



From the Chair – Arnie Silverman

It is hard to believe that more than half the year is already gone. Though these may be the “lazy days of summer” your Board of Directors has continued to be active and busy. As of the end of June our membership had grown to 139 members including six new members that month. Welcome to those of you who are new members, and I would like to ask that our current members encourage their colleagues who are not members to join us. We offer numerous benefits of membership including our membership meetings, newsletter, professional networking opportunities, as well as continuing education and certification courses.

Board Director Donna Crawford and Education Chairperson Jean Gilreath have worked closely with WorldatWork to schedule the courses we will offer in 2008 and you will be hearing more about that schedule. As to the present, the courses just recently conducted had strong enrollments.

In this issue of “Compensation Matters” you will find a summary of the Membership Survey results we conducted earlier this year. Our thanks go to Director DeLane Huneycutt for her hard work on the survey and analysis of the data. Based on survey results the Board is discussing revisions to our By-Laws which will be presented to the membership for approval later this year.

You will also find a Q & A with Dave Cichelli of the Alexander Group who will also be our featured speaker at the September 12 membership meeting. David is an engaging speaker and it will be a great meeting. 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.

Many of you responded to our brief survey regarding the implementation of a mentoring program. The results of the survey were encouraging and you will soon be hearing more about our plans from Director Daryl Bennett, who continues to work hard to put a program together.

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 September.

Regards,

Arnie Silverman

Our Next Member Meeting: Wednesday, September 12, 2007

Our next **CACC Meeting** will be Wednesday September 12th. Please plan on joining us for this informative presentation by Dave Cichelli of the Alexander Group as he discusses the topic:

Designing Effective Sales Compensation Plans

Bring your sales compensation design team. Learn how to develop effective sales compensation plans for customer contact personnel: sales, technical and customer service. This half day seminar will provide you with the ideas you need to reward outstanding sales performance. David Cichelli of The Alexander Group, Inc.®; is the leading sales compensation design expert.

Examine how to construct effective sales compensation programs, select the right measures and manage the program for optimal performance. This is an excellent program for senior leadership.

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.

**2007 CACC Board Members
and Committee Chairs**

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ARNIE SILVERMAN704/752-3605

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

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DELANE HUNEYCUTT704/336-5700

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DARYL BENNETT704/330-5513

EX-OFFICIO

LAURA WILLIAMS704/373-7572

BUSINESS MANAGER

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

Upcoming Events/Education

Membership Meetings (mark your calendars):

September 12, 2007

WorldatWork Certification Courses:

October 10-12, 2007 –

T-3 – Quantitative Methods

C-6A – Advanced Concepts in Executive Compensation

**C-12 – Alternative Reward Systems Improving
Productivity and Competitiveness**

The 2008 WorldatWork Certification Course schedule for Charlotte has been finalized. Please visit our website for the dates and course offerings throughout the year.

*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

"You do not lead by hitting people over the head — that's assault, not leadership."
Dwight D. Eisenhower

"Be the change you wish to see in the world."
Mahatma Gandhi

"I praise loudly. I blame softly."
Catherine the Great, 1729-1796

"I've learned that people will forget what you said, people will forget what you did, but people will never forget how you made them feel."
Maya Angelou – Poet

Compensation Quotes

“Those who give and get praise at work receive higher loyalty and satisfaction scores from customers.”

-Findings from The Gallup Organization

“Good treatment of workers results in similar treatment of customers.”

-Todd Englander, Incentive

“An idea is a fragile thing. Turning it off is much easier than keeping it lit. Ideas shine because somebody had them and somebody helped them and nobody turned them off. Companies have to reward people for being creative, for coming up with new ideas.”

-Tom Peters, Author

“One of the stepping stones to a world-class operation is to tap into the creative and intellectual power of each and every employee.”

Harold A. Poling, Former Chairman & CEO - Ford Motor Company

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:

Amber Sherman-Regional HR Manager, ATI Allvac;
Yolanda Lewis – Compensation Analyst, Kennametal;
Sheryl Solomon – Director of Compensation, Compass Group, The America Division;
Sean Hartley-Director,International HR & Total Rewards, Transamerica Reinsurance;
Kristen Cobb-Compensation Consultant, BB&T;
Nancy Brower-Partner, Poyner & Spruill LLP;
Marvin Stokes-SVP, Aon Consulting;
Jenelle Grier-Compensation Analyst, Carolinas Healthcare System;
Jerry Estes-Directro,HR Sales, Lance, Inc.;;
Stan Smith-Human Patterns, Inc.;;
Holly Patz-Compensation Analyst, Family Dollar;
Eric Steindler-Compensation Manager, Lowes Companies, Inc.;;
Julie Leonard-Compensation Sr Analyst, Lowe’s Companies, Inc.;;
Roberta Cockerham-Compensation Specialist, Lowe’s Companies, Inc.;;
Melanie Ellis-Compensation Analyst, Lowe’s Companies, Inc.;;
Angelia Barbee-Compensation Analyst, AREVA-NP
Deborah Truesdale-Director of Compensation, Belk, Inc.;;
Laura Omellas-Compensation Manager, Belk, Inc.;;
Melanie Hayes-Sr Compensation Analyst, Belk, Inc.

