



ECONOMIC
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ERI UPDATE

Quarterly Notes For ERI Subscribers

Consultant's Assessor

For those who remember the "DOS Days", ERI once included lost wage analyses, executive compensation analyses and salary planning modules in a DOS **Consultant's Assessor**® program. With the October 2000 introduction of a "Comparables" program (a capability we believe you will find amazing), we are again releasing an **ERICA**. Lost wage analyses (**ERISA**), executive comp (**ERIXA**), immigration analyses (**ERIGA**), FAVR (**ERIRA**), and planning and testing (**ERIBA**) are also planned as accessible, executable programs from **ERICA**.



One can find the new Comparables capability in **ERI's Platform Library's File | Run | Consultant's Assessor**.

Comparables

The **Consultant's Assessor** provides instantaneous financial averages derived from the Web; you may select the industry, size, year, comparable companies, and geographic area. Customized financial norms are created. For an audit, 10-Ks may be directly downloaded from the Internet. These analyses should be of interest to investment managers, litigation consultants, Boards of Directors, appraisers, forensic economists and management consultants.

For past **Reference** or **Assessor** subscribers, a Year 2001 renewal offer accompanies this **ERI Update**. To conserve postage and packaging, ERI sends out the following year's subscription renewal offer with the last quarterly releases of each year's subscription. All Year 2000 and 2001 **Assessor Series** and **References** subscribers receive free retrievals from ERI's beta test **SalariesReview.com**, access to ERI's historic immigration data, free retrievals from ERI's proxy/10-K/appraisal norm /990 non profit data libraries.

Geographic Reference Report

The **Geographic Reference Report** represents ERI's collection of data from over 2,500 surveys and sources, including summaries of key **Assessor** analyses, in a single hardcopy volume from which base *wage/salary* and *cost-of-living* decisions are derived. This **Update** will accompany the **Geographic Reference Report 2001**.

International Reference Report

Its companion hardcopy report, ERI's **International Reference Report 2000** was released last month. **Complete Consultant's Series** subscribers will receive their editions with this **ERI Update**. The **International Reference Report** introduces a labor cost model (also found in the **Benefit Assessor**). It models costs comparing any of the 7,670 **Relocation Assessor** cities. Using **ERIBA**, one will be able to ascertain total labor cost differences (wages, benefits, taxes, and other costs) between any locations in the world (for example: in consideration of relocating a facility from Muscatine, Iowa to San Juan, Argentina; opening a new sales office in either Tokyo or London; opening a new customer service center in Warsaw, etc.)

Beta Test www.SalariesReview.com

Creating an online interactive survey (salary averages change instantaneously when submitted data falls within acceptable ranges) has been interesting! **Assessor** subscribers will note that since these surveys have been "seeded" with non-copyrighted Government data, the results shown are universally lower than an **Assessor's**. As an unintended consequence, we are finding some organizations directing their employees to SalariesReview.com as the reported rates are conservative estimates.

ERI Distance Learning Center

ERI's first Researchers and Analysts' Symposium is planned for November 27th - December 1st. Registration preference is being given to present subscribers (or other personnel from their organizations). One may review updated postings of scheduled research presentation topics at:

www.eri.com/symposium

Track I talks are for researchers, Track II is for the new analyst.

ASSESSOR METHODOLOGY

Background

The “road to ruin” for a new compensation analyst/manager (old compensation managers make this mistake only once!) is to make “*an important recommendation based on salary survey data that is incorrect.*” It can happen! Survey results for any one position differ from year to year. This is sometimes caused due to changes in participant companies, workforce layoffs and early retirement programs affecting averages, small sample sizes, or errors in input and/or analyses. The list of reasons for data errors and/or fluctuations is endless. Survey reports are rarely error free. And “free data” from the Internet is more misleading (and this admittedly includes OES data at www.eri.com/doltrends).

The **Salary and Executive Compensation Assessors** report consensus results of ERI’s analysis of all publicly available salary surveys. ERI limits survey error by creating a three dimensional equation for each job (size/tenure & salary by survey year). This historically trended methodology includes:

A - Starting Salaries

Every professional/managerial/technical position is tied to a multi-year study of college and other hiring rates. “*Starting Salaries for College Graduates*” surveys typically have small sample sizes in non graduation months. ERI has tracked rates historically and creates polynomial regression equations for each degree, weighted by sample size, to smooth out survey errors and fluctuations. U.S., Canadian and international college offers are now collected at www.salariesreview.com/surveys/collegegradpay.cfm.

