



**The Variable Compensation Rosetta Stone:  
*Making Incentive Pay Plans Work  
For Your Company***

**June 23, 2005  
Breakfast Presentation**

<b>Registration</b>	<b>8:00 – 8:15 AM</b>
<b>Lunch</b>	<b>8:15 – 8:35 AM</b>
<b>Presentation and Q &amp; A</b>	<b>8:35 – 9:45 AM</b>

**Presented by: David Cichelli**

Incentive compensation is a powerful management device. There are many such programs: management bonus plans, employee gainsharing, sales incentives and others. Leading companies select and deploy the right variable compensation plans to improve employee performance. However, not all incentive plans are appropriate for all companies. Some will succeed at your company but others will fail. Learn how your company's management model determines which incentive plans work and which will not.

Discover how to select the right plans, measures and practices to improve employee performance.

*Register for this presentation on page 7.*

*Read the Speaker's Bio on page 6.*

Columbus Compensation Association is sponsoring two **WorldatWork** certification courses in July. Don't miss the opportunity to attend - see details on page 3.

July 11-13, 2005

C1: Regulatory Environments for Compensation Programs

T6: Mergers & Acquisitions - Benefits, Compensation and Other HR Issues

**For information or to register, contact WorldatWork at (877) 951-9191 or fax (866) 816-2962 or by e-mail [customerrelations@worldatwork.org](mailto:customerrelations@worldatwork.org). Be sure to include the certification course number and the course location (Columbus, Ohio) in your e-mail. CCA members receive a discount on all WorldatWork courses held in Columbus, Ohio. The 2005 fee of \$850 includes the exam, with the exception of T3, which is \$880. Non-CCA members pay the current WorldatWork fee at the time of registration.**

**About WorldatWork**

WorldatWork is the world's leading not-for-profit professional association dedicated to knowledge leadership in compensation, benefits and total rewards. Founded in 1955, WorldatWork focuses on disciplines associated with attracting and motivating employees. In addition to providing professional affiliation, WorldatWork offers highly acclaimed certification (CCP<sup>®</sup>, CBP<sup>™</sup>, and GRP<sup>®</sup>) and education programs, the monthly *workspan*<sup>®</sup> magazine, online information resources, surveys, publications, conferences, research and networking opportunities.

[www.worldatwork.org](http://www.worldatwork.org)

## In the News

- At the company's 50th annual shareholders meeting, Bill Ford [Ford CEO] told about 50 shareholders that he has asked Ford's compensation committee to tie his pay more directly to the company's automotive performance. ([www.msnbc.com](http://www.msnbc.com))
- Portsmouth New Hampshire proposes minimum wage - HB 665 would increase the lowest wage to \$5.56 on July 1 2005, \$6.15 a year later, and \$6.65 in 2007. ([www.seacoastonline.com](http://www.seacoastonline.com))
- Geography continues to be a key determinant of how much employees are paid. A recent study found a pay variation of more than 32 percentage points — from 9.3% below the national median to 23.5% above. ([www.worldatwork.org](http://www.worldatwork.org))
- The IRS has published online its most recent guidelines for executive compensation audits. These guidelines tell examiners which documents to review, suspect activities to look for and specific questions to ask during an audit. The IRS' Market Segmentation Specialization Program provides service examiners with guidelines for auditing specific industries and activities. New and revised instructions and information IRS auditors are to use when reviewing executive compensation programs are available at <http://www.irs.gov/businesses/corporations/article/0,,id=135045,00.html>. ([www.worldatwork.org](http://www.worldatwork.org))

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

**REMEMBER** to keep your contact information current by emailing any changes to [info@columbuscomp.org](mailto:info@columbuscomp.org).

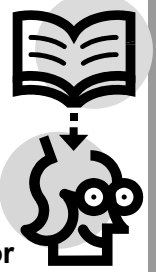
### Look for the New & Improved CCA Website coming this Summer!

The CCA website has information on programming, as well as numerous compensation **job postings**. Your organization may post openings, *free of charge*, on the CCA website. Send information to [info@columbuscomp.org](mailto:info@columbuscomp.org).

