



## From the Chair – Arnie Silverman

As we approach the holiday season our group continues to grow. As of the end of September our membership had grown to 144 members. Welcome to those of you who are new members, and I ask that our current members continue to encourage their compensation, benefits and rewards colleagues who are not members to join us.

Based on the results of our membership survey earlier this year, the CACC Board has been discussing revisions to our By-Laws, which will be presented to the membership for approval. You will shortly receive an e-mail with a copy of the revised By-Laws. In the cover letter that accompanies that document I will outline the major changes/revisions. We would like to present these to the membership early so we can call for a vote at the November Membership meeting in order to allow the changes to become effective for the 2008 year.

The CACC Mentoring program is off and running. Thanks to the work of CACC Director At-Large Daryl Bennett, mentors and mentees met in September and have now been matched. Though this is a pilot program for CACC we have high hopes for its success which will allow us to continue and expand the program in the future. We believe that this will become a valuable new benefit for members.

Our September membership meeting with David Cichelli of the Alexander Group was well received and David provided those in attendance with a terrific overview of sales compensation. Our November meeting will be an FLSA update and will feature a speaker from the Department of Labor.

Also, Kenny Colbert, President of The Employers Association and CACC member, will provide us with a brief legal update, a feature we hope to offer more frequently at membership meetings. You will find more information about the meeting in this newsletter. We hope you can be there. Don't forget to register if you plan on attending.

As always, we are here to serve our membership. If you have questions or concerns please feel free to contact me or any Board member. Contact information can be found on the web site. I look forward to seeing you at the membership meeting in November.

Regards,

Arnie Silverman

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## Our Next Member Meeting: Wednesday, November 14, 2007

Our next **CACC Meeting** will be Wednesday November 14<sup>th</sup>. Please plan on joining us for a presentation by Bill Lopresti, an Investigator with the Charlotte office of the Department of Labor. Bill will provide an update on the revisions to the regulations of the FLSA.

Additionally, Kenny Colbert, President- The Employer's Association will provide us with a "Legislative Update". The update is intended to provide information on activities and pending legislation at the local, state and federal government levels that pertain to HR professionals.

We hope to see all of you at the meeting Wednesday November 14th

*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 11:30 AM.*

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## 2007 CACC Board Members

### **CHAIRPERSON**

ARNIE SILVERMAN.....704/752-3605

### **VICE CHAIRPERSON**

ROBIN BERNSTEIN.....704/733-5099

### **TREASURER**

AMY POORE.....704/731-3563

### **SECRETARY**

KIM HEFFERNAN .....704/330-6672

### **MEMBERSHIP DIRECTOR**

DELANE HUNEYCUTT .....704/336-5700

### **EDUCATION DIRECTOR**

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### **MEMBERSHIP MEETINGS DIRECTOR**

BRANDON CONKLE .....704/844-3096

### **PUBLIC RELATIONS DIRECTOR**

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### **DIRECTOR AT-LARGE**

DARYL BENNETT .....704/330-5513

### **EX-OFFICIO**

LAURA WILLIAMS.....704/373-7572

### **BUSINESS MANAGER**

NORIE SANCHEZ.....704/319-2288

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## **Upcoming Events/Education**

### **Membership Meetings (mark your calendars):**

November 14, 2007

### **WorldatWork Certification Courses:**

April 28<sup>th</sup>-30<sup>th</sup>, 2008

T-2 Accounting & Finance for the HR Professional

B-5 Managing Flexible Benefits

C-11 Performance Management-Strategy, Design & Implementation

July 21<sup>st</sup>-23<sup>rd</sup>, 2008

C-1 Regulatory Environments for Compensation Programs

B-1 Fundamentals of Employee Benefit Programs

T-11 Fundamentals of Equity Based Rewards

October 20<sup>th</sup>-22<sup>nd</sup>, 2008

C-2 Job Analysis, Documentation & Evaluation

C-19 Market Pricing-Conducting a Competitive Pay Analysis

T-9 International Remuneration Overview

*For more information, or to register, contact  
WorldatWork Customer Relations at (877) 951-9191,  
or visit [www.worldatwork.org](http://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 15<sup>th</sup>** 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](http://www.caccweb.com).

