

4TH ANNUAL SALARY SURVEY

On the uptick

Professionals working in the materials handling industry tell *Modern* that optimism is on the rise and so are paychecks.

By Lorie King Rogers, Associate Editor

Slow and steady wins the race. That was the strategy for the tortoise and it also appears to be a winning way for professionals in the materials handling industry. According to those who responded to *Modern's* fourth-annual salary survey, having a position as a materials handling professional appears to be increasingly favorable and lucrative.

Over the years, *Modern's* annual salary survey has been used to paint a picture of the overall compensation situation inside the four walls of our domestic warehouses and distribution centers and to gauge career satisfaction throughout the materials handling industry. When we surveyed *Modern* readers last year, we found positive upticks in outlook and income. This year, people are again reporting job satisfaction and, for the most part, salary and bonus increases. While the dollars didn't spike skyward, a rise is a rise.

Last year we learned that 93% of respondents were happy in their jobs and 90% reported that their salaries either increased or remained steady. Confident that the worst was over, employers and employees alike were looking positively toward the light at the end of a long, dark economic tunnel.

So, what did our most recent survey reveal?

Base salaries are up

According to this year's results, 94% of respondents would recommend the materials handling profession to others. Maybe that's because they're earning a median base salary of \$80,000, not including bonuses or commissions, compared to \$74,500 in 2010. (The median is the midpoint used when extreme high and low numbers skew the average.) Of those responding, 60% said they received a bump up in pay, 35% said their paycheck remained the same and 4% felt the pinch of a decrease. Those numbers compare favorably to our last survey when we reported that only 38% received an increase, 52% stayed the same, and 10% experienced a decrease in pay.

The median increase was 3%, but the average increase was 4.4%. And while fewer respondents said they were suffering a cut back in pay, the median decrease was once again 10%.

Salaries in the materials handling sector are tracking other industries, according to Tom McMullen, who designs compensation programs for corporate clients at the consulting firm Hay Group. In a recent survey of 300 organizations, Hay Group's research also found that 3% pay increases were being reported across industry sectors.

The big difference this year, says McMullen, is that the increases are happening at all levels. "The 3% increase is similar to last year and there's not a big difference in base salary adjustments all throughout the org chart. In years past, that would have been different," he says. "Companies are managing costs all the way up and down the organization and no single population is being increased faster than another."

Bonuses and commissions

Bonuses are bouncing back and commissions are making a comeback. Last year, a healthy 61% of respondents expected to receive a bonus. That wasn't bad considering the weak economic state of the industry at the time. This year, that number has ticked up to 68%. Of the respondents expecting to earn a bonus or commission in 2011, 26% say

What is your current base annual salary and bonus for 2011?

	2010	2011
Median Salary	\$74,500	\$80,000
Median Bonus	\$3,500	\$11,000

Source: Peerless Media Research Group

Experience pays, eventually

Years in the materials handling industry Median salary

20 years or longer



15 years to less than 20 years



10 years to less than 15 years



5 years to less than 10 years



Less than 5 years



2011
2010

Source: Peerless Media Research Group

What's your function?

Primary job function Median salary

Company management
(CEO, president, VP, GM, etc.)



Engineering
(plant, materials, industrial, manufacturing, project, etc.)



Plant management
(director, manager, supervisor)



Warehouse, distribution, logistics
(director, manager, supervisor)



2011
2010

Purchasing



Source: Peerless Media Research Group

it will increase, 60% say it will remain the same and 14% say it will decrease.

The other news isn't just the size of the median bonus or commission, which has jumped from \$3,500 to \$11,000, it's the factors on which the bonuses and commissions are based. Last time, survey respondents told us that the major factors in determining bonuses and commissions were: achieving lower operating costs (44%), increased sales (43%) and better inventory management (22%).

Now, it's a different story. An overwhelming 69% of respondents tell us that the top criterion for calculating bonuses is whether or not the company reaches its performance goals. At 44%, individual performance was the next most important criterion for measurement. Last year, individual performance barely registered at 5%, meaning that factor had little bearing on whether or not bonuses were given or received.

