



Columbus Compensation Association

February 2010

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Meeting Announcement Breakfast Meeting

Tuesday, March 2, 2010

The Fawcett Center, 2400 Olentangy River Road

Program Topic:

Aligning Rewards and Business Strategy

Presenter:

Bill Bowbin, Hay Group

Schedule:

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

<u>Cost</u>	<u>Member</u>	<u>Non-Member</u>	<u>Student</u>
Meeting Keynote	\$30	\$40	\$10

Registration Deadline: Friday, February 26, 2010

- No meeting cost for those who prepaid membership and meeting package for 2010.
- If you register but don't attend, you are still responsible to pay the meeting cost.
- Please register online at <http://www.columbuscomp.org>

Program Overview

Although academics and consultants place great importance on the alignment of reward programs with business strategy, the research on the topic is limited. Recent survey results show how rewards professionals formulate and align their business strategies and reward programs. During this presentation we will also look at the effect that rewards alignment has on financial performance, corporate reputation and employer brand.

Join us on March 2nd to learn about "best" rewards practices that are effective regardless of the business strategy.

About the Speaker: Bill Bowbin of Hay Group, Inc.

Bill Bowbin is a Senior Consultant in the Chicago office of Hay Group, Inc. Bill's primary focus is helping organizations develop and implement effective compensation programs. Bill is also a national trainer for Hay Group's job evaluation seminars and a frequent public speaker. Bill has consulted with organizations in a wide variety of industries, including manufacturing, retail, utilities, pharmaceutical, consumer goods, education, and the public sector.

Bill works across many of Hay Group's service lines, and has particular expertise in job analysis and design, job evaluation, organization design, reward strategies, and reward architecture and program design.

Bill holds a Master of Arts degree from the Institute of Labor and Industrial Relations at the University of Illinois at Urbana Champaign (1994) and a Bachelor of Science degree from the College of Commerce and Business Administration at the University of Illinois with a concentration in marketing (1991). Bill is a certified compensation professional through WorldatWork, and a member of the Chicago Compensation Association.

February Meeting Recap: Seven Sales Compensation Mysteries Revealed with David Cichelli

On February 4th, at the Fawcett Center, CCA hosted David Cichelli, Senior Vice President of The Alexander Group, a sales effectiveness consulting firm. David treated the group to a humorous overview of current trends in sales compensation, key concepts within sales compensation, and then explored the "Seven Mysteries of Sales Compensation."

One current sales compensation trend David shared was the change in year-over-year median compensation payout changes. In 2009, the projection was an increase of 3.0%. Actual results, however, displayed a 5% *decrease* in median payout. For 2010, projections indicate a 2.0% increase in median payout. Another key trend is that an increasing number of companies are paying out below their sales compensation budget. In 2008, 42.3% paid out below their budget; in 2009, that number rose to 58.7%.

David provided attendees with a basic overview of sales compensation terminology, including types of variable compensation plans, the difference between sales representative compensation and income producer compensation, and some general principles of sales compensation design.

David wrapped up his presentation with a discussion of the Seven Mysteries of Sales Compensation:

1. Sales Compensation is not an HR Program: HR should be the *process* designer and should help drive consensus. Sales compensation is the end result of an integrated sales management system, which includes sales strategy, sales structure, and sales management. Design should involve finance, product, and sales management.
2. Why the Plan Changes Every Year: Sales strategies change and the plans should change to match and ensure alignment. Only 4% of surveyed companies indicated no change would be made to their sales plans for 2010.
3. Why Some Plans are Motivational and Others Are Not: Motivational programs are aligned with business objectives, sales strategy, sales management, sales talent, and rewards are tied to performance. Non-motivational plans may be too narrow and rigid, too broad & uncertain, or misaligned in some way.
4. Why Market Data is Rejected by Sales Management: Medians and averages alone are meaningless. A display of a range of data compared to actual payouts provides more information to sales management than a single number.
5. Why the Plan Pays at 110% While the Company Did 94%: Usually, this is the result of "Leaky Mistakes" including crediting mistakes (double crediting, trailing credits, quality sales), formula mistakes (mega orders, aggressive upsides), companion program mistakes (quota setting, territory/account changes), administration mistakes, and policy/legal mistakes.
6. Why the Plan Becomes Too Complex: There is no need to build in every element into the plan, but you can still measure activities separately. Measurement alone changes behavior – it doesn't need to be built into the plan.
7. Why Adopting Global Sales Comp Practices Is Not Difficult: Many of the sales compensation design principles and mechanics are globally accepted. 2010 Sales Compensation Trends Survey displays an increase in globalization and similarity in program design, program approval, formula mechanics, etc.

