

## Streamlining Information Flow with **Lean Office**

Speaker: Kellie L. Ecker, Business Advisor  
at S.D. Manufacturing & Technology Solutions

**Tuesday, 3/14/2017**  
**11:30am—1:30pm**

Location: Second Street Station, Watertown, SD

Lean principles apply to **EVERY** industry, **EVERY** business and **EVERY** process, from hospitals to banks and every employer in between.

**Lean is NOT just for the manufacturing floor—check it out!**

This Program will show you:


- ▶ how simple changes can increase process flow;
- ▶ the importance of focusing your activities on the customer; and
- ▶ a taste of what Lean Office Training can do for your business.

Free for NESD SHRM Plus Members

\$10 for NESD SHRM Basic Members

\$20 for Non-NESD SHRM Members

RSVP at the Chapter Website: <http://nesd.shrm.org> under the Events & Education Tab by **Friday, 3/10/2017**. Hope to see you there!

 Plus, our March Program is a **COMMUNITY SERVICE EVENT!** Please bring any new or used board games, art supplies including water-based tempera paint, glue and markers for Youth 1st—6th grade at the Boys & Girls Club.

Monetary donations are also welcomed!

### 2017 Board Members

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# Bonus Binge: Variable Pay Outpaces Salary



With salary increase budgets expected to remain at 3 percent for 2017 ([www.shrm.org/ResourcesAndTools/hrtopics/compensation/Pages/salary-budgets-2017.aspx](http://www.shrm.org/ResourcesAndTools/hrtopics/compensation/Pages/salary-budgets-2017.aspx)), employers are turning to variable pay to reward employee performance.

The percentage of organizations using variable pay vehicles, such as annual or quarterly bonuses based on individual, team and organizational goal achievement, rose to 84 percent in 2016, reports WorldatWork, an organization of total rewards professionals, in its 2016-2017 Salary Budget Survey (<https://www.worldatwork.org/adimLink?id=79994>). This number had been hovering around 80 percent for many years.

The August report reflects the results of a survey of WorldatWork members, most of whom work at large North American companies. Survey data was collected through May.

A combination of awards based on individual, business unit and organizational performance continues to be the most prevalent type of variable pay program.

## Types of variable pay programs

The percentage of respondents who indicated that their organization uses all three, or just one or two, of these awards; some employers offer multiple variable pay programs covering different employee groups:

Combination of awards based on both organization/unit success and individual performance	70%
Organization wide awards	28%
Individual incentive awards	23%
Unit/strategic business unit awards	17%

Source: WorldatWork.

In deciding whether to offer a combination of variable pay programs or to provide awards only for organizational, business unit or individual performance, "There are several factors that may come into play," said Kerry Chou, senior practice leader in compensation at Scottsdale, Ariz.-based WorldatWork. "Probably the most important is answering the question, 'What do we want to accomplish with our variable pay programs?' In some organizations, different employee groups are motivated by different rewards strategies, so the same variable pay programs applied to all doesn't make sense. In other cases, a company may have an overriding culture of winning or failing together, in which case a common incentive program for all employees will support that."

Employers should keep an eye on the practices of companies with which they compete for talent, Chou advised. **(continued on next page)**

**Bonus Binge: Variable Pay Outpaces Salary (continued from previous page)**

**Budgets and Payouts**

Most organizations that have a formalized incentive program (an annual plan with pre-determined goals and objectives) will budget for it, "as it often represents a sizable cash expense," Chou said. For organizations that only provide incidental bonuses ([www.shrm.org/ResourcesAndTools/hr-topics/compensation/pages/incidental-bonuses-alternative-rewards.aspx](http://www.shrm.org/ResourcesAndTools/hr-topics/compensation/pages/incidental-bonuses-alternative-rewards.aspx)), such as sign-on or retention rewards, the percentage is lower.

"One concern with budgeting for bonuses is that a 'budgeted' item tends to be spent even if it wasn't absolutely needed," he noted.

