Syllabus

Compensation Management 543

COURSE INFORMATION

- Course Title: Compensation Management 543
- Credits: 3
- Semester: Fall 2017
- Format: Online
- Note: Orientation for this class begins the Thursday before the first week of scheduled classes
- Prerequisites: None

INSTRUCTOR

- Miles W. Meyer, Ph.D.
- Email address: mmeyer987624@wustl.edu
- I check my email address daily and respond within 24 hours
- My professional resume can be found on LinkedIn
- Biographical and additional contact information will be provided prior to the start of class

COURSE DESCRIPTION

This course will teach you the key strategic decisions organizations must make to establish their compensation program and how they develop and use merit-based pay, annual incentives, and long-term incentives to enhance the achievement of operational and strategic objectives. We will also look at the roles played by employee benefits and executive compensation in an organization’s compensation program. Finally, we will examine the views of those who have been critical of the traditional model of pay-for-performance and extrinsic rewards.

This course is part of the Master’s Degree program in Human Resource Management and as such is oriented to Human Resource practitioners. It is also suitable for anyone interested in understanding how compensation programs can be used within organizations to enhance performance. The course focuses on compensation practices for salaried employees in large, U.S. publicly traded companies. Those practices and the principles that underlie them can be applicable in other settings but it will be up to the student to make those connections. Compensation for hourly or union employees or for employees located outside the U.S. will not be covered except in passing.

The overarching objective of the course is to give students a solid understanding of compensation from both a strategic and tactical point of view. After completing the course students should be able to critically analyze and assess the role compensation can play in driving high performance within a profit-oriented business.

The course is organized into eight weekly units:

1. UNIT 1: Making Strategic Compensation Decisions
We’ll explore the four basic strategic considerations every organization must undertake to establish a compensation program. We’ll look at how these decisions were made and implemented by the Kellogg Company through a review of their proxy information for their 2013 fiscal year.

2. UNIT 2: Developing Job Descriptions and Salary Structures

This unit focuses on how compensation practitioners document, evaluate, and market price jobs using salary survey information. You should come away with a good understanding of what goes into creating the kind of salary structure that is prevalent in most large companies today.

3. UNIT 3: Managing Performance and Merit-Based Pay

In this unit we will look at the range of options available for measuring and evaluating performance in the workplace. We’ll consider an approach developed by Deloitte to managing performance that is quite different from conventional norms. Finally, we’ll look at what managers need to do to effectively administer and communicate a merit-based salary program.

4. UNIT 4: Designing Annual Incentive Plans

This week will focus on the design and implementation of cash-based annual incentive plans typically found in most large, publicly traded U.S. companies. We’ll look at Kellogg’s Annual Incentive Plan in depth as described in their 2014 proxy. We’ll also explore incentive plan strategy more generally through a Harvard Business School article.

5. UNIT 5: Understanding Long-Term Incentives

We’ll examine the typical long-term incentive vehicles used by large, publicly traded U.S. companies. We’ll look at how these various long-term vehicles operate and the strategy behind the design of most long-term incentive plans. We’ll also look at two Harvard Business School articles on stock options and a further exploration of incentive plan strategy.

6. UNIT 6: Exploring Executive Compensation

In this unit we’ll explore executive compensation by examining its evolution at General Electric through a Harvard case study. We’ll also look at a second article from the Harvard Business Review that gives some basic background information on executive compensation.

7. UNIT 7: Examining Employee Benefits

This will be an overview of the type of benefits typically offered by large U.S. companies. We’ll also look at a Harvard Business Review article on an innovative approach to controlling health care costs led by Intel.
8. UNIT 8: Reconsidering Pay-for-Performance

We’ll change direction during the final week. Prior to this week we operated under the assumption that pay-for-performance and extrinsic rewards are the right approach to driving high performance in an organization. In the final week we’ll look at two opposing perspectives, one by Alfie Kohn and the other by Daniel Pink. This will be an opportunity to challenge some traditional assumptions about pay-for-performance and to critically examine the feasibility of alternative approaches to compensation.

