



From The Chair – Barbara Pooley

2004 has been an event filled year for many of us. As we look forward to 2005, I would like to take a minute to say thanks. I am dedicating this message to the board members of our organization. Although I have served as Chair, this past year, I am probably the newest board member. Several others have dedicated significant time and energy to the Charlotte Area Compensation Council over the years. There is no particular order, but I will start with Al Black. Al is leaving us at the end of this year as he moves to Alabama. Without Al as Member Meetings Chair, you may not have seen some of the terrific member programs that we had in 2004. DeLane Huneycutt, our Membership Chair, increased membership to record levels this year. She took us over the 125 member mark (to 130) for the first time. Big kudos to DeLane. Bob Corbett served as Education Chair, and met the challenge admirably. We had nine certification courses this year and all were successful. The CACC newsletters and articles were courtesy of Arnie Silverman, our Public Relations Chair. Our administrative team of Laura Williams and Robin Bernstein performed the less glamorous duties of Secretary and Treasurer respectively, but kept us up to date and in the money every month. Karen Simpson as Director-at-Large and Jean Gilreath as Ex-Officio Director rounded out the board and lent a hand whenever needed. Last, but never least, our stellar Business Manager, Kevin Gill, kept us all (but especially me) on our toes and in line.

Next time you see these individuals, please take a moment to say thanks . . . because without their efforts, there would be no CACC!

Looking forward to next year, we will continue to have quality programs designed to offer high value to our CACC members, including nine CACC-sponsored WorldatWork Certifications Courses (in three course sessions), quarterly Member Meetings, our Compensation Matters newsletter distributed quarterly, an informative website, the CACC Scholarship Program, our Membership Directory, and more!

Thank you for the opportunity to lead your organization, and I know I am leaving it in good hands with the new CACC Board of Directors who will take the reins at our Annual Member Meeting on February 9th. Hope we will see you there!

Barbara Pooley

Our Next Member Meeting: Wednesday, February 9, 2005

Our CACC Annual Meeting features **Cam Marston**, who founded his own company, Marston Communications (located here in Charlotte) to teach clients how age impacts business relationships. Cam's Keynote Address, "*Four Generations in the Workplace*," will lead off our meeting and will be followed by a one and one-half hour Workshop that Cam will lead. The meeting will be held at the Westin Charlotte Hotel, 601 South College St., Charlotte. Parking will be paid by CACC.

For additional details about the meeting, please see the enclosed supplement, or visit the CACC website, at www.caccweb.com.

The meeting will begin at 7:45 AM with a breakfast buffet and networking period. The business meeting starts at 8:15 AM; and the presentation begins at 8:30 AM and will end by 11:00 AM.

New Members

We are pleased to welcome the following new members:

- ❖ Mary Abel, Mecklenburg EMS Agency
- ❖ Ann Edwards, Husqvarna
- ❖ Mick Fisher, Belk, Inc.
- ❖ Karin Lacombe-Mulder, Royal & SunAlliance
- ❖ Cameron McDonald, Duke Energy
- ❖ Gracie Myers, City of Charlotte

Member News

- ✓ *Stacy Hodes* is now Senior Compensation Analyst with Premier, Inc.
- ✓ *Jane Lamb* is now HR Consultant (still with Duke Energy)
- ✓ *Fernando Little* is now Director, Compensation Administration (still with Carolinas Health Care System)
- ✓ *Barbara Pooley* is now with Colonial Properties Trus

Please contact Arnie Silverman, "Compensation Matters" editor for 2005, at (704) 557-4460, with member news that you would like to share.

