

2002 Salary Survey (Part 2)

Service Management: Content and Loyal

By: Brent Hoskins, Office Technology Magazine

He's been in the business for more than 23 years, earns a base pay of at least \$59,982, receives sizeable bonuses and is 46 years old. For the most part, he enjoys his job, is happy with his pay and benefits, and is loyal to his employer. It comes as no surprise then, says Paul Schwartz, president and owner of CopierCareers.com, "that he really doesn't see himself going anywhere for the remainder of his career."

Recently, Schwartz's company, a Minneapolis, Minn.-based recruiting firm serving the document imaging industry, surveyed 1,018 individuals in office technology service management positions. The findings reveal a content base of employees, 56 percent of whom say they are either "satisfied" or "very satisfied" with all aspects of their jobs. On average, the respondents say they intend to stay in their jobs for another 11 years.

"These people are well paid, have nice benefits, which are of primary importance to them, and they believe their companies are good places to work," says Schwartz. "They've been in the industry for a long time. They don't typically move out of the industry, they move up from within the industry. They are the definition of those who have 'toner in the blood.'"

In many ways, the findings are in sharp contrast to the survey results of another group of individuals — service technicians. The April issue of *Office Technology* magazine featured the results of the 3,233 service technicians who completed the same survey. The results reveal a group of employees who also are loyal to their employers, but highly dissatisfied with compensation, benefits and the level of recognition they receive in the workplace.

In contrast, says Schwartz, the service management survey results show a "lack of anything remarkable or contradictory." However, he points out, the world was a different place when these managers began completing the surveys in June 2001. "I think the tease here is, if you will, what are the results going to look like next year?" he says. "As we go through difficult times in business in general and in the world in particular, what's

going to happen to these positions and these generous bonuses? Where's it all going to end up?"

For the past four years, CopierCareers.com has conducted a salary survey via its Web site. This is the first year the company has produced a separate report on the results of those surveys completed by service management. All of the respondents were verified against e-mail addresses to ensure no one completed the survey more than once. Partially completed surveys were rejected. The respondents are not necessarily employed by the same companies as the service technicians who responded to the survey.

The service management respondents were asked to select the title that best describes how they spend the majority of their time. Many of them (388) selected "service manager." However, a majority of them indicated other titles: "operations manager" (203); "general manager" (201); "vice president of service" (102); and "regional service manager" (124).

All of the respondents manage other employees. A small number (5) indicate that they manage between 201 and 500 employees. Another 74 respondents manage between 100 and 200 employees. However, the majority of the respondents manage fewer than 100 employees. The breakdown is as follows: 1 to 10 employees (233); 11 to 20 employees (248); 21 to 50 employees (236); and 51 to 100 employees (222). Most of the respondents (76 percent) work at companies with a total of 100 or fewer employees. Twenty-one percent work at companies with 25 or fewer employees.

The largest percentage of respondents (42 percent) work for independent dealerships with one location, while 33 percent work for regional dealerships with more than one location. The rest of the respondents work for a company like IKON or DANKA, an OEM, a third party service organization or some "other" type of company.

A majority of the respondents (52 percent) work for a company with annual revenues of \$10 million or less. Twenty percent work for companies with between \$10 million and \$50

million in revenues; another 20 percent work for \$50 million to \$100 million companies. The balance of the respondents (8 percent) work for companies with annual revenues above \$100 million.

As implied, nearly all of the respondents (96 percent) are male.

Recently, Schwartz discussed the significance of the survey findings with *Office Technology* magazine. Following are the survey questions and results, several of which are followed by his comments.

Question 1:
How many years have you been in the industry?



Question 2:
How many years have you been at your present company?



Schwartz: That really fit with our experience. I didn't even question it. From our observations, these companies promote from within. We see it every day.

Question 3:
How many years did you work at your previous company?



Schwartz: Among the people we recruit, typically, when they leave a job, it's between their third and fifth year. Then, they tend to stay with their next employer, and get promoted up through the ranks.

