



September 2011

Columbus Compensation Association

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Breakfast Meeting Announcement

CCA will be taking a vote on revisions to the Association's Bylaws at this meeting. Please plan to attend to make your vote count!

Program Topic

Alignment between Annual Merit Rating & Incentive Pay: When & How to Make This Move

Presenter

Jerome A. ("Jerry") Colletti
Managing Partner, Colletti-Fiss LLC

Date

September 21, 2011

Location

Fawcett Center

Registration Deadline: Friday, September 16, 2011

Schedule:

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 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

The most recent recession motivated many companies to shift compensation emphasis from base salary to incentive plans. As companies restore merit pay increases, the age old question of how performance ratings should impact decisions about base salary increase and incentive compensation payout is likely to be on the table. The purposes of this presentation are to: (1) Describe when it is appropriate to create a linkage between base pay increase and incentive pay through performance ratings, (2) Present a tool and process for doing so that has been effectively used by companies, and (3) Discuss an approach to effective implementation and results assessment.

About the Speaker:

Jerry Colletti, Managing Partner, Colletti-Fiss LLC

Jerry is a Managing Partner at Colletti-Fiss, LLC (CF), a management-consulting firm he co-founded in May 1999. The firm is headquartered in Scottsdale, AZ. CF helps top executives design programs that increase sales results and focuses on three areas of sales effectiveness: jobs design and sales organization structure, performance management programs, and sales compensation plans. He and his associates help clients use these programs effectively so they can grow profitably, serve customers wisely, and reward employees appropriately for achieving business objectives.

He is also widely known for his advice to top managers on the design and implementation of compensation plans, particularly incentive pay arrangements, to reward employees for sales success, customer retention, and customer loyalty. He and his associates have worked with over 1,000 companies in 20+ industries affecting the compensation of sales people, customer support staff, and their managers in all regions of the world. His Firm's clients include many Fortune 500 companies who operate with best practices sales organizations on a worldwide basis.

Jerry is a frequent speaker on the topics of sales effectiveness and compensation at programs sponsored by WorldatWork and other leading professional associations. He has been an Elements of Sales Compensation Course Instructor since 1979, and a WAW association member since 1972. He co-authored WAW's advanced sales compensation course, *Sales Compensation for Complex Selling Models*. During the 2009-2010 academic year, he was Chair of the Advisory Board and Chair, Executive Committee, The Sales Centre, Ohio University, Athens, OH.

He is the author of over 100 publications and is frequently quoted in leading business publications and journals, including *The Wall Street Journal*, and *Harvard Business Review (HBR)*. His most recent article for HBR (with co-author Mary Fiss), "The Ultimately Accountable Job: Leading Today's Sales Organization" was published in the July/August 2006 issue. The second edition of his book, *Compensating New Sales Roles: How to Design Rewards That Work in Today's Selling Environment*, is also co-authored with Mary Fiss, and published by AMACOM books.

In March 2008, WorldatWork published *Sales Compensation Math*, a book he, Mary Fiss, and Mark Davis wrote at WAW's request; the book is currently the Association's #1 seller. His previous book, *Sales Compensation Essentials: A Field Guide for the HR Professional* was written with co-authors Mary Fiss, Ted Briggs, and Scott Sands.

He was recognized as an *Entrepreneur of the Year nominee/finalist* by Ernst & Young, LLP for his CEO leadership in founding (in 1985) and building The Alexander Group, Inc. (AGI) to a multi-site consulting firm serving Fortune 1000 clients before its sale in April 1999. Prior to founding AGI, he was associated with Sibson & Co., Inc. where he rose from Consultant to Chief Operating Officer of the firm over a period of seven years.

Prior to his career in management consulting, he held executive HR and compensation positions with Lake Center Industries (a subsidiary of Guy F. Atkinson Company) and Manpower, Inc. He earned an MBA from University Wisconsin (Madison) and a BA from St. Mary's University (Minnesota).

Benefits of CCA Membership

CCA Membership Benefits include:

- 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

ASSOCIATION ANNOUNCEMENTS

Bylaws Revisions

A copy of the proposed Bylaws Revisions is included in the distribution with this newsletter. The CCA Board is requesting your vote at the **September 21st Breakfast Meeting** on whether to approve these amendments to the existing Bylaws. The main purposes of the current Bylaws Revision are:

- Add a Student Membership option to the existing association membership options.
- Amend the bylaw ratification process to allow either in-person or electronic voting.
- Clarify requirements of committee and board roles/responsibilities.

Please review these changes and come to the meeting on September 21st to cast your vote.

Technology Update / 2012 Membership Drive

Columbus Compensation is diligently working to update our website with new functionality to better serve you. Our current focus has been programming the website to allow for credit card payment for memberships beginning with our 2012 Membership Drive. You should see information related to this membership drive beginning in October. Please note: Once electronic processing is enabled, your membership dues must be paid on or before the scheduled meeting dates in order to receive the member meeting discount.

