

Annual Compensation

By Joe Vocino

Pay for training and development professionals remains flat in a tough economic year, according to the latest report from Mercer and SHRM.

With the U.S. economy still struggling, the stock market jittery, and corporations looking for any opportunity to cut costs, it's no surprise that pay levels changed very little over the past year for human resource professionals, including training and development professionals. In fact, pay for most t&d positions in 2002 was within 2 percent of 2001 pay levels.

A prime example is the most common job in the t&d arena: trainer. Median total cash com-

ensation (includes base salary and annual incentive) for corporate trainers in 2002 was US\$45,000, just 1.1 percent higher than the 2001 pay level of \$44,500. Likewise for training managers. The 2002 pay level of \$73,500 was just 1.8 percent higher than the 2001 pay level of \$72,200. Those figures are consistent with pay changes for all jobs in HR in the past year. Simply put, the tough economy kept the lid on pay.

These findings come from the "2002 Human Resource Management Compensation Survey," conducted annually by

Mercer Human Resource Consulting in conjunction with the Society for Human Resource Management. The survey, considered the leading source of pay information for the HR profession, includes data provided by nearly 1100 U.S. organizations with more than 10.3 million employees total. The survey covers nearly 46,000 HR professionals in 109 HR positions ranging from top management to clerical. Of those, about a dozen jobs are in the t&d area.

For each position, the report provides statistical summaries

Pay and Compensation

for base salary, short-term incentive, total cash compensation (base salary plus short-term incentive), salary ranges, and short- and long-term (for example, stock options) incentive eligibility. The survey also looked at pay structures and pay increase practices affecting HR professionals.

Factors such as scope of responsibility, industry, and company size significantly affect pay levels for many positions, so the findings illustrate general compensation trends in the HR profession.

Participant Profile

A total of 1084 U.S. organizations participated in the "2002 Human Resource Management Compensation Survey." They represent a cross-section of all industries, with the largest shares in

health care	14%
banking and financial services	11%
nondurable manufacturing	9%
retail and wholesale	8%
insurance	8%
durable manufacturing	8%
professional services	8%
telecommunications	6%

Participants were evenly divided among the size categories:

fewer than 1000 employees	26%
1000 to 3499 employees	27%
3500 to 9999 employees	24%
10,000 or more employees	24%

The majority of the survey participants (60%) were publicly traded companies; the remainder were privately held firms (20%) and government, education, or not-for-profit organizations (20%).

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2002 Pay Levels for t&d Jobs

Job	Median Total Cash Compensation
Top Corporate Organization Development Executive	US\$149,100
Top Corporate Training Executive	\$140,000
Management Development Manager	\$93,800
Organization Development or Training Manager	\$92,700
Training Center Manager	\$80,800
Technical Training Manager	\$85,600
Training Manager	\$73,500
Performance Consultant	\$72,800
Technical Trainer	\$58,600
Instructional Designer	\$56,800
Training Analyst	\$54,400
Training Coordinator	\$45,700
Trainer	\$45,000

Source: Mercer Human Resource Consulting

Top 12 Highest-Paid HR Executives in 2002

Job	Median Total Cash Compensation
Top HR Management Executive (with industrial relations)	US\$225,900
Top HR Management Executive (without industrial relations)	\$216,100
Top International HR Management Executive	\$167,200
Top Corporate Labor-Industrial Relations Executive	\$164,000
Top Division-Subsidiary HR Management Executive (without industrial relations)	\$162,000
Top Corporate Compensation and Benefits Executive	\$153,500
Top Division-Subsidiary HR Management Executive (with industrial relations)	\$149,500
Top Corporate Organizational Development Executive	\$149,100
Top Corporate Employee Relations Executive	\$140,500
Top Corporate Training Executive	\$140,000
Top Corporate Compensation Executive	\$140,000
Top Corporate Benefits Executive	\$130,400

Source: Mercer Human Resource Consulting

Pay levels in t&d

According to the survey, the highest-paid job in the training and development arena is top corporate organizational development executive, with median total cash compensation of \$149,100. The next is top corporate training executive at \$140,000.

Such pay levels put those professionals among the 10 highest-paid executives in HR. Aside from top corporate HR management executives and top division or subsidiary HR management executives, pay levels tend to be highest for HR executives with responsibility for international HR and labor or industrial relations.

Mid-level HR, OD, and training managers (median total cash compensation of \$92,700) rank relatively high compared to their peers in other HR functional areas. However, training managers rank relatively low compared to their HR colleagues, who have a median total cash compensation of \$73,500.

The highest-paid managers in HR are those with responsibility for executive compensation (\$125,000), labor relations (\$108,100), and HRIS (\$106,300).

Incentive pay

Incentive pay has become an important component of overall compensation for t&d professionals.

Generally speaking, the more senior the t&d position, the more likely the job is eligible for both short-term and long-term incentives. But short-term incentives are far more prevalent for t&d jobs than for long-term ones. At the executive and management levels, three-quarters or more are eligible to receive short-term incentives. Those numbers fall off for less-senior jobs.

A smaller but growing number of t&d professionals qualify for long-term incentive awards, which include incentive stock options, non-qualified stock options, phantom stock, restricted stock, and performance units and shares.

