

2006 Copier Careers Service Management Salary Survey

These long-term copier industry employees remain consistent in their jobs, in their careers, and in their compensation.

By Scott Cullen

Let's take a moment and peruse the personnel file of the average copier industry service manager – an individual, by the way, who is a model of consistency. The information in this file is based on information derived from the 2006 Service Management Salary Survey from Copier Careers (www.copiercareers.com), a recruiting organization that places experienced imaging professionals within independent dealerships across the United States.

Now back to the file.

Personnel File

The titles of the 1,241 managers represented in the Copier Careers survey range from service manager (502) to vice president of service (222), to general manager (213), to ops manager (202), to regional service manager (102). The average service manager is male (93 percent) and has been around the industry an average of 25 years.

These folks are certainly not job-hoppers having worked for their current employer an average of 17 years. That's similar to what's been reported in each year of the survey beginning in 2002. Prior to working for their current employer, this year's respondents spent 4.4 years with a previous employer. That's up .4 years from 2005, but not as long as the 4.9 years reported by respondents in 2002.

"Once they're in a management position, they tend to play it safe and don't move around a lot," says Dave Grandelis, director of recruiting for Copier Careers. "They might not all be satisfied where they're employed, but they also realize that at this stage in their careers, there are limited opportunities within the copier industry for individuals with their experience at their salary level."

Fully 38 percent of respondents work for an independent dealership with one location and 30 percent for a regional dealership with more than one location. Seventeen percent work for a national, publicly traded sales and service organization, whereas 9 percent work for a third-party service organization and 5 percent for an OEM.

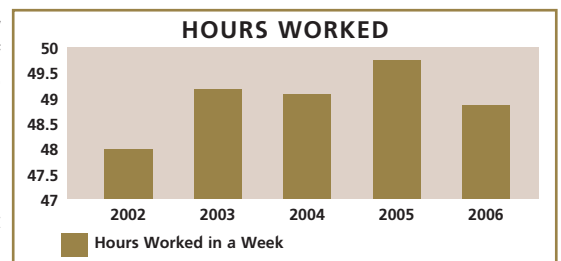
Thirty-seven percent of the companies these folks work for enjoy annual revenues of \$1 million to \$10 million, and 32 percent of respondents work for a company with annual revenues of \$10.1 million to \$50 million. Another 22 percent work for an organization earning annual revenues of \$51 million to \$100 million. Only 1 percent of respondents work for organizations with annual revenues of less than \$1 million and 8 percent for organizations earning above \$100 million.

Of the 1,241 respondents to the 2006 survey, 268 are responsible for supervising 1-10 people, 267 supervise 11-20, 288 supervise 21-50, 222 supervise 51-100, 81 supervise 100-200, and 115 supervise 200-500.

Time Cards

Managers have been extremely consistent over the years in the number of hours they work per week. That number has ranged from a low of 48 hours in 2002 to a high of 49.7 in 2005. In 2006, the number of hours worked per week took a slight 0.8-hour drop to 48.9 hours.

"This is an industry that is not known for adhering to a 40-hour week, particularly in key positions, such as managers, service techs, and sales managers," observes Grandelis. "In order for their dealerships to remain competitive, these folks need to put in the time--overtime that is--and seem to realize that this is what's expected of them."



Money Talks

Managers, regardless of title, are doing okay from a base-pay perspective in 2006, even though that figure hasn't increased all that dramatically since the first year of the survey in 2002. "Salaries do, however, seem to be keeping up with inflation," notes Paul Schwartz, president of Copier Careers.

