

THE MIDWEST BUILDING SUPPLIERS ASSOCIATION, INC.

2019 SALARY & BENEFITS SURVEY REPORT

STATISTICS AND ANALYSIS



FOREWARD and ACKNOWLEDGMENTS

All of us at MBSA thank those dealers in Indiana and Michigan who took their time to provide accurate, real-time data on how they compensate their team members. This data will be extremely helpful to our members when it's time for them to compete for talent. Knowing how you compare to the actual market in which you work is essential to being an employer of choice.

Research projects like these are not done without a team effort. In that spirit, we formally say "thank you" to the following members of the LBM and association communities for their direct input and guidance:

- The MBSA Board of Directors
- Jim Robisch, The Farnsworth Group
- Rita Ferris, CAE; The Northeastern Retail Lumber Association (NRLA)
- Brian Lewis, CAE; The Raybourn Group International

We hope you enjoy this up-to-the-minute report and analysis, and look forward to your participation in future surveys as we update this information every couple of years.

THE MBSA BOARD LEADERSHIP TEAM

Mike Dykstra, MBSA President (*Zeeland Lumber & Supply, Zeeland, MI*)

Mark Zemrowski, MBSA Vice President (*Von Tobel Lumber, Valparaiso, IN*)

Matt Everitt, MBSA Treasurer (*Andersen Windows, Carmel, IN*)

Chris Mans, MBSA Board of Directors (*Mans Lumber & Millwork, Trenton, MI*)

Jim Robisch, MBSA Board of Directors (*The Farnsworth Group, Indianapolis, IN*)

Dan Nelson, MBSA Board of Directors (*Empire Moulding & Millwork, Zeeland, MI*)

Tim Murphy, CAE, MBSA Chief Executive Officer (*MBSA, Indianapolis, IN*)

The Salary & Benefits Survey (hereinafter referred to as “the Survey”), was launched by The Midwest Building Suppliers Association in late summer/early fall 2018, and was closed to entries at the end of business on April 1, 2019.

The respondents participated from Michigan and Indiana, and answered the rather exhaustive list of questions with data from their personnel files, Employee Handbooks, and financial statements. The questions were answered anonymously, as no identifying information of the respondent was sought. This was done in order to foster an environment of “safety” in revealing sensitive operational data among fellow members who, in many cases, are also competitors. We sincerely thank those members who took the time to research the questions to provide accurate data points, making this report a useful tool to the MBSA member employer.

Following are the profiles of the responding members:

NUMBER OF LOCATIONS

#	%
1	43%
2	14%
3	7%
4	7%
5	14%
7	7%
8	7%

Our respondents represented dealers with locations numbering from 1 to 8. The percentage of the total is above in the chart. It is interesting to note that over half (57%) of the respondents represented businesses with 1 to 2 locations. 21% had between 5 and 7 locations, and 7% had 8 locations or more.

ANNUAL SALES VOLUME (Company Totals)

The data regarding sales volume appears repeatedly throughout the report, because it relates directly in many cases to the benefits offered various employees. It will be referred to as either “Under 10M” or “Over 10M”. The MBSA respondents indicated their sales volume as follows:

What is your sales volume?

	%
\$0-\$2,999,999	0%
\$3,000,000 -\$5,999,999	7%
\$6,000,000-\$9,999,999	29%
\$10,000,000-\$29,999,999	50%
\$50,000,000-\$99,999,999	14%
Under 10M	36%
Over 10M	64%

Half of the respondents fell in the 10 M to 29,999,999-dollar range in annual sales. In examining the data, there was revealed a clear line of demarcation between the “under 10M” and “over 10M” categories. As such, this report condenses the responding dealers to those two ranges.

DEALER TYPE

The type of dealer mix revealed 29% as “contractor sales only”, while 71% identified themselves as “mix of contractor sales and sales to the public”. This trend also fits with what we know about our collective members and their customer bases.

EMPLOYEE TYPES AND NUMBER OF EMPLOYEES (*full-time / part-time; male / female*)

Our responding dealers had a mean average* *full-time* employee count of 79, with the median* at 60. This represented 95% of all employee counts. Part-time employees made up 5% of the reporting total.

Overall, 88% of the employees were male, with 12% females in the employee counts.

