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Plant pay takes a **HIKE**

SURVEY SAYS MANAGEMENT IS SALARY-SATISFIED AND FEELING BALANCED

BY JOE TERRETT, EDITOR

It's been a rough couple of years for manufacturers but executive and management-level pay in the sector dominated by small and medium-sized enterprises (SMEs) rose almost 4% in 2010 after a dismal 0.8% increase in 2009, according to the results of a new national survey of Canadian companies.

This first salary benchmark survey conducted by the Excellence in Manufacturing Consortium (EMC) and Canadian **PLANT** magazine, a Rogers Media publication, gathered 605 responses from executives and managers at companies across Canada, 42% of them noting some change in employment status following the economic downturn. Nonetheless, they are satisfied with job security, compensation and work-life balance.

"This is consistent with what we're hearing from manufacturers," says Al Diggins, president and general manager of EMC, a not-for-profit consortium of Canadian manufacturers. "A lot of it speaks to what's happening inside the buildings where people are saying they've had to

AVERAGE MANUFACTURING SALARIES 2010
605 respondents

Title	2008	2009	2010	% responses
Plant manager	\$94,200	\$96,900	\$101,000	21.3%
Administrative management	\$72,600	\$73,100	\$75,500	17.9%
Engineer	\$79,900	\$81,200	\$81,700	7.1%
Director	\$99,200	\$103,900	\$111,500	6.4%
Vice-president	\$128,900	\$132,800	\$136,000	6.4%
Owner/partner	\$139,100	\$137,900	\$141,400	6%
CEO/president	\$135,400	\$142,000	\$153,700	5.1%
Purchasing/supply management	\$68,800	\$72,100	\$75,400	4.5%
Technician/technologist	\$74,300	\$73,000	\$75,200	4.1%
Maintenance manager	\$95,800	\$74,400	\$76,600	3.8%
Materials manager	\$70,200	\$67,900	\$69,600	3%
QA/Safety manager	\$63,200	\$63,700	\$67,200	2.3%
Production manager/supervisor *	\$73,800	\$72,900	\$78,200	1.8%
General manager*	\$114,100	\$118,700	\$116,500	1.3%
Operations manager*	\$64,400	\$63,400	\$63,400	0.8%
Co-ordinator*	\$63,300	\$62,500	\$64,800	0.7%
Sales*	\$120,000	\$110,000	\$150,000	0.3%
Supervisor*	\$53,000	\$53,500	\$51,000	0.3%
Other *	\$69,000	\$70,700	\$72,800	1%
No answer	na	na	na	5.8%
Total	\$92,200	\$92,900	\$96,600	100%

* Very small sample, review with caution.

BONUSES AND INCENTIVES 605 respondents

Average salary	% of salary	% replies*
\$80,200	0%	43%
\$68,800	0.1%-0.9%	0.7%
\$72,400	1%-2.9%	5.6%
\$81,900	3%-5.9%	9.1%
\$94,800	6%-10.9%	13.1%
\$113,300	11%-19.9%	9.1%
\$169,900	20%+	12.1%
No answer		7.4%

take on more responsibilities following lay offs and cutbacks.”

Most respondents (72%) had a management role in their companies, while 18% identified themselves as having an ownership stake. Their businesses cover a range of interests from fabricated metals to sophisticated electronics with 14.4% identifying their organizations as large (more than 500 employees) and the rest as SMEs. About 65% of the respondents work in non-union plants, and almost 30% work in plants that are at least partially

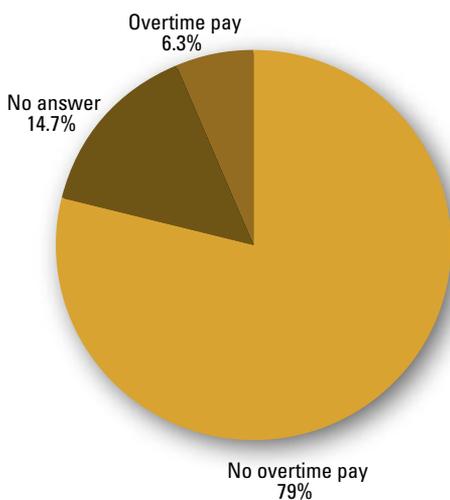
unionized. The results show managers working in the unionized environments make an average of 12.5% more than those in non-unionized plants.

