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Pay For Performance vs Salary Increases

Employers Turn to Pay for Performance over Salary Increases

As salary increases hold steady for the second consecutive year, Canadian organizations continue to use variable pay plans (performance-related award programs that must be re-earned each year) to compensate their employees. A survey by **Hewitt Associates**, a global human resources services firm reveals that salary increase budgets for 2005 were 3.4 per cent across all employee groups, and organizations said their salary increase budgets will remain at 3.4 per cent for 2006. At the same time, organizations (81 percent) continue to offer variable pay plans as a way to reward employees.

More organizations are recognizing the potential to use variable pay plans as a way to motivate, rather than simply reward their employees. In 2004, when employers were asked whether they used such plans to reward or motivate employees, 76 per cent answered "reward". This year, that number dropped to 72%. Companies are motivating and rewarding employees using a variety of variable pay programs, including:

- **Business Incentives** - Awards employees for a combination of financial and operational measures for company, business unit, department, plant and/or individual performance (the most popular form of variable pay plan, offered by 69 per cent of survey respondents.)

- **Special Recognition** - Acknowledges outstanding individual or group achievements with small cash awards or merchandise (e.g. gift certificates.)
- **Individual Performance** - Rewards based on specific employee performance criteria.
- **Stock Options/Ownership** - Rewards stock to professionals who meet specific goals.

To maximize the success of pay for performance programs in attracting and retaining employees, employers need to measure the effectiveness of their plans, something that few organizations are doing in Canada. In fact, last year, only 42 per cent of respondents indicated they were monitoring the success of their plans; this year, that figure fell to 37 per cent.

"Effective variable pay plans demonstrate a clear link between cost and achieving financial goals. Organizations that take the time to track the success of their plans are better able to align employee and business objectives," said Keri Humber, a senior compensation consultant with Hewitt. "Monitoring also helps determine whether pay for performance programs are actually motivating employees."

To read more, go to: www.compensationcenter.com

Career Intelligence: Mentoring

For 15 years, I've heard the same lament from human resource leaders: "We spent a fortune training our managers to coach their staff, and they know how important it is. Yet, staff tell us their managers don't give them helpful feedback or advice on how to develop themselves."

Most managers are comfortable providing guidance on how to perform the technical aspects of a job better, or talking about the company vision. It's when they get into the soft stuff -- giving staff feedback on how realistic their career goals are, or making suggestions on how to improve interpersonal impact -- that they have difficulty.

But coaching is one of the most important roles of a manager, especially for Generation X and Y workers, who place such support at the top of their career wish lists. And they need more than previous generations because they are not receiving the kind of development their predecessors enjoyed.

There are many obvious reasons why managers don't do this kind of "soft" work. They don't have the time, have too many people reporting to them to know them intimately enough, may have received inadequate training and get no direct rewards for it.

But lately, I've begun to think that all this is secondary. The real reason managers avoid coaching has nothing to do with skills or time: It's because they

are uncomfortable with the role. Here is some of the reasoning managers use to justify their discomfort with coaching -- and what's wrong with it.

"People should know they're doing something good. They don't need my praise." - Managers who say this often never received good coaching themselves. They may also feel that a desire for positive feedback equates to neediness. While some people have stronger needs for positive feedback, everyone is motivated by a compliment. It also provides reinforcement for what people ought to do more of.

"If I tell them anything negative about themselves, they'll get angry." - Managers who say this want people to like them. They don't like conflict and avoid it wherever possible. In my experience, managers greatly overestimate how thin-skinned their staff members are. Most people can take reasonable criticism, as long as it is presented in a helpful way that offers the possibility of fixing the problem.

"I'm not a therapist." - This is one of the most common objections to discussing career aspirations. The key here is to provide structure to your discussion. Ask staff to do their homework before they talk with you. Give them tools to enable them to identify their interests, skills and values. Put the onus on them to identify what they want and need from you. In this way, you can build on what they know about themselves, provide input on how realistic their desires are, and how they can get the development they want.

"It's frustrating when they don't agree with my assessment." - If there is a performance issue under discussion, you have the right to expect staff to change their behaviour. But if you and your employees don't see eye to eye on their career aspirations, you have to accept that. Staff should listen to you, but they don't always have to agree with you. You are offering an informed point of view, not the absolute truth.

"I'm just not that interested in others' development." - Some managers find developing their people very rewarding, while others are completely uninterested. It is difficult to cultivate an interest in something that doesn't engage you. But supporting staff in their development is the cornerstone of coaching. Ask yourself: "Do I really want to be in this role?" If the answer is "yes," keep on reminding yourself that it is part of your job and you need to act like you care."

"My staff will become too dependent on me. I'll be sucked dry emotionally." - Managers who believe this are often more introverted, reserved and shy. They worry about creating overwhelming and never-ending demands for their time. It is up to you to set boundaries about reasonable expectations or subjects for discussion. The rewards of supporting another person's development are enormous. Giving someone a leg up not only contributes to your bottom line but also to their future success.

