



# Cross-Industry Compensation & Benefits Survey

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# 2018

Information that **fuels growth.**



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## About This Report

The **2018 Cross-Industry Compensation & Benefits Survey** represents the most complete, accurate, and up-to-date compensation and benefits data available. This report is designed to allow users to easily compare compensation levels and benefits policies with companies involved in wholesale trade/distribution.

In addition to data on recruiting & retention; health care costs/trends; retirement benefits; vacations/PTO and holidays; sick and other leave; and sales practices, this report contains compensation-related statistics for common job titles in the industry. These job titles include positions in the following categories:

- Executive Level Positions
- General & Administrative
- Sales & Marketing
- Operations/Warehouse
- Information Technology

We at Industry Insights are proud to present the enclosed insights into the compensation and benefits practices for the distribution industry. We wish to thank those companies which submitted data for the study. Their support was essential in making this study a success.

## How the Tables are Organized

The tables in this report are organized to include a number of important findings for each relevant “grouping” of similar companies. Detailed compensation information is reported for the following data aggregations:

### **AED Firms Only**

#### **All Firms**

#### **Annual Sales**

- < \$10 Million
- \$10 to \$50 Million
- \$51 to \$100 Million
- Over \$100 Million

#### **Region**

- Northeast
- South
- Midwest
- West
- Canada

This report provides an “abridged” view of the survey results. All survey participants/subscribers also have access to an Excel based file containing output of all survey data points which are presented by many additional data aggregations for comparison. The Excel file as well as a PDF version of the survey and of this report can be found online at [www.compensationbenchmarking.com/AED](http://www.compensationbenchmarking.com/AED). Some of the additional aggregates included are:

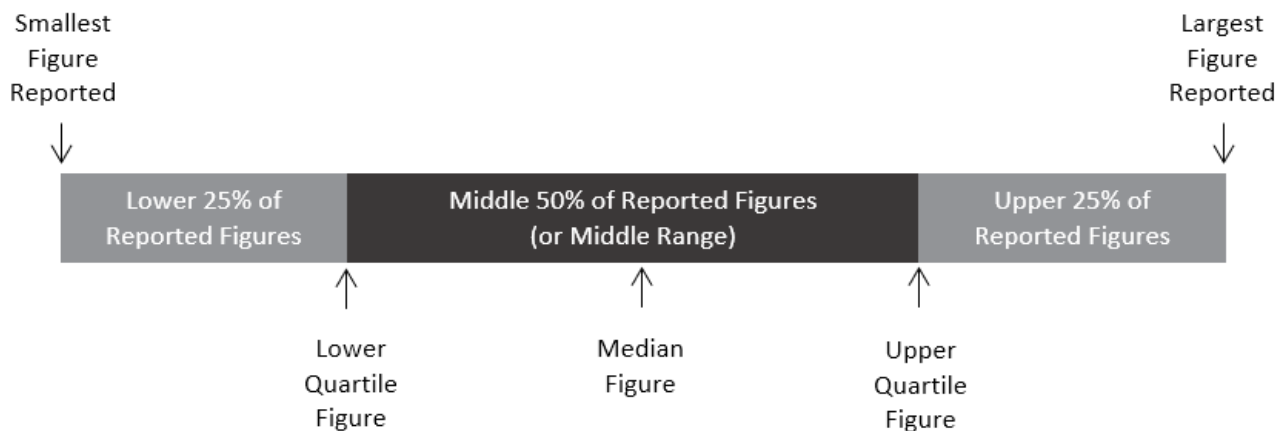
- Business seasonality
- Number of Employees
- Metropolitan Statistical Areas (MSAs)
- U.S. States
- Geographic regions (9 U.S. Census Regions and Canada)

## Interpreting the Numbers

Many of the results included in this study are reported as both medians and arithmetical averages or means. Unlike the mean, the median is not distorted by a few unusually high or low values that may exist in the sample due to special circumstances. The “median” value represents the mid-point of the data for a particular measure, with one-half of responding distributors reporting figures above it and one-half below. Each median was computed independently based on the participants that reported for that item. As a result, mathematical relationships do not always exist when different data points are used together in a calculation.

