



**BARNES DENNIG**  
Accounting • Tax • Business Insight

# Gearing Up for Success – Manufacturing Industry Compensation & Benefits Study 2021

May 18<sup>th</sup>, 2021



# Today's Presenters

---



**Lauren Huster, CPA, MBA**

**Senior Manager, Barnes Dennig**

Lauren has more than 10 years of tax experience and plays an integral role on the firm's manufacturing client service team. The team is comprised of individuals who work with some of the firm's largest and most complex clients. Lauren specializes with public and private companies with international operations or foreign based companies with domestic operations. As a Senior Tax Manager, Lauren demonstrates exceptional technical knowledge.



**Andy Reed**

**Senior Vice President, USI Insurance Services**

For more than 30 years in employee benefits, Andy has been successfully consulting with employers regarding their benefit plans. Andy specializes in identifying and addressing financial and coverage gaps in current offerings and building stronger workplace culture and wellness through innovative health management strategies.

# Economic Update

---

# In the News

---

“Worker absenteeism, short-term shutdowns due to part shortages, and difficulties in filling open positions continue to be issues that limit manufacturing-growth potential.” – ISM Index March 2021 Report

---

“2.1 Million Manufacturing Jobs Could Go Unfilled by 2030” – Headline, National Association of Manufacturers May 2021

---

“Low on Workers, Manufacturers Recruit Their Executives for the Factory Floor” – Headline, WSJ Jan 2021

---

“Wage growth accelerated slightly overall, with more significant wage pressures in industries like manufacturing and construction where finding and retaining workers was particularly difficult. Some contacts mentioned raising starting pay and offering signing bonuses to attract and retain employees.” – Federal Reserve Beige Book April 2021

# ITR Economic Update – Alan Beaulieu & Connor Lokar

---

- All of ITR's US Economic Leading Indicators are rising
- January Manufacturing had the largest gain since 1989
- GDP will climb back to pre-pandemic levels by Q1 2022; real growth starts then
- “You are going to like 2021”
- Rate of rise will slow in 2022 but will remain positive
- US Manufacturing output is the second largest in the world next to China
- Prices are going to rise
  - Expect rate of rise to slow in second half of the year
  - Prices will not decrease

# ITR Economic Update – Alan Beaulieu & Connor Lokar

---

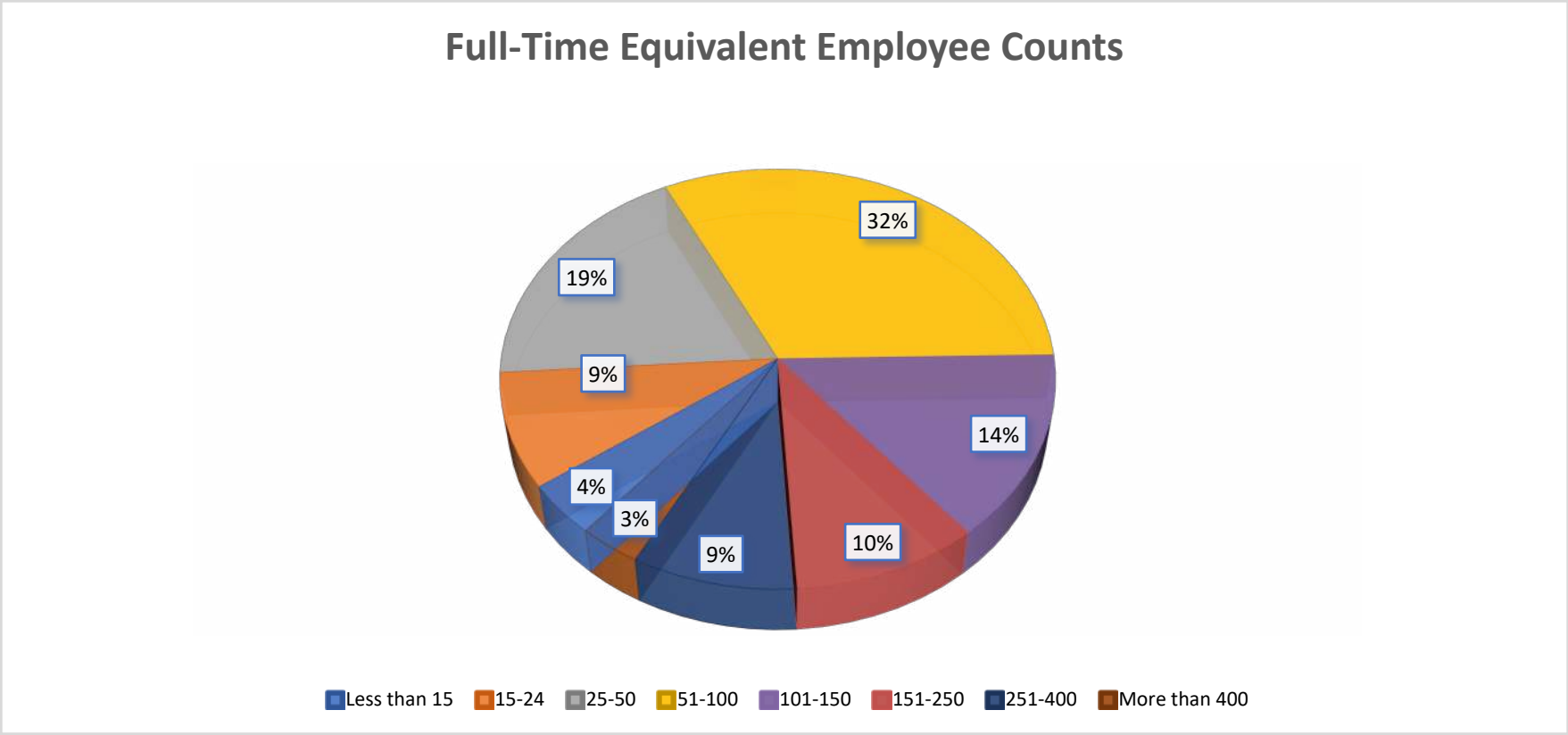
- Unemployment coming down
  - Hiring will not be easy going forward
  - Accept the fact that employees will need to be hired and trained
  - Fighting for talent
- Wages are going up faster than inflation
  - Includes non-supervisory and production workers
- If minimum wage goes to \$15 an hour
  - Will lead to more automation
  - Will this hurt those who it's intended to help?
  - Will many part-time jobs be eliminated?
  - Will it kick-off significant inflation?
  - Overall, “Won’t ruin your life;” All companies “in the same boat”

# Study Overview

---

# Survey Participant Background

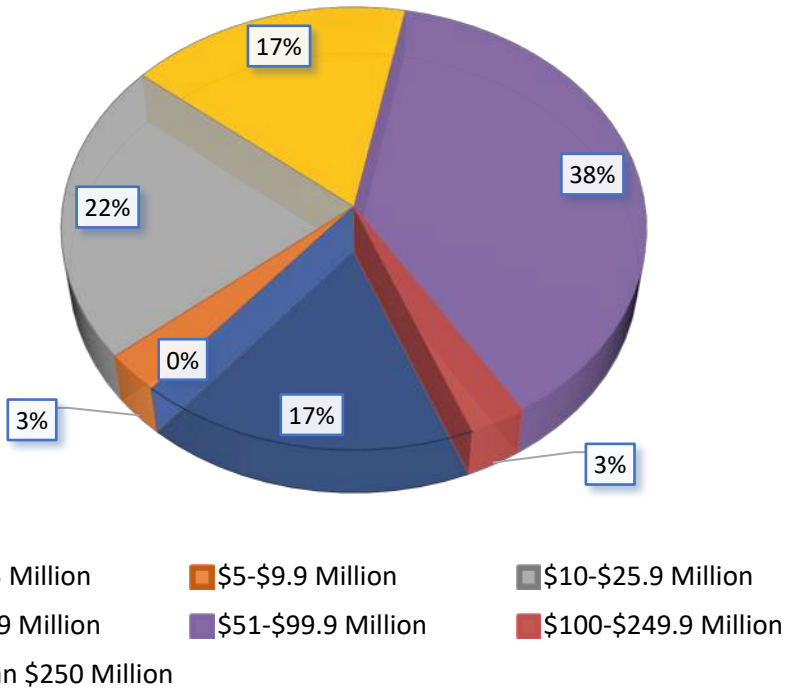
- Survey participation has decreased from the 2019 report by 1 company to 96



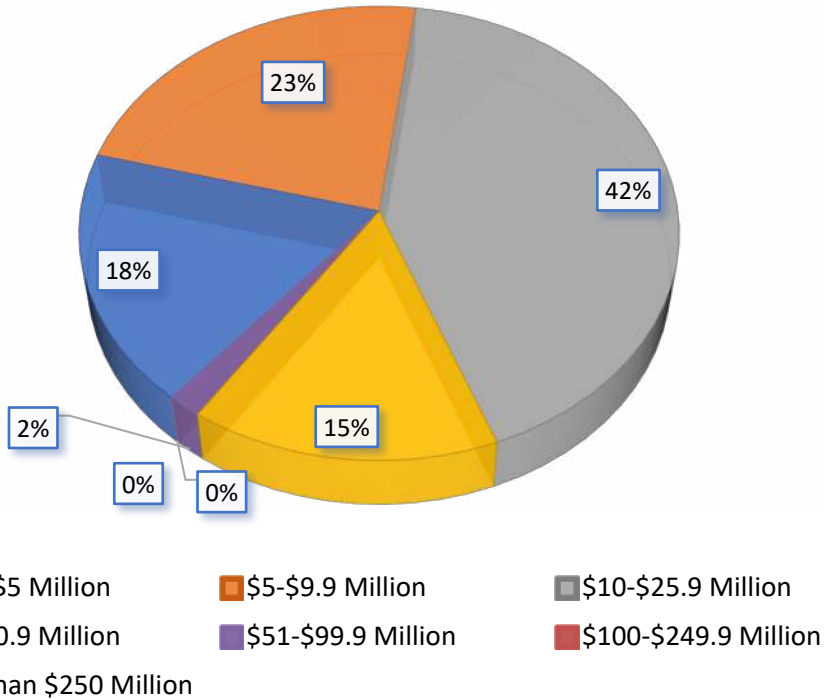


# Survey Participant Background

Annual Sales – Companies Over 100 Employees

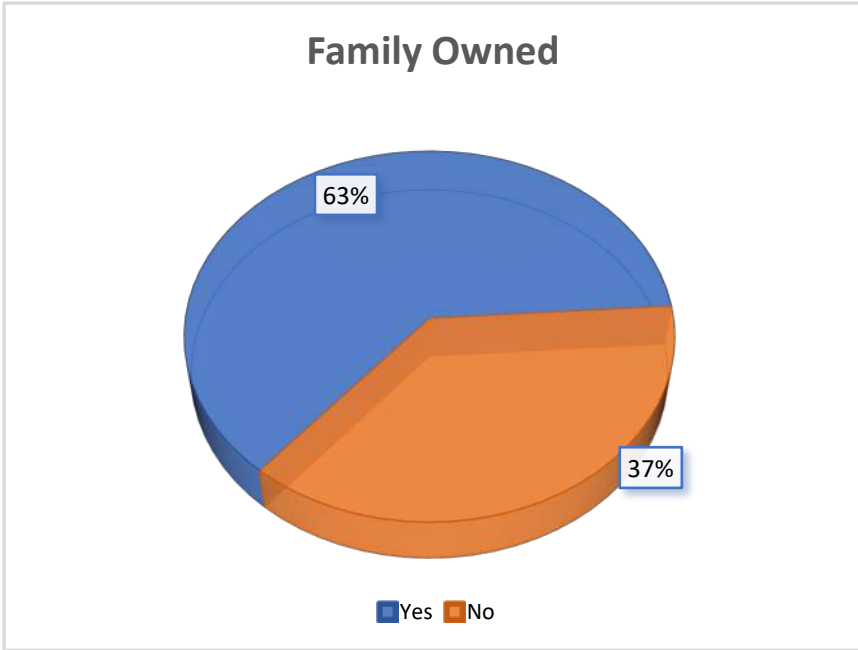
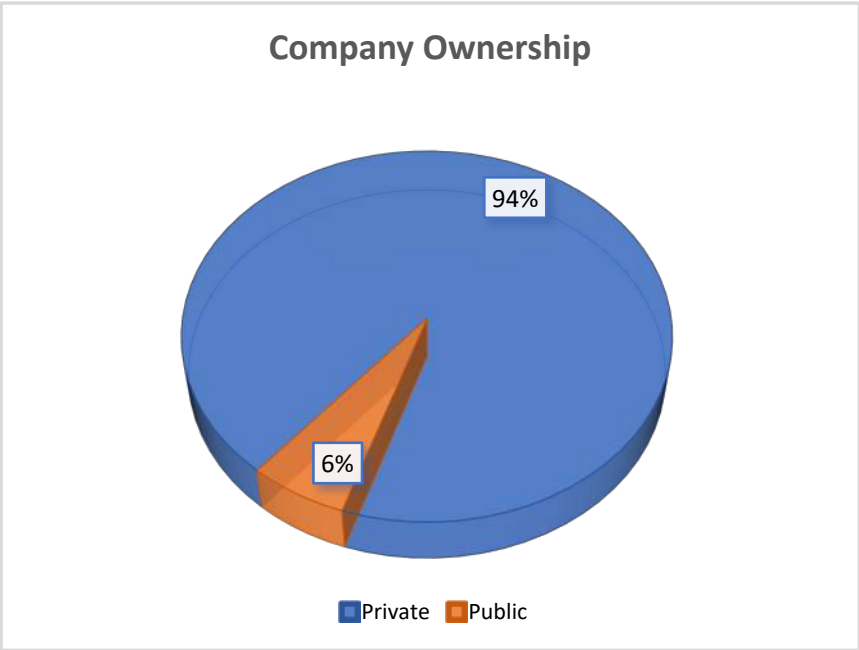


