



# COMP TIMES



Wow, it's Spring already! My how time flies. RCA has already had a Quarterly Meeting and sponsored a W@W course for its members. What's next one might ask... well the W@W Total Rewards Conference in Philadelphia, PA.

This year the Conference is close to home and offers a great line up of Forums, speakers, and networking opportunities. As an added benefit, our members will receive \$100 off their registration by using the promotional code **WLNCNF08REGA**.

Once again, RCA will be sending a Board member to act as a correspondent for our membership. Last year our correspondent, Vanessa George, came back with some great tips and best practices that were shared by speakers at the 2007 Conference.

If you would like to read Vanessa's article, please go to the Newsletter area of our website ([www.richcomp.org](http://www.richcomp.org)) and click on the link [Comp Times, 3rd Quarter 2007](#).

Be on the look out for our next newsletter which will have some great highlights from this year's WorldatWork Conference. Until next time...

Anne Jernigan, Director of Communications

**Author's Note:** For more information or to register for this year's conference, please go to W@W's website: [www.worldatwork.org](http://www.worldatwork.org). There you will find Conference schedules, lodging information, etc.

## What's in this Issue:

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What you missed in 100 words or less

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## Message from The President

It's hard to believe that spring has arrived and summer is right around the corner! For many, this is a really busy time of year. And it has been a very busy year so far for our RCA board!

Our Director of Communications, Anne Jernigan, has been working diligently with our website vendor to get the new and exciting RCA website up and running. Please stay tuned for more updates that will be coming soon!

I hope all of the members that are attending the World at Work conference in Philadelphia have a very successful week. It is always a great venue for networking and compensation education opportunities.

Look forward to seeing you all at our next quarterly meeting in June!

Warmest regards...

Jennifer Atkins, RCA President

## First Quarterly Meeting Notes

Rick Oliveria, President of the Bay Area Compensation Association, presented "The Seven Deadly Sins of Employee Compensation" on March 19, 2008.

The presentation covered issues such as controlling job titles, accurately defining your labor market, the performance appraisal process, designing effective sales and incentive programs, communicating compensation effectively, utilizing non-monetary rewards and management training.

A copy of his presentation is available on the Richcomp.org website.

## Job Postings

If your company has HR job openings, we can post it on our website. Simply email the position and description to [Job Posting Dropbox](#). Posting is free to all RCA members. For **non-members** the fee for each job posting is \$75. Job postings will remain on the website for 60 days.

## Board Update

Due to unforeseen professional obligations, our new Director of Finance, David Enoch, has asked to step down from his role on the RCA Board.

The Board met and voted that the best course of action would be to have the duties of the Director of Finance transitioned to current board members for the remainder of the year. We have also retained the services of a bookkeeper, Kathy Hostetler.

The board will meet at the conclusion of the calendar year to determine the future role of the Director of Finance. We appreciate your patience during this transition of duties in the coming weeks.

## 2008 Programs

The 2008 Program's Theme of the Year is, "Employee Compensation: Making your Mark."

Our list of esteemed speakers and their presentation topics follows:

**June 18<sup>th</sup>**, Ron Reynolds, Northeast Compensation Consulting Practice Leader of Lockton Companies based in Richmond, VA will present, "How to Develop and Communication Total Rewards Strategy."

**September 17<sup>th</sup>**, Edward R. Rataj, Managing Director of Compensation Consulting in the Human Capital Advisory Services practice of CBIZ Business Solutions of St. Louis, Inc. will present, "How to Set Pay Ranges that are Fair and Effective."

Arrive early to enjoy breakfast and meet other RCA members from organizations in and around the Richmond area.

Not to mention, the grounds at the Lewis Ginter Botanical Gardens will be in full bloom. Don't forget that by attending this meeting, you can tour the gardens for free that day.

Leslie Van Auken, Co-Director of Programs

## Survey the Membership

Do you want to know what other companies are doing in the area? We will survey the membership about topics or questions of interest. Please send your requests to [SurveyQuestions](#).

## SHRM Conference

### 2008 Virginia State SHRM Conference

**Calendars are marked. Excitement is building.**

The Virginia State SHRM Conference, October 22 – 24 at the Greater Richmond Convention Center, will be here before we know it!

This year's theme—Unlocking the Treasure—is all about uncovering the potential of our most valuable resource—talented people.

