not guarantee anything. We may be producing the best cup of coffee in the world today, but it doesn't mean that tomorrow we will be able to produce it. Those that change will be able to thrive; those that don't will not thrive. Now, there is no guarantee that those who are able to change will thrive, but at least they have a chance for it. And that is the world we live in. What we have to constantly think about is, what can we do in a changing world to meet our goals? That is, in an economic context, what can we provide to the world in terms of products that people are willing to pay for? Think of your own needs. Suppose I told you that your house is fully paid for, you have a guaranteed salary of X number of dollars and you don't have to worry about food. What would be the top ten things that you would want? I guarantee that eight of them will be not items, but services. If you look into the future, that is where the growth will be. So that is the long run. Over the short-run, we are facing a very, very difficult and significant challenge not just in the United States but world-wide. An analogy from the field of medicine might be appropriate. If the flow of blood in the human body stops for whatever reason, death will quickly occur unless something drastic is done to restore the flow of blood. In a modern economy, the flow of credit is identical to the flow of blood in the body. The flow of credit basically slowed down very much in the early part of 2008, and it came to a virtual halt in September of 2008. Monetary policy in the United States, as well as world-wide, has been set to try to re-establish that flow of credit, to re-ignite that flow of blood so the body economic, as the human body, will go back to functioning.

We wanted to know what caused the blockage in the flow of blood. And we wanted Sam's opinion of the wisdom of the approaches the Obama Administration has taken to free up the credit markets.

Kahan: I think we can continue with our analogy. Assume we are not economists, but emergency room doctors. A male—usually it is a male—in his late 50's, overweight, heavy drinker, heavy smoker, likes his steak and potatoes, comes in. He has symptoms of a heart attack. He has pain, the blood isn't flowing normally. What do we do about it? Do we sit down and lecture about lifestyle? No, we don't. We apply medicines of various sorts to get rid of the blockage and get the blood to flow again. In the beginning we might try aspirin. If that doesn't work, we then put in a stent; if that doesn't work we will do bypass surgery; if that doesn't work, we put in a pacemaker, and we move up the scale to get the person going. Once the person is out of ER, out of intensive care, back in the home, then we have the doctors sit and lecture about exercising, watching weight, and so forth. That is the same thing that happened to us on the credit market. What our economic doctors have been trying to do is find the magic formula to get that blood flowing again.

Part of the problem is that we are in uncharted territory. We don't know the value of the so-called "toxic" assets held by the banks. Because markets are frozen, we do not have a market-determined value. So there is a debate. Do we value the assets at a low price, say 20 or 30 cents on the dollar? If so, then banks may be threatened with the potential of insolvency or may be unwilling to sell the assets because they believe the price "too cheap." This, in turn, reduces the banks' ability to make loans as well as lowers willingness to invest in banks. On the other hand, if we value the assets at a high price, then the taxpayers and the government are providing a subsidy to the banks. It would be like buying a piece of property that you know is worth $1million and saying, "I will give you $3 million for it."

And so three things are going on now: One, an attempt to figure out which policy and procedure will be able to re-ignite that flow of credit; two, a discussion as to what would be a fair price. And three, a focus on how to get the economy functioning again and not on how we got here and whose fault it is. Later on we can deal with the issue of how we got into this economic crisis and what can be done, especially with regulations, to insure that it does not reoccur.

With all the stimulus dollars being poured into the economy comes the implicit message that we need to spend money to stimulate the economy. But that is a mixed message at best, because it was our willingness to spend money we didn't have that was a major factor in the crisis in the first place. Now, of course, people do not want to spend money during a recession, for obvious reasons. We would rather pay down debt, and save whatever we can. But when all of this is over, will we have learned our lesson? Will we be savers or spenders?

Kahan: Yes, the government wants consumers to spend somewhat, but the major impediment in all of this is the high level of uncertainty. In times of uncertainty we tend to run back to our caves, close the doors, and don't shop for anything. The critical question is how much will consumers save and spend once we get the economy functioning again, or more precisely, once we get the financial system functioning again. Saving may be higher than before or it may be lower; a lot depends on how people view what has happened so far.

If you read the media, you would think that we are on the verge of a great depression. The truth is that is just the media—the statistics indicate a sharp decline in economic activity but nothing close to the weakness experienced during the Depression of the 1930s. The unknown is whether people will say, "Well, you know, we have had booms and we have had slowdowns, this one is a much more severe but it is essentially a slowdown." If so, then we go back to our old way of doing things. Or, will people say, "Wow, this was really bad, we successfully dodged the bullet so to speak, but we are going to be much more careful than we were before," and so spending will be more cautious and saving higher than previously so. Which of the two scenarios will unfold? I don't know, and I think we don't have any evidence for which way it may unfold. You hope that we can become better savers over time, become more cautious and less leveraged, but that, I think, is really something that only the future will tell us.

