



September 1, 2011

To: Planning and Strategy Committee Members

From: Phil Nelson

CC: Members of the Columbia Association Board of Directors  
Chick Rhodehamel

Subject: August 18, 2011 Discussion of an Employee Compensation Framework

As was reported to me by my team from the August 18 budget work session, I understand that the Board had a robust discussion about an employee compensation framework based on the alternatives in the document provided by Alex Hekimian. It seems that Alex's document entitled "Strategic Budget-Related Issues" (also provided as back-up to this agenda item) captures a lot of the alternatives discussed at the work session, but I would like to propose that the Board, through the leadership of the Planning and Strategy Committee, take a truly strategic view of employee compensation by establishing a compensation policy.

Since the Board's role is to set policy, it seemed that the most effective way for the Board to direct the President in evaluating team member compensation would be in setting overarching policies related to compensation. These proposed policy statements were developed based on a very productive and robust discussion among Board members present at that work session, as reported to me by my team present at that work session. The following policy statements were drafted for your consideration:

1. Columbia Association provides fair, consistent and competitive compensation and benefits to all team members, in a manner that is financially responsible and economically and humanly sustainable.
2. Columbia Association is an employer that compensates team members on the basis of the team member's job performance.
3. The Board of Directors is responsible for determining a maximum compensation percentage increase (if any) each fiscal year as part of the budget process, which will be communicated to team members when the budget is approved by the Board.
4. Columbia Association team members will receive periodic, timely performance appraisals from their team leader. The performance appraisal will be documented in a format approved by the Human Resources Department. The performance appraisal is the basis for determining the team member's eligibility for a compensation increase (if any) and the amount of that increase.

5. Columbia Association allows for compensation based on revenue-generating activities (i.e., commissions for classes taught, personal training sessions conducted, etc.) when such compensation structures are a standard industry practice, and to not do so would be to place the organization at a competitive disadvantage.
6. Columbia Association allows for incentive compensation distributed in a fair, consistent and equitable way under specific and measurable criteria that help to achieve the Board's strategic goals, also in a manner that is financially responsible and economically and humanly sustainable.

Having the Board's policy guidance would truly establish a framework for employee compensation that would position CA to respond proactively and responsibly to the challenges related to work force recruitment, motivation and retention with the limits that I anticipate on our resources going forward.