**2004 CACC Board Members
and Committee Chairs**

- CHAIRPERSON**
BARBARA POOLEY 704/643-6416
- VICE CHAIRPERSON**
DONNA CRAWFORD 704/940-1524
- SECRETARY**
LAURA WILLIAMS 704/373-7572
- TREASURER**
ROBIN BERNSTEIN 704/733-5099
- MEMBERSHIP MEETINGS DIRECTOR**
AL BLACK 704/331-7121
- EDUCATION DIRECTOR**
BOB CORBETT 704/731-4378
- PUBLIC RELATIONS DIRECTOR**
ARNIE SILVERMAN 704/557-4460
- MEMBERSHIP DIRECTOR**
DELANE HUNEYCUTT 704/336-5700
- BOARD MEMBER AT-LARGE**
KAREN SIMPSON 704/595-1210
- EX-OFFICIO**
JEAN GILREATH 704/944-8805
- SPECIAL PROJECTS CHAIR**
CHUCK PARKER 704/426-2398
- BUSINESS MANAGER**
KEVIN GILL 704/442-9247

Upcoming Events/Education

Membership Meetings (mark your calendars):

- February 9, 2005 (Annual Meeting)
- May 11, 2005
- September 7, 2005 (1/2 –day Meeting)
- November 9, 2005
- February , 2006 (Annual Meeting)

WorldatWork Certification Courses:

April 25-27, 2005 –

- B-3A** -- Health Care & Insurance Plans – Financial Management
- C-6** -- Principles of Executive Rewards
- T-2** -- Accounting & Finance for the HR Professional

July, 2005 (Date TBD)–

- B-2** -- Retirement Plans – Design & Management
- C-12** -- Variable Pay: Incentives, Recognition & Bonuses
- T-1** -- Total Rewards Management

October, 2005 (Date TBD)–

- C-4** -- Base Pay Management
- T-3** -- Quantitative Methods
- T-11** -- Fundamentals of Equity-Based Rewards

*For more information, or to register,
contact WorldatWork Customer Relations at (877) 951-9191,
or visit www.worldatwork.org*

Member Profile – Al Black



Al Black

Our member profile for this issue focuses on Al Black. Al has been a member of CACC since 1998 and has served on the Board of Directors for the last three years, the last two as Program Chairman. Al is a native Charlottean and is currently Director Compensation and Central HR Services for Clariant Corporation in Charlotte, a position he has held since 1998. Prior to Clariant Al was with Duke Power Company for 14 years as Manager of the Compensation function. He was Manager of Compensation for Gold Bond Building Products in Charlotte from 1980 to 1983. Prior to that Al was with Ampex Corporation in Colorado Springs, Colorado as Assistant Personnel Manager, a position he held from 1977 to 1980. From 1969 until 1977 he was Vice President Compensation and Benefits for the then 3,500 employee First Union Corporation in Charlotte.

Al has a B.A. degree in Business Administration from the University of North Carolina at Charlotte. He is a WorldatWork Certified Compensation Professional. He has been a member of the Employee Relocation Council, and former member and past Chair of the Human Resources Committee of the United Way of the Central Carolinas and was associated with that group for 15 years. Al has also been involved with the Myers Park Civitan Club from 1969 to the present as a member and past president. Al has also served as the Mayor of the Village of Wesley Chapel, North Carolina, from 1998 through 2004. He is also an Elder and Choir Director for Siler Presbyterian Church.

Al and his lovely wife, Carolyn, have two sons and two grandchildren. Al will be retiring in March of this year and will be leaving Charlotte for Birmingham, Alabama in order to be closer to those grandchildren.

Al has been an invaluable member of the Board, responsible for the programs you have seen at our membership meetings the last couple of years, and will be missed by his fellow board members. We all wish him much happiness in his retirement, though those of us who know him well expect that he will soon be active in the Birmingham compensation community. And those of us who have been privileged to call him friend will surely miss his counsel and comradeship. Congratulations and best wishes Al!



HR Outsourcing: Negotiating the Key Issues

Contributed by Aon Consulting, a global human capital consulting firm

After you have selected the best vendor for your HR outsourcing needs, to establish a positive working relationship, you need a *signed* contract to set expectations and specify well-documented deliverables. In this article, we identify the key issues that should be negotiated and resolved in the HR outsourcing contract.