As readers compare their compensation information to that of the industry, it is important to remember that the statistics published in this report should be regarded as guidelines rather than absolute standards. Since distributors differ depending on their location, size, specialization, and other factors, any two distributors may offer their employees reasonably attractive, yet very different compensation packages. For example, duration of employment and nature of prior experience will obviously influence the compensation offered to a particular individual. Thus, a deviation between a company’s own figures for a position and numbers contained in this report is not necessarily good or bad; it is merely an indication that additional scrutiny may be warranted.

As a safeguard to ensure the confidentiality of all responses, a minimum of 5 responding organizations for each value is required in order to show means and medians (a minimum of 7 organizations is required to display percentiles). In addition, values are not displayed if a single organization represents more than 40% of the reported values for a data grouping. An asterisk (\*) replaces the values for all cases in which the data sampling fails to meet both requirements.



## Disclaimer

The statistical information contained in this report is believed to be representative of the individuals responding to the survey. All reasonable efforts were taken by Industry Insights, Inc. to assure data comparability within the limitations of reporting procedures. However, the data used in this report are not necessarily based on audited data and the statistical validity of any given number varies depending upon sample sizes and the amount of consistency among responses for that particular figure. Industry Insights and AED, therefore, make no representations or warranties with respect to the results of this study and shall not be liable to clients or anyone else for any information inaccuracies, or errors or omissions in contents, regardless of the cause of such inaccuracy, error or omission. In no event shall Industry Insights and/or AED be liable for any consequential damages.



## Cross-Industry Compensation & Benefits Survey

# Executive Summary

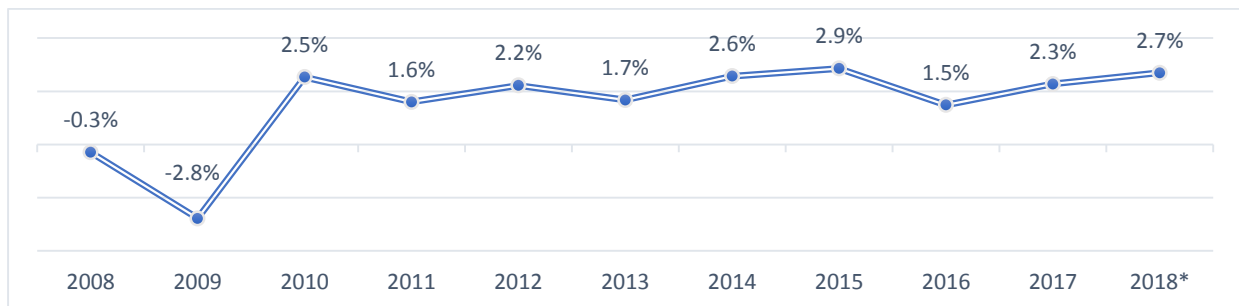
## The Economy

Before analyzing compensation information for any industry, it is important to understand the performance of the overall economy. This section of the report will examine several indicators which are typically correlated with compensation levels and their corresponding trends. It is important to note that these correlations may not apply to every geographic location or individual distributor. However, these indicators do provide sound information and their projections for 2018 will serve as a good gauge for compensation estimates moving forward.

### *Steady Economic Growth*

In the post-recession era, the U.S. economy has continued to show steady economic growth. The real GDP has been trending positive each of the past eight years with 2017 seeing growth of 2.3%. Companies continue to gain confidence as the economic expansion continues which has led to hiring increases and upward pressure on compensation levels. Looking forward, real GDP growth is forecasted to be 2.7% in 2018, which if holds true, will be the second highest growth rate in over 10 years. This forecasted growth should translate into additional increases in both compensation levels and employment levels. Additionally, the new tax reform has led to reinvestment into companies, increased hiring, bonuses, and additional savings for the workforce. However, uncertainty still exists with exactly how companies will reinvest the tax savings and whether the majority will be taken as profits, stock buybacks, go to capital expenditures, or reinvested in other areas.

