2009, The Year of the Employer

by Mitch Arnold, CEO and president, Preferred Partners LLC

For years, as the economy grew, competition among businesses to add the best and brightest candidates to their payroll was fierce. Often, hiring managers settled on candidates who weren't quite what they wanted, but could be trained to do the job for which they were hired. Because talent was so difficult to find, and because talented people had many options for employment, employers bent over backwards to make life cushy for their employees.

As they say, that was then, and this is now. In 2009, employers are taking a hard look at their workforces and using the down economy as an opportunity to eliminate poor performers and problem employees. Right or wrong, 2009 is the year of the employer.

Many of the job cuts we see today are necessary and done in the interest of preserving the company and, subsequently, the jobs that the company provides. If these cuts are not made, the future of the company could be in question, which would result in many more people in the unemployment line. These companies cut jobs because they have to.

Other companies cut jobs in a down economy because they can. That doesn't mean that they don't worry about the down economy and see a lighter payroll as a way to ease their worries, but these companies also see the down economy as an opportunity to improve themselves. They are going to cut unnecessary positions and problem employees or employees whose performance is sub par.

With this reality, it's a good time to review the employer-employee relationship. For the employee, understanding and optimizing this relationship just might help you avoid a pink slip. In the very least, strengthening this relationship will result in mutual benefit for you and your employer in good times, as well as bad.

Ideally, employees would have made themselves an important part of their employer's company, and their plans for the future. However, if they haven't or haven't done a very good job of establishing this value, there is no better time than the present to start.

There are exceptions to every rule, but most employees have a job because they provide a service that their employer needs. As an employee, do you understand what that is? I'm not talking about your job description; if you're an accountant, it's obvious that you perform an accounting function. Do you understand how that accounting function benefits the company for which you work? Maybe, as an accountant, you ensure profitability for a division or a product line. Maybe you minimize your employer's tax liability. How does your job function help the company?

Although unfortunate, it's entirely possible that you're unclear about how your job fits into your company's strategy. Some people don't have a clue, and that's not necessarily their fault. In these cases, companies and their management have done a poor job of communicating with and planning for their employees. Because this isn't as uncommon as it should be, the office environment is often the subject of spoof comedies in the movies and on television. The Emmy-winning television program The Office, and the cult classic movie Office Space come to mind.

Hopefully, you are not working for such a company, and that your manager is competent. Either way, your manager is the logical and best first stop for this discussion. Seek him out and strike up a conversation. Start by asking about your performance, and if it meets expectations. Ask about how what you do is being used by other departments in the company.

Listen carefully to the responses to your questions, and then probe deeper. By probing, you can make sure that you understand your role and how to best perform it. Also, probing these responses shows your manager that you take your job seriously and that you are truly interested in optimizing your performance.

It's not enough that you provide a service that your employer needs. That service must justify your employment costs. Too many employees look through their paycheck all the way to the bank. They don't see what their job costs their employer. Even an employee's salary is only part of their total cost to their employer.

Employers must also match their employees' Social Security and Medicare taxes up to a limit that most salaries will never reach. Likewise, health care insurance and unemployment insurance premiums are costs on top of salary. Lastly, any supplies, equipment and reimbursements add to an employee's cost.

Savvy employers frequently review the expenses associated with their employees, and stand those expenses against their employees' value in a cost-benefit analysis. If an employee's cost is out of line with their value, the company loses money by retaining that employee. The employer must either realize more value from that employee or make moves to bring the value more in line with its cost.

Knowing the essential role that you serve in your company and matching that against your cost could tell you if your job is in jeopardy. At the very least, it will give you the chance to improve your performance, and by extension your value, before that becomes an issue with your employer.

Lastly, it doesn't hurt for any employee in any economic climate to make sure that they are meeting the basic requirements for employment. In these tight times, it's even more important to make sure that you are showing up on time, being productive during the entire work day and not interfering with the productivity of your co-workers through negativity or other distracting behavior. As one employer told me the other day, "It's a bad time to be a bad employee."

Just because 2009 is the Year of the Employer, that doesn't mean that employers can sit back and leave the task of self-improvement to their employees. Employers can benefit from understanding the employer-employee relationship and leveraging this understanding to optimize the performance of their employees. By helping employees understand the importance of their role within a company, employers can further ensure that their employees’ efforts are focused on the company’s success.

If employers and employees can work together to improve the overall performance of their companies, the challenging economic times might not be as challenging, and both parties will be better positioned to take advantage of the upcoming economic turnaround.