



# International Cotton Advisory Committee

**Attachment 6**

## **ICAC Reward Management Policy 563<sup>rd</sup> Meeting of the Standing Committee**

**19 February 2020  
The ICAC Secretariat's Office  
1629 K Street, NW, Suite 702, Washington DC 20006**





**Attachment 6 to SC 563  
19 February 2020**

**For Discussion/Decision**

**Reward Management Policy  
International Cotton Advisory Committee - ICAC**

**I. Introduction**

The ICAC Strategic Plan was reviewed and approved by the Standing Committee during the 556<sup>th</sup> Meeting of the Standing Committee on 7 June 2018. One of the objectives in the Strategic Plan was to develop a Reward Management Policy for the ICAC Secretariat.

A reward management policy is intended to motivate employees to contribute their best efforts in order to:

- Produce results that have been pre-defined and communicated in advance in accordance with their job descriptions, responsibilities and performance goals; and
- To reward them for giving extra effort to achieve and go beyond their personal objectives and the objectives of the organisation as a whole.

Performance standards require participants to stretch their performance beyond their normal responsibilities and duties so therefore the reward management policy rewards exceptional performance. The reward management policy will be subject to an annual review, conducted by the Executive Director, and should support the overall strategic and budget performance of the organisation. The reward management plan may be terminated, modified or replaced at any time, for any reason, by the Standing Committee.

The Executive Director does not form part of this Reward Management Plan but instead, is evaluated separately by the Administrative Committee and his bonus is determined separately, taking into account the unique contribution the Executive Director has to not only contribute to the overall success of the organisation but also as the only manager in the organisation.

**II. Definitions**

- **Performance Goal:** short-term objectives set for specific duties or tasks that are related to the overall organisation goals.
- **Performance Review:** A document that provides specific criteria to evaluate and establishes the annual performance objectives for each employee. It also helps to identify strengths and weaknesses, offer feedback, and set goals for future performance.
- **Fiscal Year:** Begins 1 July and ends 30 June, which shall also be the performance period.

**III. Objectives**

- Attract and retain employees
- Motivate performance
- Promote skill and knowledge development
- Contribute to the organisational culture
- Reinforce and define pay structure
- Determine pay costs



#### IV. Performance Standards

The ICAC can recognise, acknowledge and reward employees for exceptional performance and/or significant contributions related to the organisation's Strategic Plan and key performance indicators (KPIs).

The ICAC should acknowledge and reward employees demonstrating:

1. **Exceptional performance:** demonstrated and sustained exceptional performance that consistently exceeds goals and work expectations in quantity and/or quality.
2. **Professional knowledge:** demonstrates the required technical skills, knows and applies internal policies and procedures.
3. **Planning/Organisation:** ability to plan and prioritise work, create and manage schedules, meet deadlines.
4. **Creativity:** One-time innovation or creation that results in time/money savings, revenue enhancement, and productivity improvement; and/or ongoing innovative/creative activities that benefit procedures within the organization.
5. **Communication/Power of Expression:** ability to express ideas and communicate information precisely and with clarity (in writing, verbally in meeting and by telephone); communicate well with members and colleagues.
6. **Common sense/Initiative:** demonstrates good analytical skills, uses own initiative taking ownership of problems and resolving them.
7. **Organisational abilities:** Exhibits extraordinary skills in leadership resulting in the accomplishment of significant goals and objectives; effective project management, which could include developing a project and/or implementing a project with substantial success; and/or demonstrating organisational capability leading to a greater level of effectiveness.
8. **Work success:** Significantly exceeding productivity, quality or similar goals, including demonstrating superior interactions with peers, delegates and/or ICAC members.
9. **Teamwork:** Acting as an exceptionally effective and cooperative team member or team leader that has significantly exceeded the goals/objectives of the organisation. Ability to work within a team, contribute to the work of others and be cooperative with colleagues and peers. Receptive to new ideas.
10. **Communication/Power of Expression:** ability to express ideas and communicate information precisely and with clarity (in writing, verbally in meeting)

Many of the practices that support performance also positively impact job satisfaction, employee retention and engagement. Performance management practices include:

- Delivering regular relevant job feedback: The Executive Director should meet with every member of the staff to provide general feedback and to discuss goals and achievements.
- Setting and communicating clear performance expectations.
- Clearly linking performance to compensation.



- Evaluating performance and delivering incentives in a fair and consistent manner.
- Providing appropriate learning and development opportunities.
- Recognising and rewarding top performers.

The overall performance of any member of the staff is a key consideration when determining the award. Awards levels are determined by the ICAC Executive Director based on the organisation's strategic key performance indicators and personal objectives.