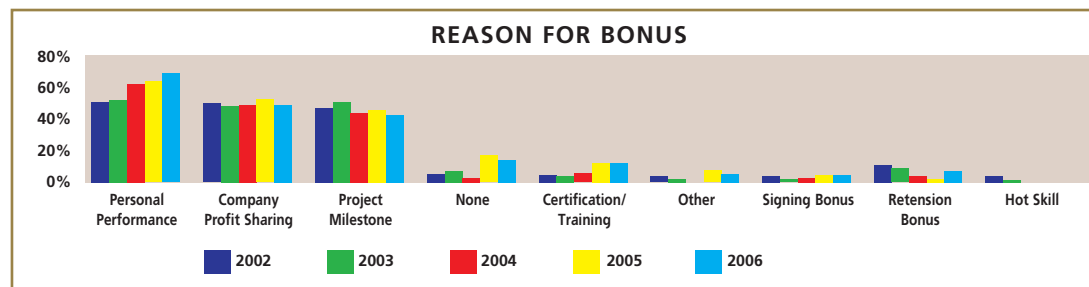
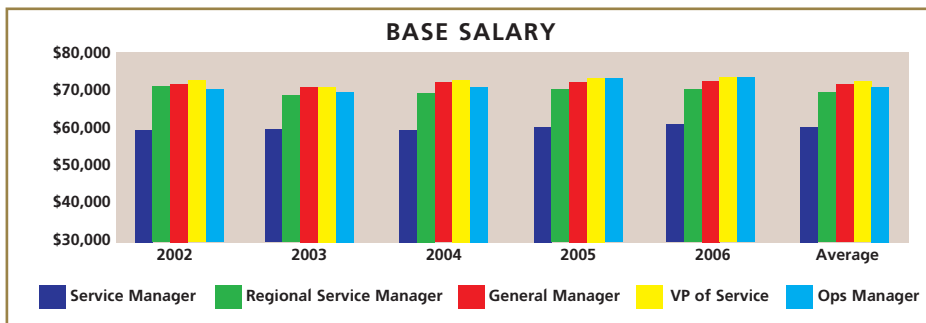
The annual base pay ranges from \$61,564 for service managers to \$69,990 for regional service managers, to \$72,899 for general managers, to \$74,112 for

vice presidents of service, to \$74,169 for ops managers. For the most part, those salaries represent modest increases over 2005, ranging from a low of \$354 for general managers to a high of \$1,134 for service managers. On the downside, regional service managers are earning on average \$8 less in 2006 than they reported in 2005.

Bonus Information

Fully 68 percent of respondents say they earn a bonus for personal performance, 51 percent for company profit sharing, and 44 percent for project milestone completion. Twelve percent earn a bonus for certification/training. Fifteen percent of respondents report they don't earn a bonus.

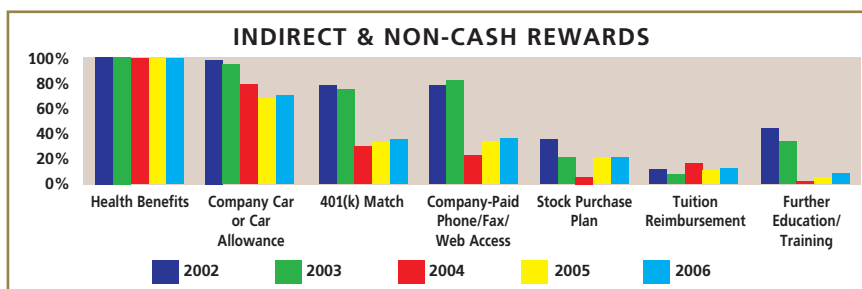
Overall, noncash and indirect cash rewards for all titles average \$18,201 in 2006, an increase of \$303 from last year, but well below the \$28,121 respondents enjoyed in 2002.



The most popular noncash and indirect cash rewards are healthcare (98 percent); followed by company car or car allowance (71 percent); 401(k) Match (35 percent); and company-paid modem, cable, or DSL lines (34 percent). Rounding out the rewards are stock purchase plans (19 percent), tuition

reimbursement (10 percent), and further education/training (7 percent). Barely a blip on managers' reward screens are day care or day care subsidies (2 percent) and sabbatical/extended vacation (1 percent).