If you have any questions about the CACC Academic Scholarship Program, please contact CACC's Business Manager at [businessmanager@caccweb.com](mailto:businessmanager@caccweb.com).

## **Quotes**

*"A great pleasure in life is doing what people say you cannot do."*

Walter Gagehot

*"Success is not the result of spontaneous combustion. You must set yourself on fire."*

Reggie Leach

*"Age is an issue of mind over matter. If you don't mind, it doesn't matter."*

Mark Twain

**The way to get things done is not to mind who gets the credit of doing them."**

Benjamin Jowett (1817-1893)  
English Educator and Greek Scholar

## Compensation Quotes

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**“Having a good time is the best motivator there is. When people feel good about a company, they produce more.”**

Dave Longaberger, CEO, The Longaberger Company

**“We realized that our largest asset was our workforce and that growth would come from asset appreciation.”**

Larry Colin, President, Colin Service Systems

**“The best recognition programs inspire people to new levels of performance, helping ordinary people attain extraordinary results in the workplace.”**

Dr. Bob Nelson, Author and Speaker

**“Compensation is a right; recognition is a gift.”**

Rosabeth Moss Kanter, Management Consultant

### 2007 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 2007, starting with the 2/7/07 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 2008 – an over \$900 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!

### New Members

We are pleased to welcome the following new members:

**Jacqueline Great**-Director, Compensation, The Goodrich Corporation;

**Chris Comstock**-Consultant, Findley Davies, Inc.;

**Katie Davidson**-Corporate HR Generalist, PlayPower, Inc.;

**Teresa Newman**, Senior Manager, Compensation & Benefits, PAETEC;

**Angela Stroupe**-Accounting Manager, Tindall Corp.;

**Shanetta Perkins**-HR Specialist, Goodrich Corporation;

**Doug Templeton**-Manager, Total Compensation Services, Barloworld Industrial Distribution;

### Member News:

The following CACC members have had changes to their member profile. Please access the members only section of our website to see complete member information.

**Emily Ohiser**, a long time CACC member has started her own business consulting in HR and missions;

**Laura Ornellas**, Compensation Manager, Belk, Inc. has earned the designation of PHR;

Please contact Bob Corbett, “Compensation Matters” editor for 2007, at (704) 731-4378, with member news that you would like to share.

### CACC Website



Be sure to visit our website at [www.caccweb.com](http://www.caccweb.com)

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### **From WorldatWork & The CACC:**

#### **Exclusive Discounts on the best HR Conference of the year!**

WorldatWork and The Charlotte Area Compensation Council (CACC) invite you to attend the **WorldatWork Total Rewards Conference & Exhibition 2008**, May 20-23, Philadelphia, PA. Join more than 2,000 of your colleagues from around the world and learn innovative approaches to initiating compensation, benefits, work-life and total rewards programs that engage your workforce and contribute to business success. From distinguished keynote speakers and innovative workshops to an exhibit hall filled with the latest products and services---you'll be sure to acquire the knowledge and tools you need to attract, motivate and retain a talented workforce.

In partnership with The Charlotte Area Compensation Council (CACC), WorldatWork is pleased to offer you exclusive conference registration fees. If you are not a WorldatWork member, you can join WorldatWork and attend the conference at a reduced rate.

- The earlier you register the more you save!

#### **Individual Platinum Passport:**

##### ***Register before midnight, March 5, 2008***

- WorldatWork members registration fee: \$1,295
- Local Network and WorldatWork member exclusive registration fee: \$1,195 (save \$100). This means if you are a WorldatWork and CACC member you save \$100 of the regular price.
- Join Now Offer with conference fee: \$1,420 (save up to \$195).

