

# 2008 SERVICE MANAGER SALARY SURVEY

June 2008

## RISING SALARIES AND POSITIVE FEELINGS ABOUT COMPENSATION AREN'T ENOUGH TO KEEP SERVICE MANAGERS HAPPY IN THEIR CURRENT POSITIONS.

By Scott Cullen

**Ask any office equipment dealer what sets it apart from the competition, and the inevitable response will be “service.”**

Historically, service has been the defining factor in an industry where one finds a lot of parity from a hardware perspective.

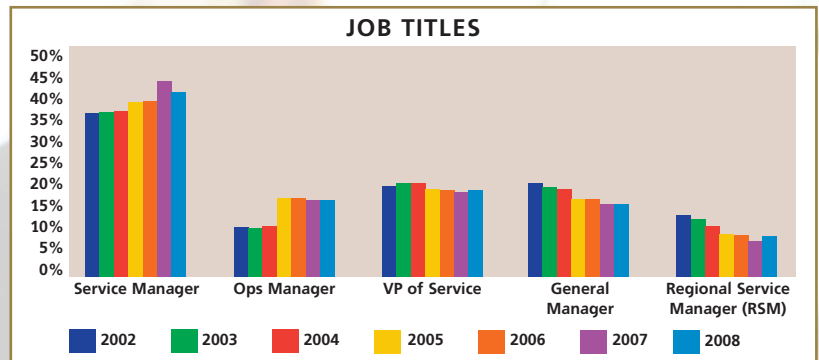
The individual responsible for managing many of the functions within a dealership and ensuring that the organization meets its service and operational goals is the service manager. These people have a lot of responsibility, and their efforts contribute greatly to customer retention and the dealership's overall success.

This third in a series of three salary surveys from Copier Careers has its finger on the pulse of this critical copier industry position. Here's what service managers had to say about their salaries, their jobs, their employers, and their plans for the future.

### WHO ARE THEY?

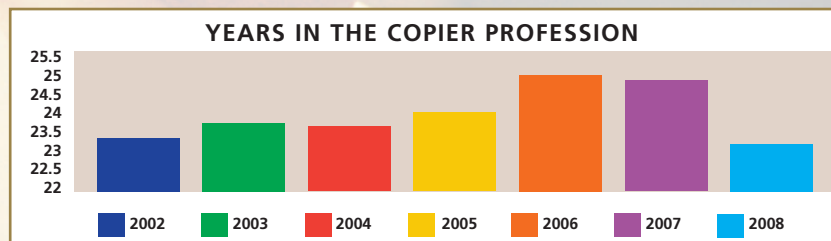
This year's survey had 1,363 respondents. Job titles reflected in the survey include Service Manager (44%), Ops Manager (15%), VP of Service (17%), General Manager (16%), and Regional Service Manager (8%).

All respondents reported that they are responsible for directly or indirectly supervising a significant number of employees. In all, 310 respondents supervise 1-10 people, 301 supervise 11-20 employees, 291 supervise 21-50, and 236 supervise 51-100. Another 84 are responsible for supervising from 101-200 employees, and 141 supervise 201-500 employees.



As expected, the majority of respondents (93%) are male. This is consistent with the numbers from the past few years, although it is down a bit from 2003, when 98 percent of respondents were male.

Nearly three quarters of respondents work for an independent dealership with one location (38%) or a regional dealership with more than one location (33%). The remaining respondents work for a national, publicly-traded sales and service organization (17%), OEM (5%), or a third-party service organization (6%).



Thirty-six percent of respondents work for an organization with yearly revenues between \$1 million and \$10 million. Another 34 percent work for an organization whose yearly revenues are \$10.1 million to \$50 million. The remaining respondents work for organizations with yearly revenues ranging from \$50.1 million to \$100 million (22%) and above \$100 million (8%).

These are veteran copier industry employees, averaging 23.01 years in the industry. That's down slightly from last year, when service managers tallied 24.9 years in the industry.

Service managers report that they've spent 16.8 years with their present company and a total of 4.8 years with a previous employer.

Most respondents expect to remain with their current employers for at least another 7.1 years. That's not as optimistic as respondents in the 2002 and 2003 surveys, who predicted 11 and 15 years, respectively.