What will prevent us from repeating what happened before? I will give you the economist's answer which sounds brilliant, is absolutely correct, but is too simplistic to deal with in reality: We have to make the punishment fit the crime. What we have to do is create a system where there is a certain amount of pain or consequences for peoples' decisions. How Congress is going to do that will be a very interesting dance to watch.

Part of the solution will be in the regulatory environment, and part of it will be increased responsibility of each of us individually and collectively. It's a daunting challenge to know what is a good investment and what is not, and you have to invest a lot of time and energy and knowledge in doing that. Frankly, I would rather play with my grandkids or read a good book than read a 40-page footnoted description of what exactly a credit swap default obligation is. Not everyone is willing to invest time and effort into such projects. If so, then people will take the easy, safe route and basically invest in things like bank deposits which are FDIC insured. So the question is really how scared people are about what has happened and how much of that fear factor will remain; Concurrently, we will need to know whether people will be willing to put time and effort into understanding the ins and outs of exotic financial instruments, or will they just go for the simple plain vanilla approach to all these things. If the latter, than investment opportunities will be fewer than in the past and less risky too, which suggests that growth will be more moderate and potential returns smaller too.

But let me emphasize, now is not the time to worry about this. Just like our friend in the ER who didn't worry about his drinking habits or his smoking habits, first we have to get him alive and get him out of the ICU unit. Right now all of our policy should be directed to try to offset the dramatic decline in potential spending power and borrowing power. Down the road, once the economy has started to recover, there will be the need to switch---the government will have to stop stimulating the economy by spending too much, the Federal Reserve will have to begin pulling liquidity out from the system. But that is something that I think is down the road. Right now we are too unsure about the validity and stability of the economy to worry about those things.

Sooner or later Sam had to tell us what he thinks can be done, and what he thinks the future holds. Not surprisingly, he enumerated several different potential scenarios, any one of which could play out. And finally—like a good economist—he framed everything in terms of questions, not answers.

Kahan: What do we need to do to make sure it doesn't happen again? One of the easier things to do is you let banks or other financial institutions sell mortgages, but only let them sell 50% of it, or 60%, or 40%, so they have, as they say, some skin in the game. That way, the banks will share the risk and therefore they should be more rigorous in their lending policies. That was not the case in the past; the risk was someone else's problem. The lender simply took profit and walked away.

What is the outlook for the future? Right now I think we all agree that the U.S. economy is in a severe decline, number one. Number two, both fiscal and monetary policy has spent a lot of resources to try to stem that decline. The question is will they succeed? In the long term I think they will definitely succeed; in the short run, the question is the timing of that success, and the follow-up question is at what cost. Those are the two big questions.

The third unknown: are we going to live in a world that goes back to the way we were before, or is a significant change in attitude coming? That is the debate that is going on right now. There are those who say we have had such a severe shock to the system that everything is off the board; they fear that we are going to continue

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ASE

Benchmark Surveys Now Available:

2009 Salary Survey (Southeast Michigan Edition)

2009 Salary Survey (Statewide Edition)

2009 Health Care Insurance Benefits Survey (Southeast Michigan Region)

2009 Health Care Insurance Benefits Survey (Mid-Michigan Region)

2009 Severance Pay, Policy and Practice Survey

2009 National Sales Compensation Survey

2009 Starting Salaries for Co-op and Recent College Graduates

Coming Soon:

2009 Engineering, Production & Trade Wage & Salary Survey

2009 National Executive Compensation Survey

For details of ASE surveys in progress, go to the Survey Schedule page on ASE's website.

SURVEY SERVICES

AMERICAN SOCIETY OF EMPLOYERS

SURVEYS: THE SOCIETY NEEDS YOU!

By Kevin Marrs

One of the most valued, popular and essential benefits of membership in the American Society of Employers is access to current and reliable benchmark data. Our wide array of compensation, benefit and practices surveys consistently tops the list of reasons employers join ASE and retain their membership from year to year.

Our team of professionals who design and analyze the collected data are experienced and highly competent; however, to produce a quality product we still rely on you, the member, to supply us the data by completing the survey questionnaire.

As has historically been the case in challenging economic times, participation in ASE's surveys has been slower than usual this year. We know that virtually every ASE member organization is running very lean, which means that HR professionals have very limited time in their hectic workdays to squeeze in survey completion.

