



Remuneration Review

Australian Edition, Issue 22, Spring 2006

CSi MD Jairus Ashworth Talks Tough On Strategy Alignment And Cohesion

New CSi Report - Now Available!

Reward Strategy: Moving Beyond Platitudes

It is commonly touted that reward strategies, often as part of a broader Employee Value Proposition, must 'attract, retain and motivate' staff. Yet this phrase is often used as a platitude that is not robustly tested and measured.

The role of total remuneration is to ensure that the organisation has the right people in the right place and are being rewarded for the right behaviours. This can be summarised with the reward system objectives to attract talent, retain talent, motivate talent and provide employee security. The reason for the first three objectives is quite clear; they are the key ingredients in ensuring that the talent required to fulfil the organisation's objectives is available and performing at the required levels. The final objective is important as it ties into the basic requirement for employees to feel some sense of security before they can concentrate on higher level desires such as maximising performance.

CSi regularly conducts diagnostics on reward systems that despite containing what appear to be all the major elements of reward do not seem to be producing the sort of outcomes expected. Often we find that the problem lies with a lack of alignment and cohesion between the reward system components and objectives. A simple analysis tool can help to isolate and highlight these issues.

To perform an analysis, divide your reward system into its 'components', including fixed salary; variable pay; share plan; non cash benefits; etc and conduct an assessment of how each of these components contributes to each of your stated reward system objectives. Employee opinion surveys, desk review, manager feedback and review of reference materials should help you in making these assessments. Look for possible contradictions and gaps, such as:

- Does your performance rating system feed into both base salary decisions and bonus decisions?
- What kind of money is an employee actually leaving on the table if they depart the organisation?
- Are you ignoring the basic concepts of motivation theory? (ie. that there must be a goal communicated in advance and that participants need to be able to directly contribute to achieving the outcomes measured).

The following grid is used to represent the primary aim of each program component and its effectiveness in fulfilling the reward system objectives in a sample organisation:

REWARD COMPONENT	REWARD OBJECTIVES			
	Attract Talent	Retain Talent	Motivate Talent	Employee Security
Base salary	✓			✓
Incentive Plan	-	!!!	-	
Profit Share			!!!	
Benefits		-	-	-
ESPP / ESOP		-	-	

The blue hyphens indicate that the program is targeted at the given area but is not totally effective due to program design issues or simply that the reward component is not a powerful enough tool on its own to achieve this objective. The black ticks indicate the program is targeted at the given area and is highly effective in achieving this. The red exclamation marks indicate the program is targeted at a particular area but this is a fallacy as it is not the "right tool for the job".

The aim of a reward system audit and realignment is to ensure there is at least one black tick and several supporting blue hyphens for each reward objective. There should be no red exclamation marks. It is often surprising how this simple approach can help clarify problems and identify target areas for improving the performance of your reward programs.

Quick Tip 1: Your reward system objectives may be different to those listed in this article – change the model to reflect these differences!
Quick Tip 2: Consider reworking employee opinion surveys so they provide the targeted info needed to conduct this sort of assessment.

Shift, On-Call & Call-Out Policy & Practice Report

Our brand new report presents market trends based on 154 Australian organisations. Key shift policy and practice statistics include:

- The most common shift roster is the '24 x 7' arrangement for IT/technical employees (54% of organisations) and the 'extended hours without weekend shifts' arrangement for non-technical employees (36% of organisations).
- Organisations compensate their IT/technical and non-technical employees with a shift allowance in 80% and 79% of organisations respectively.
- Just over half (58%) of the organisations who pay a shift allowance reported that the amount paid is calculated as a % of base salary for both IT/technical and non-technical employees. In addition to this, some organisations provide non-monetary means of compensation.

Key on-call/call-out policy and practice statistics include:

- IT/technical and non-technical employees required to be on-call are most likely to be rostered on-call.
- The majority of organisations pay their on-call employees an allowance to compensate them for the inconvenience of being on-call.
- The most common type of allowance paid is a standard flat rate.
- The majority of organisations do not provide employees with a disturbance/call-out payment.

