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New CSI website!
Go to:
www.csirem.com.au

CSI's Remuneration Review

The Pay Market In 2006

What will the pay market be like in 2006?

This is a question many Senior Executives and HR professionals are forced to ponder at this time of year in order to accurately forecast salaries and wages costs for the upcoming 12 months.

The process of predicting salaries and wages costs is highly detailed and fraught with the potential to create dire consequences for a business. If salary increase projections fall short or exceed actual increases then business profitability can be jeopardised.

Just a small difference between projected and actual spend can be costly to an organisation. As

such, organisations need to develop a method using a variety of credible sources to forecast growth.

To assist with this, CSI's remuneration consulting team has formulated their predictions on pay market conditions. These have been published in the *Pay Market In Australia & New Zealand In 2006 Report*.

We encourage all readers to download a complimentary copy of this report from: <http://www.csirem.com.au/knowledge/payMarket.htm>

Forecasts within this report are predominantly from the November 2005 edition of CSI's *Australian General Industry Remuneration Report*, which is the

largest general industry remuneration survey in Australia (based on the number of participating organisations and employees surveyed).

Following is a snap shot of the general prediction contained within the report:

The employment market to the end of 2005 remained tight with the continuation of low unemployment rates and skills shortages in various fields. Many Australian employees have been able to prosper in 2005 and predictions are that they will continue to do so (but to a lesser extent) in 2006.

Contact Belinda Catorall - +61 2 8440 6520 or bcatorall@csirem.com.au to discuss the report in more detail.

Where Executive Pay Is Headed

By CSI's Chairperson, Peter Barton.

Executive pay practices and trends will remain "hot" in 2006 although new corporate governance guidelines may cool this sector of the pay market over time. Changes to the reporting of executive reward have resulted in individual packages being

communicated in greater detail. The major Australian banks in particular have embraced disclosure and their reports to shareholders contain in depth background to remuneration practices, in addition to details about the structure of individual executive packages.

Disclosure has not yet led to the

dampening of increases in executive packages over the last year nor should it for the next year.

CSI's Australian Top Executive Remuneration Report in 2005 showed executive increases of 7.5% at total package including variable pay and 6.6% for fixed remuneration... *continued page 3.*

CSI Turns 20

December 2005 marked CSI's 20 year company anniversary.

On 25th of November '05, CSI celebrated with a cocktail party held at the ZippRestaurantBar, Saville Park Suites, Chatswood.

Clients, strategic business partners and suppliers joined CSI staff for an evening full of lively conversation; recollections of CSI throughout the past 20 years; and heart-warming speeches made by a number of clients and staff members, both past and present.

Those making speeches commented on the unique 'soul' of

CSI that has been carefully cultivated over time and helps to differentiate the business in the market place; as well as CSI's highly flexible and adaptive, customer service oriented culture.

Roaming the room throughout the event were three cartoonists who paused to capture on paper the faces of those in attendance. The caricatures will pro-



Peter Barton, CSI's Chairperson, sketched by Brad Wightman of Red Faces Caricatures during CSI's 20 year anniversary party

vide lasting memories of the occasion.

A very big 'thank you' from CSI staff goes out to all clients, strategic business partners and suppliers who have been intrinsic to making the past 20 years a success story for CSI; as well as to those who attended our party and helped to make our 20 year anniversary celebration special and memorable.

Editor's Message

Happy new year! CSI is starting 2006 with the launch of a new website and a new survey of SAP IT roles.

We've packed this edition of Remuneration Review full of information to arm you with all you need to know about where pay is headed this year.

Also featured is an article on attracting, remunerating, motivating and retaining salespeople contributed by Beverley Jones of Objective Assessment.

Please email your feedback and suggestions to: remreview@csirem.com.au

Natasha Edwards
Marketing Communications Executive

CSi Welcomes New Clients

Acreis Australia
Aderant
Allens Arthur Robinson
Andrew Corporation (Aust)
Aortech Biomaterials
Apnic
Boart Longyear
Cardno
Convatec
CSM Group
Elekta
Hyne Timber
Infinity Solutions
Mimotopes
Mitre 10 Australia
MTU Detroit Diesel
NEC Business Solutions
Norma Pacific
NSW Dept Of Housing
NYK Line (Australia)
Orion Systems International
Philmac
RACQ
Railcorp
Resi Mortgage Corporation
Rexel Asia Pacific
Solectron Global Services
Sydney Symphony
Transfield Services (NZ)
Unisuper Management
Visa International
Woolworths



www.csirem.com.au

Salespeople - Who Are They?

