



From the Chair - Laura Williams

For members who become actively involved in the Charlotte Area Compensation Council, CACC can help play an important role in your compensation, benefits or HR generalist career. CACC offers a number of important benefits to our members - let me mention just a few. CACC sponsors nine WorkatWork courses each year to help make it easy for you to obtain your Certified Compensation Professional (CCP) or Certified Benefits Professional (CBP) without having to leave Charlotte. We also offer the opportunity to hear excellent speakers on a variety of current topics at each of our quarterly membership meetings, held at the beautiful Westin Hotel. And, one of the most valued benefits according to our annual membership survey is the opportunity to network with individuals who can share knowledge and experience from a variety of companies and government entities. Quite a lot for a \$50 membership fee!

Another benefit to CACC members is this newsletter, "Compensation Matters". Bob Corbett is taking over the reins from Arnie Silverman, who has stepped down as its editor after three years. Feel free to contact Bob if you have suggestions or ideas.

You recently received our annual membership survey. I hope you will take just a few minutes to provide us with the feedback needed to develop the programs and activities that are of the most interest to you. Also, if you are interested in becoming involved in the planning and implementation of CACC programs, this is your opportunity to let the board know of your interest.

The board of CACC serves to meet your needs. If you have any questions or concerns, please don't hesitate to speak with any board member. We appreciate your feedback and will use it to make CACC an even more valued organization.

Regards,
Laura Williams

New Members

We are pleased to welcome the following new members:

- ❖ Kay H. Allen, Grubb Properties, Inc.
- ❖ Lauren S. Benson, Hay Group
- ❖ Quincze S. Brim, City of Concord
- ❖ Nicki M. Dodd, Branch Banking and Trust Co.
- ❖ Carol Ellenburg, Goodrich Corporation
- ❖ Clyde L. Grant, City of Charlotte
- ❖ Christina M. Johnson, AAA Carolinas
- ❖ Susan B. Sykes, Northern Hospital of Surry County
- ❖ Kimberly D. Williams, United Mortgage & Loan Investment, LLC

Member News

- ✓ *Chris Ceravalo* is now Manager, Sales/Delivery Compensation (still with Coca-Cola Bottling Co. Consolidated)
- ✓ *Suzi M. Elliott* is now Human Resources Manager with the YMCA
- ✓ *Laura Hampton, SPHR*, is now Director, Marketing, Membership & Training Services (still with The Employers Association)
- ✓ *Susan Stade Hampton, PHR*, is now Director of Human Resources (still with Coinmach Corporation)
- ✓ *Patricia McEnerney* is now Sr. Compensation Specialist (still with AXA Equitable)
- ✓ *Joyce A. McGee, SPHR*, is now Regional Employee Relations – HR with Jack Henry & Associates
- ✓ *Janice S. Moffitt, CCP*, is now Sr. Compensation Consultant -- Executive Compensation (still with Wachovia Corporation)
- ✓ *Emily Ohiser* is now Compensation Consultant with Hewitt Associates
- ✓ *Robert W. Osment* is now VMO Benefits Delivery Manager (still with Duke Energy Corporation)
- ✓ *Marc Pauls* is now Sr. HRIS/Project Manager (still with Wachovia Corporation)
- ✓ *Jessica A. Pieloch* is now Compensation Analyst with Compass Group USA
- ✓ *Anne E. Reid* is now Manager, Field Compensation with Time Warner Cable
- ✓ *Renee P. Sutker, SPHR*, is now Director, HR (still with EquiFirst Corporation)
- ✓ *Scott Willis, SPHR, CCP, GRP*, is now HR Director, Compensation & Employment (still with Transamerica Reinsurance)



**2005 CACC Board Members
and Committee Chairs**

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Upcoming Events/Education

Membership Meetings (mark your calendars):

- May 10, 2006
- September 13, 2006 (1/2 –day Meeting)
- November 11, 2006
- February, 2006 (Annual Meeting)

WorldatWork Certification Courses:

July 10th-12th, 2006 –

- T-6 -- Mergers and Acquisitions
- C-11 -- Performance Management
- B-3 -- Health Care and Insurance Plans

October 16th-18th, 2006 –

- T-2 -- Accounting and Finance
- C-1 -- Regulatory Environments for Comp Programs
- C-17 -- Market Pricing

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

Member News Cont'd

- ✓ *Sara C. Wilson* is now Compensation Consultant (still with Wachovia Corporation)
- ✓ *Erin Wilson* is now Associate Consultant (still with Watson Wyatt & Co.)