2012 Board Positions – Elections planned for the November

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. If you are interested in an elected or appointed role on the Board, please reach out to current President Michael Kalan. Please plan to attend this meeting to vote on your 2012 Board.

Save the Date – Upcoming Meetings & Courses

Meetings:

2011 Meeting Calendar: Please mark your calendar to attend the following meetings.

November 15, 2011 (Breakfast Meeting)	Public Policy Update – Impact on Total Rewards (2012 Board Elections will be held at this meeting**)	Katie Vliestra WorldatWork
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*All meetings held at the Fawcett Center.

**If you are interested in joining the 2012 Board, please reach out directly to Michael Kalan, CCA President.

CCA Sponsored Courses:

Date	Course
October 17 & 18, 2011	C2: Job Analysis, Documentation, and Evaluation
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.

2012
Courses
Listed!

Local Network Partner Sponsored Courses:

Sponsor	Location	Date	Course
Comp & Benefits Professionals of Indiana (www.cbpi.org)	Indianapolis, IN	Oct. 17-18	C17: Market Pricing
Greater Cincinnati Comp & Benefits Assoc (www.gccba.com)	Cincinnati, OH	Oct. 10-12	T2: Accounting & Finance
Louisville Compensation Association (www.loucomp.net)	Louisville, KY	Oct. 6-7	C17: Market Pricing
Penjerdel Employee Benefits Association (www.peba.org)	Philadelphia, PA	Oct. 12-13	T1: Total Rewards
		Nov. 9-10	T2: Accounting & Finance
		Nov. 9-10	C12: Variable Pay
Western PA Total Comp Group (www.wptca.org)	Pittsburgh, PA	Nov. 7-8	T3: Quantitative Methods

*CCA members are eligible for discounted rates with our Local Network Partners.

In the News



Insurance Company Pays \$1.5 million in Overtime Back Wages (www.blr.com – 07/07/2011)

- DOL's Wage & Hour Division (WHD) cited significant and systemic violations of the FLSA overtime and recordkeeping provisions at Farmers Insurance Inc.
- Violations occurred at 11 customer service call centers in Florida, Kansas, Michigan, Oklahoma, Oregon, and Texas.
- According to the WHD, the company did not account for time employees spent performing pre-shift work activities, such as turning on workstations, logging into the company phone system, and initiating certain software applications. This resulted in an average of 30 minutes per week.
- Farmers agreed to pay back wages of \$1.5 million for over 3,000 employees.

Base Salary Increases to Remain Steady in 2012 (www.blr.com – 07/13/2011)

- Hay Group predicts increases of 3% in 2012. The 3% increases are being reported for executives, middle management, supervisory, and clerical positions and are consistent across most industry sectors.
- Hay Group showed that the resulting pay movement is a net loss of 0.6% when factoring in the annualized consumer price index growth of 3.6%.

SHRM Urges Gov't to Update FLSA Regs (www.blr.com – 07/20/2011)

- SHRM gave testimony to the U.S. House Education and the Workforce Subcommittee on Workforce Protections at a hearing titled, "The Fair Labor Standards Act: Is it Meeting the Needs of the Twenty-First Century Workplace?"
- Nobumichi Hara, a human resource executive and SHRM member, provided testimony that the FLSA does not allow employers to provide the same workplace flexibility benefits (e.g., flextime, telecommuting, compressed workweeks) to nonexempt employees that exempt employees receive.
- SHRM's full testimony is available online here: [SHRM Testimony](#)

OFCCP Developing Compensation Data Collection Tool (www.shrm.org – 08/11/2011)

- DOL's Office of Federal Contract Compliance Programs (OFCCP) issued an advance notice of proposed rulemaking to solicit public comment on the OFCCP's development of a data collection tool.
- The notice in the August 10th Federal Register asks for input on the "scope, content, and format of the data collection tool, as well as suggestions for ensuring the tool will be an effective and efficient means of identifying contractors."
- The tool's intent is to be used for audits and analysis for potential compensation discrimination in companies with federal contracts; however, OFCCP indicates the tool may be used for research in addition to the primary purpose of screening.
- OFCCP identifies 15 questions for those submitting comments, such as what compensation data should be collected, how it should be organized, whether OFCCP should consider extending any compensation data tool beyond service and supply contractors to construction industry contractors, and how to manage the potential burden on small businesses that are federal contractors.

Ohio Budget Bill Tweaks Tax Credits, Prevailing Wages (www.shrm.org – 08/15/2011)

- House Bill (HB) 153 made extensive changes to job retention tax credits and prevailing wage requirements.
- HB 153 broadened payroll requirements for refundable job retention tax credits (JRTCs) to include businesses that have (1) annual payroll of at least \$20 million and retain 500 full-time-equivalent employees, or (2) maintain an annual payroll of more than \$35 million.
- HB 153 also reduced prevailing wage requirements on public improvements other than road construction by increasing the project cost thresholds that determine when prevailing wage laws apply. Thresholds for road construction remain unchanged.
- HB 153 also prohibits prevailing wages from being applied to schools and exempts port authority projects; new private sector construction projects supported by state economic development programs; and projects completed with donated labor from their provisions.

