

# 2003

## SERVICE MANAGEMENT SALARY SURVEY

By Scott Cullen



Reality bites. And a harsh reality is setting in for managers within the copier industry. With the economy in turmoil and corporate spending curtailed, management is being hit where it hurts—in their wallets—according to the 2003 Management Salary Survey by CopierCareers.com, a recruiting firm focused on placing experienced imaging professionals within independent dealerships across the United States..

Indeed, these are tough times for managers within independent dealerships. While most respondents are satisfied with their base salaries, many now find themselves no longer making the kind of money they did in previous years as bonuses and other compensation spirals downward. That's a tough lesson to learn for individuals who are responsible for supervising anywhere from 1 to 200 people, have been with their current company an average of 17.6 years and whose livelihood is often

directly related to reaching certain financial goals.

### Management Profile

Management within the copier industry who are reflected in the Management Salary Survey include service managers, vice-presidents of service, operations managers, general managers and regional services managers.

This year's survey had 1031 respondents, up slightly from the 1018 last year. These individuals are primarily male (98%) and have an average age of 46.3 years. They also have a load of responsibility with 236 respondents supervising 1-10 people, 246 supervising 11-20, 242 supervising 21-50, 223 supervising 51-100 and 75 supervising 100-200 people. With this responsibility comes a long work week with respondents noting they work an average of 49.2 hours per week, up from 48 hours last year.

Fully 34% of respondents work for companies with annual revenues of \$1-\$10 million. Another 28% work for companies with annual revenues of \$10-\$50 million and 21% work for firms whose revenues are \$51-\$100 million. Only 6% work for companies whose revenues are less than \$1 million while 11% work for companies with annual revenues of more than \$100 million.

This group is also extremely stable as noted earlier with an average length of service at their current company of 17.6 years. Despite this stability, 476 respondents say they expect to change jobs. Clearly, this group has some issues with their current employers.

Service Manager	\$59,998.00
VP of Service	\$71,289.00
Ops Manager	\$69,482.00
General Manager	\$71,250.00
Regional Service Manager	\$68,450.00

Please specify your current annual base salary by Title.

Personal Performance	53%
Project Milestone Completion	51%
Hot Skill Premium (separate line on paycheck)	2%
Certification/Training	5%
Company Profit Sharing	49%
Signing Bonus	2%
Retention Bonus	9%
Other	3%
None	8%

Of the bonuses & other direct cash payments you receive, please specify the primary reason's for

### Salaries Down

Depending on the title, annual base salary varies, but by and large the variations are within \$1,000-\$4,000 with vice-presidents of service the best compensated at \$71,289, followed by general managers at \$71,250, service managers at \$59,998, operations managers at \$69,482 and regional service managers at \$68,450.

Compared to last year's survey, base salaries in all management areas are down across the board with decreases in some positions fairly significant. Regional service manager salaries take the biggest hit and are down \$2,548 from last year. Vice-president of service salaries are \$1,000 less than last year while operations managers in this year's survey are earning on average \$900 less when compared to 2002. "We're finally seeing this segment of the industry reflect other industries and the economy in general," says Paul Schwartz, president of CopierCareers.com. "Whatever is affecting the bottom line is driving up towards management more so than sales reps and technical personnel," adds Schwartz.

### Bonuses & Stock Options Down

Above and beyond base salaries, most managers receive additional compensation. Some 53% of respondents report they receive bonuses and other direct payments for personal performance while 51% earn bonuses for project milestone completion. Company profit sharing is another financial perk with 49% enjoying bonuses here. Nine percent receive retention bonuses and 8% of respondents report they don't receive any bonus at all.

Management bonuses have declined significantly since last year. In 2002, respondents reported they received bonuses and other direct cash payments to the tune of \$28,121. This year the average bonus was \$16,249, a nearly \$12,000 decrease. Not surprisingly, stock options have imploded. In 2002, respondents said the current value of their stock options were \$53,234. This year that value is a meager \$9,332. When asked to estimate the value of their current options, both vested and unvested, respondents report a current

value of \$17,464, way down from \$72,345 of a year ago.

"Because of the economy and the fact that many managers may not be hitting their numbers like they used to, they're losing bonuses," notes Dave Grandelis, director of recruiting at CopierCareers.com.