We certainly understand the fact that changing priorities and fewer staff make participation in our surveys more difficult. But you may not know that there are ways we may be able to assist you in this area at no cost to you. Most of the time, we can supply you with your prior data submissions, which may save you a time-consuming step in the process. And in some cases, we can even handle the data completion for you. Call 248-353-4500 or email one of our Survey Analysts and find out if we can assist you.

We also know from member feedback that many employers, because they have frozen their compensation rates or made few significant changes to them from the prior year, feel that they have nothing meaningful to add to our survey results and therefore decline to participate.

If this is the case, we can assure you that we still need your data, even if you have not changed it from the previous year, because it is still meaningful. One of the main strengths of ASE's surveys has always been the consistent participation by the same companies year after year. They constitute the "constant sample" of firms, which provides for a more accurate picture of compensation and benefit trends.

Hopefully we have convinced you to spend a little time in the coming months to participate in our surveys.

There are a several surveys that will launch in the coming weeks, and your participation in these surveys will be critical to their success:

2009 Wellness Survey – **OPEN NOW**

2009/2010 Salary Budget Survey – **SCHEDULED TO LAUNCH JUNE 5th**

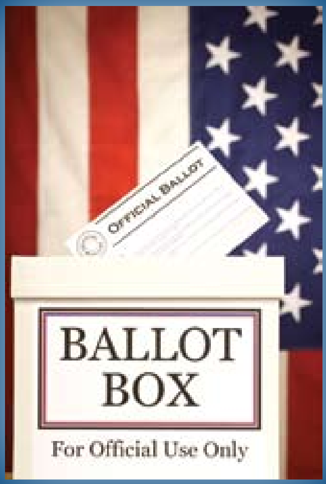
2010 Policies, Practices and Benefits Survey – **SCHEDULED TO LAUNCH SEPTEMBER 15th**

To participate in any or all of these surveys, visit ASE's Survey Schedule page.

Please note that a new quarterly survey on employee turnover will launch in June.

Thanks to all those who have participated faithfully in our surveys over the years. We sincerely appreciate the time and effort you make to enable us to deliver these products to the business community in Michigan. ASE

Do You Value The Privacy of Your Vote?



- With the Employee Free Choice Act (EFCA), a signature on a union authorization card means a vote in favor of a union, period.
- You may never be asked to sign a card. But as soon as 50% of your colleagues, plus one, sign cards, you will be a union member.
- Under the Employee Free Choice Act, you cannot vote against unionization. You can only refuse to sign an authorization card.
- If you do sign a union authorization card, your employer, the union and your co-workers will know that you signed a card. If you refuse to sign a card, they will all know that, too.

The Employee Free Choice Act will take away your right to a secret ballot election. Do not let that happen.

Tell your Representative and Senator to vote NO on EFCA.

ASE American Society of Employers
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DIVERSITY IS KEY PAGE 3

philosophy – it's a strategy that works."

Ambitious diversity recruiting goals may be easier to reach now, because so many talented individuals are out there needing to resume their careers. And engaging exceptional talent during these tough times will translate into retaining them as the economy strengthens and business picks up. Organizations that encourage the development of employee-resource groups report not only increased retention, but increased skill development. The payoff will come as diverse employees reach a diverse customer base and thus drive the organization's bottom line in the right direction.

Whether your organization has 300,000, 300 or 30 employees, if you want it to flourish in the next 10-20 years you must have an effective diversity strategy. In tough economic conditions, every employee is a key person to the organization. Now is the time to build a core culture that will take your organization into the future.

TALENT ACQUISITION PAGE 5

The question for each of us is that with all of these technology advancements, how will our firms manage to attract the top talent they need?

Even during this recession, employment branding continues to count heavily. But there are forces working against it. During times such as these, short-term cost-cutting and job shedding are undermining employee trust and loyalty; employee engagement is plummeting. Many organizations are seeing their employees feeling less connected to the organization, and are suffering from reduced employee productivity. Despite the recession, top candidates are exercising careful choices about where they will work and what they want out of their employment relationship. Many will also be preparing for an employment change when a market recovery presents new opportunities.

While attraction/recruiting needs have certainly contracted (although in some sectors critical skills are still in high demand), the brand loyalty of existing employees will certainly be an issue into the foreseeable future. And while today many people are simply thankful or merely satisfied to have a job, that level of brand equity will not necessarily translate into productivity, engagement, and retention tomorrow. That is why forward-thinking organizations will use this down cycle to prepare and deploy a strategy to grow and sustain a true talent advantage for the future.

