

Trade Show Executive's

5th Annual Compensation & Recruiting Report

A group of business professionals in suits are running on a red carpet. The central figure is a man in a dark pinstriped suit, light blue shirt, and light blue tie, looking forward with a determined expression. To his left, a woman in a grey suit and pink tie is running. To his right, a man in a dark suit and light blue tie is running. The background is blurred, suggesting an outdoor setting. A thick red horizontal band runs across the middle of the image, partially overlapping the text.

WHO
Will Come Out Ahead
in

BY DARLENE GUDEA, PUBLISHER AND EDITOR AND SANDI CAIN, NEWS EDITOR

Trade show executives have seen the exposition industry get back on solid ground over the past two years, finally recovering from the post-9/11 downturn. But although shows are projected to grow at a 4 percent clip next year, paychecks may lag a bit behind. For 2007, don't look at your paycheck to see how your employer values your work. Limited raises will be the norm, and bonuses are where the true rewards will flow.

According to *Trade Show Executive's 5th Annual Compensation & Recruitment Report*, salaries are likely to increase by an average 3.5 percent at most organizations next year, with some outliers at 6 percent or 8 percent. That barely keeps pace with inflation at the lower end of the scale. Inflation is expected to climb from a forecasted 3.1 percent in 2006 to 3.3 percent in 2007, according to The Conference Board, a leading research organization best known for the *Consumer Confidence Index* and the *Leading Economic Indicators*.

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2007?

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Associations will be slightly more generous with raises than for-profit show producers. Association executives estimated that salary increases for show managers would rise between 3 percent and 5 percent but "4 percent" was mentioned most often. Responses from the CEOs or CFOs of the top 20 show management firms ranged from 3 percent to 8 percent. The most frequent response was "3 percent."

Trade Show Executive's research differs from a traditional survey. It is based on confidential interviews with senior executives at the top 20 for-profit show firms and 20 not-for-profit associations. Instead of surveying a random sample of 1,000 show managers to see what they earned this past year, we spoke to their bosses—those who determine compen-

sation budgets for well over 1,000 employees. And rather than report on the past, we look to the future to give you a clue of what's in store for the coming year.

Execs in Other Industries Will Be Dealt the Same Cards

Salary increases will mirror those of the general service economy, as CEOs consider both the need to remain competitive and an economy that is showing signs of cooling in the next 12 to 18 months. Salary increases are "forever," whereas bonuses can expand and contract with profitability. By putting a tighter lid on salaries, and keeping raises low, executives can better control rising overhead.

Pay increases for salaried workers in

other industries will be similar, according to The Conference Board. Their research found that salary hikes for exempt and nonexempt employees in all industries would clock in at 3.5 percent for 2007 and the executive group would receive slightly more at 3.8 percent.

No Greater Incentive Than a Five-Figure Bonus Check

As was true in past years, incentives and bonuses provide the best opportunity for additional compensation. "We're very big on pushing results-driven compensation," said Michael Green, executive vice president of Hanley Wood. His approach is shared by most. However, bonus packages vary dramatically among companies and associations. Some tie bonuses to achievement of

Who Earns What?

There is a wide range of salaries out there, highly influenced by company size, strength, industry(ies) served, location and compensation philosophy. Other factors are the experience, negotiating skills and value the executive brings to the organization. A show manager of a large company might out-earn the CEO of a small one. The President of a startup may choose to draw a minimal salary in the initial years and go with stock options. At the opposite end of the spectrum is the CEO of a multinational company with a salary into the mid to high six figures.

Even if a researcher removes the outliers (the statistics that deviate significantly from most others in a set of data), an "average salary" for show managers and senior executives is misleading and invalid. Add the dynamics of an ever-changing marketplace—where management may up the ante to attract or retain a strong executive—and averages are useless.

After speaking with CEOs and HR managers, and examining public records, *Trade Show Executive* magazine compiled a range of salaries for exhibition executives. The main conclusion you can draw from this data is the famous saying, "You are what you negotiate."

Chairmen, Chief Executive Officers, Presidents

Base salaries for top executives depend largely on the size of the portfolio. Base salaries can range from \$175,000 to \$750,000 with bonuses that can add an additional 30% to 60%. Senior management of smaller organizations may earn as low as \$75,000.

Executive VPs and General Managers

For Executive VPs and General Managers, base salaries range from \$125,000 to \$300,000 with the opportunity for a 20% to 50% bonus.

Group Show Directors

These middle managers earn between \$70,000 and \$150,000 with the opportunity for a bonus of between 20% and 30%.

Show Managers Associations

In general, association show managers responsible for smaller shows earn about \$40,000 to \$60,000 in base salary. Those responsible for larger shows have salaries between \$80,000 and \$100,000. Some have bonuses that add 20% to 40% of salary.

