



# Columbus Compensation Association

July 2010

[www.columbuscomp.org](http://www.columbuscomp.org)  
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## INSIDE THIS ISSUE

- 1 Upcoming Course
- 1 About the Course
- 2 June Meeting Recap
- 3 In the News
- 4 5 Steps to Creating Effective Variable Plans
- 4 2010 Membership Survey
- 4 Upcoming Meetings/Courses
- 5 2010 CCA Board
- 6 Course Flyer

Columbus Compensation Association  
is pleased to sponsor

**WorldatWork Certification Course C12:  
Variable Pay: Improving Performance  
with Variable Pay**

**July 19 & 20, 2010**

**Quest Business Center**

8405 Pulsar Place (corner of Rt. 71 & Polaris Parkway)

**Don't Miss Out!**

**Register Today:** [www.worldatwork.org/register/cca](http://www.worldatwork.org/register/cca)

\*For additional details on the course, please refer to the attached flyer.

## About the Course: Designing for Results

This intermediate-level course presents the fundamentals of variable pay. The course focuses on compensation strategy and variable pay, definitions and the design and implementation of incentive, recognition, and bonus plans.

- Learn about the three categories of variable pay.
- Identify common business strategies and objectives for achieving them.
- Examine internal and external factors.
- Discuss the activities for designing the structure of the plan.
- Find out aspects to consider in establishing target performance and payouts.
- Learn about funding and distribution of plan earnings.
- Discover how to implement, communicate, and evaluate the success of your plan.

## June Meeting Recap

On Thursday, June 24, 2010, Columbus Compensation hosted a breakfast meeting with speaker Ryan Johnson, Vice President of Publishing + Community at WorldatWork. The topic was “The 7 Unstoppable Trends in Compensation and Benefits.” Ryan began his presentation asking those of us present to decide if we were going to be “Agreers” or “Nay Sayers” as he presented us with some possible future headlines, such as:

- “Cash Is Still King for All Employees”
- “Runaway Executive Pay & Perks Still Plague Corporate America”
- “Employee Benefits Programs Emphasize Consumerism”
- “8-to-5 at the Office: Still the Norm”
- “HR – Finally a Strategic Partner”

After energizing the room with these thought-provoking headlines, Ryan launched his discussion of his seven unstoppable trends, each wrapped in a seven-minute presentation supported by research, publications, and key headlines. The trends included:

1. **Washington D.C.’s influence over total rewards:** As evidence of this trend, Ryan pointed to some current legislation (e.g., Ledbetter, Health Care Reform) and upcoming legislation (e.g., Say on Pay, Paycheck Fairness Act, Family Friendly Workplaces Act). {For more on these and other governmental updates, please join us for our November meeting with Cara Welch, Director of Public Policy at WorldatWork.}
2. **Worker Flexibility:** Of 100 companies surveyed, 45% now include non-exempt employees in their flexible design. Ryan also shared Best Buy’s R.O.W.E. (Results-Oriented-Work-Environment) philosophy for their corporate office.
3. **Total Rewards:** Instead of just determining whether you offer certain rewards, consider integration and how your organization differentiates your total rewards. A recent survey of WorldatWork members indicated that 73% use total rewards, 90% use the concept (but may call it something else), but only 50% say that total rewards is truly holistic and integrated. Real-life examples of Starbuck’s “Special Blend” for employee benefits and Domino’s “Piece of the Pie” concepts illustrated integrated rewards packages that differentiate them from their competition.
4. **Predictive Workforce Analytics:** While we all have access to copious amounts of data, the emphasis will be to not only interpret the data, but use the data to predict outcomes. For example, instead of focusing on those who have already left the organization, be able to predict who might leave the organization. Utilization of key stroke analysis and web monitoring of employees might increase.
5. **Multiple Generation Workforce & Labor Shortages:** 64% of organizations have four generations represented in their workforce, while 5% have five generations. However, life stage may be more important than generation in determining the value proposition for employees.
6. **HR Finally Gets More Strategic:** 76% feel that more strategic thinking is required. 61% say HR needs more understanding of the company, and 52% say more project management experience is required for HR professionals.
7. **Massive Paradigm Shift in How People and Organizations Get Work Done:** Work will be more project-based (following the movie studio or professor model). Work will be more flexible. Research shows that distributed work can reduce workforce costs by 40% while improving productivity, effectiveness, worker satisfaction, retention, and organizational agility. It is believed that in the future, work will be conducted 30% at a corporate facility, 35% at home, and 35% “on the go” such as at the sideline of a child’s soccer game. The impact of our “snack culture” in influencing greater flexibility was also discussed.