*Gross Domestic Production (GDP) Growth Rate*



Source: Bureau of Economic Analysis

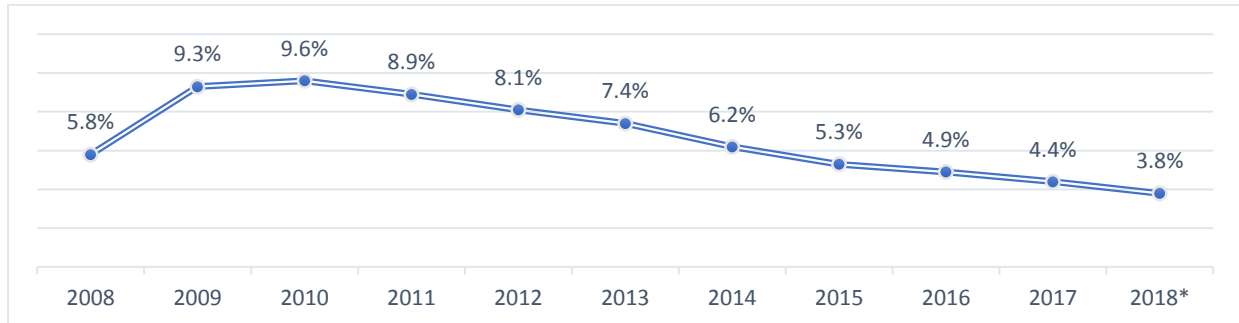
\*Forecast

### Unemployment Rate Drops

Unemployment rates can have a substantial impact on compensation levels. As unemployment levels decrease, the talent pool gets smaller and wages tend to rise. Unemployment in the United States peaked at 10% in October 2009. Since that time, it has seen steady declines over the past seven years. The unemployment rate in 2010 was 9.6% and has fallen to an average of 4.4% in 2017. Forecasts for 2018 project an unemployment rate of 3.8% which, if it holds true, will be the lowest unemployment rate since 1969.

While these unemployment figures are at historically low levels, expectations still need to remain somewhat tempered about how these figures play into the strength of the economy. The unemployment rate only reflects the percentage of those actively seeking employment who are unemployed. It does not account for anyone who has decided to stop seeking employment due to being unable to find a job. This means that the reported unemployment rates are likely artificially deflated from real unemployment levels. Another useful employment measure is the labor force participation rate, which tracks the percentage of the population that is either employed or actively seeking employment. From 2014 through 2017, labor force participation was below 63%, and it has not been that low since the 1970s. The lower participation rate is occurring mainly due to retiring baby boomers, a higher increase of young adults enrolled in undergraduate and graduate programs, and those who have simply stopped seeking employment.