##### ***Register March 6-midnight to April 16, 2008***

- WorldatWork members registration fee: \$1,395
  - Local Network and WorldatWork member exclusive registration fee: \$1,295 (save \$100).
  - Join Now Offer with conference fee: \$1,525 (save up to \$195).
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#### ***Register after April 17, 2008***

- WorldatWork members registration fee: \$1,595
- Local Network and WorldatWork member exclusive registration fee: \$1,495 (save \$100).
- Join Now Offer with conference fee: \$1,725 (save up to \$195).

To be eligible for the reduced conference registration fees, please use the following priority code when registering:

**WLNCNF08REGA**

To learn more about the WorldatWork conference, visit:

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

These exclusive incentives are valid through May 20, 2008 so take advantage of one of these exciting offers today by calling 1-877-951-9191.

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#### **Be a CACC Volunteer**

If you are interested in helping with any of the activities associated with the Charlotte Area Compensation Council, please contact any of the Board Members. We have a few opportunities to serve your organization as members of committees. This is a great way to learn how the organization operates.

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**At the September meeting**, our attendees were treated to an excellent presentation from David Cichelli-SVP, The Alexander Group. The presentation focused on Sales Compensation and featured numerous examples from Dave's vast experience in motivating sales professionals and education corporate executives on sales compensation.



**Kim Heffernan**, Director-Compensation & Benefits at CPCC as well as the CACC Secretary shares a moment with our speaker **David Cichelli**.



Two elder statesmen: **Hank Federal**, Principal, Findley Davies and **Kevin Gill**, Principal, Gill Consulting and one of our founding members catch up prior to the September meeting.



**Norie Sanchez**, CACC Administrator is always eager to welcome you to one of our events.



(From left to right) **Tara Farrar**-Manager, Compensation & Research Services, The Employers Association, **Melanie Hayes**-Sr Compensation Analyst, Belk, Inc., **Ashley Houseman**-Consultant, The Hay Group, and **Marie Winget**-Process Design Consultant, Bank of America, enjoying the networking our CACC meetings provide.



**Jean Gilreath**, Principal-JS Gilreath Consulting and CACC Committee Chair – Education spends some time with **Kenny Colbert**, President of The Employers Associate just prior to the start of the meeting.



**Robin Bernstein**, Director Compensation, Premier, Inc and CACC Vice Chair introduces **Brandon Conkle**, Manager Compensation for Harris Teeter and CACC Member Meetings Chair who introduced our speaker.



**Norie Sanchez**, CACC Administrator, provides members with name tags and handouts prior to the start of the meeting.



**Dave Cichelli**, SVP The Alexander Group delivering his presentation on Sales Compensation.



**Dave Cichelli** kept us engaged in his presentation by using real experiences, stories, and charts and graphs.



After the presentation, **Jean Gilreath**, **Ann Tilley**, Compensation Administrator, Lance, Inc. and **Robin Bernstein** talked about future CACC events.

## Mentoring Program Update

The Charlotte Area Compensation Council's mentoring program officially started on September 18<sup>th</sup> as The Employers Association hosted a getting to know one another reception. The attendees had time to socialize and network before beginning the task of learning a little bit more about each others professional experiences. In the style of 5 minute dating, each Mentee had a few minutes to ask questions of the Mentors. Then each Mentee was asked to provide Daryl Bennett, VP of Human Resources, TransAmerica and our program leader, with the top three choices of a mentor. Daryl was then able to match up a mentee with a mentor and communicate the pairing.

Each pairing will meet on a frequent basis to discuss career goals and objectives. The mentor is challenged with providing guidance and advice to the mentee. The CACC recognizes the need to provide resources to both the Mentor and mentee as we kick off this initiative. So, a sort of how to do it book was purchased for both the Mentee and Mentor as a guide to the beginning stages of the program.

As we move forward with the program, please feel free to contact Daryl Bennett or any other CACC Board Member with any questions you might have about this exciting initiative.