“With 23.01 years in the industry and 16.8 years with their present company, many of these folks are well entrenched in their current positions

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and are probably thinking they'll remain there for some time," notes Dave Grandelis, director of recruiting for Copier Careers. "Of course, that optimism is somewhat inconsistent when we ask them whether or not they are looking for another job."

## TIME CARDS

Service managers are working longer hours than ever before. The average work week is now 51.2 hours, up from 49.1 hours last year. Until this year, the average number of hours worked has been fairly consistent, ranging from a low of 48 hours in 2002 to a high of 49.7 hours in 2005.

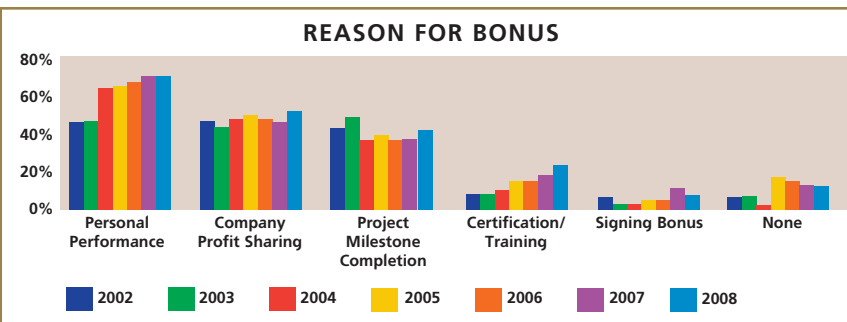
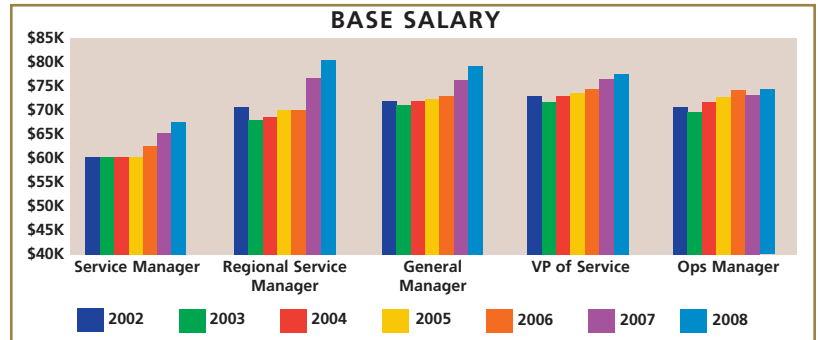
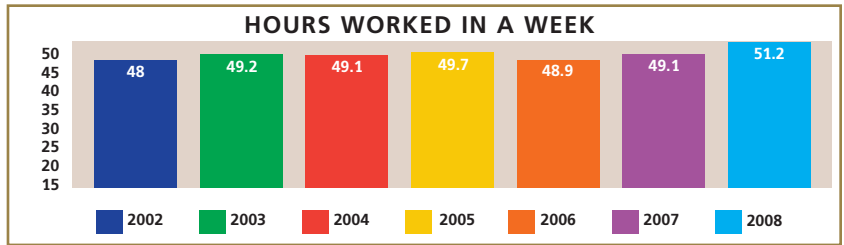
"We're seeing respondents in all of our surveys report that they are working 50 or more hours a week," says Paul Schwartz, president of Copier Careers. "For lack of a better term, it's 'Blackberry Syndrome.' There's no escaping e-mail. Everybody is working more hours now because everywhere you go you have access to e-mail."

## MONEY MATTERS

Annual base salaries vary depending on title. The most lucrative position is VP of Service, with an annual base salary of \$79,621. That's followed by Ops Manager at \$79,063. General Managers are enjoying annual base salaries of \$77,318 and Regional Service Managers receive \$74,021. Picking up the rear are Service Managers, whose annual base salary is \$67,739. Note that these figures represent a national average and can vary dramatically from market to market.