COURSE MATERIALS

1. Books:

2. Assigned Readings:
   a. Lecture Notes:
      i. Making Strategic Compensation Decisions
      ii. Targeting the 50th Percentile
      iii. Establishing the Compensation Mix
      iv. Developing Job Descriptions
      v. Establishing a Salary Structure
      vi. Managing Performance
      vii. Managing Merit-Based Pay
      viii. Managing Annual Incentive Plans
      ix. Managing Long-Term Incentive Plans
      x. Comments on Executive Compensation at GE
      xi. Examining Employee Benefits
      xii. Managing Rewards and Performance
   b. Harvard Business School or Business Review Articles:
      i. “Reinventing Performance Management” by Marcus Buckingham, Ashley Goodall, HBR, Product #: R1504B
      ii. “Incentive Strategy Within Organizations” by Brian Hall, HBS, Product #: 902131
      iii. “What You Need to Know About Stock Options” by Brian Hall, HBR, Product #: R00205
      iv. “Incentive Strategy II: Executive Compensation and Ownership Structure” by Brian Hall, HBS, Product #: 9-902-134
      v. “The Whys and Wherefores of Executive Pay” based on research by Kevin Murphy, HBR, Product #: F1407Z
      vi. “Executive Compensation at General Electric(A)” by V.G. Narayanan, Michele Jurgens, HBS, Product #: 105072
      viii. “Why Incentive Plans Cannot Work” by Alfie Kohn, HBR, Product #: 2799
ix. “Rethinking Rewards” by multiple commentators, HBR, Product #: 93610

c. Readings related to assignments:
   i. Kellogg Compensation, Discussion & Analysis from 2014 Kellogg Proxy
   ii. Kellogg Income Statement from Kellogg 2013 Annual Report
   iii. Kellogg Company 2013 Annual Report, pp. 50 -52

GRADING

Grading will be based on discussion board posts, quizzes, short answer assignments, and case studies. Assignments and case studies account for just under 40% of the available points followed by quizzes and discussion board posts. There are a total of 650 points possible distributed as shown in the following table:

<table>
<thead>
<tr>
<th>No.</th>
<th>Week</th>
<th>Type</th>
<th>Title</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
<td>Discussion Board Post</td>
<td>Is It Worth It?</td>
<td>20</td>
</tr>
<tr>
<td>2</td>
<td>1</td>
<td>Short Answer</td>
<td>Kellogg's Compensation Philosophy and Peer Group</td>
<td>30</td>
</tr>
<tr>
<td>3</td>
<td>1</td>
<td>Short Answer</td>
<td>Targeting the 75th Percentile</td>
<td>30</td>
</tr>
<tr>
<td>4</td>
<td>1</td>
<td>Short Answer</td>
<td>Establishing the Compensation Mix</td>
<td>30</td>
</tr>
<tr>
<td>5</td>
<td>1</td>
<td>Quiz</td>
<td>Week 1</td>
<td>20</td>
</tr>
<tr>
<td>6</td>
<td>2</td>
<td>Discussion Board Post</td>
<td>How Much a Person Earns</td>
<td>20</td>
</tr>
<tr>
<td>7</td>
<td>2</td>
<td>Case Study</td>
<td>Superior Service</td>
<td>30</td>
</tr>
<tr>
<td>8</td>
<td>2</td>
<td>Quiz</td>
<td>Week 2</td>
<td>20</td>
</tr>
<tr>
<td>9</td>
<td>3</td>
<td>Discussion Board Post</td>
<td>Reinventing Performance Mangement</td>
<td>20</td>
</tr>
<tr>
<td>10</td>
<td>3</td>
<td>Short Answer</td>
<td>Merit-Based Pay Changes and Communications</td>
<td>30</td>
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<tr>
<td>11</td>
<td>3</td>
<td>Quiz</td>
<td>Week 3</td>
<td>20</td>
</tr>
<tr>
<td>12</td>
<td>4</td>
<td>Discussion Board Post</td>
<td>Intrinsic vs. Extrinsic Motivation</td>
<td>20</td>
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<tr>
<td>13</td>
<td>4</td>
<td>Short Answer</td>
<td>Kellogg Annual Incentive Plan Analysis</td>
<td>30</td>
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<tr>
<td>14</td>
<td>4</td>
<td>Quiz</td>
<td>Week 4</td>
<td>20</td>
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<td>15</td>
<td>5</td>
<td>Discussion Board Post</td>
<td>Stock-Based Compensation</td>
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<tr>
<td>16</td>
<td>5</td>
<td>Case Study</td>
<td>Valuing Stock Options in a Compensation Package</td>
<td>30</td>
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<tr>
<td>17</td>
<td>5</td>
<td>Case Study</td>
<td>When Do I Exercise My Stock Options?</td>
<td>30</td>
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<tr>
<td>18</td>
<td>5</td>
<td>Case Study</td>
<td>Acme Metals</td>
<td>30</td>
</tr>
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<td>19</td>
<td>6</td>
<td>Discussion Board Post</td>
<td>Fixing Executive Compensation</td>
<td>20</td>
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<td>20</td>
<td>6</td>
<td>Quiz</td>
<td>Week 5 and 6</td>
<td>40</td>
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<td>7</td>
<td>Discussion Board Post</td>
<td>The Employer-Led Health Care Revolution</td>
<td>20</td>
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<td>22</td>
<td>7</td>
<td>Quiz</td>
<td>Week 7</td>
<td>40</td>
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<td>23</td>
<td>8</td>
<td>Discussion Board Post</td>
<td>Is There a Better Way?</td>
<td>20</td>
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<tr>
<td>24</td>
<td>8</td>
<td>Essay</td>
<td>Applying the Course Concepts</td>
<td>40</td>
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<tr>
<td>25</td>
<td>8</td>
<td>Quiz</td>
<td>Week 8</td>
<td>20</td>
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Total 650
Points will be converted into grades based on the following table:

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<th>Points</th>
<th>Grade</th>
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<tr>
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<tr>
<td>572 - 610</td>
<td>3.5</td>
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<tr>
<td>533 - 571</td>
<td>3.0</td>
</tr>
<tr>
<td>494 - 532</td>
<td>2.5</td>
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<tr>
<td>455 - 493</td>
<td>2.0</td>
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<tr>
<td>416 - 454</td>
<td>1.5</td>
</tr>
<tr>
<td>377 - 415</td>
<td>1.0</td>
</tr>
<tr>
<td>&lt;377</td>
<td>0.0</td>
</tr>
</tbody>
</table>

Due dates for assignments will be indicated each week. You are expected to have an active presence within Blackboard (our online classroom) and that is one of the ways in which I will monitor your attendance in the course. I am able see when you last logged into Blackboard and how much time you’ve spent in various areas of the classroom. The class is not self-paced because we have specific due dates for all assignments, but you will work on the course at your own convenience within those parameters. Lack of participation in discussions or not answering email messages sent to you will be considered lack of attendance and could result in a loss of points.

Late assignments will not be accepted unless you receive written approval from me prior to the deadline for the assignment. You are encouraged to keep up with assignments on a weekly basis. Falling behind even for one week can be difficult to overcome.

Assignments will be graded no later than the week following when they are due. For example, assignments for Week 1 will be graded and the grades returned to you with comments no later than Friday of Week 2.

