



Sophie Fleming
& Associates

2010 SALARY BUDGET SURVEY

BARRIE & AREA



**Greater Barrie
Chamber of Commerce**

FEBRUARY 2010

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BARRIE & AREA

Conducted by
Sophie Fleming & Associates
and the *Greater Barrie Chamber of Commerce*
February 2010

Summary

Sophie Fleming & Associates, in collaboration with the Greater Barrie Chamber of Commerce conducted the second annual salary budget survey for organizations in and around Barrie. A total of 57 organizations participated in the survey, which gathered data on projected 2010 salary increase budgets, as well as 2009 actual salary increase budgets.

Of the survey participants, more than half (56%) indicated that they will increase salaries in 2010, while 26% plan to freeze salaries in 2010. The remaining 18% have not decided at this point what their salary budget increase will be. These results are very similar to 2009 results, as organizations continue to struggle with the slow pace of the economic recovery.

Of the 56% who plan to increase salaries in 2010, they plan an average overall budget increase of 4.1%, which is slightly higher than what we observed in 2009 with the same survey. The projected average overall salary increase budget in 2009, for those who planned to provide raises, was 3.7%.

Survey Methodology

In December 2009, the Greater Barrie Chamber of Commerce sent electronic notification to all its members, inviting them to participate in this survey on-line. Sophie Fleming & Associates also sent notification to a number of organizations in and around Barrie, inviting participation.

Each participant confidentially provided data on their 2009 actual salary increase budgets, and their 2010 projected budgets for management, salaried non-management, hourly non-union and hourly union employees. They also provided information on the type of salary increase approach used. Finally, each participant was asked to provide some demographic data, specifically their industry, number of employees, location, and whether or not they are unionized.

The data was collected by the Greater Barrie Chamber of Commerce through January 29, 2010, and then forwarded to Sophie Fleming & Associates for analysis. The data was carefully reviewed, and where necessary, participants were contacted by Sophie Fleming & Associates to clarify the data provided.

Statistics were calculated and reported wherever we had 3 or more participants providing data. To protect confidentiality, we calculated the average when we had 3 or more observations, the median when we had 5 or more observations, and the 25th and 75th percentiles when we had 7 or more observations. Where there was insufficient data to report statistics, a "*" is indicated in the tables.

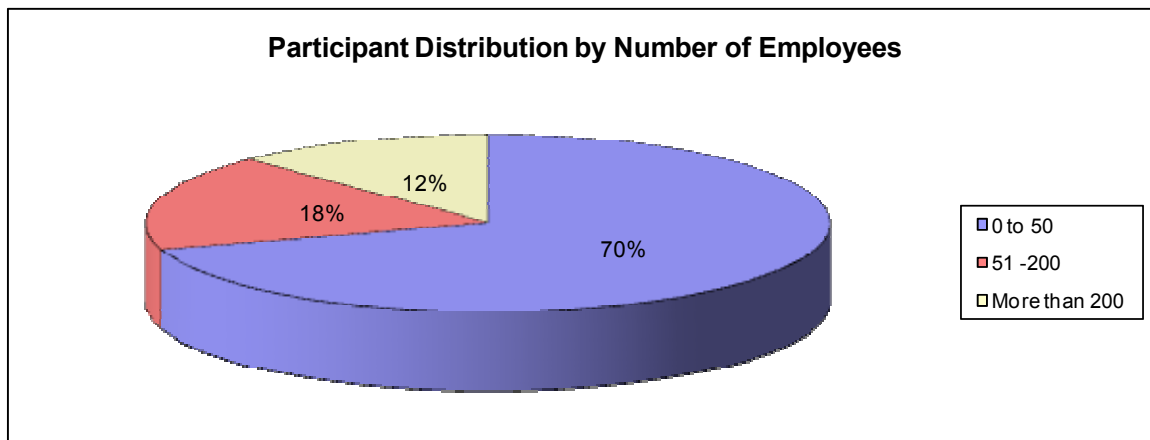
We conducted analyses for separate data cuts in addition to the "all participants" data cut. They are:

- All organizations located in Barrie;
- All manufacturing organizations;
- All public sector organizations;
- All service organizations;
- All organizations with 50 employees or less;
- All organizations with 51 to 200 employees;
- All organizations with 201 or more employees.