By Barbara Moses
Article from: [Globe and Mail](#).

SARA AGM & Breakfast Presentation

The **SARA Annual General Meeting** and Breakfast Presentation will be happening on **6 October 2005** at The House of Pharoahs in Bryanston. Registration starts from 7:00 and the presentation by **Lukas de Swart** of ABSA will begin at 8:00. De Swart a Group Consultant: Talent Management in the Human Resource division of ABSA will be sharing the details of his empirical study to identify the constructs associated with the outcomes of variable remuneration.

The AGM will follow at 9:00 and Corporate Members are requested to attend as they are the only members eligible to submit nominations and to vote for the new Management Committee. Further details on the SARA AGM and Breakfast presentation can be viewed on the website at: [Events](#)

Please RSVP to Gillian by **3 October 2005** at: gillian@vdw.co.za

SARA Conference 2005

SARA will be holding a two-day conference on **10 and 11 November 2005** at the Monte Casino Conference Centre in Johannesburg. International Speakers **Andy Buergi** of the Living Water Institute (Switzerland) and **David Nickerson**, regional director of the Hay Group (Europe, Middle East and Africa) will be sharing their expertise on performance management and salary surveys respectively.

SARA's 2004 Reward Strategist of the year **Sue Tosh**, Head Human Capital Management at Old Mutual, will present her real-life case study on Supporting the Achievement of Business Strategy through an Innovative Rewards Strategy while **Michael Mol** will be sharing his ideas on creative ideas to attract, retain, reward and motivate your younger employees. There will also be other interesting presentations on prevalent remuneration themes by local Reward Strategists

Join the debate on controversial reward issues posed to an expert panel consisting of Mark Bussin, Chairman of 21st Century Pay Solutions Group; Lindsay Williams, Classic FM Journalist; David Loxton, Partner Bowman Gilfillian Attorneys; and Jeremy Maggs, TV and Radio Presenter.

Conference Fees - SARA Members:

Full conference package (inclusive of banquet for two people) – R3650
Day 1 – R2000, Day 2 – R2000, Banquet – R250

Non-SARA members:

Full conference package (inclusive of banquet for two people) – R4000
Day 1 – R2500, Day 2 – R2500, Banquet – R300

The SARA Conference 2005 is sponsored by the following companies: **Hay Group**, **21st Century** and **Remchannel**.

Register for the conference and attend **SARA's Annual Banquet** free of charge. Further details on the conference as well as the registration form can be found at: [Conference 2005](#)

Annual Banquet & Reward Awards

The **SARA Annual Banquet** will be held on **Saturday 12 November 2005** at La Toscana, Monte Casino in Johannesburg. SARA and Remchannel will be announcing the **2005 Reward Strategist and Reward Practitioner** at the banquet. Winners in these categories will each receive a cash prize of R15 000 as well as the recognition of their peers. In addition the winners' organisations will receive public recognition for employing award-winning reward practitioners.

People who nominated candidates for the awards have put themselves in line to win a weekend away to the value of R4000 plus R1000 spending money. The winner of this great prize, sponsored by Remchannel, must be present at the awards evening banquet to qualify for the prize.

During the course of the banquet, SARA will be acknowledging those who obtained the Global Remuneration Professional Qualification during 2005.

WorldatWork

A **Call for Presentations** has been issued for the **2006 WorldatWork Total Rewards Conference & Exhibition**. The Conference is due to take place from 7 to 10 May 2006 at the Anaheim Convention Centre, USA. Workshop proposals need to be submitted using an electronic submission process. The submission deadline is 11 October 2005.

For further details go to: [WorldatWork](#)

Consultant Member News

Remchannel (Pty) Ltd is delighted to be the sponsor of the third **SARA Awards** evening taking place on the 12th November 2005. This prestigious event recognises strategists and practitioners who excel in their particular fields. SARA extends their appreciation to **Remchannel** for sponsoring the 2005 Reward Awards.

Known for its real-time internet based survey, **Remchannel** provides quality data for more than 1000 positions across all job families. The database has grown to approximately 500 000 data points over the past 5 years. In addition to a selection of value-added features, **Remchannel** offers a unique value proposition and encompasses more than one survey for one survey fee and one data submission.

New Website Postings

- **Conference 2005** – The Brochure and Registration Form for this year's conference can be found at: [Conference 2005](#)
 - **Expatriate Remuneration Preferences** – The presentation by **Benoit Raffray** to the SARA Expatriate Management Group, on 24 August 2005, covering his research into expatriate remuneration is on the website at: [EMG Presentations](#)
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SARA Events Programme 2005

Month	Date	Function
October	6	AGM & Presentation
November	10 - 11	SARA Conference
November	12	SARA Year-End Banquet
November	14 - 16	GRP 7 Seminar (Johannesburg)
November	17 - 19	GRP 8 Seminar (Johannesburg)
November	21 - 23	GRP 5 Seminar (Cape Town)
November	24 - 26	GRP 6 Seminar (Cape Town)

If there is any information you would like to know about SARA Events, please contact Gillian at the Secretariat: gillian@vdw.co.za