TECHNOLOGY

Notice on Java Updates and Supported Browsers
- The online address for Blackboard is: https://bb.wustl.edu.
- Blackboard works best in Mozilla Firefox. Some Blackboard features will not work well in Chrome or Internet Explorer. You can visit https://help.blackboard.com/en-us/Learn/9.1_SP_14/Instructor/015_Browser_Support and click on “Browser Support” for more detailed information on which browser works best for Blackboard, based upon your computer’s operating system.
- Be sure you have downloaded the most recent version of Java. This free software program helps you to be able to access Blackboard. You can check which version of Java you currently have and update it (if necessary) by visiting www.java.com. Keep Java updated for best results.

Technical Support
This is a fully online, technology-based course. Because computers are not perfect, plan on having technical issues at least once during the term. While this can cause some incredibly frustrating moments, the overall benefits of the technology do outweigh any issues that may arise. Just be ready to contact technical support in the event of difficulties. Send an email to
student.technology@wustl.edu or call 935-8200 with any questions/problems concerning Blackboard. (This is technical support for any problems you experience within the Blackboard classroom only, not other external software). For additional Blackboard resources, visit the Blackboard Help Page (https://en-us.help.blackboard.com/Learn/Student).

UC POLICIES

Academic Honesty
Students are bound by the University College policy on academic integrity in all aspects of this course. All references to ideas and texts other than the students' own must be so indicated through appropriate footnotes, whether the source is a book, an online site, the professor, etc. All students are responsible for following the rules outlined in the document regarding the university academic integrity policy: http://ucollege.wustl.edu/faculty/academic_integrity.

All students are expected to abide by the citation and attribution techniques explained here: https://owl.english.purdue.edu/owl/section/2/.

Student Accommodations
Washington University is committed to providing equal opportunity for students with disabilities. The Disability Resource Center (DRC) assists students with disabilities by providing services and arranging for reasonable accommodations to ensure equal access and equal academic opportunities. Students wishing to request services or accommodations must register and provide appropriate documentation to the DRC at cornerstone.wustl.edu. The DRC serves as a resource and advisor to students with disabilities and welcomes opportunities to consult with students, families, faculty, and staff. This online course has been designed with accessibility in mind. Be sure to visit Blackboard’s accessibility statement at: http://www.blackboard.com/platforms/learn/resources/accessibility.aspx

ACADEMIC SUPPORT

All University College students are encouraged to take advantage of the following Academic Support services on campus:

– Cornerstone: Cornerstone provides access to academic peer mentoring, assists students with essential study and test-taking skills, and offers disability resources to students in need. In addition, Cornerstone connects first-generation college students to leadership programs and offers academic, research and career opportunities. Visit http://cornerstone.wustl.edu/ for more information.

– Writing Center: The Writing Center staff members are writers helping writers through the process of revision. They are undergraduate students, graduate students and faculty members who love to write and to help others clarify their thoughts and ideas. The Writing Center and The Speaking Studio at Washington University in St. Louis provide free, one-on-one tutoring to all WUSTL students for any writing or public speaking project. Students interested in using the Writing Center should call in advance to make an appointment. Visit http://writingcenter.wustl.edu/ for more information.

– Arts & Sciences Computing: Arts & Sciences Computing operates two labs that are open to students, faculty, and staff. Visit http://computing.artsci.wustl.edu/labs for more information.

– Library: Washington University Libraries boast an impressive array of services, including course reserves, interlibrary loan, reserved study spaces, the Arc Computing Lab, and so much more. Visit http://library.wustl.edu/ for more information.

OTHER INFORMATION

Orientation
Orientation for an on-line course is extremely important. Orientation for this course will begin the Thursday prior to the first week of scheduled classes and will continue through the weekend immediately prior to the first day of class. More information about Orientation will be sent one week prior to the Thursday on which it is scheduled to begin.

**General Tips for Success in the Online Classroom:**
Welcome to our online course! The following is a list of helpful information that represents habits of students who have succeeded in online courses. These tips should help you to have a positive experience as well.

1. **GET STARTED:** Remember that orientation for this online course begins the Thursday before the first official day of the semester. Log in that Thursday to begin your orientation. Then on the first official day of the course log into the course. Waiting until the end of the first week to get started may derail your efforts to succeed before you know it.

