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**LOW UNEMPLOYMENT DRIVES NEED TO BUILD STRONG
RECRUITING AND RETENTION EFFORTS**
*Companies Must Ensure Understanding of Total Compensation —
Before and After Engagement*

Rockville, Md. - (Aug. 21, 2007) – As today’s employers look for ways to attract and keep pivotal talent in an economy with a low unemployment rate, many are making total compensation communications part of their recruiting and retention efforts.

“Relatively low unemployment is creating a fiercely competitive job market,” said David Janus, a principal of Charlton Consulting Group. “This increased competition, coupled with demographic changes in America’s labor force and rising health care costs, is forcing companies to think more strategically about their workforce decisions. Employees, on the other hand, are placing more emphasis on work-life benefits and retirement plan offerings — in addition to pay — when choosing an employer.”

According to a recent Watson Wyatt Strategic Rewards Report, companies are experiencing increased difficulty in attracting and retaining employees — particularly critical-skilled and top-performing employees — for the third year in a row. This same report states that employers underestimate the role that benefits, such as health care coverage and retirement plans, play in retaining top talent.¹

In contrast, a 2005-2006 MetLife study reports that nearly one-third (31 percent) of today’s employees say benefits *are* an important reason why they came to work for their employer, up from 25 percent in 2004 and 2003. At the same time, nearly four in 10 (38 percent) of full-time employees say the benefits offered to them are an important reason they remain with their employer, up from 35 percent in 2004.²

This misperception on the part of employers may be costing them in the battle for top-notch talent. “When you factor in both the direct and indirect costs associated with losing valued employees or high-quality prospects, the impact to a company’s bottom line can be considerable. That is why we’re starting to see companies begin total compensation communications *before* as well as after hiring to help people develop a full understanding of and appreciation for the benefit and compensation structure being offered,” Janus said.

Eighty-three percent of HR professionals at U.S. companies expressed concern about both retention and recruitment, according to 2006 research by the Institute of Management and Administration (IOMA). When looking strictly at the nation’s largest firms, these worries were echoed by 95 percent of these organizations.³

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However, Janus said, many companies are focusing on personalized benefits statements and total compensation communications programs to help them strengthen their recruiting and retention efforts.

According to a 2006 [survey](#) of HR and benefits executives conducted by Charlton Consulting Group, 97 percent of respondents said personalized communications played a distinct role in helping employees better understand their benefits as well as the overall value of their total compensation. In fact, almost the same number (93 percent) said that personalized communications were valuable tools for recruiting and retaining employees.

In particular, government contractors such as Alexandria, Va.-based Systems Planning and Analysis, Inc. (SPA), have come to realize the cost benefit of retaining good employees — taking into consideration the costs associated with not only reclaiming the intellectual capital that leaves with an employee, but also the high price to hire and train new workers. Working with organizations such as the Department of the Navy, Department of Homeland Security, and Department of the Air Force, SPA has contributed to important decisions concerning major elements of the current U.S. national security establishment. Part of SPA's success comes from cultivating satisfied customers based on the performance of and service from its highly skilled workforce of 460 plus employees.

With this type of reputation at stake, the company wanted to develop customized total compensation statements to use as effective tools to influence the retention of its employees.

“For years companies have issued total compensation statements because this was what companies were supposed to do in helping employees understand that a company’s investment goes beyond just salary,” said John V. Quigley, Vice President and Director of Human Resources for Systems Planning and Analysis, Inc. “However, we took it one step further. We wanted to state the facts, but we needed employees to truly understand what they were receiving versus marketplace norms.”

About Charlton Consulting Group

Charlton Consulting Group is a team of highly-focused benefits communications experts with more than 15 years in the business. We provide personalized benefits statements and total compensation communications programs to our clients. These programs have been proven to increase employee loyalty, retention and appreciation. To learn more about Charlton Consulting Group, visit <http://www.charltonconsulting.com>.

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¹ Watson Wyatt Research Report. Aligning Rewards With the Changing Employment Deal: 2006/2007 Strategic Rewards Report.

² The MetLife Study of Employee Benefits Trends. Findings from the 2005-2006 National Survey of Employers and Employees.

³ IOMA. Report on Salary Surveys. October 2006.