Question 4 :
How many years do you expect to stay at your present company before changing jobs?



Schwartz: For many service managers, 11 years from now is retirement. So, they're not going anywhere. This is one thing that does dovetail with the technicians' survey results (technicians plan to stay at their present jobs an average of 10 years).

Question 5:
What is your highest level of education?

Some college	429
College graduate	310
High school graduate	221
Tech/trade school	48
AA degree	6
MBA	4

Schwartz: This fits with our observation that people grow up through the industry and get their education from within the industry. That is typically what we see on resumes from managers. We often see senior people at large regional dealerships who do not have college degrees. That is not

unusual. Their resume will say they served as a field service tech for five to eight years, and then they moved on to become a senior lead tech, and later they were promoted to management.

Question 6:

Specify your current annual base salary:

Vice president of service	\$72,300
General manager	\$71,454
Regional service manager	\$70,998
Operations manager	\$70,392
Service manager	\$59,982

Schwartz: With these numbers in hand, we looked at many of the resumes we have on file. In some parts of the country these salaries would be low, in other parts they would be high. But, they do appear to be an average of what we see.

I think what is important is that, unlike technicians, management often receives significant bonuses. They tend to have very performance-based incomes. Typically, a service manager or operations manager will receive a percentage of the profitability, or lack thereof, or some measure of the service department's performance. All of these people have profit and loss responsibility. That, really, is the demarcation line.

Let me define how we perceive these various positions. Typically, the service manager is someone who has day-to-day responsibility for the service department and technical service force.

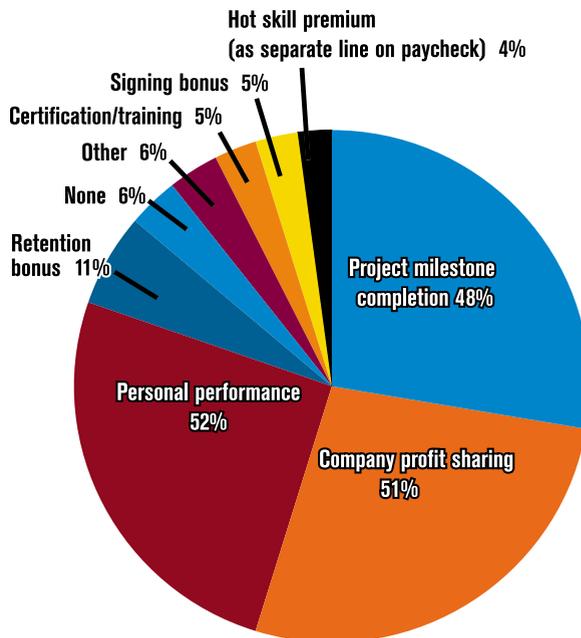
The title of vice president of service is often used within larger companies. Usually, this person has more strategic input into the organization's planning than a service manager would.

The operations manager tends to be someone who has responsibility for both the sales side and the service side to some extent. This person has a high level of P&L responsibility. To us, the title of operations manager is interchangeable with general manager. The choice of titles really depends on the part of the country.

Finally, the regional service manager title tends to be used in the larger, publicly traded organizations or the larger regional organizations that may be responsible for multiple locations. Typically, this person has some technical knowledge and day-to-day responsibility for service operations in several locations.

Question 7:

Of the bonuses and other direct cash payments you receive, specify the primary reasons for them:



Question 8:

Specify your previous year's annual base salary

Vice president of service	\$70,493
General manager	\$68,950
Regional service manager	\$68,568
Operations manager	\$67,708
Service manager	\$58,782

Question 9:

Specify the total amount of any bonuses and other direct cash payments you received last year:

Average bonus/cash payments	\$28,121
-----------------------------	----------

Schwartz: When you combine the salary and bonus, a lot of these managers are in the \$100,000 range, especially regional service managers, general managers and operations managers. It is going to be interesting to see in next year's survey results how many of these managers retain their positions. We are starting to see a lot more of their resumes hit our offices as the economy tightens up in certain parts of the country.

