

# Slade Partners Executive Search - WINTER09

## EXECUTIVE INSIGHTS

Consistent with our mission of creating value for clients and providing valuable insights, it is with pleasure that I present our latest Slade Partners newsletter.

In this edition we comment on the complexities of senior executive remuneration and consider the questions being asked by Boards upon CEOs and other 'C-Suite' appointments. We also explore 'Employee Engagement' - a topic that 10 years ago was quite foreign but is now recognised as commercial best-practice. We believe innovative engagement initiatives are possible even when discretionary spend is reduced.

Finally and with some relief it appears that the green shoots of recovery are emerging based on the sentiment of many clients who have participated in our Lunch Series events. We anticipate an improvement in hiring intentions over the final six months of this year and the return of stronger growth in 2010. While some conservatism remains, confidence is returning to the market. If you are interested in attending our events or learning more, please contact me on 03 9235 5139.



**Bill Sakellaris**  
**General Manager –**  
**Slade Partners**

## Executive Remuneration Update

In early 2009 the rate of salary growth experienced over the past eight years was expected to decelerate with economic conditions. This movement is reflected in Slade Partners data and the consensus of market forecasts. However, total executive employment costs continue to grow despite major corporate restructuring, pay freezes and turnover across all industries.

Period	Forecast Change in Total Employment Costs
Midyear 2009	+3.8%
January 2009	+4.4%
Calendar 2008	+5.6%

Beyond the TEC numbers, we have observed the following developments:

- The structure and quantum of short-term incentives (STI), along with best-practice base/STI ratios are undergoing significant review. The question of value created vs value maintained is being asked.
- Public companies face competing principles of transparency and the commercial confidentiality of an executive's Key Performance Indicators (KPIs)
- In an environment of increased complexity and scrutiny, clients are seeking specialist remuneration advice for CEO and other C-Suite appointments

## Employee Engagement

In February 2009, we released our latest whitepaper entitled *Employee Engagement: A Luxury or necessity in turbulent times?* As part of this qualitative research, 13 Chief Executives and thought-leaders from across the market were interviewed in depth about their experience and approach to this important workplace dynamic.

*From this research and recent projects completed by Slade People Solutions, here are some **Low Cost, High Impact Engagement Initiatives:***

- CEO forums and regular communication channels
- Coaching and mentoring programs
- Dollar matching for charitable donations
- Flexible working hours
- Preventative health checks
- Regular guest speakers

## The Returns on Engagement

The following article - **The Returns on Engagement** –details some significant global quantitative research published over 2008/2009:

Companies that can improve employee engagement during the downturn will reap immediate and long-term benefits. The cost of employee disengagement is profound. In the aggregate, employee disengagement is estimated to cost the US economy as much as \$US350 billion (\$435 billion) dollars per year in lost productivity, accidents, theft and turnover. For organisations, the difference between an engaged and disengaged workforce can ultimately mean success or failure.

The most important difference between engaged and disengaged workers is productivity. Engaged and disengaged workers of equal skills, knowledge and abilities do not contribute equally. Engaged workers are significantly more productive.

According to a 2008 study by Gallup, about 54 per cent of employees in the United States are not engaged and 17 per cent are disengaged. Only 29 per cent are engaged. In December 2008, Towers Perrin's Global Workforce Study of almost 100,000 employees in 20 countries found that only 22 per cent of the US work force is engaged, 66 per cent not engaged and 11 per cent disengaged.

*“Research has shown that engaged employees are more productive employees. The research also proves that engaged employees are more profitable, more customer-focused, safer, and more likely to withstand temptations to leave. Many have long suspected the connection between an employee’s level of engagement and the level and quality of his or her performance. Our research has laid the matter to rest.”*

By Allan Schweyer, executive director, The Human Capital Institute. This article is excerpted from a research report by the Human Capital Institute entitled The Return on Engagement. The paper is available at [www.hci.org](http://www.hci.org).

## Slade Partners - Lunch Series Events

Slade Partners is hosting a series of lunch-time events throughout 2009. The topics for discussion have included Strong Performance in Lean Times and Leadership in Tough Times. Designed as a forum for informal discussion amongst peers from non-competing companies, the events have been highly successful with more than 50 of our clients attending so far.

## Recent Appointments by Slade Partners

**Fonterra –  
General Manager, Planning,  
Logistics and Customer  
Service**

**Arrow Energy – General  
Manager, Investor Relations**

**Coates Group – Executive  
General Manager**

**Davey Pumps –  
Chief Executive Officer**

**Brisbane City Council –  
Executive Mgr, City Works**

**Honda Australia – General  
Manager, Sales & Marketing**