

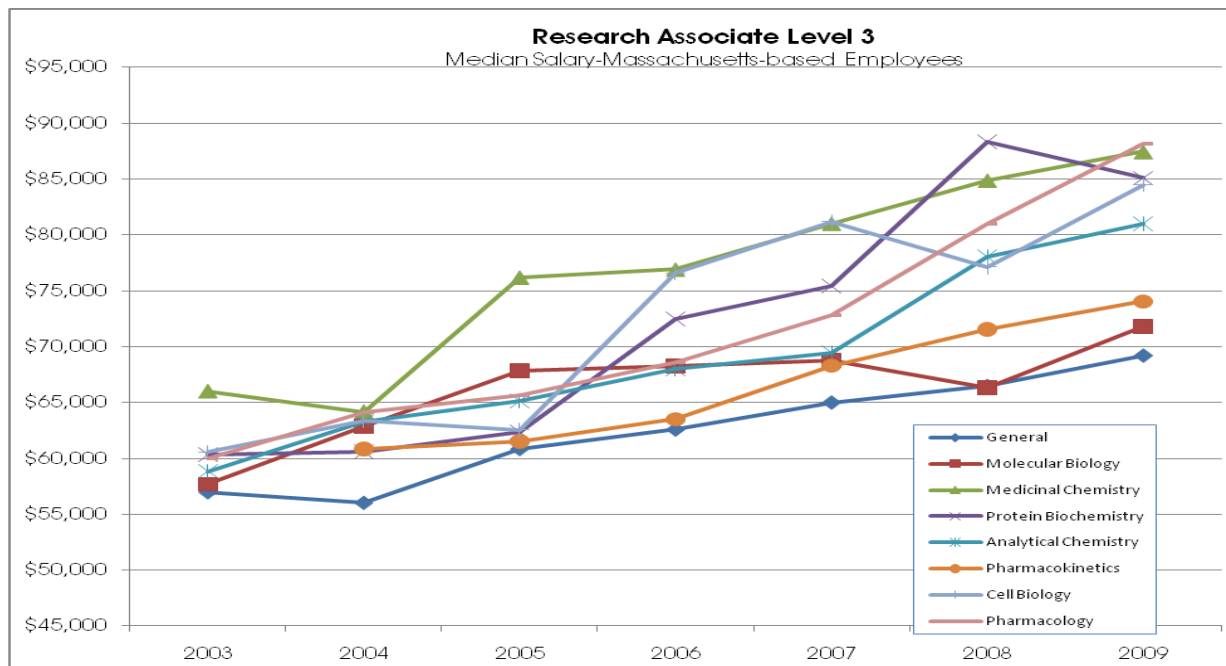
Do You Know How Your Research Associates Stack Up Against the Market?
 Thoughts from Jo-Dee G. Gentile, Principal

It's that time of year, again, when your finance group will send that e-mail requesting (or demanding) to know how much you plan on increasing salaries in the next year so that they can start the budgeting process.

Of course, there is the usual dearth of solid market information. There are hints, "probable" budget numbers, and all the popular press that the folks outside (and inside) HR are reading about falling merit budgets, pay freezes, and a slow or stalled economy. You proffer a number and get that look... "You must be joking." But when was the last time they tried to hire a senior level Research Associate with experience in medicinal chemistry or an Associate Director for regulatory or clinical trials management?

We feel that, while understanding how salaries will increase through the "normal" merit increases, the more important question is, "How do your employees stack up against the market?" The market is not just base salary and merit increases. The market includes the potential cash of a short-term incentive program and the potential value of equity awards. Are others on similar jobs in the immediate marketplace eligible for cash incentives? Do they still receive stock option grants on an annual basis? What will be the effect of a 3.0%-4.0% merit increase be on a Research Associate when the median (50th percentile) of the market moved 5.5% since last year?

Graphic 1: Radford Global Life Sciences Survey median base salary – Massachusetts-based employees



The graphic above, shows several years of data from the Radford Global Life Sciences survey for Massachusetts-based employees on Research Associate Level 3 positions across a number of scientific specialties. There is both the expected volatility of the marketplace and a general upward trend in the median salaries. There are certain scientific specialties that appear to be in their own "pay universe," such as Medicinal Chemistry, Pharmacology and Protein Biochemistry, particularly when compared to the "generic" jobs matches (in the 1031-1034 series for those familiar with Radford GLS's job numbering scheme).

An article in Culpepper & Associates June, 2010 *eBulletin* stated that the demand for market data has shot up by 30% in the last six months. The competitive environment is beginning to heat up... not that it ever slowed significantly in the life sciences industry.

Do you know how the current compensation of each of your senior-level Research Associates fits in the market? This is especially true of your key or high-potential employees. Do you run the risk of losing them for a significant increase? How about your key senior level staff?

If your company is not in a position to be able to give aggressive increases to these individuals, have thought about how to you "re-recruit" them? Have you emphasized the important, non-cash or equity rewards that your working for your company provides? Do you provide career development opportunities? Do you know the little perks, like the ice cream truck that arrives on Friday afternoons, that are important to your employees?

Whether or not you are a participant in the Radford GLS or any of the other worthy compensation surveys, you need to understand how your employees "stack up" against the market in addition to the average merit, adjustment and promotional increases. The average annual cost of one of the major compensation surveys, whether it is Radford, Culpepper or SIRS, is still significantly lower than the cost of replacing a valuable employee.