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PR COMPENSATION MAKES IMPRESSIVE GAINS IN 2005

Spring Associates, Inc., (<http://www.springassociates.com/>) a leading New York public relations executive search and consulting firm, has just released the results of their tenth annual public relations and corporate communications study called *The Official PR Salary & Bonus Report*® — 2006 Edition. The data is compiled and analyzed using Spring Associates' proprietary database containing detailed job information on 16,015 credentialed PR corporate and agency professionals nationwide.

For 26 years, Spring Associates has been conducting mid-to-senior level search assignments using its unique database method of categorizing and cross-referencing career information from thousands of public relations professionals nationwide. Individuals with at least one year of demonstrated, full-time, PR experience with a bona fide corporation or agency — and, who have a qualifying PR or corporate communications title — are included in the database.

Salaries

As business heats up, hiring and compensation follows. Corporate PR and agency PR hiring began slowly and then picked up steam throughout 2005. The increase in hiring continued through to this month, February 2006.

The proof is in the numbers — overall, corporate PR salaries increased a respectable 7.6% compared with the previous year's 5.3%. PR agency salaries improved an overall 8.9% compared to the previous year's modest 3.6%.

The eight "key metro cities" (the highest concentration of PR professionals), of New York, Atlanta, Chicago, Los Angeles Boston, Dallas, Washington DC, and San Francisco — individually and combined, posted strong gains in salaries.

On the corporate side, the combined totals of the key metro cities came in at a healthy 7.3%. While the PR agency side soared to 9.3% — a full two percent more than their corporate counterparts. Typically, total corporate compensation exceeds PR agency compensation when bonuses, merit increases, promotion increases and other financial perks are included — this fact has been noted every year for the past ten that the Salary & Bonus Report has been published. Even when agency base salaries exceeded corporate base salaries for the first time during the dot-com boom years, total corporate compensation outpaced total agency compensation.

From a "regional perspective", (excluding key metro cities), combined corporate communications professionals and PR agency professionals were both up a solid 8.2% in base salaries.

"These salary numbers are the best we've seen since the end of the dot-com boom years in early 2002", said Dennis Spring, president of Spring Associates, Inc. "We predicted that the PR business was on a solid growth path in September of 2005", he said. "With our search volume up this year more than 35%, combined with the sheer number of new positions and sense of urgency that our clients are expressing, 2006 looks as if it will be another banner year for PR".

Bonuses

From 2002 to 2004, we found that PR agency bonuses were either down, skimpy or non-existent compared with the corporate sector that consistently showed some gains every year. We're happy to report that last year's bonuses on both the corporate and agency sides finally showed a sharp upturn from the previous three years — at all levels.

For instance, when looking at all titles and specialty categories on a national basis, corporate PR personnel saw increases in bonus levels averaging 23.7% compared to PR agency personnel who came in a close second with a 20.2% climb in bonuses. **See attachment*

"Consistently paying bonuses, along with other discretionary financial perks, is what differentiates corporate PR compensation from PR agency compensation", said Mr. Spring. "It has long been the norm for agencies of all sizes to eliminate or cut back bonus payments in conjunction with revenue flow and projections."

"The PR agency landscape is now dominated by global, communications conglomerates that usually pay bonuses on a more consistent basis. In addition, the impending shortage of skilled PR practitioners will force agencies of all sizes to invent creative ways to compensate their personnel in order to attract and keep the best candidates," he said.

PR Agency Hourly Billing Rates

In the last edition of the Salary & Bonus Report we noted that agency hourly rates had actually decreased noticeably in the fourth quarter of 2004 from the year prior. We conjectured that the reduction in rates was actually more of an "adjustment" back to more reasonable fees as client budgets eased and business expanded.

It seems that the expansion continued into 2005 and the PR agency business is once again reaping reasonable profits. Many of today's clients began their careers working in the

agency sector. So now, many agency executives are sitting across the conference room table from some very savvy, demanding clients that fully understand the process and are watching out for their corporate employer. The hallmark of a respected corporate PR executive is due diligence, department management, strategy implementation and budget accountability and oversight.

In all three main categories — Ad Agency Owned, Top 100 Independents and Other Independents — hourly fees rose modestly. Here's a quick snapshot with some titles and regions highlighted:

- **Ad Agency Owned: +10.7%** | AAE in NE +52.4%, VP in SE +23.0%, SAE in MW +22.8%, VP in W +9.3%.
- **Top 100 Independents: +6.6%** | SVP in NE +11.1%, EVP in SE +5.6%, SAS in MW +10.0%, SVP in W +7.1%.
- **Other Independents: 2.6%** | SVP in NE -14.9%, SAE in SE +9.8%, SAS in MW +12.3%, VP in W +9.1%.

"The year 2005 turned out to be what we predicted for the PR business", said Mr. Spring, president of Spring Associates. "We're once again seeing solid, steady growth in all sectors of the business and in our search business. As fewer, less experienced people enter the PR business and more experienced "boomers" leave, will PR positions stay open longer and will salaries surge? We are sure they will."

The Official PR Salary & Bonus Report © is compiled from Spring Associates' proprietary database of 16,015 credentialed corporate communications and public relations professionals nationwide. The database is updated daily by the firm's recruiters, researchers and consultants to reflect the latest available information. The salary and bonus numbers are divided into multiple job-information fields, including up to eight specialty categories across six title designations. Salary numbers are also cross-referenced and compared to the previous year for four nationwide regions and eight "key" metro cities. Public relations agency hourly billing rates are segmented into three categories and cross-referenced with eleven billable titles and four regions of the country. Years of experience ranges and comparable titles are part of the Report as well.