Services. Describe all the services to be provided by the vendor, including auxiliary support services, with as much detail as possible. Solicit input from every stakeholder within your organization who will be affected by the outsourcing and record their needs in detail (e.g., file layouts for IT, invoice content and timing for accounts payable, and transaction reporting formats for internal audit). Include a dispute resolution process to handle unanticipated issues.

Performance Standards. Start with understanding the HR outsourcing market and negotiate with “best of the best” performance guarantees in mind. Also include performance standards around implementation, acquisitions or divestitures, and transition assistance to a new vendor on contract termination. Vendors with fees at risk want to be rewarded when performance standards are exceeded. While not unreasonable, be careful that the performance goals are not set artificially low.

Billing. Specify how often you want your invoicing presented, the level of billing detail you want, and any reconciliation process needed. Your contract should outline the approval process for ad hoc services and address how billing disputes will be resolved. You also should negotiate the general and administrative charge that will be added to outside bills for third-party services (e.g., printing). At a minimum, these add-on charges should be disclosed in advance.

Duration. Negotiate multi-year rate guarantees to the extent possible. Specify beginning and ending dates exactly. At a minimum, negotiate a cap at the end of the guarantee period (typically, three to five years) that limits renewal increases to no more than CPI +1 or a rate cap of current plus 3-4%.

Termination. Outsourcing contracts have financial penalties for early termination to enable vendors to recapture their implementation costs that would otherwise be amortized over the initial years of the contract. Ensure that these early termination penalties do not apply when early termination is the vendor’s fault (e.g., failure to implement on time). As part of the negotiated details of the contract’s termination provisions, you also need to include who owns the data, how files will transfer to the new vendor, any termination expenses, and whether you will retain your same service team during the transition to a new vendor. (See page 8, Outsourcing:)

2004 CACC Perfect Attendance Award -- We Have Some Winners!

We are pleased to announce we have three winners of the **2004 Perfect Attendance Award: Traci Anderson** and **Jessica Bucklew** with Carolinas Health Care System, and **Nancy Williams** with Duke Energy. Our winners can use this award to attend a CACC-sponsored WorldatWork Certification Course in 2005 for FREE!

2005 CACC Perfect Attendance Award

And CACC is offering the same opportunity for 2005. Up to three CACC (non-Board) members will have the opportunity to win a FREE WorldatWork Certification Course – all you have to do is attend all four member meetings in 2005, starting with the 2/9/05 Annual Meeting. Winners can use their award to attend a CACC-sponsored certification class and exam in 2005 – an \$800 value! Simply attend all four meetings and be sure to sign the attendance sheet located at the sign-in table where you pick up your nametag before the meeting. We hope you will be winner this year!

CACC Academic Scholarship Program

The CACC Academic Scholarship Program was created to provide an incentive for, and assist CACC members with, the continuation of their pursuit of higher education in their HR-related career.

A scholarship, in the amount of \$1,000, will be awarded to qualified members of the Charlotte Area Compensation Council (CACC). The candidate must be a member in good standing with CACC pursuing either an undergraduate or a graduate degree in an HR-related field through an accredited institution of higher learning. Full-time, part-time, online and distance learning programs are acceptable. This scholarship is a one-time, annual award. In future years, previous applicants and past scholarship recipients are eligible to re-apply each year.

Scholarship Applications must be postmarked by **April 15th** of each year to be considered for an award. Additional information about the program, and an application, can be found on the CACC website, www.caccweb.com.

If you have any questions about the CACC Academic Scholarship Program, please contact CACC's Business Manger at businessmanager@caccweb.com.



CACC FAQs

Following are some of the more frequently asked questions submitted in the 2004 Membership Needs Survey. We thought you might be interested in the answers:

Q: Why do our members join the CACC?

A: According to the 2004 Membership Needs Survey, almost one-half of the respondents joined CACC, and remain members, for the Networking/Peer Interaction. WorldatWork courses offered through CACC and attending CACC quarterly membership meetings tied for 2nd place.

Q: How does the CACC Board of Directors decide which WorldatWork courses to offer each year?