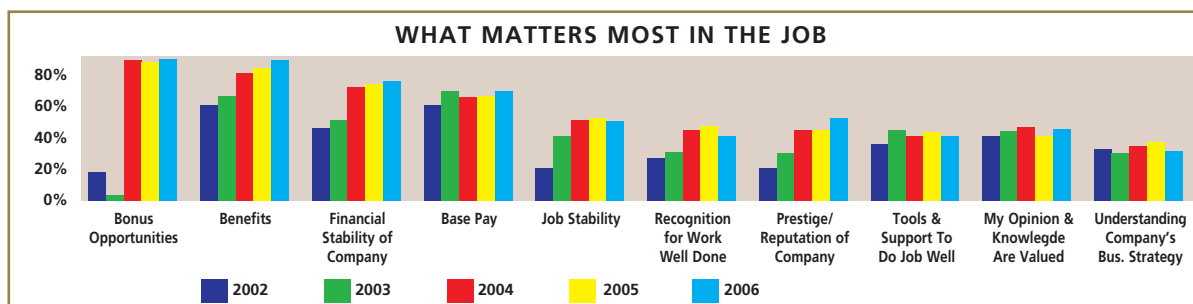
Respondents lucky enough to earn stock options (most likely those in publicly traded sales and service organizations) report that the current value of those options in 2006 was \$6,999, identical to last year. Compare that to 2002 when their stock options were valued at \$53,234. Similarly, when asked to estimate the value of all options held, both vested and unvested, no matter when they were granted, the 2002 group estimated their value at \$72,345. In 2006, that figure fell to \$17,320, which is \$3,882 less than the \$21,202 reported in 2005.



"But that's nowhere near the drop stock options took in 2003 when they fell \$54,691 from the previous year," reports Schwartz. "I think that served as a wake-up call to these guys and is one of the reasons bonus opportunities have become so important to these folks after 2003."

What Matters Most...

When asked what matters most to them about their jobs, the overwhelming response was bonus opportunities (89 percent). Rounding out the top six responses to that question were benefits (88 percent), financial stability of the company (75 percent), base pay (72 percent), job stability (54 percent), and prestige/reputation of the company (47 percent).



“Money does matter to these folks, but they are also concerned with the well-being of the company that employs them. Consequently, they want to work for a financially stable organization,” says Schwartz.

Also ranking in the top 10 things that matter most were “my opinion and knowledge are valued” (44 percent), recognition for work well done (42 percent), having the tools and support to do the job well (42 percent), and understanding the company’s business strategy (35 percent).

Looking back to 2002, the top six responses were benefits (62 percent), base pay (61 percent), financial stability of the company (44 percent), “my opinion and knowledge are valued” (42 percent), having the tools and support to do the job well (34 percent), and understanding the company’s business strategy (32 percent). Rounding out the top 10 in 2002 were telecommuting/work at home (31 percent), recognition for work well done (29 percent), potential for promotion (29 percent), and stock options (28 percent).

“Certain priorities have indeed changed,” observes Schwartz. “Nowhere is that more evident than bonuses, which were cited by 89 percent of respondents in 2006, but only 19 percent in 2002.”

They Can’t Get No Satisfaction

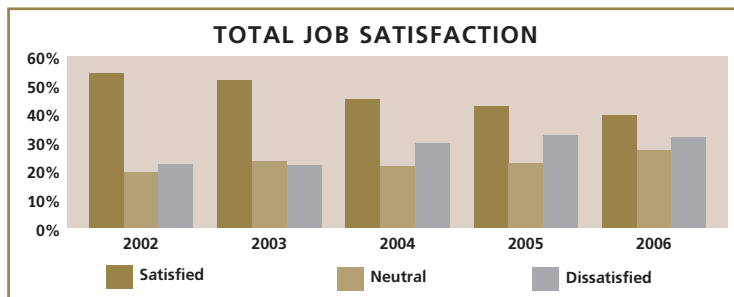
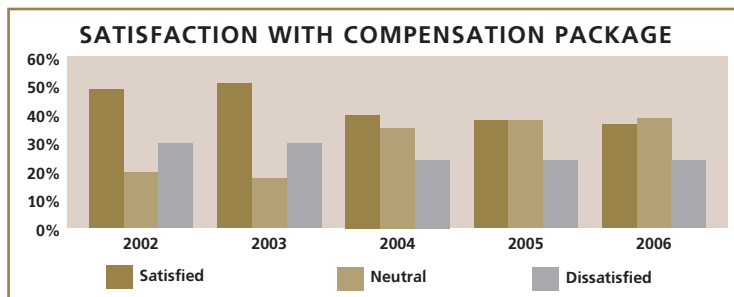
So, how satisfied are they with their overall compensation package? Fewer respondents are dissatisfied or very dissatisfied compared to the first two years of the survey. This year, just 16 percent are dissatisfied and 9 percent are very dissatisfied with their total compensation package. Compare that to the first year of the survey when 20 percent were dissatisfied and 10 percent were very dissatisfied. This year, 15 percent feel very satisfied, 21 percent feel satisfied, and 39 percent are neutral. Back in 2002, 21 percent were very satisfied, 29 percent were satisfied, and only 20 percent were neutral.

