



From the Chair - Laura Williams

It's hard to believe that we are already into the fourth quarter of 2006! During the month of October, the Charlotte Area Compensation Council board begins working behind the scenes on the budget process, as well as planning future programs and services for our membership including:

1. Speakers for the quarterly membership meetings
2. Our annual financial review by an outside accounting firm
3. The WorldatWork Local Network conference, where two of our board members can meet and learn from other WorldatWork Local Network member organizations similar to CACC, and;
4. Finalizing details for the nine Certified Compensation Professional (CCP) and Certified Benefits Professional (CBP) courses we will offer in conjunction with WorldatWork here in Charlotte.

It takes all ten board members, our administrator, plus our committee members to keep current programs and projects moving forward and to strategize for the future.

To update you on one of our current projects - the CACC Web site redesign that I mentioned in *Compensation Matters* in August - Arnie Silverman and Norie Sanchez are close to having a first draft of the new Web site appearance and functionality

from our provider, ClickCom. (If you haven't visited our Web site yet, the URL is <http://www.caccweb.com/>). We hope to have the newly designed Web site ready to rollout to the CACC membership by early 2007, if not sooner.

For our upcoming November 8 membership meeting, Robin Bernstein, our Membership Meetings Chair, has lined up a very interesting and fun meeting topic. The meeting will be held at the Westin Hotel in uptown Charlotte. I hope to see you there!

Finally, if you have any questions, suggestions or concerns about CACC, please don't hesitate to contact me or any other board member. We are here to make CACC a better organization.

Best Regards,
Laura Williams

New Members

We are pleased to welcome the following new members:

Ashley N. Brammer – Reward Analyst, Hay Group

Lynette Johnson – Benefits Advocate, ATI Allvac

Sheryl A. Baker – HR Consultant

Member News

Eric McMillan has joined the Charlotte practice for Watson Wyatt.

Denise S. Hull is now the Manager-Compensation & Benefits – Schwartz BioSciences, Inc.

Chris Lopez has rejoined Wachovia as a Compensation Consultant

Please contact Bob Corbett, “Compensation Matters” editor for 2006, at (704) 731-4378, with member news that you would like to share.

**2006 CACC Board Members
and Committee Chairs**

CHAIRPERSON

Laura Williams 704/373-7572

VICE CHAIRPERSON

Arnie Silverman 704/557-4460

TREASURER

Stephen Dudak 704/329-7740

SECRETARY

Kim Heffernan 704/330-6672

MEMBERSHIP DIRECTOR

DeLane Huneycutt 704/336-5700

EDUCATION DIRECTOR

Tommy Burton 704/569-7701

MEMBERSHIP MEETINGS DIRECTOR

Robin Bernstein 704/733-5099

PUBLIC RELATIONS DIRECTOR

Bob Corbett 704/731-4378

DIRECTOR AT-LARGE/GPN LIAISON

Jean Gilreath 704/264-8805

EX-OFFICIO

Donna Crawford 704/940-1524

BUSINESS MANAGER

Norie Sanchez 704/319-2288

Upcoming Events/Education

Membership Meetings (mark your calendars):

- November 8, 2006
- February 7, 2006 (Annual Meeting)

WorldatWork Certification Courses:

April 2007 –

- T-1** – Total Rewards
- C-6** – Principles of Executive Rewards
- B-3A** – Health care and Insurance Plans-Financial Management

July 2007 –

- T-12** – Outsourcing and Managing HR Services Partners
- C-4** - Base Pay Management
- B-2** - Retirement Plans Design and Management

October 2007 –

- T-3** - Quantitative Methods
- C-6A** – Advanced Concepts in Executive Compensation
- C-12** – Alternative Reward Systems Improving Productivity and Competitiveness

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

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

“Everybody works smarter when there’s something in it for them.”

Michael LeBoeuf – Author, The Greatest Management Principle in the World.

“Next to excellence is the appreciation of it.”

William Makepeace Thackeray – Poet.

“All behavior is a function of its consequences.”

Bob Nelson – Author & Motivational Speaker.

Compensation Quotes

"Compensation is a right; Recognition is a gift."

Rosabeth Moss Kanter – Professor, Harvard Business School

"Incentives help continue momentum in terms of employee morale."

Patricia Schod, Manager of Media Relations – Motorola Corp.

"Pay geared to performance is important, but so is rah-rah."

Daniel Finkelman, Principal – McKinsey & Company

"Everyone who works gets paid – but not everyone gets recognition. That's why it means so much to people."

Bob Nelson – Author & Motivational Speaker

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, November 8, 2006

Our next **CACC Meeting** features a presentation by Findley Davies, Inc: Hank Federal, John Weber & Adam Barker will present a live case study of a hospital human resources department makeover modeled after the popular television program "Extreme Makeover: Home Edition" which airs on ABC. The hospital's current HR programs have been evaluated from the perspective of the employee lifecycle – hiring to retirement. A new "house" will be built using current best practices. Specific areas to be evaluated are employee benefit programs, compensation plans, HR technology and communications. This should be a fun way to see how best practices flow within a Human Resources Department when cost is not a factor.

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 8:30 AM; and will end by 10:30 AM.

CACC Website



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

The following article is based on selected excerpts from the Watson Wyatt and WorldatWork 2006/2007 Strategic Rewards study. This study is in its 11th year and focuses on the differences in employer and employee perspectives as well as examines various reward programs.