Professional Development

2010 WorldatWork Courses

2010 WorldatWork Courses to be offered in Columbus, OH are listed below. All of the courses will be held at the Quest Business Center, 8405 Pulsar Place (corner of Rt. 71 & Polaris Parkway).

<u>Date</u>	<u>Course</u>
Apr. 26-27	Base Pay Administration and Pay for Performance (C4)
June 10	One-Day Seminar: Exemption Tests in Practice
Jul. 19-20	Variable Pay – Improving Performance with Variable Pay (C12)
Oct. 18-19	Regulatory Environments for Compensation Programs (C1) Quantitative Methods (T3)

Register Today: www.worldatwork.org/register/cca

*** WorldatWork Testing Changes ***

We would like to inform you of a change WorldatWork is making for all exams needed to earn a certification. Based on feedback from local network members and others who participate in the certification program, WorldatWork expanded computer-based testing (CBT) for all course exams beginning January 1, 2010. The computer-based testing process will:

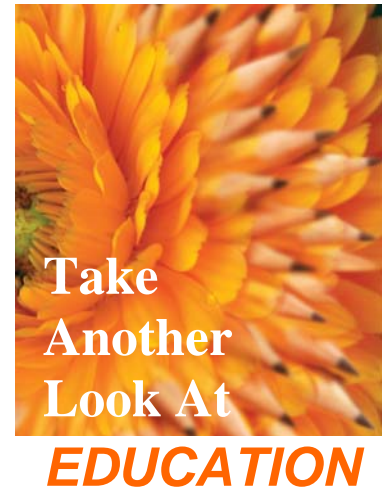
- Allow you to take the test when you feel fully prepared – immediately following your class, or after additional study;
- Provide a consistent testing environment for all exams;
- Enhance exam security; and
- Provide you with the flexibility and convenience to take your exam at the date, time, and location that work best for you (including Saturdays).

When you purchase a WorldatWork course and exam or exam only, you will be directed to Pearson VUE testing centers to schedule your exam. With thousands of testing centers worldwide, computer-based testing offers you more options to schedule a WorldatWork exam and also provides immediate test results. You must complete your exam within 120 days of the first day of class.

When purchased, you will follow these easy steps to schedule your exam:

1. The WorldatWork class registration and exam package receipt will include instructions to visit www.pearsonvue.com/worldatwork to set up an account.
2. Once completed, Pearson VUE will send an e-mail with a Pearson VUE login ID and password.
3. With login ID and password, visit www.pearsonvue.com/worldatwork and select the link to “Schedule a Test.” Or, call the Pearson VUE Call Center at 877-385-7957 ex. 2895 to find a location and schedule the exam.

Should you have any questions regarding this new testing environment, please visit www.worldatwork.org/cbt.





A recent study showed more than 67% of employers with job postings prefer or require professional certification.

Professional Development *(continued)*

Course Interest Survey – We Want Your Feedback!

WorldatWork offers several skill-building, one-day seminars to help strengthen your skills. The Columbus Compensation Association will host a one-day seminar, “Exemption Tests in Practice” locally in June (see attached flyer). However, to best serve you, our members, we would like to obtain your feedback on future offerings.

Please complete our online survey to help us gauge potential participation. The survey takes approximately 5-10 minutes to complete. Just click on the link below to complete the survey:

<http://www.surveymonkey.com/s/3T6FNKS>

Thank you in advance for your participation!

Save the Date – Upcoming Meetings

Save the following dates for upcoming presentations hosted by your Columbus Compensation Association:

- May 13th – Breakfast Meeting
- September 16th – Lunch Meeting
- November 16th – Breakfast Meeting



Columbus Compensation Association Membership

Have you received your membership invoice for 2010? Please contact us at info@columbuscomp.org if you have not received an invoice or need a new one sent to you. Renewing your membership is an important and worthwhile investment in your career.

Membership with CCA provides the following benefits:

- Discounted WorldatWork Certification Courses
- Discounted Meeting & Seminar Fees
- Membership Directory
- Discounted Meeting & Seminar Fees at WorldatWork Local Network Groups in our region
- Excellent Networking Opportunities
- Member Newsletters
- Enhancement of Professional Knowledge & Skills
- Complimentary Job Postings on the CCA Website
- Individual Membership that Transfers with the Member

Annual Dues are \$50. If you would like to purchase the Annual Dues & Meeting Fees Package, the cost is \$170 (Note: This does not include fees for non-meeting seminars or workshops).