CACC Website



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

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.

Quotes

“You can make more friends in two months by becoming interested in other people than you can in two years by trying to get other people interested in you.”

Dale Carnegie, author and trainer.

“We make a living by what we get, but we make a life by what we give.”

Winston Churchill

Compensation Quotes

“Recognition is more powerful than any motivator. Research shows that, more often than not, cash bonuses that get spent on bills and perks are soon forgotten, but recognition becomes a memory that is relived time and time again, continually building higher performance.”

Michael P. Connors, Chairman and CEO, VNU Media, Measurement & Information

“Employees have a knowledge base you can’t get anywhere else. Equipment, procedures – those things can’t be duplicated. When you look at competitive advantage, human capital is the only area where companies can differentiate themselves.”

Meldron Young, American Management Association

“People work for the money, but go the extra mile for recognition, praise and rewards.”

Stuart Levine, CEO, Dale Carnegie and Associates

2006 CACC Perfect Attendance Award

CACC is offering up to three CACC (non-Board) members the opportunity to win a FREE WorldatWork Certification Course – all you have to do is attend all four member meetings in 2006, starting with the 2/8/06 Annual Meeting. (If there are more than three Perfect Attendees, the three winners will be selected by random drawing). Winners can use their award to attend a CACC-sponsored certification class and exam in 2006 – an over \$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!

Our Next Member Meeting: Wednesday, May 10, 2006

Our next **CACC Meeting** features two presentations:

Mark Vitner - Director and Senior Economist for Wachovia will provide information on Regional, National, and Global economic trends and how they may impact the business community. Mark is responsible for tracking U.S. and regional economic trends for Wachovia. He writes Wachovia’s Monthly Economic Outlook newsletter as well as the Regional Economic Review. Mark is a frequent guest on CNBC, CNN and the NewsHour with Jim Lehrer and has been featured in The New York Times, The Wall Street Journal, BusinessWeek, USA Today and many other publications.

Bob Ihrie – VP of Compensation and Benefits for Lowe’s will cover changing trends in Benefits and a summary of Lowe’s new BenAdmin program. Bob has over thirty years experience as a strategic Human Resources Partner with demonstrated achievements in the areas of compensation, benefits, recruiting and HRIS.

The meeting will be held at the Westin Charlotte Hotel, 601 South College St., Charlotte.

The meeting will begin at 7:45 AM with a breakfast buffet and networking period. the program will begin at 8:15 AM; and will end by 9:45 AM.

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.

Job Evaluation: Alternative Applications

Beyond the most common uses of job evaluation – determining appropriate pay levels for jobs within an organization and balancing internal equity with market competitiveness – the process of evaluating jobs using a proven and defensible methodology enables many other important applications, such as designing effective organizations; clarifying interdependencies and accountabilities; and managing succession and talent.

One key finding of our national research with WorldatWork and Loyola University of Chicago (of more than 1,200 organizations) indicates that between 82% and 96% of organizations evaluate jobs, but only 18% proactively maintain their systems. Moreover, a majority reports that they believe approximately 20% of jobs are incorrectly placed within the job grading structure. As a result, we believe there is significant untapped potential to leverage job evaluation efforts to optimize organizational structures, develop people as key performers, and build employee commitment through reward programs that are fair, motivational, and competitive.

