



COMP TIMES



SPRING IS HERE! What a wonderful time of year; the Monument Ave 10k, the Maymont Flower and Garden Show, and compensation surveys come due. Every year, the number of surveys I complete and submit seems to grow. Hewitt, Mercer, Watson Wyatt... the list of consulting groups, private companies, and compensation associations offering niche compensation data is always increasing.

RCA even has its own compensation survey. The second annual RCA Salary Survey sponsored by the Titan Group is back upon high demand. We had a great response last year and we hope to see participation increase this year!

For more information and participation information please contact [The Titan Group](#).

RCA Salary Survey Reminder!!!!

The deadline for data submission is June 18, 2007. Results will be sent out to participants on August 14, 2007.

Survey the Membership

Have any burning questions? Do you want to know what others are doing in their company? We will survey the membership for compensation questions of interest. Please send your questions to [SurveyQuestions](#).

Job Postings

If your company has HR job openings, we can post it on our website. Simply email the position and description to [Job Posting Dropbox](#). Posting is free to all RCA members. For **non-members** the fee for each job posting is \$75. Job postings will remain up for 60 days and then removed.

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President's Message

Greetings! I am very excited to start off this New Year as the new President of Richmond Compensation Association (RCA). With our first quarterly meeting completed, we have 2007 off to a great start.

As a compensation professional, I hope you find this association as fulfilling and helpful as I do. We in the compensation field know these two truths about our work.

1. Our decisions have a direct impact on the business we serve.
2. The key to problem solving is creativity.

Your continued involvement in RCA will offer learning and networking with professionals that share the same challenges and can generate dynamic ideas and creative action that will only make us stronger in our field.

I look forward to the rest of the year and to meeting all of our fantastic new and returning members. I am honored to be serving as the president of an organization with such talented members. I welcome you to contact me with ideas or just to say hello.

Warmest Regards,
Jennifer Atkins

Notes from the First Quarterly Meeting

RCA kicked off the first breakfast meeting of the 2007 season at the Lewis Ginter Botanical Gardens on March 21, 2007, with a presentation by Dan Strakel, Ed. D., President of Capable Consulting.

In keeping with our theme, "Creating the Workforce of Today and Tomorrow", Dr. Strakel presented "Using Mentoring Today to Build the Workforce of Tomorrow". Dr. Strakel discussed the history and purpose of mentoring programs, as well as the key points to consider when establishing a formal mentoring program for your company.

Dr. Strakel incorporated several fun and interesting group activities which clearly illustrated the benefits of mentoring in developing a knowledgeable workforce. This presentation was enthusiastically received by the attendees and is available for review on the RCA website.

The next breakfast meeting will be held on Wednesday, June 13, 2007 at Lewis Ginter Botanical Gardens. Please join us as we welcome area business leaders from the public and private sector in a panel discussion focusing on employee retention, leadership and succession planning.

2007 Courses

Pricing: RCA member \$920
W@W member \$1,020
Non-member \$1,540
Exam only \$395

Location: Richmond Marriott West
(804) 965-9500
www.marriott.com

C5 - Elements of Sales Compensation
When: June 6-8, 2007

B2 - Retirement Plans - Design and Management
When: September 19-21, 2007

C2 - Job Analysis, Documentation and Evaluation
When: December 5-7, 2007

Classes can fill quickly - register today!!

For these courses, please sign up directly with WorldatWork by contacting Customer Relations at (877) 951-9191 or customerrelations@worldatwork.org

W@W Conference

The W@W annual conference is fast approaching! It will be held in Orlando, FL from May 6th to May 9th.

RCA's Director of Education, Vanessa George will be attending for the RCA Board of Directors. At our next quarterly meeting, she will present to membership some of the more interesting exhibitions and speakers.

If you are interested in attending, please follow this link for more information and registration materials:

[WorldatWork Annual Conference](#)

Articles of Interest

Higher Starting Salary Offers Reflect Positive Trend in Job Market for New College Graduates

Starting salary offers to new college graduates continue to rise, reflecting the positive job market for Class of 2007 graduates, according to a new report.

The Spring 2007 issue of the National Association of College and Employers' Salary Survey shows that, at the bachelor's degree level, nearly all of the majors that reported a change in their average starting salary offer reported increases (26 out of 29 majors).

"This report supports the positive hiring outlook we've projected for this year's class of graduates, as increases in average starting salary offers typically

signal increased demand," says Marilyn Mackes, NACE executive director.

Back in the fall, NACE released its Job Outlook report, which projected a 17.4% increase in college hiring in 2006-07 compared to 2005-06.

Starting salary offers to graduates in the business disciplines increased across the board. Marketing graduates posted the biggest increase among the business fields: Their average offer rose 10.3% to \$41,285.

Conversely, the smallest increase among the business fields went to accounting grads-their average offer rose 2.7% to \$47,421. However, it is important to note that accounting salaries have been rising steadily, a good indication of the level of demand for this discipline.

Business administration/management graduates posted a healthy increase; their average offer rose by 7.5% to \$44,048.

Economics (business/managerial) and finance graduates both posted solid starting salary data and are the most highly paid among the business disciplines reported. The average offer to economics grads now stands at \$53,449, while the average for finance graduates is \$47,877.

Management information systems/business data processing grads earned a respectable increase of 4.9%, bringing their average starting salary offer to \$46,966.

Computer science graduates saw their average offer bump up 2.5% to \$52,177. Despite the modest nature of the increase, this is positive news for computer science graduates: This year's crop of computer science majors posted increases in both the Winter and Spring issues of Salary Survey; in comparison, their counterparts from the Class of 2006 saw their average offer decrease in both reports.

