

## A Review of the 2011 MCAA Compensation Report

Companies in the process control industry are adapting to a changed economic environment. Having lost jobs in 2008 and 2009, we hear from many that the industry is hiring again (although finding qualified technical talent is increasingly difficult). Over the past two years, salaries were frozen and base rates were reduced so that employees could be maintained during the worst of the economic downturn. What we see in the 2011 MCAA Compensation Report are companies who have restored some salaries but, more importantly, are increasingly compensating their employees through much higher incentive payments rather than base rate increases. We've included some of the details in the job category review below.

Despite the fact that our participant base was 6% smaller this year and did not include some larger companies, the overall number of incumbents covered by the report was only down 7%. Our review of the data shows that in four of the six major job categories, overall compensation was up anywhere from 6%-17% over 2010. The reporting for both Manufacturing Engineers (3 positions) and Software Engineers/Programmers showed both base rates and overall compensation down compared to 2010. Significantly fewer Software incumbents were reported this year while more Product Design and Development incumbents were reported, most likely attributable to the composition of the participant base.

As a caveat as to comparability, readers should note two key things about this report:

1. Although the total number of companies participating in the report remained relatively constant, there was a change in the composition of the participating companies with eight companies reporting this year who did not do so in 2010. Eleven 2010 participants elected not to contribute this year. Timing was an issue for some companies this year; MCAA is considering an update of the report in the October time frame.
2. The numbers of reporting companies in each job was different this year as were the numbers of incumbents reported.

With these thoughts in mind, however, we also feel that—over the many years of this study—we have seen a reasonable consistency in the data, despite the changing mix of participating companies year to year and we feel that largely pertains this year as well. In our General Compensation section we learned the following about the participating companies:

- The participating companies reported a full-time total employee population of 8,011 including both salaried and hourly workers. This is a 2% increase over 2010. Those included in the compensation report covering salaried employees number 2,453 or 31% of the workforce.
- Salary freezes which affected 51% of the participating companies in 2010 were largely lifted in 2011 (only 6% of reporting companies indicated any salary freezes during 2011).
- In this reporting population, 77% of the employers have some incentive plan for employees (up from 69% in 2010).
- *Company* performance was again the most important factor in determining compensation adjustments (according to nearly 90% of participants). Other factors included Regional factors/surveys, COLA and group performance (in that order).
- Employers indicated they allocate the “money pool” in annual budgets with an average of 81% for merit or performance increases, 28% available for market adjustments and about 13% earmarked for promotions. Because there are multiple options, these averages won't total 100% but the breakdown is useful.

The annual report published by MCAA is targeted at salaried positions but does include an annual hourly wage rate section for both regular and temporary workers. The 51 companies who contributed data reported an average hourly rate for regular hourly employees of \$16.39 (up 1.6% from the prior year). The average population of hourly employees was up 14% from 65 in 2010 to 74 in 2011. Half of the companies again reported using temporary hourly workers and paid them an average rate of \$12.75 (an increase of 8%) with an average 31.3% agency add-on.

The report covers five job categories:

**General Management Personnel**—25 positions are reported here from CEO averaging over \$200,000 down to Metrologist Managers averaging just over \$45,000. There was an average increase in base salary for this group of 5% with only six positions showing base rates less than 2010. Meanwhile, the average total compensation (including incentives of all kinds including commissions) for the group increased a substantial 17% over 2010 levels as companies started to restore reductions and restrictions during the prior two years.

**Field Sales and Service**—This category includes 18 positions ranging from Key Account Managers and Regional Service Managers averaging \$95,000 in base pay down to Service Technicians whose base rates averaged just over \$52,000. The average base rates of this group decreased 2% while total compensation increased an average 6%. Five of the 18 positions had lower base rate salaries. Again this year, however, fewer incumbents were reported in this category.

**Technical marketing & Sales Support Personnel**—Represents 11 positions and salaries ranging from Product Sales Manager at over \$98,000 base down to Inside Sales Specialist at just over \$50,000. Only one position showed a decrease in base rates from 2010 with the average change for the group up 6%. Total Compensation was up 14% for the group. In this category, we continue to see a shift to reward through higher incentive payments.

**Product Design & Development**—Covers six positions and ranged from Engineering Supervisor at over \$100,000 down to Design Engineer Level 4 at just over \$58,000. The category reports an increase of 5% in base salaries and an average increase of 13% in total compensation. Reversing the experience from 2010, the incumbent population returned to 2009 levels as companies begin to spur R&D during this market recovery period.

**Manufacturing Engineering Personnel**—Includes three positions where the base salaries fell against 2010 levels by 15% and, unlike other categories, was not helped much by incentive pay since total compensation dropped an average of 13%, spurred largely by lower compensation for the employees with the least tenure or experience (i.e. the lowest of the three levels reported).

**Software Personnel**—Includes eight positions for systems and application engineers and programmers. There was a decrease in the number of incumbents reported here (again likely attributable to the nature of the reporting population). Base rates fell 11% compared to 2010 and total compensation was down an average of 7%. Results in this category might be the least comparable to the 2010 data.

The MCAA Survey is conducted each summer and published in August. In an Excel spreadsheet format, each of the jobs reported includes information on the numbers of companies matching the defined responsibilities, the overall percentiles and salary ranges. For comparative purposes the data is stratified for 4 groups by sales volume size showing percentiles, weighted and unweighted base rates, incentive and total compensation. Where possible this same information is arrayed for regional breakdowns based on the specific locations of the 2011 reporting population. To add insight, the report also shows other position titles reported by participating companies. Only member companies contributed data in 2011 but participation is open to non-members for a \$2,500 fee. Member participation is included in dues paid to MCAA.

MCAA provides resources to the world's leading process control suppliers. The Association exists to help the management teams of process and factory automation product and solution providers run and grow successful businesses by offering timely, unique and highly specialized resources acquired from shared management benchmarks and strategies—like the annual Compensation Report and biennial Benefits Report (next scheduled for 2012)—where proprietary company information is secure. The 2012 report will be fielded in May 2012 and will include the biennial Benefits Survey. To assist members, an update to the Compensation Report is planned for October 2011. For more information contact MCAA at [mcaa@measure.org](mailto:mcaa@measure.org) or (757) 258-3100.



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