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HYBRID HESITATIONS

They may now be legal under the Pension Protection Act, but cash-balance retirement plans—
a.k.a. “hybrids”—are still slow to take hold.

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GIVING INTERNS A TURN

With talent in high demand, employers are increasingly looking at interns as strategic recruits instead of gofers, coffee-getters and errand-runners.

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Human Resource Executive®



David Barnes (left), HR manager for the Western Hemisphere for Houston-based Energy Alloys, talks with management recruits and former interns Amanda Pifer and Mike Boutte. The intern program at Energy Alloys, says Barnes, has become a "strategic recruiting tool."

Intern-al Affairs

No longer viewed as gofers or grunts, today's interns are increasingly looked upon as tomorrow's employees.

BY JULIE COOK RAMIREZ

Interns have long suffered from an image problem. Often stereotyped as gofers, coffee-makers or errand-runners, interns were frequently viewed as eager, young students whose most challenging duty involved getting the department's lunch order correct or remembering how much creamer the boss likes in his coffee.

When applying for internships, few students probably picture themselves making endless copies or fetching coffee. No doubt, most have visions of working on important projects, attending key meetings, earning the trust and respect of their colleagues, and gaining the kind of real, bankable, on-the-job experience that will position them to transition easily into a full-time position upon graduation.

One might think enlightened employers would go to great pains to provide that kind of experience to today's growing legion of interns. Unfortunately, that's not always the case, says Richard Bottner, president and CEO of Intern Bridge Inc., an Acton, Mass.-based internship consulting firm he founded as a result of his own intern experience, and author of *Total Internship Management: The Employer's Guide to Building the Ultimate Internship Program*. Bottner begins his book with this telling description of his own less-than-stellar internship experience—with a regional HR organization—during the spring of 2006: "Staple that. Hang this. Collate these."

Bottner's dissatisfaction didn't end with the menial tasks he was expected to perform. He was also dismayed to find

that the company ran something akin to an "intern marketplace," wherein interns would be transferred to any number of departments around the organization, regardless of their assignment. On one occasion, he recalls, his "supervisor-for-a-day" didn't even ask his name. Instead, she referred to him as "intern."

Bottner admits his own experience doesn't describe all corporate internship programs. "Some organizations do it right," he says, "some do it wrong and a lot of them fall right in the middle." That assessment is echoed by Wesley Bull, president and managing partner of Integrate HR LLC, a Phoenix-based management consulting and executive search firm. In his experience, internship programs vary greatly, often by industry. According to Bull, financial services, technology and service companies typically provide the best internship experiences. As for the worst?

"The usual suspects come into play—entertainment, advertising and the media—where interns are frequently given gofer responsibilities: 'Your role here today is to staple these papers and make sure my coffee cup stays warm,'" says Bull. "It's unfortunate because organizations that follow that type of model don't realize how much they are poisoning their well."

The majority of that "poison" finds its way into the company's college recruiting efforts. As Bottner explains, "campuses are viral," and news of a bad internship travels fast. When friends asked Bottner about internship or employment opportunities at the company where he'd had his bad experience, he told them point-blank they should reconsider. Not only are today's students likely to vent their frustration to anyone who will listen, there's also a good chance they may post their feelings on a blog or social-networking site, increasing the likelihood that good interns—or full-time employees, for that matter—will become harder to come by.

"No company can afford to have negative intern press," says J.P. Magill, vice president and founder of the Houston-based Achilles Group, an HR outsourcing firm that counsels organizations on ways to choose, train, manage and evaluate interns. "The information they send around is just so fast, you might as well put a fork in you because you're done."

