



November 2011

Columbus Compensation Association

www.columbuscomp.org
info@columbuscomp.org

Breakfast Meeting Announcement

CCA 2012 Board Elections will be held at this meeting. Please plan to attend to make your vote count!

Program Topic

Public Policy Update – Impact on Total Rewards

Presenter

Katie Vlietstra

Public Policy Liaison, WorldatWork

Date

November 15, 2011

Location

Fawcett Center

Registration Deadline: Thursday, November 10, 2011

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Schedule:

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|-----------------------|------------------------|
| Registration and Meal | 7:45 a.m. – 8:30 a.m. |
| Keynote Presentation | 8:30 a.m. – 10:00 a.m. |

| Cost | Member | Non-Member | Student* |
|-----------------|--------|------------|----------|
| Meeting Keynote | \$30 | \$40 | \$10 |

- No meeting cost for those who prepaid membership & meeting package for 2011.
- If you have prepaid for the meeting package, please remember to register so we have an accurate count.
- If you register but don't attend, you are still responsible to pay the meeting cost.
- Please register online at <http://www.columbuscomp.org>

*The Columbus Compensation Association considers "Student Membership" as a discounted membership for a full-time college student who may not otherwise qualify for sponsorship by their own organization.

Program Overview

As 2011 comes to a close, Katie Vlietstra, Public Policy Liaison with WorldatWork, will examine the numerous legislative, regulatory, and judicial actions that have impacted Total Rewards and Compensation professionals over the past 12 months. Katie will address anticipated action expected in 2012, including analysis on the upcoming Presidential campaign. Topics to be covered include: Dodd-Frank implementation, retirement, pay equity, and healthcare reform.

About the Speaker:

Katie Vlietstra, Public Policy Liaison, WorldatWork

Katie Vlietstra is a Public Policy Liaison for WorldatWork responsible for monitoring and reporting on regulations and legislation that could affect total rewards and human resource professionals in the United States. Vlietstra has nearly 10 years experience in public policy and government affairs. She is an active member of the D.C. government relations community. Prior to joining WorldatWork, she served as an advisor to Governor Rick Perry in the Texas Office of State – Federal Relations in Washington, D.C.

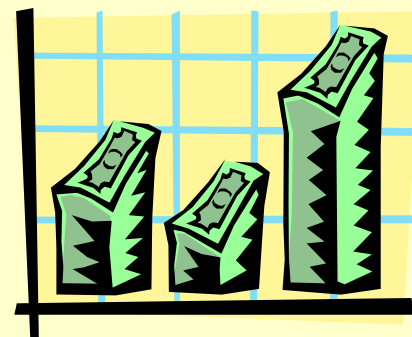


Vlietstra's knowledge extends to the executive and legislative branch as well as local and state government. As a John C. Stennis Congressional Fellow, she gained firsthand knowledge of the legislative process and understands the substantial impact federal law and regulations can have on total rewards professionals and their employers. She previously held positions with Triadvocates LLC, the Law Offices of John T. O'Rourke, and TargetPoint Consulting.

Vlietstra is a regular speaker and writer on the impact of federal legislation and regulations on total rewards. She focuses on issues related to FLSA, health care reform implementation, pension reform, retirement, tax reform, tax code changes, the Dodd-Frank implementation, and workplace flexibility (among others). Her blog posts are available at www.worldatwork.org. Vlietstra holds a B.S. in History and Political Science from Chapman University and an M.A. from George Mason University.

10 Steps to Effective Market Pricing from Lena Bottos, VP of Compensation at Kenexa (as reported by BLR.com)

1. Analyze your organization's jobs to determine:
 - a. Main function of the job and key responsibilities
 - b. Knowledge/skills/abilities required
 - c. Organization level and reporting relationships
2. Develop a brief job summary to facilitate survey matching.
3. Identify benchmark jobs:
 - a. Common jobs within a recruiting market
 - b. Typically found in many types of organizations
 - c. Might be industry based
4. Select survey or surveys based on geography, function, and/or industry.
5. Identify appropriate matches. Don't expect a 100% overlap on your matches.
6. Choose appropriate market scope and determine market value at pay points corresponding with compensation philosophy.
7. Adjust data based on credibility of source and degree of match. Weigh survey data and/or assess premiums or discounts.
8. Age the survey data based on the organization's market timing and methodology: Lead, Lag, or Lead/Lag.
9. Slot non-benchmark jobs based on comparable value to the organization.
10. Analyze variance versus current practices and determine next steps.