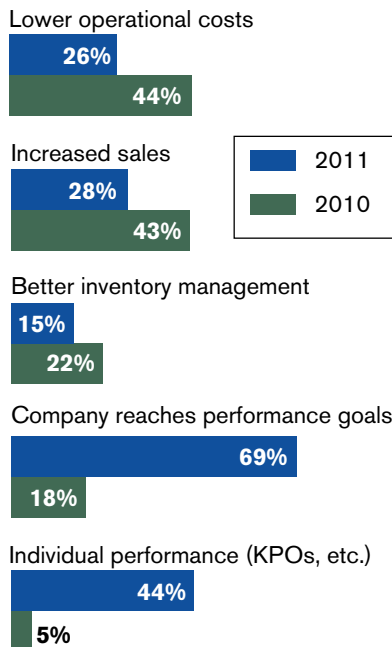
Individual recognition for a job well done, regardless of the form it takes, is a key motivator. "Differentiating rewards—ensuring that top performers receive compensation that is substantially greater than average performers—is a continued focus area for organizations," says McMullen.

Unfortunately, some companies had their purse strings in a knot when it came to financial recognition. Last year, *Modern* connected with Eric Golden, CEO of Equipois, a Los Angeles-based company that manufactures a mechanical arm that moves tools. At that time, Equipois was three years old and employed 20 people. In 2009, while Golden couldn't afford to offer pay raises, he offered stock options in the ventured-funded start-up.

In 2010, Golden bit the bullet and offered raises in the 2% to 3% range and reinstated a company bonus program. Even though the economy had not fully recovered, he said it was time to look forward again.

So, one year later, *Modern* caught up Golden to see if his optimism had paid off. And, it did. While the first half of

On what factors is your bonus determined?



Source: Peerless Media Research Group

2010 was slow for the industry, Golden reports that Equipois grew from 20 to 30 employees. "We expected the recovery to happen sooner, but it really happened for us in the second part of 2010. The company was able to give some bonuses last year, but they were less than planned. The last four quarters have seen tremendous growth, so the good news is we've been able to give raises in the 4% range," Golden says.

In addition, Equipois' bonus program, which encompasses a combination of personal objectives and overall

company performance metrics, has also seen a positive bump. "We put a plan in place that enables employees to earn bonuses halfway through the year as well as at the end of the year," he explains. "It's the first time I've done that, but it's been very successful. Frankly, it's something I'd recommend to other companies because it gives us something very tangible to work toward."

As Golden and countless other companies have proven, reward and recognition programs are crucial.

"The current economic environment is causing organizations to balance the cost of reward programs and relatively low base salary increases with the need to attract, retain and engage the talent they need to run their businesses," explains Hay Group's McMullen.

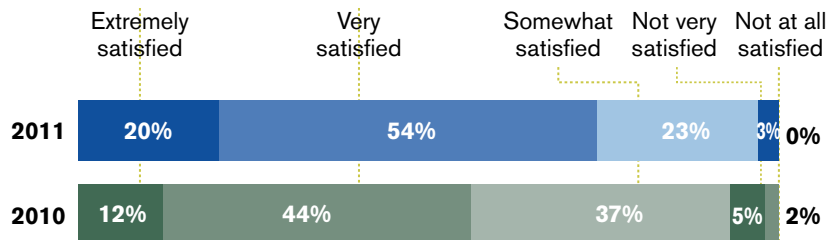
Can get some satisfaction

Professionals in the materials handling industry love the work. According to our survey, 97% of respondents are finding plenty of satisfaction in their jobs.

Wayne Peterson is one of the 97%. A sales rep since 1972, Peterson currently works for Houston-based Adobe Equipment (formerly Action Handling), a full-service forklift dealer specializing in sales, rentals, parts, service and warehousing products. So, if anyone knows about the cyclical ups and downs of the materials handling industry, it's Peterson.

Having worked through two big market downturns, one in 1983 and the most recent in 2009, Peterson loves his work. He says, "I consider myself some-

How satisfied are you with your career in materials handling?



Source: Peerless Media Research Group

A snapshot of survey respondents

In July, *Modern's* research team e-mailed our fourth annual salary survey to a sampling of our subscribers asking for their participation in this study. The e-mail included a dedicated URL linked to a Web site that hosted the questionnaire.

In the interest of accurate comparisons, key salary and job satisfaction questions were the same as in previous surveys. This year, we had 581 qualified respondents; the margin of error is plus or minus 4.2%, meaning if the entire population responded, results may vary by plus or minus 4.2%.

