

Trade Show Executive's
COMPEN\$ATION 2008

**Profit
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**Stock
Options**

**Company
Car**

Bonus



**Executive Life
Insurance**

401K

**Retirement
Package**

What Kind of Package Can You Expect Next Year?

By Darlene Gudea, publisher and editor, Renee di Iulio senior editor, Hil Anderson, senior editor

The housing market is weak but job growth is strong. The cost of fuel is high but interest rates are low. Inflation threatens to edge up, but the weak dollar is making U.S. products a bargain overseas.

How will this economic see-saw impact compensation and recruitment in the exposition industry in 2008? To find out, *Trade Show Executive* magazine spoke to those who control the purse strings – CEOs, CFOs, group show managers and HR executives. Here's what they said.

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2007 Was a Decent Year

Because the economy has been volatile and inconsistent in 2007, many employers in the exposition industry are taking a cautious approach, watching for clear-cut signs of change ahead. Show producers are clearly concerned about a tightening of the economy and the subsequent effects on the trade show industry.

But as 2007 comes to a close, most show organizers (both association and for-profit) say they are satisfied with their shows' 2007 performance. For the most part, 2008 budgets are finalized and point to average increases of 3% to 4% for staff salaries overall. These percentages barely keep pace with inflation – pegged at 2.6% -- but are similar to the raises budgeted in November 2006 for calendar year 2007. And just as in the past, the top performers will see raises of 6% to 10%, reducing the pool of money for the underperformers.

Merit-Based Raises with No Ceiling

But some organizations have a different take on compensation. "We stay away from blanket percentages and look at how an individual's productivity and responsibilities have changed over the year," said Michael Green, executive vice president for the exhibits division of Hanley Wood Exhibitions. "Our philosophy, which has been consistent since the division was founded in 2000, is to evaluate each person on their own merits." Green said the aim is to provide compensation policies that are fair to the employee and fair to Hanley Wood. "As a result, salary increases vary widely," he said.

How Management Builds the Salary Budget

When establishing a salary range, companies consider compensation trends

in the exposition industry, the show sector and the financial performance of the organization as a whole.

Not all companies will be generous in 2008; many are freezing salaries. Salary.com's *National Salary Budget Survey* found that 64% of the companies are planning no change in their salary budgets between 2007 and 2008. The fact that show organizers are giving raises, whatever the process, is an indicator of the strong performance of exhibitions and conventions in 2007.

What other companies pay often influences salaries. Several associations told us they rely on the salary surveys compiled by the American Society for Association Executives (ASAE) and The Center for Association Leadership. OFA, an Association of Floriculture Professionals, has used these surveys as a guideline to bring employees' salaries up to market standards. The Consumer Electronics Association (CEA) regularly reviews positions to evaluate whether a market adjustment is necessary, according to Annemarie Ramirez, CEA's vice president of human resources.

A tight recruitment market drives salaries upward. That is the state of the exposition industry right now. Employers are even more likely to respond to competitive pressures when someone is thinking of leaving or is clearly disgruntled about their compensation.

Bonuses and Incentives Tied to Performance

Bonuses, incentives and other benefits have become a big part of compensation packages and are perhaps more important in wooing and retaining employees than the base pay.

Bonuses are frequently tied to performance, which may measure individual aims, group objectives, corporate goals or some combination. Simple measures include revenue, booth sales, sponsorships or the number of attendees. Other factors

Tips for Boosting Your Pay

- Get certified, such as IAEE's Certified in Exhibition Management (CEM) designation
- Emphasize the success of those who report to you.
- Identify a weak link in the operation and fix the problem
- Help co-workers fulfill their potential
- Find solutions to workplace problems rather than complain about them.
- Look for revenue-generating ideas or cost-cutting opportunities
- 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.



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that impact a bonus include revenue responsibility and contribution targets.