A: The board members vote, taking into account the results of the Annual Membership Needs Survey, the need for a balance between Compensation, Benefits, and Total Rewards courses, which courses have been offered in recent years, attendance levels at courses if offered in the past, and what courses are being offered by other WorldatWork-associated organizations in close proximity, i.e., Raleigh or Columbia. WorldatWork has final approval of which classes we can offer.

Q: Who is eligible for the CACC Scholarship Program?

A: The scholarship, in the amount of \$1,000, is available to qualified members of the Charlotte Area Compensation Council (CACC). The candidate must be a member in good standing with CACC pursuing either an undergraduate or a graduate degree in an HR-related field through an accredited institution of higher learning. Full-time, part-time, online and distance learning programs are acceptable. Approval of Scholarship awards is handled by an independent academic institution. This scholarship is a one-time, annual award. In future years, previous applicants and past scholarship recipients are eligible to re-apply. For further details, check our website at www.caccweb.com and click on the "Scholarship" tab on the left hand side of the screen.

Q: Can Professional Consultants serve on the Board of Directors and/or on subcommittees?

A: According to CACC's By-laws, Consultants may not serve on the Board of Directors; however they can serve on committees, other than the Nominations or Membership committees.

Q: How do I register for a WorldatWork course offered through CACC?

A: To register for a WorldatWork Certification Course, or an Exam-Only, call the WorldatWork Customer Relations department toll-free at (877) 951-9191. To view detailed information, such as course outlines or schedules, you can use the link to the WorldatWork website through the CACC website.

Q: Where can I view the CACC By-laws?

A: The CACC By-laws are contained in the back of the CACC Membership Directory, and in 2005, the By-laws will be made available through the Members Only section of the CACC website.

Q: How can I get more involved with CACC?

A: There are several ways for you to become more involved with CACC: 1) Attend the quarterly meetings; 2) E-mail us through the website that you would like to volunteer to present at a member meeting or to serve on a sub-committee; 3) Approach a Board member at the quarterly member meetings and make them aware of your interest; 4) On the Annual Membership Survey, when asked if you would like to get more involved, answer yes and provide your contact information.

WorldatWork Building Blocks Locations

WorldatWork produces a series of brief training and professional development booklets called Building Blocks. CACC provides a copy of all Building Block booklets at Johnson C. Smith Univ. Library; UNCC Library, and The Employers Association Library.

Quotes

"When planning for the future, remember that the present is obsolete."

Daniel Burrus, Author, Technology Futurist

Annual Member Meeting Information & Agenda -- February 9, 2005

Meeting Date:	Wednesday, February 9, 2005
Time:	7:45 AM to 11:00 AM
Featured Topic:	<p><i>Keynote Address and Workshop to Follow:</i></p> <p>Cam Marston Presents --</p> <p><u>Four Generations in the Workplace: Mixing Experience, Leadership, Ambition and Fun</u></p> <p>Four generations: four times the fun (and potential)</p> <p>For the first time in history, corporate managers are working with four distinct and very different generations of employees -- Matures, Boomers, Xers, and Millennials. Each generation is motivated quite differently, aspires to different personal and professional goals, and interprets accepted business practices and business etiquette in drastically diverse fashion.</p> <p>It can get pretty complex -- and pretty ugly, as well. One-size-fits-all management styles have never been a less fitting. So how do you transform this problem of enormous magnitude into an opportunity of exponential proportion? Read on...</p> <p>Unleashing the awesome power of the ages in your workplace</p> <p>Twenty-first century managers have become -- like it or not -- pioneers in workplace leadership. <i>Everyone</i> in the workplace is pioneering new territory, facing first-time-ever challenges -- and enjoying the prospects of greater potential performance, productivity, and creativity than ever before in history.</p> <p>In this exciting, informative, and inspiring presentation, "Four Generations in the Workplace," you will learn what these four generations really want from their work experience -- and from their lives.</p> <p>Discover the critical differences in how Matures, Boomers, Xers, and Millennials view --</p> <ul style="list-style-type: none"> ▪ Sacrifice ▪ Loyalty ▪ Flextime ▪ Tenure ▪ Skill-building ▪ Time on the job ▪ Balance ▪ Rewards, incentives ▪ Support and encouragement <p>This highly interactive presentation laced with real-life examples will challenge the way you think about yourself and the people you manage. The results can be absolutely incredible. Come ready for fun as you see revealed the true inside story about what makes these distinct generations tick.</p> <p>Meet <u>Cam Marston</u>, generational expert.</p>
Meeting Agenda:	7:45 AM Registration / Breakfast Buffet "Networking" Period