The average salary for all titles is \$96,600, which represents a 3.98% increase over 2009 and as of October, it's ahead of the 2.4% inflation rate in the preceding months.

Top earners

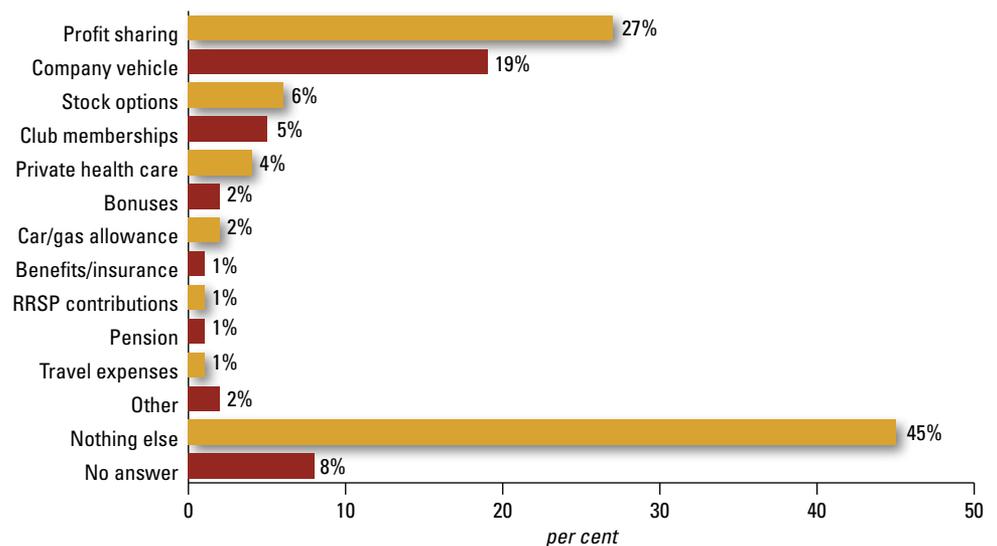
Predictably, the big money is going to owners, senior executives and plant man-

OVERTIME PAY 605 respondents



Very few respondents receive overtime pay. Of those that do, the percentage of their overall payranges from below one to more than 20.

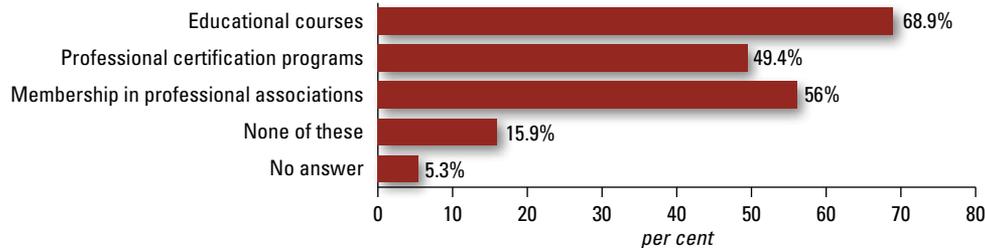
OTHER COMPENSATION 605 respondents



Profit sharing and a company vehicle topped the "other compensation" list.

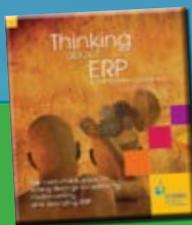
WHAT COMPANIES PAY FOR 605 respondents

Companies tend to support professional development, especially specific courses.



“We’ve seen our revenue per employee increase by around 65% in the last four years...That’s the way we’ve been able to measure what SYSPRO has done for us.”

*John Hayward, President, Hayward Gordon Ltd.
A Canadian manufacturer/distributor of industrial pumps & mixers to 60+ countries.*



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agers who all weighed in at more than \$100,000 a year. CEOs and presidents are at the top of the salary hierarchy, averaging \$153,700. They’re followed by owners/partners (\$141,400), vice-presidents (\$136,000), directors (\$111,500) and plant managers (\$101,000).