A top-performing sales executive can sometimes out earn his/her boss. Some companies, such as NTP, set no ceilings. "This is especially true for our sales people. If someone can sell a show with great success, their compensation can be at the very highest end," said a senior executive at the company.

Executive bonuses can be volatile. Looking outside of our industry, the *New York Times* reported that Wall Street bonuses are expected to fall 15% this year as a result of the subprime mortgage collapse and the tight credit market. But when show performance begins to slide, whether it is due to bad management or consolidation in an industry, moral suffers. A group show manager or GM can watch his high bonus of yesterday evaporate with changing business

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conditions. When an executive is forced to deal with a five or six figure hit to their overall salary, everyone suffers – the executive, the show, his staff and the company. That's why some companies step in and "make some adjustments" for employees they want to retain.

The Rising Costs of Health Insurance

According to the *2007 Employer Health Benefits Survey* conducted by the Kaiser Family Foundation and Health Research and Educational Trust in September, premiums for employer-sponsored health insurance rose an average of 6.1% in 2007.

The survey found that the average premium for family coverage in 2007 was \$12,106 and that workers now pay an average \$3,281 out of their paychecks to cover their share of a family policy.

Next year, those figures are expected to rise. Some companies reported expecting increases in healthcare premiums as high as 15%.

Benefits Keep Satisfaction Levels High

Companies generally don't want to reduce benefits. Both financial and non-monetary perks often contribute a significant amount to an employee's earnings as well as satisfaction. OFA's Holmes said employers should communicate the true value of the benefit package to their employees. "Employees need to consider the entire compensation package and the investment of the company," he said.

"Two years ago, we had a strategy of paying our employees in the 25th percentile because we provided so many benefits, but turnover was about 20%," noted the HR manager of a large association. "We have since made a conscious effort to pay in the 50th percentile and continue to offer benefits. Our turnover has dropped to 8%," she said.

Unemployment is Low; Recruiting is Up

Unemployment remains low, at 4.7% in October, according to the U.S. Department of Labor Bureau Labor Statistics. Executives report it difficult finding top sales, marketing and executive candidates. Hiring people with exposition industry experience can be an even greater challenge, particularly in certain geographic areas.

"There is a specific business demand for event professionals, particularly operations, event sales and event marketing. Businesses are competing to recruit the same people, and some event companies are offering higher compensation and/or fringe benefits than others," says Hall.

There is, therefore, a larger pool of talent for entry-level candidates, who are easier to select from outside of the industry. Companies as large as Hanley Wood and as small as the American Pet Products Manufacturers Association (APPMA) recruit from outside the industry, train, and then promote from within. Many companies would like a larger pool of exhibition-degreed students to pull from, but event programs and graduates remain a small number.

So companies turn to these methods of recruiting: classified ads with trade publications, relevant associations, local papers, and Internet job boards; and referrals. Hanley Wood's Green estimates that half of the company's job candidates are found through employee referrals.

Companies with new or planned acquisitions, such as Hanley Wood or Bobit Business Media (which will add three events to its portfolio next year), are certain of their growth; others are not so sure. Economic indicators have failed to provide a clear picture.

But many show producers have had a good year and are planning to add to their headcount in the coming months, sending the signal that for now, the industry is in good shape.

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What Are You Worth?

Many executives believe they are worth more than what they are getting paid. But are they? How much should a trade show executive earn?

Most CEOs and presidents told *Trade Show Executive* that they tie compensation to responsibility and performance, not title. However, both pay and responsibility generally increase with the title.

But if you start by comparing salaries strictly by job title, you'll head way off course. Other factors that impact compensation include company size, portfolio, show size, geographical location, number of staff supervised, previous experience,

the job market, the economy and your negotiating skills.

No surprises here: executives with more responsibility, larger shows and more direct reports earn more than those who manage a small show and are forced to wear many hats. Executives in major metropolitan areas typically earn more than those in the heartland; and men tend to make more than women. But there are exceptions, and some women in the exposition industry out earn some men. And many smaller companies compensate their executives quite well – they have to in order to attract the best talent. “After all,

offering \$40K more in incentives to a top performer is not going to break the bank if that person can generate a million dollars more in revenue than a newcomer to the industry,” said the president of a small for-profit company in the Midwest. So don't ignore the small firms if you are job seeking.