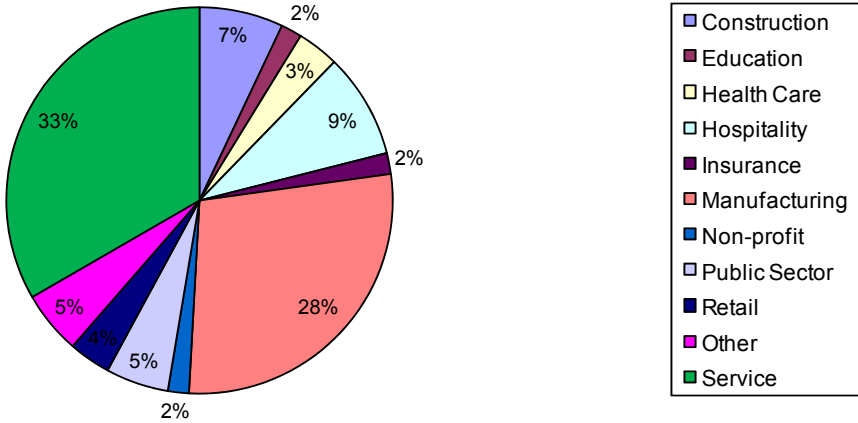
Participant Demographics

Fifty-seven organizations participated in the survey this year, ranging in size from 1 to just over 1,600 employees. Of the 57 participants, 9 are unionized and 48 are not. The majority of respondents (72%) are located in Barrie. The remaining participants are located in Alliston, Blue Mountain, Bracebridge, Bradford, Collingwood, Gravenhurst, Innisfil, Midland, Orangeville, Orillia, Rama, and Shanty Bay.

The following charts illustrate the distribution of participants by number of employees and industry:



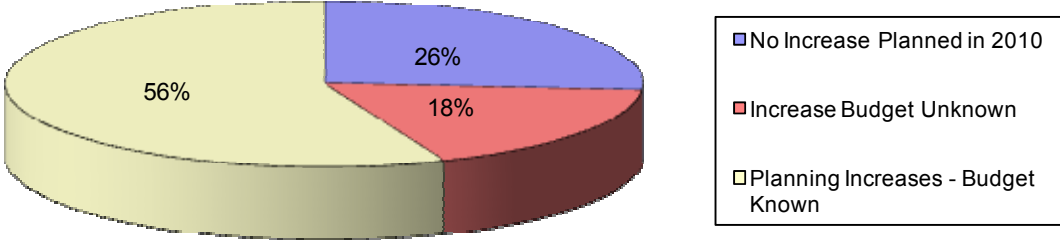
Distribution of Participants by Industry



