

2007 Copier Careers Service Manager Salary Survey

These copier industry veterans are doing well financially, but are more and more dissatisfied with their current employment situation.

By Scott Cullen

It's a beautiful time to be a service manager in the copier industry! These folks seem to be doing quite nicely when it comes to base pay and bonuses. But a good paycheck does not always bring happiness. Despite being fairly well compensated, service managers aren't all that content in their jobs and even less content with their employer. At least that's what you discover when you drill down below the surface in the 2007 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.

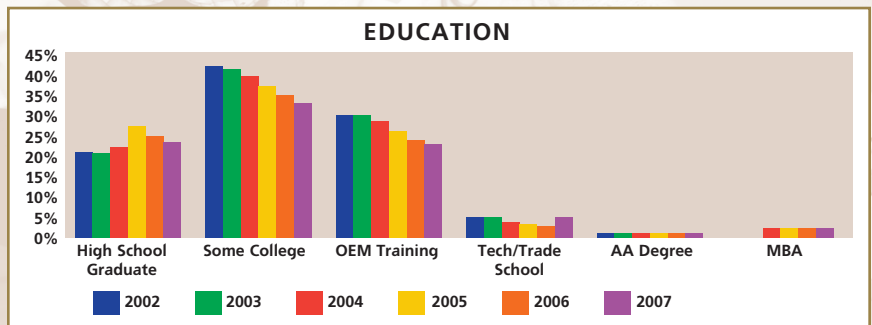
Background Information

The survey reveals salary data for the following service management positions — service manager, regional service manager, general manager, VP of Service, and Ops manager. Respondents are overwhelmingly male (92%) and veterans of the copier industry, averaging 24.9 years in the business. That's down from 25.01 years in the industry noted in 2006, but up from 23.25 in 2002, the first year of the survey. Thirty-seven percent work for an independent dealer with one location, 32 percent for a regional dealership with more than one location while 17 percent for a national publicly traded sales and service organization. Just 8 percent work for an OEM and 6 percent for a third-party service organization.

A little more than one quarter of service managers (25.13%) have at least a high school education while the majority of respondents (35.04%) have at least some college background. Fully 24.30 percent possess OEM training, 4.60 percent have a tech/trade school education, and 2.19 percent have an MBA degree. Barely registering on the survey are those managers with an AA degree (0.75%).

Compared to service techs and sales managers, service managers work less hours, albeit not much less. Although service techs and sales managers worked on average 50 and 51 hours, respectively, service managers say they are logging 49.1 hours per week. In 2002 they worked 48 hours per week.

"There's no such thing as a 40-hour work week in the copier industry," says Paul Schwartz, president of Copier Careers. "Service technicians, sales managers, and service managers — the three positions we track in our salary surveys — are working some serious hours. Obviously, that's expected because these are the positions that help drive the business either directly or indirectly."

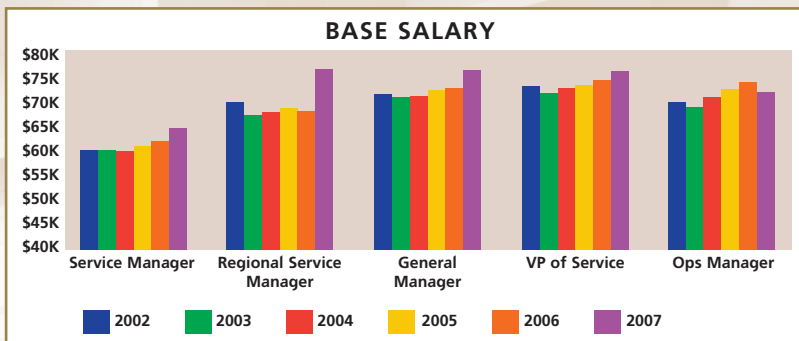


Pay Stubs

As the service management survey has historically revealed, some service management positions pay better than others. The top paying position is a general manager who enjoys an annual base salary of \$77,061. He's followed in descending order by regional service manager (\$76,928.26), VP of service (\$75,877), Ops manager (\$74,629.62), and picking up the rear, service manager (\$65,134).