To compile a view of compensation in today's trade show and convention industry, we turned to a number of sources: interviews with CEOs, CFOs, HR managers and public documents reflecting company earnings and expenditures. Here's what we found.



Show Managers

Show manager salaries are clearly tied to show size, industry and geographic location. Base pay tends to fall between \$50,000 and \$100,000 although smaller associations and for-profits pay their organizers in the low \$40,000s while show managers at larger organizations earn as much as \$125,000. Bonuses are linked to financial and strategic goals, with a ceiling of usually 20% to 30% of base pay. The achievement of stretch goals can yield an additional income of up to 40% of salary.

Group Show Director

Considering there are less than 50 group show directors in the nation, it is easier to pin down their range in salaries. But comp plans are all over the board since in this breakdown, no two jobs are alike. Some group show directors with one mid-sized show and up to three smaller regional events earn a base salary of \$80,000. Others manage five or more events in related industries -- these individuals earn as much as \$250,000. Bonuses also vary widely, ranging from 15% to 40% of their salary.

Exec VPs and GMs

Executive vice presidents and general managers show a much smaller range in salaries, reporting salaries between \$125,000 and \$250,000. Some individuals have reported earning up to \$300,000. Bonus plans usually start at 25% of salary and can reach 50%, reflecting the importance placed on their contributions to the company's financial success.

Top Execs

Top executives -- chief executive officers, chief financial officers and presidents -- don't respond to salary surveys and don't like to reveal how much they earn, but public documents (required for not-for-profits and publicly owned companies) include this information. A review indicates base pay ranging from as low as \$75,000 for a small association president to more than \$800,000. Bonuses continue to range in the 30% to 60% range. Other forms of compensation can be very lucrative such as stock options, deferred compensation plans, generous travel and car allowances and life insurance plans reaching up to 5x of annual salary. It is heartening to note that when it comes to compensation, the nation's top tier trade show executives have reached parity with executives of the *Fortune 1,000* companies.

Reasons Why Executives Leave a Job

Although everyone wants their income to rise steadily each year, salary is not the main reason why executives leave a position. A study last year by Korn Ferry International, an executive recruitment firm, found that only 5% of executives resign because of inadequate compensation. Most popular reasons for leaving a job include:

- Lack of challenges or career growth (33%).
- Ineffective leadership (20%), and
- Attractive job market alternatives (17%).
- Other common drivers include unrealistic expectations about the job or workplace; a lack of appreciation or recognition; the employee did not fit into the culture of the organization; and the work environment and/or job was too stressful.

A Good Time to Leave?

Sometimes executives leave because their company is headed for trouble, but how do they know? Companies often try to

limit the bad news to an elite few within the upper ranks of the company, so you may need to do some detective work.

Take note of your company's financial situation:

- Are revenues down while costs are increasing?
- How is the market doing in general? In an industry that is undergoing dramatic consolidation, you may keep your job, but you will have to do much more with much less due to downsizing. This makes it even more challenging to compete in a shrinking marketplace.
- Is your organization losing too many long-term customers?
- Are customers complaining about the quality of service?

Pay attention to your organization's strategies:

- Is your organization changing strategies too frequently? Are missteps forcing the company to "borrow from Peter to pay

Paul" to recoup losses?

- Is the company obsessed with cost-cutting?
- Are cost-cutting measures jeopardizing the quality of the product/service, not just trimming the fat?
- Are marketing and travel plans being slashed dramatically, signaling the company is not investing in the future?