**All or Some?**

Organizations that include all employees in their variable pay programs—from hourly workers through the executive suite—often "wish to promote teamwork and a sense that all employees contribute to the overall success," Chou said.

**Variable pay program budgets and payouts: 2016-17**

Respondents differentiated their current and planned variable pay awards, representing a percentage of base pay, by employee classifications:

Year	Nonexempt Hourly Nonunion	Nonexempt Salaried	Exempt Salaried	Officer/ Executive
2016: Projected % paid	5.4% (mean) 5.0% (median)	6.3% (mean) 5.0% (median)	12.6% (mean) 11.8% (median)	37.5% (mean) 34.5% (median)
2017: Projected % budgeted	5.5% (mean) 5.0% (median)	6.1% (mean) 5.0% (median)	12.3% (mean) 12.0% (median)	36.6% (mean) 35.0% (median)

Source: *WorldatWork*

(In the above chart, the "mean" is the mathematical average while the "median" is the middle value after listing reported budget increase expectations in successive order. Outliers, or extreme values on either the high or low end, have the biggest effect on the mean and less effect on the median.)

Companies striving to be known as an employer of choice "often offer incentives to lower levels of employees to attract better talent or to reward high-performers above market pay rates," which aids in retention, Chou said. "Again, always check back with the objectives you want to accomplish to ensure your programs are in line," he recommended. "You may not want to offer incentives at certain levels of the organization if doing so would elevate your labor costs over what is necessary."

Separately, a Willis Towers Watson survey (<http://www.globalnewswire.com/news-release/2016/08/24/866587/0/en/U-S-companies-holding-the-line-on-pay-raises-for-2017-Willis-Towers-Watson-survey-finds.html>) found that exempt employees are projected to receive annual performance bonuses that average 11.6 percent of salary in 2017, roughly the same amount companies budgeted for this year. Discretionary or incidental bonuses, generally paid for special projects or one-time achievements, for exempt employees are projected to average 5.6 percent of salary, slightly more than the 5.3 percent average bonus awarded in 2015.

"Incentives tied to individual and company performance continue to play a greater role in an employee's total rewards package," said Sandra McLellan, North America practice leader for rewards at Willis Towers Watson.

**Source: Stephen Miller, CEBS, via SHRM.org (online article)**

*Related article:* Salary Budgets Expected to Rise 3% in 2017, *SHRM Online Compensation*, July 2016

# Job Seekers Must Have Patience During the Hiring Process

Typical time from application to hire is just under 28 days!

Various labor market reports forecast that hiring will continue to be strong in 2017. But the competition will be fierce, making it hard for job seekers to land their choice role, according to a new survey report.

San Francisco-based recruiting software company Jobvite analyzed over 14 million job applications and their outcomes in 2016 to measure the chances of getting a job by industry, the typical length of the hiring process and the best method to get recruiters' attention.

According to Jobvite's data, the most competitive industries for open positions are technology, media, education and e-commerce, with companies like Grubhub or Zappos considering 66 applicants per hire.

Industries like insurance and energy, on the other hand, are substantially less competitive, with less than 20 applicants considered per hire on average. "For those seeking stability and the prospect of long-term growth at a company, these industries may pose an attractive alternative," said Amanda Van Nuys, Jobvite's senior director of marketing communications.

The data showed that it was especially hard to garner an interview for positions in media (only 7 percent of applicants were asked to interview), manufacturing (10 percent) and technology (10 percent). In education, on the other hand, almost 20 percent of applicants could expect a chance to interview, but only 9 percent received an offer. However, in the less competitive real estate and insurance industries, landing an interview meant your odds of getting the job were more than 1 in 3, according to Jobvite.

"How much [the interview] opportunity is worth varies by industry," Van Nuys said. "Sometimes, an interview means you're close to an offer, while in others, it's a formality extended to many."