**The "mean" is the "average" most people are used to, where you add up all the numbers and then divide by the number of numbers. The "median" is the "middle" value in the list of numbers.*

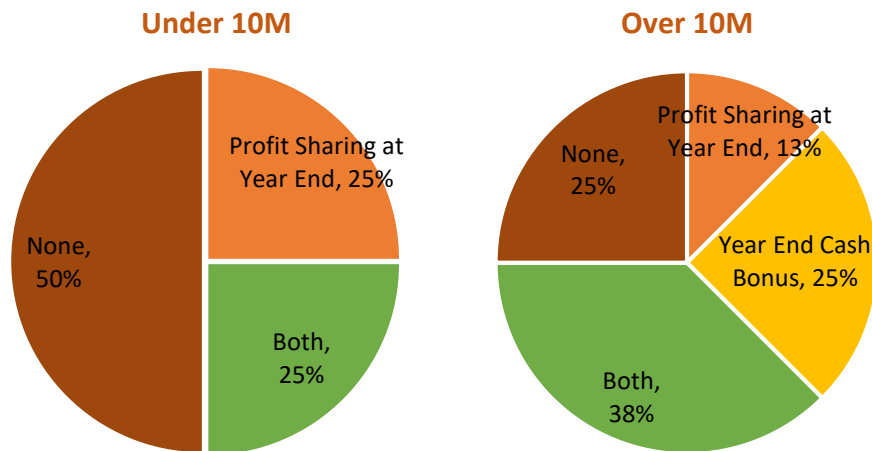
SALES INCENTIVE PLAN

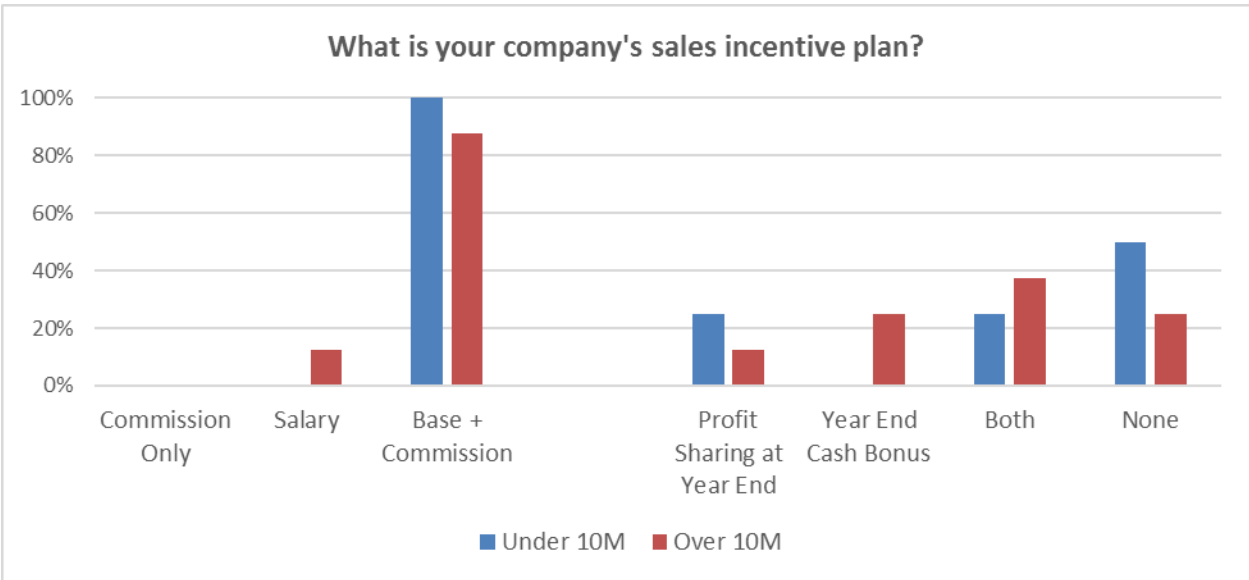
This question addressed how *sales* personnel are compensated; i.e., commission-only, salary, or base salary plus commission. The respondents revealed that:

- None of the respondents (0%) used a “commission-only” basis for compensating sales people.
- For salary-based compensation, none (0%) in the “Under 10M” category paid this way, and 13% in the “Over 10M” category used this model.
- For “Base salary plus commission”, all (100%) in the “Under 10M” category paid this way, and 88% in the “Over 10M” paid using this model.