Member News:

Laura Williams is now a Compensation Consultant for Duke Energy Corporation;
Kim Pate is now the Managing Director-Executive Compensation, Benefits & Compensation, Duke Energy Corporation.

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

Mentoring Program Update

The Charlotte Area Compensation Council's mentoring program will officially start in September, 2007. We have 16 people who have signed up for the program either to become a mentor or participant in the program.

We are providing this program as a means of developing human resources and expanding the network of professionals within our membership.

Mentoring is about guiding others in their personal quest for growth through learning. The mentor acts as a trusted guide, offering advice when asked and opening doors to learning opportunities when possible. Unlike coaching, the initiative in mentoring comes from the person seeking greater understanding. The person being mentored must take responsibility for his or her own growth and development.

Mentoring supports individual career development through sponsorship, coaching, exposure and challenge. It also addresses psychosocial functions such as; how to best behave in workplace situations, workplace values, and personal dilemmas.

Mentoring has these benefits:

1. It develops the human assets of an organization.
2. It helps to transfer important tacit knowledge from experience of one to another.
3. It aids in the retention of valued employees.
4. Provides for long term relationships, even after the program has ended.

The individuals who benefit the most from mentoring are career oriented (as opposed to job oriented), are self-aware, eager to learn, and highly ambitious.

The mentor's benefit also. Mentors have always said that the mentoring participant can ask some very thought provoking questions or present challenges they have not thought of in several years.

As the market changes new and more complex issues arise and this is where the mentor can plan an important role. Guiding and giving advice or just directing the participant into a new direction for answers.

The CACC feels this program will be the foundation to other human resource initiatives we will undertake for our membership.

Stay tuned for further updates as we begin this new program for our membership.

Daryl Bennett

Q & A With Dave Cichelli of The Alexander Group

David Cichelli of the Alexander Group is a leading expert on sales compensation. He is the author of "Compensating the Sales Force." In this interview, David explains why companies need to conduct a comprehensive annual review of their sales compensation plans, and why it's not too soon to start planning yours.

Q: Some sales executives are constantly tinkering with the sales compensation program; others feel few changes are best. What's the right answer?

A: Good question...well, neither is really correct. Sales departments are all about alignment, alignment between customers and product divisions. Both of these variables—for most companies—are in transition. A sales department is constantly fighting to maintain this alignment and thus avoids slipping into obsolescence—the opposing force to alignment. The sales compensation program helps enforce this alignment. Thus, once a year, a sales department needs to check its "rigging" to ensure the sales compensation program is retaining the sales force and motivating the right types of sales behavior.

Q: I have heard you say that "tweaks" are bad, but "minor changes" are acceptable. What's the difference?

A: A "tweak" is best described as a "non-contextual" change made outside a comprehensive design process. It's these "tweaks" that can cause unanticipated glitches in the compensation plan. Minor changes are acceptable as long as all elements of the sales compensation program are reviewed by a cross-functional team of sales, marketing and finance management.

Q: Who owns the design of the sales compensation plan?

A: In our annual survey of sales compensation trends, the results remain pretty consistent year after year. For 45% of the companies, sales management "owns" sales compensation redesign. 25% use a cross-functional team. And, 24% assign the re-design task to HR. The remaining 5% are divided between finance and marketing. My preference: I like the idea of a cross-functional design team. It seems to work best.

Q & A With Dave Cichelli Cont'd

Q: What's the biggest mistake companies make with their sales compensation plans?

A: Sales compensation offers many trap doors to fall through, but the most common and negative mistake is using too many performance measures. The rule of "no more than three" is the best advice. And, these three or fewer measures should be related to sales results of the seller. The following measures should be avoided: corporate or division measures, compliance measures and activity measures.

Q: If a company's fiscal year begins January 1, 2008, when should they start their re-design process?

A. Begin your re-design effort at the start of September. Give yourself one month to assess the current plan. One month to do the design work and the rest of the year to document, update your automation support and communicate the program to the field.