### Unemployment Rate



Source: Bureau of Labor Statistics

\*Forecast

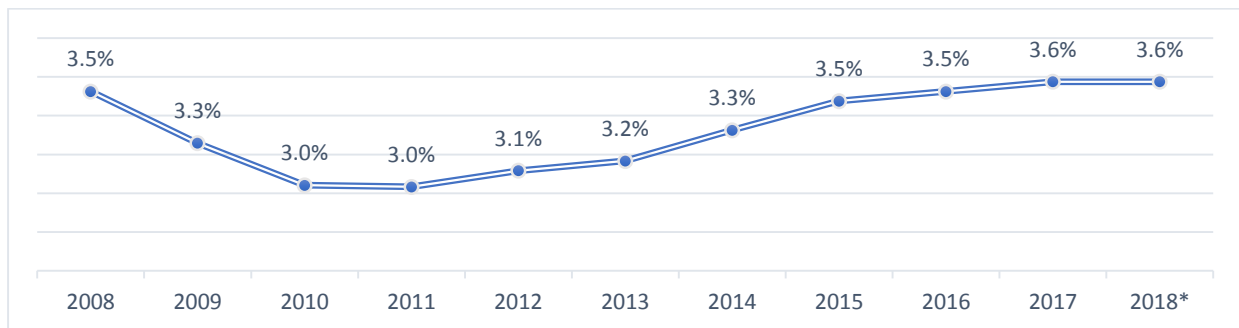


### Turnover Rates Trending Upward

Currently, the economy is experiencing both low unemployment rates and a surplus of job openings. When this occurs the competition for talent increases resulting in higher employee turnover rates and increased compensation levels. The turnover rate for employees was 3.6% in 2017; the highest it has been in the past ten years. Looking ahead to 2018, it is forecasted that the turnover rate will remain at 3.6% as new jobs continue to be created and unemployment continues to trend downward.

Respondents in the **2018 Cross-Industry Compensation & Benefits Survey** reported average turnover and quit rates in the double digits for non-management employees. Competition for quality employees will surely be of utmost importance through 2018 and into 2019.

### Turnover Rate



Source: Bureau of Labor Statistics

\*Forecast

### Summary

The overall economy remained steady in 2017. Forecasts for the GDP, inflation, and unemployment are all favorable for 2018. The U.S. dollar continues to be strong and interest rates remain historically low; however, it is expected that interest rates will again be raised multiple times by the Federal Reserve during 2018. Additionally, consumer confidence continues to rise, which will likely lead to more spending, increased sales, and economic expansion. This economic growth will likely result in increased employment and compensation levels.



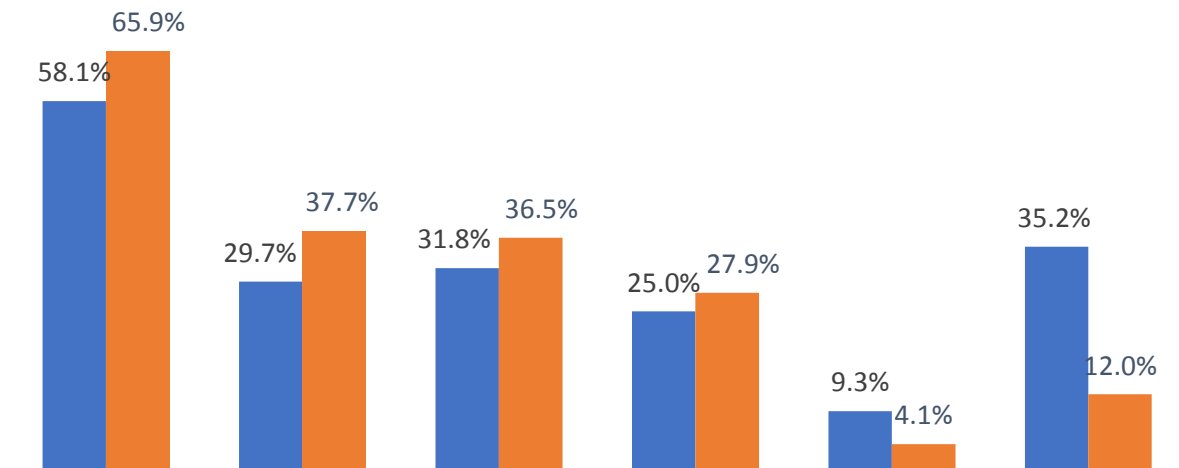
**PURCHASE FULL REPORT TO SEE THIS POSITION & FACTORS DETERMINING BONUS/INCENTIVES**