Market position matters too:

- Is the company losing deals to competitors, particularly smaller ones?
- Must your organization resort to price-cutting to retain customers or capture new ones?
- Are competitors gaining strength?
- Have vendors become unresponsive?
- What is the media reporting? Some news outlets are biased and resort to shock journalism to gain readers or viewers, so learn to recognize the true signals. But there's a grain of truth in the adage, "Where there's smoke, there's fire."

Reasons Why Executives Join a Company

Once an executive decides to leave an organization, he/she often considers the same factors when searching for the next job. According to Korn Ferry, the most important factors are:

- Management team.
- Workplace culture.
- Company brand and reputation.
- Current business strategy, and
- Size of company.

A Good Time to Stay

The grass is not always greener at another organization. Consider these attributes as good reasons to stay put:

- New shows, partnerships or initiatives are in the works. Senior managers are optimistic. There is excitement in the air.
- Your organization has a track record of promoting from within.
- There are opportunities to grow and advance.
- You are allowed to stretch your wings and fail occasionally if you learn from the process.
- Outstanding performance is recognized and rewarded, not just expected.
- You participate in high-level strategic

planning sessions that enable you to see first-hand what skills the company values and where the organization's focus and investments will be in the short and long term.

- You've identified one or more senior level executives that can serve as a role model or mentor as you move up the corporate ladder.
- Your skills and knowledge establish you as the expert in your area of concentration. While no one is irreplaceable, you're more apt to survive if the company down sizes.
- Opposites attract: you have skills that your boss does not. Together, you operate like a well-oiled machine, enabling his/her career to progress and yours as well.



Thinking Outside the Box: Ideas for Recruiting and Retention

Competition for talent in the exposition industry has heated up along with concerns that a wrong hire could lead to lost business or an HR fiasco. Executives that work well in one environment may be like fish out of water in another. According to surveys by PricewaterhouseCoopers and Deloitte Touche USA, the cost to replace an executive can range from 50% to 200% of their annual salary if you take into account the separation package, recruiting fee, lost business, lost momentum, training costs, distractions to the manager and the travel costs incurred for a new hire to develop relationships with key clients.

So what is the best way to get it right the first time when you need to recruit a show manager or senior-level executive? Typical interviews don't work because they generally capture a candidate at his/her best – a carefully packaged, well-scrubbed individual who has rehearsed answers to typical tough questions and can put his/her best foot forward for an hour or two. But who is the real person behind that carefully polished veneer?

Prepare a structured interview rather than one that starts with, "Tell me about your management style." Behavioral interviewing enables you to better assess how the candidate will perform in typical situations that arise in the exposition industry.



Ask this...

...to find out this

How have you dealt with overlapping deadlines for multiple projects?	Time management skills, ability to delegate, adherence to deadlines
Tell me how you would handle a meeting room full of angry exhibitors.	Conflict resolution skills, flexibility, customer service skills, grace under pressure
What was the most frustrating aspect of your last job?	Professionalism, coping skills, ability to be discreet and maintain confidentiality
Tell me about a major risk you took and it backfired.	Humility/arrogance quotient, honesty, resilience, temperament, aggressiveness
When faced with a revenue shortfall, would you cut travel, marketing or sales staff?	Long-term thinker or out for quick solution

Exposition Industry Enjoys Lower Turnover than Most Industries

By Hil Anderson, senior editor

In the U.S., for the period 2001 to 2006, the annual turnover rate for all industry sectors averaged 39.6%, compared to 74.6% for the Leisure and Hospitality sector, according to the U.S. Labor Department. While no research has been conducted on employee turnover for the exposition industry, HR managers

told *Trade Show Executive* that voluntary turnover is running about 15% to 20% annually (disregarding changes in headcount due to divestitures and acquisitions). Today's workers will change jobs and careers more often than the former generation. When the economy is strong, they have more options and are more confident about taking the risk of starting

anew at another organization.

However, if you hire the right people, and keep them challenged, motivated and well-compensated, your organization will enjoy a lower turnover rate and higher morale which will lead to stronger financial performance and customer satisfaction. **TSE**