More Info?
<http://www.csirem.com.au/Surveys/HRPolicy/index.htm>

Price
 \$500 + GST regular price
 \$350 + GST for contributors to this report



Employee Retention

Retention of top talent is one of the biggest challenges facing organisations in the current employment environment. With record low unemployment figures and a healthy, buoyant economy, the business environment typifies an employees' market.

Organisations must therefore take a multi-dimensional approach to the attraction, motivation and retention of employees. A successful retention strategy is characterised by an integrated 'total rewards' approach that addresses the following 5 key factors:

- Market competitive remuneration - base salary, variable pay or both
- Benefits - financial benefits (eg. cars, laptops), or non-financial benefits (eg. an informal work environment)
- Work-Life Balance - benefits and plans that allow employees to achieve a better balance between their work commitments and out-of-work commitments
- Performance & Recognition - recognising and rewarding exceptional performance with financial and/or non-financial rewards
- Development & Career Opportunities - the professional and personal development of employees, including formal and informal training

Each of these factors should be viewed as part of an integrated total rewards framework. The organisation should understand the demographics of its workforce and create total rewards strategies that reflect the specific needs of its current and prospective employees.

CSi has just released a report structured to provide a broad overview of contemporary approaches utilised in the external market for each of the above factors. For more information or to purchase your copy of the report, go to: <http://www.csirem.com.au/Surveys/HRPolicy/Retention.htm>



Stat Wrap

GDP	2.3%
(annualised June 06 trend figure)	
CPI	4.0%
(annualised June 06 trend figure)	
Unemployment	4.8%
(annualised Sept 06 trend figure)	
Wages Growth	4.4%
(annualised May 06 figure)	

www.abs.gov.au

IT Spot

According to CSi's IT/Computer Specialists Survey, employers of IT staff are predicting an average 4.1% salary increase for 06/07.

There was a 4.6% growth in the number of vacant jobs in the IT&T sector according to the Olivier Internet Job Index. The IT & T industry index stands at 106.85 in September 2006, up from 102.39 in August 2006.

The DEWR ICT Vacancy Index decreased by 2.8% over the 4 weeks to mid September 2006. The index stands at 301.8 (November 2002 = 100) and is 20.5% higher than in September 2005. The three Australian ICT online recruiting sites included in the index averaged around 23,000 vacancies in the 4 weeks to mid September 2006.

Skilled Vacancies

The Skilled Vacancies Index (www.workplace.gov.au) fell by 0.1% in September 2006 to 103.2. Vacancies for one occupational group rose and vacancies for two occupational groups fell:

- Professionals - up by 1.8%
- Associate Professionals - down by 4.9%
- Trades - down by 0.9%

Executive Demand

The current E.L Executive Demand Index, (www.elconsult.com) is at a new record high as domestic and international organisations scramble to fill executive positions.

The E.L Executive Demand Index rose by 6% in September 2006. All states and territories except for SA and NT moved forward, led by TAS, then WA and QLD.

Since its most recent low in January 2004, the Index has gained over 200%.

Tax Free Lunches Are Not Too Good To Be True

CSi staff are continuously on the look-out for appealing and cost effective employee benefits. So when Sales & Marketing Coordinator, Christine Rulli, stumbled across *Sustenance*, a company that offers tax free lunches, we decided to investigate the potential tax savings and sample the food. Following is what we discovered.

Sustenance Explained

Sustenance provides online ordering of lunches which are delivered to employees in their workplace. Employees can salary sacrifice the cost of lunch and receive a tax saving because lunch payments are made in pre-tax dollars. As long as certain requirements are satisfied, the cost of lunch is not subject to Fringe Benefits Tax (FBT).

How Sustenance Came About

Annie Bell, Marketing Manager and one of the founders of *Sustenance* was frustrated by how much of her valuable lunch hour was spent in the lunch queue. She envisaged a perfect world where she could order lunch online and have it delivered to her workplace. She was inspired to turn her idea into a business when she discovered the tax savings available to her customers if they purchased lunch through their employer.