Engineers average \$81,700, while many of the other categories, including administrative management, purchasing/supply management, maintenance managers, and technician/technologists earn between \$75,000 and \$77,000. Materials managers average just under \$70,000.

A variety of factors provide an upward influence on salary levels, including company revenue, years of experience, education, and the kind of products made (paper and wood, and chemicals and pharmaceuticals top the list). Because of the lopsided mix of men and women, the results also show it pays to be a guy: there’s a 31% gap between the sexes.

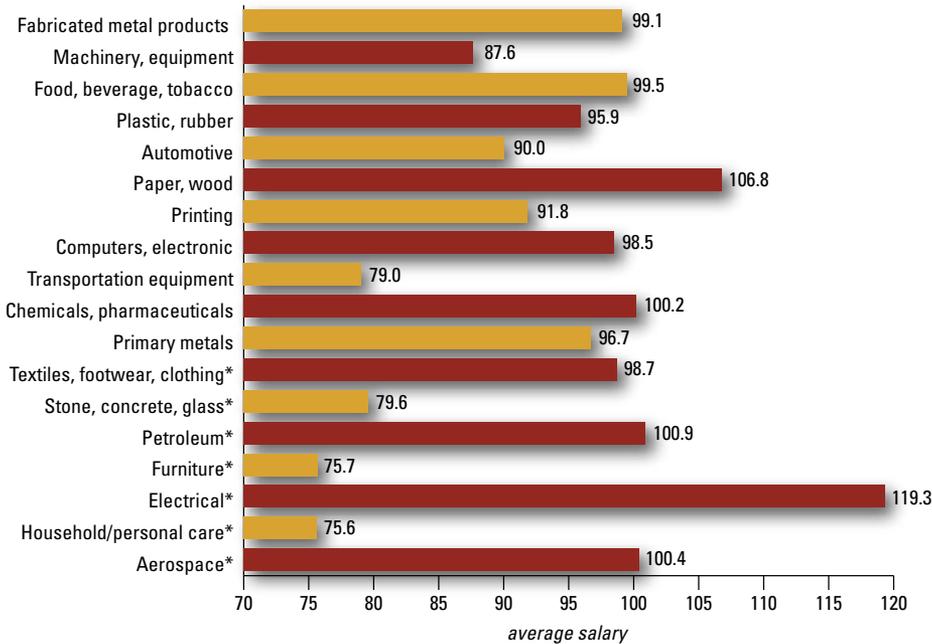
A bit less than half the respondents report a portion of their pay made up of bonuses and incentives, with those showing the highest percentage (20% or more) averaging \$169,000. Perks or extras include profit sharing for 27%, a vehicle of some kind for 19%, stock options for 6% and club memberships for 5%, but 45% report no extras.

More than a third of the respondents (34%) do not see any changes in manufacturing salary trends, while 18% said more skills and experience are required, but 11% see salaries going up.

The typical respondent’s age is just shy of 48 with 21.8 years of experience in

SALARY BY MAJOR PRODUCTS MANUFACTURED

605 respondents

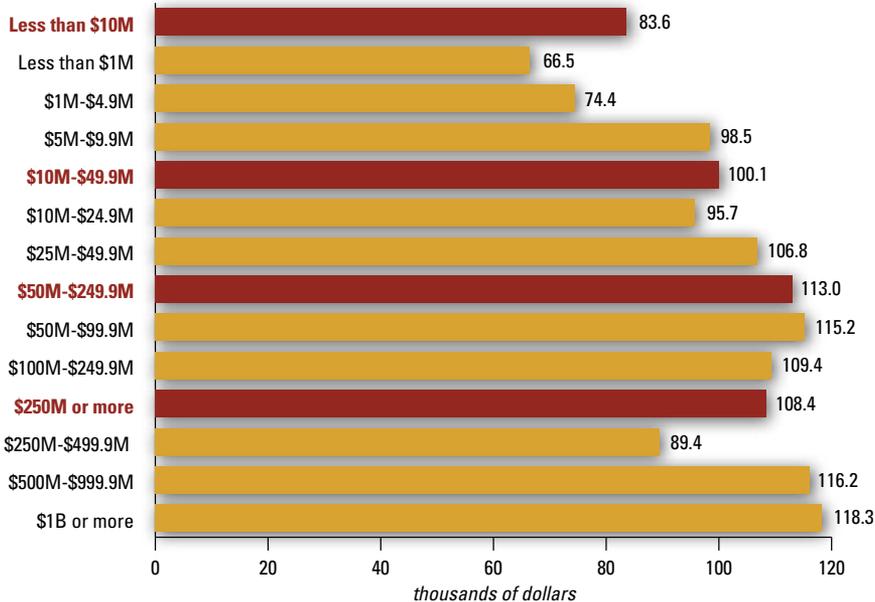


* Very small sample, review with caution.

Your industry may have an impact on your salary level. The survey sample indicates higher salaries are paid to those who make paper and wood, and chemical and pharmaceutical products.

SALARY BY COMPANY REVENUE

605 respondents



Looking at companies according to revenue shows bigger isn't necessarily better, but from \$500 million and up, it does.

manufacturing. Forty-one percent have a university degree, 41% have a college or trade/technical school diploma and 13% have a high school education or less. They're a hard-working lot, too. The average workweek is 47.6 hours.

Most respondents (65.5%) are in the 36-55 age category, 38.5% of those are 46-55; and 16.4% are 56-63. These results suggest a significant segment of the companies' experienced people will be leaving the sector over the next decade.

Aging workforce

When EMC does a presentation that touches on the aging workforce, the accepted thinking is that for every two people who retire, less than one fills the vacancy, which means greater reliance is placed on new Canadians or making up for the shortfall elsewhere in the economy, says Scott McNeil-Smith, EMC's director of marketing and development.

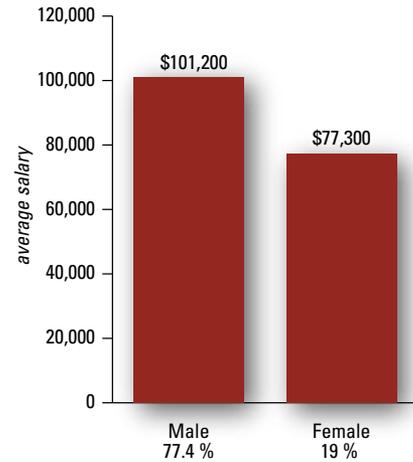
The potential impact on salaries? "Salaries won't necessarily be in the top range for younger people with less experience moving in to replace the longer-term people," says McNeil-Smith.

However, he says companies breaking into new markets, especially abroad, will need people with specific skills, such as languages, experience doing business or familiarity with customs in a target market, or abilities on the shop floor related to developing products that meet various international standards. "There's an opportunity for people to raise their salary levels based on these types of skills."

Most respondents (86%) are happy with their jobs. Both a competitive salary and a healthy work life balance lead the job priorities list for 94%. Seventy-three per cent are happy with their pay and 78% are feeling balanced. Ninety-one per cent want a healthy benefits package and 76% said they have one. Job security is key for 89% and 84% do feel secure. Vacation time is important for 89% and 78% are satisfied with their time off. Bottom of the list is career development for 80% with 67%



GENDER GAP
605 respondents



It pays to be a guy in manufacturing. The wage gap between the sexes is 31%.

declaring themselves satisfied.

The job satisfaction responses caught the eye of Justin Graham, a senior research manager for the Rogers Connect Marketing Research team.

“Given the impact of the recession over the last couple of years, it’s interesting that overall satisfaction with job security (84% satisfied, including 35% very satisfied) is the highest ranked influencer of

LEVEL OF EDUCATION
605 respondents

Level of Education	Average salary	% replies
University degree	\$102,900	40.7%
College diploma	\$85,100	25.8%
Trade/technical	\$95,100	14%
High school or less	\$97,700	12.7%

job satisfaction,” says Graham.