“Although 25 percent of respondents aren’t all that happy with their compensation, still an overwhelming majority, if you factor in the neutrals, seem to feel okay about their compensation,” says Schwartz. “It is interesting, however, to see how the number of respondents who feel neutral about their compensation has nearly doubled since 2002.”

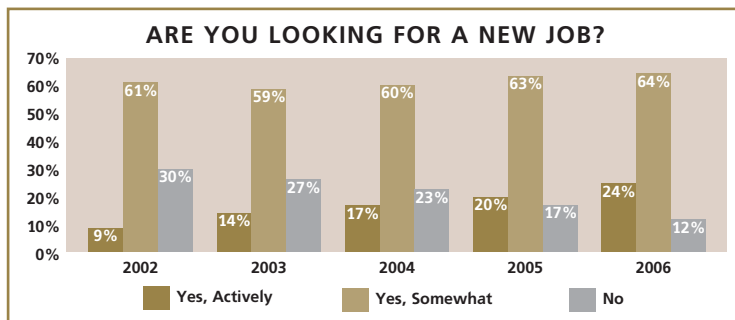
“These are veteran people and know what pressures their employers and the industry are under. So even though they’d prefer to be making more money, they tend to accept the fact that, in many respects, they’ve hit the ceiling for that position,” adds Grandelis.

When asked how content they are with all aspects of their job, 17 percent report being very satisfied, and 23 percent feel satisfied. Both of those responses are down 2 percent from 2005. Another 27 percent feel neutral, up 4 percent from last year. Fully 21 percent are dissatisfied, and 12 percent are very dissatisfied, the same percentages as in 2005.

The industry had a lot more very satisfied and satisfied managers in 2002, 34 percent and 22 percent, respectively. Also that year, only 3 percent were very dissatisfied and 20 percent dissatisfied. Meanwhile, 21 percent said they felt neutral about all aspects of their jobs.



Looking at the dissatisfaction levels, which represent about 33 percent of respondents, Schwartz comments, “I talk to a lot of people in other industries, so it’s not just the copier industry. It’s the nature of every business.”



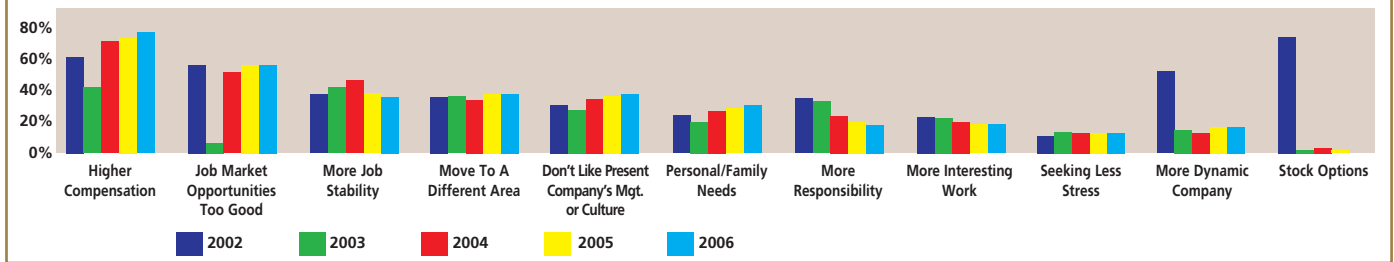
Just Looking

Despite their consistency, this group isn’t as optimistic when it comes to how much longer they’ll remain with their current employer. In 2002 and 2003, respondents said they expected to remain with their current employer 11 and 15 years, respectively. In 2006, they’re saying 6.6 years. That’s a slight increase over the 6.2 years reported in 2005.

The number of managers looking to change jobs has risen over the years. In 2006, 24 percent are actively looking, a 4 percent increase over 2005 and a 15 percent increase over 2002 when just 9 percent were actively looking. The number of managers who are taking a more

passive approach to finding employment elsewhere or are somewhat looking has remained fairly consistent since 2002 with 64 percent somewhat looking, a slight increase over the 61 percent in 2002.