*Eligible for Bonus/Incentives? (All Firms)*



■ 95.2%, Yes ■ 4.8%, No

*Basis for Determining Bonus/Incentive*



■ AED Firms ■ All Firms



## Cross-Industry Compensation & Benefits Survey

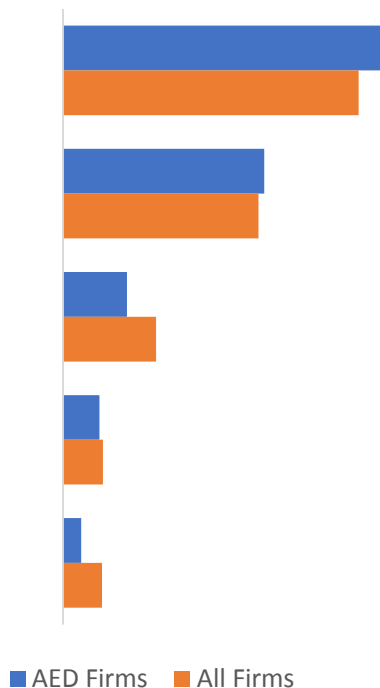
# Employee Compensation

**PURCHASE FULL REPORT TO SEE THIS POSITION & FACTORS DETERMINING BONUS/INCENTIVES**

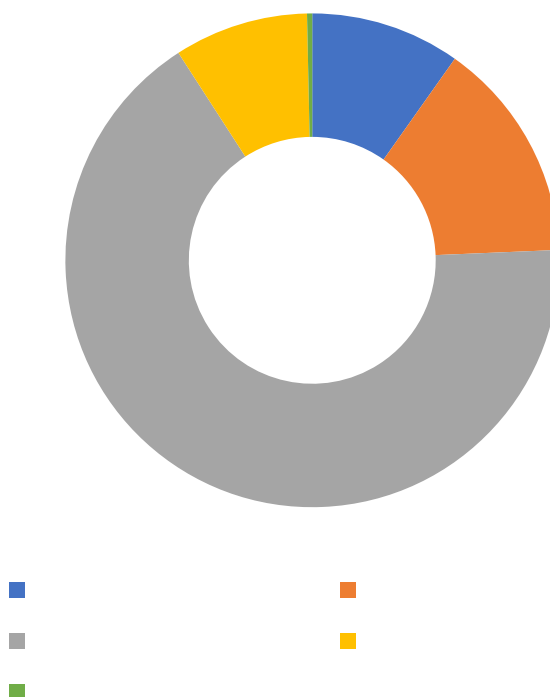
**Chief Marketing Officer/Top Sales or Marketing Officer**

	Base Salary		Bonus/Incentives/Commissions		Total Compensation		% Chg. in Total Comp (2016 to 2017)	
	Median	Average	Median	Average	Median	Average	Median	Average
AED Firms Only								
All Firms								
Annual Sales								
< \$10 Million								
\$10 to \$50 Million								
\$51 to \$100 Million								
Over \$100 Million								
Region								
Northeast								
South								
Midwest								
West								
Canada								

Top 5 Additional Benefits



Highest Level of Education (All Firms)



## Sales Manager

**PURCHASE FULL REPORT TO SEE THIS POSITION & FACTORS DETERMING BONUS/INCENTIVES**

	Base Salary		Additional Cash Compensation		Total Compensation	
	Median	Average	Median	Average	Median	Average
AED Firms Only						
All Firms						
Annual Sales						
< \$10 Million						
\$10 to \$50 Million						
\$51 to \$100 Million						
Over \$100 Million						
Region						
Northeast						
South						
Midwest						
West						
Canada						

## Showroom Manager

	Base Salary		Additional Cash Compensation		Total Compensation	
	Median	Average	Median	Average	Median	Average
AED Firms Only	*	*	*	*	*	*
All Firms						
Annual Sales						
< \$10 Million						
\$10 to \$50 Million						
\$51 to \$100 Million						
Over \$100 Million						
Region						
Northeast						
South						
Midwest						
West						
Canada	*	*	*	*	*	*

**PURCHASE FULL REPORT TO SEE THIS POSITION & FACTORS DETERMINING BONUS/INCENTIVES**

**Service Manager**

	Base Salary		Additional Cash Compensation		Total Compensation	
	Median	Average	Median	Average	Median	Average
AED Firms Only						
All Firms						
Annual Sales						
< \$10 Million						
\$10 to \$50 Million						
\$51 to \$100 Million						
Over \$100 Million						
Region						
Northeast						
South						
Midwest						
West						
Canada	*	*	*	*	*	*

