



2015

Executive Compensation Report

Figures Based on 2014 Data

SAMPLE

Confidential

Prepared By
Mackay Research Group



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Prepared For:
National Tooling & Machining Association
1357 Rockside Road
Cleveland, OH 44134
800/248-6862 (voice)
301/248-7104 (fax)
www.ntma.org

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Prepared By:
Mackay Research Group
4494 Coolidge Place
Boulder, Colorado 80303
www.mackayresearchgroup.com

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Introduction

This report reviews the results from the 2015 NTMA Executive Compensation survey finalized in June, 2015. A total of 165 precision custom tooling and machining manufacturers participated in this survey. This report presents detailed analyses of executive compensation, including base salary and bonus. Data is presented for the typical NTMA precision tooling and machining company and by region. In addition, results by company sales volume category and by line of business are included in subsequent sections of the report.

Explanation Of Statistics

Median—This report profiles the median number for all variables and calculations. The median is the middle number of all values reported arrayed from lowest to highest. The median represents the typical company's results. In comparison to the average or the mean, the median is not influenced by any extremely high or low values reported. Thus, the median is the preferred statistic for this analysis.

Quartile—The word quartile means that something is divided into quarters, or segments of twenty-five percent each. The first quartile is the figure halfway between the median and the lowest performance value. Twenty-five percent of the firms are below this figure and seventy-five percent are above it. The third quartile is the figure between the median and the highest value. Therefore, the values between the first and third quartiles profile the middle fifty percent of the performance statistic. The purpose of showing the first and third quartile values is to show the "range of common experience" in the industry. Where provided, readers can develop an understanding of the variability of the data without having to consider extreme results.

No One "Typical" Firm—There is no single median or "typical" firm profiled in this report. The firm whose performance is the median value for one measure is probably different from the firm whose result is the median for another measure. This occurs because medians are calculated independently for each performance measure.

Please note that throughout the report, a blank signifies data that are not available due to limited sample size.

Executive Compensation Overview

	<u>Base Salary</u>	<u>Total Compensation</u>	<u>25th Percentile</u>	<u>75th Percentile</u>	<u>Bonus as a % of Salary</u>
Chief Executive Officer	\$159,500	\$159,500	\$118,059	\$242,750	28.2%
Top Sales or Marketing Executive	\$100,609	\$111,939	\$91,513	\$140,783	12.9%
Top Manufacturing/Production Exec.	\$105,910	\$115,998	\$95,000	\$146,948	22.0%
Top Engineering Executive	\$90,486	\$93,000	\$80,641	\$116,092	8.0%
Top Financial Executive	\$100,000	\$112,500	\$78,000	\$145,411	22.1%
Top Admin. Executive or Manager	\$78,400	\$85,574	\$68,450	\$131,000	22.2%
Top Human Resources Executive	\$77,500	\$80,500	\$66,849	\$90,625	5.6%
Top MIS Manager	\$77,156	\$80,000	\$65,917	\$98,620	7.5%
General Manager	\$90,000	\$98,963	\$78,512	\$121,677	9.1%
Controller	\$68,100	\$73,515	\$54,645	\$95,750	10.1%
Purchasing Manager	\$63,700	\$65,391	\$53,166	\$82,625	6.2%
General Shop Superintendent	\$80,000	\$83,460	\$72,032	\$93,360	8.7%
Salaried Foreman	\$75,000	\$76,257	\$65,000	\$89,375	5.4%
Quality Control Manager	\$77,791	\$80,004	\$64,663	\$92,975	5.9%
Chief Designer	\$78,288	\$79,150	\$67,225	\$98,750	5.0%
Office Manager	\$53,000	\$53,190	\$48,403	\$62,507	5.7%
Sales Manager	\$75,000	\$82,000	\$74,039	\$116,701	14.4%
Highest Paid Salesperson	\$80,600	\$85,714	\$60,173	\$140,371	12.5%
Highest Paid Estimator	\$68,500	\$70,720	\$60,780	\$87,950	5.9%

Regional Analysis

	Typical NTMA Mfr.	High Profit NTMA	New England	Mid- Atlantic	South- east	Mid- West	North Central	South Central	West
Number Of Firms Reporting	165	43	11	28	6	59	33	8	19
Typical Sales Volume (Millions)	\$7.1	\$7.7	\$9.4	\$5.6	\$14.5	\$6.4	\$8.1	\$4.5	\$5.1
Sales Growth (2013 Vs. 2014)	5.0%	12.9%	6.0%	0.5%	9.2%	5.9%	14.3%	2.6%	2.4%
Years in Business	44	42	55	43	33	47	42	47	40
Sales By Industry Classification									
Tools & Dies	10.5%	15.3%	15.6%	10.6%	1.7%	16.6%	4.7%	0.6%	6.3%
Molds	5.4	3.3	0.0	4.0	0.8	8.7	7.8	0.0	0.1
General Precision Machining	40.3	43.9	54.7	53.8	28.8	31.6	44.7	55.6	26.6
Aerospace Machining & Fabrication	18.5	9.5	10.0	16.1	45.0	13.8	16.9	10.1	40.4
Special Machines	3.5	4.5	0.5	3.3	1.2	7.0	1.1	0.0	0.8
Production Operations	13.1	16.3	10.8	4.3	14.2	17.1	13.2	18.8	11.9
Sheet Metal Fabrication	3.5	4.9	0.0	2.8	0.0	0.3	7.8	0.0	11.3
Other	<u>5.2</u>	<u>2.3</u>	<u>8.4</u>	<u>5.1</u>	<u>8.7</u>	<u>4.9</u>	<u>3.8</u>	<u>14.9</u>	<u>2.6</u>
Total Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Form Of Organization									
C Corporation	25.6%	21.2%	12.5%	14.3%	50.0%	20.5%	23.8%	83.3%	14.3%
S Corporation	68.0	69.7	87.5	85.7	33.3	71.4	57.1	0.0	78.6
Partnership	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Limited Liability Corporation (LLC)	6.4	9.1	0.0	0.0	16.7	2.0	19.0	16.7	7.1
Limited Liability Partnership (LLP)	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Sales Per Employee	\$155,031	\$188,349	\$162,721	\$142,103	\$171,189	\$155,344	\$148,423	\$149,029	\$156,532
Gross Margin Per Employee	\$31,773	\$55,667	\$28,301	\$30,355	\$47,320	\$29,847	\$40,177	\$33,786	\$27,383
Employees By Function									
Direct Labor	27.5	26.5	30.0	24.0	53.0	30.0	35.0	16.0	25.0
Indirect Labor	5.0	4.0	8.0	5.0	21.0	5.0	4.0	2.0	5.0
Supervision	6.0	5.0	6.0	5.0	9.0	5.0	7.0	5.5	5.0
Sales	1.0	1.0	1.0	1.0	4.0	1.0	1.0	0.8	1.0
Executive, Administrative & Clerical	6.0	5.0	6.0	5.0	9.0	5.0	7.0	5.5	5.0
Other	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>1.3</u>	<u>0.0</u>	<u>0.0</u>	<u>4.5</u>	<u>0.0</u>	<u>0.0</u>
Total Number Of Employees	43.5	40.5	51.0	41.3	79.0	32.0	58.5	24.2	25.0