"No matter how good a closer your salesman is, it's just not happening because companies have put a lock down on spending," adds Schwartz. "This is a reality of the economy and prior to this the copier industry had been untouched, but it is now hitting higher wage earners and it's hitting them where it hurts," adds Schwartz. While it's easy to point a finger at the economy for this corporate belt tightening, Schwartz also suggests the onslaught of digital technology as another reason. "Technology isn't being replaced as quickly as it once was since companies are trying to get the max out of their equipment or they just don't have the funds," says Schwartz.

### Mostly Satisfied

Fully 51% of respondents are satisfied (25%) or very satisfied (26%) with their total compensation package while 18% are neutral. Considering bonuses aren't what they used to be, that 51% may very well reflect the resignation that with all that's going on in the economy and the industry, managers realize they're still being fairly well compensated for what they do. Meanwhile 20% report they are dissatisfied and 11% are very dissatisfied with their total compensation. Those numbers of dissatisfied managers are almost identical to last year's and again illustrate the adage you can please some of the people some of the time but you can't please everybody all of the time.

"Survival of the fittest is what this is all about and some managers are taking these cashflow issues personally because they are in a large part responsible for it," opines Schwartz.

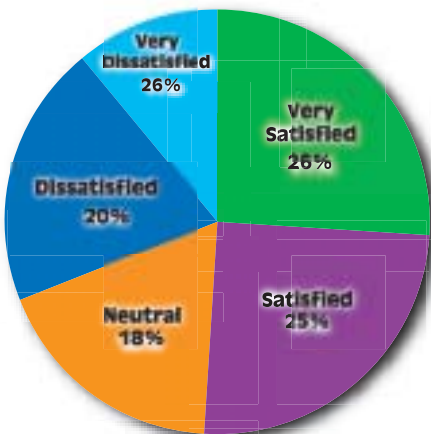
Respondents care deeply about their jobs and doing it well, but are also concerned about the stability of their employer as well as how they are viewed by their employer. When asked to identify seven of the things that matter most to them about their jobs, the top seven responses were:



**1. Seeing how my job helps achieve company goals (72%), 2. Benefits (71%), 3. Financial stability of company (52%), 4. My opinion and knowledge is valued (43%), 5. Having the tools and support to do my job well (43%), 6. Job stability (41%), 7. Recognition for work well done, base pay, potential for promotion, prestige/reputation of company (all tied at 31%).**

"These responses aren't so surprising considering most managers have a direct correlation to the companies P & L and many of them are judged by their ability to generate profits," notes Grandelis. "Managers who are achieving company goals help provide both individual and company stability."

Adds Grandelis, "Stability seems to be very important along with being recognized and valued as an employee. With that said, it is critical that these companies make good hires and provide these managers with the necessary resources to make both the individual and company stable and profitable."



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

### Rating Their Employers

While respondents are mostly a loyal and stable group they do see room for improvement within their organization. Only 33% of respondents feel their company does a good job of attracting copier industry employees compared to its peers. Here, 12% cited their company's efforts as excellent and 21% as good. Another 18% felt their company did a fair job. A sizable 33% felt their employers did a poor job and another 12% said their company's efforts in this area were totally unsatisfactory.

Respondents felt their employer's efforts were a bit better when it came to retaining employees. Twenty-two percent feel their company does an excellent job, 12% noted good and 33% said fair. Meanwhile 19% rated their company's retention efforts as poor and 14% labeled those efforts totally unsatisfactory. Together that represents about one third of respondents, which should be a cause for concern among many dealer principals in the industry. After all, these respondents have been in the copier industry a long time, averaging 23.56 years of service. They've seen good times and bad times, and very likely their current state of dissatisfaction is related to the economy and changes in the industry. No, it's not the same industry they entered some 23 years ago.