Annual Sales – Companies Under 100 Employees

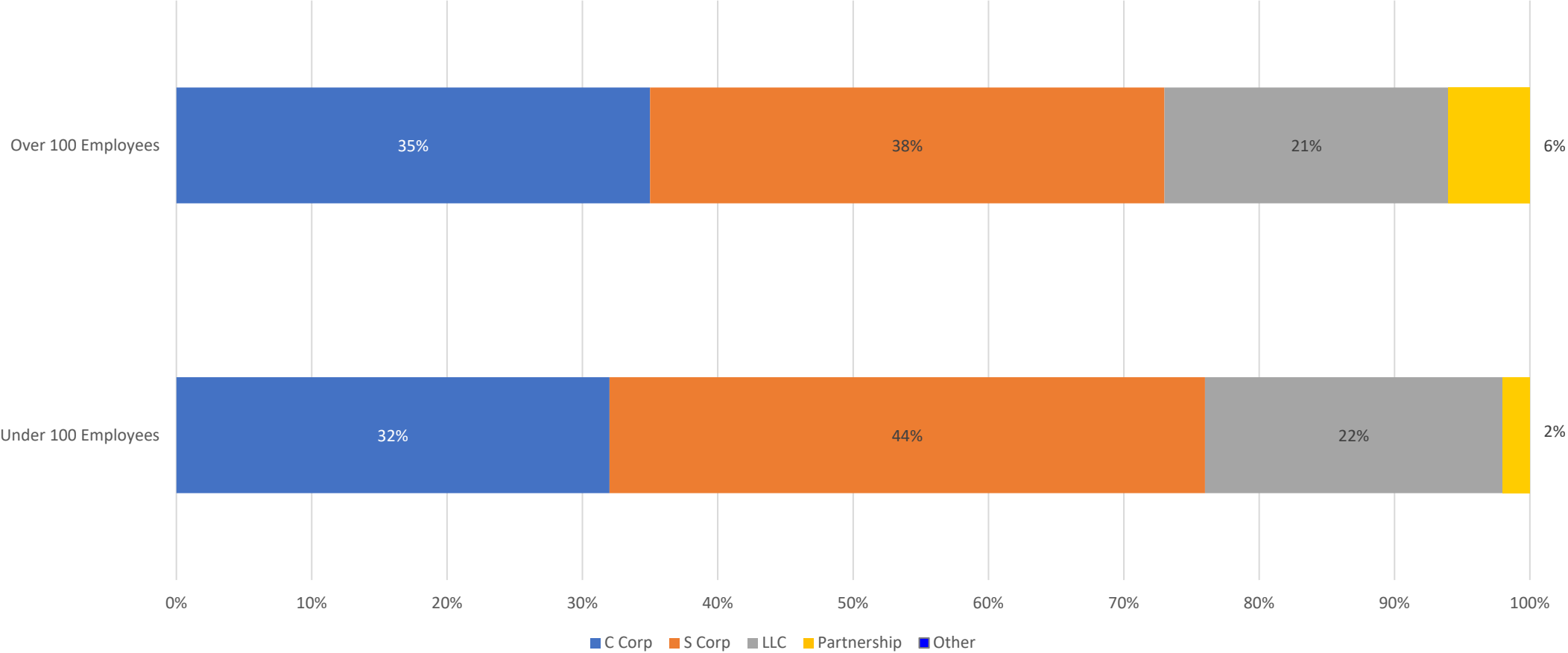


# Survey Participant Background

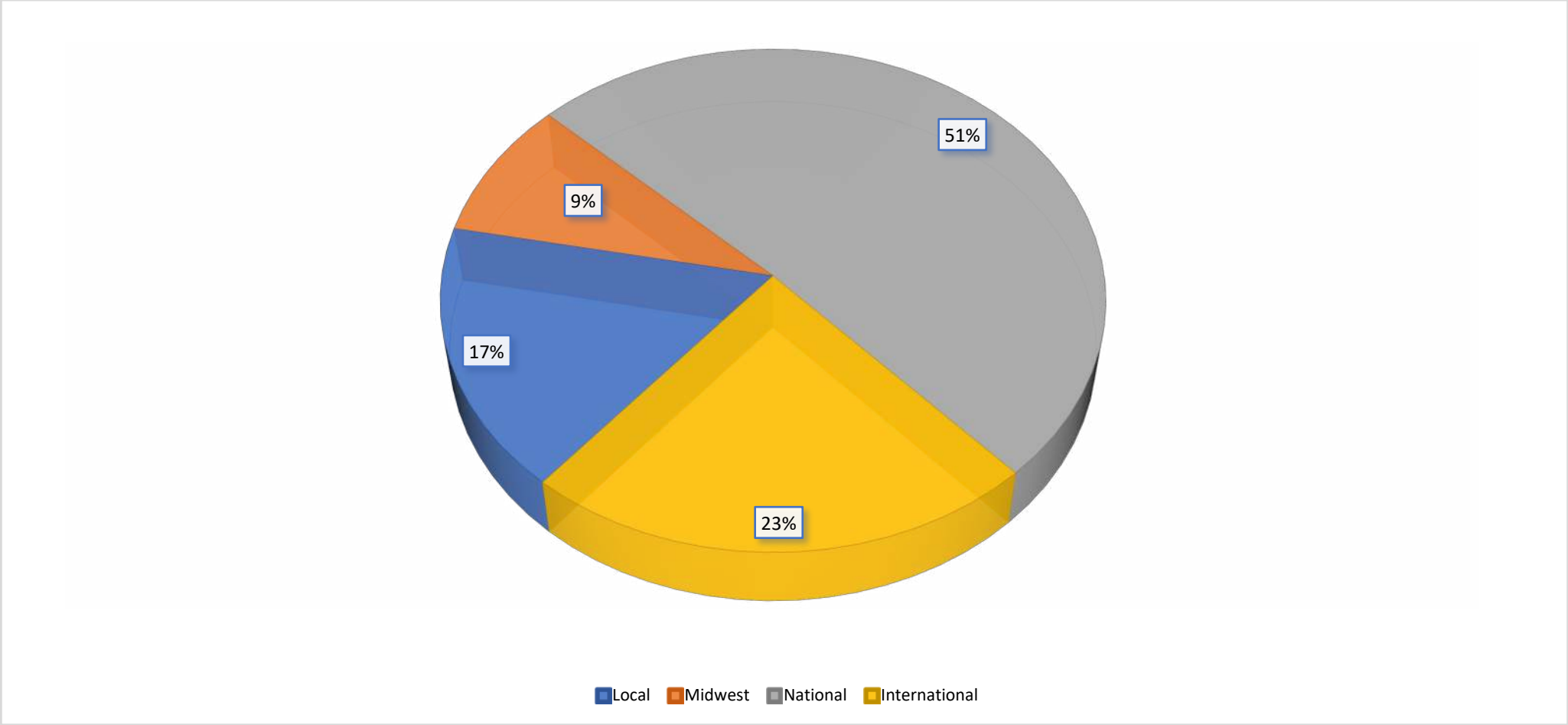
- 80% of the companies are more than 30 years old
- Only 7% of the companies are union
- Mostly privately owned



# Corporate Structure Types

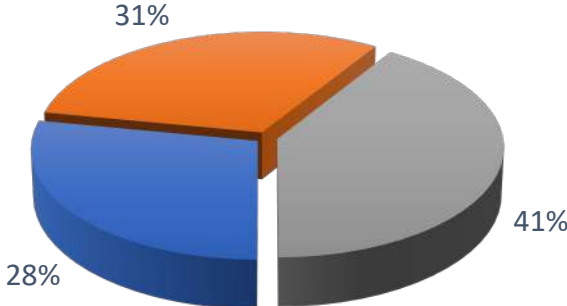


# Company's Primary Market

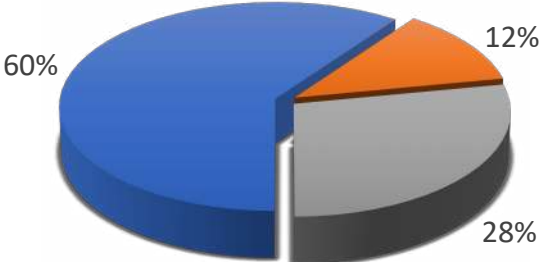


# Changes in Employee Levels

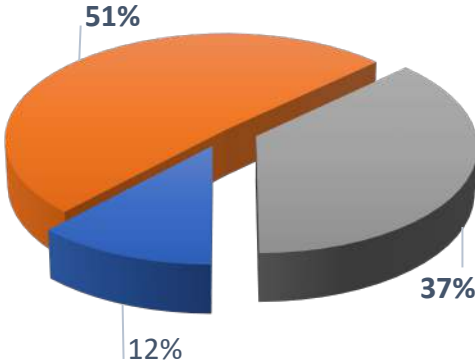
2021 Survey



2019 Survey



2017 Survey



■ Increased ■ Decreased ■ Kept the same

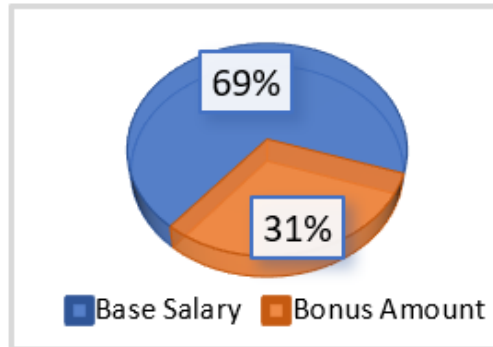
# Compensation Trends

---

# Compensation Information

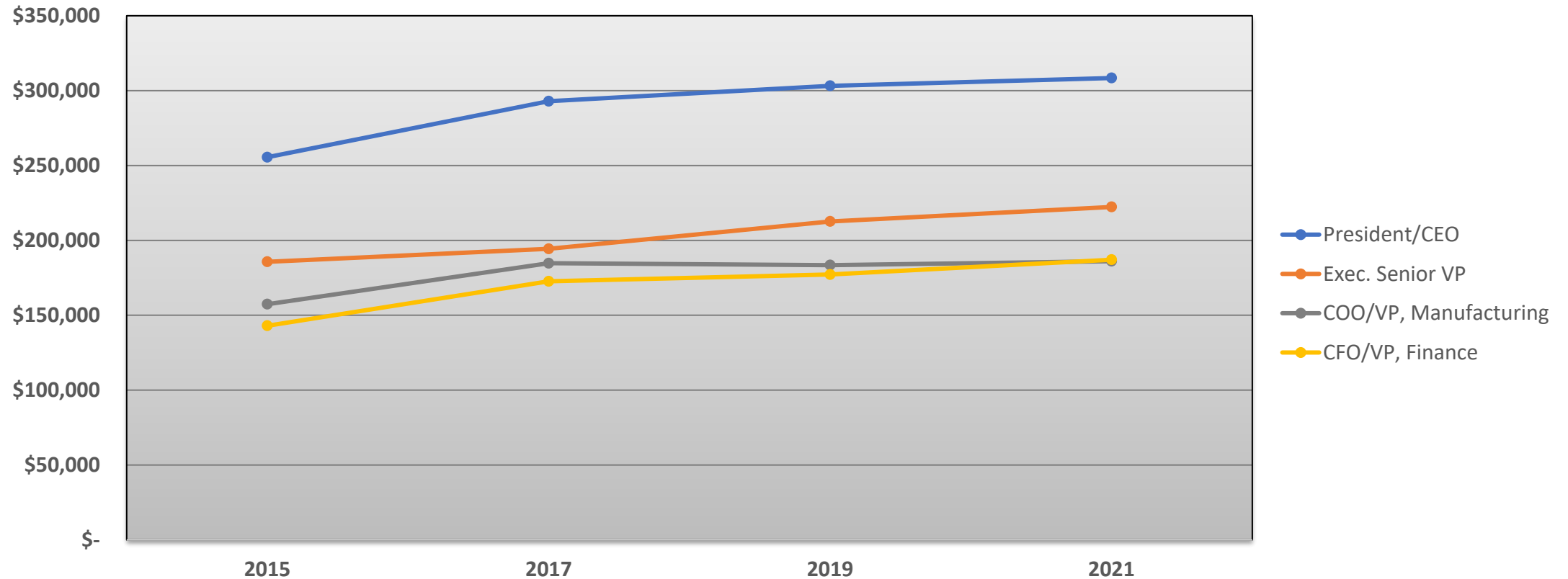
- 16 different positions surveyed in the report
- Example:

## President/CEO Under 100 Employees



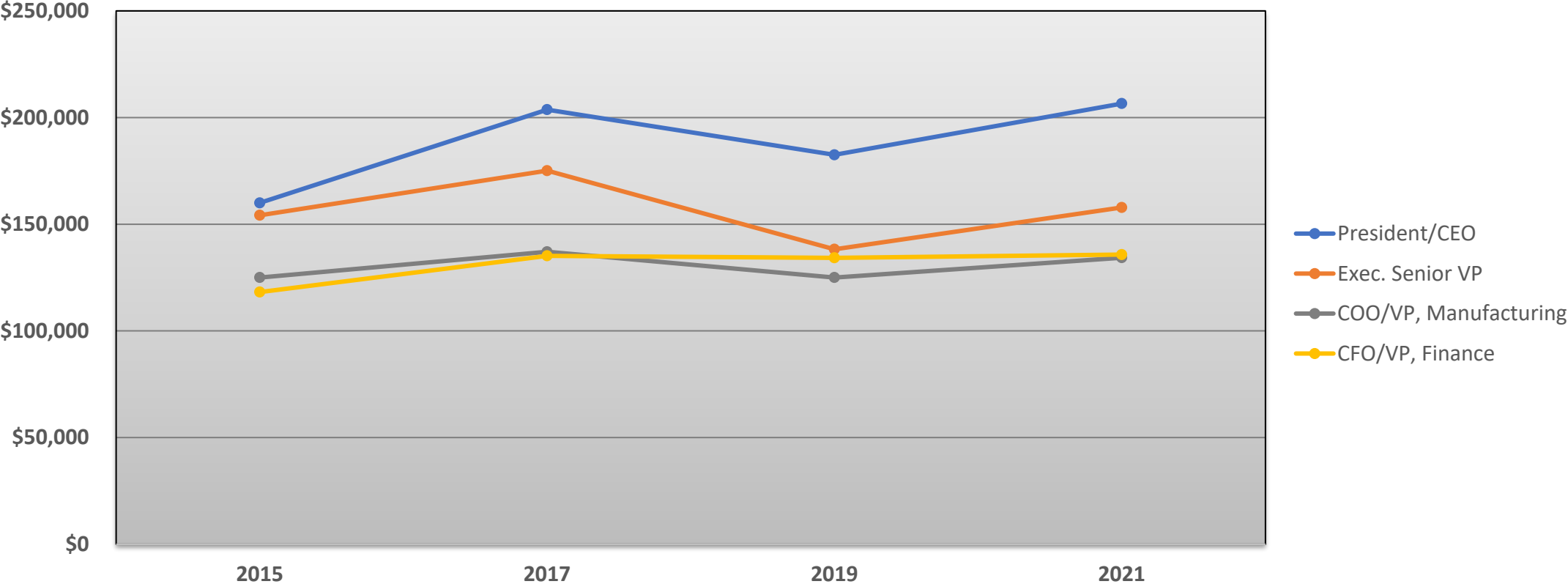
	% of Total	Companies	2021 Range	Average Compensation Year-Over-Year Comparison			
				2021	2019	2017	2015
<b>Base Salary</b>	69%	38	\$95,000 - \$375,000	\$206,549	\$182,528	\$203,705	\$160,000
<b>Bonus Amount</b>	31%	26	\$2,303 - \$460,000	\$133,487	\$115,081	\$98,912	\$50,000
<b>Total Compensation</b>			\$130,000 - \$810,000	\$297,883	\$297,609	\$302,627	\$210,000