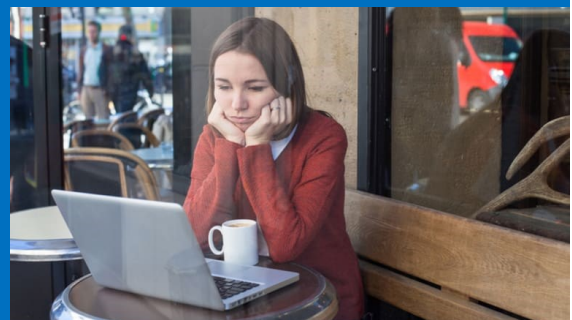
The energy and real estate industries were the fastest growing over the last three years in the number of jobs created, according to Jobvite data. The number of jobs in the energy field grew by 193 percent between 2014 and 2016, and employment in real estate grew by 105 percent. Engineering and finance enjoyed more modest but still substantial growth, at 45 percent and 43 percent respectively.

Since 2014, jobs with "data science" in the title have risen 64 percent, according to the survey report. In that same period, jobs with phrases like "artificial intelligence," "machine learning" or "deep learning" grew 140 percent.

"Two of the most in-demand jobs at the world's biggest companies are experts in data science and artificial intelligence [AI]—fields that skyrocketed in importance over the past two years," Van Nuys said. "Data analysis is now essential for companies of all sizes, and AI is incorporated in everything from factory work to finance."

Other key findings include:

- On average, it takes just under 28 days from the time someone applies for a job to being hired.
- The average number of candidates interviewed ranges from seven at the C-suite level to five at the associate level.
- C-suite candidates go through an average of five interview sessions, while associate-level candidates sit through three.
- Referred applicants are five times more likely than average to be hired, and 15 times more likely to be hired than applicants from a job board.
- 78% of recruiters cite enthusiasm as the quality most likely to influence a hiring decision after an initial in-person interview, followed by a good command of the job requirements (76%) and conversation skills (73%).
- Just 26% of recruiters surveyed consider cover letters to be important.



**Source: Roy Maurer via SHRM.org (online article)**



## Study: Racial Wage Gaps Larger Today Than in 1979

The pay disparity between white and black workers was larger in 2015 than it was in 1979, according to new research. The increasing racial wage gap has been especially detrimental to black employees' economic well-being during the period of weak wage growth over the past decade, in the wake of the Great Recession.

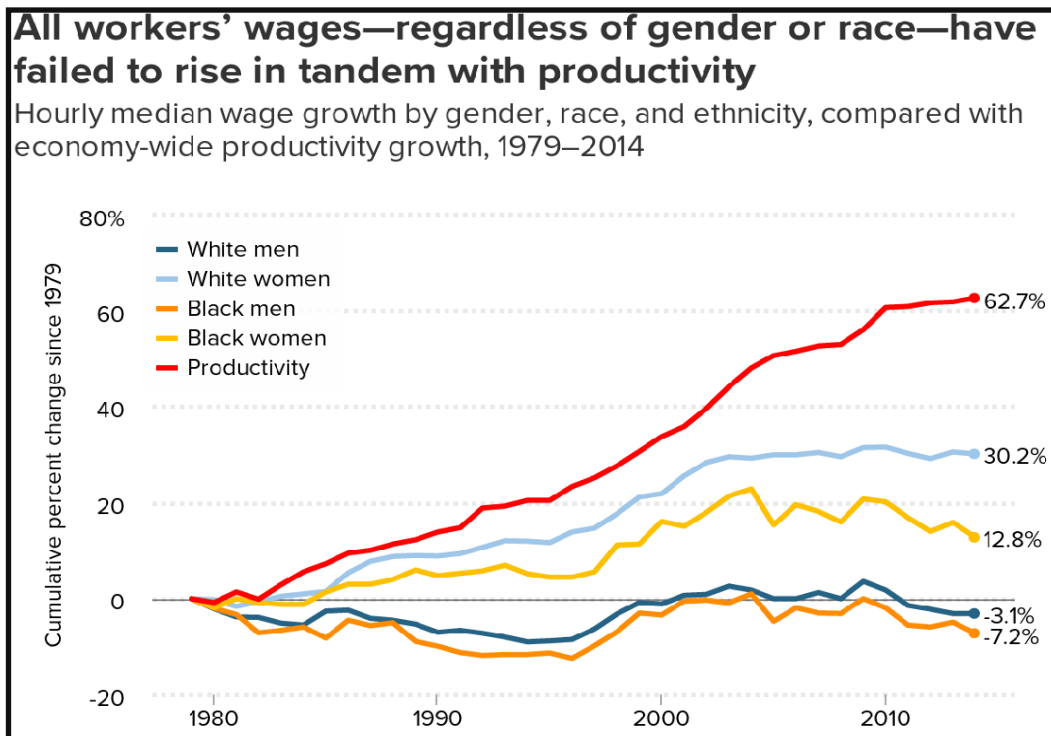
Researchers from the Economic Policy Institute (EPI), a liberal think tank in Washington, D.C., compared black and white workers' average hourly wages, adjusting for education, experience and region of residence. After taking these factors into account, they still found a sizeable wage gap between black and white workers.

