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Business Intelligence at Work

REPORT ON SALARY SURVEYS

SURVEYS OF THE MONTH

Three Surveys Find Pay Increases Up to 6.6% for Logistics Pros

Salaries are on the rise for logistics professionals. The average salary rose by 6.6% after two years of remaining flat, according to one study, the *Logistics Management's Salary Survey*. A second survey, the *Logistics Today 2005 Salary Survey*, revealed that salaries rose by 5.9%. A third study, the *2005/6 Compensation for Middle Management* from Watson Wyatt Data services, details pay for materials managers by type of company.

The size of the salary increase is tied directly to the title of the logistics professional. The closer the level is to executive, the better the pay. In the

COMPENSATION STRATEGIES

How to Maximize a Tight Pay Budget

One of the toughest situations faced by HR professionals during salary budget planning time is when there is just not enough money. The funds are lacking to create a greater distinction between high and low performers, to fund bonus programs, even to keep compensation levels at current market levels. What's an HR professional to do?

At the recent IOMA conference "Setting and Managing 2006 Compensation," two experts outlined sev-

EXCLUSIVE IOMA SURVEY

## 32% Use Software to Plan Compensation

As the growing emphasis on rewarding top performers and variable pay grows, compensation plans have become increasingly complicated.

It would seem logical, then, that companies might turn to technology to help them plan and track their compensation plans. Except, of course, for the expense of purchasing and maintaining software. Cost is part of the reason why,

Where Will Cos. Invest in the Future?
. . . . .see story, bottom left
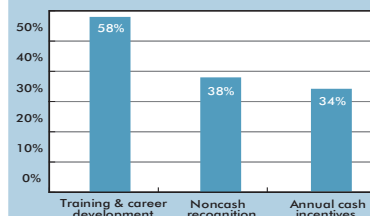
(Source: Mercer HR)

Fall 2005 HR Buyer's Guide —see insert—

Overall, the Mercer survey found that career progression and job training are playing key roles in attracting and retaining employees. Half of the firms in this study define rewards as more than just pay and benefits. They include career development or other intrinsic work. Other factors that help attract and retain employees include the work environment, work processes, and work/life balance.

Currently, companies appear to be evenly split on hiring new talent and building from within; a career plan and positive work environment works for either group. For certain positions, such as sales and marketing and finance, more companies hire from the outside. However, the Mercer study predicts that cultivating "homegrown" talent will grow in use over the next few years.

The study also found that HR priorities over the next 12 months will continue to spotlight attraction/retention, cost control, performance differentiation, and pay-for-performance.

For More Information

You can download the 29-page survey *Measuring Return on Total Reward Investments* from Mercer HR Consulting for free by going to ww.mercerhr.com/knowledge-center/reportsummary.jhtml?idContent =1192540.

To purchase the full report of Mercer's *2005/2006 U.S. Compensation Planning Survey*, visit www.imercer.com/cps or call 800-333-3070. Cost: $450 for PayMonitor, $225 for a PDF, and $245 for a hard copy.

To find more information about the Hewitt study on 2006 pay increases, go to www.hewitt.com and look under "resource library," then "newsroom" and "press releases." Cost: free.   ❏

Software for Comp Planning

overall, only a third of organizations use any type of technology or software for compensation planning, according to the results of an exclusive *RSS* study. The study can be found in *Setting and Managing 2006 Compensation* from IOMA.

Even if HR professionals are eager to use software or online programs, spending the money can be a hard sell to higher-ups. Saying the new technology will make the process more efficient or even save a small amount of money is unlikely to be a sufficiently persuasive argument. HR professionals are more likely to have to demonstrate that new technology will help increase productivity and contribute to business goals—and save a substantial amount of money in the end.

Size Matters

A survey of more than 500 HR professionals revealed that size makes a difference when it comes to using technology.

More than half of the largest companies use some type of software or online application when planning their compensation. In contrast, among the smallest of firms (those with less than 200 employees), a mere 10% used software (see Table 1). However, about a third of midsize organizations used some type of technology in compensation planning. Among firms with 200 to 599 employees, for example, it was 37.8%.

By Industry

Government firms were by far the most likely to use technology in their compensation planning, at 66.7% (see Table 2).

On the other hand, none of the educational organizations reported using software or online applications; less than a

quarter of nonprofits use software; and only 27.5% of business services firms use technology in their planning.

By Region

There are definitely some areas of the country in which using technology in compensation planning is far more widespread. In the South Central region, 46.2% of companies use technology, followed closely by organizations on the West Coast, at 45%.

In the North Central region, only 22.7% of companies use technology in their software planning; in the Northeast, 29.1%; and in the Southeast, just over a third (see Table 3).

Which Software?

In-house compensation systems are most popular. These are programs that companies have devised using their own people, instead of purchasing ready-to-use software. Or they base a system on well-known software. Some companies simply use Excel to track their compensation programs.

Of companies that use name-brand technology, Mercer's Web-based compensation management software, Prism, has a slight edge. Nearly just as many organizations utilize the Reward program from Watson Wyatt. PeopleSoft is another software in widespread use.

Using an online application is also quite popular, such as Paynet from the Hay Group. Licensed users can access and analyze compensation data.

Several HR professionals also said they use salary.com to check on salary data, an interesting admission since so many HR pros claim to despise the site.

Others simply gather various bits and pieces of information online from a wide variety of Web sites that feature data on salary trends, increases, and surveys.

Purchase Information

Setting and Managing 2006 Compensation is available from IOMA. To order and receive a $50 discount off the regular price of $249, contact IOMA subscriber services at 212-244-0360 or e-mail subserve@ioma.com and request product #1254C or use the coupon on page 16. ❑

Table 1. Companies That Use HR Technology in Comp Planning, by Number of Employees

Number of Employees	Yes	No
1 to 199	10.0%	90.0%
200 to 599	37.8	62.2
600 to 1,799	34.8	65.2
1,800 to 6,999	37.0	63.0
7,000 or more	52.8	47.2
Overall	32.1	67.9

(Source for all tables: *RSS*)

Table 2. Companies That Use HR Technolgy in Software Planning by Industry

Industry	Yes	No
Business services	27.5%	72.5%
Education	0.0	100.0
Financial/banking/insurance	36.6	63.4
Government	66.7	33.3
Health care	29.6	70.4
Manufacturing	32.7	67.3
Nonprofit	23.8	76.2
Transporation/communications/ulilities	58.3	41.7
Wholesale/retail trade	31.3	68.7
Other	20.0	80.0
Overall	32.1	67.9

Table 3. Companies That Use HR Technolgy in Software Planning by Region

Region	Yes	No
Northeast	29.1%	70.9%
Southeast	35.6	64.4
South Central	46.2	53.8
West Coast	45.0	55.0
North Central	22.7	77.3
Overall	32.1	67.9