A couple of things are happening out there. One is, people are cutting back, not buying as much. And number two is, supposedly the digital product is easier to service, takes less staff, less organization, less inventory and less parts. So, does that relieve the manager of some of his or her responsibility? Or does it make the department more profitable?

I don't want to overstate it, but probably every week we see two to three of these regional service managers' resumes coming in the door from IKON, Danka or Xerox. These people are unemployed, in the process of being laid off or in the process of being V-RIFed (that's a term Xerox uses for "voluntary reduction in force"). Two to three resumes a week doesn't sound like a lot, but when you think about IKON, Danka and Xerox, and how these people handle multiple cities and multiple states, there aren't too many people in these positions.

These managers are having a very difficult time replicating their salaries. We are seeing a lot of them going back to independent dealerships and having to take significant cuts in pay.

Question 10:

Please specify the type(s) of non-cash and indirect cash rewards you received during the past 12 months:

Health benefits	100%
Company car or car allowance	98%
Company-paid phone/fax/cable modem/DSL lines	78%
401(k) match	77%
Further education/training	41%
Stock purchase plan	34%
Tuition reimbursement	12%
Certification reimbursement	5%
Sabbatical/extended vacation	4%
Health club membership	2%
Day care or day care subsidy	1%

Question 11:

If you have been granted stock options during the past 12 months, estimate their current value:

Average stock option value	\$53,234
----------------------------	----------

Schwartz: This doesn't mean that they exercised those stock options. It's just the potential value of the options. I guess the

important thing is, it means these managers do have stock options and they are keenly aware of their value.

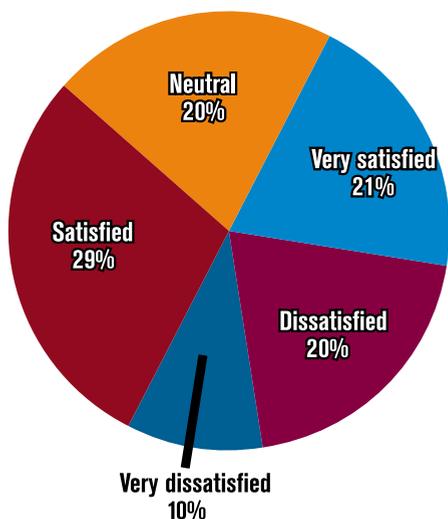
Question 12:

Estimate the value of all your current stock options held, both vested and unvested, no matter when they were granted:

Average value of stock options held **\$72,345**

Question 13:

Overall, how satisfied are you with your total compensation package?



Schwartz: 50 percent of these managers are happy, and when you add “neutral” into it, that’s 70 percent are basically satisfied. I guess this is most notable in its lack of surprises.

Question 14:

What matters most to you about your job? Check up to seven of the job-related issues that are most important to you.

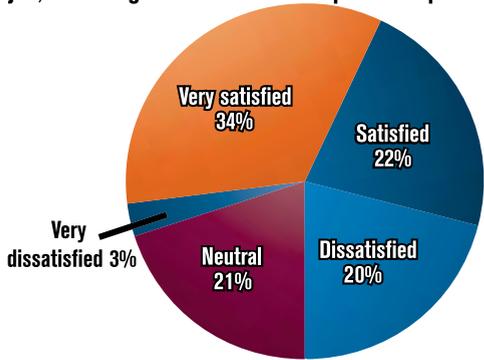
Benefits	62%
Base pay	61%
Financial stability of company	44%
My opinion and knowledge is valued	42%
Having the tools and support to do my job well	34%
Understanding the company's business strategy	32%
Telecommuting/work at home	31%
Potential for promotion	29%
Recognition for work well done	29%