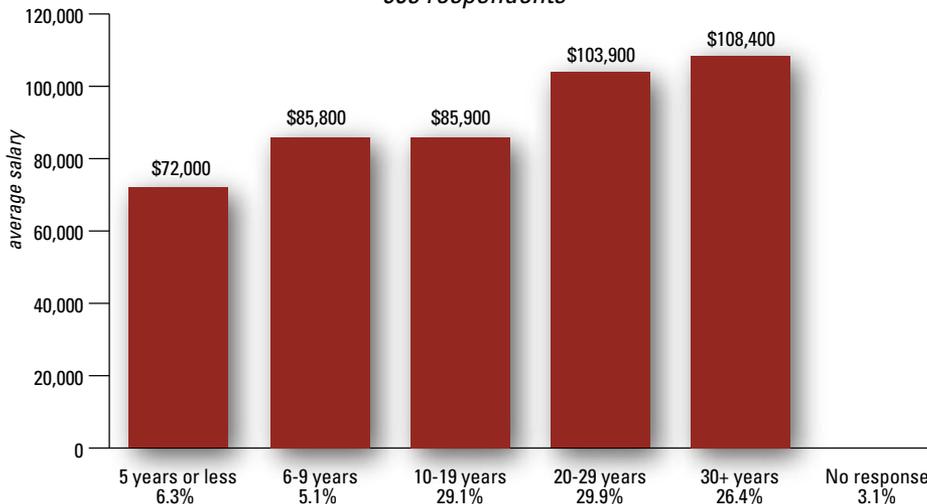
The recession has also influenced their feelings about training. He observes most of the respondents (38%) cited productivity or continuous improvement as an area requiring additional work.

They were asked what it takes to do their jobs and people skills ranked most important by a landslide, according to 44% of those surveyed.

“In contrast the second most important skill, industry specific technical skills, is cited by just one-in-ten (10%),” says Graham. Even farther back are productivity/continuous improvement (8%), financial and project management (both 7%) and analysis (6%).

Diggins views the focus on people skills, somewhat taken for granted in the past, as prudent. With ongoing shortages of skilled people and impending retirements among baby boomers, he says companies need to do the best they can with the people they have. There will be much more head hunting going on. “Keeping the right people will depend on keeping people happy.”

SALARY BY EXPERIENCE
605 respondents

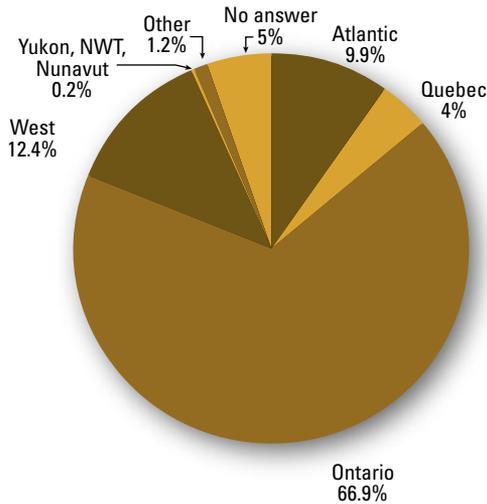


Age before beauty. The more experience you have, the higher your salary.

Optimistic about the future

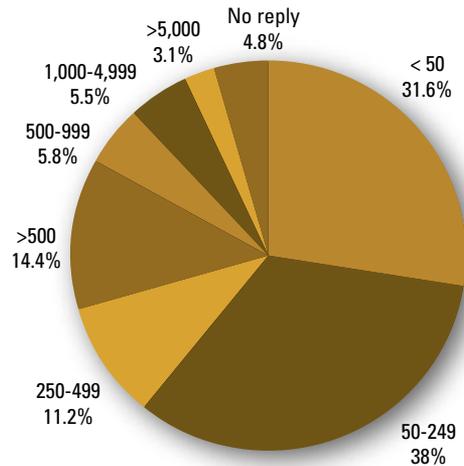
Many of the companies (45%) said revenues were up from 2009, 16% said they

WHERE THEY'RE FROM
605 respondents



Most respondents come from Ontario, manufacturing's heartland.

NUMBER OF EMPLOYEES
605 respondents



Most manufacturing companies are SMEs, with almost 70% employing under 250 people.

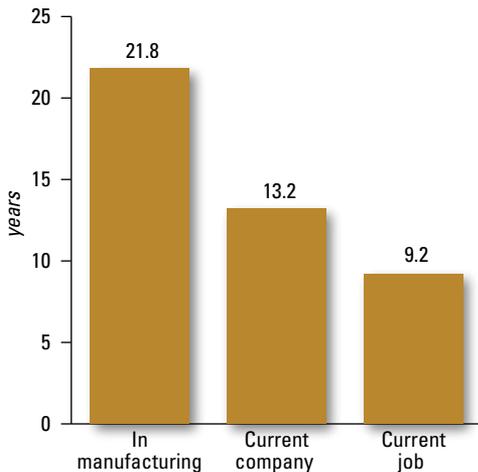
were the same while 18% reported a decrease. And they are optimistic about the future. Over the next five years 64% plan to invest in new production equipment and processes, 58% will be hiring more

employees, 33% will be entering new geographic markets and the same percentage will be adding new lines of business.

There are some issues that concern respondents. First for 59% of them is

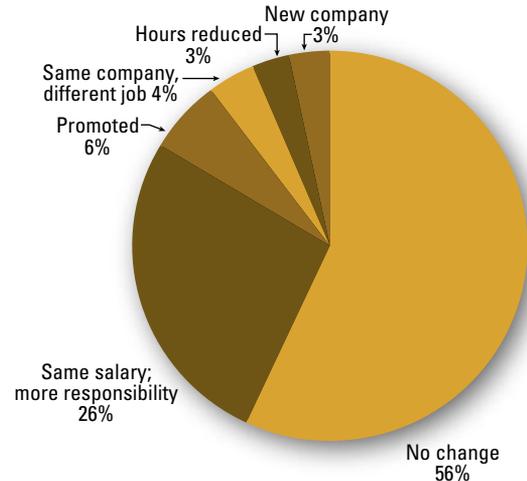
cost control, followed by skills shortages (43%), reorganization (30%), technology upgrades and forecasting (both 29%), supplier relationship management (25%) and capacity shortages (23%).

YEARS OF EXPERIENCE
605 respondents



Executives and managers tend to be longer-term employees.

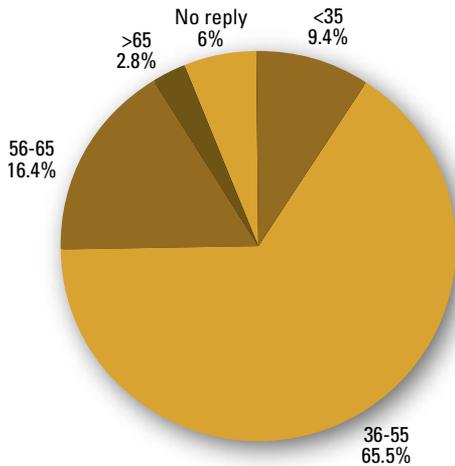
EMPLOYMENT SITUATION
605 respondents



Employment conditions are unchanged for more than half of the respondents.