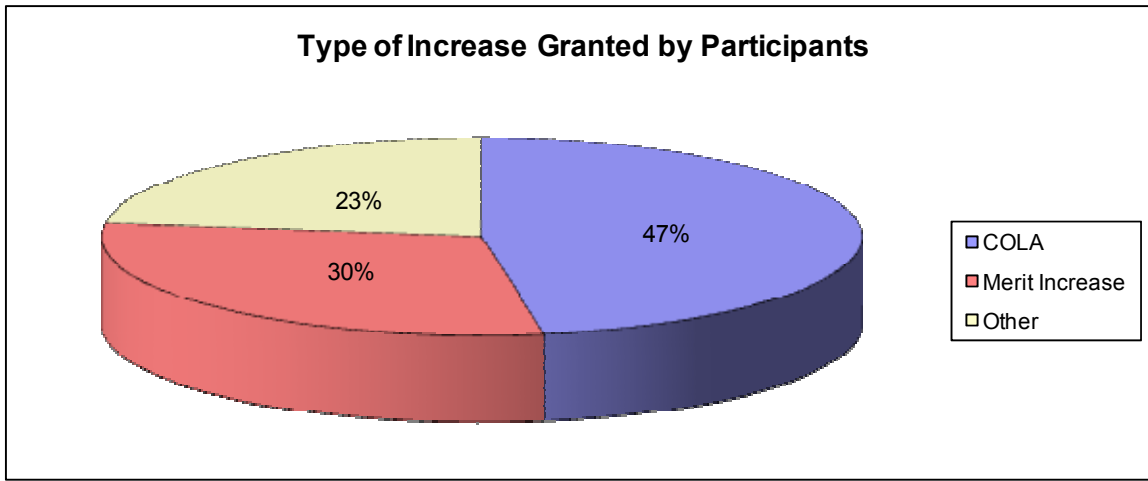
Results

According to this year’s survey, more than a quarter of survey participants are planning to freeze salaries in 2010. As expected again this year, some organizations planning to freeze salaries in 2010 may still provide modest increases on an exception basis to some deserving employees (top performing employees or employees who are clearly paid a low salary compared to market rates). More than half of the survey respondents have an estimated or approved budget for salary increases in 2010, while 18% of the survey respondents indicated that they plan to raise salaries but have not yet determined their budget.

Are Barrie Area Organizations Increasing Salaries in 2010?



Cost of Living Adjustments (COLA) are the most prominent type of salary increases granted by organizations participating in this year's survey, followed by Merit Increases (percent increase varies by employee and is determined based on performance).



The next tables display the detailed survey results for various data cuts. “*” denotes insufficient data to report.

RESULTS FOR ALL ORGANIZATIONS

2009 Actual Salary Increase Budgets (Includes "0%" Increases)					
	Overall	Management	Salaried non-management	Hourly non-union	Hourly union
25th Percentile	0.00%	0.00%	0.00%	0.00%	2.25%
Median	1.50%	0.00%	0.00%	0.00%	3.00%
75th Percentile	3.00%	2.00%	1.00%	2.75%	3.04%
Average	2.08%	1.03%	0.96%	1.61%	2.53%

2009 Projected Salary Increase Budgets (Includes "0%" Increases)					
	Overall	Management	Salaried non-management	Hourly non-union	Hourly union
25th Percentile	0.00%	0.00%	0.00%	0.00%	*
Median	2.00%	0.75%	1.00%	0.00%	*
75th Percentile	3.50%	3.13%	3.00%	2.50%	*
Average	2.41%	2.06%	1.89%	2.00%	*

2010 Projected Salary Increase Budgets (Excludes "0%" Increases)					
	Overall	Management	Salaried non-management	Hourly non-union	Hourly union
25th Percentile	2.00%	2.00%	2.00%	2.00%	2.25%
Median	2.50%	2.10%	2.00%	2.50%	3.00%
75th Percentile	5.00%	2.88%	2.50%	5.50%	3.00%
Average	4.05%	2.85%	2.49%	3.61%	3.50%

2010 Projected Salary Increase Budgets (Includes "0%" Increases)					
	Overall	Management	Salaried non-management	Hourly non-union	Hourly union
25th Percentile	0.00%	0.00%	0.00%	0.00%	0.00%
Median	1.00%	0.00%	0.00%	0.00%	2.25%
75th Percentile	3.00%	2.00%	1.00%	2.00%	3.00%
Average	2.24%	1.14%	0.72%	1.49%	2.45%

RESULTS BY INDUSTRY (Excludes 0% Increases)

	2009 Overall Actual Budget			2010 Overall Projected Budget		
	Manufacturing	Public Sector	Services	Manufacturing	Public Sector	Services
25th Percentile	0.00%	*	0.00%	*	*	2.00%
Median	0.00%	3.00%	2.00%	*	*	2.75%
75th Percentile	0.90%	*	4.50%	*	*	10.00%
Average	1.29%	3.13%	2.52%	1.83%	2.41%	4.96%

RESULTS BY EMPLOYEE SIZE (Excludes 0% Increases)

	2009 Overall Actual Budget			2010 Overall Projected Budget		
	1 - 50 employees	51 - 200 employees	201 + employees	1 - 50 employees	51 - 200 employees	201 + employees
25th Percentile	0.00%	0.00%	0.25%	2.13%	*	*
Median	2.00%	0.00%	1.50%	3.50%	*	*
75th Percentile	4.25%	1.88%	2.55%	7.63%	*	*
Average	2.60%	0.44%	1.44%	4.89%	2.42%	1.83%