All of these positions have seen an increase in base salary since last year's survey, with VP's of Service enjoying the largest increase at \$2,692, followed by Service Managers at \$2,605, Ops Managers at \$2,002, and General Managers at \$1,441. Regional Service Managers had the lowest yearly increase at \$1,379.

"Salaries have risen 2-4 percent across the board, and those numbers reflect what we've been seeing at Copier Careers," says Schwartz.

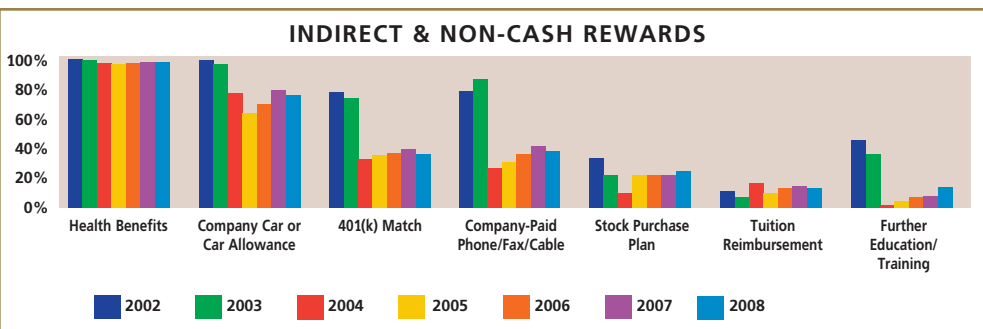


Back in 2002, annual base salaries were:

- Service Manager - \$59,982
- Ops Manager - \$70,392
- Regional Service Manager - \$70,998
- General Manager - \$71,454
- VP of Service - \$72,300

Although the survey doesn't identify specific bonus figures, respondents were asked to identify the reasons they receive bonuses. Seventy-one percent receive a bonus for personal performance. Fifty-four percent receive a

bonus from company profit sharing and 48 percent earn a bonus for completing project milestones. Nineteen percent are awarded bonuses for certification/training. The number of respondents receiving signing bonuses dropped this year from 12 percent to 9 percent, while those receiving retention bonuses grew from 9 percent to 11 percent.



Copier Careers has noticed that employers are more frequently making counter-offers

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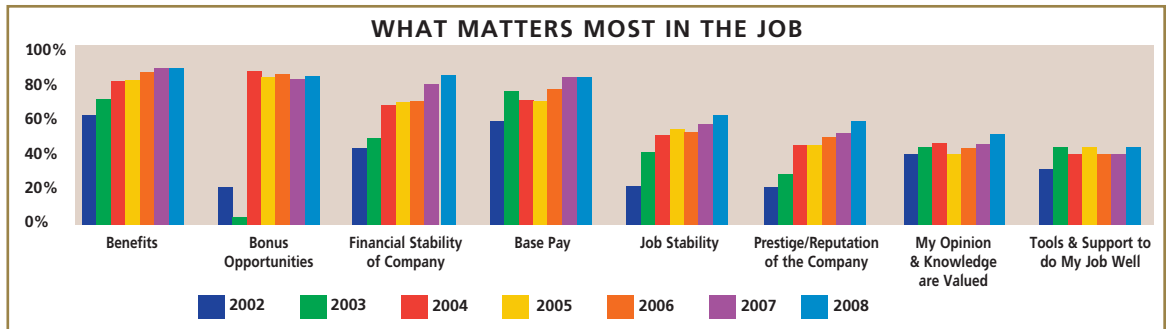
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to employees who threaten to change jobs. These counter offers could be considered a type of retention bonus.

“A couple of days ago, for example, an employer gave his employee a raise to prevent him from leaving,” says Schwartz. “What this says is that the employer didn’t recognize his employee’s value until somebody else did.”

Of the types of non-cash and indirect cash rewards received during the past 12 months, health benefits topped the list at 99 percent, followed by company cars or car allowances (74%), company-paid phone, fax, cable, modem, or DSL lines (36%), 401(k) matches (33%), and stock purchase plans (22%). All together, these awards total \$19,951, up \$985 from last year. In the 2002 survey, this figure topped out at \$28,121.

