

Winning the Compensation and Benefits Battle

2012 Employee Compensation Study

Co-sponsored by NPTA

One of the major challenges facing business owners is in providing a fair and adequate compensation and benefits package for employees. If the package is insufficient, the company cannot attract and keep qualified personnel. If the package is too generous, profit tends to suffer.

In trying to establish a sound compensation system, managers are continually looking for benchmarks. That is, they want to know how much other companies are paying for certain positions. They also want to know what fringe benefit packages are being offered. Such benchmarking is essential for the two key types of employees and requires two different types of analysis.

- **Executive Compensation**—For top management positions, such benchmarking is often national in scope. In attempting to attract a top CFO, for example, the firm may compete with a large number of distribution firms across the entire United States.
- **Employee Compensation**—In terms of operating employees, the relevant market is always local. Comparisons for truck drivers, warehouse employees and sales representatives in a particular geographic area are much more useful than are national averages.

Even though compensation benchmarks are critical, developing such benchmarks has always been a very difficult undertaking in distribution. Typical compensation surveys almost always focus on one particular line of trade. As a result, they tend to have very small sample sizes. The resulting information is fragmentary, at best.

The **2012 Employee Compensation Study** eliminates these problems. NPTA has joined together with more than 35 other distribution organizations in sponsoring the largest cross-industry compensation survey ever conducted. It is anticipated that approximately 2,500 firms will take part. With such a large-scale study, NPTA distributors will receive a wealth of information.

The Power of a Cross-Industry Study

Volume I of the final report will focus on the data collected for NPTA distributors as a group. That is, firms can compare their compensation levels and benefit programs to other NPTA distributors. This ability to compare to similar firms in your industry is of significant value.

With the combination of over 35 distribution groups, though, a much more powerful analysis is possible. Volume II aggregates the results of the entire sample which enables an in-depth examination of the data by both geographic area and firm sales size.

- **Geographic Area**—The competition for the majority of employee talent is local. The survey will allow precise analysis down to specific regions, states and even local metro areas, such as Atlanta or Denver. It will be possible to know what distributors of all kinds are paying for various employee positions at a local level.
- **Firm Sales Size**—With the comprehensive sample, 22 or more sales size breaks are possible, from under \$1 million to over \$1 billion. This allows firms to look at the compensation practices of variously sized firms to determine at what point specific benefit programs become affordable.

The availability of such a large sample size broken out into so many specific sub-categories provides managers with an enormous amount of data for decision making. For example, firms thinking about opening an additional branch in a new geographic region will have precise payroll information at hand for the target geographic area.

Likewise, firms of any given sales size will have an idea of the extent to which specific fringe benefits are provided by similarly sized firms. They will also have information on what sales volume level must be attained before certain fringe benefits become realistic additions to the company's compensation package.

Types of Information Provided

Both Volume I and Volume II of the report will include two types of data—compensation levels by position and fringe benefits. Each section contains a wide range of information for the typical NPTA distributor.

- **Compensation**—The compensation data will be broken out into three components by position—base salary, bonus and total compensation. In addition, the range of common experience for total compensation will also be provided. The positions to be covered include:
 - Executives—those with titles such as chief executive officer, chief financial officer, chief marketing officer and the like.
 - Operating Employees—includes such positions as office manager, purchasing agent, warehouse employee and warehouse supervisor.
 - Sales Employees—including both inside and outside sales reps.
 - Branch Managers
- **Fringe Benefit Programs**—This section will review the benefit programs provided by distributors. Topics of interest will include:
 - Health Care Plans
 - Retirement Income Plans
 - Paid Time Off & Vacation Policies

As mentioned earlier, all of this information will be available at the national level as well as by geographic location and sales size of firm. The 2012 report provides an unprecedented opportunity to fully understand labor markets and is available only through the combined efforts of more than 35 different distribution organizations.

Schedule

Employee Compensation questionnaires will be sent to NPTA distributors in early January. Since all firms in the United States are required to report employee financial information to the federal government by the end of January, almost all of the information required for the survey should be readily at hand.

The completed surveys are due by the first of March. This should give every firm ample time to respond to the questionnaire. All information collected in the survey is absolutely confidential. No member of the NPTA staff will have access to any firm's survey data. All questionnaires are returned directly to Profit Planning Group, the research company conducting the study.

The final report, including Volumes I and II, should be in the hands of NPTA by May 2012. Since it will cover the 2011 calendar year, the information will be extremely current as well as timely.