# Base Salaries – Over 100 Employees

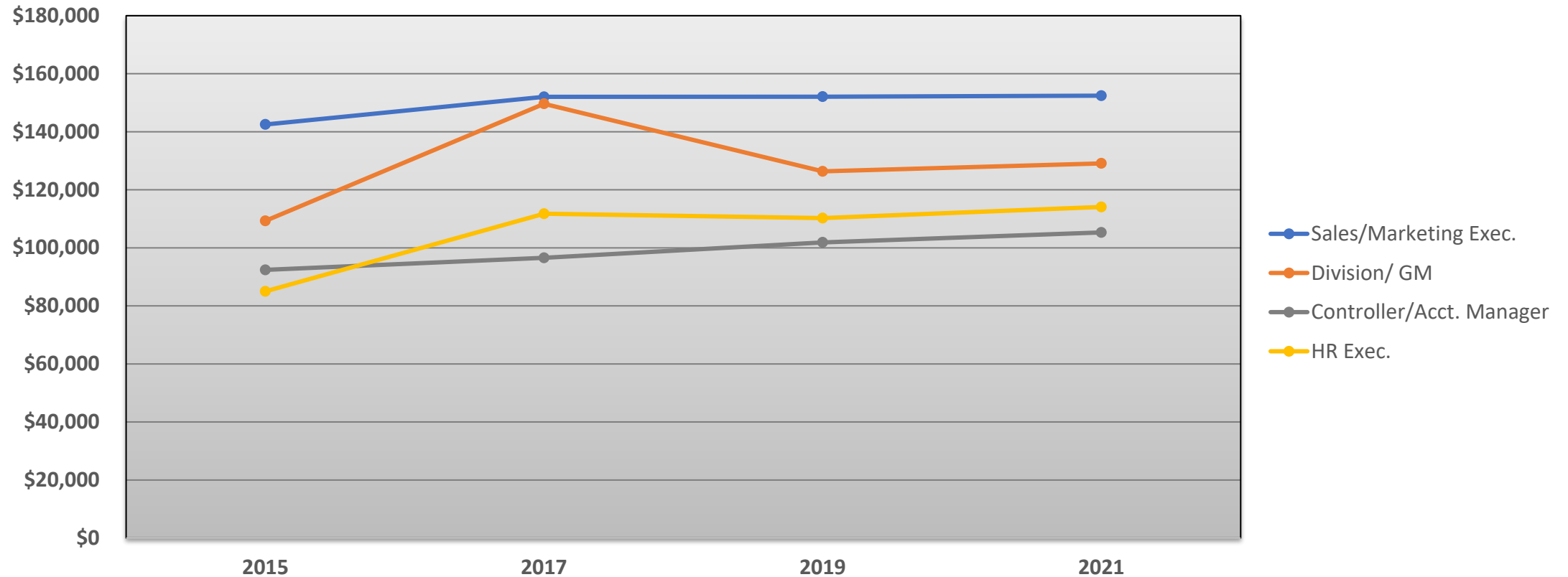




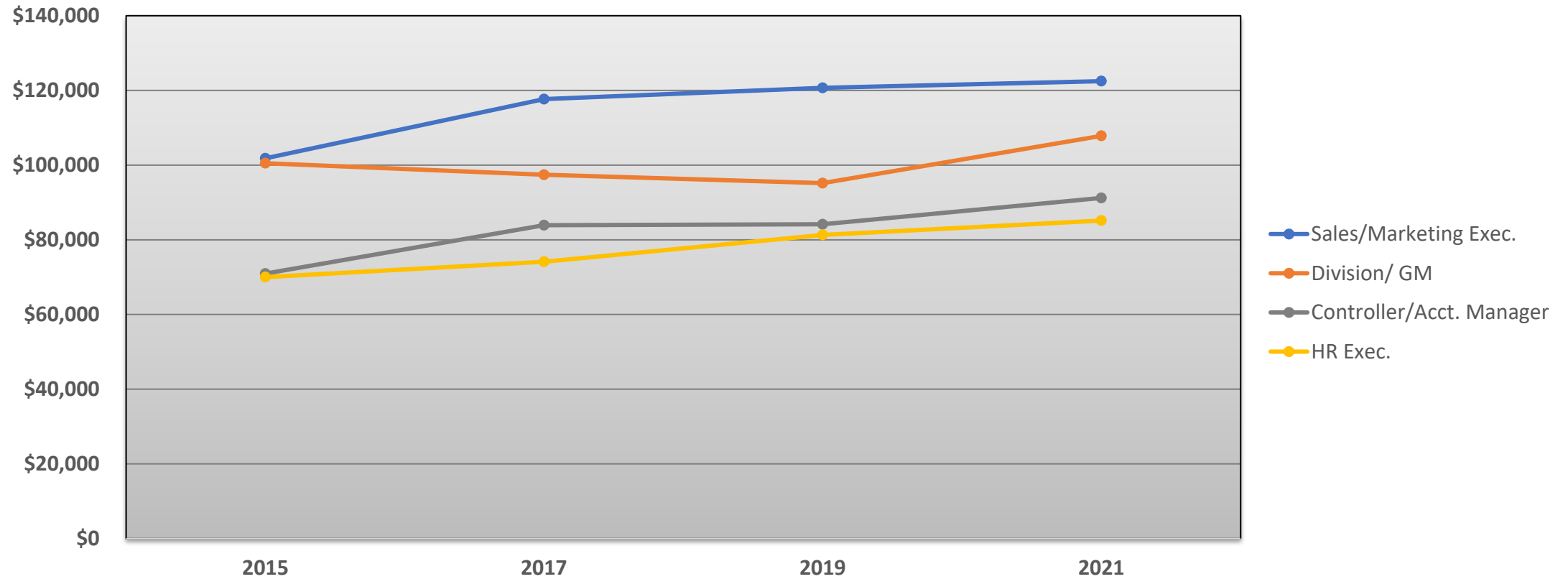
# Base Salaries – Under 100 Employees



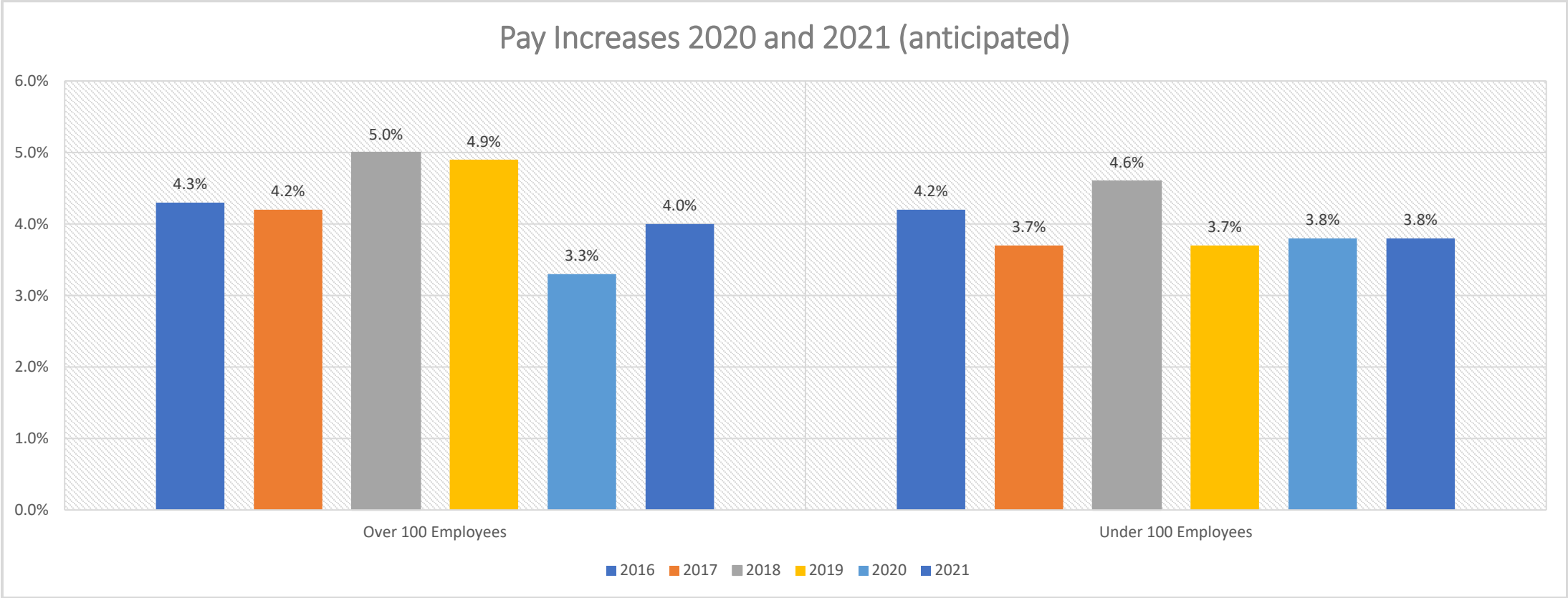
# Base Salaries – Over 100 Employees



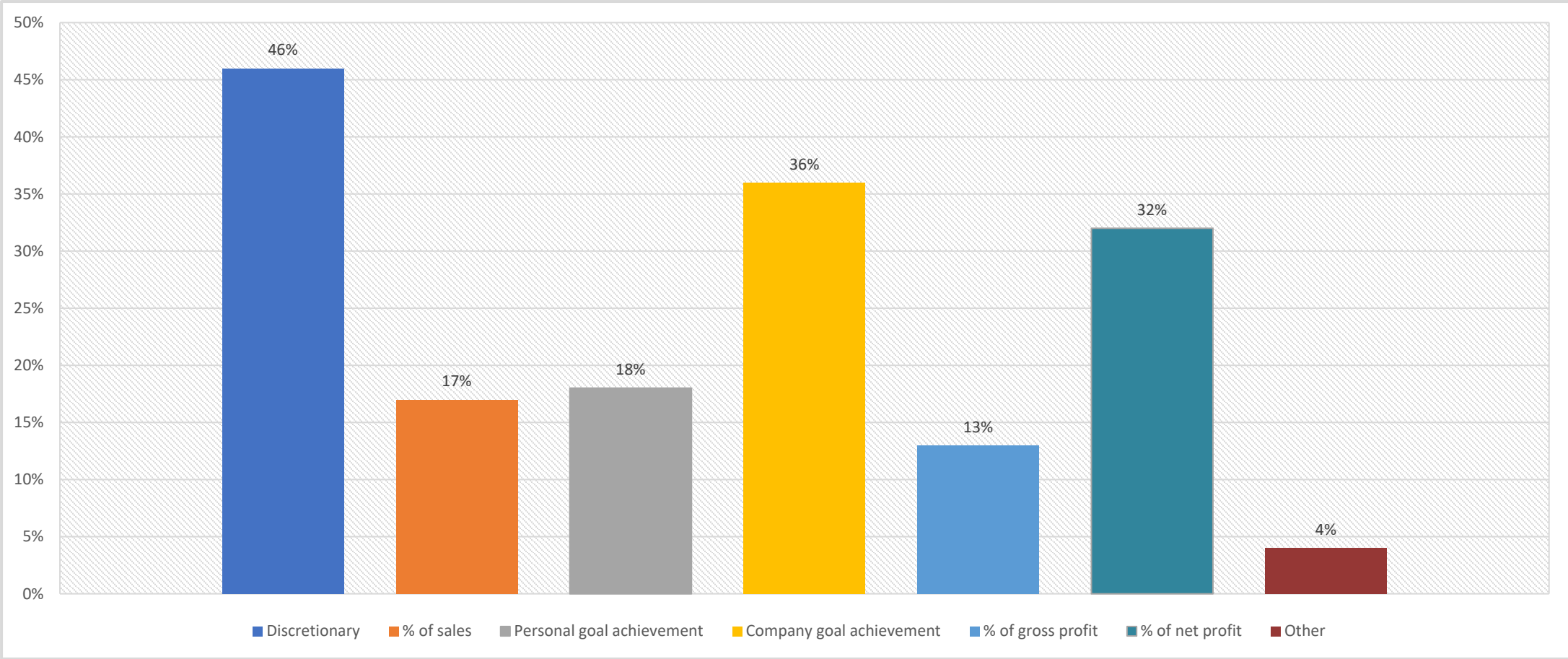
# Base Salaries – Under 100 Employees



# Pay Increases



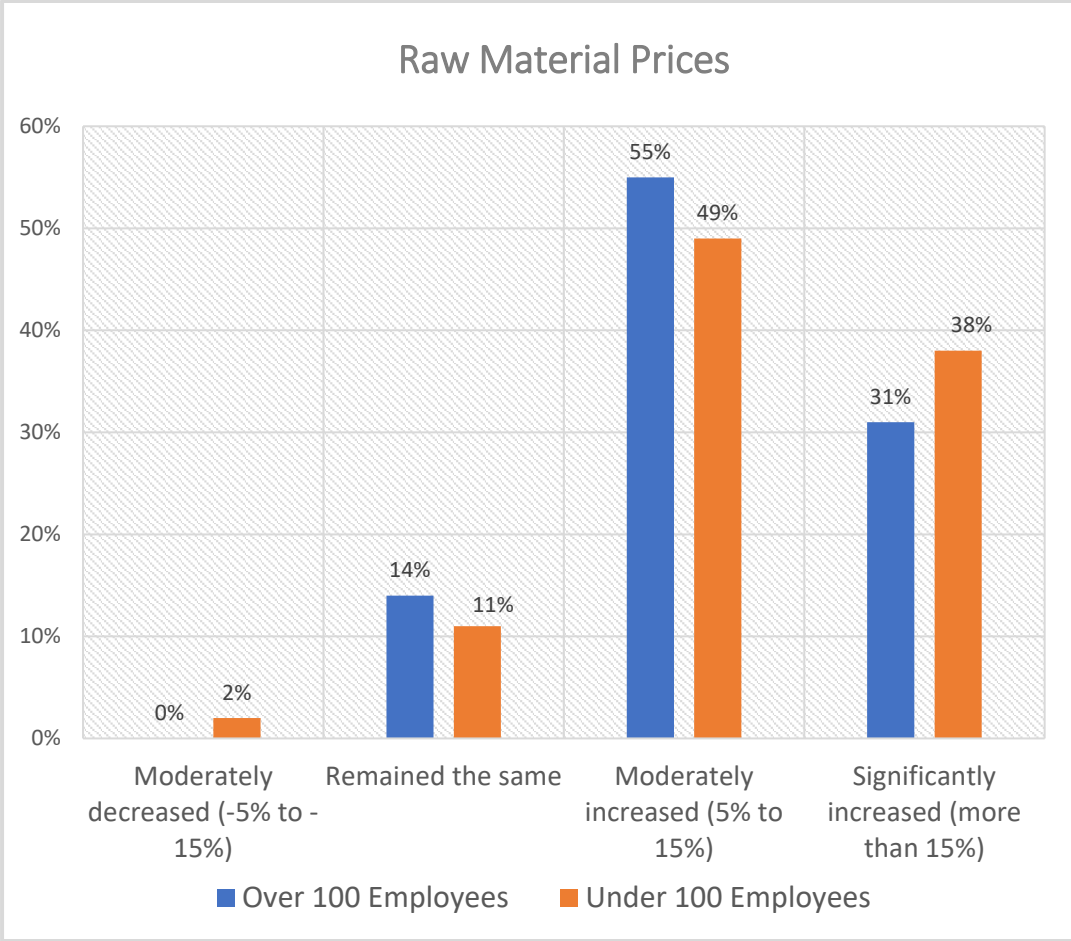
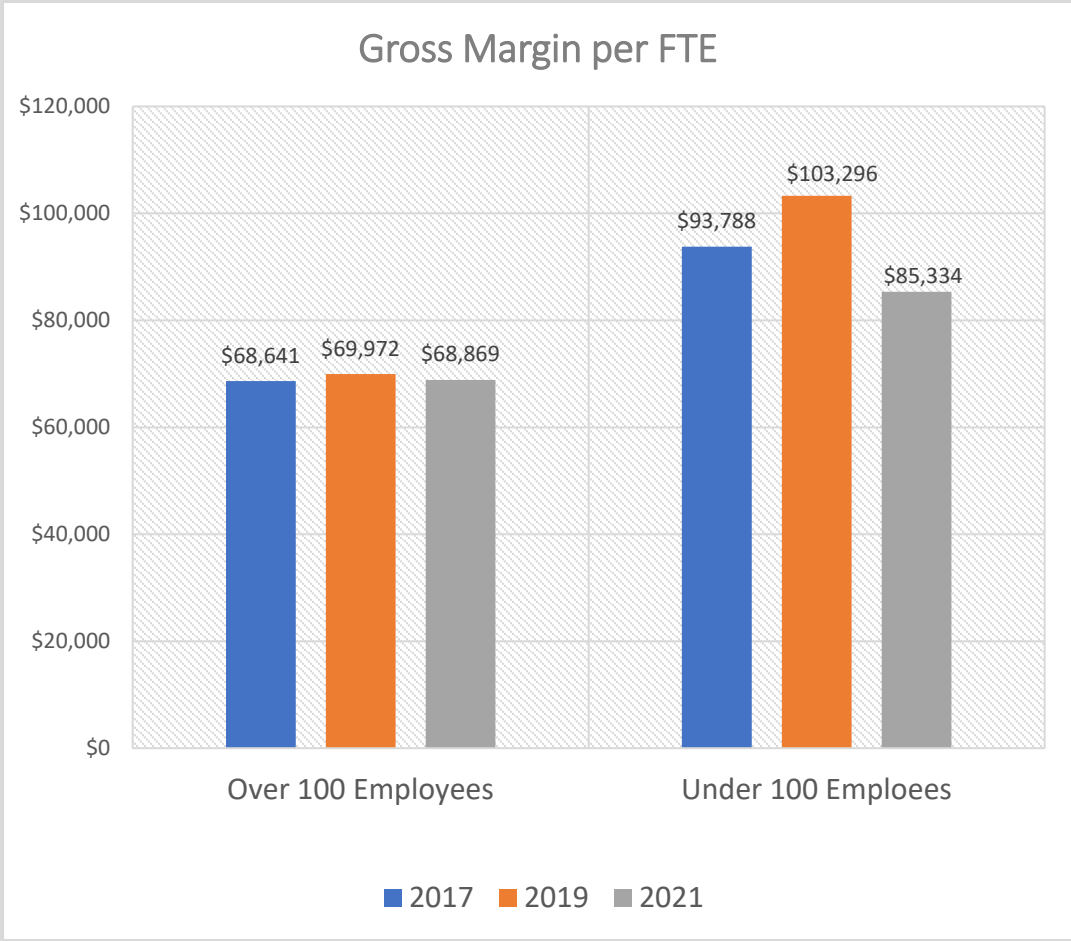
# Bonus Calculation Criteria



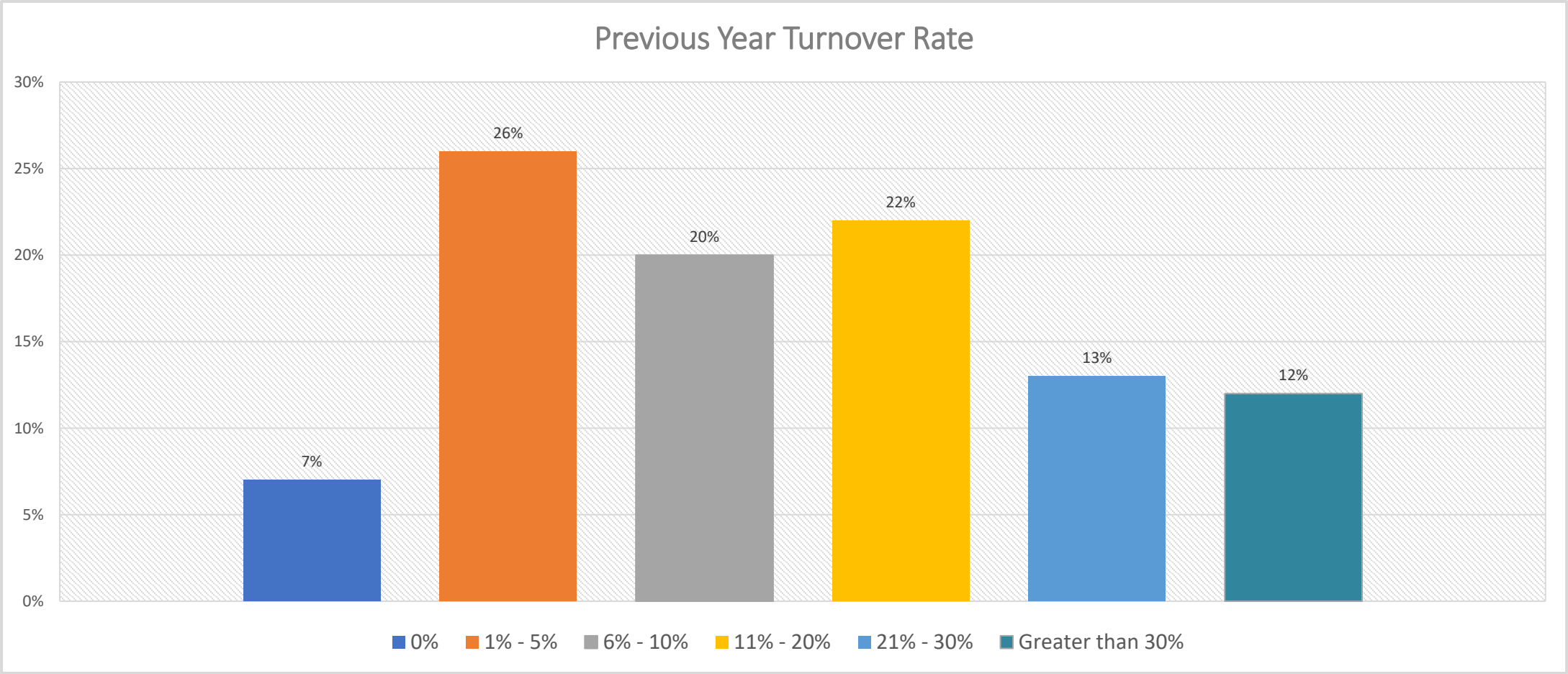
# Company Operations

---

# GM per FTE tied to raising raw material cost?

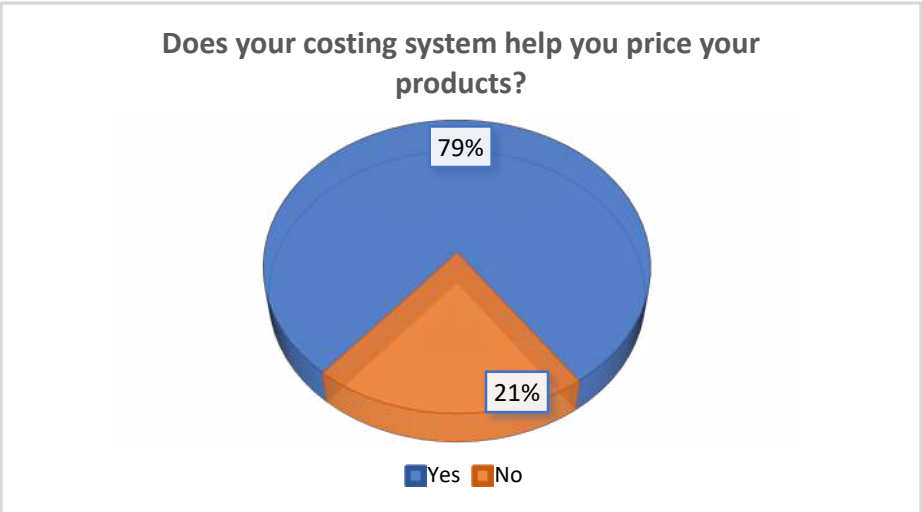
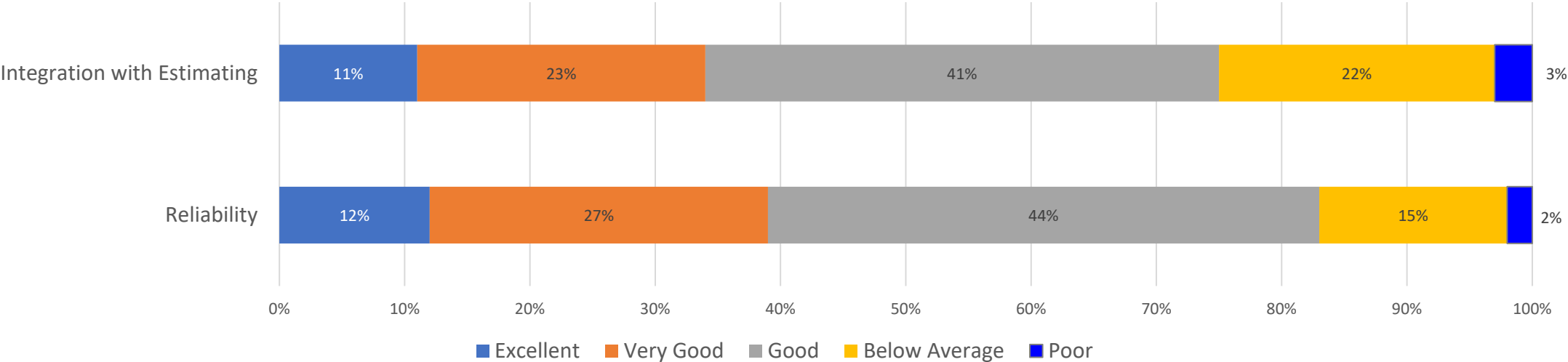