In recent years, several converging forces — globalization, increased competition and rising health care costs — have set the stage for a new employer–employee relationship. As employers try to manage costs, they continue to shift away from a paternalistic relationship with employees by offering less job security, reducing benefits and increasing emphasis on performance-based pay. Although employers may not fully understand the impact, these changes affect employees’ commitment and motivation and, ultimately, an organization’s ability to attract and retain key employees.

The 2006/2007 Strategic Rewards study reveals that many companies have an incomplete understanding of what employees value and, as a result, have less committed employees. Key employees are now leaving organizations because of pay, promotional opportunities and work/life balance. To attract and retain top talent in a cost-effective way, employers must focus on what motivates employees and act accordingly. In addition to driving commitment, employers should also communicate company goals and link them to individual goals — or create *line of sight* — to better engage employees and, ultimately, drive company success.

Some of the key findings in the study include:

- Companies report increased difficulty in attracting and retaining employees — particularly critical-skill and top-performing employees — for the third year in a row. Most notable is the growing gap between high- and low-performing companies in their ability to draw and keep the talent they need.
- Employers underestimate the role that benefits such as health care coverage and retirement plans play in retaining top employees. For example, none of the companies surveyed think health care coverage is a key reason that top-performing employees leave; however, 22 percent of top employees cite benefits as an important reason.
- Employees surveyed say that it would take 20 percent pay increase for them to leave their organization, but employers think it takes less than that to attract talent from other organizations.

Strategic Rewards Study cont’d

- Employers are putting more money into performance-based rewards. Twenty-five percent of the participants increased cash incentive targets in 2006, and more than one-third increased cash incentive payouts.
- While the overwhelming majority of companies (86 percent) think they do a good job of treating employees well, only 55 percent of employees agree.
- With merit increases averaging 3.6 percent, increases for some employees may not keep up with current inflation rates. However, as employers differentiate merit increases based on performance, top-performing employees can achieve real wage increases. Employers are also budgeting 1.4 percent of payroll for market adjustments and promotions, which can support retention goals if used to reward top performers.

Based on these findings, what should employers do? To be successful, it is critical for organizations to:

- Develop a total rewards philosophy reflecting the desired deal and clearly linked to business strategy and objectives.
- Ensure the right mix and balance of different reward programs considering globalization and constraints on rewards.
- Understand employee preferences for rewards — in particular, preferences among top-performing, high-potential and critical-skill employees — and be prepared to adjust the reward plans accordingly.
- Understand the impact of demographics on employee preferences, not just for monetary rewards such as compensation and benefits, but for environmental elements, such as work/life balance.
- Use the results of workforce planning to understand the projected profile of the company’s workforce and to align the employment deal/total rewards appropriately.
- Ensure pay differentiation for top-performing employees across all reward vehicles.



Strategic rewards Study cont'd

Once the philosophy and supporting program designs are developed, the next key step is to effectively communicate with employees. Frequent and consistent messaging about the employment deal will help create the necessary alignment between employer and employee expectations. These communications should be supported by organization-wide, localized and manager-based channels.

Organizations have an opportunity to improve the design of their total rewards programs by aligning them with their employees' priorities and making them meaningful. It is critical to emphasize those factors that will keep top-performing employees — particularly those at risk of leaving — at an organization, including pay, promotional opportunities and work/life balance. Employers should also not underestimate the role that benefits such as health care coverage and retirement plans play in creating committed top-performing employees who will stay with the organization.

In addition to driving employee commitment, employers need to create line of sight by establishing company goals and linking them to employee goals. This can be accomplished through effective performance management and communication. Employers should also consistently communicate current competitive and cost pressures, and their impact on the employment deal, and reward plan design and opportunity.

In the increasingly global and competitive business environment, it is more important than ever to implement a reward program that aligns with business strategy, delivers greater pay for performance and drives financial results.

For more information on the full report please visit watsonwyatt.com or contact Eric McMillan (eric.mcmillan@watsonwyatt.com) in Watson Wyatt's Charlotte office.

Member Profile – Russ Watkins PHR, AIS

Russ Watkins is a newer addition to the CACC, having joined our organization just this year. He is the General Affairs Executive for the SJA Agency located in the Ballantyne area. The SJA Agency underwrites property & casualty commercial lines risks for its global Japanese clients. Since 2004 when Russ took over his position, the company has grown from approximately 30 employees to a current staff of about 100. His duties include all facets of Human Resources: strategic planning, compensation, benefits, training, recruitment, and employee relations. Additionally, Russ is responsible for the facilities and administrative issues for the organization.

Russ is a native of Farmingdale, NY and a graduate of the State University of NY in Oswego, NY where he earned a Bachelors degree in Communications. Additionally, Russ has a dual Masters degree from Webster University in HR Development and Management. Russ received his AIS (Associate in Insurance Services) designation from the Insurance Institute of America in 1996 and his PHR (Professional in Human Resources) designation from the Society for Human Resource Management in 1998. His HR career extends back to 1988 when he was a Training Specialist for American Express in New York City. Russ moved south to Charleston, SC in 1991 to work in a similar role for Unisun Insurance Company. In 1995, Russ took on additional responsibilities in a more HR Generalist role. In 2000 Russ moved his family to Charlotte and became a Divisional HR Manager & Business Partner for Royal & SunAlliance (RSA) Insurance Company. With the break up of RSA, Russ accepted his current position with SJA Agency in 2004.

Russ has been married to his wife Lorraine for 16 years. They have two children; Laura age 14 and Russell, III age 4. Russ is an avid bicyclist having made the “Ride To The Beach” for each of the past five years.