Seeking to draw attention to the plight of the intern, the Newtown, Pa.-based Internship Institute took a page from the People for the Ethical Treatment of Animals. Operating under the

pseudonym Businesses for the Ethical Treatment of Interns, the organization launched an awareness campaign called "Stop Intern Abuse Now!" Admittedly tongue-in-cheek, the campaign uses video clips spoofing popular television shows such as "The Sopranos" and "24" as a means of depicting supposed intern abuse. While the tone of the program is humorous, its underlying message is serious, as it seeks to get employers, students and academic professionals thinking about how interns are treated in the workplace.

So, are they really being abused? Yes and no, says Matthew Zinman, executive director and founder of the Internship Institute, and author of the recently published *Intern Toolkit*. "In the more sensitive environment of office behavior and decorum, I don't think students are being abused per se," says Zinman. "The abuse is more subtle in the sense that there's a lot of opportunity wasted both for the companies that invest in having programs and the students who are frequently not given opportunities to do what they are there to do."

Key Role for HR

Legal and HR experts say much of the problem lies in the fact that HR managers often stop short when it comes to assuming responsibility for the internship program. They often assist with recruiting efforts, working job fairs and finessing relationships with various colleges and universities. Once the latest crop of interns is selected, however, they often cede responsibility to someone else in the management ranks, leaving the program to falter and possibly opening the company to legal troubles.

"HR departments are usually involved in selecting and evaluating candidates for internships, but many companies don't engage HR more broadly to assist with the structure of the internship program itself," says Marc Zimmerman, a partner in the labor and employment law department of New York-based Phillips Nizer LLP. "Granting full control over the structure and management of internship programs to a company's operational department is risky business because programs that don't satisfy the legal criteria may very well subject the company to federal and state wage-and-hour liability." (See sidebar for more information on the legal criteria affecting internships.)

Instead of just handing off responsibility, HR should play a project manager role in the process, according to Magill. "The whole internship program is a project that needs to be managed,"

he says. "The hiring managers and interns are tools to that project."

The most successful internship programs are those in which HR takes full responsibility from start to finish, ensuring that the appropriate structure is in place that will make the program mutually beneficial to the company and the intern.

"A lot of companies make the mistake of waiting until the students come on board to figure out what to have them do," says Zinman. "They need to plan well in advance and take inventory of the projects that managers aim to have students do, so they can then filter all of that into the recruiting process."

That's exactly the approach taken at Fairfield, Conn.-based General Electric, where HR works closely with managers to create detailed job descriptions before even setting foot on campus. Interested managers are required to fill out a form detailing exactly what tasks they expect potential interns to perform and what qualifications they feel an appropriate candidate should possess. Even though a whopping 2,400 interns and co-ops are brought onboard to work at GE's U.S. facilities each year, Steve Canale, manager of recruiting and staffing services says, it's definitely not a rubber-stamp process.

"Anyone can submit a request, but not everyone gets approved," he says. "It depends on the quality of the assignment. It's pretty easy to read through and figure out when there isn't enough meat there and they should really be hiring someone from a temporary service."

A similar strategy is employed by Columbus, Ga.-based American Family Life Assurance Co. (Aflac), which hires 40 to 45 interns and co-ops each year. University Relations Supervisor Keyla Cabret says managers not only have to provide her department with a detailed description of the intern's proposed duties, but explain how the internship will prove beneficial to their department and to the company's overall workforce planning goals.

The theme of strategic workforce planning is echoed by most internship consultants, who point to the ever-tightening labor market as one of the factors driving companies to develop highly structured, highly effective internship programs. With all demographic signs pointing to a significant shortage of workers in the very near future, a growing number of organizations are starting to view their internship programs as more crucial opportunities to woo—and to groom—potential future employees.

The Letter of the Law

A poorly run internship program not only puts a company at risk for recruiting difficulties, it can also run it afoul of the federal Fair Labor Standards Act. Under the Act, employers are required to compensate all employees with at least minimum wage. The key lies in determining whether an intern is truly an intern or an unpaid employee.

"Simply labeling somebody an intern doesn't automatically make them so," says Marc Zimmerman, partner in the labor and employment law department at Phillips Nizer LLP in New York. "Whether interns are considered employees under the Fair Labor Standards Act depends on the circumstances surrounding their activities."

