



d. hilton associates inc.

# Why Salary Surveys Don't Work

Building the Case for Local Market Pricing

## Meaningful compensation management starts with solid data, not a software license.

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- What if you are a high-performing credit union and all your Board has seen is national salary surveys that show credit unions freezing salary budgets? How do you present a realistic budget to fuel your momentum that the Board will have confidence in?
- What if you prefer to hire front-line staff from the retail environment? What credit union salary survey outlines the variable pay component that is needed to attract the very best retailers?
- How do you measure the true market value of your mortgage originating staff when there are no meaningful surveys to address total compensation earnings?
- How do you integrate the emerging credit union functions like business lending, insurance services, and fraud/security/compliance, when there are no job matches in many salary surveys?
- What if you are trying to recruit an executive and your assets put you between two categories in the latest salary survey? What's a reasonable hiring range target that's fair and reasonable so you don't lose a potential superstar?

### These are the types of projects D. Hilton engages in on a daily basis.

In this competitive environment, all credit unions are reviewing their contracts, agreements, and business relationships to eliminate, reduce or find less expensive sources. Expense reduction doesn't have to jeopardize the competitiveness of your compensation program.

D. Hilton's executive and staff compensation, incentive plans, and performance management programs are offered on a project basis with no long-term contracts or licenses. It's the ultimate in flexibility and control. D. Hilton clients benefit from...

- Use of D. Hilton's real-time proprietary executive compensation, benefits, and retirement plan databases (updated weekly – not annually like most salary surveys)
- Use of D. Hilton real-time local market pricing methodology (data for your local market that simply doesn't exist in ANY salary survey)
- Ongoing support for any HR-related question at no additional cost
- No long-term contracts or licenses.

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## D. Hilton's local market pricing technique

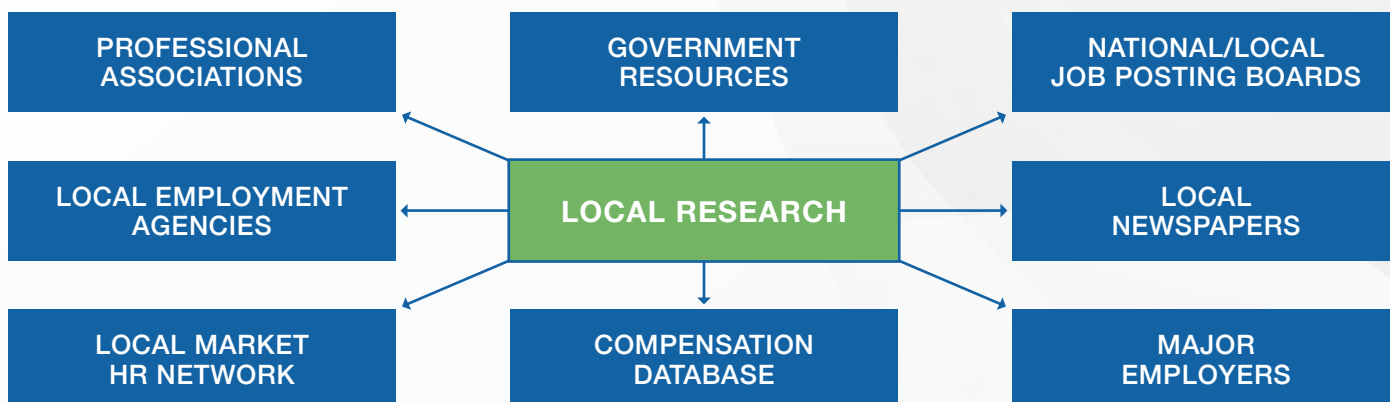
Call us crazy but we think a credit union needs local market data to conduct a market pricing study for staff -- data that doesn't exist in salary surveys or government databases. Sure, if you want to know what the market was doing last year, there are many surveys that will meet your needs. But surveys typically do not capture true market movement until it's too late. To protect your staff from market forces and to attract the caliber of employees you need to fuel your growth, local market pricing is the key. The following paper outlines D. Hilton's local market pricing technique. It's the solution that many credit unions use to keep their pulse of market conditions and to ensure peace of mind.

### The Advantages of D. Hilton's Proprietary Market Pricing Technique

- Produces a job-worth hierarchy that reflects the external market. This allows the client to look at market competitiveness from the employees' perspective.
- Reflects changes in the market each time the program is updated. Allows faster response to changing labor force conditions, local economic conditions, and potential competitors.
- Promotes executive-level buy-in due to market sensitivity. D. Hilton's model will validate local market conditions and the changing availability or shortage of various technical skill sets.
- Properly aligns internal relationships of job families as the market changes.
- Promotes higher employee buy-in because most jobs can be priced, not just generic benchmarks.
- Allows management to determine the final job worth hierarchy to ensure consistency with organizational values.
- Reflects equal pay for equal work (skill set requirements).
- Eliminates the need to force slot non-benchmark jobs.

