

Chester S. Labedz, Jr.

Office phone 401-524-7711
Home phone 401-353-9124
Email clabedz@gmail.com

74D Valley Green Court
North Providence, RI 02904 USA

Executive Rewards Expertise

Chet's work with the executive compensation and benefits programs offered reasoned opportunities for prudent policy formation, careful documentation, integration with the tax and funding characteristics and financial reporting issues of advanced insurance products, Corporate change-in-control provisions, and ongoing efforts to maintain competitiveness and executive and Board satisfaction.

Chet was Textron's senior staff leader in its design, documentation and rollout of its initial suite of executive benefits, reporting to the General Counsel and the Chief Financial Officer:

- deferred income,
- executive death benefits,
- "top hat" plans, in excess of ERISA limitations.

He continued as senior staff leader in Textron's design and documentation of its other executive compensation and benefits programs, reporting to the Executive Vice President Human Resources:

- long-and short-term incentive compensation,
- incentive and non-qualified stock options,
- stock appreciation rights provisions,
- executive severance,
- executive perquisites and
- outside directors' pension programs.

Chet made regular presentations to three of Textron's Chief Executive Officers over the years and to its senior management committees. He has presented to Textron and NSTAR Board Committees. Chet obtained an LL.M. degree in Taxation from Boston University, to aid in his compensation roles.

At Textron Systems, Chet assisted the President in administering the corporate incentive compensation program and corporate talent review presentation for thirty senior leaders. His IC work included the collection and review of all incentive compensation objectives for consistency, criticality, and mapping to Corporate and Division financial and non-financial objectives. Chet prepared the corporate talent review materials each year under the Division President's supervision.

Chet supervised the establishment and administration of executive base salaries, annual incentive compensation and equity-based long-term compensation at Boston Edison, and their post-merger amendment and delivery across NSTAR.

Employee Compensation Expertise

While Chet's work with the executive rewards programs delivered excellent policy, financial and administrative experience, his rank and file compensation work at Textron Systems provided immersion in constantly evolving plan design and administration, at an intensely "hands-on" level in the midst of continuous organizational and cultural transformation efforts.

Late in 1993, Textron Systems, a division that was undergoing dramatic organizational upheaval in its quest to remain a "player" in its high tech, defense market niches, recruited Chet. The organizational transformation involved "overnight" substitution of a complete team- and Process-based structure in place of a matrix organization as often found in defense engineering and production firms.

The Division President had decreed the simultaneous replacement of traditional merit increases to base pay by cutting-edge compensation practices intended to directly support and accelerate the organizational (and cultural) changes. Chet inherited these new programs a few months after their rollout, when Corporate Office skepticism and the Division President's keen interest aligned and paved the way for his transfer to the unit as Vice President Human Resources.

The new compensation programs were:

- team-based variable pay-for-performance ("VPP"), and
- competency-based adjustments to base pay.

Variable pay-for-performance delivered annual payouts to all members of an employee team; the Division's 1,000+ employees comprised about 100 "process" or "product" teams. This was pay-at-risk; the annual payouts were not additive to base salary. The fluidity of VPP design and administration over a 5-year period hints at all the major compensation design criteria with which Chet and his HR teams wrestled:

- measurement period (semiannual, then annual) and level (team, non-team "work groups", and unique "individual performers")
- plan eligibility (two plan levels, covering all employees except those remaining on Corporate incentive compensation roster)
- goals design (team-proposed, bottoms-up, line-of-sight objectives, but tempered through: overall Process mapping, pre-approval of all 1500+ annual team objectives by a management group which Chet chaired, and the introduction of a Division-wide Economic Profit objective)
- funding (managed to Corporate and defense audit agency guidelines following excess payouts in first-year, based on attainment at one of three performance levels of teams' pre-established objectives)
- allocation formulae (initially, flat dollar only, but evolving to flat dollar payouts for attaining "plan" objectives, with percentage-of-pay and degree-of-difficulty multipliers for attaining "stretch" objectives)

The competency-focused applied-skill-and-knowledge (“ASK”) program allocated the annual base pay increase budget. Its development over a 4-year period shows Chet’s hands-on work in all of the major design elements of a competency-based program:

- The Division’s first focus was to identify the “domain competencies” (technical skill and knowledge) that were relevant to its current business needs (“applied”) and its “emerging” strategic needs. Chet’s teams worked extensively with Process leadership to catalog, define and establish graded levels for hundreds of domain competencies.
- Next, a cross-functional process action team chartered by Chet identified the “enabling competencies” (personal and team-like behaviors) on which employee assessment would focus. These competencies were grounded in the Career Architect and Benchmarks work of Lominger Limited, employee input and the Textron-promulgated values statement.
- His teams created the Division-wide competency database necessary to assimilate preliminary and final assessments of the relevant competencies of each employee. Initially the product of a three-way dialogue among the employee, team leader and Process representative, the final assessments later became 360° feedback, reflecting the employee’s teammates, as well.
- To better support this competency focus, HR scrapped its many-layered compensation structure in favor of broad banding: 17 ranges were reduced to 4, for all employees not marked to the corporate executive salary structure. Chet and his staff worked extensively to map traditional job descriptions and salary structures reported by the marketplace into a fair, accurate and more flexible broadband approach. Although this process required further refinement, Towers, Perrin described it as a “potential industry best practice” in the competency-based pay arena.
- Finally, Chet’s teams and process action teams designed and implemented large-scale team development programs and facilitated the dialogue necessary to create personal learning plans for over 1,000 employees. These programs and plans helped to “close the loop”, from a systems perspective, of this model:

