



For Immediate Release

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Study: CROs Increase Pay in the Face of Escalating Employee Turnover
Employee salaries and turnover increases in the U.S. - turnover is over 25 percent in many countries

Reading, Pennsylvania (December 1, 2015) – Turnover in the U.S. for clinical monitoring jobs (the function that monitors participants’ health during a clinical trial) at CROs jumped up to 25.4 percent from the previous year’s reported low of 16.4 percent according to the 17th annual CRO Industry Global Compensation and Turnover Survey, conducted by HR+Survey Solutions, LLC. (www.hrssl.com), a specialty compensation consulting and research firm. While this is below the four year high of 29.4 percent, it is significantly higher than estimates of overall U.S. professional turnover of 15.7 percent (<http://www.compensationforce.com/2015/03/2014-turnover-rates-by-industry.html>) and it is coupled with relatively substantial salary increases. Salaries for professional positions (non-management) at CROs jumped 7 percent- far more than the average U.S. Company budgeted merit increase, which has been hovering around 3 percent. In addition, 75 percent of the surveyed companies are using sign-on bonuses to attract new talent to fill the void.

For countries outside the U.S., turnover in clinical monitoring increased to 17.9 percent, on average, from the previous year’s rate of 14.2 percent.

U.S. overall turnover at CROs increased from 14.4 percent to 19.5 percent (all positions at the CROs). Outside the U.S. the overall turnover rate increased from 15.3 percent to 16 percent. Globally, average turnover at CROs was above 10 percent in all but one of the surveyed countries. Almost half the countries surveyed (22 of the 45) have average turnover of 20 percent or more. The top ten losers for the war on talent include the following countries:

<i>Country</i>	<i>2014 Total Turnover %</i>
Hong Kong	48%
Thailand	36%
Singapore	34%
Malaysia	31%
Japan	29%
Taiwan	27%
Mexico	27%
China	25%
New Zealand	25%
India	25%

With U.S. unemployment continuing to decline since it peaked in 2009, CROs will have an uphill battle. According to Judy Canavan, managing partner, HR+Survey Solutions and the author of the study, turnover is extremely costly to CROs, “The jump in salary levels and heavy use of sign-on bonuses indicates that companies are scrambling to stop the revolving door – it’s a real business issue, high turnover can undermine the relationship with a sponsor or lose a bid for new work.”

The number of registered clinical trials has sky rocketed from 24,939 in 2005 to 203,193 in 2015. (source: <http://clinicaltrials.gov/ct2/resources/trends>). Drug approvals have been at all-time highs with 41 approved in 2014 and 38 approved as of the end of November 2015. CROs play a very important role in all of this; according to the Tufts Center for the Study of Drug Development, clinical trials conducted by CROs are completed on average 30 percent more quickly than those conducted in-house which results in an average time savings of some four to five months, translating to \$120 million to \$150 million in increased revenue potential (Source: ACROHealth, web site of the Association of Clinical Research Organizations. www.acrohealth.org). All this points to growth in the CRO industry – but attracting and retaining talent is critical to a successful business model. Employee turnover in critical roles such as clinical monitoring can:

- Create a loss of continuity that can lead to delayed timelines
- Increase costs as a result of lower productivity, increased workload on colleagues, onboarding costs, loss of knowledge, recruitment costs
- Impact business development as sponsors scrutinize turnover in their vetting process

CRAs (clinical research associates) can easily move from one company to another since they often work from home, changing companies can be as simple as getting a new computer. Finding a way to engage these employees and gain their loyalty is a challenge.

Companies continue to be reactionary. As noted above, 75 percent of the companies are using sign-on bonuses but only 29 percent are utilizing retention bonuses. Ms. Canavan recommends that management seek guidance from their HR partners to solve the talent retention challenge and seek creative solutions to retain talent.

The study also found that while large companies tend to pay a bit more in salaries for professional/non-management positions (about 5 percent more); the big pay gap is in bonuses. Smaller companies are less likely to pay annual incentives than larger companies. Over 60 percent of professional level positions at the larger U.S. CROs received annual incentives versus 40 percent at smaller companies.

“The CRO with 200 employees is competing for professional level talent against CROs with 10,000 employees. Smaller companies should be using variable pay to help them compete against larger companies for top talent while controlling fixed costs,” said Canavan.

Other findings

- U.S. turnover in clinical monitoring was 29.4 percent in 2011; 24.4 percent in 2012; 16.4 percent in 2013; and 25.4 percent in 2014.
- Global turnover in clinical monitoring was 27.2 percent in 2011; 15.6 percent in 2012; 14.2 percent in 2013; and 17.9 percent in 2014.
- Annual incentives for CROs tend to be less (40 percent lower) than those for general industry.
- Average salary levels for professional non-management positions in the survey increased by 7% from 2014 to 2015.

About the methodology

The 17th annual CRO Industry Global Compensation and Turnover Survey was conducted by HR+Survey Solutions in 2015. A total of 24 public and private CROs with fewer than 500 to more than 12,000 employees participated in the niche study. Compensation data was collected and analyzed for 45 countries in addition to the United States. The annual comprehensive survey reports: compensation levels (base salaries plus annual incentives and LTI) for 189 benchmark positions in 13 job families including: executive, biostatistics, business development/sales, clinical research, database management, medical affairs, patient recruitment, pathology, quality assurance, regulatory, safety/pharmacovigilance, toxicology, and site operations. It also covers critical topics such as turnover; annual incentive plan design; benefits and perks; deferred compensation; employment contracts and allowances.

For those interested in participating in the 2016 CRO Industry Global Compensation and Turnover Survey, contact Judy Canavan at 866-252-6788 x902 [jcanavan@hrssl.com].

About HR+Survey Solutions

HR+Survey Solutions conducts annual industry and custom client surveys and provides organizations with expert advisory services focused on compensation plan design and assessment of appropriate compensation levels. Please visit www.hrssl.com for more information.

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