Adding Salary Planning Screens to the Assessor Series in 2008

“Until now, why hasn’t ERI provided canned, web-based, online, on-demand salary planning screens with the Assessor Series?”

A short answer: All management systems have a construct; most US pay increase systems utilize merit methodologies. If they are not content and construct valid, then the provider of these systems may be liable for any adverse impact created. Canned job evaluation plans have all but disappeared from the US HR scene for this reason. It appears strange that their complement, web-based performance appraisal systems, are now in vogue. These canned subscription services seem inexpensive as compared to company-built systems. But, what one purchases with an organization or consultant’s self-design is the implementation of content and construct valid systems. Shortcut this self-made customization and you are adopting a web-construct created for another firm in another industry, time, and place, potentially open to systemic discrimination. If a single installation of a vendor’s canned system is found discriminatory (even if inadvertently), lawyers will sense a “roll-up” like that of the asbestos industry. If you use one of these vendors, ask them to agree to assume all liability for their construct, content, and adverse impact. It is easy to test this hypothesis: just ask for their answer in writing, indemnifying the affected employee promotion, termination, merit, and other HR practices. That said, we are adding back salary planning screens to the Assessor Series during 2008, but doing so very carefully.

Software as a Service

Over the years, ERI has evolved from an aggregator of others’ survey data into a survey entity collecting, leasing, publishing, scanning, and digitizing over 565,000 organizations’ real pay data, keyed to job titles/descriptions and presented via software. The Assessor Series are “data software,” unlike “application software” (e.g., until 1992 the Salary Assessor contained a “Salary Planning” screen for an “application” of ERI data). For April 2008, we are reintroducing this capability, incorporating the power of the Internet. We are also implementing a Job Family matrix for those who use classification systems, restating Assessor data in job family terms. Subscribers will soon be able to review three comparisons: Assessor benchmark values for specific jobs, ERI job family values, and an independent Survey Center’s incorporation of proprietary data.

Increase Survey Showing a Slowdown

Early 2008 survey inputs are showing significantly lower salary increases than reported in 2007. Review ERI Salary Increase Survey data within the new Salary Planning tabs; if a recession is on the horizon (or occurring), expect many to freeze salary increases.

Salary Survey Centers

ERI leases data from CareerBuilder, GuideStar, the IRS, Canada, and others under agreements that protect these entities’ property rights. Consequently, data from ERI’s Assessor Series®, SalariesReview, ALAS, and ERI Salary Surveys cannot be placed in third parties’ “survey centers” without significant assurances. As of April 2008, only BTA Salary Survey Center (Vancouver, WA) has licensed the right to post ERI and other vendors’ data for use in the Assessors.
NEW RESEARCH

Have You Ever Wondered about Internet Salary Data?

ERI is a “research & development firm” in more than name. We are engaged in several all-inclusive and massive data collections related to work and pay measures. We support the efforts of PAQ job analysis, assist in web applicant salary claim verifications, digitize 35% of daily job postings (via CareerBuilder to datamine job description content), lease data from the IRS, GuideStar, and others, and conduct our own surveys; ERI leads in data collection techniques. We can answer the question, “How good is Internet-gathered salary data?”

Subscribers have asked, “Why are you trying to save Abbott, Langer Association Surveys?” We answer, “Nothing is better than salary surveys done well the ‘old-fashioned way’.” As with PAQ field job analysts’ field input, nothing is better than real data. (As strange as this may seem, some of our competitors “hot deck” and “winsorize means,” all described for legal purposes in their methodologies; that is, they “make up” their data.) Working with the ALAS Washington DC office, along with ERI’s offices in Vancouver BC, London, and Rome, ERI Salary Surveys now encompass five countries (including France), over 90 specific industries (industry surveys vary by country; e.g., only Canada has a Gold Mining Survey), and thousands of participating organizations. Real data is the key; Assessors are built upon employer-provided data only.

As an interesting aside, ERI does not show, but does track, norms published by the major consulting firms, surveys, and free websites. Two large consulting firm’s surveys appear to differ by a substantial 2.2% for like jobs (ERI is within 1.1% of one of them), although admittedly the public sample is small. Two unlisted free websites differ by a remarkable 11.1%, we believe in the most part due to whether data is “employer collected,” “employee only collected,” or mythically created.