The paper, *Black-White Wage Gaps Expand with Rising Wage Inequality* (<http://www.epi.org/publication/black-white-wage-gaps-expand-with-rising-wage-inequality/#epi-toc-7>), reports that in 2015:

- **Black men's average hourly wages** were 22 percent less than those of white men in comparable jobs; in 1979, the wage gap was 16.9 percent.
- **Black women's average hourly wages** were 11.7 percent less than those of white women; in 1979, the gap was 4.5 percent.

"While racial wage gaps are worse today than in 1979, the deterioration has not appeared along a straight line," said paper co-author Valerie Wilson, director of EPI's program on race, ethnicity and the economy.

"During the late 1990s, the gaps shrank, due partially to tight labor markets which made discrimination more costly, and policy decisions like raising the minimum wage. Since 2000, the gaps have grown again."



Source: Economic Policy Institute

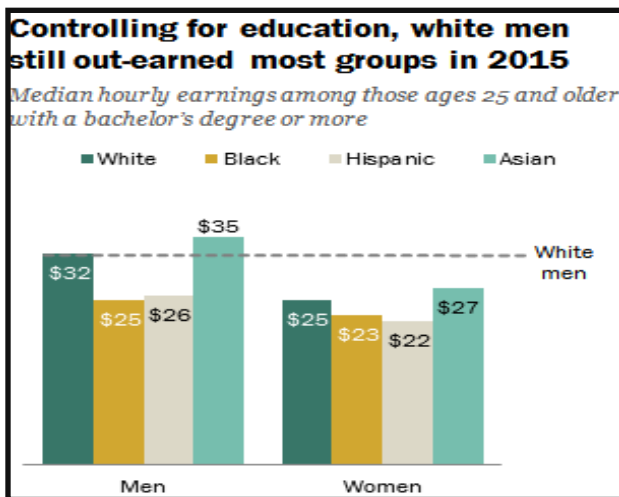
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### **Study: Racial Wage Gaps Larger Today Than in 1979 (continued from previous page)**

New entrants into the labor market—who tend to be younger workers—face smaller (though still significant) wage gaps when compared to those who have been working longer, EPI found. However, it seems that these early labor market disadvantages persist and grow as black workers pursue their careers.

#### **Pew: Gaps Significant but Narrowing**

Separately, the nonprofit Pew Research Center recently released its own research on pay disparities (<http://www.pewresearch.org/fact-tank/2016/07/01/racial-gender-wage-gaps-persist-in-u-s-despite-some-progress/>), which found that both race- and gender-based wage gaps in the U.S. remain significant, even as they have narrowed in some areas over the years. Among full- and part-time workers in the U.S., for instance, in 2015, black employees earned just 75 percent as much as white employees in median hourly earnings, Pew found.



