

Briefly Noted

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by
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Service Stars

The Tim Hortons across 112th Street from Edmonton's University Hospital is where I often go when I am looking for a place to write.

My routine does not change much from one visit to the next. I order a large tea for my travel mug and a bagel or breakfast sandwich. Then I find a quiet corner of the restaurant, pull out my notebook and get on with the task of writing.

Frequently, I also order a large half-decaf, half-French vanilla cappuccino, which stays hot in a Thermos until it is time to return home.

My expectation of the staff is pretty simple: efficient counter service. Fill my order quickly and accurately. What I don't expect is table service, which is why what Hillary did stands out.

"It'll take about five minutes for the decaf," Hillary said in response to my regular order.

"That's okay," I replied. "I am going to eat my bagel and drink my tea here. I will come back to get the Thermos filled before I leave."

She had a different strategy. "Why don't you pay for it now and I will let you know when it is ready?"

Her plan worked for me. I paid and was about to search for a table where I could watch for Hillary's signal when she offered another suggestion.

"If you are going to stay to eat your bagel, I can bring the coffee to you when it's ready."

Retreating to my writing spot for that morning, I organized my material and had just begun to write when Hillary appeared beside the table. She smiled, handed me the steaming Thermos and even paused for a brief conversation about the weather.

With this simple act of service, Hillary had exceeded my expectations—and became this month's Service Star.



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Nelson's point of view:

Having BAD ideas can be a good thing

Psst! Do you want to save your organization some money?

Of course, you do! Surely everyone wants to reduce operating costs, especially if it can be done without cutting staff or affecting service levels. This is what the federal government wants its employees' help to do, but the process announced in mid-June may be too cumbersome and drawn-out to be effective.

The Employee Innovation Program challenges public servants to come up with ways to reduce the cost of delivering government services. If the new approaches work, those who suggested them will be rewarded.

"I hear about ideas out there so this gives them a chance to prove it," Treasury Board President Stockwell Day is quoted by the *Ottawa Citizen* as saying (www.ottawacitizen.com/story_print.html?id=3154085&sponsor=).

Under Day's scheme, those proposing the change will be required to submit a plan of action that they will then implement. After six months, the plan will be audited. If it has resulted in actual savings, its proponents will receive a cash reward.

"Once that program has been audited that they did save that money, they get to keep 10 per cent, up to \$10,000, and the taxpayer gets 90 per cent," said Day.

The plan to ask employees for their suggestions deserves to be applauded. In any organization, the people on the frontline are the experts. They see how money is spent and where savings are possible. And they should be recognized for their suggestions.

I predict the government will achieve some savings from suggestions from a few employees over the two years the program will be piloted in eight government departments.

Unfortunately, similarly to what happens in so many organizations, the government's cost-cutting suggestion program takes a "go-big-or-go-home" approach. In a quest for the big savings, organizations ignore the "low-hanging fruit"—those modest money-saving ideas that can add up to significant savings.

Many government staff will likely conclude the Employee Innovation Program is not for them. With the requirement to create an action plan and then wait for approval before implementing it, few are likely to invest the time and effort necessary to suggest ideas that would save just a few hundred or thousand dollars.

I think the government—or your organization—could achieve higher participation levels and get better results over a briefer period of time. And have fun doing it.

Warning to readers: What follows is a blatant sales pitch for a program that we can offer clients through our affiliation with the Service Quality Institute.

The Buck-A-Day campaign created by the Service Quality Institute sets modest targets, asking each employee to look at his or her job to come up with a way to save just a dollar a day—although the savings will likely be greater. If every employee meets the challenge—and participation rates tend to be high—the savings could quickly add up. For example, if each person in a 100-employee company found a way to save \$250 (based on a typical work year of 250 days), that would be a saving of \$25,000.

Making suggestions is easy. No elaborate action plan is required. Just a brief description of the money-saving idea. And there is no waiting for a reward, because the program is not based on cash incentives. The first time an employee makes a suggestion, his supervisor thanks him for the idea and hands him a mug that proclaims, "I had a BAD idea." The next time, the person—who now obviously understands how to stretch a dollar—receives a rubber dollar.

More than 3,000 organizations have successfully implemented BAD campaigns, which have saved millions while also increasing productivity and boosting morale. The program has been so successful that SQI guarantees that savings will exceed what it costs to purchase.

A BAD campaign doesn't go on forever. There is no time for interest to wane. In just four weeks, it's over (although the savings will last much longer).

Best of all, SQI provides everything you need: a leaders' guide, banners, posters, suggestion cards, computer software to track your savings, coffee mugs (personalized if more than 100 employees), rubber dollars and giant footprints (you may want to ask me about these).

Quote of the Month

"When dealing with people, remember you are not dealing with creatures of logic, but with creatures of emotion."

— Dale Carnegie

Reference Checks Tip

When, at the end of her interview, a candidate hands you a list of people you can contact as references, take a moment to go through the list with the candidate. Ask about each reference. Who is this person? Why is she on your list?

By doing this, you can identify who is missing from the list. If the candidate's current or most recent supervisor is missing, ask why. What about a former long-term employer? Are the names you received those of people you will want to contact to confirm the examples of past performance that the candidate described? If the candidate hasn't supplied the type of people you feel you want to contact during reference checks, ask for more names.