The engineering fields also enjoyed across-the-board increases, although none were spectacular.

Chemical engineering graduates, typically one of the highest paid majors reported in Salary Survey, saw their average offer climb by 5.6% over last year at this time to \$59,707.

Civil engineering graduates posted a solid increase; their average rose 4.8% to \$47,750. The average offer to computer engineering graduates rose 3.2% to \$55,946. Electrical engineering graduates posted a mere 1.6% increase; still, their average offer stands at a hefty \$54,915.

Mechanical engineering graduates saw one of the higher-end increases of the engineering disciplines. Their average salary offer rose 5.7% to \$54,695, pushed along by a good number of offers from aerospace manufacturers who extended an average offer of \$56,382 to mechanical engineering grads.

Data are scarce for liberal arts graduates, but, as a group, the average offer to liberal arts grads rose 1.2% over Spring 2006 to \$31,333. (Note: Additional information about the specific liberal arts degrees will be available in the Summer 2007 issue of Salary Survey.)

To date, all reports relating to the college Class of 2007 have been positive: NACE's Job Outlook survey, school recruiting activity survey, and Salary Survey all reflect a job market that welcomes the Class of 2007. NACE is currently polling employer members to get a final look at their 2006-07 hiring activity and will release its Job Outlook 2007 Spring Update report in mid-April. [www.naceweb.org]

CEO Compensation Up 8.9%

The drive for responsible executive pay continues to gain traction as new proxy

rules require companies to disclose the value of compensation, benefits and perquisites. While the median change in CEO total direct compensation (salary, bonus and long-term incentives) was 8.9%, corporate net income increased by 14.4%, up from 13% in 2005, and total shareholder return was 15.1%, more than double the 6.8% return in 2005.

Companies heard the message that pay has to be linked to performance: Over half of the companies granted performance shares - shares that are earned only if performance goals are met, according to the Mercer Human Resource Consulting 2006 CEO

Compensation Survey. The annual survey of the latest proxy filings of 350 large public companies was published April 9 in The Wall Street Journal.

The long-awaited total compensation numbers are in, disclosed for the first time this year: According to the Mercer 350 study, total compensation (total direct compensation plus benefits and perquisites) is not as eye-popping as expected. Mercer reports a median total of \$8.2 million. The new elements totaled less than \$1.3 million at the median or approximately 15% of the median CEO package. Most of the added value came from the annual increase in pension values; the reported median increase was approximately \$1.0 million.

CEO base salary increased to a median \$995,000 after having been at \$975,000 for two years. Constant incumbent CEOs received a median increase of 4.1%, higher than the median increase of 3.6% in 2005. In 2006, about one quarter of the CEOs did not get a pay increase; boards were tougher in 2005, when one third of the sample did not get a pay increase.

Median total cash compensation—salary and annual bonus—rose to \$2.6 million, slightly higher than the \$2.4 million reported in 2005. The median

increase for constant incumbent CEOs was 7.1%, the same rate as in 2005. An increase in total cash is not surprising given strong corporate performance. Median net income rose 14.4%.

The big story this year is that, as predicted, long-term incentives are being linked to performance, Mercer's survey found. The number of CEOs receiving option grants declined from 192 in 2005 to 185 in 2006, and the number of CEOs receiving restricted stock grants declined from 181 to 172 in the same period. However, the number of CEOs receiving performance shares, including performance-contingent restricted stock, jumped from 111 in 2005 to 178 in 2006. The portion of the CEOs' pay that was made up of performance-based shares and units jumped in the period 2005 to 2006 from 21% of the pay mix to 31%, while restricted stock was stable, rising slightly from 22% to 23%, and stock options dropped from 52% of the pie to just 46%. As recently as 2002, restricted stock made up 76% of CEO pay.

"We have been predicting the rise of performance-based equity awards for several years," said Diane Doubleday, global leader of Mercer's executive remuneration business. "At the heart of shareholders' expectations for pay aligned with performance is the structure of long-term equity programs, specifically programs that vest or pay out based on performance. As of 2006, the accounting rules that facilitate using performance-based equity were in effect for almost all companies. As a result, we now see a significant increase in performance shares and performance-contingent restricted stock. In addition, the new disclosure rules include previously unknown information about performance goals and targets."

"Target-setting will be the next area of focus, as companies are forced to define how performance is being measured and rewarded," said Peter Chingos, a

senior executive compensation consultant with Mercer. "The increased disclosure and need for analysis is also likely to cause many companies to simplify their programs. The process of preparing the Compensation Discussion and Analysis (CD&A) caused some companies to make changes and will probably prompt more to simplify and clarify the performance criteria in their compensation programs. This could range from tweaking the programs to making major changes to ensure clarity to external audiences."

Did shareholders get what they wanted? They continue to be unhappy with what they perceive as slow progress on reining in CEO pay. Several institutional investors have focused their efforts on having a greater influence on compensation.

This year there are more than 60 proposals for a "say on pay"—a proposal to put executive compensation to a nonbinding vote by shareholders. In addition, shareholders have put forward more specific proposals to limit severance and require pay to be more tightly linked to performance. With majority voting for directors becoming widespread this year, directors who have been at the heart of controversy are more likely to hear shareholders' dissatisfaction loud and clear.

And many believe that the disclosures were so lengthy and confusing that shareholders' objectives have not been achieved. Mercer's crystal ball anticipates further refinement of the disclosure rules before next year's proxy season. [www.mercer.com]