RESULTS FOR BARRIE ORGANIZATIONS ONLY

2009 Actual Salary Increase Budgets					
	Overall	Management	Salaried non-management	Hourly non-union	Hourly union
25th Percentile	0.00%	0.00%	0.00%	0.00%	*
Median	2.00%	0.00%	0.00%	0.00%	*
75th Percentile	4.00%	0.00%	0.00%	2.25%	*
Average	2.51%	1.08%	0.88%	1.59%	2.76%

2010 Projected Salary Increase Budgets (Excludes "0%" Increases)					
	Overall	Management	Salaried non-management	Hourly non-union	Hourly union
25th Percentile	2.00%	2.00%	1.50%	2.00%	*
Median	3.25%	2.35%	2.00%	3.00%	*
75th Percentile	7.25%	3.69%	2.50%	8.00%	*
Average	4.75%	3.33%	3.00%	4.33%	*

2010 Projected Salary Increase Budgets (Includes "0%" Increases)					
	Overall	Management	Salaried non-management	Hourly non-union	Hourly union
25th Percentile	0.00%	0.00%	0.00%	0.00%	*
Median	1.00%	0.00%	0.00%	0.00%	*
75th Percentile	3.63%	2.00%	0.00%	1.50%	*
Average	2.58%	1.14%	0.60%	1.36%	*

Commentary

The average projected 2010 salary increase budget for survey participants seems to be, this year again, higher than the general expectation for Canada and Ontario. The Conference Board of Canada is projecting that salaries will increase by an average of 2.7% for employees in Canada in 2010, and slightly less than that in Ontario. The slow pace of the economic recovery is responsible for organizations continuing to exercise caution with respect to any expense increase, including payroll expense.

Organizations in the service sector are planning higher salary increase budgets than the overall survey average, while manufacturing organizations will experience, on average, more modest increases in 2010.

When looking at salary increase budget differences based on organization size, smaller organizations seem more aggressive at budgeting for salary increases in 2010 than larger organizations.

As is usually the case for salary increase budgets, the actual 2009 salary increase budgets for Barrie and area was, on average, slightly lower than the projected budgets. This is a normal expectation, and organizations still pondering their budgets for 2010 salary increases should consider this; organizations looking to keep pace with the market while adopting conservative salary increase budgets in 2010 should discount the 2010 survey projections slightly.

With compensation dollars in short supply again in 2010, HR professionals and business leaders must continue to look at creative ways to allocate their salary increase budgets to focus on a strategy of retaining and motivating the best employees, and ensuring that they still keep pace with the labour market to be well positioned to attract and retain the best talent when the economy truly recovers.

Here again are some of those strategies:

- Move away from COLA (cost-of-living adjustments), which are increases granted across the board to all employees, evenly and without regards to actual employee contribution to the organizations. These types of increases are easy to administer and give employees a perception that their salary is keeping pace with the cost-of-living. However, research over the past 45 years shows that linking salary increases to inflation measures is an automatic inflator of compensation costs. And higher compensation costs (the largest or second largest for most organizations) lead to higher production costs, which companies need to cover through higher consumer prices or workforce reduction (contributing to unemployment) to ensure survival and profitability.
- Instead of across the board increases, consider salary increases granted to employees based on their contribution to the organization; as such, top performers can earn increases that are significantly higher than average performers, and below average performers should receive no or minimal increases to their salary. And if dollars are very limited, consider granting increases only to the top 10% performers.
- Consider allowing more time between increases: instead of granting salary increases every 12 months, this interval can be increased to 15 or 18 months. Delaying increases helps save costs while not having the same negative impact on employee morale as a complete salary freeze would.
- Consider providing lump sum salary increases: this strategy allows organizations to give additional monies to employees, but is not increasing the overall payroll cost and all other costs that are linked to payroll. In addition, by granting lump sum increases as opposed to a traditional salary increase, the effect will not be compounded year-over-year, allowing the organization to maintain the overall payroll costs at a manageable level while the economy is declining.