## In the News



- **Legislation: Employee Misclassification Act** ([www.shrm.org](http://www.shrm.org))

Legislation aimed at ensuring workers are properly classified as employees or independent contractors under the Fair Labor Standards Act has been introduced in both houses of Congress. A few of the law's many provisions include requiring employers:

- To keep records of the correct status of each worker;
- To provide workers with written notification of their status; and
- To pay increased penalties for misclassification.

- **Variable Pay as a Percentage of Payroll in 2010** ([www.hewitt.com](http://www.hewitt.com))

According to Hewitt Associates' global compensation survey, among companies that offer variable pay, the percentage of payroll in 2010 devoted to variable pay by region varies as indicated in the table on the right. The survey covered more than 6,000 large companies in 46 countries.

| Region        | % of Payroll |
|---------------|--------------|
| Latin America | 17.5%        |
| Asia Pacific  | 13.0%        |
| Europe        | 12.5%        |
| United States | 11.8%        |
| Canada        | 9.6%         |

- **Pay Incentives Planned as Retention Tools** ([www.hreonline.com](http://www.hreonline.com))

In this article from Human Resource Executive Online, Kristen Frusch quotes several survey sources:

- Workscope survey indicating 65% of the 476 U.S. business leaders polled are considering or strongly considering pay increases to drive retention as the economy recovers.
- OI Partners survey indicating 64% of companies are concerned about losing managers when the job market improves and 48% that are concerned they will lose executives.
- Workscope survey indicating which pay incentives are most likely:
  - Merit increases (66%)
  - Performance-based bonuses (52%)
  - Market/equity adjustments (24%)
  - Lump-sum payments (12%)
- 2010 Compensation Data Services Survey showing pay increase budgets at all service organizations declining this year, falling to 2.2% for 2010 and increasing slightly to 2.5% predicted in 2011.

- **Lessons Learned from Pay-for-Performance** ([www.washingtonpost.com](http://www.washingtonpost.com))

Joe Davidson writes in the Washington Post Federal Diary on June 9<sup>th</sup> about lessons that can be learned from the "now discredited National Security Personnel System (NSPS)." The pay for performance system, according to an internal report, "showed inequities based on race, salary, position, and where in the DOD hierarchy one worked." Davidson recommended, "Any employee performance management system [the Obama administration] creates must be free of race and class discrimination."

- **With pay raises rare, officials find ways to reward employees** ([www.dispatch.com](http://www.dispatch.com))

Dean Narcisco writes on July 6<sup>th</sup> about different ways city governments are finding ways to reward employees with small incentives "that cost cities little." Some examples included were food stipends for Worthington firefighters, days off on their birthday for Grove City employees, and free tickets to the Irish Festival for Dublin employees.

- **Court rules against employee seeking \$849,000 in stock options** ([www.baltimoresun.com](http://www.baltimoresun.com))

According to the Baltimore Sun on July 5, 2010, unvested stock options are not protected by Baltimore state law. Maryland state law requires employers to pay all wages for work performed before employment is terminated. The Court of Appeals said unvested stock options were not protected under the wage payment law because the employee had left his employer before the option vesting dates.

## 5 Steps to creating an effective variable pay plan

1. Seek support of senior executives who will own the plan, support it, and communicate it.
2. Choose appropriate measures that are relevant and have a link to business goals.
3. Set realistic goals that motivate and stretch, but are not impossible to achieve.
4. Foster commitment through employees' involvement in developing goals.
5. Communicate with employees in order to share targets and results.