How Sustenance Works

Employees are provided with a secure login at www.sustenancedelivered.com.au and can peruse the menu of sandwiches; salads and antipasto; soups; heat and eat options; yogurt, fruit, nuts; muffins and cookies; fresh juices; soft drinks and ice teas; sports drinks and water; and discount combo meals.

Using the selection facilities on the menu, lunch orders can be placed each morning or in advance. Orders are then delivered prior to the lunch hour each day and are sorted and labeled for ease of distribution amongst employees.

Employee Benefits

With the income tax savings associated with salary sacrificing and assuming the organisation can pass on the GST tax credit, employees save from 37% to 51% of the meal's cost. Savings are even greater with *Sustenance's* early order discount. For example,

with an average spend of \$30 a week on lunch, the savings can be as high as \$850 a year.

Employees can access a range of healthy meals and better manage their work-life balance without having to prepare anything or leave the office at lunch-time.

Employer Benefits

From a financial perspective, employers enjoy payroll tax exemption on packaged costs. They can also promote more regular and healthy eating habits for staff, which may contribute to reduced absenteeism and increased productivity.

This innovative employee benefit may also assist organisations in positioning themselves as 'employers of choice'.

Administration Of Sustenance

Offering *Sustenance* as an employee benefit entails a small administrative investment at the commencement of the program and prior to each pay period.

To minimise administration time, *Sustenance* provides each organisation with their own secure web page which consolidates information for their employees into a single database. Prior to each pay period, payroll is sent one file for all salary sacrifice meals and full order histories are maintained for each employee online so that any queries can be easily resolved.

For those not familiar with salary packaging, most payroll systems allow upload of MS Excel files for pre-tax charges.

The CSi Taste Test

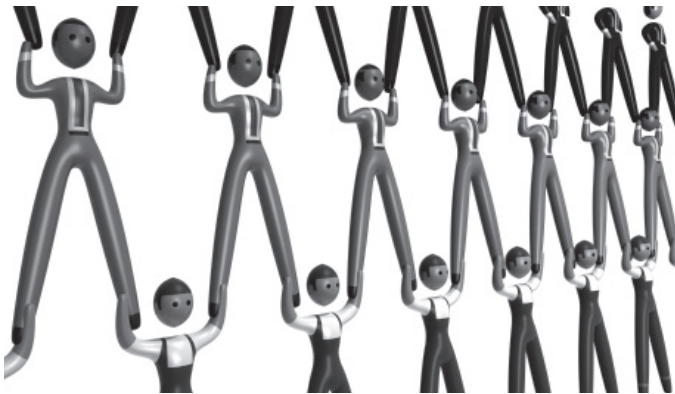
Some of our employees taste tested *Sustenance* delivered. Here are a few of their comments:

- "Tasty, healthy, convenient!"
- "The food was very nice and the portion size was great."
- "The food tasted good. The tax advantages make lunch all the more attractive."

More Information

To check out the full *Sustenance* menu, go to www.sustenancedelivered.com.au. Whilst there, you can view further information on the tax savings associated with ordering lunch from *Sustenance* - click the 'How It Works' toolbar option.

JE - The Bedrock Of People Management Decisions



“What is often overlooked by users of job evaluation systems is the full value of the information that is gathered throughout the job evaluation process.”

It is common knowledge within the remuneration management community that well designed job evaluation systems provide organisations with a flexible and transparent framework for remunerating employees in a fair and equitable way. As a result, the prevalence of organisations implementing and maintaining job evaluation systems for the purposes of remuneration management is as high as ever.

However, what is often overlooked by users of job evaluation systems is the full value of the information that is gathered throughout the job evaluation process, as well as the broader applications of a job evaluation system across an organisation.