"Compensation-wise, I think service managers are fairly well paid, especially if the dealer is of average size on down," says Dave Grandelis, director of recruiting for Copier Careers.

The title that has enjoyed the biggest salary increase since 2002 is regional service manager, who has seen his base pay rise a total of \$5,930.26 over a six-year period. The second best increase during this time for a base salary is for general managers who have seen their salaries increase \$5,607 over this same time frame. Meanwhile, service managers and VPs of service have seen their base salaries increase by \$5,152 and \$3,577, respectively. Sadly, Ops managers have only seen their base pay increase by a modest \$2,257.62 since 2002, which averages out to just a \$376.27 a year during the past six years. "Salaries are attractive for these positions, but we haven't seen any big increase in salaries. It's just kind of stagnant," observes Schwartz.



"In many dealerships these guys have hit the ceiling of what the owners can realistically budget for a base salary for this position," observes Grandelis. Nevertheless he predicts salaries will continue

to rise. "As costs go up, whether cost of service or cost of hardware, I think it will increase revenue dollars and ultimately it will keep driving salaries up," he says. "It may not drive them up percentage wise, but throughout the course of the next five or ten years they'll be rising primarily because a lot of these numbers are based on a percentage of a company's revenue."

"I have a client looking for a lead VP of service who is willing to pay \$90,000 and I have a candidate that's good for him, but wants \$110,000," explains Grandelis. "Hopefully, my client will be able to pay that and it will be worth the while in hopes that his revenue will increase \$15 million over the course of the next four years."

Bonus Points

Service managers (all titles combined) average a generous \$18,965.44 in bonuses. That's a \$764.44 increase from 2006, but way down from the \$28,121 presented to service managers in 2002. Note that in 2003, service management bonuses dropped \$11,872 to \$16,259 from 2002. Since 2003, however, bonuses have increased modestly year over year. "Bonuses are typically based on some sort of productivity so at some point it probably plateaus out so you can only grow it so much more," says Schwartz. "Even with bonuses falling dramatically from 2002, some of these guys are still approaching six figures when combining bonuses with base pay, and depending on the market where they work, that's a healthy salary in the copier industry."

Bonuses are earned primarily for personal performance (71%). Other leading reasons for bonus compensation include company profit sharing (50%), project milestone completion (45%), certification/training (15%), signing bonus (12%), and retention bonus (9%). Eleven percent of respondents do not receive a bonus, down 4 percent from 2006.

The Extras

No surprises when looking at the Top 5 indirect cash and non-cash rewards bestowed upon service managers other than #5 – 1. Health benefits (99%), 2. Company car or allowance (78%), 3. Company paid cable/phone/fax/cable modem/DSL lines (39%), 4. 401(k) Match (37%), 5. Stock purchase plan (21%). The current value of stock options is \$7,082, up \$83 from 2006. Of course that's nowhere near the \$53,234 service managers reported in 2002.

When asked to estimate the current value of all current options held, both vested and unvested, no matter when granted, that figure is \$17,527. In 2002 that number was a generous \$72,345.