Below, we discuss each of these alternative applications for job evaluation:

Organizational Design and Analysis

Many people presume that organizational structures are the result of systematic, methodical planning. However, in our experience, they evolve over time and are

often shaped by personalities, politics, and compromise into complex mosaics of operating and support functions, business units, and internal alliances. The unintended consequence may be overlaps and/or gaps in key accountabilities necessary to meet core business objectives. In many organizations, jobs are designed with a functional bias rather than from an overall organizational perspective. Thus, when looking across an organization, accountabilities become unclear, important decisions flounder, and business processes bog down. The result: confusion and potential turf wars.

A rigorous job analysis and job evaluation process provides organizations with a common framework and language to more effectively design jobs within the structure that best supports business strategy. Strategic goals and objectives can then be clarified and distributed into job-specific accountabilities to ensure that there are no gaps or redundancies. It also enables organizations to identify and align key interrelationships across critical business processes—especially when the benefits of doing so might not be immediately obvious to the parties involved. Organization and job design must be integrally managed, just as automobile engine components must be designed to mesh under a variety of circumstances. Improperly integrated designs may cause an engine to fail. The same is true for organizations.

Steps of “just noticeable” difference can be used to analyze organizational hierarchy. In this context, we can consider the consequences of changes that have occurred as organizations moved to leaner structures. Figure 1 compares a “traditional” manufacturing hierarchy with a leaner structure typically found in similar businesses today.

Figure 1: Step Differences Between Traditional and Delayered Structures

Job Content Steps	Traditional Structure	Delayed Structure
1	Manufacturing Director	Manufacturing Director
2		
3	Production Director	
4		
5	Plant Manager	Plant Manager
6	Shift Manager	
7		
8	Superintendent	
9	Supervisor	Cell Leader
10		

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The steps of difference between the positions can be clearly measured through use of a valid job evaluation methodology. In a traditional structure, the distance between the work of a manager and subordinate is typically two steps, providing for a meaningful promotion between the levels. The distance between manager and subordinate in a lean structure may be four or more steps, making job progression between the levels difficult, even impossible, for a top performing incumbent to achieve. Flatter structures often require career pathing opportunities that are horizontal (across streams of work) rather than vertical (within the function).

Since the recent economic downturn, a large number of jobs have been eliminated without a commensurate reduction in work, which means the content of many jobs may have increased. Plus, employees still with the organization assume accountabilities of remaining jobs, often without any rationalization or integration of existing accountabilities. Adding too many, and/or unrelated, accountabilities often creates distractions and confusion that limit job effectiveness.

Job Design and Analysis

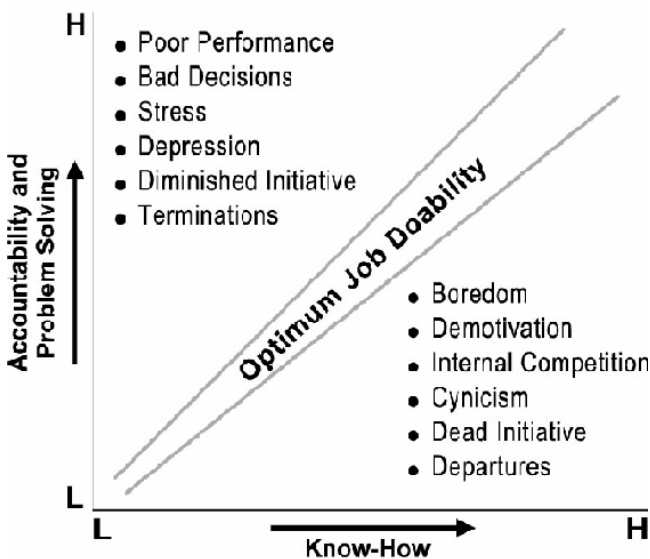
When jobs are designed or changed, it’s also important to determine whether or not a job is, in fact, “doable” (see Figure 2). We often see jobs change when they are designed around the unique capabilities of a star

performer with high potential seeking increased challenges. For example, to expect an individual in a mid-sized organization to function as vice president of corporate development—setting new strategy, negotiating deals, and driving a growth agenda—while also managing a marketing department’s day-to-day operations, can lead to serious problems. Although there’s an apparent link between corporate development and marketing, the relative proportion of the various components of these jobs—and thus the competencies necessary to achieve outstanding performance—are quite different, as is the complexity of the bigger role. Either the person will burn out, or one or both jobs will suffer. If unchanged, these jobs may be just too overwhelming or complex for the newly promoted incumbent.