For those respondents fortunate enough to be granted stock options in the past 12 months, the current estimated value is \$7,099. Adjusted to reflect the changes in the economy and changes in the industry, the estimated value of stock options in 2002 was a significant \$53,234.



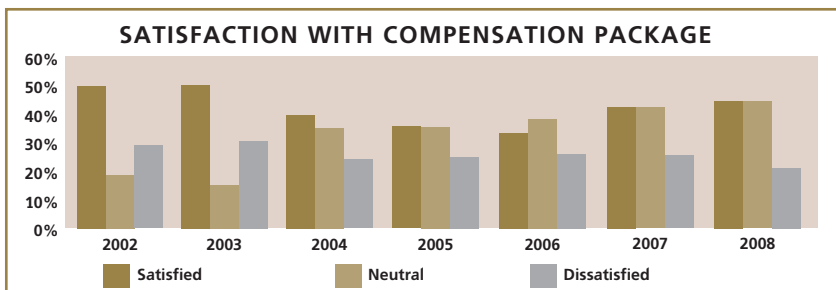
## OTHER MATTERS

When asked to select the seven things that matter most to them about their jobs from a list of 37 options, respondents chose benefits (91%), bonus opportunities (89%), financial stability of company (88%), base pay (81%), job stability (61%), prestige/reputation of company (55%), and recognition for work well done (52%). Rounding out the top 10 responses were “my opinion and knowledge are valued” (48%), “having the tools and support to do my job well” (45%), and involvement in company strategy in setting and determining goals (39%).

The biggest increases over last year were in “recognition for work well done” (13%), “financial stability of company” (7%), “prestige/reputation of company” (6%), and “involvement in company strategy in setting and determining goals” (6%).

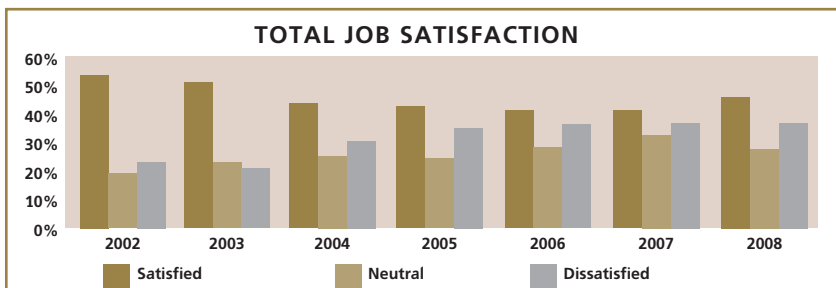
## SATISFACTION LEVELS

Service managers are satisfied with their overall compensation packages. Seventeen percent say that they are “very satisfied” and 22 percent are “satisfied,” while 39 percent are “neutral.” Only 16 percent are “dissatisfied” and 6 percent “very dissatisfied,” down 2 percent from the previous year.



“Many of these people realize that they are well compensated,” says Grandelis. “From what we see here at Copier Careers, those numbers are in sync with what our clients are offering.”

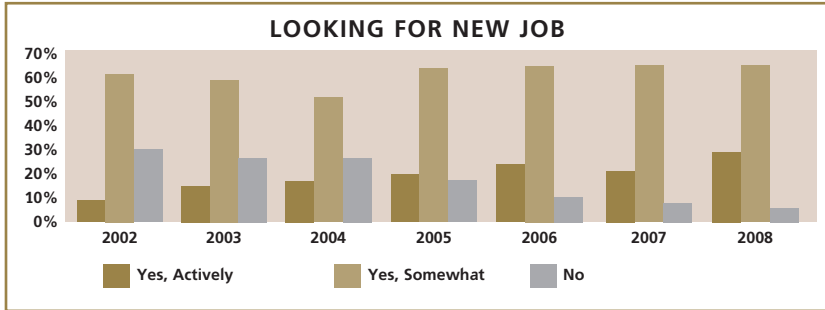
Asked how satisfied they are with all aspects of their jobs including compensation, benefits, and their overall employment relationship, 19 percent of respondents said they are “very satisfied,” 25 percent “satisfied,” and 23 percent “neutral.” The remaining respondents are “dissatisfied” (21%) or “very dissatisfied” (12%).



