



Find Them and Keep Them *CEOs find new strategies to retain employees*

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There's an old maxim heard frequently around racetracks and kaffee klatches: Keep 'em happy, and they'll do whatever you want. In Virginia's tightening job market, CEOs have realized that a happy employee is a productive employee. And when there isn't enough cash to attract and maintain talent, they have to be innovative in creating ways to hold sway with a top-tier work force.

While still among the most common executive perks, use of the company jet is becoming old school, even tedious or, worse, an assumed privilege. Flex time, professional education and fitness-club memberships have become ho-hum. But how about a family vacation to Spain? Surfing lessons? A day off to potty train your kid?

Good employees are getting harder to find and retain, especially in a right-to-work state where economic development is strong and unemployment is lower than the national average. BAE Systems, for instance, a high tech firm, recently announced that it will add 700 employees to its operations in Fairfax County, where high tech talent is concentrated but somewhat finite. The hunt for talent could get tougher in coming years as baby boomers begin to retire and the work force starts to shrink.

Many companies are already warming up to the notion that a happy employee is a productive employee, and cold cash isn't the only key. The perks don't need to be lavish. They don't even need to be expensive. But they can make the difference between creating a company star or a disgruntled employee with a semi-automatic.

At Richmond-based law firm LeClair Ryan, hard-driving lawyers are encouraged to develop interests outside of work through a self improvement allowance. The program, which costs upwards of a \$1 million a year, finances activities such as mountain climbing and piano lessons. Chairman and CEO Gary D. LeClair says it's worth every cent. "The person who develops interests outside of work is going to be happier longer. They come back with positive energy," which he says is good for the firm.

It's no secret that executives have long been the beneficiaries of perquisites that boost compensation far above their stated salaries. In the salad days of the 1990s, perks were largely lavish and unreported. But a recent reform by the Securities and Exchange Commission now requires they be reported in SEC filings. Now we know, for instance, that Viacom reimbursed its president, Les Moonves, for sleeping in his own homes when business called him to New York or Los Angeles. And as CEO for Walt Disney, Michael Eisner received a \$10,000 a month housing allowance.

Kathy Albarado, president of HR Concepts LLC in Herndon, says it's a wonder such perks are still given in these days of corporate fleeing. "You'd think with all the attention brought to [perks] with fraud, they'd slow down, but we're seeing them still being given." These days, Albarado says, it isn't unusual to see companies throw in personal financial planning or supplemental insurance, such as long-term disability and life insurance.

One perk that has remained popular for the past five years is the executive physical. The New York Times does it. Brink's does it. Interbake Foods does it, too. One reason for the surge in popularity is that an annual physical also benefits the company. "One reason they provide it is for retention," says Linda Nash, whose boutique medical firm Partner MD offers executive physicals for Capital One and other large companies around the Richmond area. "Another reason is saving the lives of

the executives, for the longevity of the company." The executive physical goes way beyond the routine, with advanced tests and professional consultations designed for early detection of any medical issues that might compromise a person's ability to lead a company.

And that's not just good marketing; it's fact. Don Neimeyer, the recently retired CFO of Interbake Foods in Richmond, says the executive physical might have saved his life. Neimeyer had had physicals before, but an extensive, detailed heart scan included in the executive version is the only one that revealed heart problems. "The doctor said I could've been one of those people who walks out of the doctor's office and has a heart attack," Neimeyer says. "If I hadn't had that scan, I would never have known."

But in today's economy, executives aren't the only ones enjoying privileges on the company coin. "Any time an industry is growing, you'll see better pay and more perks," says Christine Chmura of Chmura Economics and Analytics in Richmond. "And when the labor market is tight, that implies that the economy is doing well."

Just five years ago, employers weren't having difficulty finding and keeping good employees, says Joyce Gioia, managing director of The Workforce Stability Institute, an education and research nonprofit in Greensboro, N.C., whose clients include BP Amoco, Ford Motor Co. and the American Heart Association. "As the economy has picked up, more jobs are being created, and employees have more choices. Companies are recognizing that if they want to be able to compete, to hold on to the good people, they have to be creative." She noted that a software developer in Beverly Hills, Calif., gives its employees \$5,000 each year and a month off to spend it. The only stipulation: It must be spent on travel. Slightly less indulgent but effective nonetheless, a surgery center in Sacramento, Calif., provides free lunch to all employees every day.