# Turnover Rate

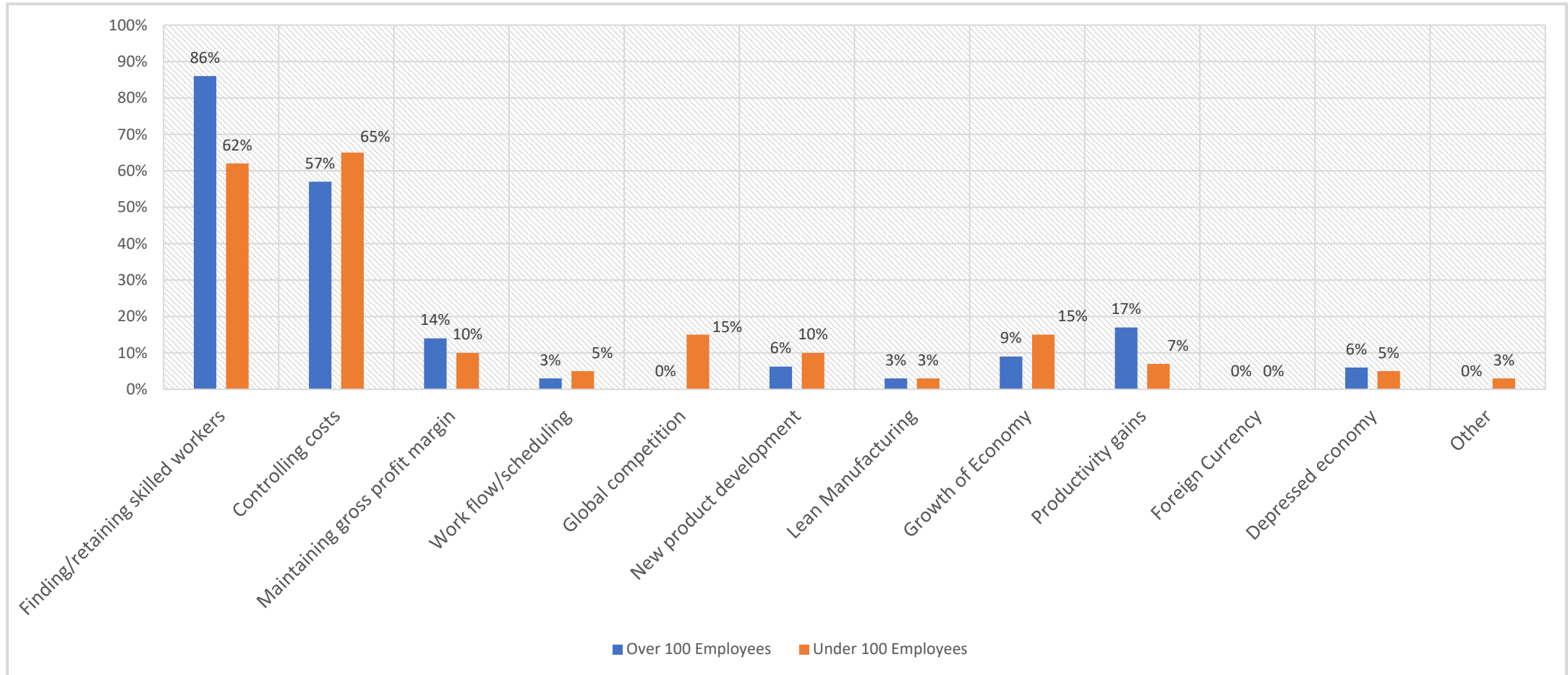




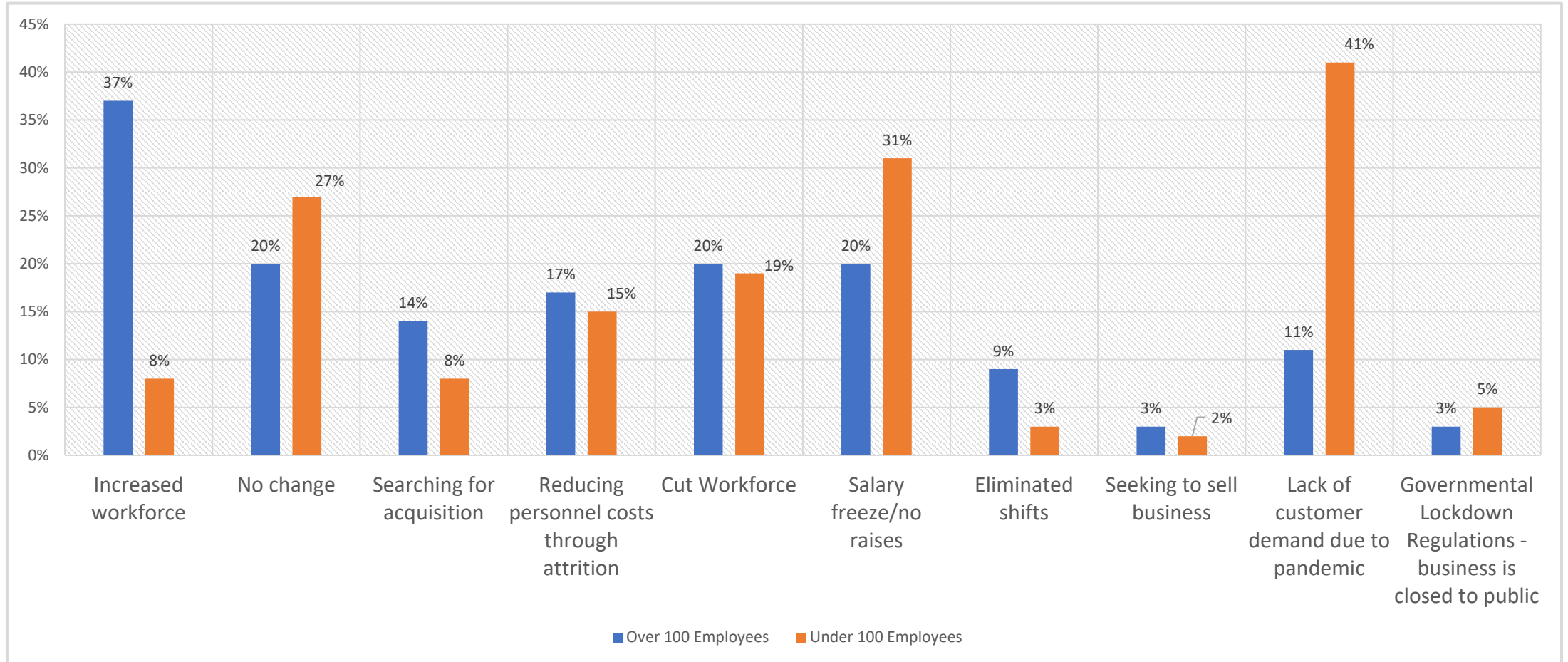
# Evaluation of Costing System



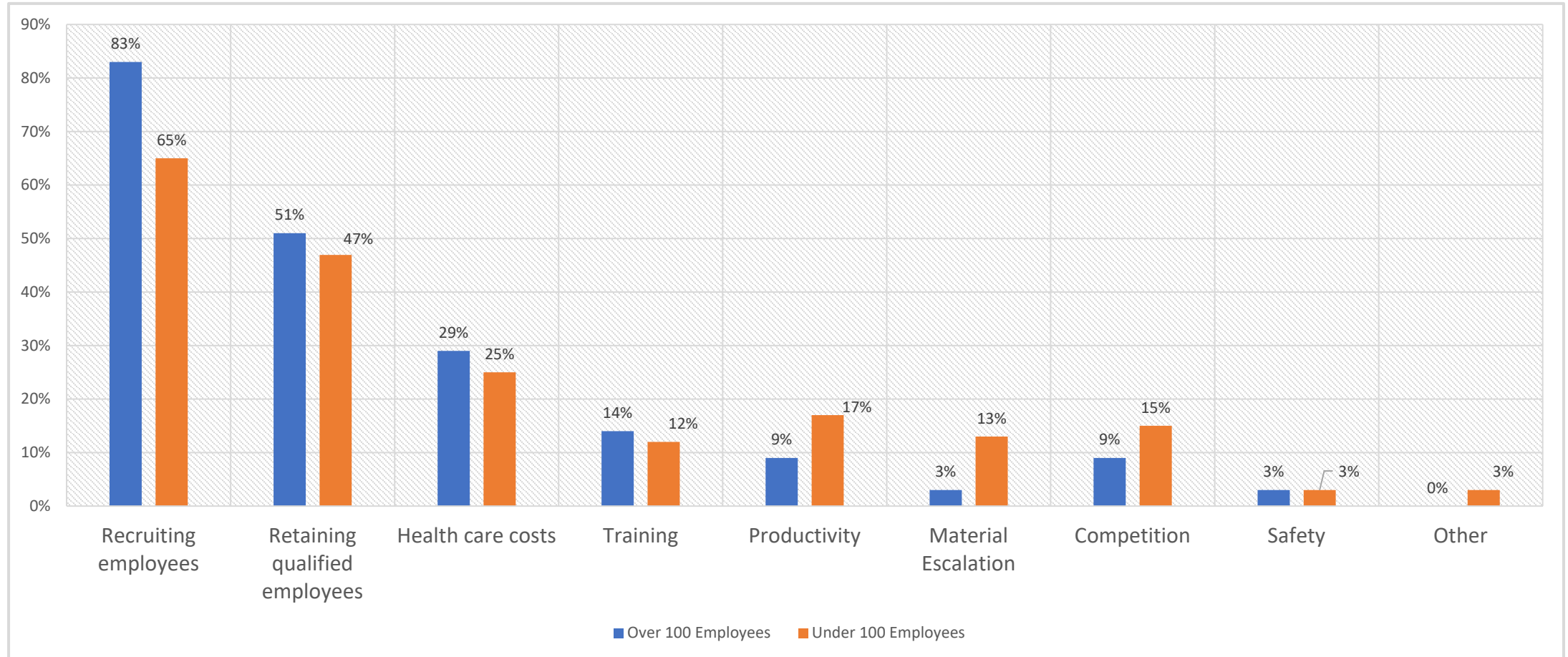
# Top Operational Issues



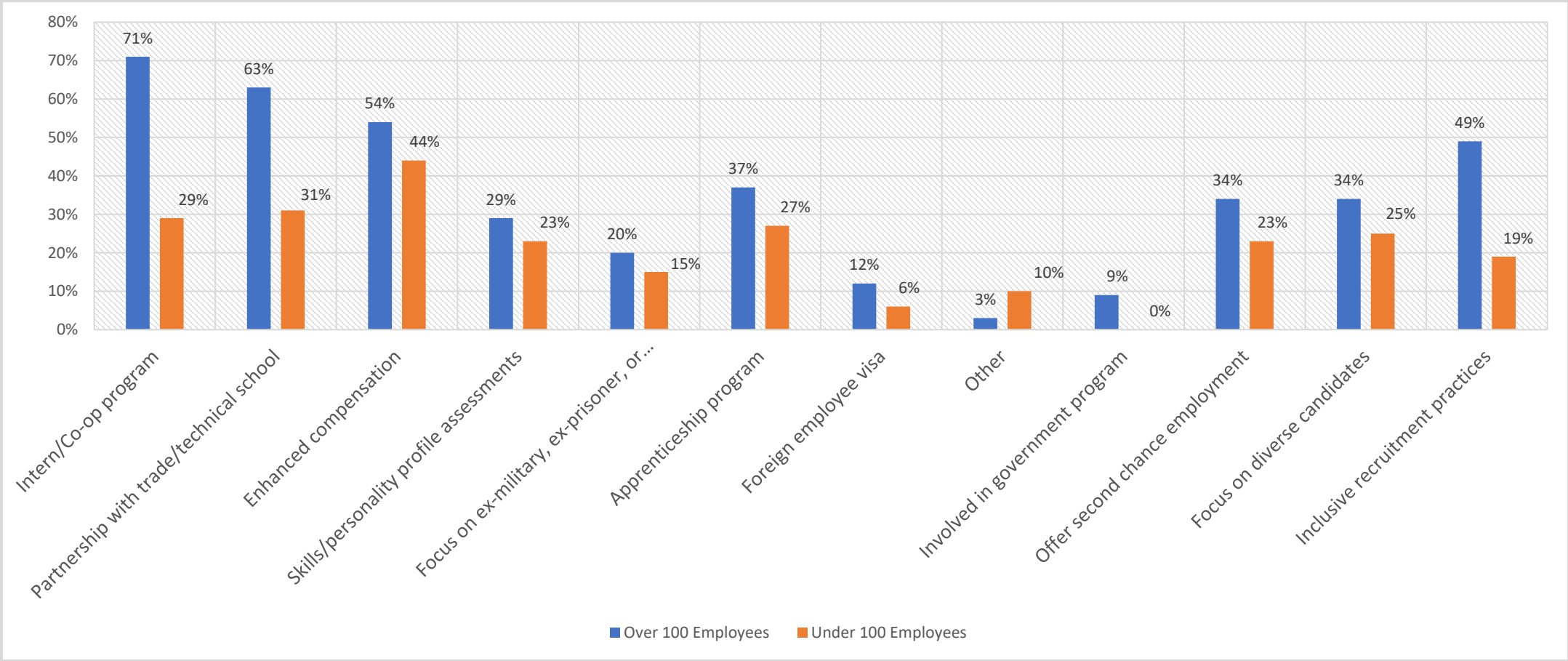
# Effects of the Current Economic Environment