Salespeople are fundamentally important to the success of a business and like any group of people within an organisation, they possess diverse personalities with different strengths and motivations. In the world of sales and business development these characteristics can be identified into a number of distinct types. Understanding these types can assist with attracting, motivating and retaining the right kind of salespeople within your organisation.

We asked Beverley Jones, Managing Director of Objective Assessment, for clarity on three of the most talked about types of salespeople:

The Hunter

The Hunter is a salesperson whose skills revolve around prospecting. You can expect this individual to be on the phone making calls, setting appointments and placing opportunities into the pipe-

line. However, these skills must be supported by their ability to recover from rejection with no need for approval.

The Closer

The Closer is a salesperson whose skills revolve around closing business. You can expect this individual to close more than the normal share of opportunities, assuming that there are opportunities in their pipeline. The Closer is able to get prospects to make a decision and won't waste time making inappropriate quotes or proposals. However, these skills must be supported by decision-making strengths, killer instinct and a supportive Buy-Cycle.

The Farmer

The Farmer is a salesperson whose skills revolve around growing existing accounts. Unlike the closely related Account Manager, you can expect this individual to be an effective Closer but not

likely to uncover new opportunities.

The positive traits of the Farmer can be found in other skill sets. Most notably, the Closer contains all of these traits. However, it is the weaknesses of the Farmer such as need for approval and difficulty recovering from rejection that makes them better suited to a farming environment in which the Closer may be perceived as disruptive.

Embracing the individuality and the strengths and weaknesses of the Hunter, the Closer and the Farmer will help you to identify, develop and match their types to specific sales roles.

For more information:
www.objectiveassessment.com.au
Beverley Jones, Managing Director
+61 2 9025 3980

o b j e c t i v e
a s s e s s m e n t

Sales Commission Plan Design Trends

CSi's Strategic Sales Commission Plan Design Workshop was held in Sydney late in 2005. Attendees were given the opportunity to explore the key role that aligning sales commission plans to organisational strategy plays in the ultimate success of a plan.

During the session, CSi's Executive Manager, Kylee Small presented the emerging trends in commission plan design. These trends included:

A greater proportion of employees are participating in commission plans. 'Non sales' support and

fulfilment people are now involved.

The depth and complexity of commission plans is increasing for transactional, service and selling-based roles. There is a greater use of weightings and matrices in plan design. However, volume or margin plans are becoming simpler.

Plans are being localised to business units so that they are transparent to individual participants.

There is greater tracking of plan success through effective business management systems and

an increased focus on administration of plans to ensure a return on investment.

More qualitative assessment of behaviours, quality and customer satisfaction is being introduced into plans.

In the current environment, plans are significantly leveraged and uncapped and plans are being designed to drive revenue, as well as value to the customer.

For dates and details on upcoming remuneration training seminars and forums go to <http://www.csirem.com.au/training/calendar.htm>

CSi Launches SAP Specialists Survey

A clear sign of skills shortages in the ICT sector of the market came on 15th December 2005 when the Minister for Immigration and Multicultural and Indigenous Affairs, Senator Amanda Vanstone, and the Minister for Employment and Workplace Relations, Kevin Andrews, indicated that five ICT specialisations have been added to the Migration Occupations in Demand List (MODL):

- SAP
- Siebel
- E-commerce security
- Network Security
- CISSP.

During 2005, CSi received feedback relating to the difficulty in sourcing specific and reliable remuneration market data for IT roles in Australia that require SAP skills.

As SAP skills remain one of the 'hottest' skill sets in the IT specialists market, CSi is committed to producing a detailed market report capturing remuneration rates and salary packaging information for eighteen SAP roles. The report will be released in February 2006.

The key benefit of the report is

that it will feature market data for each role, as well as market data per SAP module for each role.

Eg: market remuneration rates for the SAP Application Specialist will be presented. Then, market rates for each of the seventeen SAP modules will clearly highlight those specific modules commanding higher market premiums.

To participate in the survey or to purchase the report when it is released in February, contact Paul Wright, CSi's Business Development Manager, on +61 2 8440 6513 or pwright@csirem.com.au

Where Executive Pay Is Headed

continued from page 1

These rates are more than 1% higher than the 5.9% at total package including variable pay and 5.4% on base reported in our Australian General Industry Remuneration Report November 2005.

It is worth noting the increases of 16% total variable pay and 6% base salary reported in the Australian Financial Review's (AFR) annual survey published on the 19th November 2005.

The AFR Survey covers the top 300 listed companies, which is in contrast to CSI's top executive database which is comprised of contributors from a wider range of organisation size – senior executives from medium and smaller companies have more conservative movements in reward than the larger companies.