For more information on, or assistance with, your compensation strategies, please contact Sophie Fleming at 705-794-8456 or Sophie@compontarget.com.

LIST OF PARTICIPANTS

Aerarium
Alternative Office Assistance
Atlas Block Co. Limited
Barrie Athletic Club
Barrie Glass & Mirror Ltd.
Barrie Public Library
Baxter Corporation
BDO Canada LLP - Barrie Office
Bertram Construction & Design Ltd.
Blue Mountain Resorts
Cardwell Sign Company
Collingwood Utility Services
CSR Cosmetic Solutions
Dino Astri Surveying Ltd.
Footprops
Franke Kindred Canada
Fruits & Passion
Gage Business Communication
Hair Prosthesis Centre
HJM Insurance & Financial Services Ltd
IMBC Blowmolding Inc.
L.T. Coatings Inc.
Lastmans Bad Boy
Moore Packaging Corporation
National Pines Golf Club
Northern Ontario Welding College Inc.
NSM Community Care Access Centre
Ogemawahj Tribal Council
Ontario Gold Beverage Company Ltd.
Prodomax Automation Inc.
Raymond James Ltd.
Razzlewood
Royal LePage First Contact Realty
Safety 1st Fork Lift Training Inc.
Sarjeant Management Services Inc.
Scarpaccio Ristorante
Scissors Touch
Senior Homecare by Angels
Skinsational Inc
Skipwith & Associates
Solucor
Stewart Esten
Sutton Group Incentive Realty Inc.,
Sybran
The District Municipality of Muskoka
Thee Place For Paws Grooming Studio
Tourism Barrie
Town of Gravenhurst
Travelodge Hart Dr.
VOA Canada Inc.
Wagg's Ltd.
Wallwin Voice & Data Ltd.
Warner McAfee Inc.
Weber Manufacturing
Wildwood
Wolf Steel Ltd.
Yachiyo of Ontario Mfg., Inc

ABOUT SOPHIE FLEMING & ASSOCIATES

**P.O. Box 22014, Barrie, ON L4N 0Z5 – (tel.) 705-794-8456 – sophie@compontarget.com
www.compontarget.com**

Sophie Fleming & Associates provides compensation consulting services to small to medium size organizations in various industries in Ontario and across Canada.

Our goal is to deliver value-adding compensation analysis and advice to meet organizations' needs in today's changing business environment. We tailor our services to address current issues and deliver complete analyses and realistic recommendations, using a true partnering approach with our clients. We provide assurance of “no surprises” through open dialogue and upfront communication throughout the project.

We provide services that range from one-time assignments to ongoing outsourcing of compensation services. We specialize in the following areas:

- Development of Compensation Strategy and Philosophy;
- Job Evaluation and Pay Equity;
- Compensation Program Design;
- Custom Salary Surveys;
- Executive Compensation;
- Job Analysis and Job Descriptions Development;
- Performance Management.

PROFILE OF SOPHIE FLEMING, M.Sc., CCP

Sophie Fleming is a bilingual Compensation Consultant located in Barrie, Ontario. Sophie has close to 15 years of consulting and corporate experience with companies in a wide range of industries, including manufacturing, financial services, municipal government, education, health care, retirement living, hospitality, consumer products, automotive, and utilities. Her fields of expertise include job evaluation and Pay Equity, compensation program design and implementation, total compensation surveys, executive compensation, and short-term and long-term incentive plan design and implementation.

Sophie has experience working as a Compensation Consultant in the U.S.A. and in Canada with Hay Group in Los Angeles and with Watson Wyatt Worldwide in Vancouver. Sophie also held the position of Senior Manager, Compensation and Benefits for HSBC Bank Canada, with responsibilities including the development, implementation and administration of the compensation, benefit and retirement programs for approximately 6,000 executives and employees.

Sophie holds a Bachelor's Degree in Industrial Relations from Laval University in Quebec City, as well as a Master's Degree in Human Resources Management from University of Montreal. In addition, Sophie has earned her Certified Compensation Professional (CCP) designation in 1997.

Sophie currently teaches in the business program as well as the automotive marketing program at Georgian College.