Note the amazing 181% ratio (above), vendors send ERI employer name, zip code, job title, and claimed earnings. We send back “flags” when claimed earnings are “x” standard deviations away from the mean for the employer’s location, size, and eSIC (industry) code. The subprime loan problem has been inflated by inflated employee earnings’ claims (often filled in by the loan broker and not the applicant). For example, three months ago John Doe was a bookkeeper in a ten-employee firm, two months ago was the accountant, last month the controller, and this month CFO. There is little wonder US financial markets are in ruin with a 8% default rate.

Subprime loan input, plus those doubling down for home loans; amazing!
Reflected tendency of people to over inflate, exaggerate, > 1 year experience
List search firm issue, show salaries only when favorable to a job posting
Excluding college entrants, no size or industry differentiation
Always actual data, observed and verified, variance from the small sample
Actual data from most recently digitized fiscal year
Data aggregation of employer-provided databases & input, including:
90 unique salary surveys for the US, Canada, UK, France & Italy
ALAS, since ’97 the low cost survey in the US, 3 of 4 participants nonprofits
In the US and Canada - low, based on public domain/government data only

<table>
<thead>
<tr>
<th>Alternative Data Sources</th>
<th>Ratio to Assessor Market Values</th>
<th>Sample Size/Rate of Error</th>
<th>Methodology Used in Data Collection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Web Loan/Applicant Verification</td>
<td>181.0%</td>
<td>811,940</td>
<td>Subprime loan input, plus those doubling down for home loans; amazing!</td>
</tr>
<tr>
<td>SalaryExpert Individual Visitor Input</td>
<td>127.0%</td>
<td>918,731</td>
<td>Reflects tendency of people to over inflate, exaggerate, &gt; 1 year experience</td>
</tr>
<tr>
<td>CareerBuilder Job Board Postings</td>
<td>120.1%</td>
<td>3,014,802</td>
<td>List search firm issue, show salaries only when favorable to a job posting</td>
</tr>
<tr>
<td>PAQ SME Field Job Analyst’s</td>
<td>105.0%</td>
<td>25,780</td>
<td>Excluding college entrants, no size or industry differentiation</td>
</tr>
<tr>
<td>SEC 10Ks, 8Ks, Proxies, UK/EU Annual Reports</td>
<td>100.0%</td>
<td>5,691</td>
<td>Always actual data, observed and verified, variance from the small sample</td>
</tr>
<tr>
<td>ERI Assessor Series’ Median Market Values</td>
<td>100.0%</td>
<td>6,979,334</td>
<td>Actual data from most recently digitized fiscal year</td>
</tr>
<tr>
<td>ERI Digitized &amp; GuideStar Leased Data</td>
<td>100.0%</td>
<td>2,453,342</td>
<td>Data aggregation of employer-provided databases &amp; input, including:</td>
</tr>
<tr>
<td>ERI Industry Salary Surveys (New ALAS)</td>
<td>97.9%</td>
<td>2,059,144</td>
<td>90 unique salary surveys for the US, Canada, UK, France &amp; Italy</td>
</tr>
<tr>
<td>US Government OES Salary Survey All</td>
<td>93.8%</td>
<td>3,618,433</td>
<td>Reflects Fed’s inclusion/roll-up of 17,500 unique jobs into 750 job families</td>
</tr>
<tr>
<td>Abbott, Langer Association Surveys (past year)</td>
<td>90.5%</td>
<td>84,659</td>
<td>ALAS, since ’97 the low cost survey in the US, 3 of 4 participants nonprofits</td>
</tr>
<tr>
<td>Global SalaryExpert Calculator Levels</td>
<td>89.8%</td>
<td>1,145,622</td>
<td>In the US and Canada - low, based on public domain/government data only</td>
</tr>
</tbody>
</table>

Accuracy of Alternative Data Sources by - Mean Value Comparisons

| Ratio Range of Error +/- 3.25% |
Data counts (sample size) from ERI’s Job Availability Log - above are random samples of larger datasets


eRIs: A research & development firm in more than name.
Software as a Service, Security, and Salary Planning
Software as a Service (SaaS) has a basic principle: purchase and use software via the Internet while storing (or opening) your data on vendors’ fileservers. By reinstituting Salary Planning Sheets within Assessor Series software (we took them out in the 1990s), ERI has selected two “security routes”: 1) provide simple systems with public domain (or ERI Survey) data as total web applications with no identification of employees, and 2) apply Assessor Series quality data only within applications that reside behind the firewalls of our subscribers. Three levels of sophistication exist for the latter: 1) pure Assessor Series enhancements (free to subscribers), 2) allowing use of your consultant’s, your own customized, or PAQ’s classification system, and/or 3) incorporation of any private, proprietary survey’s data.