Here is a sneak preview of our speaker line-up:

- Nikki Giovanni, named one of Oprah's 25 "Living Legends," will share her expertise as writer, activist, and educator as our opening keynote speaker.
- Pegine Echevarria is back by popular demand to deliver leadership wisdom with a touch of comic genius.
- David E. Nagle has been called a "true friend" to the HR community and will lead a team of attorneys set to present FLSA Master Class, FMLA, immigration and Virginia Employment updates.
- Valerie Cade, known worldwide for her heartfelt lectures, will present "Bully-Proofing Your Workplace."
- Larry Johnson, ranked #1 speaker at the Inc. Magazine Workforce Conference, will offer fresh "how-to" solutions.

A special thank you goes to our Gold Sponsors Optima Health and Dental Direct as well as "gem sponsors" LandAmerica, Richmond Employment Guide, Hilb Rogal & Hobbs, Bernard Hodes Group, Jackson Lewis LLP and Lee Hecht Harrison. We welcome other businesses to support this important event.

For more information at anytime, please contact your personal state conference liaison who sent you this communiqué or the publicity team through:

Debbie Bornholdt, SPHR  
(804) 267-1287  
[dbornholdt@rc.hodes.com](mailto:dbornholdt@rc.hodes.com)

Tom Davidson, SPHR  
(804) 217-8365  
[tom@davidsonleadership.com](mailto:tom@davidsonleadership.com)

To register or check for updates, be sure to check out our website at [www.rhrma.org](http://www.rhrma.org) for the latest information.

## 2008 Courses

**Pricing:** RCA member \$920  
W@W member \$1,020  
Non-member \$1,540  
Exam only \$395

**Location:** Richmond Marriott West  
(804)965-9500  
[www.marriott.com](http://www.marriott.com)

### **C17 – Market Pricing**

When: June 11<sup>th</sup> – 13<sup>th</sup>, 2008

### **T2 – Accounting and Finance for HR**

October 29<sup>th</sup> – 31<sup>st</sup>, 2008

**Courses can fill up quickly, so sign up now!**

For these courses, please sign up with W@W by phoning Customer Relations at (877) 951-9191 or emailing W@W [Customer Relations](#).

## Articles of Interest

### **WorldatWork to Hold Annual Conference in Philadelphia in May**

*Event expected to draw more than 2,000 HR practitioners and business leaders from 30 countries*

WorldatWork, an association of human resource professionals from FORTUNE 500 and other leading organizations worldwide, is holding its annual conference in Pennsylvania in May. This is the very first time the Scottsdale-based association will be holding its annual conference there.

Talent leaders and HR executives from large corporations, educational institutions and government agencies will gather May 20-23 at the Pennsylvania Convention Center to discuss and rethink the ways their organizations attract, motivate and retain employees. Is it better to focus rewards on the top performers or broaden talent management strategies to target a wider segment of the workforce? Besides money, what are other effective ways to motivate sales employees? Is flexibility the new currency?

A special session titled Future of Attraction, Motivation and Retention Forum will focus on the dramatic transformations expected to occur in workforce management, work design, outsourcing and training.

Jonas Ridderstrale, Ph.D., author of *Karaoke Capitalism: Management for Mankind* and *Funky Business: Talent Makes Capital Dance*, will deliver the

opening keynote. *Dr. Ridderstrale, recognized as Sweden's outstanding young academic of the year, believes that when it comes to business strategy, organizations need to develop a new set of employee skills: hope, confidence and loyalty. To achieve this, employers must share a dream, not a "five-year plan." It is the dream that attracts, motivates and keeps people committed to a cause. Now in its 53rd year, the WorldatWork*

Total Rewards Conference is expected to draw more than 2,000 HR executives and corporate leaders from 30 countries involved in attracting, motivating and retaining employees. Talent leaders from organizations such as Accenture, Buck Consultants, Bureau of Labor Statistics, Hay Group, Loyola University Chicago, Microsoft Corporation, Motorola, Towers Perrin, and University of Connecticut will be speaking.

For additional information, visit <http://www.worldatwork.org/waw/philadelphia2008/attendee/index.html>

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### **Paying for Talent in an Uncertain Economy**

As the global economy struggles through a recession, employers need to look closely at how they pay for talent. Critical elements of rewards – external and internal pay equity, merit pay as well as job design – determine how well an organization motivates its workforce, especially the key talent pool.

#### *Challenges in Attraction, Retention and Motivation*

For the rest of 2008, it appears that the tide of compensation and benefits rewards is not flowing in favor of workers. With salary budgets hitting historic lows and remaining there for the near future, and health care costs continuing to rise, employees could start to feel a hit.