2. **STAY ORGANIZED.** Bookmark our course websites (Blackboard, Online Dictionary, other websites indicated etc.) Create a special binder or folder to organize any printed materials. Study time will be easier and more fruitful if you are organized and up to date.

3. **INTERACT WITH YOUR CLASSMATES.** Students who study in small groups or pairs tend to be more successful. You can help each other to understand difficult points in the unit simply by participating regularly and exchanging thoughts through the “Questions?” discussion forum.

4. **SHOW UP & ASK QUESTIONS.** Contact me by email as needed for extra discussion. Make an appointment and we can talk in real time by phone. You can also email me any questions that arise or post them in the “Questions?” discussion forum.

5. **DO THE READING.** The assigned reading is a valuable part of the course. Students who consistently stay up to date on the reading tend to receive higher grades than those who do not. The assigned readings are listed in the syllabus. More information about these readings will be given each week during the course.

6. **STUDY “OFFLINE” SOMETIMES.** Although this is an online course, you need not do all of your studying online. Spend time studying away from the computer by taking notes on the readings.

7. **DON’T PROCRASTINATE.** Procrastination will ruin your experience in the class in several ways. Not only does it prevent you from learning what you are here to learn, but it will also cause you to lose a lot of points. Assignment due dates will be clearly indicated each week. Generally discussion board posts will be due by Friday midnight each week. Where it’s required that you interact with other students through these posts there will be a dual due date, one on Wednesday and one on Friday. Other assignments and quizzes will generally be due by midnight on Sunday each week. Please pay attention to the due dates each week and keep up with them to be successful.

8. **HANG IN THERE!!** If this is your first online class, the experience may challenge you at first, but as long as you keep up with the reading and follow instructions, you will develop an understanding of the rhythm of the course after the first unit. See me for help as needed. I am your resource and I want you to succeed and enjoy this course!
Guidelines for Discussion Forum Participation

1. Be sure to write in the subject line to whom your message is addressed. Changing the subject line is the number one way to make sure your post is noticed by the intended recipient.

2. Be sure to sign your name at the bottom of your messages. Writing your name at the end of each message helps to clarify the author and helps your classmates remember who you are.

3. Before responding to a particular discussion topic, be sure to complete the reading assignment of the corresponding unit. Be sure to take your time and write meaningful discussion forum postings. Your ideas and content are important, and issues such as grammar, spelling, accents, vocabulary, and sentence structure count as well. Be sure your posts are well edited before you submit them, since unedited posts may not receive full points.

4. Participate in each discussion over several days within the lesson and avoid waiting until the due date to get started. Some discussion board questions may require several posts from you, including replies to classmates. Waiting until the last day to participate minimizes the opportunity to interact with your classmates and makes discussion participation much less meaningful for you. It could also result in a loss of points.

5. Finally, the discussion forums are meant to be fun! Check in often to communicate with your classmates and me.

“Netiquette” Statement on Internet Communication

1. Remember your audience. If you would not say it in a face-to-face classroom, do not include it in the online discussions either. Consider what you write, as it is a permanent record and can be retrieved easily. Use courtesy and common sense in all your electronic communications.

2. Write in complete sentences and check spelling before you post anything in class.

3. DON'T TYPE IN ALL CAPS. This is hard to read and is considered “shouting.”

4. Respect the opinions of others and be sensitive to the diverse nature of people in the class. Keep in mind that although you cannot "see" your classmates, you can show respect for individual differences. Diversity issues may include the following and others: race, ethnicity, religion, disabilities, gender, sexual orientation, age, social class, marital status, urban vs. rural dwellers, etc.

5. No profanity will be allowed. This includes writing in punctuation. For example, ##%$#! is considered profanity and is not permitted. Also, language expressed in inappropriate acronyms is not acceptable.