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## CACC Hosted WorldatWork Certification Courses

In 2008, The Charlotte Area Compensation Council (CACC) will once again host 9 certification courses as we continue to meet our member's needs for quality education opportunities.

Please take advantage of the \$100 discount CACC members receive when they signup and attend courses here in Charlotte. To register, either visit the WorldatWork website and click on Courses and Seminars, or call toll free at 1-877-951-9191.

For a listing of the 2008 courses we are offering, please either visit our website and click on Education or look back on page 2 of this newsletter.

Hope to see you at the courses!

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## U.S. Short-Term Cash Incentives Vary by Job Function and Level

Over the last few years, pay-for-performance has been a hot topic. An increasing number of companies are using short-term cash incentive programs to reward all types of employees for individual performance and organizational results. This report, based on participant data from *Culpepper Compensation and Pay Trends Surveys*, analyzes short-term cash incentives for U.S. technical, life science, and operations employees by job level. We define short-term cash incentive pay as compensation contingent on the discretion of management, performance, or results achieved within one year. *The analysis in this report excludes executive and sales employees.*

### Performance Measures

Companies are most likely to determine the size of short-term cash incentives for their U.S. employees based on two or more performance measures (Table 1). The most common organization-wide and business unit performance metrics include revenue growth, operating margin, profitability (i.e., net income, EBIT, and EBITDA), and Total Shareholder Return (TSR). Our survey results did not reveal significant differences by company size for types of performance measures used.

<b>Table 1: Performance Measures Used to Determine Size of Short-Term Cash Incentive Awards for Employees in the U.S.</b>				
<b>Job Function</b>	<b>Performance Measure</b>			
	Organization-Wide	Business Unit	Individual	Two or More Measures
Operations Managers and Professionals	12%	11%	5%	72%
Technical / Scientific Mgr. and Prof.	14%	6%	14%	66%
Hourly / Non-Exempt Employees	17%	6%	15%	62%

### Eligibility for Short-Term Cash Incentives

Nearly half of U.S. operations, technical, and life science employees are eligible to receive short-term cash incentives (Table 2). Differences emerge by job function, with eligibility for life science employees notably higher than operations or technical employees. There are also significant differences by job level, with short-term cash incentive plans more common at management levels than for entry and mid-level employees.

<b>Table 2: Eligibility for Short-Term Cash Incentives in the United States</b>				
<b>Job Level</b>	<b>Percent of Employees Eligible for Short-Term Cash Incentives</b>			
	All Operations, Technical, and Life Science Employees	Operations Employees	Technical Employees	Life Science Employees
<b>All Levels</b>	<b>47%</b>	<b>52%</b>	<b>44%</b>	<b>59%</b>
Management Level	68%	71%	66%	75%
Senior Level	49%	59%	46%	62%
Entry / Mid-Level	42%	43%	38%	57%



## Short-Term Cash Incentive Awards

Median short-term cash incentives as a percent of base salary is 7.5 percent for incentive eligible operations, technical, and life science employees in the U.S. (Table 3). Short-term cash incentive awards for operations and management-level employees run notably higher than non-management employees.

Table 3: Short-Term Cash Incentive Awards in the United States				
Job Level	Median Short-Term Cash Incentives as a Percent of Base Salary for Incentive Eligible Employees			
	All Operations, Technical, and Life Science Employees	Operations Employees	Technical Employees	Life Science Employees
All Levels	7.5%	10.0%	7.6%	3.0%
Management Level	12.3%	13.8%	10.0%	11.5%
Senior Level	10.0%	10.0%	10.0%	3.4%
Entry / Mid-Level	5.0%	6.3%	5.3%	3.0%

## What is Driving the Shift Towards Broad-Based Short-Term Cash Incentive Plans?

Over the past few years, technology and life sciences participants in *Culpepper Compensation Surveys* have reported three factors most responsible for expanding the use of short-term cash incentive programs to a wider range of U.S. employees.