AGE OF RESPONDENTS

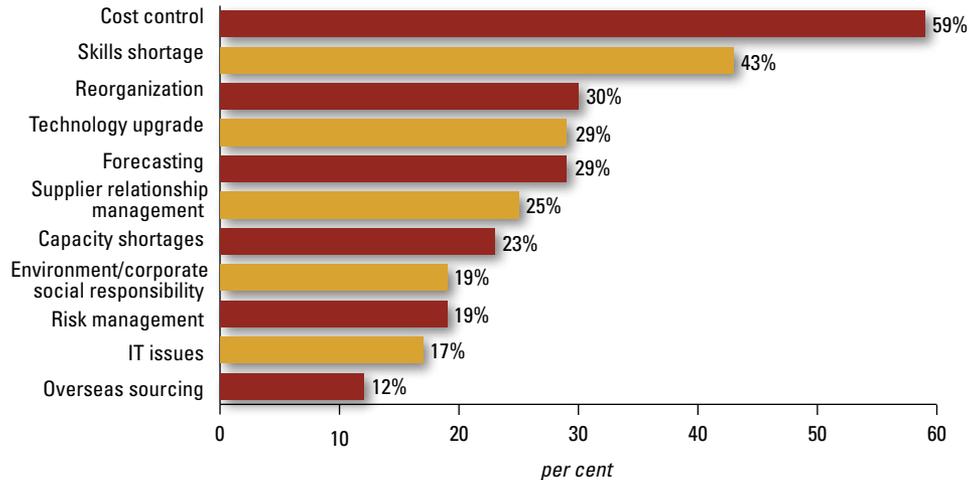
605 respondents



Look for a significant drain of experienced employees within 10 years. Of the 36-55 age group, 38.5% are 46 to 55.

MOST SIGNIFICANT SHORT-TERM ISSUES

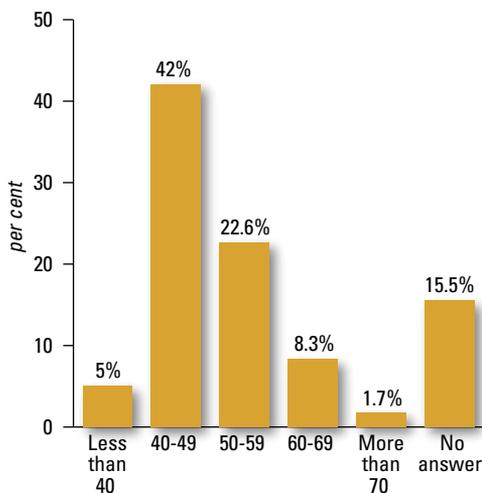
605 respondents



Manufacturers continue to find cost control a significant challenge.

HOURS WORKED PER WEEK

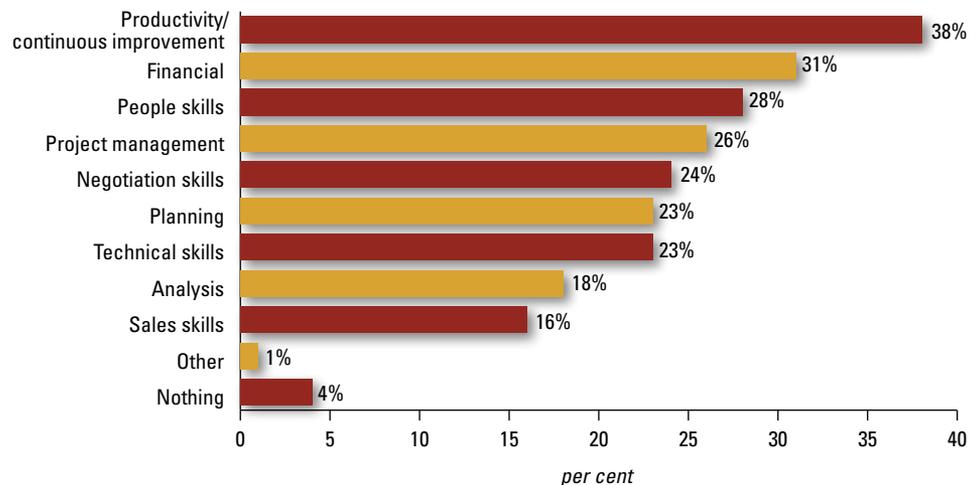
605 respondents



They're a hard-working bunch. Only 5% put in less than 40 hours per week.

MORE TRAINING NEEDED

605 respondents



More than a third (38%) of respondents need to sharpen productivity and continuous improvement skills.

“Cost containment is a big issue,” says McNeil-Smith. “Turning cost centres into profit centres is one way to keep a lid on things.”

He cites, as an example, the purchasing co-operative EMC established in the London, Ont. area that will pool purchases of

several manufacturers for savings that fall directly to the bottom line.

These are all areas EMC has been addressing, says McNeil-Smith. “But one of the most asked questions from members has to do with how to benchmark salaries. The results of this survey will help

them access that important information.”

The survey, fielded in late November and early December, has a +/-3.3% margin of error, 18 times out of 20.

Comments? E-mail joe.terrett@plant.rogers.com.