B - Consensus Survey Norms

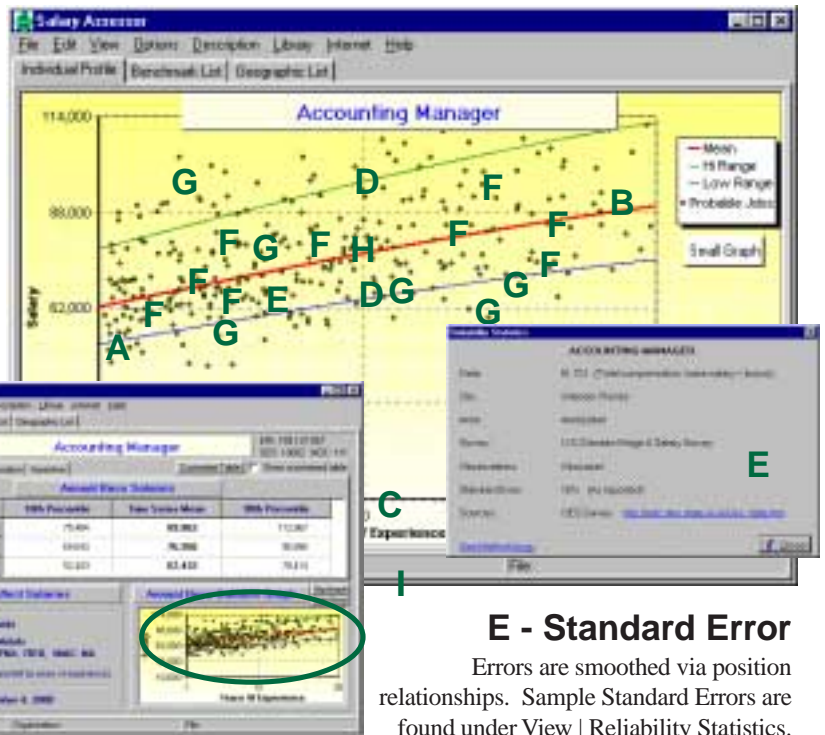
ERISA regression lines are not cut through individual position datapoints (ERI does not violate copyrights by coding salary survey results or distributions). Rather, we input rounded results along with rounded sample sizes and our subjective validity factors, and then regress a position’s competitive norm over the years through the results of multiple surveys.

C - Size & Career Dimensions

Management positions are regressed against “*organization size*” (most often *revenue*, but financial institution surveys use “*assets*,” and non-profits and others use “*# of employees*”). Non management positions are regressed against “*years in that type of position*” with our “*tenure norms*” taken from the non-published U.S. Census data files. This data was never published by the 1990 Census; however, for **Assessor** applications, it is the best estimate for tenure by position that ERI has found.

D - Minimum & Maximum Range

With the variability among surveys, we compute a standard error for every position. It is this standard error which is used to estimate a range initially containing at least 75% of a position’s population (you may change percentile definitions).



E - Standard Error

Errors are smoothed via position relationships. Sample Standard Errors are found under View | Reliability Statistics.

Per Daubert, Courts require that providers of expert witness testimony be prepared to describe why an analysis was utilized, why the analysis and data can be considered reliably sufficient. See View | Methodology for a full description. As per the agreement with Statistics Canada, Canada Standard Errors are available at www.eri.com/doltrends only.

F - Survey Recordings - Recent Surveys

ERI records only rounded numbers and never the exact prose or data of any survey. Rather, data is smoothed, updated, and adjusted for variances related to surveys’ geographic, organizational, effective date, and industry differences as it is inputted and analyzed. Top jobs also include analyses of over 9,500 proxies and 8,000 Form 990s per year.

G - Survey Recordings - Past Surveys

Data is stored in the form of three dimensional regression lines for any one position. The “*plane of regression*” is caused by the 1988 - 2000 recordings of salary surveys for any one position. These are used to first “*predict*” what a **Salary Assessor**’s compilation results should be and then to compare and weigh the results. (This allows ERI to escape years in which survey data is “*incorrect*” for any position.)