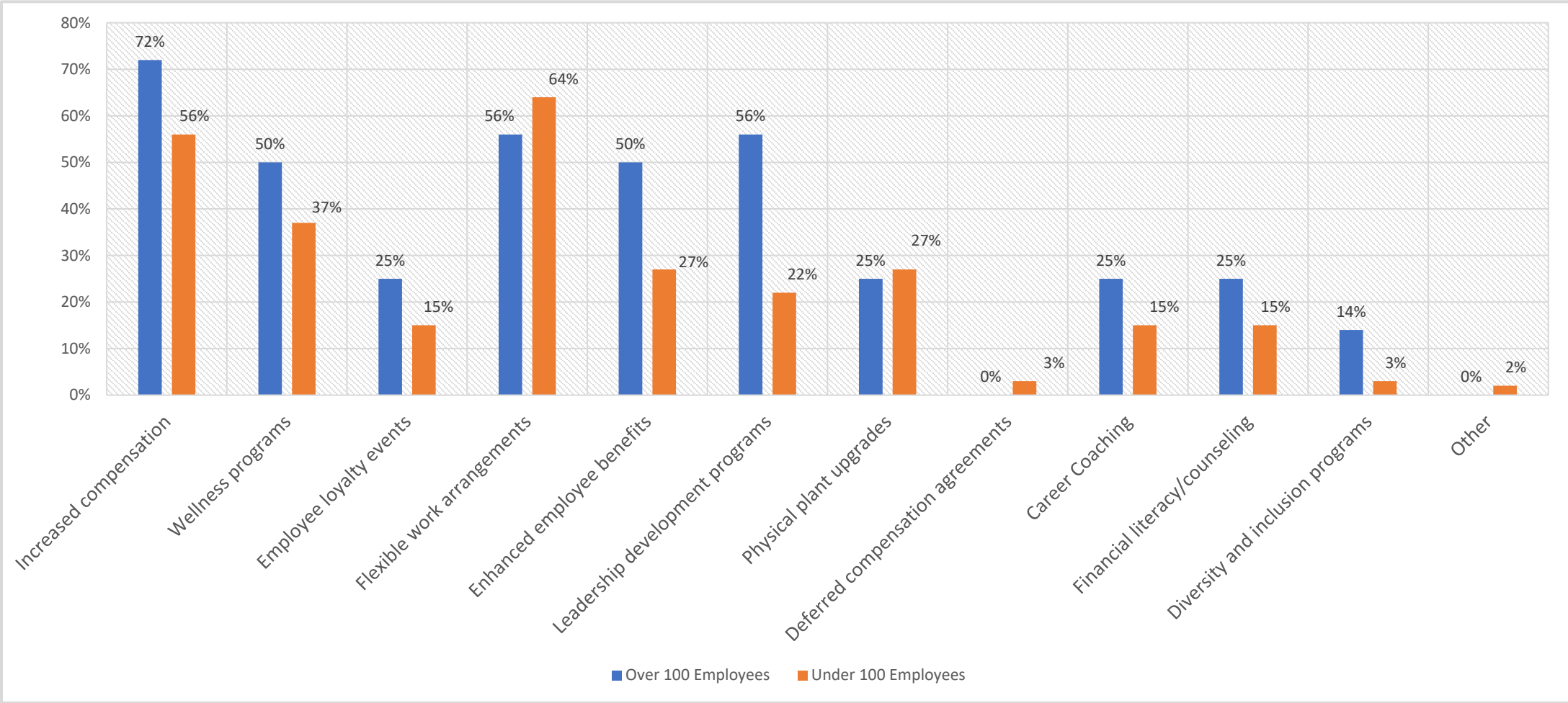
# Top Personnel Issues



# Strategies for Employee Recruitment Programs



# Strategies for Retaining Top Talent



# Employee Benefits

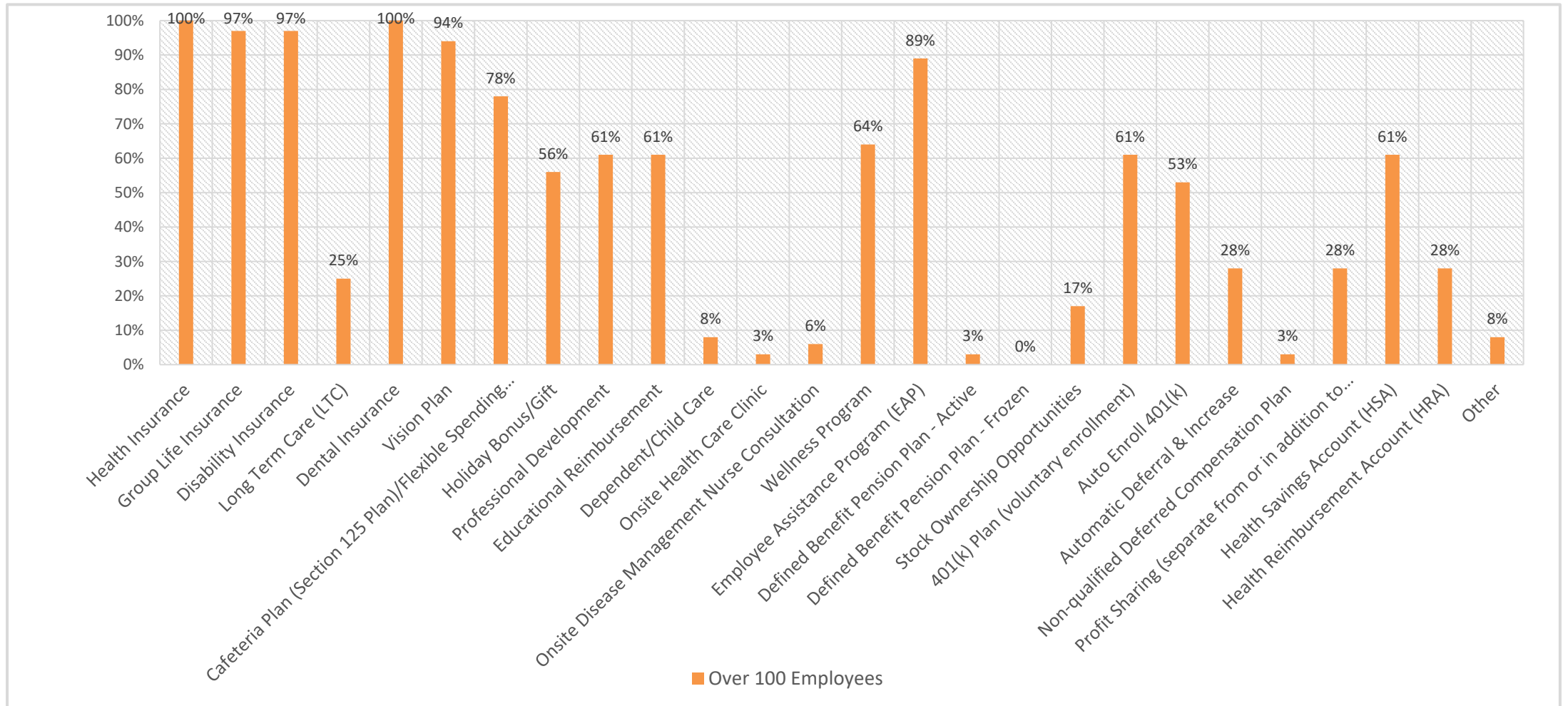
---



**Andy Reed**  
**Senior Vice President**  
**USI Insurance Services**  
[andy.reed@usi.com](mailto:andy.reed@usi.com)

# Benefits Offered by Participating Companies

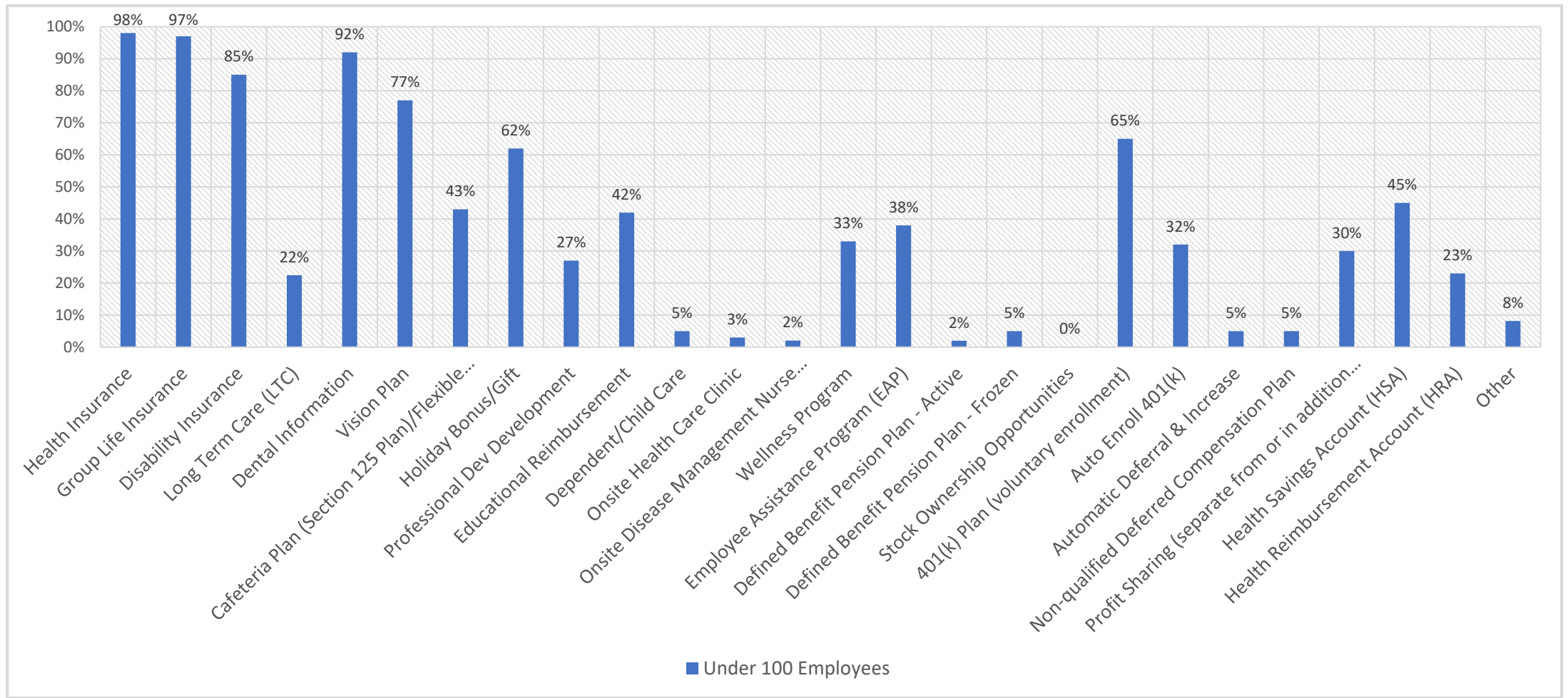
(Over 100 Employees)





