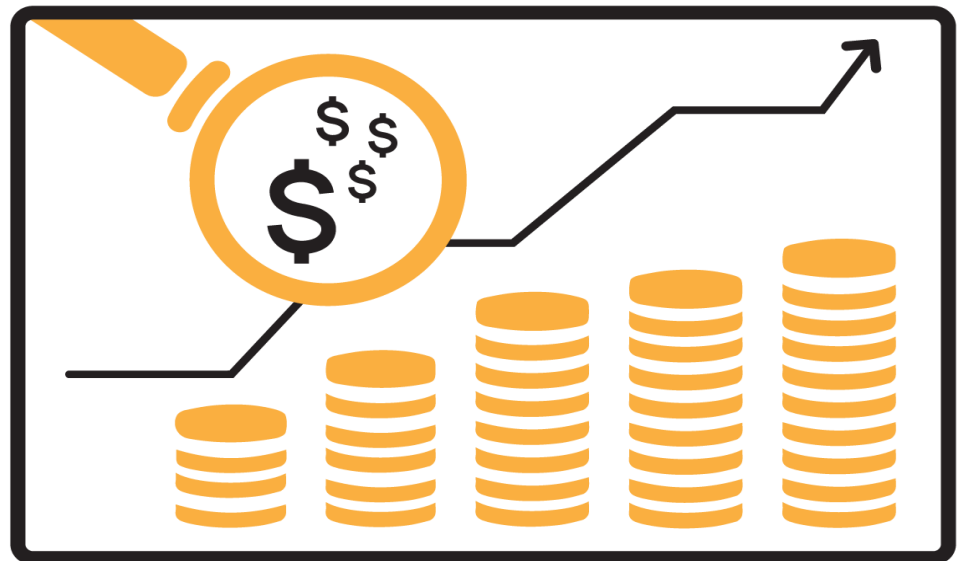


Salary forecasts: A valuable indicator for managers

During a shortage of talent, knowing how to manage salary increase with sensitivity and fairness is an important skill for employers. To guide employers through this process, Normandin Beaudry conducts an annual survey to help companies establish salary forecasts.



THIS TEXT IS A TRANSLATION OF AN ARTICLE FROM NORMANDIN BEAUDRY'S SAVOIR D'ENTREPRISE PROFILE.

Determining the salary increase amounts in your upcoming budget is not a trivial matter. After all, base salaries can easily represent more than 70% of a company's expenses. "A salary increase is an important and recurring financial commitment," says Anna Potvin, Senior Consultant, Compensation at Normandin Beaudry. However, while budgeting for annual increases is important, offering an insufficient increase with respect to the labour market and competitors can also have an adverse effect for the company, as it may reduce its ability to attract and retain competent professionals.

"The talent war is over, and the talented have won," says Étienne Boucher, Partner, Compensation at Normandin Beaudry. "The talented employees have the upper hand. How do we retain them?"

“ Salary increases should not be seen as a one-time action, but as a long-term strategy. ”

The short answer: by being competitive and offering a unique employee experience. By surveying close to 300 companies every year, Normandin Beaudry can quantify what the market *plans to offer* in salary increases. Companies can use this information to make the decision on how to position themselves.

A STRATEGIC DECISION

“The survey presents salary forecasts by activity sector, company size, region, revenues, and organization type,” Potvin explains. “Each company must then position themselves according to these factors with respect to their objectives, their financial performance, and the demographics of their employees, among other things.”

For example, a company in the high-tech sector with a pool of young, ambitious employees might want to stand out from the competition by offering more than the industry average—unless they’re struggling to pay back their creditors! Or, if an organization has just made a sizeable investment in the construction of a new factory, they may prefer to offer their workforce a modest increase.

“Salary increases should not be seen as a one-time action, but as a long-term strategy,” adds Potvin. “Perhaps companies that already consider themselves to be well-paying will follow the industry’s lead this year by offering other meaningful compensation components, such as summer hours.”

COMPARE TO BETTER PREPARE

Budget planning and approval can become complex exercises for many companies. Normandin Beaudry’s survey on salary forecasts aims to facilitate decision-making for managerial teams.

“Since the financial crisis, companies have been very wary of compensation expense,” says Boucher. “The proof? Seven years after the salary freeze, wage increases remain at a sluggish pace. Sounding out the market on such an important question can be very reassuring for some employers.”

According to Potvin, in many companies, the Human Resources leader is simply a messenger when it comes to salary increases, not a decision maker. “With this study, we are providing them with an invaluable reference that will support them in their role as advisor to management.”

A COMPLETE PICTURE

In addition to their free *Salary Increase Survey*, Normandin Beaudry also publishes an annual total rewards survey called **rémun**. The survey, which presents labour market data from more than 240 organizations in Canada, covers four components of total rewards: direct compensation, HR policies and practices, group benefits, and pension plans. In exchange for an annual subscription fee, organizations are given access to **rémun** results and benefit from its many other advantages.

By consulting the results of both surveys, a company can obtain a multitude of practical indicators to help guide their compensation strategy. “The idea is to not lose too much ground in relation to market salary,” says Boucher.

Is it risky to rely on these numbers, which are essentially only predictions? “Every year, we compare the previous year’s forecasts against what was *actually spent*,” explains Potvin. Year after year, Normandin Beaudry observes the same trend: organizations give slightly more than predicted when the economy is doing well, and slightly less if the macroeconomic forecasts are less favourable.

“Next year, we believe that the forecasts will be the highest they have been in the last five years, mainly due to competition for talent and full employment,” said Potvin and Boucher.

For those interested, all companies that participate in the *Salary Increase Survey* are given early and free access to the results. After a few weeks of exclusive access, the survey is published on the Normandin Beaudry website.

We invite you to complete the survey before July 13, 2018.

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who is normandin beaudry?

Founded 25 years ago, with offices in Toronto, Montreal, and Quebec City, Normandin Beaudry is now among the largest Total Rewards Canadian-owned consulting firms.

With over 180 experts, we help hundreds of clients create human capital and financial performance every year. Our team of compensation professionals approach situations from a targeted results standpoint. Whether through very specialized assignments or on-site interventions, we deliver simple and innovative solutions to meet your strategic and tactical needs. Our knowledge of market practices includes every aspect of total rewards, from base pay and incentive pay to employee benefits plans and retirement plans, as well as paid time off.