

A. Michael Hiles & Associates Inc.

Human Capital Management

Salary Increase Projections for 2010

Budgeting for most companies involves estimating where salaries are going in the external market and planning to remain competitive. Often, payroll is the largest expense in company budgets, and getting pay right can mean a competitive edge, particularly in a difficult business environment. In today's recessionary environment, the company's financial health can be seriously affected by payroll costs – getting pay right is important.

Each year, we provide our clients with a preview of salary increase intentions in the Canadian market. We have used surveys that are the most reliable and largest available. The first survey includes information from 208 organizations, and represents 1.7 million Canadian employees. The second survey includes data from 494 companies, and covers 1.0 million Canadian employees.

We show projected changes in Base Salary – sometimes call budgeted increases – and the projected change in Salary Structure – the change in a company's pay policy. Base Salary changes are greater than Salary Structure because Base Salary changes include increases for individual merit or performance, promotions, organizational changes, general productivity increases, etc.

We show the information provided for changes to salary structure – how much salary ranges will increase – and for budgeted aggregate payroll increases.

<i>Salary Structure Changes</i>		
	2009	2010 (proj.)
Non-Management	1.70%	2.11%
Management	1.70%	2.11%
Officer/Executive	1.70%	2.11%
Inflation (July 2009)	3.39%	-0.90%

<i>Salary Budget Increases</i>		
	2009	2010 (proj.)
Non-Management	2.99%	2.23%
Management	2.81%	2.93%
Officer/Executive	2.70%	2.90%
Inflation (July 2009)	3.39%	-0.90%

Inflation is Total Consumer Price Index. Core inflation is 1.8% (eliminates volatile items, e.g. gasoline). For our clients and friends in the Montreal region, it is useful to note that the numbers for this area are slightly lower than the national averages we show above. We have more detailed information that can be broken down by city, region, industry or job family.

This information is often useful when preparing high-level budgets. Developing a comprehensive pay policy is more complex. An effective and durable policy considers the external market (the competition), the company pay structure, the job relative size and level, and individual performance.

We can help with any of our clients' compensation and benefits needs, as well as with a wide range of other human resource management issues. We would be pleased to discuss any of your human resource related concerns.