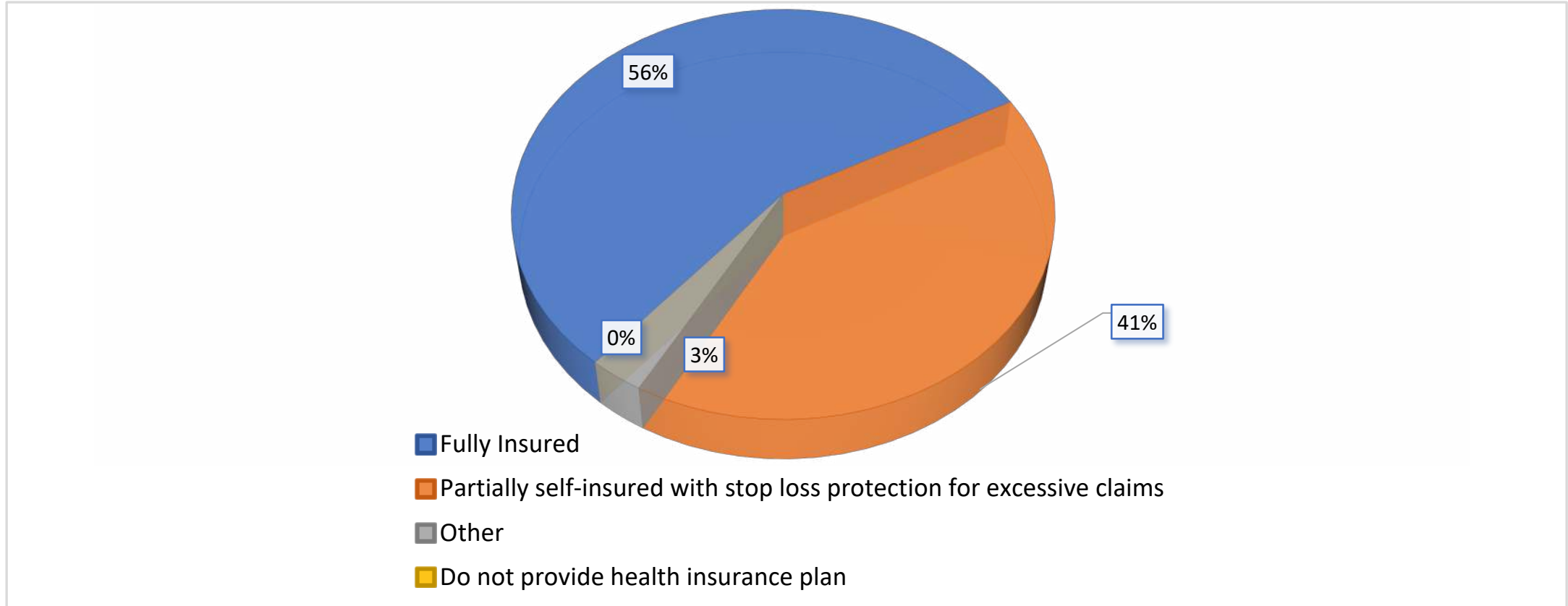
# Benefits Offered by Participating Companies

(Under 100 Employees)