(Source: Hewitt Online Magazine, 2006, Issue 1: [www.hewitt.com](http://www.hewitt.com))

## 2010 Membership Survey Launched!

At the June Meeting, the launch of the 2010 CCA Membership Survey was announced. The last time a membership survey was conducted was in 2005. With all of the change that has occurred in recent years, the Board needs your input to drive the future direction of the association.

All members should have received an email inviting your participation in the survey. There are several ways to participate:

1. Complete the survey online: <http://www.surveymonkey.com/s/VKHNMPN>
2. Complete the PDF copy of the survey sent to your email & return to [info@columbuscomp.org](mailto:info@columbuscomp.org).
3. Mail a completed paper copy to:
  - Columbus Compensation Association
  - Attn: Membership Survey
  - P.O. Box 164022
  - Columbus, OH 43216-4022
4. Scan a copy of the completed paper copy and send to: [info@columbuscomp.org](mailto:info@columbuscomp.org)

As a thank you for participation, CCA will randomly select three respondents who will receive a Visa gift card worth \$50. **Deadline to complete the survey is August 31<sup>st</sup>**. Results of the survey will be communicated in several mediums (meetings, newsletter, emails) sometime in late fall.

## Save the Date – Upcoming Meetings & Courses

### Meetings:

| Date                   | Time      | Speaker                                      | Topic   |
|------------------------|-----------|--|---|
| Sept. 16 <sup>th</sup> | Lunch     | Jack Towarnicky<br>Nationwide                | Benefits-related topic<br>Sponsored by local CEBS chapter   |
| Nov. 16 <sup>th</sup>  | Breakfast | Cara Welch<br>Dir Public Policy, WorldatWork | Legislative update affecting<br>total rewards professionals |

### Courses:

| Date            | Course  |
|-----------------|---|
| July 19 & 20    | C12: Variable Pay                                     |
| October 18 & 19 | C1: Regulatory Environments for Compensation Programs |
| October 18 & 19 | T3: Quantitative Methods                              |