"Research shows that a majority of each of these gaps can be explained by differences in education, labor force experience, occupation or industry, and other measurable factors," said Eileen Patten, a Pew research analyst who focuses on demographic trends. For instance, she cited an earlier study that showed that controlling for standardized educational test scores reduced the wage gap between black and white men in 2006 by roughly 70 percent. However, the remaining wage gap, which could not be explained by concrete factors, could be attributed—at least in part—to discrimination.

Another recent Pew report found that roughly two-thirds of black adults say that black people in the U.S. are generally treated less fairly than white people in the workplace, while just 22 percent of white adults and 38 percent of Hispanic adults agree.

#### **Ensuring Fair Pay**

Beth Zoller, a legal editor at XpertHR, a provider of employment law resources in New York City, recommends a multifaceted approach to achieving pay equity (<http://www.xperthr.com/how-to/how-to-prevent-wage-discrimination-and-ensure-equal-pay/9836/>) by race, ethnicity and gender, which incorporates the following:

- **Train supervisors to avoid wage discrimination.** Ensure that all supervisors and managers know how to make employment decisions based on legitimate and nondiscriminatory reasons.
- **Document guidelines for salaries and bonuses.** Ensure that salary guidelines and requirements for bonuses (whether based on merit, productivity, sales or commissions) are well-documented and based on fair, objective, predictable and measurable criteria. This information should be clearly conveyed to employees so that they understand the employer's expectations.
- **Be ready to defend all employment decisions.** Ensure that all decisions regarding pay, performance and promotions are carefully documented. Doing so will serve as a defense in case of a claim of wage discrimination.
- **Audit pay practices.** Ensure that differences in pay for the same or comparable positions are based on legitimate and nondiscriminatory factors and supported by written documentation. If they are not, take action to correct this situation.

**Source: Stephen Miller, CEBS, via SHRM.org (online article)**

# Congratulations to Cameron Bohl!

Cameron Bohl, a current student at LATI, was awarded our 2017 NESD SHRM Scholarship for her involvement in Human Resources. Best wishes to her!



*Pictured above: Laurie Gates (Esco Mfg. Inc.), Kristi Melmer (Moffatt Products), Cameron Bohl and Sheila Mennenga (Watertown Municipal Utilities).*



## Sanford Health offering a Reasonable Suspicion Training

Exciting new opportunity: Sanford Occupational Medicine Team from Bismarck and Fargo, ND, are coming to town to do Reasonable Suspicion Training!

**Wednesday, 4/12/2017**

**1pm—4pm**

**Sanford Health Watertown Clinic—Second Floor Conference Room**

**Cost: \$70 per person**

Register @ <http://www.sanfordocmed.com/our-services/drug-testing-program>.



# Meet our Members!

## Meet Halley Anderson!



Halley represents Sparton Corporation as its HR Administrator as of January this year. Prior to her current role, she completed two HR internships with Bel Brands USA: first one working on a job analysis project in Brookings and then as a recruiter in Chicago. Halley possesses a B.S. in Human Development and Family Studies along with a minor in Counseling HR Development and specialization in Spanish. Halley enjoys spending time on the production floor, getting to know employees and their jobs. She hopes to move into a HR Generalist role soon and plans to pursue a management position long term. In the meantime, Halley is planning an October wedding and loves to bowl! She contributes her success in life to the early lessons of hard work and responsibility from her grandfather. She learned to never give up and always try the hardest you can. A fun fact about Halley: she loves to color because it takes her back to being a kid, so any present of coloring books and/or markers is awesome!