Pay variables

Various demographic factors—such as industry, geography, and organization size—affect pay levels for HR professionals as they do for all employees. For example, pay for a trainer varies significantly by geography. On a regional basis, median total cash compensation is \$45,000 across the United States but varies from a high of \$58,300 in the northeast to a low of \$41,000 in the south central states.

The variations by city—even cities within the same region of the United States—are as pronounced. Average pay for a trainer is \$39,100 in Denver and \$45,100 in Los Angeles, compared to \$47,700 in Philadelphia and \$68,500 in New York City.

Variations by industry can be as dramatic. Generally, employers in the government, not-for-profit, and education sectors are on the lower end

2002 Pay Variations for Mid-Level HR Jobs

Job	Median Total Cash Compensation
Executive Compensation Manager	US\$125,000
Labor Relations Manager	\$108,100
HRIS Manager	\$106,300
Organization Development or Training Manager	\$92,700
Compensation Manager	\$91,300
EEO or Diversity Manager	\$89,600
Human Resource Manager	\$87,600
Compensation and Benefits Manager	\$85,300
Benefits Manager	\$84,800
Employee Communications Manager	\$82,900
Employment and Recruiting Manager	\$82,300
Employee Relations Manager	\$78,800
Relocation Services Manager	\$76,800
Training Manager	\$73,500
Payroll Manager	\$69,000
Senior Generalist	\$66,800

Source: Mercer Human Resource Consulting



Pay for a trainer varies significantly by geography.

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2002 Incentive Eligibility

Jobs	Percentage Eligible for Short-Term Incentive	Percentage Eligible for Long-Term Incentive
Top Corporate Organization Development Executive	86%	61%
Top Corporate Training Executive	89%	51%
Organization Development or Training Manager	80%	44%
Management Development Manager	86%	45%
Training Center Manager	88%	65%
Training Manager	75%	52%
Technical Training Manager	91%	72%
Performance Consultant	81%	47%
Instructional Designer	79%	38%
Trainer	64%	20%
Technical Trainer	66%	24%
Training Analyst	95%	86%
Training Coordinator	36%	18%

Source: Mercer Human Resource Consulting

of the pay scale for all HR jobs; the highest pay levels are found in banking and financial services, utilities, energy and mining, and manufacturing. A trainer in a retail environment is typically paid \$26,500; a trainer in the insurance industry is paid \$52,200. In between are industries such as durable manufacturing (\$48,700), banking and financial services (\$43,900), health care (\$43,700), and professional services (\$41,400).

Other factors affecting pay

At many organizations, training budgets were among the first casualties in the corporate belt-tightening that began more than a year ago. As budgets were slashed, annual pay increases for training and development professionals shrunk and job openings went unfilled for an extended period. In a hopeful sign, many of those vacancies are starting to be filled. While pay raises will again likely be lower than usual in 2003, employers give every indication that raises will rebound to their normal levels once economic recovery is under way.

Paul Minton, an independent trainer in Dallas, says, "The beginning of 2002 was the slowest I've seen it in years. Companies were cutting back on all nonessential expenses. But things started to pick up in the last quarter. I think companies are realizing that by not investing in the training needs of employees, their employees may not have the necessary skills to get the job done—and that can have a long-term impact on the success of the company."

Another result of the economic downturn was an increase in out-

US\$45,000:
typical total cash
compensation
for a corporate
trainer in 2002

sourcing. It's on the upswing as many organizations look for ways to reduce their training and development budgets. But typically, the training programs that are being outsourced address standard topics such as basic computer skills and customer services. That lets employers focus their internal training resources on organization-specific, content-rich topics. That trend is likely to alter the composition of training and development staffs and may also influence pay levels for corporate trainers.

An example is a 150-person technology company based on the U.S. east coast. The company reallocated resources previously dedicated to a training staff of three people. The training staff was laid off and employees were provided training "credits" to be used with the approval of each employee's manager. Every employee was allotted approximately US\$800 to \$1500 per year (depending on level) to select courses provided by outside organizations. The courses could be for improving technical skills (advanced computer programming) or other professional development (time management or presentation skills). TD

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The "2002 Human Resource Management Compensation Survey" is available for purchase online at www.imercer.com or by calling Mercer at 800.333.3070. The cost is US\$495 for companies that participated in the survey and \$1485 for nonparticipants.

2002 Pay Variations by Geography (for a Trainer Job)

Geographic Location	Median Total Cash Compensation
U.S. Regions	
North Central	US\$41,400
Northeast	\$58,300
Southeast	\$44,000
South Central	\$41,000
West Coast	\$42,400
U.S. Cities	
Atlanta	\$47,000
Chicago	\$49,300
Dallas	\$49,300
Denver	\$39,100
Detroit	\$45,700
Los Angeles	\$45,100
Philadelphia	\$47,700
New York	\$68,500

Source: Mercer Human Resource Consulting

2002 Pay Variations by Industry (for a Trainer Job)

Industry	Median Total Cash Compensation
Banking-Financial Services	US\$43,900
Durable Manufacturing	\$48,700
Health Care	\$43,700
Insurance	\$52,200
Professional Services	\$41,400
Retail	\$26,500

Source: Mercer Human Resource Consulting