For other benefits paid out to sales staff, like profit-sharing at year-end, year-end cash bonus, or a combination of these, the results were as follows:

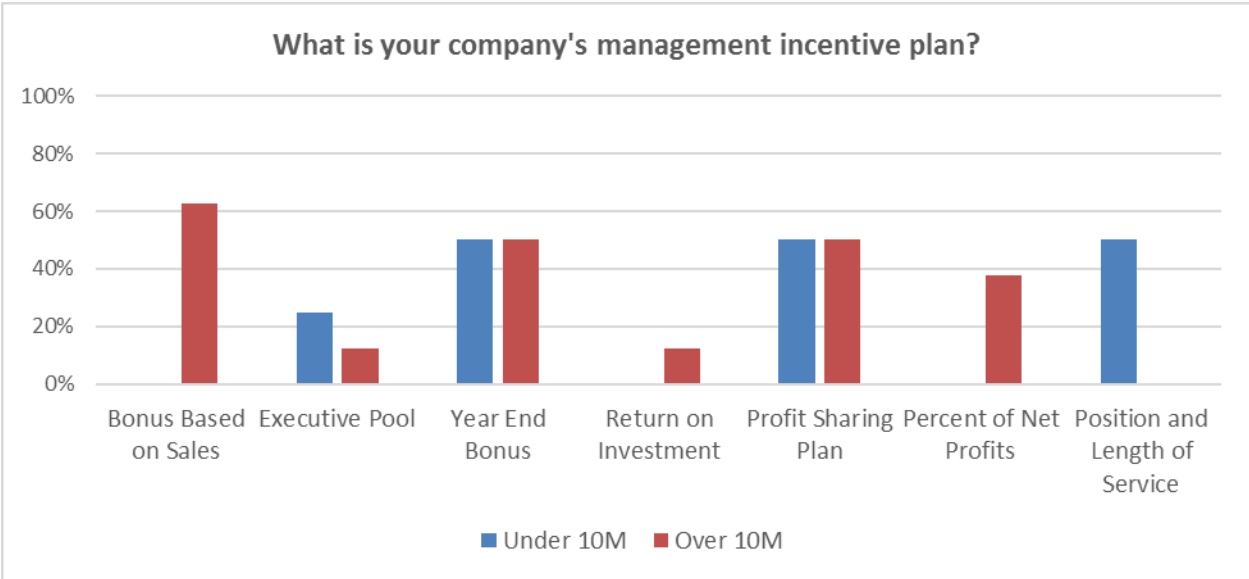
- Profit Sharing
Under 10M – 25% had a profit-sharing plan at year end
Over 10M – 13% had a profit-sharing plan at year end
- Year-end cash bonus
Under 10M – 0% engaged this bonus type
Over 10M – 25% engaged this bonus type
- Both profit sharing AND year-end bonus
Under 10M – 25% paid using this combination model
Over 10M – 38% paid using this combination model
- None of the above
Under 10M – 50% reported none of these bonus types
Over 10M – 25% reported none of these bonus types