Independent Show Management Firms

Base salaries run the gamut from \$45,000 to \$100,000+ depending on the size of the show and company. Bonuses can add another 25% to 40%.



financial and strategic objectives. Others base them purely on level of contribution (profits). One company uses exhibitor and attendee satisfaction and retention as the gauge. Another tailors her bonus programs to the growth of specific segments that have languished in the past or for capturing new business. Some companies that use an integrated sales approach tie bonuses partially to group results (shows, print, web and sponsorships revenue). Some set caps on bonus awards; others do the opposite and step up the rewards as revenues climb.

Whatever the method of determining this incentive, low achievers will end up with minimal increases or none—and free up the budget to reward the go-getters. Top performers and some sales staff

Tips for Boosting Your Pay

- Emphasize education/certifications that are relevant to your position and more than the minimum required for the job.
- Emphasize the success of those who report to you.
- Help co-workers fulfill their potential
- Find solutions to workplace problems rather than complain about them.
- Be the one to give lift-off to new projects to inspire co-workers to contribute to the effort
- If you're new to a company, pay attention to the employees who get recognized and promoted to learn what actions and cultural behaviors get rewarded.
- Organize your work around meeting the criteria for bonuses.
- Volunteer for special projects.

Sources: *Salary.com, Gallup Organization*

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(by the very nature of their commission program) might get as much as a 20 percent to 30 percent increase.

Health Insurance Continues to Take a Big Bite

The cost for employers to provide health insurance in 2006 rose 7.7%, the lowest increase since 1999 but double the rate of inflation, according to the Kaiser Family Foundation and Health Research and Educational Trust. The annual survey is used as a benchmark of employer insurance costs. The survey, released September 27th, found that the annual cost to employers at small firms (3 to 199 employees) for family insurance coverage is now \$7,756 per employee, and for larger companies (200+ employees), their costs are \$8,917 per employee. Since 2000, health insurance costs for employers have skyrocketed 87%, the survey found.

In the current high-cost climate, medical insurance provides basic coverage without the add-ons for things like vision or chiropractic care common in the past.

Despite the cost pressures, associations and show companies were resigned to those high costs as a fact of doing business. None of the executives interviewed for this study said they are likely to drop coverage or increase deductibles or co-payments in 2007. They have already cut any fat in healthcare benefits and feel it is counterproductive to make further reductions. And executives are aware that an adequate healthcare plan is a competitive advantage that would be unwise to cut.

It's All About Money

Non-monetary benefits appear to be almost an afterthought heading into 2007. None of the organizations interviewed planned to make changes to vacation time, holidays, 401K programs or other perks. At least one company indicated that it surveys employees annually to gauge what benefits and programs are most important and uses those surveys as a guideline for future changes. For 2007, it seems to be a non-issue. “It’s all about money,” one executive said.

Associations look at things a little differently. While show management organizations look at what benefits their for-profit colleagues offer, associations measure themselves against the private sector to insure competitive benefit packages.

Recruiting is Changing with the Times

Only two CEOs anticipated organizational changes that would slightly reduce total headcount. Others say there will be no layoffs or downsizing in the coming year, and active recruiting will be at the middle management and entry levels.

The national employment picture is strong—unemployment is at 4.6%, a five-year low (See *Trade Show Executive's* “Trending & Spending” column, Figure VI, p. 20). The available labor pool is a situation that is sure to worsen as more Baby Boomers begin to retire. “The available workforce is starting to shrink, creating a large gap over the next few years for (certain) available skill sets,”

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Top 10 Reasons Employees Leave a Job

- 10** **Undesirable commute.** High gas prices made this a bigger issue in 2006.
- 9** **Poor relations with management.** Employees may leave because of a boss's behavior.
- 8** **Undesirable impact on health or stress level.**
- 7** **Insufficient job security** (including competitive threats, possible acquisition or industry struggles).
- 6** **Inadequate opportunities for professional development.**
- 5** **Inadequate benefits.**
- 4** **Boredom.**
- 3** **Insufficient recognition or appreciation.**
- 2** **Inadequate opportunities for career advancement.** If you're at the top of the curve for your skill set, where do you go next?
- 1** **Inadequate compensation.**

Source: Salary.com

Why Executives Leave

- Lack of challenges or career growth (33% percent)
- Ineffective leadership (20 percent)
- Attractive job market alternatives (17 percent)
- Inadequate or inconsistent compensation (5 percent)

Source: KornFerry International, 2006 Executive Quiz

What Executives Consider When Evaluating a New Opportunity

- A solid management team (40 percent)
- Company culture (17 percent)
- Company brand and reputation (16 percent)
- Company strategy (11 percent)

Source: KornFerry International 2006 Executive Quiz

“Senior executives are involved in passive recruiting 365 days a year.”

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said Bill Achenbach, vice president of human resources for the American Heart Association.

For now, the labor market for trade show professionals is neutral, meaning that companies that want to recruit as well as those who want to change jobs can easily do so. The “musical chairs” effect is increasing as middle managers make lateral moves or step up to better positions that increase their earning potential and growth. When faced with a professional roadblock, those that want to remain in the trade show industry end up relocating, often reluctantly. Recruiting is done mainly through classified advertising, word of mouth or at industry events.

