

STAFF TOOK PAY REDUCTION IN JUNE AND JULY

Short's Travel to repay employees' loan

By Nadine Godwin

Short's Travel Management, a corporate agency based in Waterloo, Iowa, will be handing out big checks to most staffers on Dec. 24, the felicitous outcome of a unique salary-reduction gambit implemented earlier this year.

David LeCompte, the agency's CEO, said the Short's leadership team had cast about for a creative way to deal with the sour combination of tight credit, declining business travel and the prospect of severing more staff, after having already laid off a little more than 10% of staff due to the economic crisis.

Another alternative was implementing a permanent cut to all salaries, a demoralizer for certain. Rather than go for permanent cuts, LeCompte said, the agency implemented a short-term — eight weeks in June and July — salary reduction of 25%, but characterized the pay reduction as an interest-bearing loan, though it came with no guarantees of repayment or its timing.

LeCompte said a portion of the firm's 83 staffers exer-

cised an option to take two of those eight weeks off without pay rather than participate in the loan arrangement.

He said the move provided the agency about a \$120,000 to \$130,000 cash-flow benefit for that period.

Meanwhile, partly with new clientele, the agency's revenue and fees are up 8% year to date through November, compared with last year. As a result, LeCompte said, staffers who took the pay cut in the summer will be repaid, a total of about \$100,000 with interest, in their Dec. 24 paychecks.

In addition, he said, employees will receive gifts of Nook e-book readers, adding, "We are in the incentive business" and understand the value of gifts as well as cash.

The willingness of staffers to participate in this "nontraditional loan source" saved jobs, LeCompte said. "I'm convinced we have the best employees in the business," he said.

Short's Travel appeared on Travel Weekly's Power List this year as No. 46 with 2008 sales of \$160.9 million. The agency had 103 employees at that time. It now has 89.



David LeCompte
CEO
Short's Travel