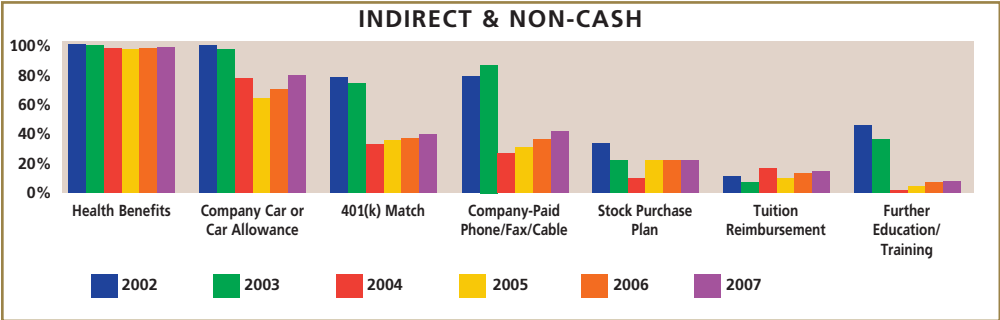
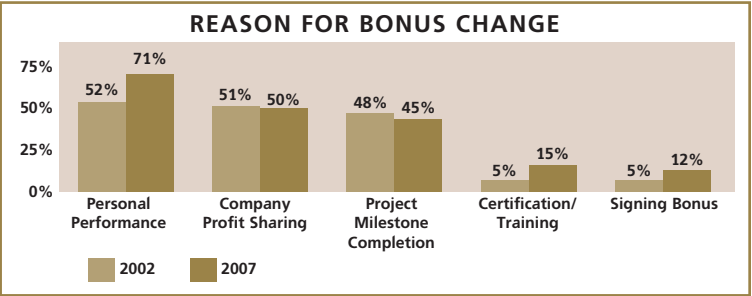
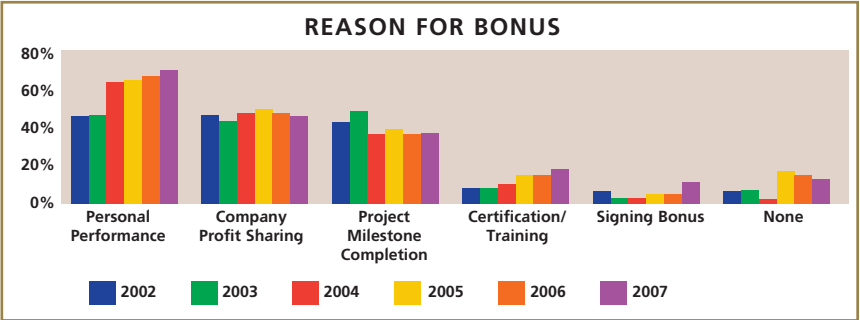
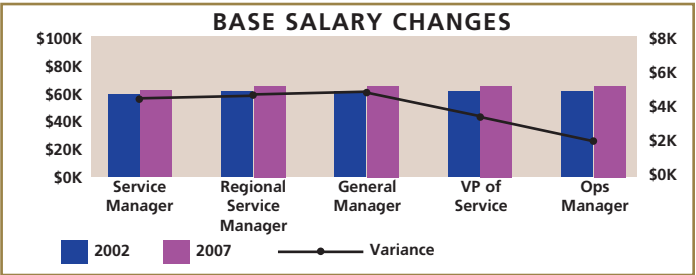
"It looks like they're starting to come back a little bit," says Schwartz. "It could be that or it could be that these guys have reached a point in their careers where they're using the term 'stock options' to indicate equity in the business."

Happiness Is...

When asked how satisfied they are with their current compensation package, 18 percent were very satisfied, 20 percent satisfied, and 38 percent neutral. Sixteen percent were dissatisfied, the same number as last year, and 8 percent very dissatisfied, down 1 percent from 2006. Compare those numbers to 2002 when 28 percent of respondents were very satisfied, 22 percent satisfied, and 20 percent neutral. Also in 2002, 20 percent felt dissatisfied with their overall compensation and 10 percent very dissatisfied.

"What's interesting about this is that the industry had more dissatisfied service managers in 2002 than today," says Schwartz. "One would think with what's happened to stock options since then and a major decline in bonus compensation it would be the other way around. The 38 percent today who feel neutral on this topic compared to 20 percent in 2002 probably represent individuals who may not be thrilled with what they are taking home, but also have a sense of reality in that they see what's happened to the industry during the past six years and are accepting things for what they are."

Asked how satisfied they were with all aspects of their jobs, 19 percent of respondents report they are very satisfied, 22 percent satisfied, and 27 percent neutral. Twenty percent are dissatisfied and 12 percent very dissatisfied.



Compare those numbers to 2002, when 34 percent were very satisfied, 22 percent satisfied, 21 percent neutral, 20 percent dissatisfied, and only 3 percent very dissatisfied.