Recruiting at the senior levels is a different ballgame. From 2003 to 2005, it was a seller's market. Today, the tables have turned, and candidates with strong track records can afford to be finicky. What drove this about-face? Three years of growth in the exposition industry have boosted the P&Ls and business confidence levels of the strategic players in the trade show industry while the continued influx of financial players is creating new job opportunities and generous compensation packages. One executive is evaluating three different job offers—all offering a considerable bump in compensation and responsibilities.

Some companies report that it is harder to recruit at the senior level and often the process involves weeks, sometimes months of “wooing” a strong candidate and finalizing the compensation plan. As result, senior executives are

always on the lookout for talent and say they are involved in passive recruiting efforts 365 days a year.

The first three months of every year is when most job transitions occur, as key executives take their bonus and move on to newer or greener pastures. This becomes an expensive proposition for companies left to replace high-priced executives, not to mention the disruption and transitional issues. Companies that promote from within, even at senior levels, evaluate the potential of an inside candidate and critically examine their adaptability, creativity and leadership. Some conclude it is often better to promote “the devil you know than hire the devil you don't.”

Opinions about the available talent pool for sales and marketing are almost as varied as compensation packages. Some executives said it's easy to hire sales people; others believe it's more difficult, given the rapidly changing approaches to marketing and sales.

Those who operate in markets like New York or Los Angeles already are finding a tighter labor market and wider variations in regional labor costs. “San Francisco and Los Angeles are expensive,” said Warren Girling, executive vice president of human resources for dmg world media. “Costs almost always lower to hire in Canada, except for Calgary,” he said.

Some companies are bringing outsiders into the fold. Some consider those with backgrounds in marketing, advertising, publications, packaged goods and public relations. Others find that candidates from hotels, service contractors or

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Tips for Getting Hired

Executive search firm KornFerry International asked executives in June the most important things they do before heading to a job interview. The results:

- 60 percent say they research the potential employer.
- 20 percent reach out to their own contacts who know the potential employer.
- 19 percent formulate responses to possible interview questions
- After the interview, 74 percent say they send a thank you note

What not to do in an Interview

KornFerry International's survey also asked recruiters what common mistakes executive-level job candidates make during interviews. While some may seem small, recruiters said the faux pas could make the difference between getting the job or being passed over. Common mistakes they noted include:

- Talking too much (36 percent)
- Exhibiting a lack of knowledge about the company or position (22 percent)
- Presenting an over-inflated ego (16 percent)
- Appearing overly confident (9 percent)

Candidates who took more than a week to consider a formal job offer also bothered recruiters.

“Salary increases are ‘forever’ whereas bonuses can expand and contract with profitability.”

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incentive houses are a good fit. And for short-term projects or extra help with customer service or IT, some executives are considering outsourcing, a trend already widely adopted by other industries.

Association Talent

When it comes to recruiting or retaining staff members, associations face heavy competition from the private sector. “With more job opportunities available today, we have to pay more attention to total compensation,” said *American Heart’s Achenbach*. Results of the *2006 Association Executive Compensation & Benefits Study* by ASAE & the Center for Association Leadership indicated that associations are well aware of an increasingly competitive job market that may impact their ability to attract and retain the best and brightest in a variety of fields.

Association management typically also must get budget and compensation approvals from their boards of directors, which may have a different makeup of people each year. The study said 87 percent of associations review salaries on an annual basis.

CEO compensation for associations generally increases in proportion to the size of the staff. The median total compensation for association CEOs with staffs of more than 100 employees is \$362,000, while those with staffs of 10 or fewer make a median of just \$103,000.

Outlook/general concerns

Aside from an underlying concern about another terrorist attack that would set trade shows back to 2002 levels, trade show executives expressed few concerns

about the industry for 2007. Economists seem to agree that the economy will continue to grow, although at a slower rate in 2007. That seems to be the case regardless of what consumers do. Consumers have been a petulant bunch this year, with confidence and retail sales soaring one month and down the next. Nevertheless, as of the end of September, year-to-date total retail and food services sales were up 6.7% compared to the first nine months of 2005 (8.6 percent excluding the volatile automotive sector).

As a whole, however, industry executives expressed no major industry concerns while recognizing there are always business cycles that affect certain trade show sectors.

Associations expressed minor worries about legislation that may impact their industries. Ever-changing air security regulations such as the short-lived ban on all liquids and creams aboard aircraft could again impact short business trips. And pending legislation concerning the way health care sales people interact with health care professionals could change the business model in that sector.

In all, 2007 looks to be shaping up to be very much like 2005 and 2006. But there are economic signs of caution that should not be ignored, according to Jack Kyser, chief economist for the Los Angeles Economic Development Corp. Among them: the possibility of rising interest rates; the exchange rate of the dollar against the Euro and the Yen; oil prices; and the possibility of Congressional gridlock depending on the outcome of the November elections. ■