*It's not too late to renew your membership for 2005!*

## June Book Review

Reviewed by Sarah K. Skala,  
Sr. Compensation Analyst,  
Limited Brands



### FLSA Compliance - An Overview for the HR Professional by WorldatWork® 2004

This book is a great source summarizing the history of the Fair Labor Standards Act and provides practical information on how to comply with the regulations in your role as a compensation professional. It serves as a comprehensive guide for beginners, as well as, a useful reference for seasoned professionals. Explanations of calculating overtime in many different situations are easy to understand and apply at your organization. Definitions of common terms found in the FLSA are provided in an extensive glossary. As most of you know, the Duties Tests to determine whether a job is exempt or non-exempt remain complicated even though the FLSA was recently updated. This book presents the "need to know" parts of the Duties Tests exceptionally well without going into more detail than you will need to administer the tests. Detailed examples of calculating several types of Rates of Pay are very helpful as are the overtime calculation examples. Many scenarios that you might have at your organization are covered in this book (i.e., piece-rate, day rate, fluctuating hours, etc.). A special section briefly discusses the interplay between the FLSA and FMLA. Finally, the chapter on violations and penalties is very informative. Overall, this is a must for HR professionals and Compensation Departments at organizations large and small.

Have you read an interesting book lately? Would you like to be our next Book Reviewer? E-mail [info@columbuscomp.org](mailto:info@columbuscomp.org) if interested!

# **WORLdatWORK**

## **Coming to Columbus in July and October**

**July 11-13, 2005 at Columbus Marriott Northwest, Dublin, OH**

### **C1: Regulatory Environments for Compensation Programs**

This basic-level, two-day course presents an overview of the regulatory requirements for compensation programs. You'll cover the major federal statutes that affect compensation design and practice. On the third morning, an optional certification exam covers the content of this course. This course is designed specifically for compensation professionals who are new to the compensation field as well as for generalists with limited exposure to the compensation function.

**July 11-13, 2005 at Columbus Marriott Northwest, Dublin, OH**

### **T6: Mergers & Acquisitions - Benefits, Compensation and Other HR Issues**

This intermediate-level, two-day course gives you practical guidelines for addressing opportunities and pitfalls in mergers, acquisitions and similar transactions. You'll examine detailed methods for effective due diligence in the human resources area, including benefits plan design and costs, compensation and cultural integration. On the third morning, an optional certification exam covers the content of this course. This course is designed for human resources and finance professionals who seek detailed knowledge of the human resource implications in M&A transactions involving companies with existing benefits, compensation and human resources programs. You should have a basic understanding of the various types of benefit and compensation plans and their corresponding designs. A basic knowledge of financial and accounting implications in transactions is helpful.

***For information or to register, contact WorldatWork at (877) 951-9191 or fax (866) 816-2962 or by e-mail [customerrelations@worldatwork.org](mailto:customerrelations@worldatwork.org).***

**October 10-12, 2005 at Embassy Suites Hotel, Dublin, OH**

### **T3: Quantitative Methods**

This intermediate-level, two-day course is one of the CCP/CBP common core courses offered by WorldatWork. It focuses on general quantitative concepts, basic statistical tools, the mathematics of total rewards design and administration, mathematical modeling, and regression analysis. Participants learn to consider data from numerous sources, with an emphasis on problem solving and decision-making. On the third morning, an optional certification exam covers the content of this course. This course is intended for those individuals who are relatively new to the field as well as experienced practitioners who seek a basic treatment for applying statistics in total rewards management. Participants will benefit most from this course if they are proficient in the concepts covered in course T1. It is assumed that participants have had no formal exposure to statistics, but have had a basic algebra course.

**October 10-12, 2005 at Embassy Suites Hotel, Dublin, OH**

### **C6: Principles of Executive Rewards**

This intermediate-level course provides an overview of the executive rewards field. Topics include a review of executive compensation and benefits plans, how they operate, and tax and accounting treatments. This course is particularly valuable for professionals who are new or relatively new to the executive rewards function. This course presents the difference between the rewards of executives and other employees. It is recommended that participants be proficient with the content covered in WorldatWork course T2 or have at least two years of experience in the compensation function before taking this course.

## Upcoming CCA Meetings:

September 21<sup>st</sup> Breakfast Presentation  
2005 Mercer Benchmark Survey  
Overview presented by Susan Haberman

In developing compensation strategies for 2006, HR professionals are faced with the challenge of effectively balancing potentially competing priorities - preparing for top line growth while managing total reward costs. This session will provide insights on the latest trends and current market dynamics so compensation professionals are informed when making decisions for 2006.