It’s important, of course, to examine the relationship between an organization’s job requirements and the job position to ensure it’s doable. The role demands in certain job content elements (such as Problem Solving and Accountability) need to be commensurate with other job content elements (such as Know-How) brought to the role. If the demands are too overwhelming, failure is likely. The new person may lack the credibility or experience required, and will likely become overwhelmed, frustrated, or focused only on a subset of the job accountabilities the incumbent can master.

Conversely, if the demands are minor relative to the incumbent’s capabilities, there’s a good chance that the incumbent will grow bored, demotivated, and/or push for accountabilities in others’ domains and not add value commensurate to their pay level.

Figure 2: Doable Roles



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Job/Person Matching

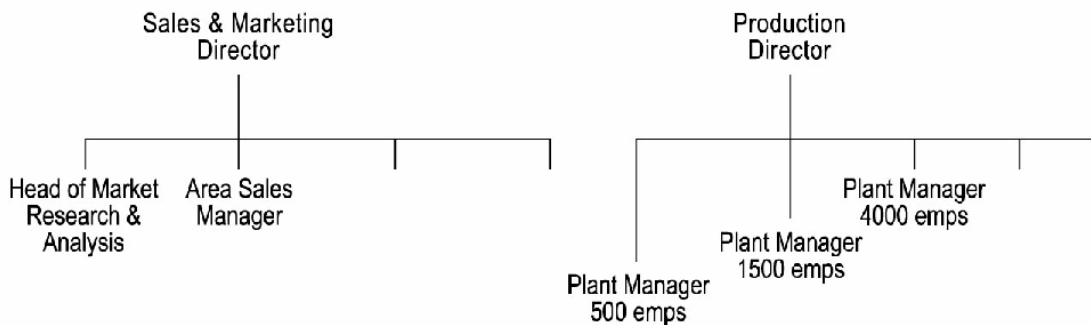
Hay Group’s consulting experience and research reveals a strong link between the nature and shape of executive jobs and the behavioral competencies required to achieve outstanding performance. Understanding the work’s scope significantly increases one’s ability to select and develop high-performing executives. Conversely, it also enables an organization to design jobs that increase the likelihood that the jobholder will succeed.

Consider the role of country manager in a multinational corporation. Traditionally, country managers were judged by profit-and-loss (P&L) responsibility, and enjoyed high degrees of autonomy and accountability. However, many highly complex businesses have transformed that role into one focused on adapting products for local markets and managing the political and regulatory landscape—with P&L now in the global president’s hands. The country manager’s role has, therefore, changed.

When such transformations occur, it’s important to revisit job requirements to determine whether the incumbent remains a good fit. Focus then can turn to aligning the job requirements with jobholder motives. Although designing jobs around individuals is generally an ineffective practice, one must consider the motivational profile of a typical person who would fill the job over time.

For example, the two sales and marketing organization positions in Figure 3 have similar job sizes, but very different shapes. And the personal characteristics associated with success in these roles are also very different. Not surprisingly, most people who excel in sales positions do not necessarily excel as managers, and vice versa—although both jobs add significant organizational value. On the other hand, our research and consulting experience reveals that the successful small plant manager has a high probability of also being successful at a similar, but larger plant. There are a finite number of job shapes that make it possible to use this concept to map role types across an organization.

