

DO YOU BELIEVE IN PAY-FOR-PERFORMANCE?



Pay-for-Performance Definition:

“The marriage of an organization’s pay system to its performance appraisal system in order to reward and motivate employees to provide superior performance.”

Components of a Successful Pay-for-Performance System:

- Top management support and a written compensation philosophy.
- Trust in management by employees.
- Up-to-date job descriptions.
- Current external market compensation data using at least three surveys.
- Process for internal equity review.
- Performance appraisal system that is specific and measurable with goals.
- Merit increase structure that rewards star employees and gives employees who do not perform, a zero increase (holds people accountable).
- Review of the system annually to make sure it is fair and equitable.
- Regular updating process for market rates and market pay.
- Merit pools funded with real money.

Compensation Philosophy: Can you describe yours?

- Lag, Lead or Match the Market?
- Mixed Market Position (based on jobs)?
- Total Compensation Considerations (Pay/Benefits/Work-Life Balance), Do you know how much you spend as a percentage of salary?
- Person Based vs. Position Based?
- Experience, Skills, and Longevity – How do these impact pay at your company?
- Performance/Merit Based with Annual Considerations (or Monthly, Quarterly, Biannually)
- Base Pay, Bonuses & Incentives – offer all three?
- Promotional Salary Adjustments (Average Amount?)
- Market Adjustments/Internal Equity Adjustments
- Non-discriminatory, Fair & Equitable
- Contingent on Company Performance?
- Have you eliminated COLAs?

COMMON MYTHS ABOUT MERIT PAY:

Organizations have been eliminating their merit pay systems.

~~TRUE~~ FALSE

Merit pay is more expensive than other methods and does not work.

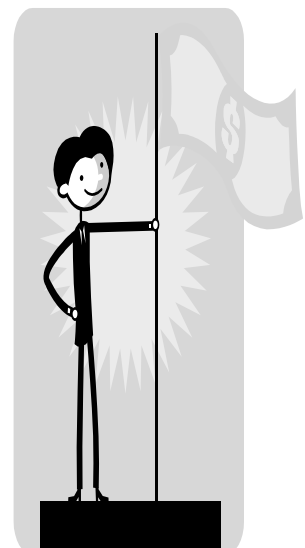
~~TRUE~~ FALSE

Employees do not trust that they will be dealt with fairly.

~~TRUE~~ FALSE

Employees want awards based on team success.

~~TRUE~~ FALSE



WHY DO MOST COMPANIES FAIL AT PAY-FOR-PERFORMANCE?

Attend Deb Gallant’s half day **Compensation Boot Camp – Public Seminar** on Friday, October 3, 2008 to find the answer. This workshop is being held at the Greater Portland Chamber of Commerce Conference Room (9:00 a.m. – Noon)!

JUST A FEW ANNOUNCEMENTS!

- ★ Deb Gallant has just (as of July 25th) earned designation as a **Certified Benefits Professional (CBP)** through WorldatWork. This adds to Deborah's Senior Professional in Human Resources (SPHR) and Certified Compensation Professional (CCP) designations. Congratulations Deb!
- ★ Lindsay Strang, a d.gallant employee of 8+ years, has earned her **Professional in Human Resources (PHR)** designation this past May. Congratulations Lindsay!
- ★ Michelle Pritchard, SPHR has joined D. Gallant Management Associates as a Senior Associate! Welcome Michelle! Michelle formerly served as Benefits Administrator for L.L. Bean.
- ★ Deb Gallant was elected to the Board Directors for the Maine Cancer Foundation on June 17th! Deb is honored to be associated with such a remarkable organization.

According to a *hot off the press* WorldatWork Survey, companies reported **salary increases for 2009** to be on average:

3.9%

This is higher than it's been in years! Despite economic pressures, companies understand the importance of retaining good employees!

HR Fact Sheet : Did you know ?

... an employee's spouse has the right to COBRA coverage for up to 36 months after a divorce?

... that you can deduct a full day of pay from an exempt employee who misses work for his/her own reason, when the organization remains open during inclement weather? You can also require that the employee use vacation time or accrued leave.

... that you can be found liable for any accidents an employee causes, if you let them drive home from work when they feel ill or are impaired in any way?

... supervisors and/or HR Professionals can be held personally liable for altering pay records?



The IRS Approved a **NEW Rate of \$0.58½** for Mileage Reimbursement until year-end!

Wage and hour class actions have emerged as one of the most significant employment law trends of this decade. They now out number all other employment class actions combined. And with more than 80% of employers out of compliance with federal and state laws, this trend will continue. Most claims involve: Meal and Rest Periods, Off-the-Clock-Work, Employee Misclassification & OT Pay, and Overtime Calculation Amounts.

ARE YOU IN COMPLIANCE WITH WAGE & HOUR LAWS ?

Deb Gallant (a Certified Compensation Professional) can help you with a Compensation Audit!

TWO PROGRAMS... BACK BY POPULAR DEMAND!

Compensation Boot Camp

\$99.00 per person for the Half-Day

October 3, 2008 - Portland, Maine
Call or e-mail our office today to reserve your space.

(207) 773-4800
or dgma@dgallant.com

Fall 2008 PHR/SPHR Certification Preparation Course

(September - November)
See attached Flyer for Details

Great Program for Professionals
needing a formal way to study
for a very tough exam!!

Both programs are
being facilitated by:

Deborah L. Gallant, SPHR, CCP, CBP