Botto indicated the following as primary challenges in market pricing:

- Matching specific jobs to survey benchmarks
- Finding enough surveys for a particular market
- Benchmarking new jobs
- Going beyond data to ensure your plans reflect your specific organization

2012 CCA Board Elections – to be held at the Nov. 15th meeting!

The November CCA Meeting is traditionally our annual membership meeting in which we ask members to vote on the slate of Board Members for the following year. Please plan to attend this meeting to vote on your 2012 Board. Below are the positions and candidates up for election at this meeting.

President: Maureen Koblentz

Maureen Koblentz has worked in the compensation discipline since 2002. She is currently a Compensation Manager for The Ohio State University Medical Center. Prior to working at OSU Medical Center, she worked at Nationwide Insurance, serving in roles in Recruiting, Corporate Compensation, and Exclusive Agency Sales focusing on Sales Compensation design. Maureen has been actively involved with the Columbus Compensation Association for the last seven years as both a member, as well as serving as an elected board member – VP Programming (2009, 2010, 2011). She has a Bachelor's Degree from Purdue University as well as an MBA from The Ohio State University.

Treasurer: John Groves

John Groves has been in the compensation field since 2007, working first at Nationwide Mutual Insurance and then as a Consultant with Cardinal Health. He has dual competencies in compensation support and the development of organizational compensation tools and processes. He received a BS from The Ohio State University, MBA from Ashland University, and holds a CCP designation. Prior to compensation, John worked for the State Auditor, where he supported, taught, and helped develop payroll and accounting software for local government agencies.



VP Programming: Mark Briggs

Mark Briggs holds more than twenty years of Compensation experience. He started his professional compensation career administering compensation surveys and then became a Compensation Consultant in Mercer's Columbus office serving the Central Ohio market. He then moved to Nationwide where he served seven years in Nationwide's Corporate Compensation department with comprehensive compensation responsibilities. While in Corporate Compensation, he built the company-wide variable pay consulting practice. Mark was then asked to serve as the Director, Sales Operations and Compensation for Nationwide Insurance where he focused on sales strategy and sales compensation design and administration. He holds his SPHR and currently serves as HR support to Finance and Internal Audit focusing on Talent Planning and Development. Mark holds an MBA and Master's in Preventive Medicine from The Ohio State University and is a certified Lean Six Sigma Blackbelt. He currently serves on the CCA Board as the Technology Chair, where he has made substantial improvements.

2012 Membership Drive

Our 2012 Membership Drive will kickoff later this week! You will receive an email with information to complete your renewal. If you do not receive your membership renewal materials prior to our next membership meeting on November 15th, please contact CCA at info@columbuscomp.org.

All membership information is being sent via email this year. Please encourage your colleagues who are not currently members to consider a membership in 2012. Members receive valuable benefits, including:

- Discounted WorldatWork Courses held in Central Ohio
- Discounted Meeting & Seminar Fees
- Discounted Meeting & Seminar Fees at Local Network Partner Associations in our region
- Individual Membership that transfers with the Member
- Excellent networking opportunities
- Access to the online Membership Directory
- Member Newsletters
- Enhancement of Professional Knowledge & Skills
- Complimentary Job Postings on the CCA Website

Electronic payment through PayPal for new and renewal memberships is available this year. **Membership dues must be paid on or before the scheduled meeting dates in order to receive the member meeting discount for attendance at a particular meeting.** There is no grace period to receive the membership discount for meeting attendance.