Q. How can readers get up to speed on this topic?

A: Let me recommend a one-day course offered by WorldatWork (www.worldatwork.org) called "Sales Compensation Design." It is offered three times in the fall at these locations: Princeton, NJ—Sept. 25th; San Jose, CA—Oct. 3rd; and Chicago, IL—Oct. 8th. I am the instructor for these classes. Bring the whole design team. It's worth it!

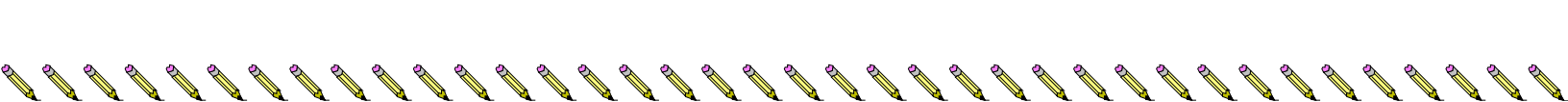
2007 Membership Needs Survey Results

The responses to the 2007 Membership Needs Survey, conducted in April, have been compiled. Members responded electronically through the web site SurveyMonkey, resulting in a great response rate and a quick turnaround time for the results to be posted on the web. We would like to express our appreciation to the 42 members who responded to this year's survey, and congratulate the three gift certificates winners: Mary Abel, Mary Skor, and Kim Williams. You may review the detailed results in the Members Only Section of the CACC website (www.caccweb.com).

Some of the highlights are as follows:

- The majority of the responding members have over 17 years of experience in total HR and average 10 years experience in Compensation or Benefits.

- Of the members who responded, 24% practice in the Manufacturing Industry, while 14% work in the Public Sector and another 14% are in Consulting.
- The majority, 78%, of the responding members work at the corporate level of the organization.
- Almost three-fourths of the respondents had attended a CACC Member Meeting in the last year. The majority of those who did not attend a meeting indicated work schedule conflicts as the reason.
- Career/Resume Enhancement, World at Work Certification Courses, Networking/Peer Interaction, and Job Opportunities were the leading reasons given for joining and remaining members of CACC.
- 80% of the responding membership prefers presentations to panel or roundtable discussions, or breakout sessions, with the second choice being panel discussions by 76% of the respondents.
- Almost three-fourths of the membership prefers breakfast meetings with lunch meetings as a clear second choice.
- Compensation Trends led the membership meeting topics of interest, with Total Rewards coming in second and Market Pricing, Compliance and Regulatory Issues, and Compensation and Benefits Communications following close behind.
- 72% of respondents felt that the CACC Scholarship Program is a valuable benefit to the membership.
- The Website, Newsletter, and Board Responsiveness all received high marks, with 39% of the responding members indicating that they visit the web-site monthly, 34% quarterly, and 14.6% weekly.
- Over two-thirds of the respondents felt that Consultants should be allowed to serve on the Board of Directors. Of the third that responded no to service on the board, 72% felt Consultants should be allowed to serve on the Membership Committee.
- The overwhelming majority, 85%, felt our name should remain Charlotte Area Compensation Council.



One of the major uses of the survey is to determine the World at Work Certification Courses to offer in the upcoming year. Your response to which courses you would like to see offered directly correlates to the courses CACC requests WorldatWork to offer through our organization. The top two requested courses were T12, C2, with T11, C12, C17, W1, and a One-Day Compensation Fundamentals seminar tied for 3rd place. The final decision about courses offered next year also depended on those offered the past several years, and the courses that surrounding organizations are offering through WorldatWork.

We received lots of great input from you, the Membership, in the comments section, which the Board is currently reviewing for ways to further improve the services that CACC offers to its members. We look forward to working with those members who indicated an interest in serving as a Committee Member or Meeting Speaker.

Our appreciation goes out to all of you who took the time to complete the survey and please know the Board is listening and working to respond to your needs.

DeLane Huneycutt – Membership Director

With the Forecasted Rise in Retaliation Claims, Do You Know What Constitutes Today’s “Adverse Employment Action”?

By Jean Gilreath, SPHR, CCP, CBP
J. S. Gilreath Consulting, Inc.

In a recent discussion with a client, we were brainstorming on creative work schedules for their manufacturing environment. With a stable workforce of an average seniority of over 20 years, we were exploring scheduling and compensation options for a pending retirement exodus and the increased production requirements.