Our survey respondent is a 51-year-old male with a college education. Of the 40% who hold undergraduate college degrees, 17% have earned advanced degrees beyond the under-

graduate level. Another 6% have earned degrees from community college and another 21% have some college under their belts.

While 88% of our respondents are male, the percentage of female respondents has gone from 7% in 2008 to 9% in 2009 to 10% in 2010 and was 12% this year.

Overall, our readers work for companies that employ an average of 2,945 people and have median revenues of \$120 million in 2011. And, 77% have supervisory responsibilities, overseeing an average of 33 employees. In terms of primary job function, survey respondents' responsibilities run the gamut from presidents and CEOs, engineering and plant opera-

tions, to those running the front lines of the nation's supply chain in the warehouses and distribution centers.

While the typical worker has been employed in the materials handling industry for an average of 19.5 years, 47% have less than 20 years of service, 32% have more than 20 years of service, and 21% have dedicated more than 30 years to their careers in the materials handling industry.

Readers have worked for an average of two companies, and have been with their present employer for an average of 12 years. But do they see themselves finishing their careers with their current employers? We found that 53% say yes, 36% aren't sure, and 19% will likely move on.

one with good information who can help you make a good decision."

Driving from customer to customer in a truck that sports a license plate that reads NO SLAK, he says, "If you work, you're rewarded. The harder I work, the more money I can make."

Rewarding team effort

Peterson takes control of his own destiny, but for others it's a team effort that includes the candidate, the company and a recruiter. Mike Flamer, vice president of The Dorfman Group, which specializes in the executive search and nation-

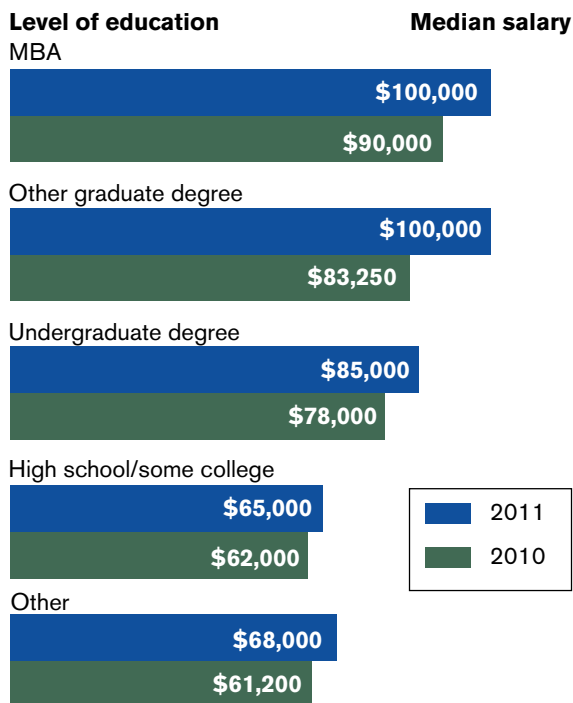
wide recruitment of professionals in the materials handling, logistics and packaging industries, says 2010 was a very slow year, but 2011 is picking up. He

has already placed a number of applicants and says that if he fills three or four more assignments, this will be a good year.

Interestingly, Flamer says the current national unemployment rate (9.2% at the time of reporting) is not reflective of the materials handling equipment sales sector, which is currently running at about 4%. One reason is that selling large, complex materials handling systems requires a solid education and background, technical knowledge and expertise. The number of highly qualified people isn't as plentiful as companies think, says Flamer. So, if an employer drags its feet, a candidate will hit the pavement and go elsewhere.

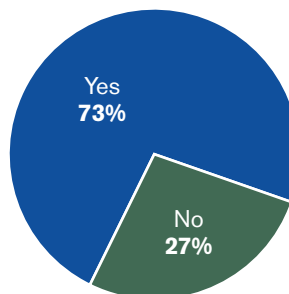
However, companies are willing to pay top dollar for top talent. According to Flamer, the base salary for a good systems sales representative has gone from about \$85,000 to between \$100,000 and \$125,000. Add in commission, and a successful sales rep could earn between \$200,000 and \$300,000 a year. As Flamer puts it: High risk equals high reward. □

Higher education = higher than average pay



Source: Peerless Media Research Group

Does your company have a reimbursement policy for any job-related continuing education classes you might take?



Source: Peerless Media Research Group