2012 CCA Sponsored Courses:

| Date | Course |
|---------------------|--|
| April 23 & 24, 2012 | T2: Accounting & Finance for the Human Resources Professional |
| June 11 & 12, 2012 | C4: Base Pay Administration and Pay for Performance |
| August 6 & 7, 2012 | C12: Variable Pay – Improving Performance with Variable Pay |
| October 8 & 9, 2012 | GR7: International Remuneration: An Overview of Global Rewards |

*All courses held at the Quest Business Center. Register at www.worldatwork.org/register/cca.

In the News



At-Will Employment Agreement Has Limits, Ohio Court Rules (www.shrm.org – 09/14/2011)

- An Ohio appeals court decision underscores the importance of documenting all changes to terms of employment, even with at-will employees. The case focused on a VP hired by Quick Solutions, Inc., an IT firm in Westerville.
- The VP signed an employment agreement on hiring, which indicated he was an at-will employee. The agreement stipulated his base pay and annual bonuses based on sales growth and earnings, as well as stock bonuses. The agreement indicated that compensation amounts were “subject to change upon subsequent review” by QSI.
- The VP’s salary and bonuses changed over time. In 2008, the VP was fired. He sued to recover the full amount of stocks and bonuses that he would have received under the original employment agreement.
- The court found that there was insufficient evidence that QSI had modified the bonus plan or that the VP was aware of the changes and noted that “continuation of employment after a modification only constitutes assent if the employer notifies the employee of the modification or the employee otherwise knows of it.”

DOL, IRS Coordinate on Employee Misclassification Compliance (www.shrm.org – 09/21/2011)

- Secretary of Labor Hilda L. Solis signed a memorandum of understanding on Sept. 19, 2011 with the Internal Revenue Service to improve departmental efforts to end business’s misclassification of employees. The memoranda of understanding enables the DOL to share information and coordinate law enforcement with the IRS and participating states to level the playing field for law-abiding employers and ensure that employees receive the protections to which they are entitled under federal and state laws.

6th Circuit: Court Tackles Issue of Volunteer Employees Under Title VII (www.shrm.org – 09/26/2011)

- The 6th U.S. Circuit Court of Appeals reversed a district court’s determination that volunteer firefighters were not employees.
- The case stemmed from sexual harassment complaints levied against Middlefield Volunteer Fire Department Inc. The fire department asked district court to dismiss the Title VII claims because they did not have the 15 employees required to qualify as an “employer” under Title VII. The lower court agreed and dismissed all claims.
- The appellate court determined that volunteer firefighters were employees under the Title VII definitions by determine whether each firefighter was a “hired party.” Volunteer firefighters receive many benefits from the department, including workers’ compensation coverage, insurance coverage, gift cards, training, and access to an emergency fund. The 6th Circuit disagreed on focusing solely on remuneration, but indicated other aspects of an employer-employee relationship that should be considered, including: control, duration, schedule, hiring, firing, and many others.

Very Few are Changing Projected 2012 Pay Increase Budgets (www.worldatwork.org – 10/10/2011)

- A recent WorldatWork online poll indicated very few organizations are modifying 2012 salary increase budgets from the originally reported 2.9%.

2012 Starting Salary Projections, Positions in Demand (www.worldatwork.org – 10/13/2011)

- According to a Robert Half International report, U.S. starting salaries will increase an average of 3.4% next year.
- The report showed an average increase in 3.5% for accounting and finance positions, 4.5% in technology positions, 3.5% for creative and marketing professionals, 1.9% for legal roles, and 3.4% for administrative and office support.

Hilton Reservations Worldwide to Pay \$715,000 in Minimum, Overtime Back Wages (<http://compensation.blr.com/> – 10/27/2011)

- There are 2,645 current and former customer service employees in Florida, Illinois, Pennsylvania, and Texas that are affected.
- Wage & Hour Division’s (WHD) Dallas District Office found that the company violated the FLSA by failing to pay employees for work performed prior to clocking in at the start of their scheduled shifts, such as booting up a computer, opening programs required to assist customers, and reading pertinent emails. Employees were not paid minimum wage for this time; since the time was not included as hours worked, they were not paid the correct overtime rate of pay.
- The company also failed to maintain required records.

