

AGC HR Professionals Conference

Construction Compensation Strategies in a Challenging Economy October 29, 2009 Atlanta, GA



"IT'S A MATTER OF STRATEGY."

1

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- Over 30 years of experience in corporate human resources administration
- Former Vice President of Human Resources and Risk Management at Perini Corporation, a member of the senior management team that established the strategic direction of a multi-national construction corporation
- Founder of DVM Resources, a company he established in 2000 to provide human resources and risk management services to national and regional clients



© established over 25 years ago, Pinnacle Financial Group is one of the Midwest's leading consulting firms. The firm provides integrated health and welfare, retirement and executive benefits consulting for corporations and businesses across the U.S. and it provides generational wealth planning, estate planning and retirement planning for affluent families, business owners and their advisors.

About Pinnacle Financial Group

- Thirty-five (35) year old firm offering
 - Health and welfare benefits consulting
 - Retirement plan consulting
 - Executive benefits consulting
 - Human Resources consulting
- Senior level consultant access and vast resources creating "Best of Breed" practice areas
- Consultants bridging gap between product-focused brokers and strategy-focused consultants
- Different compensation and client advice model



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THE PROBLEM

- Attracting & Retaining Quality Talent
- Building Loyalty in a Down Market
- Your High Performers Always in Demand
- Reward Structure Compromised In this Economy
- Communication of "Total Rewards" Structure
- Entitlement Mentality



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4

GREAT PLACES TO WORK

2009 INDUSTRY PARTICIPANTS

- PCL Construction
- Bums & McDonnell
- CH2M Hill
- Gilbane
- Holder Construction
- Bowen Engineering

Source: www.greatplacetowork.com



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5

WHAT MAKES GREAT PLACES TO WORK

- Time Away
- Saving For Retirement
- Professional Training and Development
- Knowledge Retention
- Health & Wellness Programs
- Creating an Inclusive Workplace

Source: www.greatplacetowork.com



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6

TIME AWAY

- Paid or Unpaid Sabbaticals (55%)

To recharge, explore new ideas. Participate in community service or pursue in-depth training or development to bring back to the company

Added Benefit: Alternative to RIF's/Layoffs



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7

TIME AWAY

- Other Strategies

- Flexible Schedules
- Telecommuting
- Job Sharing
- Reduced Work Week

Fit the Solution to your Culture



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8

SAVING FOR RETIREMENT

- 98% OFFER 401K PLAN
- 84% OFFER COMPANY MATCH
- 93% OFFER FINANCIAL PLANNING SUPPORT

Resist Temptation to Cut 401K Match



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9

PROFESSIONAL TRAINING & DEVELOPMENT

- Now is not the time to eliminate Professional Development Programs
- Determine what you can afford
- Consider Outside resources/industry programs
- Build for the future
- Encourage participation



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10

KNOWLEDGE RETENTION

- Phased retirement
- Shorter Workweeks
- Project specific assignments
- Ability to access retirement savings without penalty
- Education to help plan for "later years"



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11

HEALTH & WELLNESS

- 80% pay 75% plus of costs
- 15% pay 100% of costs
- 69% provide on-site fitness center
- 78% subsidize off-site fitness center



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12

Create an Inclusive Workplace

- Diversity
- Non- discrimination policies
- Education & training support programs



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13

The Role Of Employee Benefits

Employee Benefits play A Significant Role in Attraction, Retention and Engagement of Employees

Source: Towers Perrin 2007 Global Workforce Study



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14

The Role Of Employee Benefits

Competitive health care benefits ranked second after competitive base pay in attracting and retaining key employees



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15

Benefits In Crisis

- Survey conducted by Towers Perrin in February 2009 to get a snapshot of employer cost cutting measures
- Workers show greater concern about their jobs and financial security
- Ready to shoulder more cost and risk
- They see their financial fate intertwined with that of their employers
- Key Factor: Honest Communication



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16

Benefits Have Their Attention

Top Three Retention Factors

1. Having secure position that I can count on for the long term (59%)
2. Having adequate benefit protection for myself and family (56%)
3. Having a good work & family balance (52%)

Only three in excess of 50% : morale: leverage benefits appreciation



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17

Employer Actions in Recessionary Times

Most Prevalent

- Increase communication efforts to address or avoid employee concerns (70%)
- Try or Consider New Benefits Strategy not previously Considered (53%)
- View reward management More Holistically (47%)



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18

Employer Actions in Recessionary Times

Least Prevalent

- Reduce spending on benefit communication or education (15%)
- Shrink infrastructure supporting benefits (28%)
- Accelerate benefit changes you would have made anyway (31%)



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19

Employee Concerns over Financial Risks

Towers Perrin 2008 vs 2009

- 65% have increased concern over ability to retire when they want to
- 55% are more concerned that future earnings will plateau or decline
- 45% fear their job will change or be eliminated
- 30% fear they will incur medical expenses that they cannot pay



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20

Top Five Communication Needs

Info Considered most important by employees:

- Career opportunities & future career growth (37%)
- How performance is managed & measured (34%)
- How my benefits work (34%)
- My benefits during retirement (33%)
- Financial value of pay & benefits package (25%)

Tied with "How much will health care cost me in retirement and how can I save for it?"



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21

Message is Clear

- Employees want more information on reward structure
- No longer able to focus on salary alone
- Differentiate yourself from competition
- An informed employee less likely to be disenfranchised
- Even bad news, communicated honestly, is better than no communication



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22

Conclusion

Questions?

Thank you.

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23