Figure 3: Job Shape Example



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Succession Planning and Development

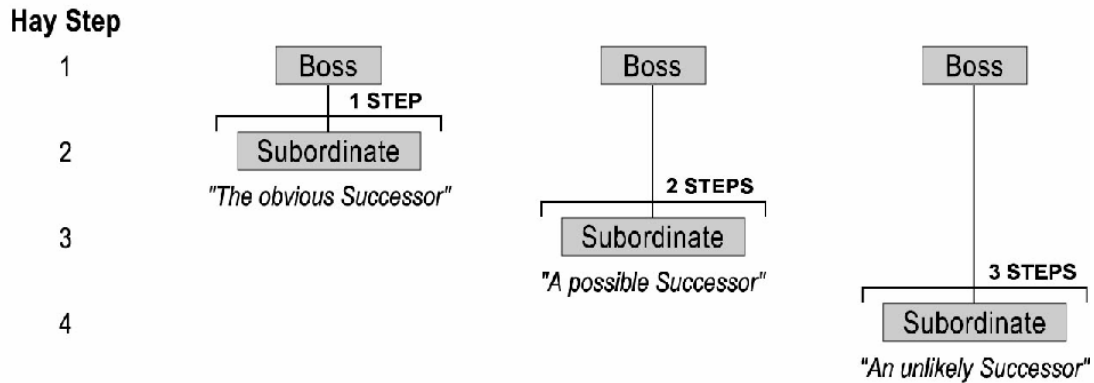
Job size and shape also illuminate the nature of development. For example, it’s probably easier to move the manager from a smaller plant to a larger plant than to move that same manager into a sales position. In the former scenario, the person understands the high-performance behaviors. The role is simply larger, not necessarily different. But the lateral move from a collaborative role to an action-oriented, target-focused

role will mean deploying very different behaviors and skills.

Earlier, we explained the concept of step difference as an aid to judgments on job-size relativities. When combined with organization structure analysis and job design, analysis of step differences between jobs within a hierarchy can also be used to assess the extent to which a job prepares one for the additional challenges of a more important job (see Figure 4).



Figure 4: Job Shape and Size Relative to Development



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A one-step difference between boss and subordinate roles means that there's a job that provides a good "feeder" situation for succession planning purposes. However, such a job may present a bottleneck to decision making. A two-step difference means that progression from the subordinate position to the manager's role is possible, but may be a stretch. Progression preparation greatly dissipates if the difference between roles is three steps or more.

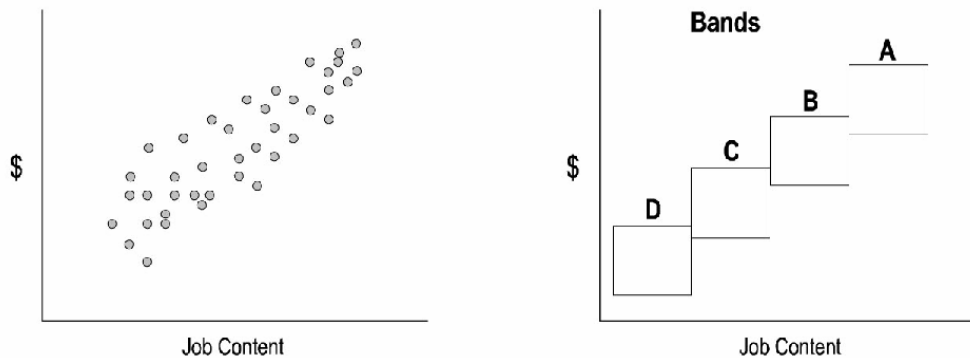
"Traditional" line structures typically incorporate two-step differences between manager and subordinate, with opportunities for internal succession. In leaner structures, vertical progression is less possible, and

career development and succession planning should look to lateral moves and moves "outside the chimney" to secure future leadership development.

Pay Structures and Grading

Job evaluation is often used for—and is primarily associated with—assessing internal relativities and developing compensation administration arrangements that reflect the value-added contribution of specific roles. The relationship between job size and pay can easily be demonstrated in Figure 5. For compensation administration purposes, this provides the basis for grouping jobs into grades and/or bands.