	8:15 AMCACC Business Meeting 8:30 AMKeynote Presentation 9:15 AMBreak 9:30 AMWorkshop 11:00 AMMeeting Concludes
Meeting Cost:	CACC Members -- No Charge Guests (and other attendees) -- \$50 per person <u>No registration will be accepted until payment is received by the CACC.</u> Make Checks Payable To: Charlotte Area Compensation Council Tax ID#:75-3074369 [Sorry, we cannot accept Credit Cards]
Meeting Location:	Westin Charlotte Hotel 601 South College Street Charlotte, NC
Parking:	In the hotel parking lot -- paid for by CACC
Speaker Bio:	<p style="text-align: center;"><u>CAM MARSTON</u></p> <p>Cam Marston began identifying and observing the generational differences in the workplace while at his first job out of college, an Account Manager with Nestle Brands Foodservice Company. Cam divided his customers into categories based on age, and discovered that each group preferred a different sales and marketing approach. As he served in various sales jobs with diverse companies, he learned that regardless of the industry or the product sold, each age group preferred a unique approach.</p> <p>In 1997 Cam launched Marston Communications. His focus then – and still today – is to teach clients how age impacts business relationships. He focuses on employee retention, customer retention, marketing and sales.</p> <p>Now in his sixth year, Cam presents his findings to audiences worldwide. His client list includes many of the nation’s largest companies and most influential associations. He is applauded for making his presentations upbeat and interactive. Cam also makes sure that the information he delivers applies to the specific audience members. He wants his information to “have handles” so that participants can easily understand and apply the information delivered.</p> <p>Newspapers and magazines from across the globe have interviewed Cam, including the <i>Chicago Tribune</i>, the <i>Philadelphia Inquirer</i>, the <i>New Zealand Herald</i>, <i>Entrepreneur Magazine</i>, <i>HR Management Today</i>, and the <i>Edward Lowe Report</i>. He’s also been the featured guest on several radio talk shows and television news programs. In 2001 he was named one of the “40 Under 40” by the Charlotte Business Journal.</p> <p>Cam has recently signed an agreement to write his first book called <i>Managing Across the Generational Divide</i>.</p>

Delivering Negative News: Balance, Not Spin, Is Key

Contributed by Aon Consulting, a global human capital consulting firm

Successive years of health care cost increases, volatile retirement plan investment returns, and reduced merit budgets have many employers in a communication quandary: how to deliver yet another year of bad news. In particular, it's clear why employers are not looking forward to this year's benefit campaigns:

- 2005 forecasted double-digit medical cost increases mean that employees can expect to shoulder more of the cost and the responsibility for buying health care.
- On the retirement front, employers are reducing or discontinuing 401(k) matching contributions and many are eliminating DB plans.
- Decreases in salary budgets and accounting changes that may result in fewer broad-based stock option plans are creating challenges for attracting and retaining people.

At the same time, employers are trying to rally the troops with the message: "Let's pull ourselves up by our bootstraps and be productive." Clearly, organizations need both effective rewards and communication strategies.

Faced with these facts, how do you make the best of another year of grim messages? For starters, simply putting a positive "spin" on negative news is not the answer. Following are some tips for easing the pain of communicating bad news in a way that preserves your company's credibility and keeps employee trust and morale intact.

Get a plan. Before communicating anything, make sure you have a plan—a structured approach will help you identify possible obstacles and implications and determine ways to address them.