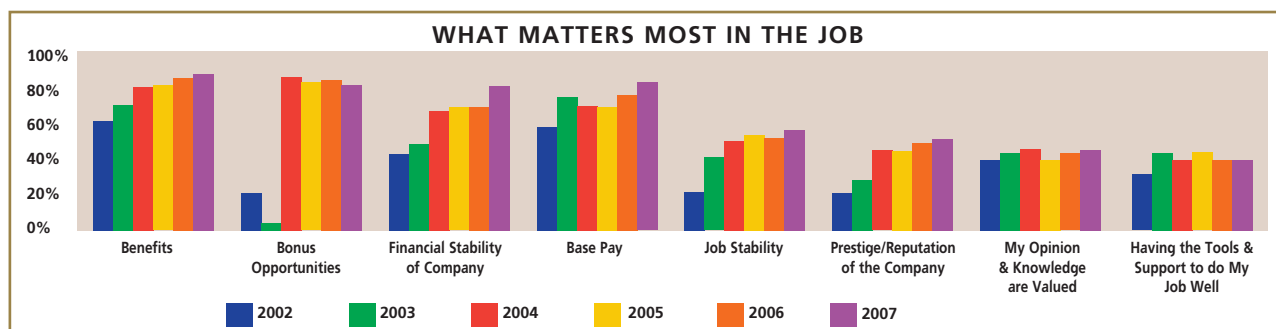
"I think these numbers are very telling," says Schwartz. "Look at 2002 when 65 percent of managers were satisfied and today it's down to 41 percent. If I were an owner I'd want to know what's changed with these guys and what I can do to make it better."

That said, dissatisfied service managers have limited options. "I think the reality overall is that they've been well compensated for a very long time," notes Schwartz. "The other reality is that even though they're dissatisfied, what are they really going to do about it? I don't think they're going to move to another industry right now and take all that experience and start all over again."

"I placed an operations manager with one of the OEMs recently and he left for a position because they were giving him more control to structure the team because that was something about the job that really mattered to him," recalls Grandelis. "I think at this level it almost becomes 'How much control do I have to affect the bottom line?' and maybe that's why those dissatisfaction numbers are higher. They appreciate the compensation but aren't given the authority they're looking for to implement their ideas or drive revenue."

All That Matters

When asked what matters most about their jobs, the top response is benefits (91%), followed by bonus opportunities at 87 percent. The latter is up from 68 percent in 2002. Also ranking high with service managers are base pay and financial stability of company, both tied at 81 percent. Rounding out the list of top ten things that matter are job stability (58%), prestige/reputation of company (49%), my opinion and knowledge is valued (46%), having the tools/support to do my job well (42%), recognition for work well done (39%), and job stability (38%).

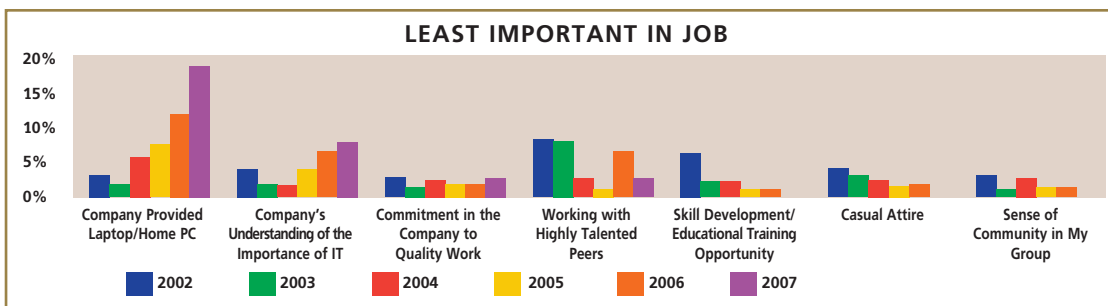


The biggest variations in the things that matter besides the 68 percent for bonus opportunities from 2002 to 2007 are job stability (up 38%), financial stability of company (up 37%), and benefits (up 29%). Looking at the responses that went down from 2002 to 2007, the three biggest variations can be found in stock options (down 26% from 28% in 2002 to 2% in 2007), potential for promotion (down 23% from 29% in 2002 to 6% in 2007), and telecommuting/working from home (down 20 percent from 31% in 2002 to 11% in 2007).