In order to be considered an internship, a program must meet six specific criteria, as laid out by the U.S. Department of Labor. Zimmerman offers the following interpretations of the sometimes confusing requirements:

1. Intern Receives Training Equivalent to a Vocational School—"That's just a glorified way of saying that, even though your training involves actual operation of company facilities, the individual could get this training elsewhere if he or she paid for it."

2. Intern Benefits from the Experience—"The intern should be getting the practical benefit of being on-the-job in a workplace environment."

3. Intern Must Not Displace a Regular Employee—"If an intern is providing an essential service that others are normally paid to do, that's a red flag that they are actually an employee and entitled to payment for all hours worked, even if you have labeled them an unpaid intern."

4. No Immediate Advantage from the Intern's Activities—"Not only may the employer not derive any significant benefit, but there may actually be a hindrance of operations because of the amount of time that you need to commit to train and supervise an intern."

5. No Guarantee of a Job—"Internship programs are often used as recruiting techniques, but the key is that the intern is not necessarily entitled to a job at the completion of the internship."

6. Mutual Understanding of Unpaid Status—"If you don't intend to pay an intern, that should be front and center. In fact, both parties should be signing something that says, 'I understand that this is an unpaid internship.'"

Zimmerman cautions employers to adhere carefully to the six criteria, as failure to meet even one could result in significant fines and penalties. "You could find that you're required to pay 125 percent of all wages plus attorneys' fees on behalf of an intern who you thought you weren't supposed to be paying in the first place."

"Too many organizations look at an internship program as being a good corporate citizen or doing something altruistic," says Zinman. "That is the absolute wrong way to look at it. HR needs to mandate that the internship program is a workforce development and talent-acquisition strategy."

Energy Alloys, a Houston-based oil field services company, is already feeling the talent crunch that has hit the oil and gas industry hard. As a result, the company's internship program has become a "strategic recruiting tool," according to David Barnes, HR manager for the Western Hemisphere. The desire to hire interns who will someday return as full-time employees guides the company's intern-recruiting practices.

"We make sure we're hiring people who fit our culture," says Barnes. "We want them to be future employees, and if we don't hire the right culture now, we are not going to have it in six months."

Consistency in the hiring process plays a key role in ensuring that cultural fit. Specifically, Barnes says, senior level managers are always involved in the hiring process, regardless of the position. That includes interns.

"Our philosophy is that we are making an investment in the future of the company, which means that senior managers must participate in the hiring and training of the interns," says Barnes. "Making sure you have the same hiring process for interns as you do for anybody else really helps us focus on that cultural component."

During the interview, managers probe for skills and traits that match the Energy Alloys culture. "We may ask a question such as, 'Tell me about a time when you helped solve a customer problem—what was the situation, what did you do and what was the outcome?'" says Barnes. "Answers to these situational questions tell us more about their approach than their grades and college jobs."

Meanwhile, GE has gone so far as to start making job offers to "rising seniors"—those students who have spent the summer between their junior and senior years interning at GE. Hiring the most talented students before they return to campus for their senior year prevents them from being wooed away by another potential employer.

"It's a very high-yielding process for GE, and it helps us competitively take them off the market," says Canale, adding that 90 percent of interns and co-ops who are offered full-time employment at GE accept the opportunity. That's roughly 20 percent higher than the average campus acceptance rate, he says. In all, more than 600 interns are hired into full-time employment at GE every year.

Culture of Respect

Once an intern is onboard, Zinman says, HR should step back and leave the day-to-day management to those charged with his or her direct supervision. But first, HR staff must ensure those supervising the interns are up to the

task. Unfortunately, says Bottner, many companies make the mistake of assuming that anyone can supervise an intern.