H - Relationships to Related Positions

Positions are keyed with relationship factors among “*functions*” and “*hierarchies*” of positions. Consequently, rational “*foreman, supervisor, manager, director, chief*” managerial steps (internal equity) are maintained, as are technical ladders and functional matrixes.

I - Canadian versus U.S. Data

Canadian organizations value positions, skills, and abilities differently than their U.S. counterparts. Consequently, ERI maintains entirely separate files for Canadian positions. Other country data is now collected at www.salariesreview.com/surveys/internationalpay.cfm.

ERI PRODUCT ORDER SHEET

www.erieri.com

(800) 627-3697

FULL SERIES

- Full Analyst's Series**® Single User License: \$1,767. \$ _____
Annual subscription (four quarterly updates) to **ERIGA, ERISA, ERIRA, ERIPL**, an H.R. Intranet site, and the Geographic Reference Report 2001
- Complete Consultant's Series** Single User License: \$2,845. \$ _____
Annual subscription (four quarterly updates) to all **Assessors** including **ERICA, ERIPL**, an H.R. Intranet site, and all current year Reference Reports

ASSESSOR SERIES® (annual software subscriptions, updated quarterly)

- Salary Assessor**® **ERISA** Annual subscription \$689. \$ _____
- Relocation Assessor**® **ERIRA** Annual subscription \$689. \$ _____
- Geographic Assessor**® **ERIGA** Annual subscription \$689. \$ _____
- Executive Compensation Assessor**® **ERICA** Annual subscription \$2,189. \$ _____

REFERENCE SERIES (single, annual hardcopy editions)

- Geographic Reference Report \$389. (Scheduled Release 10/15/2000) \$ _____
 - International Reference Report \$1,189. (Released 08/20/2000) \$ _____
- (While under development, **ERIBA** and **ERICA** are free to Assessor subscribers)

RESEARCH SYMPOSIUM

- ERI Present Subscribers:** \$432 11/27-12/01/2000 \$ _____
Attendance limited to 20 participants in Track I and 20 participants in Track II
- Non Assessor Series Subscribers:** \$864 \$ _____
Attendance limited to 20 participants in Track I and 20 participants in Track II

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- Single LAN/WAN Subscription with # of users = _____ \$ _____
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INSTALLATION GUIDELINES

Installing Assessors

(See: INSTALLCD.TXT)

ERI's Platform Library will self-install programs and database updates (whenever a valid License code is found for the current subscription year). **Assessors** may be installed using Windows 95, 98 or NT. Keep the diskettes or CD-ROM as backup. If the CD-ROM does not self-install, double click on the **eri.exe** file. You may also refer to the **Technical Support FAQ** page at www.eri.com or to the appropriate section below:

- Installation of ERI's **Assessors** from CD-ROM Using a License Code
- Update ERI's **Assessors** from CD-ROM
- Installation of **ERI's Platform Library**
- Running ERI's **Assessors**
- Running **ERI's Platform Library**

INSTALLATION OF ERI'S ASSESSORS FROM THE CD-ROM USING A LICENSE CODE

These are instructions for new subscribers and renewing subscribers who HAVE NOT yet entered a valid license code for the current subscription year. Note: If you are prompted to "update" **Assessors** at any time during the following procedure, please click **NO**.

1. Run **ERI's Platform Library** from the latest quarterly CD-ROM. (See **Running ERI's Platform Library**.)
2. Select **To Install | Install Assessors Using License Code**.
3. In the License Code field, type the license code found on the invoice or instruction sheet mailed with the latest quarterly update.
4. In the **Company** or **User Name** field, type the name of your organization or your name.
5. Click the **Apply** button.
6. Click the **OK** button.
7. Follow the instructions on the installation screens that follow.

If you have a LAN subscription for multiple **Assessors**, and the quantity of subscriptions for each **Assessor** is not the same—i.e., you have eight (8) **Salary Assessor** subscriptions, but only one (1) **Relocation Assessor** subscription—you will have multiple license codes. First type in one of the license codes, then repeat steps 2-7 using the other code.

A license code must be activated within 8 weeks after the day it is created. If you have waited for more than a month after receiving your license code to install your **Assessors**, your code may no longer be valid. If your license code is no longer valid, please contact ERI.

UPDATE ERI'S ASSESSORS FROM THE CD-ROM

These are instructions for subscribers who HAVE entered a valid license code for the current subscription year.