"Job stability and financial stability of company are no doubt important to these managers who have been in the industry a long time and probably have no real intention of moving onto another position elsewhere," says Grandelis.

Nowhere to Run?

With nearly 25 years of service in the industry, one would think that most of these folks have nowhere to go, but that's not preventing them from keeping their options open. Fully 21 percent are actively looking for another job, down 3 percent from last year, but up 12 percent from 2002. Sixty-four percent are somewhat looking, which translates into a more passive approach when it comes to a search, meaning if something were to fall into their lap or the right offer came around, they'd consider it. Just 9 percent say they're not looking. That's down 3 percent from last year and 21 percent from 2002 when 30 percent of respondents said they weren't looking at all.



"Realistically, I don't think these managers really want to make a move, but they're probably dissatisfied enough with their employer to listen to any and all offers even if they're not likely to accept," notes Grandelis. "If they do want to leave, a search is going to take some time. It's not going to be overnight to find another position, especially if they want to stay in the industry. Plus a lot of them are unable to relocate, depending on where they are in life. If the kids are grown and out of the house, they may be able to move and that broadens their prospects. But if they're trying to stick within a 100-mile radius, it really shortens their leverage on what they can do to obtain another position."

Employer Scorecard

As we've seen in the service technician and sales manager surveys, employers aren't getting very good grades for their efforts at attracting and retaining employees. In 2007, only 7 percent of employers received a top grade of excellent from their service managers when it comes to attracting copier industry employees. Looking back at 2002, 22 percent earned excellent ratings. Also this year, 19 percent of employers were ranked good and 31 percent fair while 20 percent and 23 percent earned poor and totally unsatisfactory rankings, respectively for their attraction efforts.

The total percentage of employers receiving poor and totally unsatisfactory grades is nearly identical to last year, and up a total of 6 percent from 2002. However, the big variation between 2002 and 2007 are for those employers who were given totally unsatisfactory ratings. That number jumped from 10 percent in 2002 to 23 percent in 2007.

Employers don't do much better when it comes to retaining copier industry employees. A modest 9 percent earned an excellent in 2007 compared to 41 percent in 2002, a 32 percent variation. Fully 13 percent of employer's retention efforts were rated good nearly identical to the 12 percent in 2002. Thirty-one percent received a fair rating, up 9 percent from 22 percent in 2002. A whopping 35 percent of employers earn a poor rating for their retention efforts while 12 percent are rated totally unsatisfactory. Compare that to 2002 when 18 percent of employers earned a poor rating and a modest 7 percent a totally unsatisfactory.

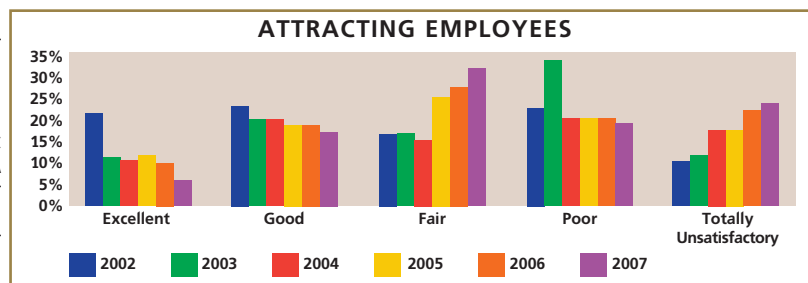
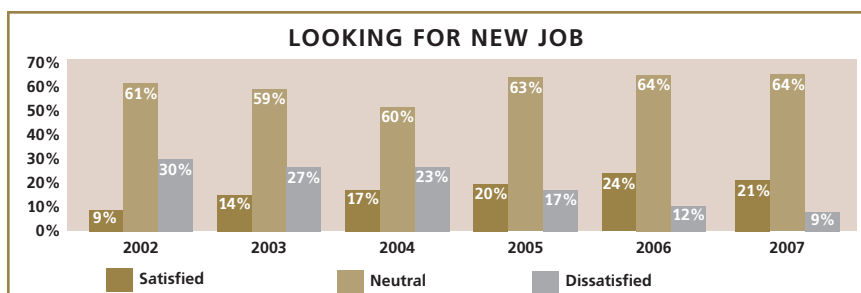
"The majority of these people work for small and medium-size dealers and their perception is that the owners don't give them enough to work with," says Schwartz. "But in many dealerships, service managers are the folks in charge of recruiting and retaining, so in some respects these responses are almost like a review of themselves."