There are a number of other rea-

sons for the continued higher rate of increase in executive reward:

Good trading conditions – the Australian economy continues to grow and the outlook is also positive. As a result, executive pay, particularly the STI or variable "at risk" component will continue to rise at higher levels. But as the AFR survey pointed out – the higher proportion of reward is tied to performance and therefore suggests that the structure of pay at this level is heading in the right direction.

Global pressures – the executive pay market is "hot" in most of Australia's trading partners.

Different market – executive reward is treated differently from that of staff at other levels. Rates are determined in individual contracts often negotiated with the aid

of specialists and dealt with by remuneration committees in listed companies. Individual/company performance targets and bonuses leveraged on those targets are typically the issues considered in determining potential reward packages for executives rather than compliance with general pay trends.

High finance / fund managers, sports stars and entertainers whose rewards may also be determined by individual contract, most often with the aid of specialist intermediaries, continue to earn lucrative fortunes and are used as benchmarks by executives.

We predict, therefore, that fixed remuneration will again rise by 4.5% to 6% (depending on organisational size) but that total reward including variable pay, will rise at levels higher than in 2005.

Engaging Gen Xers!

By Nigel Gray, CSI's Practice Lead.

As I cling desperately to the belief that the Gen Xers are the new sexy, younger workforce taking organisations by storm, I acknowledge that it is remiss of me not to acknowledge the mounting number of next generation "Y's" that are rapidly ascending our workforce.

However, as I myself sit at the upper end of the Gen X brigade, I at least temporarily want to close my mind to the reality there is in fact another generation on my coat tails and hungry for success. Yes that is right, I do not (in this article at least!) want to think about that techno savvy, street-wise, smarter, faster, experimental and materialistic generation that bites at my heels! So rather let me suggest a few considerations with regard to engaging 'us', the soon to be all powerful Generation X workforce!

Make Sure The Work Is Compelling

Avoid giving us routine or boring tasks. Offer us different options and fun incentives. Frame our work projects as "ground breaking" initiatives for exploring new opportunities and encouraging the development of new skills.

Provide A Liberating Work Environment

Remove bureaucratic barriers and unnecessary protocols so that we can fly! Encourage us to design or

adapt our work space to provide a sense of place and belonging. Give us constant and instant positive feedback and provide us with the information we need to achieve.

Make Sure We Are Learning New Things

Make explicit how our work impacts the business. Provide new toys and gadgets for us to use and opportunities to mentor others. Encourage us to attend seminars and other developmental activities so that we constantly learn new things and return to tell others.

Give Us The Freedom To 'Go For It'

Make all our work entrepreneurial. Give us a part of the business we can make our own. Provide us with opportunities to create and develop new business ideas. But make sure we get the resources we need to innovate or we will get bored and leave.

Let Us Set Our Own Hours/ Conditions

We have personal and community goals, hobbies, and endeavours that have little to do with work. Flexitime is key to maintaining our sense of balance in life. Early in – early out schedules, split shifts, and the use of laptops with modems for work at home can achieve these goals.

Lighten Up! We Want To Have Fun At Work

We love to work hard, especially if we are having fun and learning new things. Let us spice up the

workplace by adding cool additions to the décor, playing music and dressing casually. Provide us with exciting or humorous weekly and monthly incentives that are hard to achieve.

Let Us Spend Time With You

Forget traditional reporting structures – we want face-to-face time with our managers and leaders. Involve us in your networks. Invite us to contribute to your workshops. Ask us how we are different, how we see the world, and what you can learn from us. Let us travel with you to seminars and meetings so that we can get to know each other as colleagues.

We Want To Work For Ethical Leaders

We respect ethical business dealings. We invariably treat customers with the same respect we treat ourselves. To get the best out of us you will need to demonstrate that you are socially and environmentally aware. We are serious about sustainability and environmental issues.

Yes, in these times of unprecedented high employment, appropriate remuneration and pay structures are absolutely critical, but as Hertzberg put forward, they are only hygiene factors and will not on their own deliver what your organisation needs to retain and motivate your employees! So look outside the square for ways of engaging the troops!!

Contact Nigel Gray on 61 3 9607 1361 or ngray@csirem.com.au

Demand For Executives

The November E.L Index recorded a 7% decline.

This signals a change in fortune for executives, who have enjoyed booming demand for their services since January 04.

According to Mr Grant Montgomery, Managing Director of the executive search firm E.L Consult, "The combination of higher oil prices, the failure of a predicted export boom and moderating corporate profitability now appears to be having an impact on executive positions".

www.elconsult.com

Stat Wrap

GDP: 2.8% annualised
Sept 2005

CPI: 3.0% annualised
Sept 2005

Unemployment: 5.1%
annualised Dec 2005

www.abs.gov.au

Skilled

Vacancies Index

The Skilled Vacancies Index (SVI) fell by 0.1% in December 2005 to 105.9.