5 Key Compensation Trends for 2011 (*Compensation Daily Advisor* - www.compensation.blr.com – 08/30/2011)

1. Fewer Salary Freezes: 32% of companies froze salaries in 2009, 12 percent did so in 2010, only 5 percent expect to in 2011.
2. Variable Pay Challenges: Ensure communication that variable plans are, indeed, variable and not a fixed expense.
3. Sharper Focus on Retention: A December 2010 Manpower survey indicated 84% of employees plan to look for a new job in the new year for reasons including heavier workloads, skimpy raises, job burnout, and fewer opportunities for advancement.
4. More Long Term Incentives: Multi-year incentives are increasing to allow companies to exert pay-for-performance and supplement meager salary increases and annual incentives.
5. Hiring Opportunities: A lot of talented people are unemployed, providing opportunities to hire eager, people with great skills.

Are You Hiring? What to Look for When Hiring HR Staff

The 5th annual Labor Happiness Index commissioned by Snagajob found that 22% of employed Americans changed jobs in the past year. The same survey said that nearly one in five workers (18%) have indicated they will look for a new job within the year. However, a study released in January 2011 by Bersin & Associates identified that many HR professionals are lacking the required skills to help their companies drive bottom-line impact. The same study identified key competencies to drive results are:

- Familiarity with integrated talent management
- Understanding of workforce planning
- Comfort with social networking and HR Technology.

According to another source, the top 10 qualities CEOs are looking for in their HR executives include the following:

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|--------------------------|----------------------------|
| 1. Trusted Adviser | 6. Financial Know-How |
| 2. Great Communicator | 7. Talent Manager |
| 3. Leader | 8. Technological Whiz |
| 4. Cultural Leader | 9. Results-Driven Operator |
| 5. Outsourcing Innovator | 10. M&A Analyst |

If you are trying to fill some open positions on your HR staff, remember to look for the following:

- **Demonstrated Business and HR Knowledge:** Research has suggested that having strong HR competencies and management, particularly displaying skills such as business knowledge, delivery of HR, and management of change is linked to greater perceptions of HR effectiveness. Key competencies in this area include: effective communication, strategic thinking, HR knowledge, integrity, and ethical behavior. Ask candidates about decisions and programs implemented and how they generated positive results and outcomes for the business.
- **Ability to Integrate Perspectives of Top Managers:** The ability to see the big picture, learn perspectives of other leaders, and communicate with them on strategy, market competition, sales, finance, and technology, is strongly linked to the development of HR and talent management programs. Some questions to ask include:
 - How can technology play a role in streamlining HR functions?
 - How did the costs of a particular program or initiative compare to its return in productivity, performance, etc.?
 - How can we employ HR strategies to enhance the effectiveness of our sales force or other key areas necessary for profitability?
- **Ability to “Walk the Talk”:** How well are they able to comply with the same rules of conduct expected of their employees? Do they apply policies and procedures in a consistent manner and follow through on what they say they are going to do? Ask questions to get insight into their integrity and ethical behavior.
- **Responsiveness and Accessibility:** Responsiveness to line managers cannot be underestimated. Providing exceptional internal customer service involves knowing and anticipating the needs of your customers and responding to them accordingly. Ask questions to understand their customer service and consultation skills.
- **Ability to Influence without Authority:** HR must often gain “buy-in” from management to implement programs and policies. HR must be able to explain persuasively why the rule or program is necessary in the first place, connecting the item to culture, values, and productivity gains.
- **Ability to balance the needs of the organization and the needs of employees.**

Do you have an opening for a Total Rewards / Compensation professional in the Central Ohio area?

As a member, you have access to post your opening for free on the CCA website. Below are examples of openings currently available on the website (www.columbuscomp.org):

- Senior Compensation Consultant – Cardinal Health
- Compensation Manager – Human Resource Assistance
- Compensation Analyst (6 to 12 month Project Position) – Dawson Resources
- Compensation Specialist – Ohio University
- Senior Compensation Analyst – WilmerHale
- Compensation Manager – Nationwide
- Senior Analyst, Corporate Compensation – Tween Brands

2011 CCA Board Members

<p>PRESIDENT Michael Kalan, CCP Compensation Consultant Ohio State University Medical Center Department: HR Shared Services 660 Ackerman Rd. PO Box 183100 Columbus, OH 43218-3100 614-293-7996 office Michael.Kalan@osumc.edu</p>	<p>PAST PRESIDENT Julie Hurley, CCP Sr Human Resources Consultant Cardinal Health 7000 Cardinal Place Dublin, OH 43017 614-553-4407 office 614-652-8356 fax Julie.Hurley@cardinalhealth.com</p>
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Watch for Your Next CCA Newsletter in mid-November

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 **November 1, 2011**.