### **Rating Scale**

5. Excellent - consistently working to a high standard and working beyond expectations.
4. Good - occasionally works at a level exceeding the job description.
3. Satisfactory - carries out the duties reflected in the job description.
2. Improvement required – not consistently achieving minimum standards.
1. Unsatisfactory – consistently underachieving the expected standards.

### **V. Incentive Awards**

Awards must be determined based on the employee's actual performance relative to the objectives assigned to them at the beginning of the plan year, their job description, and the organisation's performance in accordance with the KPIs established in the Strategic Plan of the organisation. Incentive awards are also linked to the Business Plan budget of the organisation and will be determined on an annual basis. The employee would be evaluated every 12 months in June/July.

### **VI. Options for Calculating Bonus Awards (2019-20 fiscal year)**

1. To qualify for a bonus award, a staff member must have first of all achieved a mark of at least 80% in their annual evaluation review. The organisation must also achieve 80% of the KPIs established in the Strategic plan for each year.

If the organisation makes over \$50,000 profit in the business plan account, staff members that received 80% or above on their evaluation report would receive a bonus payment equal to two week's gross pay. Assuming each member of staff qualifies, the organisational cost of two weeks salaries would be \$31,326.

If the organisation makes over \$100,000 profit in the business plan account. This bonus would be paid from the business account and would not be included in the assessment fee calculations each year or affect the amount of assessment fees that members pay. Assuming each member of staff qualifies, the organisational cost of one month salaries would be \$62,652.

The advantage of this system is that the percentages awarded are in proportion to their own pay. Whilst all members of staff contribute to the overall success of an organisation, is a fact that senior members of staff will have greater input and influence on organisational outcomes than junior members of staff.

2. If the organisation makes over \$50,000 in the business plan account, staff members that received 80% or above on their evaluation report would receive a bonus payment of \$2,500. The organisation must also achieve 80% of the KPIs established in the Strategic Plan for each year. Assuming each member of staff qualifies, the organisational cost of awarding a bonus of \$2,500 would be \$22,500.



If the organisation makes over \$100,000 in the business plan account, staff members that received 80% or above on their evaluation report would receive a bonus payment of \$5,000. The organisation must also achieve 80% of the KPIs established in the Strategic Plan for each year. Assuming each member of staff qualifies, the organisational cost of awarding a bonus of \$5,000 would be \$45,000.

The disadvantage to this approach is that for those on higher pay approaching \$100,000, a bonus award of \$2,500 amounts to very little — whereas for those on the lowest rates of pay, it is worth considerably more. In some cases, this can be up to 4 times more compared to their pay who are often the principle drivers and contributors to the success of the organisation. So, this approach disadvantages those on higher rates of pay.

3. Assigning a different bonus percentage based on the performance rating:

Performance Rating	Performance award as % of Pay
95-100%	5%
85-95%	3%
80-85%	1%

Assuming each member of staff gets a performance rating of 95-100%, the organisational cost would be \$37,592.

## VII. Budgeting

Expenses for incentive and recognition awards must be linked to the budget of the Business Plan of the organisation. Incentive and recognition awards would only take place if the net profit in the Business Plan exceeds the amount of **\$50,000** for each fiscal year. In addition, 1% of the total salaries should be budgeted annually to account for the case where the net profit within the business plan does not exceed \$50,000 thus allowing at least a nominal bonus to be paid to reward exceptional performance.

## VIII. Evaluating the Executive Director

The Executive Director would receive an evaluation by the staff. The purpose of evaluating the Executive Director is to strengthen the relationship between the Executive Director and the staff. The staff and the Executive Director would work collaboratively on improving the performance of the organisation as a whole and to ensure that it is on track with the objectives set up in the Strategic Plan. This staff evaluation would be considered by the Administrative Committee, which was set up to evaluate the performance of the Executive Director.

The Administrative Committee would also be responsible for overseeing and approving the Executive Director's recommendations for staff bonuses.

## IX. Organisational Risk

Organisations without a Reward Management structure tend not to perform as well as those with one. In addition, members of staff are more likely to leave for organisations where their contributions are valued more, especially if their salary scales are not competitive with similar organisations.



## **X. Recommendation**

It is a fact that organisational success requires leadership and professional knowledge. This would normally be linked to pay grades. Unfortunately, in the ICAC we do not have a system that links positions to within certain pay levels. This has meant that junior administrative staff have been earning more than newer members of staff who have considerably more professional knowledge and who contribute more to the organisation's success.

**Therefore, the ICAC Subcommittee of Budget agreed to recommend that the fairest method of reward is Option One.**

**Lorena Ruiz  
Economist**

**Yana Pomerants  
Executive Assistant**

**14 February 2020**