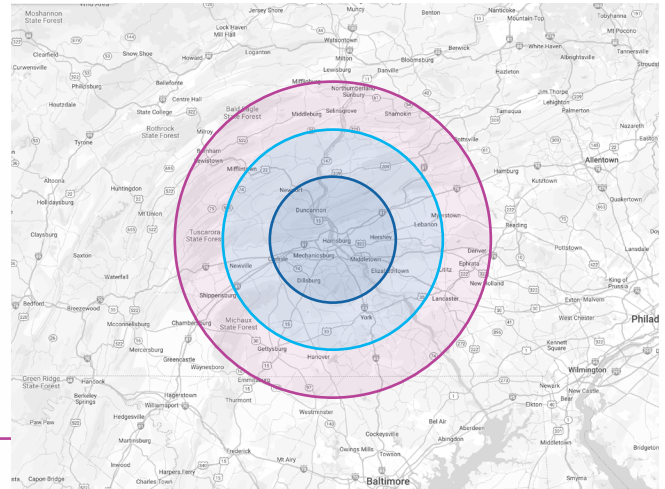
### Step One: Gather Local Market Data

D. Hilton spends much of its time and resources on the custom local market analysis portion of a salary administration review project. The figure below provides examples of the types of local market data as part of our strategy to price positions based on the skill set analysis for each position. Using local market data from the credit union example in the city of Harrisburg, PA, the table below illustrates market blended pricing for a Member Service Representative position.



Local market pricing data is typically captured from an area within a 50 to 75-mile radius from a branch or main office location. The figure below presents the area from which D. Hilton conducted the local market analysis for this example.

**Market Area**  
30, 40 & 50 Mile Radius



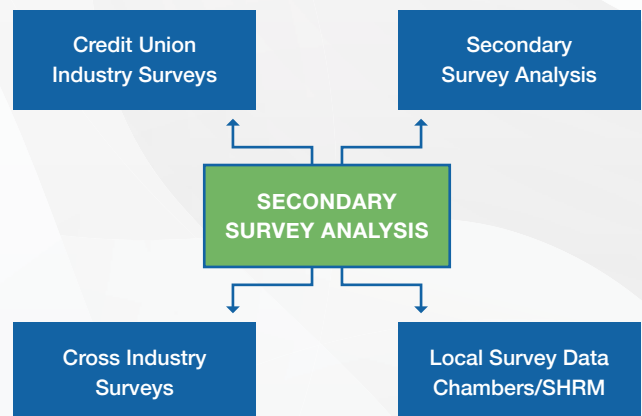
**Example of Local Market Data Blending Sheet**  
Member Services Representative

Member Services Representative					Source Data	
Source	Position Title	Category/Level	# Orgs	# Staff	Base 50th Pctl	Bonus Avg.
XYZ Corp	Customer Services Rep	Harrisburg	1	3,640	\$32,382	\$971
ABC Co.	Client Services Rep	Harrisburg	1	1	\$28,080	
SalaryExpert.com	Customer Service Financial	Harrisburg	1	216	\$39,732	\$2,869
LMNOP Staffing	Relationship Administrator	Harrisburg	1	1	\$36,500	
LLL Bank	Customer Service Associate	Harrisburg	1	1	\$35,000	
VIC Org	CSR II	Harrisburg	1	1	\$27,040	
CCC Pharmacy	Customer Care Rep	Camp Hill	1	1	\$27,000	\$1,620
WOW CU	Sr Teller/CSR	Mechanicsburg	1	1	\$28,080	
JK Retailer	Customer Rep	Lancaster	1	1	\$27,726	
PF Bank	Financial Services Associate	Mechanicsburg	1	1	\$31,200	
<b>Totals</b>			<b>11</b>	<b>3,865</b>	<b>\$31,700</b>	<b>\$1,725</b>

**Step Two: Gather Secondary Sources**

The following diagram provides examples of the types of secondary survey data used to price positions based on skill set analysis.

**Second Survey Sources**



The table below provides an example of a market pricing blending sheet of a Member Services Representative position at the sample credit union, including both local and secondary survey data.

### Final Market Data Blending Sheet

Member Services Representative							Source Data			Weighted Data		
Source	Position Title	Category	Date	Weight #	# Orgs	# Staff	Base 50th Pctl	Bonus Avg.	Total Cash Avg.	Base 50th Pctl	Bonus Avg.	Total Cash Avg.
Local	Customer Services Rep	Local	03/01/08	70%	11	3,865	\$31,700	\$1,725	\$33,425	\$22,190	\$1,207	\$23,397
D. Hilton	Member Services Rep	\$600M - \$1B	03/01/08	10%	11	28	\$31,235	\$3,500	\$34,735	\$3,123	\$350	\$3,473
A	CSR	\$500 - \$1B	03/01/08	5%	34	102	\$35,300	\$3,400	\$38,700	\$1,765	\$170	\$1,935
M	Sr CSR	\$600M - \$1B	03/01/08	5%	22	22	\$36,849	\$1,681	\$38,530	\$1,842	\$84	\$1,926
J	Client Services Assoc	\$500M - \$2B	03/01/08	10%	71	765	\$32,000	\$3,700	\$35,700	\$3,200	\$370	\$3,570
<b>Totals</b>				<b>100%</b>	<b>151</b>	<b>4,784</b>	<b>\$33,634</b>	<b>\$2,801</b>	<b>\$36,435</b>	<b>\$32,120</b>	<b>\$2,181</b>	<b>\$34,301</b>

### Step Three: Determine the D. Hilton Market Price

The D. Hilton Market Price for a Member Services Representative in the Mechanicsburg/Harrisburg area for the sample credit union is approximately **\$32,120**. Positions in other job families could be weighted differently based on the amount of competition for the skill set from local banks. The D. Hilton Market Price forms the basis for the Midpoint, Salary and Total Cash analysis that is completed for the preliminary and final reports.



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