Organizations need to conduct a thorough skills analysis otherwise they may begin to see key talent (defined as any individual contributor who plays a key role in the organization) move to positions with other organizations for more pay. Merit budgets hover around 3.5 percent and organizations struggle for the best ways to differentiate pay based on performance, so employees could realistically see an increase of 10 to 15 percent by accepting another job.

Employers are trying to enhance the employee value proposition by distinguishing rewards based on performance. In other words, with the little monies organizations have, the high performers are receiving a bigger piece. However, organizations will soon need to determine if they are willing to "break the bank" to keep this talent.

During economic downturns, employees are pulled by differing motivational pressures. This is where a holistic total rewards approach could play a larger part in the employee's decision to stay or go.

### *The Importance of Job Design*

It is important to determine how much a job is worth *and* how much the individual talent within that job is worth. Job design should be considered the cornerstone of any compensation program. If a role is determined to be key within an organization, it is important to ensure the talent within that role satisfies the requirements of the position and the organization is paying well for that talent.

Organizations will need to review budgets and determine if additional training will increase employee skills, or if it would be more cost-effective to hire from the outside.

### *External and Internal Equity*

Once job design is factored in, it is important that organizations determine the monetary value of the job. In times of recession, external equity of key positions becomes a focal point. External equity—more frequently called market pricing—is a tool that can be used to survey what the market is paying for a specific position to ensure your organization is paying competitively. If employees perceive that the company down the street pays more than yours does, this will create a major impact on retention as well as attracting a large talent pool. In a down economy, it is vital to keep a pulse on what the market is paying and beware that your organization is not losing its key talent because of stagnant pay.

Most organizations strive to find a balance between internal equity and external competitiveness. Internal equity is another way to assess pay when comparing the salary and value of not only key employees, but also of critical skills or unique positions that are essential to the success of an organization. This could be a buyer for a retail establishment or a programmer with knowledge of a specific program for a software company. Organizations usually command a pay premium over external market rates for these positions or skills. In an economic downturn, organizations need to know

which positions are critical and ensure they keep a pulse on market data as well as apply an appropriate premium to retain this group of employees.

### *Merit and Incentive Pay Matters*

Merit pay is often a good alternative to salary increases when the economy is unstable. These programs, where payment is contingent on performance, would only be offered if the employee performs to expectations or above. In order for a merit pay system to work effectively, managers need to be able to differentiate performance and the organization needs to be able to pay for those differences.

Managers often find it difficult to rate a low performer as low—knowing that they will not receive an increase this year. What typically happens is that most employees receive the base increase, with little or no differentiation between high and low performers. This can be a demotivator for high performers and a disincentive for low performers (because there is no real upside potential for high performance).

Even though merit increases have been relatively flat for the past several years, differentiation is attainable. Organizations need to be cognizant of who their high performers are and train managers to differentiate performance—this will lead to a system that will enable true merit pay.

Another tool that organizations will use during a recession is variable pay, or incentive pay, as both a supplement and in lieu of base pay increases. These monies minimize organizational expenses year over year, and still reward employees based on performance.

### *Outlook for Compensation*

As budgets become tighter, more organizations are going to rely on performance differentiation and merit pay to attract, retain and motivate key and critical talent. As profits and revenues shrink, it will be interesting to

see what trends emerge in employee compensation. Though trends for the past few years show that employees have a certain level of security at their current jobs and hesitate to leave for another opportunity, it is unlikely that an organization will keep all its employees. When the economy does turn around and profits return to business, look out for any feelings from employees that the organization “owes” them.

*About the Author*

**Jason C. Kovac**, Certified Compensation Professional (CCP) and Certified Benefits Professional (CBP), is a practice leader for WorldatWork. As such, he develops instructional course content in the disciplines of compensation regulations, job analysis/documentation/evaluation, base pay management, market pricing, statistical applications, and mergers and acquisitions. Kovac has authored three books: FLSA Compliance: An Overview for the HR Professional ; Job Evaluation: Methods to the Process ; and Elements of Base Pay Administration. He is in the process of writing a fourth book on career development. In addition to writing a monthly column called "Back to Basics" in Workspan magazine, Kovac has been quoted in Dow Jones, CNN Money, East Valley Tribune, Compensation and Benefits, Denver Post, Business and Compensation Solutions , jobsinthemoney.com, and many others. Kovac can be reached at [Jason.Kovac@worldatwork.org](mailto:Jason.Kovac@worldatwork.org).