1. Run **ERI's Platform Library** from the latest quarterly CD-ROM. (See "Running ERI's Platform Library" at the right.)
2. A dialogue box should appear asking if you want to update **Assessors** already installed on your PC. (If you are not prompted to update your **Assessors**, select **To Install | Update Assessors already installed on your computer**.) Click **YES**.

Once **Assessors** for the current year are found, they will be automatically updated. If **Assessors** for the current year are not found in the default directories, you will be prompted to direct the software to the drive where the **Assessors** are installed. Follow the instructions on the screen. After updating the **Assessors**, you will automatically be prompted to install the **Platform Library**. The **Platform Library** and the additional databases can be run from the CD-ROM and do not have to be installed. If you do not want to install the **Platform Library**, click the Cancel button, then click the Yes button to abort the installation. If you do want to install the **Platform Library**, follow the instructions on the installation screens.

There are several different ways that an **Assessor** may be run (see "Running ERI's Assessors" at the right). If running the **Assessors** via an installed **Platform Library**, then you must also update **ERI's Platform Library**. **Assessors** may not be run via **ERI's Platform Library** when the CD-ROM is from a previous quarter. Example, if you update **Assessors** with a data date of 10/1/2000 and an expiration date of 12/31/2000, you may only run them from **ERI's Platform Library** dated October 2000.

INSTALLATION OF ERI'S PLATFORM LIBRARY

Although ERI's **Assessors** must be installed/updated each quarter, **ERI's Platform Library** does not have to be installed. You may run the latest **Platform Library** (including the shortcut screen and the non-copyrighted databases) directly from the CD-ROM. The CD-ROM may be located in your PC's CD-ROM drive or a CD-ROM tower linked to your network. To Install **ERI's Platform Library**:

1. Run **ERI's Platform Library** from the latest CD-ROM. (See "Running ERI's Platform Library" below.)
2. Select **To Install | Copy All Programs and Data from CD to a hard drive/disk**.
3. Follow the screens' instructions. You will be given the option of whether or not to install the maps, as well as where to install the **Platform Library**. If you must change the destination directory, be sure to retain the \Platform folder at the end of the selected path.

You will also be informed as to how much disk space is required and how much you will have left after installation. If a message appears saying you do not have enough disk space, but you have a previous version of the **Platform Library** installed and you have directed the software to install over the old **Platform Library**, then chances are you will have enough space. Click the Ignore button. The software does not take into account that you will be copying over the old **Platform Library**.

RUNNING ERI'S ASSESSORS

To Execute an Assessor from ERI's Platform Library

Click on the icon of the **Assessor** or Select **File | Run a Program** and the **Assessor** name. To Execute an **Assessor** from the Windows Start Menu Select **Start | Programs | Economic Research Institute** and the **Assessor** name. To Execute an **Assessor** from a Windows Desktop Shortcut Icon:

1. Create a shortcut icon for the **Assessor**.
(See Windows Help files for instructions about creating shortcuts.)
2. Click on the icon to run the **Assessor**.

RUNNING ERI'S PLATFORM LIBRARY

To Run ERI's Platform Library from the Latest CD-ROM

1. Check the date printed on the front of the CD-ROM to make sure that it is for the most recent quarter.
2. Place the CD-ROM in your CD-ROM drive and shut the drive door.
3. If after 30 seconds the CD-ROM does not auto-run, check your drive or the device drivers (as they may not be running correctly). In the meantime try this alternative:
 1. Click the Windows Start button.
 2. Click Run.
 3. Type `d:\eri.exe` (assuming that D:\ is your CD-ROM drive).
 4. Click the OK button.

RUNNING ERI'S PLATFORM LIBRARY

To Run ERI's Platform Library from the Installed Files

If **ERI's Platform Library** is installed to your PC, you have several options for running the installed **Library**: 1) Use the shortcut created on your Programs List (**Start | Programs | Economic Research Institute | Platform**); or 2) Run the executable file. (In Windows Explorer, double-click `platform\eri.exe`); or 3) Use a shortcut icon on your Windows Desktop (if one was created). For LAN Users, the first option may not be available if the **Platform Library** was installed to a network drive.

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ERI's continuing mission is to provide consistently excellent market pricing information and research relating to compensation, COL, and benefit issues.

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