But happiness isn't just a warm meal. Some companies have started providing educational and life enhancing opportunities to rank-and-file employees on-site. The Defense General Supply Center in Petersburg, for instance, brought in [Commonwealth Parenting Center](#), a nonprofit organization in Richmond that has offered counseling and parenting classes for more than 20 years. For \$100 per hour, CPC representatives give short courses on a variety of parent-centric topics, such as balancing single-parenthood with a career, staying focused on the job, and managing time. "It benefits the employees and gives the company a more productive work force," says [Elizabeth Pearce](#), CPC's executive director.

Albarado cites stress and workloads that never subside as reasons why perks are so important in today's business climate, an observation that Philip Morris heeded two years ago when it moved its headquarters to Henrico County just outside Richmond. About 260 employees were relocating from New York, where personal cars are rarely used and errands often are completed on the walk to or from work. Moving to a metropolitan suburb — where the proliferation of office parks and strip malls makes walking nearly impossible — would be a huge culture shock for employees.

By the time employees began moving into the building at the end of 2003, plans had materialized for a concierge to help familiarize them with the area and to secure tickets to sports or entertainment events — all the services one would expect of a hotel concierge. The headquarters also provided a travel agency, a coffee bar, a fitness center and a hair salon (for those days too crowded with work to have time for a trim). "We value our employees," says Bill Phelps, media manager for Philip Morris USA. "Having these amenities available is one way to demonstrate that."

When it comes to perks, LeClair Ryan is the MacArthur Foundation of corporate privilege. Each year, the firm's 150 lawyers in nine offices around the state dream up ways to enhance their lives. Then they have to make a convincing case in a proposal that is approved or denied by a senior partner. "It has to go to something that improves the life of the attorney," says LeClair, who put the plan in place more than 10 years ago. Costs per lawyer range from \$2,000 to \$20,000. Although costs are sometimes tied to tenure, proposals are rarely denied. The firm has approved family trips to the Grand Canyon, the purchase of a piano and piano lessons, even a request for cosmetic surgery. This year, a lawyer personally sponsored a special event for a nonprofit organization that was important to him. "Knowing him, and seeing the invitations, this was really a

great thing for him," LeClair says. (The firm, by the way, took no credit for the event.) LeClair used his self improvement allowance this year to have a personal fitness trainer come to his home.

In one proposal, a lawyer wrote of his desire to climb the highest mountain peaks in the world. "The reason he gave was that he would spend a lot of time getting excited, getting in good shape," says LeClair. The only checks and balances? A memo to everyone in the firm detailing how the money was spent.

One lawyer, Tom Wolf, recently used the allowance to spend a week with his family in a Zen monastery in the Bordeaux region of France. "I recognize that, for most people, getting up at 5:30 each morning to a loud bell and chanting monks, meditating ... as the sun rises, attending morning lectures on Zen, having to do about an hour of manual labor daily, and spending most of the day in prescribed silence, would not seem the ideal vacation," he says. And even though his 19-year-old called it Buddhist boot camp, Wolf says the experience was "a powerfully de-stressing experience that improved me a great deal. I think the whole family got a lot out of it."

Even though the firm spends lots of money on the program, LeClair says it's a matter of principle. "We believe that the firm can't simply say, 'We would like you to have a good work/life balance.' We have to facilitate it." Furthermore, he notes, it makes good business sense. "The people we hire tend to be Type A personalities who, when they are striking the work/life balance, particularly in their early years, will work too hard." Young lawyers especially tend to treat their jobs more like a sprint instead of a marathon. "We're trying to encourage doing something they enjoy because we think that, ultimately, they're going to be happier and they'll end up practicing law longer. It's an investment," says LeClair.

With Virginia's economy in a healthy stride (April's jobless rate was 3.4 percent), the perk phenomenon is likely to grow. But don't get too attached to those ski vacations or dry cleaning allowances. Economists warn that bonuses and perks as extensive or as lavish as those that characterized the high-tech boom of the late 1990s — BMW company cars, extra vacations, bigger sign-on bonuses — are likely just a memory. Belts still aren't as loose as they were in the tech boom, and they may never be so loose again. "The economy isn't growing at that same rapid pace," says Leslie Peterson, director of operations for Chmura Economics and Analytics. "Even though the recession ended in November 2001, we're still not at that point of growth. We should see it increase in the next couple of years, but not to the level of the '90s."