EMG Events Calendar 2005

EMG 2005 Events Calendar

Listed here is an updated version of the Expatriate Management Group's Events Calendar for 2005. Please note that dates and venues are subject to change. To get more information, please contact Gillian: gillian@vdw.co.za

Month	Date	Function	Venue	Time
October	20	Psychometrics: Critical Screening & Support Services to Assignees & Families - Marius van Aswegen	To Be Confirmed	07h00 - 09h00

2005 GRP Programmes

Cape Town GRP Seminars

Date	GRP	Module
21-23 November	GR5	Performance Management, Strategy, Design and Implementation
24-26 November	GR6	Variable Pay – Incentives, Recognition and Bonuses

The GRP 5 and 6 Seminars will be held in Cape Town at the Greenways Hotel, No 1 Torquay Avenue, Upper Claremont.

Johannesburg GRP Seminars

Date	GRP	Module
14-16 November	GR7	International Total Remuneration (Andreas Buergi - Switzerland)
17-19 November	GR8	International Benefits (Andreas Buergi - Switzerland)

The GRP 7 and 8 Seminars will be held at the House of Pharoahs, Johannesburg. For more information on the GRP Seminars, please go to: [GRP Seminars](#)

HR Africa 2005

HR Africa 2005 – The second annual premier gathering of Africa's Human Resource Executives and Practitioners will be taking place at Vodaworld in Midrand, Johannesburg from **21 to 25 November 2005**. Acclaimed author Michael Armstrong; business leader, Mervyn King; and chief economist, Mike Schussler; will be speaking at the event along with HR masterminds from Egypt, Ghana, Malawi, Mozambique and South Africa. For further details go to: [HR Africa 2005](#)

Employment Opportunity

Survey Manager - Remchannel

We require a Survey Manager for our leading-edge market survey.

Are you passionate about quality, customer focused, self-directed and deadline driven? Then you will thrive in this highly motivated team in a virtual environment in the Western Cape area.

This role will suit a numerate, analytical individual experienced either at intermediate or expert level of general reward management. Must be comfortable doing presentations to user groups and prospective clients. Microsoft office skills, particularly Outlook, Excel and Word are required whilst Access experience is a plus factor.

The appointment is urgent and applications close on 15 October 2005.

Please urgently forward CV to rene.richter@remchannel.co.za or contact her on 082 460 4348.

Consultant Members

SARA is looking forward to a closer working relationship with our Consultant members. We encourage all our members to access our Consultant Members' websites for more information on the services and products they have on offer.

- **21st Century Pay Solutions**
Dr Mark Bussin – TEL (011) 447 0306
www.21century.co.za
- **Alexander Forbes Financial Services**
Tracy Reynders – TEL (011) 269 0318
www.aforbes.co.za
- **Averile Ryder Remuneration Consulting**
Averile Ryder – TEL (031) 262 2849
www.averileryder.co.za
- **Clé Human Capital (Pty) Ltd**
Marc de Chalain – TEL (011) 467 7813
www.clehc.co.za
- **Deloitte**
Louise Marx – (011) 517 4147
www.deloitte.co.za

- **Global Expatriate Management**
Rene Stegmann – TEL (021) 683 0750
Andrew Stegmann – TEL (021) 683 0750
www.gem-worldwide.com
- **Global Remuneration Solutions**
Gayle Whitcher – TEL (011) 693 5003
www.globalrem.co.za
- **Hay Group South Africa**
Giles Robinson – TEL (011) 666 0987
Ginger Brown – TEL (011) 666 0996
www.haygroup.co.za
- **IBM South Africa**
Gerhard De Klerk – TEL (011) 302 6198
www.za.ibm.com
- **LMO Executive Services**
Melanie Trollip – TEL (011) 678 1158
www.lmo.co.za
- **Milestone Ventures**
Yusuf Mahomed
www.milestoneventures.co.za
- **Remchannel (Pty) Ltd**
Rene Richter – TEL (012) 662-2403
www.remchannel.co.za
- **Vasdex Associates**
Brendan Olivier – TEL (011) 884 0943
www.vasdex.co.za

Please note these details are also available on the website: [Consultant Members](#)

New Members

New Associate Members:

- Mr Pre Rungasamy
Anglo Operations Ltd
- Ms S Govender
HSBC Bank Plc

- Mr Sam Hlabati
PPC Cement
- Ms. Lizel Janse van Rensburg
GFL Mining Services Ltd

New Corporate Representative Members:

- Mr Marc de Chalain
Clé Human Capital Pty Ltd
- Ms. Thabang Hlaisa
KLM Empowered Pty Ltd
- Mr. TC Mabizela
Phalabora Mining Company
- Mr. Charl Prinsloo
City of Cape Town
- Ms. Elzaine Crafford
Mol South Africa (Pty) Ltd

A Message to Readers from the Editor

Dear Readers

If you have any information or announcements that you would like to see posted in the bulletin, please forward them to me by the 20th of every month.

Kind regards

Clare

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