Figure 5: Job Size Relative to Pay



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Debate continues over the relative merits of traditional grades and broad bands. In the former, all positions are administered around a common midpoint or target salary. On the other hand, broad-banded structures may provide greater flexibility and often focus management's pay decisions more on individual capability than job size. Market anchors are often used for jobs within a band as a point of reference, while midpoints are used in graded

structures to reflect internal equity as well as external competitiveness.

Note that broadbanding is likely to be more appropriate where a hierarchical organization structure is either flat or deemphasized in favor of a team- or project-based approach.

Using a valid and defensible job evaluation methodology brings further advantages in this respect, since it can also provide direct access to comparable market data. If the methodology is designed with quality assurance processes to guarantee its consistent application, it enables third-parties like consulting firms to develop and maintain compensation survey databases that provide market comparisons by measured job size in addition to traditional job-model matching. Such comparisons prove far more accurate than comparisons based on job/title matching, even when controlling industry and organization size.

The Job Evaluation Process

As mentioned earlier, our research shows that only 18% of organizations have proactive audit processes on maintaining job evaluation appropriateness. The balance of the organizations face inherent risks in using a reactive job evaluation review process—that is, responding to job evaluation change requests as they are made by line management. Over time, job levels across the organization tend to creep up if there's not a proactive audit process.

Job levels typically are easier to move up than down. In only responding to the so-called “squeaky wheels,” an organization runs the risk of job level inflation over time, as well as inconsistencies between business groups based on who more actively uses the job evaluation process. Rolling proactive reviews should be performed at a functional or business-unit level every few years.

These can go a long way in improving a job evaluation program's credibility and consistency, especially if it's performed in conjunction with a design and effectiveness review within the organization.

In addition, our experience demonstrates that effective job evaluation processes also validate added accountabilities to jobs by defining the incremental business value of these new accountabilities and their degree of alignment to organization objectives. If you transfer accountabilities from other jobs, then these processes typically determine the impact of a loss of these accountabilities from those jobs.

Conclusion

Job evaluation is alive and well. Leading organizations use job evaluation as a source of competitive advantage by improving the organization's ability to manage its investment in human resources with greater credibility, discipline, and fairness.

Job evaluation is not only about maintaining internal equity in the compensation program. It can facilitate organizational clarity, building capability, and establishing commitment through culture and rewards. It's a critical management tool, extremely useful in ensuring an organization's proper integration of strategy, culture, structure, process, people, and reward.

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Member Profile – Chris Lopez

Chris is a new Consultant in the Charlotte office of the Hay Group. He delivers consulting services to Hay Group's Reward practice, specializing in Executive Compensation. His experience includes assessment of total compensation programs and design of annual and long term incentive plans to attract, retain and motivate executives and key employees. Interestingly, Chris is rejoining Hay - he originally started his compensation career as an analyst in their Information Services Division analyzing data for compensation surveys and other custom analyses.

Prior to joining Hay Group, Chris worked for four years as an internal consultant for Wachovia Corporation in both their Executive and Line of Business Compensation groups. While at Wachovia, his work primarily focused on Executive level counsel on compensation related issues, including corporate-wide annual and long term incentive plan design, implementation and communication. Before Wachovia, he worked in the Washington, D.C. office of Towers Perrin as part of their People, Performance and Reward consulting practice specializing in Executive Compensation. As this is his

second stint in consulting, Chris has assisted clients in a variety of industries including financial services, manufacturing, insurance, healthcare, pharmaceuticals, telecommunications, e-commerce, public service, and government.

Chris is originally from Philadelphia, PA and received a B.S. degree in Business Administration from Villanova University. He is a member of WorldatWork and has been a member of the Charlotte Area Compensation Council since 2002 .

In his spare time, Chris is active in Villanova Alumni events, and also serves as a Board member for Loaves & Fishes, a local not for profit emergency food program that provides groceries to families in crisis. Chris is an avid runner and enjoys any outdoor activity.

Chris and his fiancée Allison (another native Philadelphian) are getting married later this summer in Charlotte. They both can't wait to bring both families down so they can truly appreciate our HOT Charlottean summers!