When Will Salary Planning Be Live?
Both a free version (for charities & micro lendees) and an ERI Survey supported edition are now found at www.paq.com. Applications that utilize Assessor Series data are under way with 18 volunteering organizations as “beta testers.” Unless a subscriber chooses to work with a consultant, no additional subscriber cost will occur, as this application will be basic to Consultant editions. (ERI supports the charity and micro lending applications because most dreams never pass the “start-up” phase; how to manage labor costs is a learned skill.)

Click on any underlined value and see the source.
This is a public domain site @ www.paq.com using only public domain data.
Answers to Six Tough Questions

Are We Overpaying in Branch Offices?
If a recession is to occur, it won’t happen smoothly across geographic areas or industry sectors. At the same time, with the retirement of baby-boomers, certain skills will be in short supply. If you have branch locations, it is easy to lose track of local demographic and competitive demands. ERI’s Geographic Assessor® (GA) is an easy-to-use desktop data program that compares geographic wages/salaries and costs among infinite headquarter and branch office location combinations. It also provides area demographics (US Census), immigration prevailing wage rates (OES), and state minimum wage information. Five thousand subscribers utilize this research software application to set salary structures that are cost-effective and competitive. Relationships are derived from millions of data points gathered from loan verifications, digitized public records, OCR of IRS returns, SalariesReview’s patented online surveys, and other licensed UK, Canadian, and US salary surveys and datasets. The GA is available in two versions: the Professional edition for salary planning and the Consultant edition for US H-1B and EEO-1 compliance reporting statistics.

Is Moving an Employee a Win-Win?
Again, if organizations consolidate, they may do it across geographic boundaries, closing offices, consolidating, and relocating key employees into different locations. ERI’s Relocation Assessor® (RA) is a desktop software application that compares cost-of-living (COL) levels in over 10,000 locations worldwide. HR professionals and consultants utilize this software to calculate relocation bonuses/allowances (or salary adjustments) for transferred employees. Relationships are derived from millions of data points gathered via ERI’s provision of web services, digitization of public records, SalariesReview’s patented online surveys, and other licensed UK, Canadian, US, and international cost-of-living datasets. Create unlimited numbers of detailed two-city cost-of-living comparison reports in-house with this database program. The RA is available in two versions: the Professional edition for US and Canada COL analyses and the Consultant edition for worldwide plant relocation labor cost analyses, costing proposed HR policy changes, and international COL comparisons worldwide.

How Can I Assist a Friend Who’s Unexpectedly Unemployed?
ERI’s Occupational Assessor™ (eDOT®) free Demo/Job Search edition provides unique assistance to job seekers, particularly individuals unexpectedly unemployed or those with disabilities. This complimentary and easy-to-use software identifies, in today’s terms, the skills, knowledge sets, and mental and physical capacities found in work in America. With a few clicks of a mouse, specific jobs, local employers staffing those jobs, job availability statistics, and online job postings within the commuting range of a job applicant become available. Users can match their capabilities against these measures. Job search at the personal level is all about minimizing rejection. ERI’s software increases the odds of job search success by identifying “jobs that fit” and local employers likely, or visibly, posting these jobs, while providing contact names, emails, addresses, and phone numbers. It is an easy-to-use program that analyzes jobs under new US FLSA overtime rules, while assisting those who wish to reenter the workplace in the most effective manner possible. eDOT’s online use contributes data to SalariesReview’s online salary surveys and PAQ’s eDOT Skills Project cybernetic system of collecting data.
Answers to Six Tough Questions