During the process of evaluating jobs, an analysis of an organisation's structure and the value of the jobs and work performed within the structure is produced. An understanding of the natural cluster of jobs within an organisation is gained and knowing where the natural breaks or clusters are in organisations can assist in making an array of people management decisions, beyond those related to remuneration.

Following is a snap-shot of the HR and broader business areas in which job evaluation systems can underpin or facilitate people management decisions:

- **Benefits provision** - the clustering of positions that results from the job evaluation process can assist organisations to determine where certain benefits should be offered to different groups of employees. For eg: roles with greater than x points may receive a higher value car allowance, a larger percentage of variable pay, an extra week of annual leave, and access to salary packaging, etc.
- **Position description writing** - by using the terminology in a job evaluation system, position descriptions can be written in a consistent language across the entire organisation. This usually means that the investment of time in producing position descriptions is reduced and that the resulting position descriptions are more easily understood. Consistent position descriptions can assist with many areas of people management including remuneration management, recruitment, performance management and business re-engineering.
- **Career development** - job evaluation can be used to facilitate the development of clear career paths within job families and assist employees to understand what skills and expertise they require to be eligible for a more senior role or a role they aspire to perform

in a different job family of the organisation.

- **Succession planning** - job evaluation can assist organisations to identify the most crucial roles for driving business success in the present and in the future. With this knowledge, organisations can single out specific employees and work with them on their development to ensure a smooth transition of people within these business-critical roles.
- **Resourcing** - job evaluation can provide detailed information related to the level and type of skills required to perform roles within an organisation. This information is essential for organisations with dedicated Resource Managers who are responsible for the effective and timely allocation and deployment of resources and skills across projects or accounts.

Exploring these business areas outside of remuneration management where a job evaluation system has currency can be very beneficial to HR/remuneration practitioners. The benefits are highlighted below:

- **Obtaining funding** from the business to implement and maintain a JE system is generally much easier when the system has applications outside of one single business function. Costs associated with the system can be spread across the various business areas that use the system to underpin their people management decisions.
- **Managers and other staff** within an organisation who need to invest their time and effort in maintaining the system will typically feel greater motivation if the system serves as an underlying structure for more than one type of decision that needs to be made by them.

More info? Please contact Paul Wright, Business Development Manager, on +61 2 8440 6513.

CSI Welcomes New Clients

- Altiris Australia
- Bankwest
- Barloworld Motor (Aust)
- Cadbury Schweppes
- Curam Software
- Department of Education, Science & Training
- George Weston Foods
- GrainCorp Operations
- Hume Building Society
- IWL Management Services
- John Wiley & Sons
- KoBold Group
- MBF Australia
- Rogerseller
- The Hollard Insurance Company
- The Wine Society
- TiMax Surgical
- Trendwest South Pacific
- Trust Company of Australia
- Visy Industries

We look forward to working with you!



CSI Turns 21

In November 2006, CSI will be celebrating its 21st company anniversary and 'coming of age'.

Over the past 21 years, CSI has evolved into a full service remuneration consultancy with leading-edge products and high level services to assist clients in all areas of remuneration management.

We would like to thank all of our clients, strategic business partners and suppliers who have been intrinsic to making the past 21 years a success for CSI.

Client Comment

“CSI staff always deal with their clients in a professional manner, always keep me updated and deliver on what they promise.”

David Hamilton, Remuneration Manager, Getronics Australia



Australian SAP Specialists Salaries & Benefits Survey

Your definitive guide to remuneration rates for IT specialists with SAP skills

Pre-Order Your December 2006 Report Now!