"In a lot of companies, HR sends out a mass e-mail asking, 'Who wants to be a supervisor?'" he says. "Few people will step up to the plate, so they'll just take whomever shows the most interest. That's a big mistake."

Bottner recommends selecting managers who are approachable and willing to coach the intern, while Zinman says it's critical to find managers who are comfortable both giving and accepting feedback. They must not coddle the students or tiptoe around their feelings, he says, but rather give them the kind of constructive criticism necessary to help them become five-star employees—and help the company become an intern-friendly organization.

How do you assess for those qualities? Bottner suggests bringing them in for a face-to-face chat. Finding out how they view interns will tell HR whether they will be willing to take time out of their schedule to help them or merely view them as cheap—or free—labor.

Managers who have never supervised an intern before often don't understand the commitment needed to mentor and train those in their charge, says Zinman. Those who served as interns themselves a number of years ago may even view internships according to the old standards they were accustomed to, assuming that those in their charge are

to be assigned mostly menial tasks with little responsibility or interaction with colleagues.

"Many of today's supervisors were themselves the older generation of interns, working in the mailroom for no pay and no credit," says Bottner. "It's just not that way anymore. Today's interns expect more."

To ensure that such expectations are met, GE's HR professionals coach managers to "put their people and managing skills to good use in ensuring interns have a rich and rewarding experience," Canale says. At the heart of the program are internal guidelines, developed and refined over years of experience working with interns. Managers are provided with online resources, such as the myLearning tool, which helps them refine their people- and intern-management skills through online training modules that set expectations, provide case studies and quiz the managers at the end of the course. HR takes full responsibility for ensuring the readiness of managers to supervise interns.

"The HR person in the facility is the traffic cop to make sure that the manager is suitable," says Canale. "It's the newer managers who usually need a little more hand-holding and monitoring."

Likewise at Hopkinton, Mass.-based EMC Corp., HR works closely with supervisors to make sure they understand the company's approach to internships. "We work directly with the managers, especially new managers who have never had an intern before," says Cindy Gallerani, senior manager of university relations. "The HR team will meet with them to discuss what their expectations are and to explain that interns are not to be treated any differently than regular employees in terms of day-to-day management."

While the direct supervisor takes over daily management of the intern, HR leaders often work behind the scenes, resolving conflicts as needed, assisting with evaluations and ensuring that interns take advantage of developmental and social opportunities.

At GE, such opportunities include Lunch-n-Learn sessions on subjects such as presentation skills and business ethics, as well as group outings to New York to attend a ballgame or tour NBC studios. Meanwhile, Aflac encourages interns to enroll in company-sponsored training specific to their areas of professional development. Cabret says her department is currently working on ways to allow interns to interact

with other departments to give them a more holistic view of the organization.

Aflac's Editor of Internal Publications Leah Pringle began her relationship with the company as a summer intern, working in both HR communications and corporate communications. Much to her relief, she "wasn't treated like the stereotypical negative image of an intern." Instead, Pringle is proud to say she was treated like a member of the team. As such, she was given vast responsibilities, as well as the trust of her colleagues.

"I liked knowing that I was working for a company that trusted me and my skills," she says. "My experience as an intern definitely influenced my decision to seek a full-time position with Aflac when I graduated from college."

Treating interns as an important part of the team aids in creating a culture of respect, an important goal for any corporate internship program, according to Zinman. "The tone that needs to be set is that these are not kids; these are emerging professionals and, maybe, the next star employees, and they need to be treated as such," he says.

Some companies have gone so far as to abolish the term "intern" altogether, says Zinman, choosing instead to refer to them as associates or employees. This approach not only helps managers and colleagues view these students as valuable members of the team, it also changes the way they view themselves and their relationship with the company, according to Magill.

"If you call them an employee, it does something to the mind-set of the intern," says Magill. "They internalize that they are part of the company, rather than an outsider. They start saying, 'I belong here.'"

Send questions or comments about this story to hreletters@lrp.com.