Back by popular demand from last year, Susan Haberman from Mercer Human Resource Consulting will discuss salary increase planning for 2006, trends in total rewards management, highlights from the 2005 Mercer Metropolitan Benchmark Survey (which is endorsed by Columbus Compensation Association), and specific issues facing Columbus employers.

November 15<sup>th</sup> Lunch Presentation  
Legal Update on Compensation  
presented by Lew Clark

An informative discussion about current laws affecting compensation. Don't miss!

## WorldatWork Certification Seminars Offered by Group Partnership Network

Cincinnati, OH - October 5-7, 2005

- Elements of Sales Compensation (C5)
- Accounting & Finance for the HR Professional (T2)

Indianapolis, IN - June 20-22, 2005

- Performance Management - Strategy, Design and Implementation (C11)
- International Remuneration - An Overview of Global Rewards (T9)

Indianapolis, IN - September 21-23, 2005

- Strategic Benefits Planning (B4)
- Total Rewards Management (T1)

Knoxville, TN - July 18-20, 2005

- Strategic Communication in Total Rewards (T4)

Knoxville, TN - October 17-19, 2005

- Accounting and Finance for the HR Professional (T2)

Louisville, KY - October 5-7, 2005

- Regulatory Environments for Compensation Programs (C1)

Nashville, TN - September 7-9, 2005

- Elements of Sales Compensation (C5)

Pittsburgh, PA - Aug. 15-17, 2005

- Job Analysis, Documentation and Evaluation (C2)

Pittsburgh, PA - Nov. 14-16, 2005

- Managing Flexible Benefits (B5)

## World at Work Courses in Practice

"After attending *C1: Regulatory Environments for Compensation Programs*, I was able to come to work with a detailed knowledge of compensation laws that affect my company. I learned where to look for more information to keep current on issues that affect how I do my job every day. It was great to meet other professionals in my field from many different types and sizes of organizations and learn how they deal with the laws that affect us all. Plus, the course book makes a great reference tool!" – Sarah K. Skala, Sr. Compensation Analyst

## **CCA RECOMMENDED ARTICLE**

Review by Sarah K. Skala

*“Use Technology To Stay In SOX Compliance - Tweaking HR information systems can help HR stay in compliance with Sarbanes-Oxley rules”* By Erik Sherman - May 2005 HR Magazine (SHRM)

This article brings to light some important issues for HR departments to consider with respect to Sarbanes-Oxley compliance. Some highlights to get you thinking:

- The article states that “after finance departments, HR departments are getting hit the hardest by Sarbanes-Oxley”.
- Additionally it states “companies will have to show SOX auditors that employees continue to be qualified for their jobs. Under SOX, a company needs to continuously document additional degrees, certifications and training, and also periodically monitor whether an employee continues to be qualified for his job”.
- Reporting relationships in a company’s HRMS are also under scrutiny by SOX auditors. The article gives an example of a company that had several hundred employees in the system not reporting to anyone as well as another 35 who reported to each other. The article states that SOX auditors could be concerned that “among those orphans could be people just drawing a paycheck, and, by reporting to no one, there is no natural check on what they should be doing”.
- The article points out that “recognition and incentive programs often total between 1 percent and 2 percent of a company’s payroll - numbers large enough to make a Sarbanes-Oxley auditor sit up and take notice”. It goes on to give an example of a company that currently doesn’t have a system in place to accurately track these items.

## **APRIL MEETING REVIEW**

by Amanda Linard, Compensation Analyst, Too Brands

Can communication “make or break” a Total Rewards package? At the April 19<sup>th</sup> CCA meeting, John Rubino (Rubino Consulting Services) presented effective ways to communicate total rewards packages. A key point is that members of the total rewards design team should keep communication in mind throughout the entire design process. Due to poor planning, communications tend to get put together at the last minute and therefore, are not as effective. John also spoke about the different types of communications. As email and memos might be the easiest way to communicate to the masses, they are not always the most effective. He recommended communicating at least part of the plan face to face with employees to add a “human touch” to the communication plan. This also gets employees more engaged in the program. Additionally, he recommended using multi-media to communicate the message such as print, flip charts, intranet, group meetings, workshops, etc.

The group also discussed how advertisements are one of the best “communicators” in our society. This type of communication often includes repetition, success stories, humor and sometimes a “WOW” factor. Advertisements can create a need where there wasn’t originally one.