More info: <http://www.csirem.com.au/Surveys/Australian/SAP/index.htm>

Hot Jobs In The Recruitment Market

The following jobs are hot from a recruitment perspective:

Human Resources - Private Sector

- Recruitment Specialists, with particular demand in the professional services and financial services sectors
- Learning & Development contractors to develop and lead projects, typically in executive coaching and cultural change
- HR generalists experienced in IR and OH&S

Human Resources - Public Sector

- Temporary staff, particularly for junior level HR positions
- HR project managers
- HR candidates with change management experience
- Remuneration and benefits candidates
- OH&S and workers compensation professionals

Information Technology

Sydney:

- Contract .NET Developers, J2EE Developers, Cisco Specialists, Voice and Data Specialists, Helpdesk / Support Officers

Victoria:

- Permanent business analysts within the finance industry, particularly insurance, superannuation and banking
- Permanent Java AP's and .Net AP's
- Permanent Microsoft systems engineers with an MCSE
- Permanent SAP technical and functional consultants
- Temporary Java AP's and technical architects in both the infrastructure and development space

Brisbane:

- Business analysts with eDRMS, especially Hummingbird
- SAP functional consultants - ABAP, FICO & HR
- SAP business analysts - HR/Finance
- HR business analysts
- SAP project managers
- General business analysts and data analysts

Sales & Marketing

- Marketing Development Managers
- Highly skilled analysts in category management, space planning and brand management
- Professionals at all levels within the food service industry
- Marketing communications professionals within the public sector, with demand strongest for candidates with media relations and government relations experience

Office Support

- Team assistants/personal assistants
- Receptionists and Receptionist/Administration Assistants
- Juniors, Project Secretaries, Project and Site Administrators within the construction, property, building and mining sectors
- Candidates with strong customer service skills

Banking

- Operational roles within investment banking
- Relationship Managers within the business banking sector
- Credit lending and mortgage support staff within residential lending
- Financial Planners and Paraplanners
- Temporary staff for customer service and back office processing

For full details of the Hays Quarterly Forecast, including current market conditions for sectors across Australia, visit: www.hays.com.au/forecast.



HR Spotlight

Julianne Campbell

Human Resources Manager - Australia

Mincom Limited

Headquartered in Brisbane, Mincom is the largest Australian-owned software and services provider to asset-intensive industries. The company was started in 1979 by six University of Queensland graduates, and now twenty-seven years later has 1,200 employees globally, 800 of which are located in Australia. Julianne Campbell leads Mincom's HR team in Australia and we spoke to her about her role, her career highlights and her life outside of work.

How would you characterise your workplace culture?

Our culture is defined by our people who are friendly, innovative, creative, caring and will pull together and go the extra mile when required to get the job done - even if that means working in places like Siberia!!

What does your role at Mincom encompass?

My team and I are responsible for managing the HR function of the Australian operation at Mincom. We provide the full gamut of HR services to the business including recruitment and selection, remuneration management and payroll, leadership development, coaching and performance management, international deployments, people-related metrics and global management reporting.

What are your career highlights?

Leading the global rollout of Mincom's organisational values and beliefs framework, the 'Employee Charter'. It was interesting to learn that Mincom employees globally all agreed on what core values were important to them.

Successfully deploying a team of Australians on our first-ever project in Russia - the customer and their nickel mine is located in the ex-Gulag city of Norilsk, Siberia, in the Arctic Circle. From an HR perspective, as well as overcoming the 'challenges' associated with the location (climate, pollution, dark for six months of the year, a different culture and way of doing business), assignment benefits, tax, visas and Russian employment law, we had to find employees with the right skill sets who were actually willing to go. We are now on our third project in Norilsk and some of the original project team members are still working there!

What is the most important element of remuneration management from your perspective?

Getting the balance right between base salaries, at-risk incentives, employee benefits and other 'soft' benefits, such as flexible work arrangements, so that the best performers can be attracted, rewarded and retained within the organisation.

How do you spend your time outside of work?

Aside from time with family and friends, I love travel, the Arts, drinking wine and trying to keep fit, not necessarily in that order!

What do you use CSI for?

We participate in CSI's *AIIA Survey of Remuneration & Salary Packaging Within The ICT Industry* and the *Australian Computer Specialists Salaries & Benefits Surveys*.

Julianne is tertiary educated with a Diploma of Teaching (Early Childhood), a Bachelor of Music and a Master of Business Administration.



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