Vacancies for Professionals increased by 0.6%, while skilled vacancies fell by 0.4% for Associate Professionals and by 0.6% for Trades.

In annual terms the SVI is 5.0% lower than in December 2004.

www.workplace.gov.au

IT Spot

The predicted average salary budget increase in 05/06 for IT staff is 4.1%.

The average salary increase for IT staff, November 04-05 was 4.7% (at total salary).

CSI's IT/Computer Specialists Survey



www.csirem.com.au

Hot Jobs

According To Hays

According to Hays, a specialist recruiter, the following jobs are hot from a recruitment perspective:

Banking

Eastern states:

Commercial Lending, Wealth Management, Lending and Lending Support

Perth Banking:

Business Banking, Commercial/Corporate Bankers, Lending and Lending Support

Perth Financial Services:

Dealer's Assistants, Financial Planning Assistants, PS146 support staff, Financial Planners with sales skills, Customer service candidates in superannuation and investment management

HR

Experienced recruitment consultants to work in-house within large organisations; HR Generalists who are commercially aware and can operate at a strategic level; Workers Compensation, Occupational Health & Safety professionals; Experienced Learning & Development and Training professionals.

Insurance

Insurance Broking:

FSRA compliant Account Executives, Professional Risk Specialists

Underwriting:

Liability and Professional Risk Underwriters

Claims:

Candidates with 1-2 years claims experience in either domestic or commercial area

Logistics

Purchasing and Procurement:

Tender creation and implementation roles, particularly in mining & resources, manufacturing and retail sectors

Warehouse Operations:

Supervisors, Team Leaders, Operatives

Supply Chain:

Inventory control and stock-take

For full details of the Hays Quarterly Forecast, which details current market conditions for sectors across Australia, please visit:
www.hays.com.au/forecast

HR Spotlight - Mark Souter

HR Manager, Dell Australia & New Zealand



Mark Souter

Passionate, hard working and energetic, Mark Souter chatted to us about his career, working for a leading global IT organisation, his work/life philosophies and favourite 'time-out' activities.

What are your career highlights?

Taking opportunities for fantastic overseas assignments in Europe, America and Asia, in different areas of HR practice, such as talent management, HR business partnering, compensation and benefits and generalist HR. Also having Dell listed as a 'Best Employer' in Australia and New Zealand, back-to-back in 2004 and 2005, by Hewitt Associates, the AGSM and Boss Magazine is an exciting point so far in my career.

What is the most important element of remuneration management from your perspective?

To be clear, transparent and display integrity in the approach to remuneration - team members need to buy in and believe the compensation approach and philosophy of the company for it to be successful. Once this trust and belief is earned, programs and policies can be built within a remuneration strategy in a very meaningful, creative and potentially different or advantageous way to the marketplace.

What are the current challenges related to remuneration management in Australia?

I believe current challenges related to remuneration management are not isolated to Australia, and can potentially be seen elsewhere in Asia Pacific and Japan. A key challenge is around ensuring team members have a solid understanding and articulation of the complete value proposition of a reward package. Having this complete value proposition well known within a team helps build long term success for both the organisation and people who demonstrate and deliver consistent, high performance.

How would you characterise your workplace culture?

The Dell workplace culture is one fuelled with high energy, of winning, of high-speed fact-based decisions, of honesty, of direct feedback and constant self improvement. We place high value on our people, the customer experience and market leading business performance.

What is your work/life philosophy?

I have had the privilege of some true industry HR leaders as managers and apply the following philosophies when it comes to work/life: know your priorities in life, be accountable for owning your career, focus on building an experience portfolio not simply a list of fancy job titles and be prepared as life does change.

What's your work background?

I have had 8 years experience in Human Resource management, as a HR generalist/HR business partner and also in dedicated compensation/benefits roles. These experiences have mainly been gained in the IT industry, both locally and internationally.

How do you spend your time outside of work?

I enjoy spending time with old and new friends, playing and listening to rock n' roll music and helping out on short film and TV projects.

What do you use CSI for?

I mainly use CSI for their expertise in salary and benefit survey data provision, across the local ANZ marketplace. CSI staff are professionals in facilitating industry forums and building and maintaining a well connected network with significant benchmark and peer organisations. Their professional relationships are highly valuable and useful, helping to build continual trust with their clients and also maintaining a credible and articulate understanding of the local industry's landscape.

How would you rate CSI's service?

I rate CSI's service as a best practice in the field of local Australia and New Zealand remuneration understanding. I have found the team at CSI to be responsive, informed and well rounded on many of the key remuneration issues.

Mark has a Bachelor of Social Science, majoring in IR/HR and is a Justice of the Peace (NSW).



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