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When Times Are Tough, Titles Matter

With Pay Budgets Tight, Companies Can Use Job Titles to Reward Valued Employees Pearl Meyer & Partners Survey Shows Flexibility, Customization in Titling

SOUTHBOROUGH, MA, June 23, 2009 – Often taken for granted, job titles can play a key role in corporate efforts to attract, retain and reward valued employees, according to a new survey by compensation consultancy Pearl Meyer & Partners. Overall, over 95% of 388 companies that responded to the survey said job titles are important, with the survey indicating a variety of uses from conveying corporate hierarchy to recognizing valued employees when funds are limited.

“Flexibility is widely embraced by companies when assigning job titles,” said Beth Florin, Managing Director and President of the firm’s survey practice. “Managers typically have the autonomy to customize job titles in order to reflect different divisions, regions and employee preferences.”

Most of the surveyed companies assign formal job titles to employees but also allow the use of a second title that is more specific to a particular individual’s responsibilities. Companies tend to maintain little bureaucracy around creating alternative job names, generally requiring approval only from the employee’s immediate manager and the head of department or HR.

However, Florin noted that the survey revealed less flexibility in job titling practices at senior levels of management, where consistency is considered more critical. Nearly half of companies maintain specific criteria for assigning key executive titles such as President, EVP, and SVP.

Title Prevalence

The survey also found that coveted management titles such as Manager, Director and Vice President may be given to employees who lack direct supervisory responsibilities, the traditional criteria, but who do have significant organizational responsibility. Among senior management, the most prevalent among 21 titles used for direct reports to the CEO are Executive Vice President, Senior Vice President, and President (group/business unit/function). The most common titles for employees two levels below the CEO are Vice President, Senior Vice President and Director. Florin noted there are some industry differences – for example, financial services companies generally use the EVP title more, while firms in the industrials and materials sector have more Group or Business Unit Presidents.

Communication

Generally speaking, the higher an employee is in the organizational hierarchy, the more broadly promotions are communicated within the company. At the executive level, 90% of respondents make organization-wide announcements of executive promotions; in contrast, 60% said they communicate non-supervisory promotions only to the employee.

Florin noted that in the current economy, with budgets tight, organizations might consider maximizing the reward value of new titles for non-managers by extending announcements beyond just the individual to include the related department.

Report Available

The report is available to non-participating firms for \$395. Please go to www.pearlmeyer.com/titling for more information and to order the report.

About Pearl Meyer & Partners

For twenty years, Pearl Meyer & Partners (www.pearlmeyer.com) has served as a trusted independent advisor to Boards and their senior management in the areas of compensation strategy and program design, compliance and reporting, and committee structure, policies and procedures. The firm provides comprehensive solutions to complex compensation challenges for companies across all industries ranging from the Fortune 500 to smaller private companies and not-for-profits, as well as emerging high-growth companies. These organizations rely on Pearl Meyer & Partners to develop programs that align rewards with long-term business goals to create value for all stakeholders: shareholders, executives, and employees. The firm maintains offices in New York, Atlanta, Boston, Charlotte, Chicago, Houston and Los Angeles.