WHY ARE YOU LOOKING FOR A NEW JOB?



Responses by those who say employers are doing a good or fair job have remained fairly consistent since 2002. “Good” responses have ranged from a high of 29 percent in 2002 to a low of 26 percent in 2004 and 2006. Those who rate their employer’s efforts as fair range from a low of 17 percent in 2002 and 2004 to 19 percent in 2003, 2005, and 2006.

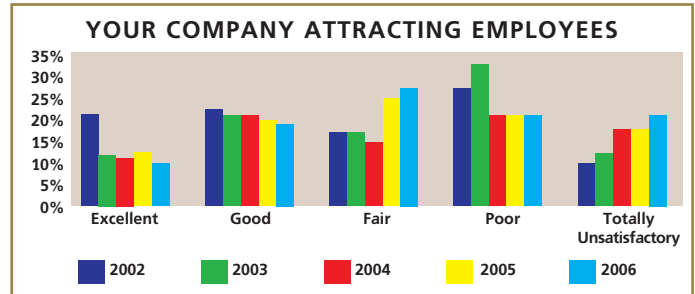
On the retention front, 20 percent of sales managers feel their employers do an excellent job of retaining copier industry employees, compared to 33 percent in 2002. Fully 22 percent reported “good,” about the same as in previous years. In 2006, 28 percent of respondents feel their employers do a fair job, compared to 23 percent in 2002.

The top three reasons managers are looking around include higher compensation (78 percent), better job market opportunities (56 percent), they don’t like the company’s present management/culture (36 percent), and more job stability (36 percent).

Twelve percent say they aren’t looking at all, compared to 30 percent in 2002.

“As consistent as these folks are in their lives, they’re not about to pass up a good opportunity,” says Schwartz. “But because these folks don’t move around a lot, the number of job opportunities available to them is limited at best unless they go outside of the industry. It’s also getting a lot later into their careers, and some of these folks who plan on sticking around another six years or so are probably thinking about retirement.”

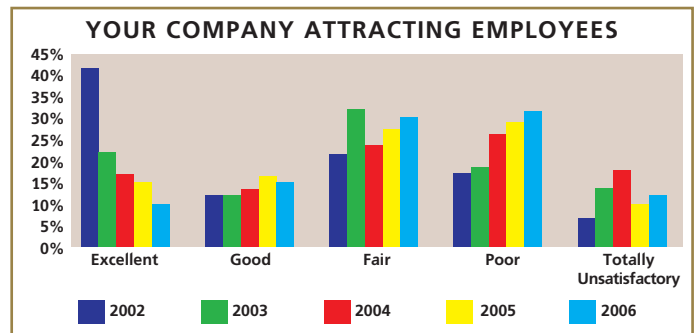
“Many of these positions are filled from within, especially in the operations and service management side,” adds Grandelis. Another issue, he says, at least in some geographic areas is a low unemployment rate. “I think that plays into it too,” says Grandelis.



Grading Their Employers

Are employers doing a good job attracting and retaining copier industry employees? If you ask service managers, employers aren’t doing a very good job at all. Only 10 percent rate their employers’ efforts in attracting copier industry employees as excellent, 20 percent say good, and 27 percent rate those efforts as fair. Fully 21 percent give their employers poor grades in attracting copier industry employees, and 21 percent say those efforts are totally unsatisfactory. The final 1 percent don’t know.

Employers score even lower on their retention efforts. Here, 32 percent of service managers say their employers do a poor job, and 12 percent say their efforts are totally unsatisfactory. On the positive side, 11 percent were rated as excellent in 2006 and 15 percent good. Thirty percent earned a fair report card in the opinion of respondents.



“Right now this industry is driven by service revenues, and I think there’s a lot of pressure on managers to recruit people to fill technical positions,” observes Grandelis. “Plus there’s a shortage of technical talent, which compounds the pressure.”

Final Thoughts

If one can derive anything from the service manager salary survey, it’s that it’s a good bet that most of these folks are going to be in the same position with the same employer next year. Sure, they’ll probably receive a modest bump up in salary. And yes, they’ll probably still have some issues with their employers. After all, this is a stable and consistent group, and things don’t seem to change all that radically in their careers from year to year.

— Scott Cullen has been covering the office equipment industry since 1986.