Or, as Schwartz notes, it could be that these folks believe the copier industry just doesn't stack up to others and that they are losing people to other industries. "It could also be that they've been in the industry for so long that their perception is that people don't hop from position to position and the new reality is that people do hop from position to position?" observes Schwartz

Anecdotal evidence out of Copier Careers suggests that this may indeed be the case. It's not unusual for Copier Careers to present a candidate who has been with an IKON or a Danka for five or six years and then with an independent dealer for another five to six years to a client, and the response we get back from the client is that they're a job hopper. "That's the reality of the marketplace these days," says Grandelis.

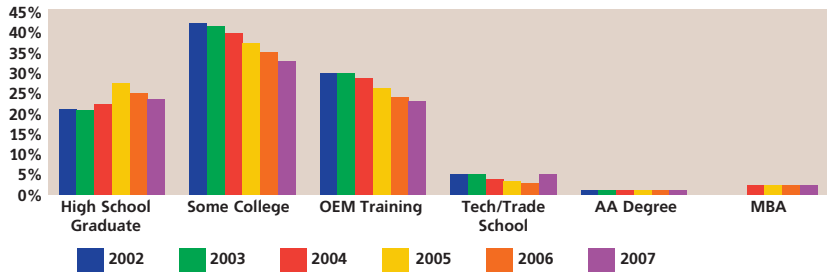
The Sum of Their Parts

Service managers represent veterans of the office equipment industry and have likely seen it all in their 25+ year careers. They've seen good times and bad times and everything in between. All things considered, these are pretty good times to be a service manager. Although their current compensation package is pretty darn good, they have more issues with their employers than they did six years ago. Some of those issues may be related to evolutionary changes in the industry and may not be reflected in the responses of the next generation of service managers. On the other hand, those same issues with employers could very well be passed down from one generation of service managers to the next so that the more things change, the more they remain the same. Time will tell.

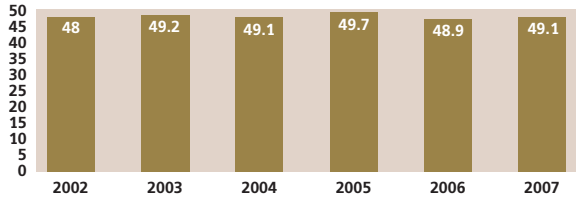


Scott Cullen has been covering the office equipment industry since 1986.