Obtaining high-quality information through reference checks is one of several topics discussed during Interview Right to Hire Right workshops. Contact Nelson to learn more or to schedule this or another presentation for your staff, association's convention or meeting.

Dates that provide staff recognition opportunities

July is National Grilling Month – Show your appreciation by throwing something on the barbie and preparing lunch for your work team.

July is also Ice Cream Month – Surprise your team and let them know they are valued by delivering an ice-cream treat to their desks or workstations on some warm afternoon.

Tuesday, July 20 – Peer Recognition Day – Take time to thank your co-workers for their contributions—to your organization and to making your job easier and more enjoyable.

Sunday, July 25 – National Parents Day
(www.parentsdays.com)

High-Value, Low-Cost Staff Recognition

- If you are unable to accept an invitation to represent your organization at a meeting, to make a presentation at a convention, or participate in a panel discussion, ask a hard-working, top-performer to take your place. Be sure to tell her why she was chosen.
- Leave a sweet message of praise or acknowledgment on a staff member's desk. Spell out "Thanks," or "Wow!" or "Congrats!" in small candies (Smarties, jelly beans, M&Ms, etc.). Avoid multi-syllable words if possible. They would just be too calorie-rich.

Knowing the rules is important to avoid unpleasant tax-time surprises

"In the spring a young man's fancy lightly turns to thoughts of love." — Alfred Lord Tennyson

While Tennyson may have had it right for young men in his day, for most of us spring is a time when our thoughts turn to something much more mundane—income tax returns.

Sometime before April 30 each year, we search through our receipts, looking for those that will help us reduce our tax bill. The last thing we want to discover is that we are facing an unexpected tax bill.

As true as this is for us, it is just as true for those who work for us. They don't want to discover that by recognizing them the way we did last year, we created a tax bill they have to pay this tax season. This is something that could sour memories of your well-intended expression of appreciation. To avoid providing recognition that comes with a tax bill, we need to know what is taxable and what isn't.

As I have no expertise in the area of taxation, I invited someone who does to join me for lunch so I could pick his brain. Lorn Stanners is a Certified Management Accountant and a colleague of mine in the Edmonton chapter of the Canadian Association of Professional Speakers. During his *Keep the Jingle in Your Jeans* seminars, Lorn provides advice on taxes, succession planning and fraud prevention.

During our lunch-time discussion, Lorn frequently referred to the Canada Revenue Service's 2009 *Employer's Guide, Taxable Benefits and Allowances* that he had brought with him.

The simple answer to what's taxable and what isn't is if you are using cash or near-cash (such as gift cards), to recognize staff, you are creating a taxable benefit. The same is true if you give gifts that exceed \$500, including applicable taxes, such as GST, PST and HST, in total value during the taxation year.

"Cash and near-cash gifts or awards are always a taxable benefit to the employee (p. 16)," the CRA document reads. Its rationale: "We consider the gift card or gift certificate to be a taxable benefit to the employee because there is an element of choice (p. 16)."

From a taxation point of view, there are advantages to the employee who receives awards or gifts of merchandise. CRA draws a distinction between gifts and awards. "A gift has to be for a special occasion such as a religious holiday, a birthday, a wedding, or the birth of a child (p. 16)."

An award is described as being,

For an employment-related accomplishment such as long or outstanding service, employees' suggestions, or meeting or exceeding safety standards. An award given to your employee for outstanding service or performance related reasons is considered a 'reward' and is a taxable benefit to the

employee...[however] if you give your employee a number of gifts and awards whose total value is less than \$500, there is no taxable benefit (pp. 16-17).

Anything above the \$500 exemption is taxable. Different rules apply to long-service awards:

[You] can, once every five years, give your employee a non-cash, long-service or anniversary award valued at \$500 or less, tax-free. The award must be for a minimum of five years' service, and it has to be at least five years since you gave the employee the last long-service or anniversary award. Any amount over the \$500 is a taxable benefit.

The \$500 exemption for these long-service awards does not affect the \$500 exemption for other gifts and awards in the year you give them (p. 17).

Lorn pointed out that there is a difference between purchasing and presenting a gift or award, and sending an employee out to buy something for himself and submitting the receipt for reimbursement. "CRA would see this as giving the person cash, because he has a choice of what to buy. This would make this gift taxable," he said.

CRA appears to allow some latitude for the presentation of small, trivial awards to recognize staff.

Items of small or trivial value will not be considered a taxable benefit. These items are not included when calculating the total value of gifts and awards given in the year in order to apply the exemption. Examples of items of small or trivial value include:

- coffee or tea;
- T-shirts with the employer's logos;
- mugs;
- plaques or trophies. (p. 17)

Lorn suggested that this list might be expanded to include \$5 or \$10 gift cards to Tim Hortons or an occasional movie pass.

Disclaimer: While every effort was made to present accurate information in this article, it is not intended to be legal or accounting advice. Please contact a legal or accounting expert for taxation advice.

During his various presentations on staff recognition and retention, Nelson focuses on providing high-value, low-cost recognition, most of which does not create tax liabilities for the recipient. Contact Nelson to learn more or to schedule a presentation on staff recognition and retention for your staff, association's convention or meeting.

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