Those responses aren’t much different from what respondents were saying in 2002. That year, 34 percent were “very satisfied” and 22 percent “satisfied,” with 21 percent “neutral.” Twenty percent of 2002 respondents were “dissatisfied” and only 3 percent “very dissatisfied.”

## LOOKING AROUND

Despite being relatively satisfied with their overall compensation packages, service managers aren't complacent about their employment situation. Twenty-seven percent are "actively looking" for a new position and 65 percent are "somewhat looking". Only 8 percent are not looking. That's down a modest 1 percent from last year. Comparing that to the first year of the survey, only 9 percent were "actively looking" and 61 percent were "somewhat looking". A sizable 30 percent were not looking at all.



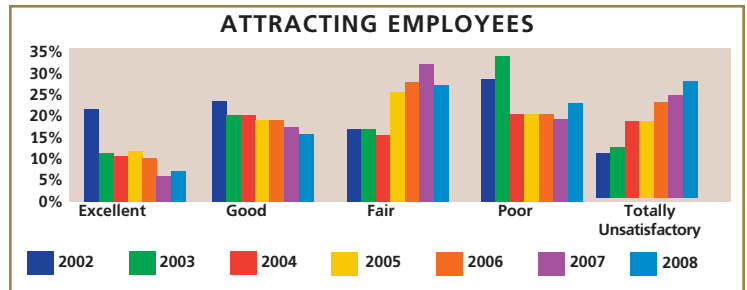
When asked why they are looking, 88 percent of respondents say "higher compensation". Other reasons include "job market opportunities are too good to pass up" (63%), "move to a different geographic area" (44%), "don't like present company's management/culture" (38%), "more job stability" (38%), and "personal/family needs" (29%).

"They're always looking for new opportunities," says Grandelis. "But it's a high-level position and I don't know how many spots there are for people at that level. Once you've got one of these jobs, you usually stick it out."

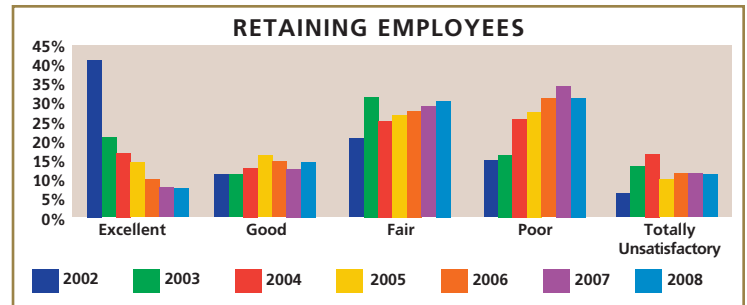
"As the survey matures and candidates advance in their careers, there's kind of a glass ceiling," adds Schwartz. "Where are they going to go?"

## RATING THEIR EMPLOYERS

Like service technicians and sales managers, service managers are critical of their employers. Asked to rate their employers' efforts to attract copier industry employees, only 8 percent of service managers gave their employers an "excellent" rating. Seventeen percent gave their employers "good" grades and 26 percent graded them "satisfactory." Twenty-four percent of service managers rated their employers' efforts to attract employees "poor" and 25 percent rated them "totally unsatisfactory."



"Those poor and unsatisfactory percentages have been rising in recent years. Employers need to work harder to attract copier industry employees to their dealerships," says Schwartz. "A dealership's inability to attract and retain staff can be a real morale buster."



What's most interesting to Schwartz is that these service managers have hiring authority and management authority.

"To some extent, when service managers criticize their employers' recruiting and retention efforts, they're criticizing their own job performance," says Schwartz. "As a recruiter I found that interesting."

## SIGNING OFF

No matter what their titles are, service managers seem to have a good thing going. They're well established in their positions and their salaries continue to rise. Even though they're open to other employment opportunities and feel that their employers could work harder to attract and retain staff, they're generally satisfied.

"Everyone thinks the grass is greener on the other side," says Schwartz. "That's just human nature. But this is a solid, consistent industry, and most service managers are in enviable positions. They've got a lot of reasons to stick with it."

Scott Cullen has been covering the office equipment industry since 1986

Copier Careers <sup>SM</sup>