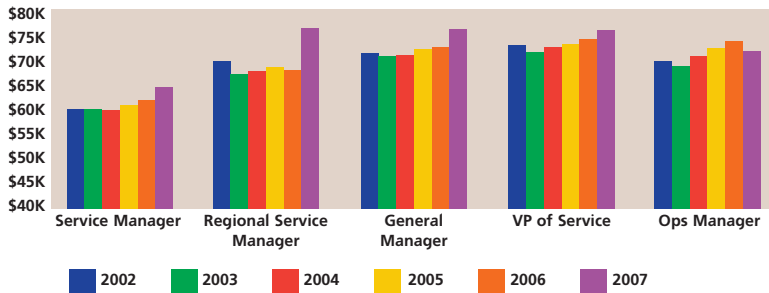
EDUCATION



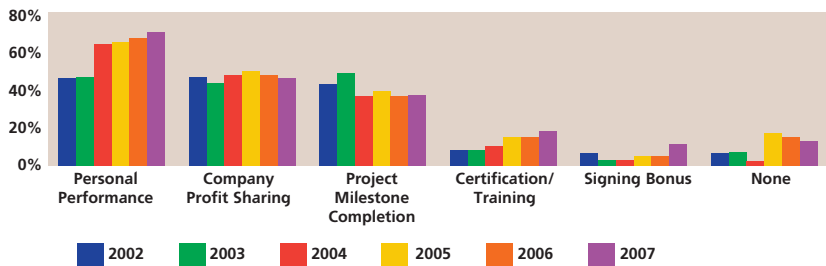
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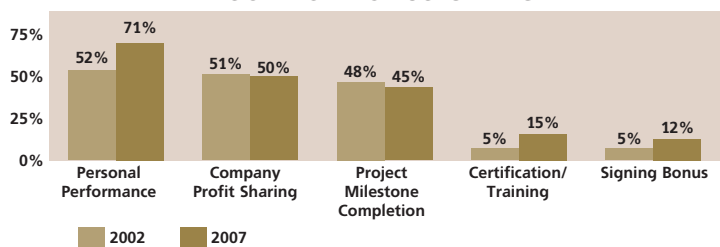
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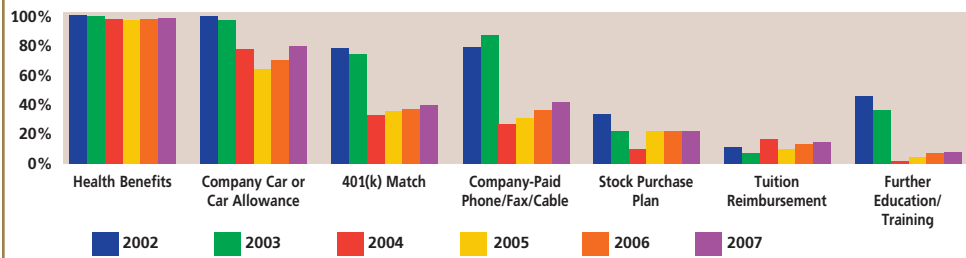
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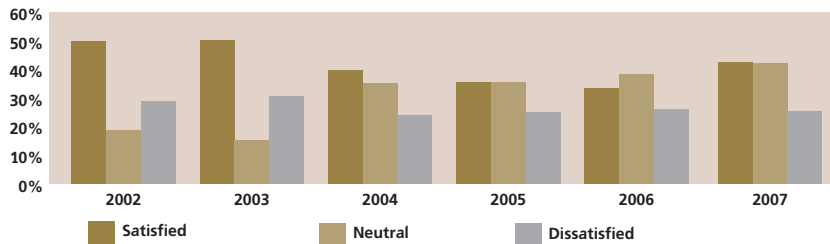
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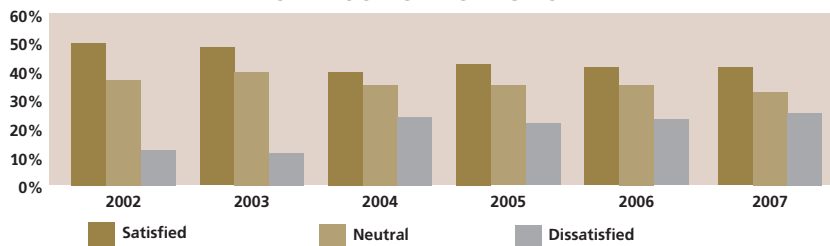
INDIRECT & NON-CASH