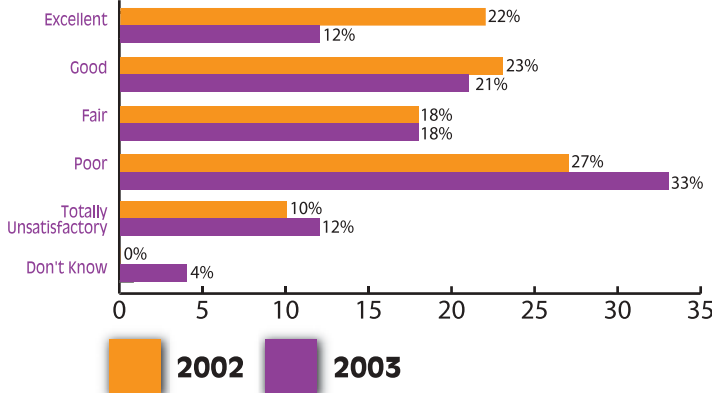
### Not Moving

Considering the current state of the economy it's safe to make a blanket statement that

Flexible work schedule	7%
Telecommuting/work at home	28%
Challenge of job/responsibility	23%
Prestige/reputation of the company	31%
Vacation time/paid time off	21%
Bonus opportunities	3%
Stock options	4%
Potential for promotion	31%
Job stability	41%
Casual attire	3%
Company provided laptop/home PC	2%
Effectiveness of immediate supervision	19%
Seeing how my job helps achieve company goals	7%
Base pay	22%
Understanding the company's business strategy	31%
Corporate culture and values	15%
Involvement in company strategy setting and determining goals	24%
Ability to work with leading edge technology	2%
Commute distance	11%
Working with a start-up company	1%
On-site child care	1%
Working with highly talented peers	8%
Sense of community in my work group	1%
Ability to work on creating 'new' innovative IT solutions	1%
Effective career path planning and support	23%
Recognition for work well done	31%
My work job is important to the company success	22%
Commitment throughout the company to quality work	1%
Regular coaching and feedback on performance	5%
My opinion and knowledge is valued	43%
Having the tools and support to do my job well	43%
Company's understanding of the importance of IT	1%
Geographic location of job	21%
Benefits	71%
Skill development/Educational/Training Opportunity	2%
Job atmosphere	5%
Financial stability of company	52%
Domestic partner benefits	0%

What matters most to you about your job?

## ATTRACTING



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

We strongly encourage you to participate in the 2004 Salary Survey by visiting [www.CopierCareers.com](http://www.CopierCareers.com) and clicking on "Participate" in the 2004 Salary Survey.

this isn't the best time to be looking for a new position. "The companies these individuals are working for aren't doing as well and they're not making as much money as they have in the past, but things are necessarily better elsewhere" observes Schwartz. "Other dealers are going through the same struggles."

That may explain why, despite their concerns regarding their employer's recruitment and retention efforts and some 31% being dissatisfied with their compensation, only 14% are actively looking for another job while 59% are "somewhat" looking and 29% are not looking at all. It's safe to assume that most of those 59% are leaving themselves open to offers and new opportunities but aren't scanning the want ads every day.

Those who are looking have their reasons. Some 41% say they want more job stability and higher compensation. Thirty-five percent are looking for a move to another geographic area. Underscoring their dissatisfaction with their employer, 31% say they don't like their present company's management/culture. Fully 29% are looking for a more responsibility and 22% are looking for more interesting work.

The biggest deviations from last year's survey are in stock options where only 2% cited this as a reason for looking for a new job compared to 71% last year and wanting to work for a more dynamic company where 12% noted this compared to 51% last year.

### The Bottom Line

Although managers are making significantly less money than last year thanks largely to smaller bonuses, Schwartz believe most are sharp enough to have foreseen the economic trends now taking a toll on the copier industry. Similarly, he believes most managers are savvy enough to understand that their companies aren't the only ones affected. In some respects, he says, those in the copier industry are more secure than those in other industries.

"We see a lot of resumes from other industries which show that the copier industry is a safe environment," says Schwartz. "At least half the managers in the industry realize it isn't so bad here and understand that the grass isn't always greener elsewhere, particularly in this economic climate." ■



Paul Schwartz  
President



Dave Grandelis  
Director of Recruiting

Copier Careers is a niche recruiting firm serving the Document Imaging industry. A very unique company bringing candidates and clients together across the country. They specialize in the recruitment of Technicians, Service Managers, and Sales Representatives/Sales Managers along with Executive Level Management. Because of the specific nature of the company, Copier Careers' experienced recruiters are sourcing agents for the Independent CopierDealer Network and related companies.

ENX Magazine Thanks Paul Schwartz and Copier Careers for the opportunity to feature the 2003 Salary Survey in our Publication.

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