As Human Resource professionals, and for some of us who have specialized in compensation, we have been challenged to create compensation plans to accommodate the non-traditional work schedules. We have known that we can not practice compensation management in a vacuum, and our roles now more than ever must evolve into a stronger partnership with our business leaders. So before you start designing shift

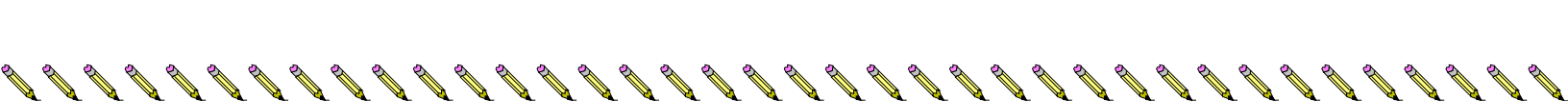
schedules, compensation structures, and setting policy on how employees will be re-assigned to your scheduling masterpiece, take a moment to understand how the recent Supreme Court ruling has expanded the scope of retaliation claims by adopting the **reasonable worker standard**.

On June 22, 2006, the United States Supreme Court issued a highly anticipated decision in the Burlington Northern & Santa Fe Railway Company v. White case. The key question before the high court was what constitutes an “adverse employment action” under the anti-retaliation provision of Title VII of the Civil Rights Act of 1964. While Title VII protects employees against discrimination on the basis of race, color, religion, sex and national origin, it also prohibits retaliation against those who complain about discrimination, participate in an investigation, or who oppose discriminatory practices. The decision, which had all nine justices agreeing that illegal retaliation had occurred in the Burlington case, has brought a measure of clarity to an area of the law that generates thousands of cases per year and has had conflicting interpretations among the federal appeals courts. By setting a single national rule to define what constitutes retaliation, the court has expanded the legal rights of employees covered under Title VII and adopted a broadly worded and employee-friendly definition.

As a concept, retaliation claims by employees present nothing new to employers. The National Labor Relations Act passed in 1934 contained provisions prohibiting the discharge of, or discrimination against, employees because they had filed an unfair labor practice charge or given testimony under the same statute. As new statutes protecting employees have been passed, many of the statutes have included anti-retaliation provisions that assure employees will not be penalized for making reports of violations.

Congress enacted Title VII of the Civil Rights Act of 1964 primarily to effect a national commitment to ending racial discrimination in employment. Congress extended Title VII to proscribe employment discrimination based on race, color, religion and national origin. The Act’s ban on sex discrimination was attached as “an eleventh-hour amendment in an effort to kill the bill.”

The purpose of Title VII is to encourage employers to



take reasonable measures to prevent employment discrimination and prohibits retaliation by an employer against an employee who exercises his or her rights under the Act. The title also provided for the creation of the Equal Employment Opportunity Commission (EEOC), the federal agency charged with enforcing the Act.

Prior to the Supreme Court's opinion, various courts applied differing standards with regard to what constituted actionable retaliation in the employment context.

At the time of the Supreme Court's decision, the circuit courts had used four different standards for establishing actionable retaliation:

- The retaliation must be material and employment related
- The retaliation must pose an ultimate employment decision
- Application of the EEOC guidelines
- A material retaliation need not be employment related

In June of 1997, Burlington Northern hired Shelia White to work in its Maintenance of Way department at its Tennessee Yard. White was interviewed by Marvin Brown, road master for the Tennessee Yard, and hired based upon her experience operating a forklift and the recent vacancy within the department of recently promoted stationary forklift operator.

White was the only female working in the Maintenance of Way department at the Tennessee Yard, reporting to foreman Bill Joiner. In testimony at trial, Joiner admitted that he had never supervised a woman before and that he treated White differently because of her gender. Joiner also admitted (and also stated that several other Burlington Northern employees agreed with him) that the Maintenance of Way department was an inappropriate place for women to work.

On September 26, 1997, White complained to Brown and other company officials about specific incidents of alleged sexual harassment committed by Joiner. The company investigated the allegations and subsequently suspended Joiner for 10 days, requiring him to attend sexual harassment training. In a review meeting with White, Brown informed White of the disciplinary action levied against her supervisor, and that based on complaints from her co-workers, Brown was removing

her from the forklift position, assigning her to a standard track laborer position. Her pay and benefits did not change, however, the new job was more arduous and "dirtier" than the forklift position. White filed a charge with the Equal Employment Opportunity Commission (EEOC) on October 10th alleging sex discrimination and retaliation, claiming that the reassignment of her duties amounted to unlawful gender-based discrimination and retaliation against her for previously complaining about workplace harassment.