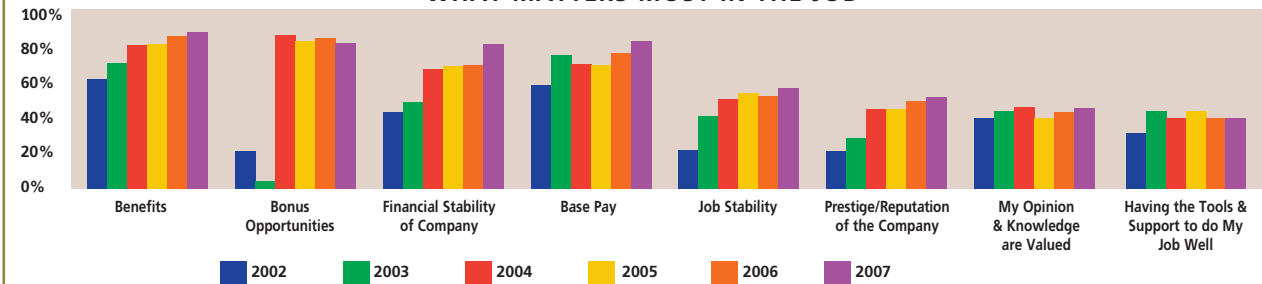
SATISFACTION WITH COMPENSATION PACKAGE



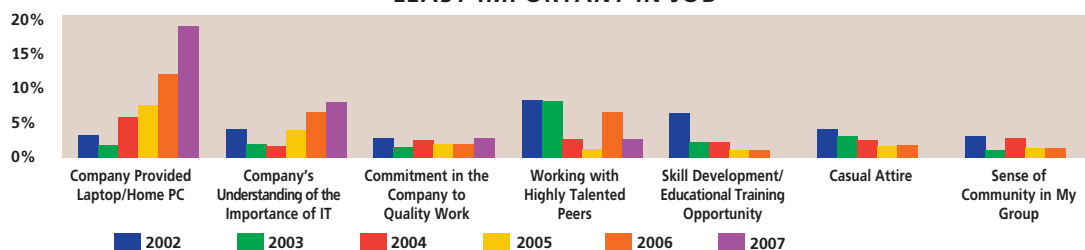
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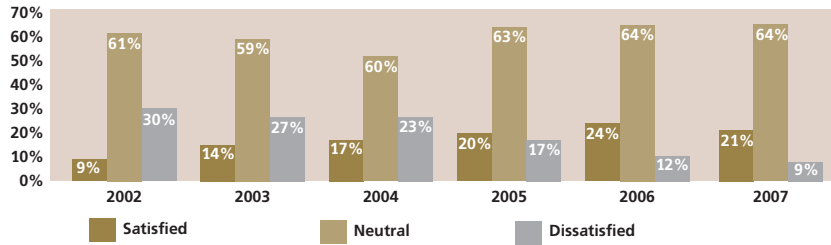
WHAT MATTERS MOST IN THE JOB



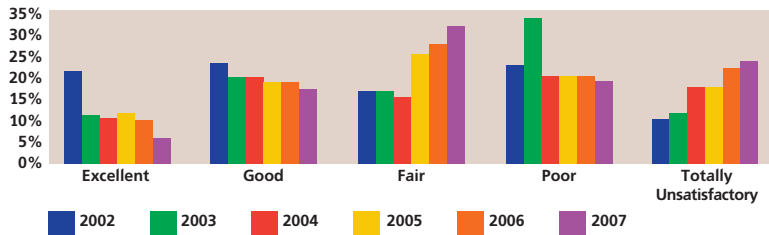
LEAST IMPORTANT IN JOB



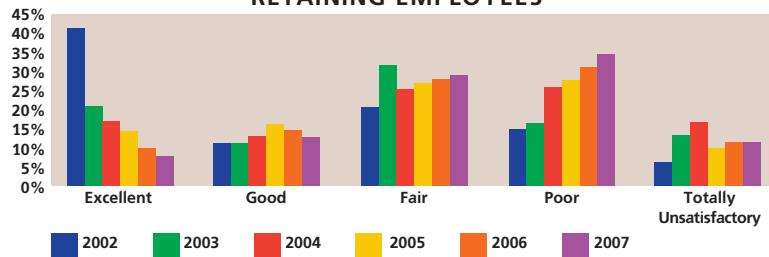
LOOKING FOR NEW JOB



ATTRACTING EMPLOYEES



RETAINING EMPLOYEES



BASE SALARY