Get feedback before you communicate. Often, what management thinks is important to employees is not really a primary area of concern. Test the waters first by getting feedback from a small group of employees and from HR managers, field staff, or other sources close to employees.

Tell them what you're doing to address specific issues or problems. Outline what the organization is doing to mitigate the problem, so employees see you're not just passing it onto them. For example, explain that the company can't just raise product prices to address higher health care costs—tell them what you are doing to control health care expenses for the financial health of the firm, such as introducing disease management.

Communicate openly and honestly. When the news is bad,

employees are often cynical about the company's true intentions, and they crave information. Be open and honest about the changes: what happened, why, what's next, and what it means to employees. To provide a balanced overall message, reinforce what is not changing and highlight the other services and programs that continue to provide value and protection.

Show and tell "what's in it for me?" Employees are most concerned about how changes will affect them directly. Anticipate the direct impact on employees and tangibly address the most important issues.

Give employees a "reality check" against competitors or peers. Employees are more willing to accept negative news if they know they are not alone. For example, providing facts on how the company's health care costs compare with their competitors or industry peers, the average national medical plan increase, the CPI, manufacturers' price inflation, and other relevant indicators enable employees to put the news in perspective.

Get in front of people. While clear, carefully crafted written communication is important, meeting face-to-face with employees is also critical. The worse the news, the more crucial it is to have your leaders visibly communicate the information credibly and sincerely and answer the hard questions. Employees need a personal forum in which to express their views—including anger and frustration.

If the only time you communicate is when you have bad news to share, employees will be predisposed to react negatively. Rather, regular communication that balances the focus on employee and business needs:

- Grounds employees in the business and economic realities, better equipping them to manage negative news.
- Reinforces the positives—the plans, resources, and tools that enable employees to maximize the quality and affordability of HR and benefit programs.
- Encourages behaviors that directly support business and HR initiatives.

These are challenging times for communicating with employees. Frequent, candid communication that balances the good with the bad will go much further toward restoring and maintaining employee trust than the most creative "spin."

CACC Website

Be sure to visit our website at www.caccweb.com



Outsourcing: (Continued from page 3)

Parties. Always allow for additions or deletions of parties to the contract to account for acquisitions or divestitures. Typically, unit costs are only renegotiated if headcount varies by more than 15% up or down. Require the vendor to name all subcontractors and to give you the right of approval of any subcontractors subsequently introduced.

Exculpatory Clause. The vendor's exculpatory clause can be a deal breaker. It generally holds the vendor accountable only for damages caused by the vendor's gross negligence. However, your legal department may require vendors to be accountable for ordinary negligence. One possible solution to the stalemate is an arbitration clause to resolve disputes, including defining "gross negligence."

Data Security. Get your IT professionals to write your organization's data security standards into the contract. Confirm the data formats to be used and specify all security measures, including encryption standards and file transfer protocols. Define who has access to your data and limit such access to contracted functions only. Specify confidentiality needs beyond those legally mandated.

Communication Review. You should approve the vendor's communications sent directly to your employees to ensure that

the content and tone is consistent with your organization's culture. The contract should also address emergencies (e.g., call center being inaccessible). Specify when and how the vendor will provide notice to you (e.g., by phone within two hours) to avoid surprises and to remain proactive with your constituents.

Contingency Plans. Anticipate natural disasters and the impact they can have on the vendor's ability to provide service to your employees. Specify the contingency plans that will take effect in the event of an emergency.

Audits. Identify who will conduct the audits and how often. You want access by a third-party auditor as well as your own internal auditors. Include an "audit on demand" provision in the event that employee complaints begin to consistently occur. Also, specify the data the vendor will make available for the audit.

Conclusion

The legal department, IT, finance, and other interested parties should review and approve the contract. The result should be a contract that clearly delineates expectations, communication contacts and protocols, and step-by-step instructions on how to minimize service problems. Finally, the contract should include performance guarantees with meaningful and measurable objectives.

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