Management Incentive Plan

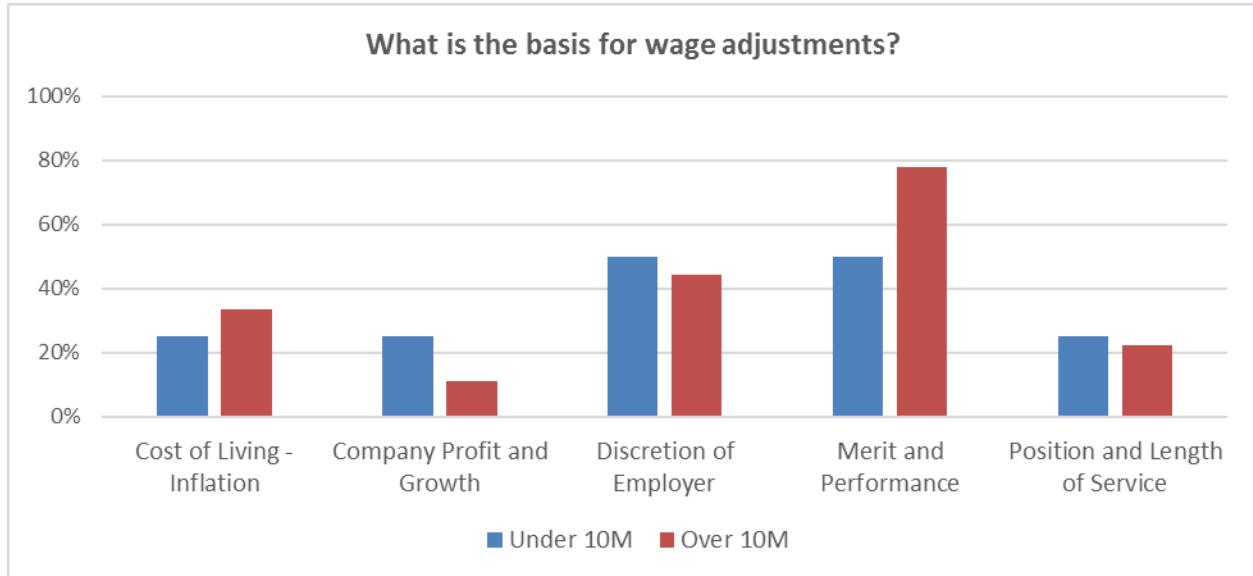
The various plans to incentivize *management* personnel, and the percentages of dealers using the various plans, are as follows:



When asked if the person’s position and/or length of service was a consideration for the management incentive plan, 50% in the “Under 10M” category said it was a factor. None of the respondents in the “Over 10M” category indicated using these as criteria.

Basis for Wage Adjustments

The following criteria were presented as considerations for wage adjustments (raises). The respondents could select more than one of these if there were multiple considerations for wage adjustments.



Last Salary Adjustment Performed

The last salary adjustment (raise) granted by our employer respondents were “2.5 % or less”, “3%”, or “Greater than 3%”. Here are the percentages used by our members in the last adjustment cycle:

What percentage (%) was the last salary adjustment?

	Under 10M	Over 10M
2.5% or Less	50%	43%
3%	50%	29%
Greater than 3%	0%	29%

Bonus Program

We asked members if they had a company bonus program; and if so, what factors were considered in calculating bonuses. Here is the digest of their replies:

- *Do you have a bonus program?*
 Under 10M – 50% said yes; 50% said no.
 Over 10M – 78% said yes; 22% said no.

What is your company bonus calculated on?

	Under 10M	Over 10M
Company Profits	0%	43%
Management Discretion	50%	14%
Merit and Performance	50%	0%
Sales	0%	29%
Other	0%	14%

Holiday Bonuses

A similar question was asked regarding holiday bonuses. Here is the digest of replies:

- *Do you have a holiday bonus program?*
 Under 10M – 33% said yes; 67% said no.
 Over 10M – 67% said yes; 33% said no.

What is your company holiday bonus calculated on?

	Under 10M	Over 10M
Set Amount	50%	80%
Percentage of Salary	0%	20%
Years of Service	50%	0%

Average Number of Paid Days Off Annually

As you can see, the total mean (regular “average”) and the total median (“middle number”) are very close. When controlled for by sales volume category, the number of paid days off begins to widen in variance.

What is average number of paid days off?

	All Companies	Under 10M	Over 10M
Average	14.5	13	15.7
Median	15	15	12.5
Minimum	5	10	5
Maximum	27	20	27

Benefits as a Percentage of Payroll

Overall, the “Under 10M” respondents were around 21-22%, and “Over 10M” respondents were about at the 12-14% mark. Here are the detailed statistics:

What are the benefits as a percentage (%) of payroll?

	All Companies	Under 10M	Over 10M
Average	16.8	21	14
Median	15	22.5	12.5
Minimum	4	10	4
Maximum	39	39	20

Vacation Days

When it came to vacation days offered, here’s where our members came in:

- All (100%) indicated that the period of service to the company to become eligible for paid vacation days is 1 year.

Can vacation days carry-over?

	Under 10M	Over 10M
Yes	25%	44%
No	75%	56%

What is the number of carry-over days allowed?