H1N1 FLU PAGE 6

It would make sense to re-educate employees on the employer's policy for absence notification, physician's documentation, and release to return to work, if applicable.

One other area that may see a rise in activity is COBRA elections. Former employees, or employees on layoff who had not felt the need to elect coverage when their health was good, may now express the need for medical coverage. Employers should review recent changes to COBRA funding under the new federal stimulus package in order to assist those persons still eligible to elect coverage and take advantage of the tax breaks.

Employers need to prepare for bouts of absences due to flu outbreak. The CDC offers workplace resources at its web page, http://www.cdc.gov/flu/workplace/index.htm.

For information on Human Resource policies and practices, contact the American Society of Employers Research Services, or go to ASE's Virtual Library at www.aseonline.org.

ASE AMERICAN SOCIETY OF EMPLOYERS

PRESENTS

Selected Insights

SERIES ...

Unscrambling HIPAA and Other Benefits Changes

Taken together, these changes constitute a stiff new challenge to your compliance efforts. This Selected Insight session will get you up to speed on the following new or updated laws:

- The Health Insurance Portability and Accountability Act of 1996 (HIPAA)
- The Mental Health Parity Act
- The Genetic Information Nondiscrimination Act (GINA)
- Children's Health Insurance Plans (CHIP)
- COBRA Administration

Presenter: Meribeth Rains, *Gallagher Rains Benefit Services*

When: Friday, May 29, 2009

7:30 a.m. Registration & Continental Breakfast

8 - 9:30 a.m. – Program

Where: ASE Headquarters
23815 Northwestern Hwy.
Southfield, MI 48075
Click Here For Directions

Cost: ASE members - $20
Non-members - $40

Register: Click Here

***A TIME FOR ACTION* PAGE 7**

6. Last but not the least, take care of yourself. Nobody understands the stress you take on during these times. You are the bearer of all bad news; you are the one who manages the most distasteful process any organization must put itself through. And you must do those things, and others like them, again and again. Take the time to do what makes you happy with family and friends. Cultivate a professional support group, through ASE Networking Events or some other avenue.

Do not doubt that you will have an important role to play in your organization's return to robust good health. You have to be ready for it when the time comes.

ASE has numerous services that should help take some of the strain off the HR Manager's back. Don't forget to partner with us as you take on some of your toughest challenges. Give us a call at 248-353-4500 to learn how we can assist you.

ASE

***EAGLE EYE* PAGE 10**

to be in a downturn. Or if we are able to stabilize the economy, that future growth will be very, very slow growth, until the massive imbalances in the economy both locally, nationally, internationally are aligned. The other side, the other extreme view, says "Well there has been an enormous amount of stimulus put to the economy, we have seen the problem, we are trying to address it, and while there has been a significant decline, it is not that much different than other declines we have experienced before. Come summer, or by the end of 2009, we should be seeing the beginnings of a revival." Whether we go right back to the cruising speed of the economy of 3% or not, is the second part of that debate. There are those who maintain that there are still a lot of impediments in the system and so growth will be restrained. Another group notes that whenever the economy experienced a large decline in the past, a sharp recovery ensued, largely because of the stimulus and pent-up demand created that is just waiting to explode. And so sometime in 2010 we will be right back to the rapid track we were on before.

These I think are the broad issues. Which of them is likely to come about? Well, honest people differ in their views. It depends on whether you view the imbalances in the economy as being so ingrained that they cannot be changed; and whether you view the stimulus dollars coming into the economy as being ineffectual or not.

One final item that people are likely to think about—not immediately but rather once the economy is on a surer footing—is whether or not, with all the stimulus provided into the economy, the net result be higher inflation. The real question is will the Federal Reserve—because that is who will have to do it—be able to pull the reserves out of the financial system fast enough and strongly enough to prevent inflation from manifesting itself. The threat of potential inflation is not an immediate issue; the revival of the U.S. economy and the functioning of the financial system are the nearer-term considerations. ASE

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Unscrambling HIPAA and other Benefit Changes

Saginaw .... **Selected Insights *SERIES*** … .... May 29
E-Verify and Revised Form I-9:
How Do The New Rules Affect Your Business?

Southfield....................... **Selected Insights *SERIES*** … .... June 5
Training Preview
Emergency Preparedness in the Workplace…

Southfield..................................**Roundtable**.................................... June 24
Affirmative Action—Are You In Compliance?

Southfield............................ **Service Orientation** .... June 12
Learn how ASE can deliver value to your organization

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Constructive Criticism and Feedback..June 10
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Creating a Preferred Organizational Culture......................................June 11

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CADILLAC

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Interviewing Skills ....June 18

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