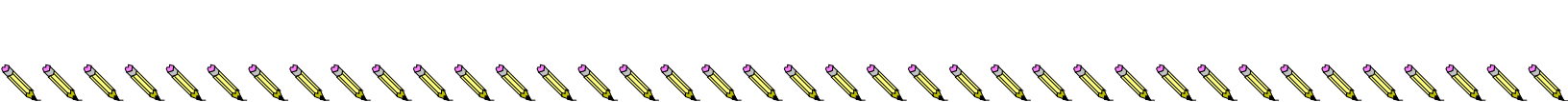
While working with a regional tie gang in December, White was involved in an employee dispute, which was escalated to Brown and ultimately was considered insubordination on White's part. White was immediately suspended without pay. While the grievance was pending, White was without a job and income, and without any knowledge as to when she could return to work. During this period, White sought medical treatment for emotional distress and filed the second EEOC charge alleging retaliation.

When the investigation found that White had not been insubordinate, White was reinstated with full back wages after the thirty-seven days suspension. White filed a third EEOC charge alleging retaliation based on the suspension.

Exhausting her administrative remedies, White filed the Title VII claim in federal court arguing that the change in job duties as well as the later suspension constituted impermissible retaliation. At trial, White succeeded in both claims and received a jury award on compensatory damages as well as attorney fees.

When Burlington Northern reached the Supreme Court, the Court was left with the task of addressing the conflicting retaliation standards that had divided federal appeals courts. Title VII prohibits discrimination and prohibits employers from retaliating against workers who complain about discrimination, but does not define retaliation. Under the varied standards applied by the courts, it was almost impossible to win a retaliation case unless the retaliation resulted in a dismissal.

In delivering the opinion of the Court, Justice Stephen G. Breyer stated that employers are liable for retaliatory actions that a "reasonable" worker would find "materially adverse" and that could deter a worker from filing a claim. In a unanimous decision, the court stated that illegal retaliation can occur beyond the terms of employment and outside of the workplace.



The Court first resolved the conflict among the circuit courts when it ruled that an “adverse employment action” is not limited to so-called “ultimate employment decisions” like hiring, firing, compensating, and promoting. Instead, the Court said, the definition also includes lesser employment actions like assignment to a less desirable job with no loss in pay. Under the Court’s test, any action is prohibited that “well might” dissuade “a reasonable worker” from making or supporting a charge of discrimination. Justice Breyer wrote, “Common sense suggests that one good way to discourage an employee...would be to insist that she spend more time performing the more arduous duties and less time performing those that are easier or more agreeable.”

Significant to the Court’s holding is that the anti-retaliation protections of Title VII are not confined to employment-related actions that occur in the workplace, specifically if the actions are serious enough. In review of the case, the Court was clear in stating that employers are prohibited from engaging in conduct outside the workplace that might discourage employees from complaining in the future.

Finally, the Court concluded that a plaintiff must show that a “reasonable employee” would find the challenged action “materially adverse”. The Court found that Sheila White had done that with respect to the imposition of a 37-day suspension without pay, even though she had been reinstated with full back pay, and with respect to her reassignment to less desirable job duties, at no loss in pay. In referring to the suspension, Justice Breyer wrote, “Many reasonable employees would find a month without a paycheck to be a serious hardship,” and take that into account before filing a complaint.

The eighteen-page opinion reflects a widely shared sense at the Court that employment discrimination law has to be flexible enough to account for the realities of a diverse modern workplace, in which the same action by an employer could have different effects depending on the employee. Justice Breyer noted, “Context matters....a change in an employee’s work schedule may make little difference to many workers, but may matter enormously to a young mother with school age children.”

The Supreme Court gave important guidance in Burlington Northern, analyzing and explaining what is meant by retaliation under Title VII. Essentially, the

Supreme Court has asserted that when determining whether retaliation is unlawful depends on the facts surrounding the life of the victim. The decision was not a terribly unexpected result and is being referred to as a pro-employee decision. The problem with the decision is that the standard selected is so unclear that the employer, at least arguably, will have a very difficult time deciding when it’s at risk and when it’s not.

In theory, the decision will make it easier to sue in federal court for workplace retaliation. While we often think the Supreme Court has the final word, every opinion the Court issues must then be interpreted and plied by the federal courts, both the circuit courts of appeal and the district, or trial courts. The courts are only starting to define the parameters of the Burlington Northern decision.

What it certainly means, is there will exist a period of time until the courts sort through the new standard. The question facing employers now is will the U.S Supreme Court decision and clarification become the employee’s new favorite weapon? With this broadened definition of actionable retaliation, companies should expect more retaliation claims, and the currency of the decision means that courts will be inexperienced with tackling these types of claims and may err on the side of being overly cautious when refusing to dismiss them.