**Used Equipment Manager**

	Base Salary		Additional Cash Compensation		Total Compensation	
	Median	Average	Median	Average	Median	Average
AED Firms Only						
All Firms						
Annual Sales						
< \$10 Million	*	*	*	*	*	*
\$10 to \$50 Million						
\$51 to \$100 Million						
Over \$100 Million						
Region						
Northeast						
South						
Midwest						
West						
Canada	*	*	*	*	*	*

**PURCHASE FULL REPORT TO SEE THIS POSITION & FACTORS DETERMINING BONUS/INCENTIVES**

**Field Mechanic**

	Base Salary		Additional Cash Compensation		Total Compensation	
	Median	Average	Median	Average	Median	Average
AED Firms Only						
All Firms						
Annual Sales						
< \$10 Million	*	*	*	*	*	*
\$10 to \$50 Million						
\$51 to \$100 Million						
Over \$100 Million						
Region						
Northeast						
South						
Midwest						
West						
Canada	*	*	*	*	*	*

**Product Support Manager**

	Base Salary		Additional Cash Compensation		Total Compensation	
	Median	Average	Median	Average	Median	Average
AED Firms Only						
All Firms						
Annual Sales						
< \$10 Million	*	*	*	*	*	*
\$10 to \$50 Million						
\$51 to \$100 Million						
Over \$100 Million						
Region						
Northeast						
South						
Midwest						
West						
Canada	*	*	*	*	*	*

**PURCHASE FULL REPORT TO SEE THIS POSITION & FACTORS DETERMINING BONUS/INCENTIVES**

**Top Shop Mechanic**

	Base Salary		Additional Cash Compensation		Total Compensation	
	Median	Average	Median	Average	Median	Average
AED Firms Only						
All Firms						
Annual Sales						
< \$10 Million	*	*	*	*	*	*
\$10 to \$50 Million						
\$51 to \$100 Million						
Over \$100 Million						
Region						
Northeast						
South						
Midwest						
West						
Canada	*	*	*	*	*	*

**Used Equipment Salesperson**

	Base Salary		Additional Cash Compensation		Total Compensation	
	Median	Average	Median	Average	Median	Average
AED Firms Only						
All Firms						
Annual Sales						
< \$10 Million	*	*	*	*	*	*
\$10 to \$50 Million	*	*	*	*	*	*
\$51 to \$100 Million	*	*	*	*	*	*
Over \$100 Million	*	*	*	*	*	*
Region						
Northeast	*	*	*	*	*	*
South	*	*	*	*	*	*
Midwest						
West	*	*	*	*	*	*
Canada	*	*	*	*	*	*



## Survey Methodology and Demographics

Once the questionnaires were submitted to Industry Insights, a confidential company identification code was assigned to each company. The data was then coded, entered into a proprietary system and edited by Industry Insights' financial analysts for accuracy and consistency. Computer processing was performed on all data to ensure statistical validity and to produce the financial and operating ratios contained in this study.

In all, 1,037 distributors, representing nearly 9,500 locations, submitted their surveys to Industry Insights. In particular, the statistical sample consists of the following:

<b>AED Firms</b>	<b>101</b>
<b>All Firms</b>	<b>1,037</b>
<b>2017 Annual Sales Volume</b>	
Less than \$10 Million	172
\$10 to \$50 Million	392
\$51 to \$100 Million	170
More than \$100 Million	227
<b>Region</b>	
Northeast	151
South	341
Midwest	341
West	171
Canada	24

The statistical information contained in this report is believed to be representative of the companies responding to the survey. All reasonable efforts were taken by Industry Insights, Inc. to assure data comparability within the limitations of accounting reporting procedures. However, the data used in this report are not necessarily based on audited financial statements and the statistical validity of any given number varies depending upon sample sizes and the amount of consistency among responses for that particular ratio. Industry Insights make no representations or warranties with respect to the results of this study and shall not be liable to clients or anyone else for any information inaccuracies, or errors or omissions in contents, regardless of the cause of such inaccuracy, error or omission. In no event shall Industry Insights be liable for any consequential damages.