In the News

- In a Private Letter Ruling, the IRS held that an employer could exclude the value of employer-provided clothing and related accessories from its employees' wages as a *de minimus* fringe benefit. However, organizations are advised to be careful to limit the holding to the particular facts of the case. In particular: (1) The taxpayer was a large and decentralized entity, which made accounting for items impractical administratively. (2) The nature of the vendor contract, with its escalation clauses and inability to articulate standard pricing clearly, was an important factor in the IRS's determination that accounting for the costs or fair market value was burdensome administratively. (www.shrm.org)
- A survey from Glassdoor.com of 1,356 employed U.S. adults in December 2009 indicates that 17% of employees are not comfortable discussing their current compensation with anyone, including their boss or HR. 25% of employees were comfortable discussing their salary with their boss. Employees are nearly twice as likely to discuss their compensation with their best friend (33%) than an HR Representative (18%). "Companies should be more open about compensation to bridge gaps in expectations and reach a common understanding," says Rusty Rueff, a Glassdoor.com board member. (www.shrm.org)
- According to the National Association of Colleges and Employers' (NACE), the overall wage offer to a bachelor's degree graduate is \$48,351, down 2% from the average offer made to Class of 2009 bachelor's degree graduates. Not all majors experienced salary decreases – graduates with computer-related degrees (computer programming, computer science, computer systems analysis and information sciences/systems) posted a 6.1% increase. Engineering graduates saw an average salary offer up 1.2%, with civil engineers experiencing the greatest increase in average offer (3.6%). (www.worldatwork.org)
- According to survey results from Hewitt Associates, high on employers' priority lists for 2010 is restoring company 401(k) matches that were suspended or reduced during the market downfall and adding automated tools and investment features that take the guesswork out of saving and investing. The study of mid- to large-sized U.S. companies reveals 54% of employers are less confident about their workers' ability to retire with sufficient assets than they were in 2009 (66%). Survey results show that 80% of companies that suspended or reduced their company match in 2009 are planning to restore it in 2010. 59% of employers offer automatic enrollment, up from 51% in 2009. (www.worldatwork.org)
- A report by the U.S. Census Bureau indicates that the number of people who worked from home increased from about 9.5 million in 1999 to about 11.3 million in 2005. Nearly half of these home workers had college degrees and nearly half of them earned \$75,000 a year or more. Among those who worked at home in 2005, about 8.1 million did so exclusively, an increase from 6.7 million in 1999. In 2005, 46% of people who said they worked at home some or all of the time earned at least \$75,000 per year, compared with 34% of non-home workers who made at least that much. In 2005, about 51 percent of home-based workers were female. (www.hr.blr.com)



Please Note: This material is provided as general information for our members and is not a substitute for legal or other professional advice.

2010 Columbus Compensation Association Board Members

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A major purpose of the Columbus Compensation Association (CCA) is to enhance and promote the total compensation profession. Is there anything you would like to see in upcoming issues of our newsletter? Please send feedback to info@columbuscomp.org.



Columbus Compensation Association

is pleased to sponsor the following:

Base Pay Administration & Pay for Performance

Certification Course: C4

April 26 & 27, 2010

About the Course: Design a Fair and Competitive Plan

This intermediate-level course provides an in-depth discussion of the principles, design, implementation, and evaluation of an employee base pay program. Exercises will show how to design a pay program that is fair, competitive, and supportive of an organization's compensation strategy:

- Identify the relationship between an employee total rewards program and an organization's business strategy.
- Discuss the design of base pay programs and necessary considerations.
- Discover what it takes to implement and deliver base pay.
- Study the key elements in costing base pay and other compensation programs.
- Gain an overview of merit pay systems, including development and utilization.
- Address the effectiveness and efficiency of pay programs with monitoring and evaluation.

Who Should Attend:

This course is intended for emerging compensation practitioners with limited experience in developing pay structures. Knowledge of basic mathematical concepts such as mean, median, weighted average, compa-ratio, percentiles, and calculating percents is recommended, as well as an understanding of the concept of regression analysis.

Exemption Tests in Practice

One Day Seminar

June 10, 2010

About the Course: Bring Your Company into Compliance with 541 Regulations

This highly interactive learning experience allows you to apply imposed U.S. federal overtime regulations to the real world. After reviewing the U.S. Fair Labor Standards Act (FLSA) 541 regulations and exemption tests, participants will analyze current job descriptions and categorize positions at a hypothetical organization. Teams will discuss subtleties of the regulations and of various complex, yet common, business scenarios in order to determine whether positions are exempt or nonexempt. Teams will then present their solutions and address questions and concerns of the rest of the class.

- Gain an understanding of exemption test terminology
- Learn about the six exemption tests
- Find out how tests are used
- Explore the application of exemption tests in a variety of case study scenarios

Who Should Attend:

Analysts, managers, specialists, and generalists

Location:

Both course & seminar will be held at the Quest Business Center, 8405 Pulsar Place (corner of Rt. 71 & Polaris Parkway).

Register Today: www.worldatwork.org/register/cca