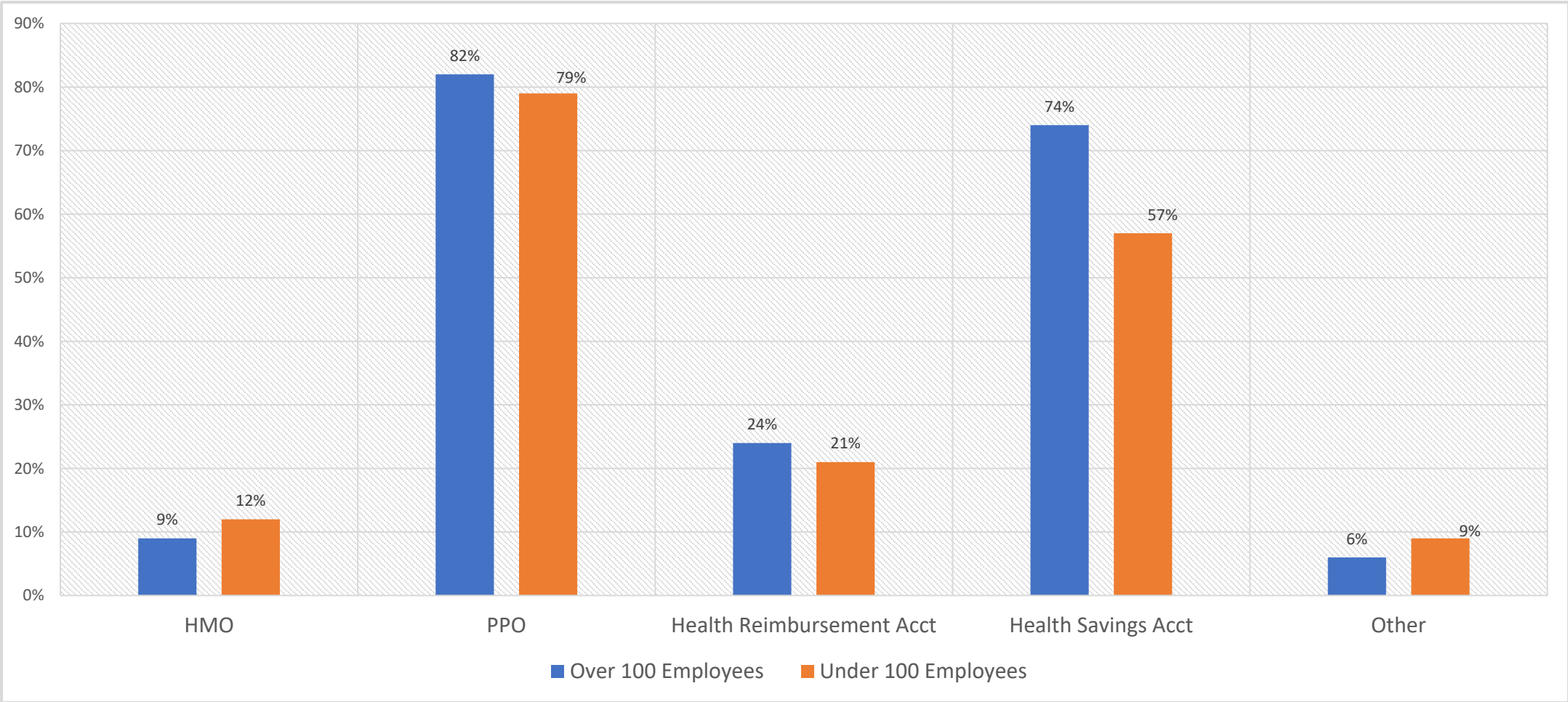


# Funding a Health Insurance Plan

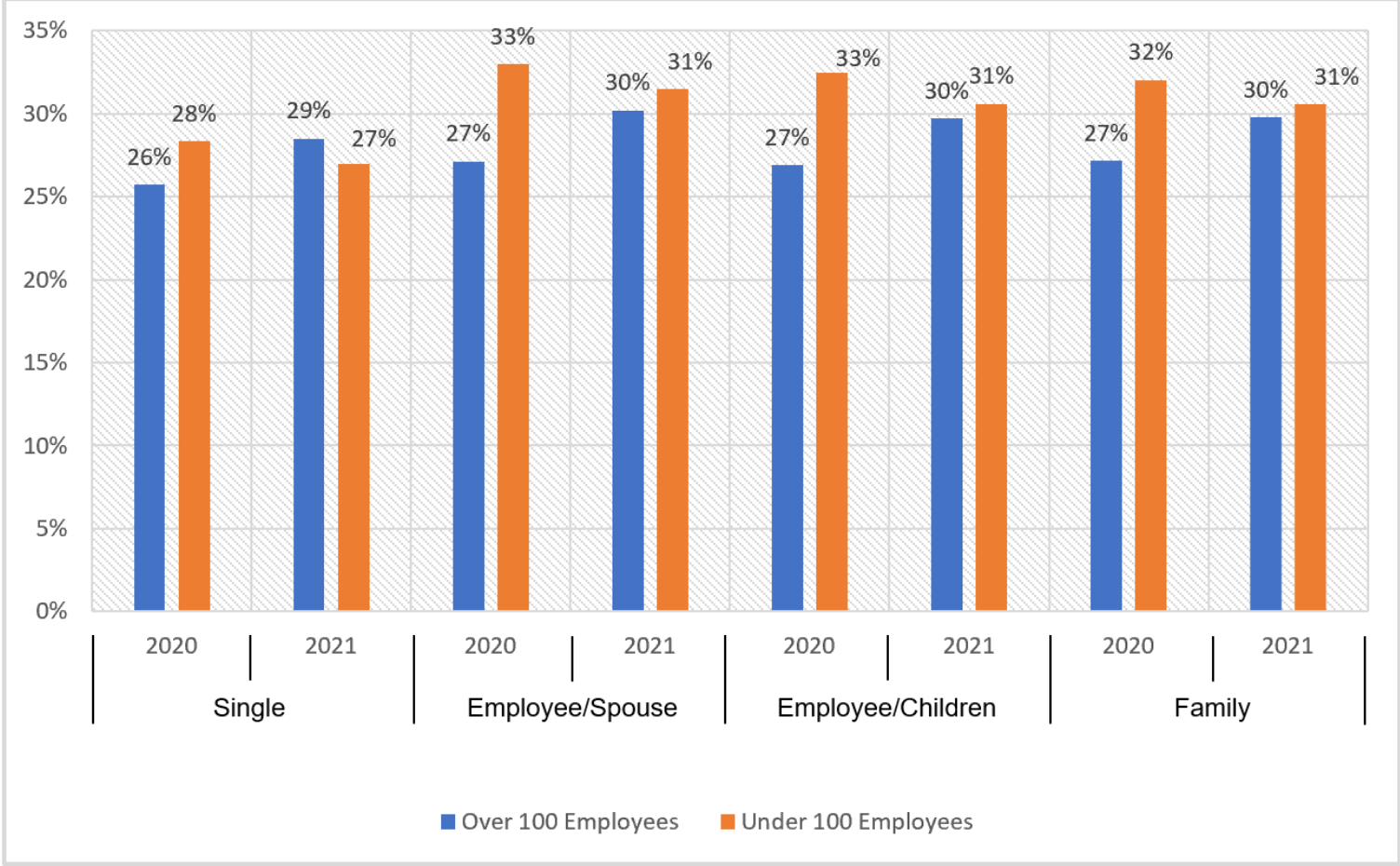
---



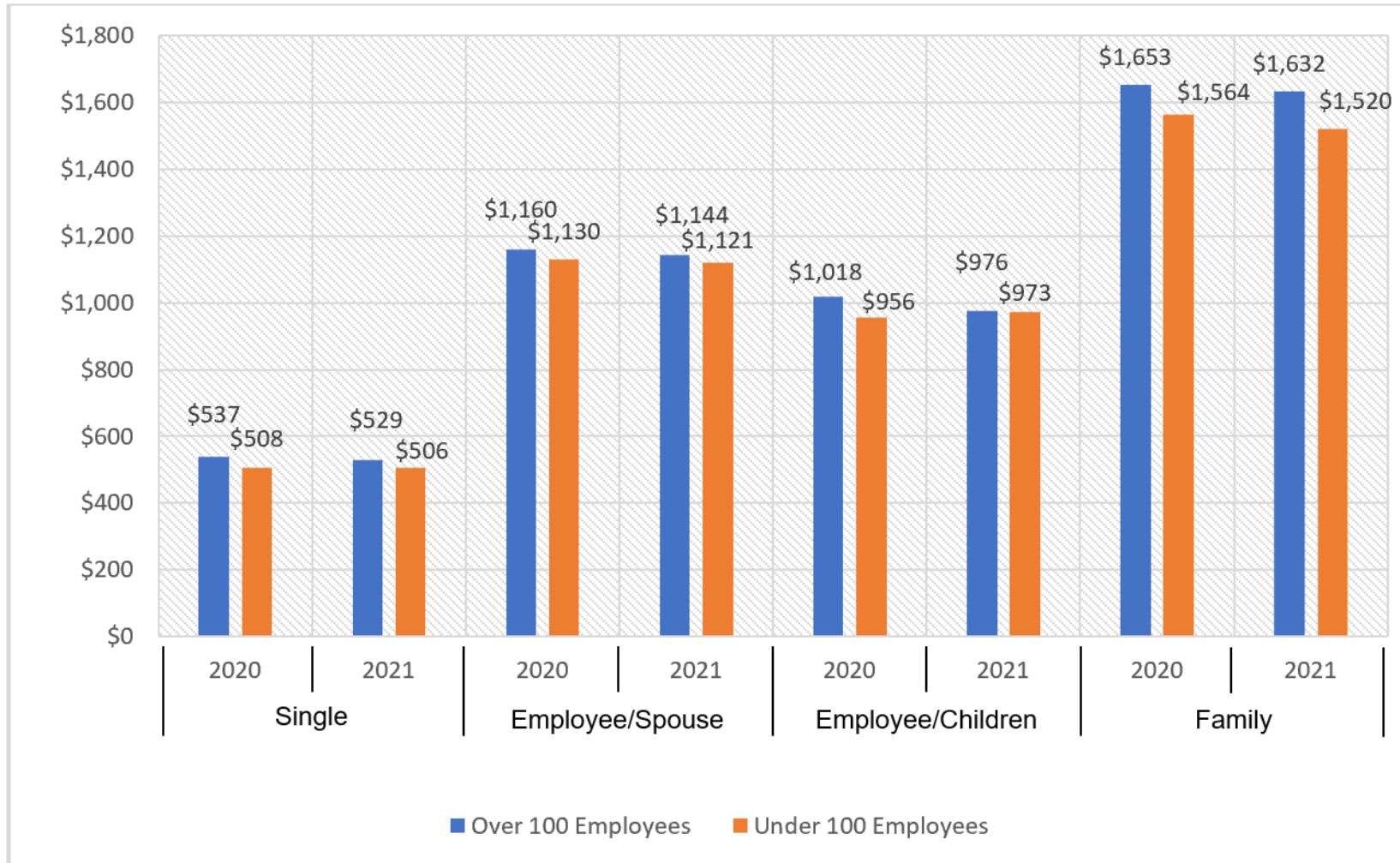
# Health Plans Offered



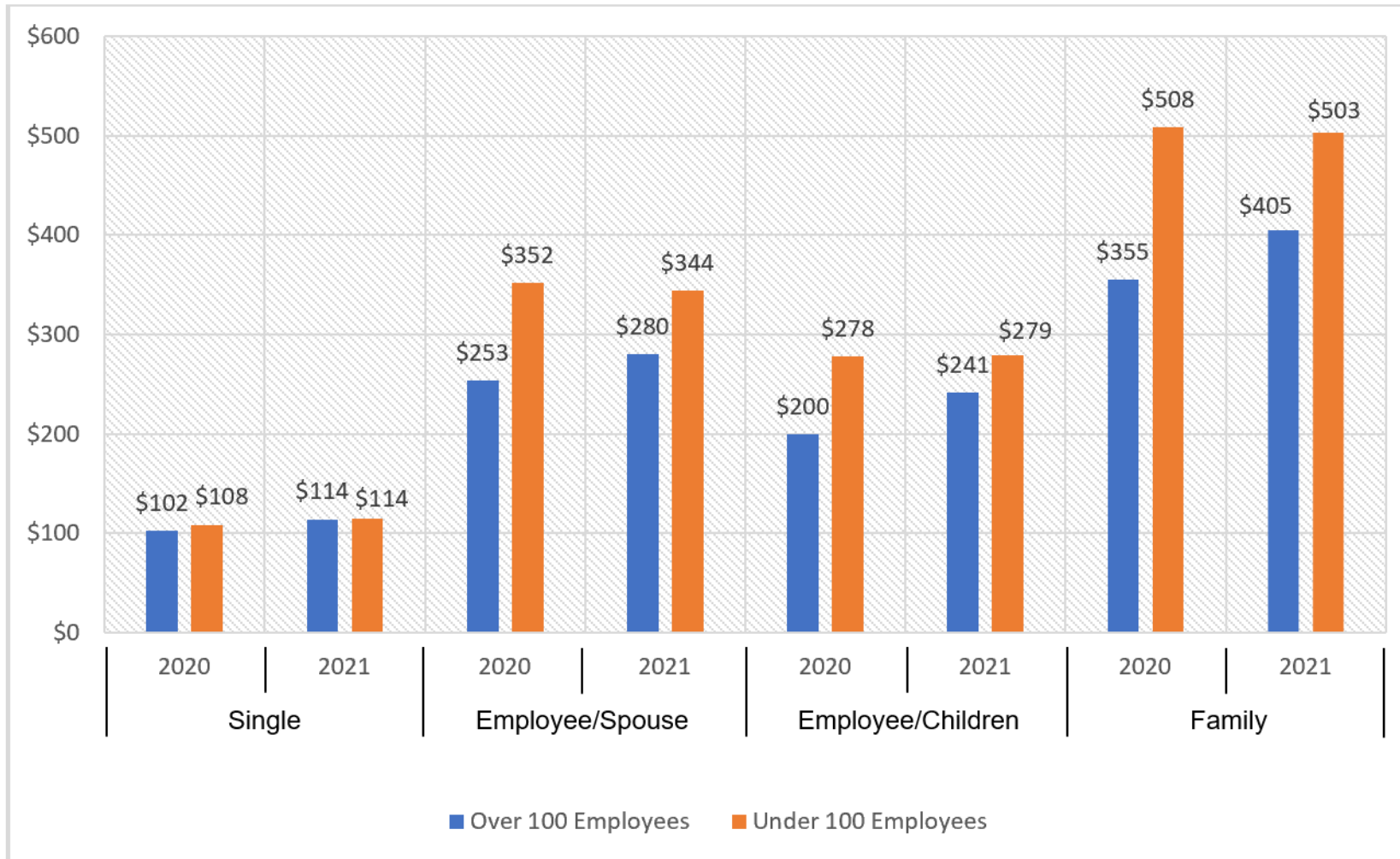
# % of Premium Paid by Employee



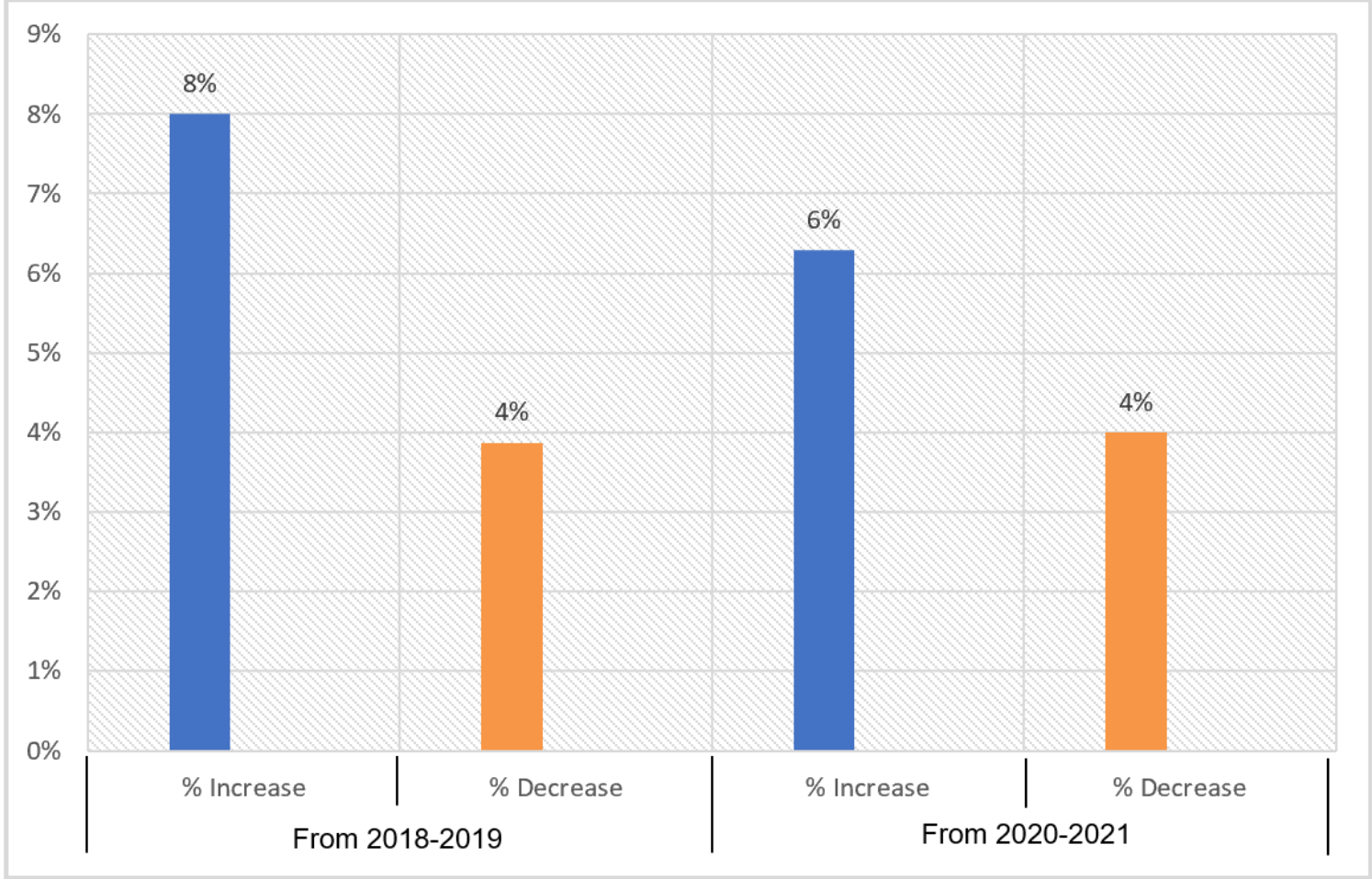
# Gross Premium Per Month



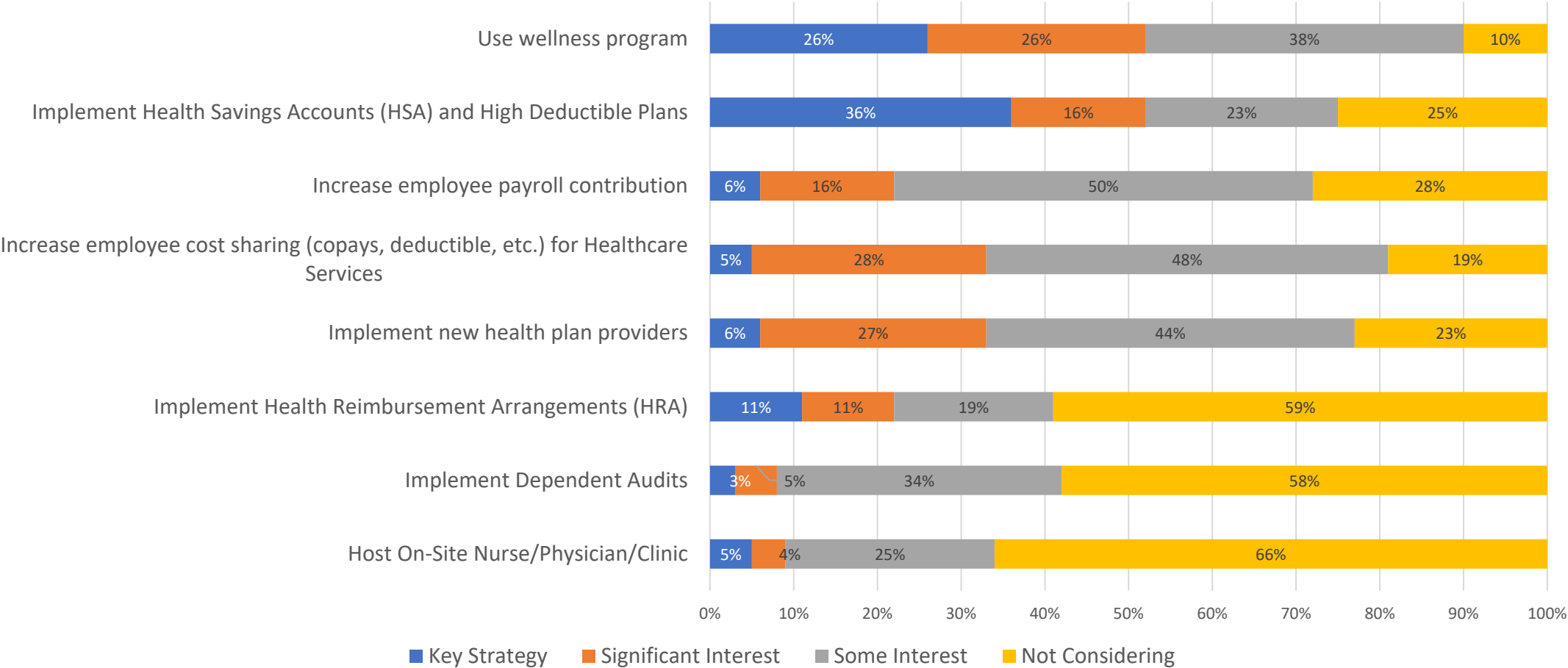
# Employee Contribution Per Month



# Year-over-Year Percent Change in Health Plan Premiums



# Future Strategies for Controlling Healthcare Costs





# Employee Benefit Hot Topics

---

- Health Plan Funding
- Value Based Care / Provider Network Management
- Prescription Benefit Management

# Health Plan Funding

---

- Traditional Fully Insured Contract
- Level Funding
- Traditional Partially Self-Insured Contracts
- Stop Loss Captives

# Provider Network Management

---

- Someone had to graduate last in their medical school class, right?!
- How can employers benefit from steering employees to the most cost-effective physicians in hospitals?
  - High Performance Networks – est. 5% - 10% savings
  - Aetna SimplePay – est. 10% - 20% savings
  - UHC BIND – est. 10% - 20% savings
  - Reference Based Pricing – est. 15% - 25% savings
- Prescription Drug Management / Specialty Drugs

# Questions?

---



**Lauren Huster, CPA, MBA**  
**Senior Manager**  
**Barnes Dennig**  
[lhuster@barnesdennig.com](mailto:lhuster@barnesdennig.com)



**Andy Reed**  
**Senior Vice President**  
**USI Insurance Services**  
[andy.reed@usi.com](mailto:andy.reed@usi.com)

N

K

Y

**GROW NKY**

Growing Regional Outcomes through Workforce

# WHAT is GROW NKY?

- GROW NKY is a strategic workforce collective
- GROW NKY unifies workforce development efforts
- NKY Chamber of Commerce is the backbone organization

# Partnerships = Solutions



# Strategic Workforce Action Team

- Connects employers to resources and programming
- Ensures employers are knowledgeable about industry trends
- Assists employers to attract, retain and advance their workforce
- Shares a unique approach to workforce solutions
- Provides a comprehensive plan
- Aligns partners along employer timeline



# Connect to Learn More

- Sign up to receive GROW NKY Monthly E-Newsletter
- Follow #GROWNKY on Facebook, Twitter and LinkedIn
- Subscribe to the Chamber's CERKL Newsletter
- Employer Resource Guide - <https://nkcareercenter.org/erg/>
- Contact Leisa Mulcahy - [lmulcahy@nkychamber.com](mailto:lmulcahy@nkychamber.com)