## Meet Ericka Stormo!



Ericka is the HR Coordinator for Glacial Lakes Energy, which she started last October. This role is her first all-inclusive HR position, and she is loving it! Ericka actually pursued the dental field initially and even dabbled in real estate before finding her true passion: HR! She had always performed some capacity of HR in prior jobs and decided this is the career she wants long-term. Thus, she went back to LATI and achieved an Associate's Degree in Business with an emphasis on HR, and her goal is to earn her PHR Certification later this year. When not working, Ericka stays very busy between helping her husband of five years, Nick, on their family farm to chasing her adorable, sassy toddler, Kendra. She enjoys weightlifting and most outdoor activities, but you are more likely to find her reading up on various topics from crazy sports facts to bizarre plant life, and everything in between. She is inspired each day to do right by her heart, a value she learned from her mother.



**Reminder: please renew your NESD SHRM membership and pay your dues by **Friday, 3/31/2017**, to continue to receive member benefits.**

To renew your membership, please go to:  
<http://nesd.shrm.org/forms/membership-renewal-form-2017>.

Please contact Kristi Melmer at [kristi@moffattproducts.com](mailto:kristi@moffattproducts.com) if needed.





## 2017 State SHRM Conference: “Bridging the Gap— Strategic HR for Today and Tomorrow”

**Dates: Wednesday, 5/3/2017—Friday, 5/5/2017**

**Location: Ramkota Hotel, Pierre, SD**

Keynote Speakers include:

Malcom Chapman—The Five Powers of Leadership/Management ▪ Juli Burney—Leading with Levity

Brenda Clark Hamilton—Recalculating Skills for when Life’s GPS Takes an Unexpected Turn ▪ Bob Sutton—Motivation

**Early Bird rate by March 31st:** \$209—cash; \$219—credit card ▪ **After March 31st:** \$249—cash; \$259—credit card

**Register @ <http://southdakota.shrm.org/events/2017/05/2017-south-dakota-state-conference> TODAY!**

### Be on the look out for our Monthly Programs!

March 14th: Lean Office—Kellie Ecker

April 13th: ADA/I-9—Jean Bender

May 9th: Tragedy/Death/Divorce at Work—Avera

June 13th: Vendors/Roundtable

July 11th: Vendors/Roundtable

August 8th: Vendors/Roundtable

September 12th: Wage Survey/NCRC—Mike Jennings

October 10th: Legal Updates—Jackson Lewis

November 14th: Healthcare Reform—Abby Vanderwerf

December 12th: Holiday Social

**Mark your calendars now and watch for our email notices!**

## CONTACT US



### Do you have ...

- a HR or business-related question;
- exciting news or information to share with our group; or
- maybe an upcoming event?

If so, contact one, two or all of us any time, any day.

We want to hear from you!

Laurie Gates: lgates@escomfg.com

Audra Hunt: ahunt@watertownsd.us

Tammy Davis: Tammy.Davis@we-online.com

Melanie Schroeder: Melanie.Schroeder@we-online.com

Kristi Melmer: kristi@moffattproducts.com

Sheila Mennenga: smennenga@watertownmu.com

Stacey Goar: Staceyg@dakotabodies.com

Misti Gilbertson: mistigilbertson@outlook.com

Steve Hauck: haucks@lakeareatech.edu

Leigh Kuecker: leighk@benchmarkfoam.com

Becky Joseph: Bjoseph@techord.net

### Our last-minute tidbits and events:

- ▶ **2017 State SHRM Conference:** sign up by Friday, 3/31/2017, to get the Early Bird rate!
- ▶ **2017 NESD SHRM Membership Renewal:** have you completed yours yet? If so, awesome! If not, please make sure to do so. If you do not renew by Friday, 3/31/2017, you will be removed from the membership roster and no longer receive communications from our Chapter.
- ▶ Are you looking to get **HRCI or SHRM certified** soon? Are you looking for a study group to help you? If so, contact Tammy Davis at tammy.davis@we-online.com for more information.

## HR HUMOR



"This is typical. You have 700 Facebook friends and can't think of anybody as an emergency contact."



"Yes, I think I have good people skills. What kind of idiot question is that?"