## 2010 Columbus Compensation Association Board Members

|  |   |
|--|---|
| <p>PRESIDENT<br/> <b>Michael Kalan, CCP</b><br/>         Compensation Consultant<br/>         Ohio State University Medical Center<br/>         Department: HR Shared Services<br/>         660 Ackerman Rd. PO Box 183100<br/>         Columbus, OH 43218-3100<br/>         614-293-7996 office<br/> <a href="mailto:Michael.Kalan@osumc.edu">Michael.Kalan@osumc.edu</a></p> | <p>VICE PRESIDENT PROGRAMMING<br/> <b>Maureen Koblentz</b><br/>         Compensation Manager<br/>         Ohio State University Medical Center<br/>         Department: HR Shared Services<br/>         660 Ackerman Rd PO Box 183100<br/>         Columbus, OH 43218-3100<br/>         614-293-7412 office<br/> <a href="mailto:Maureen.Koblentz@osumc.edu">Maureen.Koblentz@osumc.edu</a></p>   |
| <p>VICE PRESIDENT MEMBERSHIP<br/> <b>Rupal Brich, CCP</b><br/>         Sr. Compensation Consultant<br/>         Sterling Commerce, Inc.<br/>         4600 Lakehurst Ct PO Box 8000<br/>         Dublin, OH 43016<br/>         614-791-5715 office<br/>         614-734-5751 fax<br/> <a href="mailto:Rupal_Brich@stercomm.com">Rupal_Brich@stercomm.com</a></p>                | <p>SECRETARY<br/> <b>Teri Martise, CCP, PHR</b><br/>         Sr. HR Generalist<br/>         Limited Brands<br/>         3 Limited Parkway<br/>         Columbus, OH 43230<br/>         614-415-8167 office<br/>         614-577-3308 fax<br/> <a href="mailto:tmartise@limitedbrands.com">tmartise@limitedbrands.com</a></p>  |
| <p>TREASURER<br/> <b>Sally Weisman, CPA, CCP, GRP</b><br/>         Manager, Compensation<br/>         Express, Inc.<br/>         One Express Parkway<br/>         Columbus, OH 43230<br/>         614-474-4818 office<br/> <a href="mailto:SWeisman@express.com">SWeisman@express.com</a></p>  | <p>COMMUNICATIONS<br/> <b>Judith Juodvalkis, CCP, GRP</b><br/>         Compensation Manager<br/>         Exel Logistics<br/>         570 Polaris Parkway Dept 140<br/>         Westerville, OH 43082<br/>         614-865-8508 office<br/>         614-865-8871 fax<br/> <a href="mailto:Judith.L.Juodvalkis@exel.com">Judith.L.Juodvalkis@exel.com</a></p>   |
| <p>PROFESSIONAL DEVELOPMENT<br/> <b>David Giesman, CBP, CCP, PHR</b><br/>         Director of Compensation &amp; Benefits<br/>         The Limited<br/>         7775 Walton Parkway<br/>         New Albany, OH 43054<br/>         614-289-2140 office<br/> <a href="mailto:dgiesman@thelimited.com">dgiesman@thelimited.com</a></p>   | <p>TECHNOLOGY<br/> <b>Mark Briggs</b><br/>         Senior Human Resources Consultant<br/>         Nationwide<br/>         One Nationwide Plaza<br/>         Columbus, OH<br/>         614-249-7322<br/> <a href="mailto:briggsm@nationwide.com">briggsm@nationwide.com</a></p>  |
| <p>PAST PRESIDENT<br/> <b>Julie Hurley, CCP</b><br/>         Sr Human Resources Consultant<br/>         Cardinal Health<br/>         7000 Cardinal Place<br/>         Dublin, OH 43017<br/>         614-553-4407 office<br/>         614-652-8356 fax<br/> <a href="mailto:Julie.Hurley@cardinalhealth.com">Julie.Hurley@cardinalhealth.com</a></p>                            | <p>FACILITIES (Co-Chairs)<br/> <b>Fran Wahrman, CCP, SPHR</b>      <b>Holly Bush, CCP</b><br/>         Compensation Consultant      Sr Compensation Analyst<br/>         Huntington Bancshares      Huntington Bancshares<br/>         Huntington National Bank      Huntington National Bank<br/>         41 S. High Street      41 S. High Street<br/>         Columbus, OH      Columbus, OH<br/>         614-480-3030 office      614-480-3011 office<br/> <a href="mailto:Fran.Wahrman@huntington.com">Fran.Wahrman@huntington.com</a>      <a href="mailto:Holly.Bush@huntington.com">Holly.Bush@huntington.com</a></p> |

### Watch for Your Next CCA Newsletter in September

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, please contact [info@columbuscomp.org](mailto:info@columbuscomp.org). Deadline for content for submission is **Sept. 1, 2010**.



# Columbus Compensation Association is pleased to sponsor the following:

## Variable Pay: Improving Performance with Variable Pay WorldatWork Certification Course C12 July 19 & 20, 2010

### About the Course:

#### Designing for Results

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- Learn about the three categories of variable pay.
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- Discuss the activities for designing the structure of the plan.
- Find out aspects to consider in establishing target performance and payouts.
- Learn about funding and distribution of plan earnings.
- Discover how to implement, communicate, and evaluate the success of your plan.

### Who Should Attend:

Course C12 is designed for Human Resources professionals responsible for designing, assessing or maintaining variable pay programs.

### Location:

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

### Credits:

CCP = Required; Recertification: 2 credits for course, .5 for Exam; CEUs = 1.5 credits course, .3 for exam; PHR/SPHR/GPHR recertification hours = 16 (classroom); GRP Equivalency = GR4

### Cost:

\$1,015 for CCA or Midwest association member

\$1,125 for non-CCA WorldatWork member

\$1,645 for non-CCA and non-WorldatWork member

**Register Today:** [www.worldatwork.org/register/cca](http://www.worldatwork.org/register/cca)