Stock options	28%
Challenge of job/responsibility	22%
Effective career path planning and support	22%
Involvement in company strategy setting and determining goals	22%
Corporate culture and values	21%
Geographic location of job	21%
Job atmosphere	21%
My work (job) is important to the company success	21%
Prestige/reputation of the company	21%
Vacation time/paid time off	21%
Job stability	20%
Bonus opportunities	19%
Effectiveness of immediate supervision	19%
Commute distance	12%
Flexible work schedule	10%
Working with highly talented peers	8%
Seeing how my job helps achieve company goals	6%
Skill development/educational/training opportunity	6%
Ability to work with leading-edge technology	4%
Casual attire	4%
Company's understanding of the importance of IT	4%
Regular coaching and feedback on performance	4%
Working with a start-up company	4%
Ability to work on creating "new" innovative IT solutions	3%
Commitment throughout the company to quality work	3%
Company provided laptop/home PC	3%
Sense of community in my work group	3%
On-site child care	1%
Domestic partner benefits	0%

Schwartz: Working with leading-edge technology is only 4 percent. However, “my opinion and knowledge is valued” did receive 42 percent, so they do want to be listened to, and they want recognition like everyone else. Notice the percentage for “understanding the company’s business strategy,” which was just a blip on the technicians’ survey results. That’s very significant, and does make sense. Again, what’s remarkable about these numbers is that they are unremarkable.

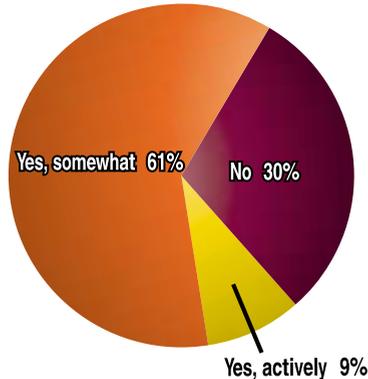
Question 15:

Overall, how satisfied are you with all aspects of your job, including those listed in the previous question?



Question 16:

Are you currently looking for a new job with a different company?

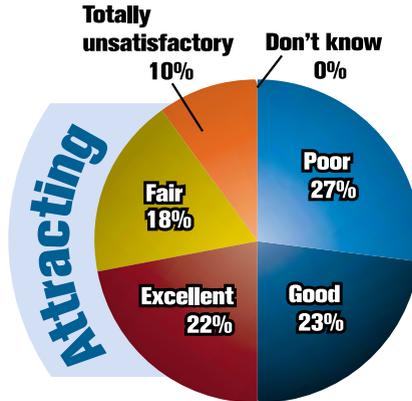


Question 17:

If yes, why are you looking for a new job?

Stock options	71%
Higher compensation	61%
More dynamic company	51%
Job market opportunities are too good to pass up	54%
More job stability	34%
Move to a different geographical area	34%
Don't like present company's management/culture	33%
More responsibility	31%
More interesting work	23%
Personal/family needs	22%
Seeking less stress	12%
Want to join a startup company	3%

Schwartz: Stock options are at the top of the list, but keep in mind that the surveys were completed between June 2001 and March 2002. So, today, if they were asked again, the responses to this question may be significantly different. With the stock market being the way it is and with people not wanting to take a risk, stock options may not be that big a deal anymore. And, remember, many of these surveys were completed before Sept. 11.



Question 18:

Compared to its peers, rate how good a job your company does at attracting and then retaining copier industry employees.

Schwartz: This surprised me. This is pretty much the reverse of the way the technicians felt. Managers are relatively happy and believe their companies are doing a good job. There seems to be a bit of disconnect between them and the technical employees.

Forty-five percent say their employers are “good” to “excellent” at attracting employees. However, it does appear that a fair portion of them understand that their companies do a poor job at this because they have front-line responsibility for attracting employees.

Forty-one percent of them say “excellent” for retention. That seems funny to me, compared to the 27 percent who say their companies are “poor” at attracting employees. I think it’s probably a reflection of their opinions of their own positions. So, with “retention” they appear to be thinking of their own positions, and with “attracting” they are thinking of the positions of others. ■