1. *Decline of broad-based equity compensation.* Expensing requirements due to FAS 123(R) have caused many companies to cut back or to eliminate broad-based equity compensation programs.
2. *Pay-for-Performance.* More companies are designing compensation plans to have a stronger link to individual performance and organizational results.
3. *Smaller base salary increase budgets.* Despite [base salary increases rising slightly over the past few years](#), they are close to historical lows. Long-term costs associated with high base salary increases have led many companies to shift a larger portion of their compensation costs to short-term incentives.

## Conclusion

Short-term cash incentive eligibility and award payouts can vary significantly between job function and job level. A "one-size-fits-all" approach to designing short-term cash incentive pay plans is risky. Job-specific compensation data with local geographic breakouts is essential to designing an appropriate and competitive compensation plan.

**Source: Culpepper eBulletin, October 2007. Complimentary subscriptions at:**

[www.culpepper.com/eBulletin/](http://www.culpepper.com/eBulletin/)



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## Separating Market Adjustments from Merit Movement

By James Fox & Bruce Lawson  
Fox, Lawson & Associates

Each year, most governmental organizations struggle with the question of how they are going to balance the need to update their salary structure in order to maintain their relative position in the overall labor market while also trying to reward employees for meeting or exceeding their performance objectives for the past year. At the same time, employees would like to see their compensation increase within their established salary range. Unfortunately, many government employers simply grant a fixed percentage market or Cost of Living (COLA) adjustment that results in employees receiving a salary increase that is equal to the adjustment in the salary range. The result is that while employee salaries are increasing, they don't feel like they are getting ahead.

Private sector employers long ago recognized that they needed to separate structure adjustments from pay increases. Thus, year after year, their salary structures are adjusted at about 1/2 to 1/3 of the amount allocated for employee pay increases. During some periods, salary structures did not increase.

This separation is all very logical if you realize that a salary structure is designed to bring salaries (at the minimum) to market levels and to control maximum salaries at the top of the structure. Employees already have a job so the structure adjustments do nothing for them. Adjustments to pay, therefore, are designed to recognize your current employees.

The only viable option to the above scenario is for organizations to determine how much money they are going to add to their total compensation package and then determine how they can use those dollars most effectively. In most cases, the answer is fairly simply - allocate a portion of the money to a structural adjustment in order to keep the salary ranges competitive with the labor market. Structural adjustments in the 2% to 3% have been common over the past few years. The remainder of the money that is available for compensation increases can then be put into the organization's merit pool for distribution to employees whose work meets or exceeds performance expectations.

The remainder of the money that is available for compensation increases can then be put into the organization's merit pool for distribution to employees whose work meets or exceeds performance expectations.

For those organizations using a step type system, those dollars can offset some or all of the cost of step increases. For those organizations having an open-range model, the dollars would become the basis for merit adjustments.

You may ask why this is significant or important. Very simply, most workers (something in the area of 85% of the American workforce) do not receive automatic pay increases every year. Given the public's concern about public sector pay levels, it is often easier to sell a more modest market adjustment with the balance of the money being used to reward those employees who add value to their organization. Unfortunately, that is not. While this should not be news to public sector human resources professionals, we have an entitlement mentality that must be changed if government is to manage more effectively.

In a prior newsletter, we talked about the need to define a compensation philosophy and related strategies. The key point was that you should be using your resources to accomplish strategic and organizational objectives rather than simply continuing to do business as you have always done. Maintaining a competitive salary structure is important, but so is having the resources to recognize employees for their performance through increases in base pay within their established salary range. As resources for salary increases become more limited, the need to separate structure adjustments from merit increases will become more significant.

### **About Fox, Lawson & Associates:**

Fox, Lawson & Associates LLC solves strategic compensation and human resources issues of organizations experiencing significant change. They assist organizations to align their compensation, benefits and human resources systems to their organization objectives.

### **Locations:**

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