John also talked about the “SMAART” approach to communication objectives where he recommended focusing on the key message of the total rewards package when designing the plan. It is best to use words that employees will understand versus compensation terms that may come naturally to those of us working in the field of compensation. John left us with an illustration of the communication cycle as well as a template to use as a framework when developing a communication plan. It was a great meeting!

**Columbus Compensation Association  
2005 Board Members**

President: <b>Amanda Linard</b> Compensation Analyst Too Brands 8323 Walton Parkway New Albany, OH 43054 614.775.3518 work alinard@toobrand.com	Immediate Past President: <b>Ron Guisinger</b> Dir of Global Comp & Benefits Sterling Commerce, Inc. 4600 Lakehurst Ct. Dublin, OH 43016 614-793-7477 ron_guisinger@stercomm.com
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Professional Development: <b>Don Adams</b> , President Compensation Consultants of Dublin 5713 Grantham Lane Dublin, OH 43016 614-792-0240 donadams@rroho.com	Programs (Facilities): <b>Sally Warshaw</b> Compensation Manager The Scotts Company 14111 Scottslawn Road Marysville, OH 43041 937-644-7186 sally.warshaw@scotts.com

**About the Speaker:**

David J. Cichelli is Senior Vice President of the Alexander Group, Inc, a sales and marketing consulting firm. He is a specialist in the assessment, design and deployment of sales compensation programs. Mr. Cichelli has over 25 years of experience working with US and international corporations. He has published numerous professional articles on the subject of sales compensation plans. He is author of McGraw-Hill's "Compensating the Sales Force - A Practical Guide to Designing Winning Sales Compensation Plans." David is also the author of a WorldatWork certification course and one-day design class in sales compensation. He is a faculty member of Columbia University's Executive Education program in sales management. He has presented programs in both Europe and Asia.

**Another Great Read:**

Designing Sales Compensation Plans: An Approach to Developing & Implementing Incentive Plans for Salespeople

by Jerome A. Colletti, David J. Cichelli (Paperback - January 1994)

**About Columbus Compensation Association**

A major purpose of the Columbus Compensation Association (CCA) is to enhance and promote the total compensation profession through the participation of members in seminars for their career growth and personal benefit. To serve this purpose, CCA is pleased to sponsor WorldatWork seminars.

[www.columbuscomp.org](http://www.columbuscomp.org)

We will be transitioning to a quarterly newsletter.

Is there anything you'd like to see in our next newsletter?  
Please send feedback and ideas to [info@columbuscomp.org](mailto:info@columbuscomp.org).

## June 23, 2005 Breakfast Presentation Registration Form

The Variable Compensation Rosetta Stone: *Making Incentive Pay Plans Work For Your Company*  
Presented by: David Cichelli

(Attach business card or complete information below)

Member Name:	
Title:	
Company Name:	
Business Mailing Address:	
Business Phone:	
Business Fax:	
Business E-Mail:	

**Event Time:** Registration 8:00 – 8:15am Breakfast 8:15 – 8:35am Presentation & Q&A 8:35 – 9:45am

**Location:** Fawcett Center, 2400 Olentangy River Road, Columbus, Ohio 43210 614-292-1342

Event Cost: \$20 member / \$25 non-member

Please make check payable to CCA and return with registration form by mail to: Columbus Compensation Association, PO Box 164022, Columbus, OH 43216-4022

To ensure your reservation, please mail the completed form and payment so that it is received no later than 6/19/2005. Send RSVP, or questions, by email to CCA at [info@columbuscomp.org](mailto:info@columbuscomp.org).

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## 2005 Columbus Compensation Association Membership Application

(Attach business card or complete information below)

Member Name:	
Title:	
Company Name:	
Business Mailing Address:	
Business Phone:	
Business Fax:	
Business E-Mail:	
Industry Segment:	

*Please Note:*

- *New member dues paid in the last quarter of the year will apply towards the next year's membership.*
- *Please feel free to attach a business card with the required information if that is more convenient.*

Membership is on an individual basis. However, each company may designate one member to serve as their primary contact. Are you the primary contact for your company? \_\_\_\_\_

Are you a new CCA member? If yes, who referred you to the CCA? \_\_\_\_\_

Signature of applicant: \_\_\_\_\_ Date: \_\_\_\_\_

### Individual Annual Membership Dues: \$25.00

Please return both the membership form and check payable to CCA to:  
Columbus Compensation Association, CCA Membership Coordinator, PO Box 164022, Columbus, OH 43216-4022

*The Columbus Compensation Association Tax ID number is 31-111724*