Are We Paying Competitively?
Each day, ERI receives all the CareerBuilder job postings, representing roughly 35% of all postings, and, because of CB’s breadth of small to large newspaper markets, this includes a full range of jobs—from farm laborer to neurosurgeon. In 2008, we are scheduled to incorporate over 3,000 new job titles where we have data mined job description prose, added them to the SalariesReview and eDOT Skills Project databases, and surveyed/collected salary data. (This requires more than 250 inputs nationally, so it takes time.) ERI’s Salary Assessor® (SA) reports the most robust competitive wage, salary, and incentive survey norms available. Each job has been studied over time (many jobs since 1977); job content is updated via PAQ’s eDOT Skills Project. Analyses are derived from millions of data points gathered annually from digitized public records including the US SEC, OCR of US IRS returns, SalariesReview’s patented online surveys, and licensed UK, Canadian, as well as US salary surveys and datasets. ERI research saves subscribers time and expense. Two editions exist: the Professional edition for non-management planning and the Consultant edition which includes management and UK/EU data.

Paying Competitively for Top Jobs?
Executive pay comparisons are all about “industry” for the same reason most surviving salary surveys are industry surveys rather than geographic or job function surveys. ERI’s Executive Compensation Assessor® (XA) reports for-profit competitive management remuneration levels with the ability to retrieve and review source documents. Data are derived from 14,000 US publicly-traded corporations’ proxy and 10-K annual reports (1994 to present), 8-Ks, loan and employment applicant earnings verifications, digitized public records including the US SEC, Canadian SEDAR® data, OCR of US IRS returns, SalariesReview’s patented online surveys, and licensed UK, Canadian, and US surveys and datasets. This research represents the largest executive salary survey ever conducted, excluding ERI’s Nonprofit Comparables Assessor with 25 million incumbent inputs. This is more a census than a survey. Two editions exist: the Professional edition for US/Canada executive compensation planning and the Consultant edition for use in SOX, litigation support, UK/Canada/EU analyses, and reasonable compensation disputes.

Is Our Executive Pay Defensible?
It is a litigious world. The IRS subscribes to 17 copies of ERI’s Nonprofit Comparables Assessor™ & Tax-Exempt Survey (CA) and, to our knowledge, uses no other surveys. CA is an easy-to-use and up-to-date desktop program that converts executive compensation data, reported to the IRS on Forms 990s, 990-EZs, and 990-PFs, into infinite combinations of digitized reports and analyses. It can assist in attracting, retaining, and motivating key management staff, paying competitively, controlling costs, and providing a rebuttable presumption for tax-exemption compliance. Featured by GuideStar, interactive graphs and screens present data from over 3 million publicly available forms representing more than 25 million incumbents, all keyed to Internet retrievable source documents. CA/CA+ is more a census than a survey. All of the mandatory reported pay data on Form 990s, from 1992 to the present, have been OCR/digitized. Two editions exist: the Professional edition for salary planning and the Consultant edition for board governance and in-depth research, all filterable by industry, area, size, date, and much more.
Executive Pay Grows Faster Than Corporate Revenues in the Past 12 Months from ERI Economic Research Institute/CareerJournal.com Study

New York, NY and Redmond, WA – February 15, 2008 – The February 2008 study of Executive Compensation by ERI Economic Research Institute and Career Journal.com (The Wall Street Journal’s free career site for executives, managers, and professionals) has been released. During the past 12 months, Overall Total Compensation of the highest paid executive increased 20.5%, while revenues increased 2.8%. As of February 2008, the average top executive received Overall Total Compensation of $18,813,697. During the past 11 years, the highest paid executive’s compensation increased 24.7%, while dollar revenues of US publicly-traded companies increased 93.0%. During this 11 year period, average dollar revenues increased 3.8 times faster than the average dollar amount of the Executive Total Compensation Packages. The dollar amounts and percentage change in compensation components during the past 11 years are as follows:

<table>
<thead>
<tr>
<th>Compensation Components</th>
<th>1997 Average Dollar Amount</th>
<th>2008 Feb Dollar Amount</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
<td>930,640</td>
<td>1,229,550</td>
<td>32.12%</td>
</tr>
<tr>
<td>Bonus &amp; Nonequity Incentives</td>
<td>1,579,871</td>
<td>3,947,908</td>
<td>149.89%</td>
</tr>
<tr>
<td>Restricted Stock Awards</td>
<td>1,310,575</td>
<td>5,078,295</td>
<td>287.49%</td>
</tr>
<tr>
<td>Stock Options</td>
<td>10,487,946</td>
<td>4,319,481</td>
<td>-58.81%</td>
</tr>
<tr>
<td>Pension</td>
<td>- NA-</td>
<td>1,262,888</td>
<td>-NA-</td>
</tr>
<tr>
<td>LTIP</td>
<td>441,749</td>
<td>87,919</td>
<td>-80.10%</td>
</tr>
<tr>
<td>All Other Compensation</td>
<td>335,769</td>
<td>2,887,656</td>
<td>760.01%</td>
</tr>
<tr>
<td>Total Compensation Package</td>
<td>15,086,550</td>
<td>18,813,697</td>
<td>24.71%</td>
</tr>
</tbody>
</table>

See the white paper, “Executive Consultant Conflicts,” at www.erieri.com. Clearly, a change in compensation mix is occurring. If headed towards a recession, expect more pressure on bonuses and salary.
INSTALL/UPDATE
ASSESSOR SERIES FROM CD-ROM
ERI’s monthly and/or quarterly dataset updates are provided via Internet download, memory key, or CD-ROM. All Assessor Series applications and their Demos can be accessed and/or installed from ERI’s Platform Library CD-ROM.

To install from CD-ROM:

1. Check the date printed on the front of ERI’s Platform Library CD-ROM to make sure that it is for the most recent quarter.

2. Place the CD-ROM in the drive and shut the drive door.

3. The CD-ROM should auto-run (may take up to 15 seconds). If after 15 seconds the CD-ROM does not auto-run, contact your organization’s internal technical support department. Something may be wrong with your CD-ROM drive or device drivers. To manually run the CD-ROM: a) Click the Windows “Start” button, b) Select “Run,” c) Type “d:eri.exe,” and then d) Click the “OK” button.

4. Once the CD-ROM runs, you will see ERI’s Platform Library window, and you may be prompted to install or update. New subscribers may select “Install” from the “Options for New Users” dialog. If you are a returning subscriber with a prior quarterly update already installed, click “Yes” when prompted to update. You may also select any option from the “To Install” menu (at the top of ERI’s Platform Library window). If you are adding a new product to an existing subscription, click “Ignore” to input a new license code.

CURRENT SUBSCRIBERS: AUTOMATIC UPDATES
Each time one of ERI’s Assessor Series software applications is run on a computer with an active web connection, the application’s automatic update program (XXXXXupdate.exe – found in each installed program’s directory) checks for new updates on the Internet. Users are prompted when new updates (quarterly updates as well as occasional mid-quarter updates) are available. This is the easiest option for subscribers – the automatic update program does all the work of downloading, extracting, and installing the latest files.

CURRENT SUBSCRIBERS: MANUALLY UPDATE ERI’S DATA FROM THE WEB
Subscribers may also manually download and install the latest updates.

1. Go to www.erieri.com and click “Updates,” then the “download” link for the appropriate Assessor Series software product.
2. Follow the instructions posted on the right side of the Updates web page in your Internet browser.

INSTALL/UPDATE FROM A MEMORY KEY (CAS SUBSCRIBERS)
No installation required. ERI does all the work of installing your personal subscription to the Memory Key. Simply plug-in and play!

GENERAL INSTALLATION INFORMATION
ERI’s software applications are designed to run on Windows 2000, XP, and Vista. Each quarter, a CD-ROM is mailed to subscribers from which all software applications may be installed. Pre-installed memory keys are also available. In addition, all software applications may be downloaded and installed from the Internet. For more information on installation options, please select Help | Topic Search from any of ERI’s software applications and search for related topics using the keyword “installation” or visit ERI’s Online Technical Support (from www.erieri.com, click Support, then click Tech Support Pages). Better yet, sign up for an Assessor Series Conference Call Symposium (from www.erieri.com, click Support, then select Assessor Teleconferences). Call at any hour; we are staffed 24 hours/weekday, 800-627-3697. From Europe, call +44 (0) 207 409 5060.

OTHER RESOURCES/WEB SITES
ERI’s patented online surveys: www.erieri.com
PAQ’s work analysis resources: www.paq.com
ERI’s UK/EU research site: www.erieri.co.uk
ERI’s Distance Learning Center: www.eridlc.com
ERI Salary Surveys: www.salariesreview.com
... and even more traditional: www.abbott-langer.com

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