TN Restaurant Company Agrees to Pay \$40K in Back Wages (http://compensation.blr.com – 11/1/2011)

- Atlas Inc., doing business in Tennessee agreed to pay \$39,232 in minimum and overtime back wages to 23 restaurant workers for alleged violations of the FLSA.
- According to the DOL’s WHD office in Knoxville, the company willfully and repeatedly failed to record and compensate employees for all hours of their work. Employees were being paid a flat salary that did not yield the minimum wage required.

September Meeting Recap

Alignment between Merit Rating & Incentive Pay: When & How to Make This Move with Jerry Colletti, Managing Partner at Colletti-Fiss

Jerry Colletti, Managing Partner of Colletti-Fiss, LLC, shared a presentation with our membership on September 21, 2011 at the Fawcett Center. Jerry covered four main topics during his presentation:

1. Linking annual merit rating to incentive pay
2. Definitions, processes, and tools for operationalizing a linkage
3. Discussion of effective implementation
4. Discussion / polling of our membership's experiences and perspectives

Linking Annual Merit Rating to Incentive Pay

In this section of the presentation, Jerry focused on several reasons to consider linking the merit rating to incentive pay:

1. Performance appraisals are pervasive, but under-optimized: 91% of companies have a formal performance management program, but only 51% link it to short-term incentives (according to WorldatWork/Sibson).
2. Merit Pay Budgets are too small to deliver a differentiated rewards
3. Losing talented employees is costly: Research provides cost estimates of 30-50% of salary for entry level positions, 150% of salary for mid-level positions, and 400% of salary for specialized positions. (For more information, Jerry pointed us to www.keepemployees.com.)
4. The mix of pay is shifting, with the focus now on variable pay: Increased labor productivity and performance is a key driver of profit growth, so the challenge is how to balance the cost of reward programs and the limited pay increases with the need to attract, retain, and engage key talent.
5. Rewarding the most deserving employees yields a high ROI: Jerry provided data related to the America's Most Admired Companies and the total shareholder returns, showing that AMAC's surpass their peers in effectively matching rewards with employee contributions.

Definitions, Techniques, and Tools

Jerry provided standard definitions for merit rating, incentive opportunity, leverage, and other terms relevant to linking merit ratings to incentive pay. Jerry provided some guiding principles required before pursuing a linkage, key decisions and topics to discuss when creating a linkage, and some linkage illustrations. Jerry's guiding principles included:

- Top management is committed to differentiating rewards for top performers.
- Current performance management practices and the appraisal program is highly regarded, trusted, and consistently followed.
- Leaders take appraisal seriously and actively participate in the process.
- Top management will provide leadership to results expectation and is willing to determine and allocate funds to reward overachievement through a process that links merit ratings to incentive pay.
- Top management supports the view that adjusting variable pay based on merit ratings is preferable to creating differentiation through higher base salary increases for top performers.

Implementation Challenges

Following on his illustrations of merit rating/incentive pay linkages, Jerry discussed several challenges faced when implementing such a linkage. In particular, communication and expectation-setting are vital to successful implementations. In addition, Jerry recommended conducting a results assessment to determine how well the program differentiates top performers and whether the differentiation is sufficient to support the program.

Questions/Feedback

At the end of his presentation, a lively discussion of the members present ensued. Some of the items included:

- Employees with more than 50% pay at risk shouldn't have their incentives linked to merit ratings, but you can use other non-variable pay tied to their merit ratings (e.g., trips, clubs, other recognition programs).
- Top performers seek out other top performers, not their bosses, for performance coaching. You should consider a focus group of these top performers to determine what they value.
- The number one problem with these programs is the creep in performance ratings. To combat this, you need to establish a baseline for performance. In initial years, a forced distribution might be utilized to ensure meeting program cost projections.

2011 CCA Board Members

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Watch for Your Next CCA Newsletter in mid-January

A major purpose of the Columbus Compensation Association (CCA) is to enhance and promote the total compensation profession. If you are interested in providing content for the newsletter or feedback, please contact info@columbuscomp.org. Deadline for content for submission is **January 3, 2012**.