5	60%
10	40%

Retirement Plans

Most responding firms indicated they provide some kind of retirement plan. Here is a closer look at the data:

Retirement Plan Offering to:

	Under 10M	Over 10M
All Employees	25%	33%
Full-Time Employees	50%	56%
Management Only	0%	0%
No Retirement Plan Offered	25%	11%

What type of retirement plan does your company offer?

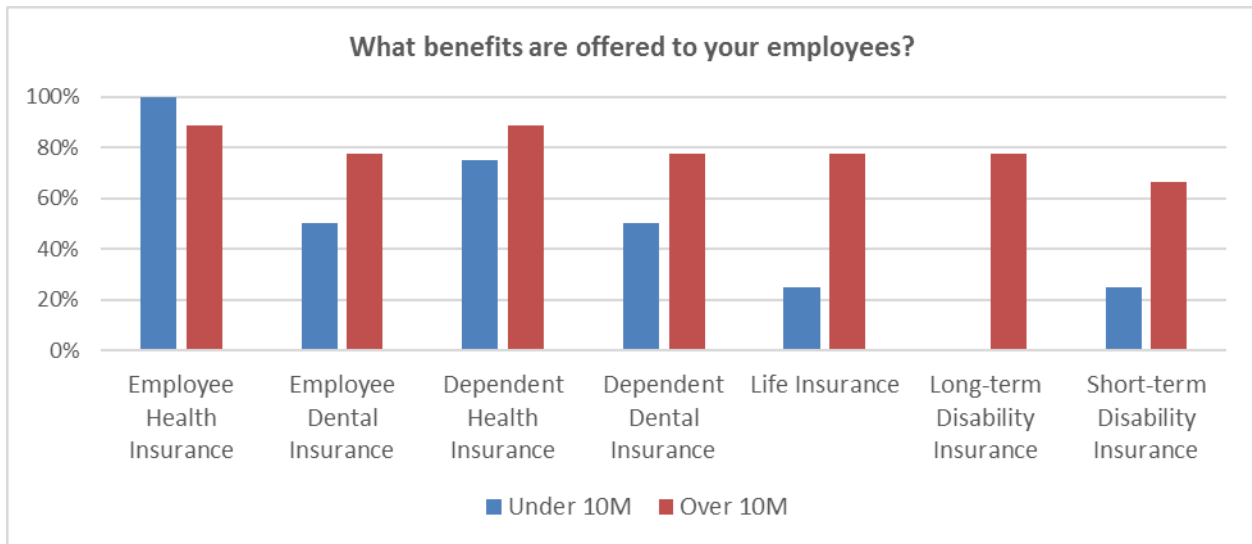
	Under 10M	Over 10M
401k	67%	56%
401k with Employer Match	33%	44%
Profit Sharing	67%	22%
Profit Sharing & Routine or Discretionary		11%

Insurance Offerings to Employees

The various insurance programs offered to employees are broken out as follows:

What percentage (%) of insurance is paid by the company?

	All Companies	Under 10M	Over 10M
Average	76.6%	77%	75.3%
Median	75%	75%	77.5%
Minimum	60%	70%	60%
Maximum	95%	95%	90%



What premium is paid for by the company?

	% Paid of all Respondents	% Paid of all Offering the Benefit
Employee Health Insurance	85%	92%
Employee Dental Insurance	38%	56%
Dependent Health Insurance	46%	55%
Dependent Dental Insurance	31%	44%
Life Insurance	46%	75%
Long-term Disability Insurance	31%	57%
Short-term Disability Insurance	23%	43%

Other Reimbursements to Employees

For this 'miscellaneous' category, 66% of all respondents indicated they offer no other reimbursements. For the 34% who do, the following were mentioned:

- Mobile phone
- Personal Protective Equipment (including boots)
- Logo wear
- Fitness program
- CDL training / testing and other training expenses

Employee Training in the Budget

When asked if the company provides any employee training/education:

- Under 10M – 50% said yes, and 50% said no.
- Over 10M – 56% said yes, and 44% said no.

Worth Noting

In compiling and interpreting the data as presented, we noted the following:

Statistical differences occurred along 'sales volume' lines, and no real discrepancies or anomalies presented due to regional location. In other words, the differences were in annual sales categories, and not because of the state in which the respondent's business was located.