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Quick Summary: Employee perks today can become problems tomorrow as an organization grows.

Abstract:

As organizations grow, standard practices that have been effective in the past may no longer be practical or even desirable. In many instances, the employee-related perks, policies, and procedures instituted by management, once discontinued, may cause disruptions in the workplace. Management should carefully think through the long-term impacts of their plans before implementing them or develop plans to orderly transition away from them if and when necessary.

Needless to say, no entrepreneur or CEO of a small company would deliberately institute policies that would disrupt their organizations. Unfortunately, it is a common occurrence due to good intentions that do not scale. Early on, the organization will be small enough for everyone to feel like members of a family, all sharing a common goal. As the "family" grows, some members naturally become distant relatives. The transition does not happen overnight; instead, it occurs gradually with some individuals impacted sooner than others. A common theme can occur and could be expressed as "It's not fun anymore" or "It's not like it used to be." Both of these responses are clearly emotional, but they are real just the same and can have a significant impact on the company and its future success. Below is a sample list of well-meaning items or events that can cause significant issues in the future.

Offices for everyone:

Quite often, companies move into new office spaces that have been outfitted to meet their future growth needs. Current employees may "spread out" taking over more space, especially offices. Restricting their "settling" into the "wide-open spaces" is hard. However, "squatters" may have to be relocated as the organization expands. Although, cerebrally, individuals may understand the need to give up their offices, window seats, or expanded areas, they will probably feel that they have "lost".

Free lunches:

Providing free lunches has many benefits for a company during its early stages: individuals eating together having "working lunches". Significant time is saved by providing on-site lunches, and finally, employees are likely to "take a break" from their tasks, which is always helpful to their mental state. Unfortunately, as the organization grows, the cost and logistic complexity become unmanageable resulting in the company finding it necessary to stop this presumed perk.

Free soda and snacks:

Similar to free lunches, free soda, and snacks may place an undue financial burden on the company as it grows.

Location consistency:

As the company grows and adds office locations, it is easy to establish different policies at different locations unconsciously. Acceptable dress, reserved parking spaces, office size, and facilities can easily vary. As office population grows or offices need to be moved or expanded, some of these past attributes may disappear, leaving impacted employees disappointed. Equally troublesome is the situation from personnel from one office visiting another, observing a different environment or perks and feeling shortchanged.

Acceptable behavior:

With a small company atmosphere in which everyone knows everyone else, certain interactions may be acceptable that may not be acceptable to newcomers. Jokes, random working hours, or lack of formal discipline may cause undue strain for newcomers or existing employees that resent the need to change the current, "pleasant" atmosphere.

Process implementation:

As any organization grows, there is a point that formalized processes become necessary to provide consistency. That point will vary significantly across the organization based on the number of individuals that need to be involved and the complexity of the tasks. Chapter 6.03, Quality and Processes, includes fifteen articles that discuss process-related issues. Those employees who are initially involved in process implementation may feel they are being unduly restricted compared to their co-workers.

Demotions due to growth:

As organizations grow and need to add managers to help with span of control issues, many employees will feel that they have been demoted. Again, they may understand the need for the added layers, which they may emotionally refer to as bureaucracy, but may have a difficult time and feel that they are no longer important to the organization. Early on, showing an organization chart with unfilled boxes can ease the emotional turmoil caused by new additions.

Kept in the dark

Similar to feeling demoted due to the insert of management layers, individuals may feel disenfranchised by being no longer included in meetings they once attended. Early on, employees are asked to wear many hats, performing a wide variety of tasks. As the organization grows and specialists are added, certain individuals will have responsibilities "taken away" from them and no longer be involved in those aspects of the business. They can easily begin to feel that information is being withheld from them.

Lax comp time management:

It is common for startups and small companies to use an honor system in which each employee manages their vacation days or paid time off. In fact, in those environments, employees will likely not take enough time off to rest and refresh themselves. As the organization grows, new employees may

not feel the same sense of ownership and dedication and a formal tracking system for PTO may be necessary. Old-time employees may feel that the company has lost trust in them.

Employee benefit contributions

As all of us are keenly aware, health insurance costs keep rising and will probably do so forever. Most companies subsidize employee health insurance premiums, with some companies covering all costs. Although employees understand that the cost of benefits is constantly on the rise, they will balk at any required increases in their required contributions. To them, it represents a reduction in take-home pay. To help offset the impact of premium increases, companies should state the employee contribution as a percentage of the premium and not quote it in absolute dollars.

Virtually every organization experiences some or all of these innocent but misinterpreted situations as they grow or reorganize. An effective way of minimizing their occurrence is to perform a simple exercise described in other articles in this collection. It is referred to as an "Add a Zero" analysis. It is simple: Take an existing situation, process, or perk and assume that it increases by a factor of ten and then review the situation with this order of magnitude change. Under these new, higher volumes, determine if the existing method is scalable to the new level. For example, if the organization increased from ten employees to one hundred is it still practical to:

- Provide free lunches, sodas, and snacks?
- Provide offices for everyone?
- Provide reserved parking spaces?
- Operate with no processes?
- Have no formal management structure?
- Involve all employees in all meetings?
- Avoid additional management layers?

Invariably, it will become obvious that some of the issues will not scale. That conclusion does not necessarily mean the company should not move forward with the planned perks or processes. However, it is prudent to alert employees to the fact that the perks or processes may have to change or be abandoned at some point in the future. The impact will be more palatable if and when the change is implemented.