

# Manufacturing Compensation & Benefits Study Highlight Video Transcript

Beth Raines:

Hi, my name is Beth Raines. I'm a tax manager with Barnes Dennig, and I'm here to discuss the manufacturing compensation and benefits study. So this is a study that is co-sponsored by USI, North Side Bank, and the Northern Kentucky Chamber of Commerce. And it's something we've been doing for a number of years now. And it's been focused on manufacturers in the Tri-state area. And then additionally, this year, we issued our first-ever Kentucky separate study, which was an exciting new addition to the work that we have been doing. So really, you might be asking yourself, "How does this study work?" So that the way that we do this is that companies will respond to a survey with a number of questions on compensation and benefits. And as part of that participation, they can attend a live or online reveal event discussing the study as well as receive a copy of the study itself.

Beth Raines:

And I have to emphasize, it's more than raw data. It definitely has some key insights and trends that we're seeing and is really a valuable tool for companies to use when making decisions related to compensation and benefits. So if you're asking yourself ... because we have completed this so far for 2021, if you think it's too late, I mean, it's really not if this is something that you're still interested in. We have the webinars on our website that you can watch on demand, and then additionally, you can reach out and we can provide a copy of the study for it to you as well. So really, not too late, and we're certainly happy to help if that's something that you are interested in. And before we get into things further, we go ahead and have Leisa and Lauren introduce themselves as well.

Lauren Huster:

Thanks, Beth. I'm Lauren Huster. I'm a senior tax manager here at Barnes Dennig.

Leisa Mulcahy:

Hi, there. I'm Leisa Mulcahy. I'm the Vice President of Workforce at the Northern Kentucky Chamber of Commerce, and I am also the Managing Director of our workforce collective strategy, GROW Northern Kentucky. So with that, I get the pleasure of asking the questions today to these experts. So first, Lauren, I'm going to start with you. We've all seen a lot of challenges and opportunities with COVID. So can you talk to us a little bit about some of the impacts that you're seeing in the survey results?

Lauren Huster:

Absolutely. I think I was really kind of excited to see what the COVID impacts would be and what we could provide to companies. I know a lot of companies have struggled the past year and what could we do to kind of ease the burden. And really, I think the biggest thing that kind of popped out that we saw, is that companies really had to continue to increase salaries. So this is a bi-annual report. So if I looked at the 2019 to 2021, all of the salaries across the board were increasing. But what wasn't totally increasing was the total compensation. So the survey does break down salary and bonus to make total compensation. And total compensation just was really out of whack and didn't fall into any sort of trend. And it really boils down to the bonuses. One of the questions that's asked in the survey is, how are bonuses determined?

Lauren Huster:

And there are a lot of options, but the biggest, respondents replied that they do it either discretionary or based off of profit or based off of margin. And I think if you kind of rewind yourself to a year ago, the height of the pandemic, when everyone just kind of cut any costs that they could to just make sure that they were surviving, cash was really king. And I think bonuses was something that was easy to kind of just everyone was in it, put it on hold for now, and let's see how we end up. And I think that really showed in the survey, with the bonuses just being off the board. So I'm really excited to see, in two years, kind of where it goes, because I think with the trend in salaries being upward that if things keep going the way they're going, we're going to see kind of that rebound. And this was just kind of a glitch here with that.

Leisa Mulcahy:

Thanks, Lauren. I really appreciate that. So raw data and certainly real-time data, I think so many organizations are just starved for real-time data. And the survey certainly provided that. So can you talk to us a little bit about the trends that the survey is kind of highlighting?

Beth Raines:

Yeah. Absolutely, Leisa. So kind of another real-time thing that we really saw in the study results was just rising supply costs. So as part of that, we have a question for respondents to indicate: are they experiencing raw material supply increase or cost increases? And generally, everyone responded "Yes": either moderate or high-cost increases. And then, one of the other questions that we asked is related to gross margin per employee. And as we saw over the years, that seems to be decreasing, probably largely related to those supply costs, which is just kind of an interesting correlation we saw and pretty well-timed with what we've all been hearing in the news. We've all heard about a lot of supply shortages, we've heard about the microprocessor shortages, so just seemed to really be reflective of what's going on in the economy right now.



Leisa Mulcahy:

Thank you. So healthcare costs are always a concern for employers and organizations historically. So what developments have we seen from the survey this year, Lauren?

Lauren Huster:

In the past, I would say healthcare costs was number two. We ask, "What are the top issues?" And it was always kind of the number two issue, I think with COVID and everything going on, it's kind of taken a back seat in this 2021 survey, which was interesting in and of itself. But the other piece that's really interesting is that companies have seen that their premium increases were less than they were in 2019. We can tie it to that people just really weren't going to the doctor last year unless they had to. What will be more interesting, I guess, will come in 2023 when we see, what kind of rebounds from that? Are they going to kind of double or super inflate the next premium to kind of make up for it? It's a thought that that may be an approach that is taken, so more to come on that.

Leisa Mulcahy:

Thank you. That will be interesting, to kind of keep an eye on that for sure. So pre-COVID, throughout COVID, and now I like to say post-COVID, we have been in a tremendous economic growth pattern. So with that, with a strong economic growth, we see that demand for workforce. So can you really talk through how COVID has impacted that demand for employees?

Beth Raines:

Yeah. Absolutely, Leisa. So it really seems like it's exacerbated that demand. So as part of what we've seen in the study, a lot of them had noted that maybe they weren't looking to grow their workforce, but they were still actively looking to hire. And we've also seen perhaps some increases in turnover as well, too. So generally, the theme is companies are looking to hire and likely a mix of either because they're looking to increase their workforce or just replaced a turnover that they've already experienced. And I think that in some ways, COVID's exacerbated that even more, just because there's been less of a workforce available, whether people are currently out of the workforce for various reasons. And then, also, there's a lot of competition in the area. I think we've all seen a lot of "help wanted" signs and sign-on bonuses. So you get a lot of people vying for the same workforce. So, also, companies noted they're really looking to retain these employees well, too. So really, two big concerns hiring and retaining. And Leisa, I think you have some interesting resources and things that could really help these companies.

Leisa Mulcahy:

Absolutely. As I mentioned before, I am the managing director of a collective workforce strategy, and that particular strategy has over 75 partners across the tri-state region. We understand that we have to work together to really tackle some of the workforce challenges that our employers are facing across



the region. And we're doing just that. We're working together to really align resources, to make sure that we have solutions available to employers. So I would love to be of assistance to any employers that are interested in talking through some of those attraction and retention needs. We are using the community's whole complement of assets to grow, attract, and retain a globally competitive workforce. We want to make sure that our community has a broad spectrum of opportunity to go to and that our employers have a deep well of talent to pull from. So if you're interested in connecting with me to learn more about some of the resources that exist across the region, I would love to have that conversation and you can find me at [nkychamber.com](http://nkychamber.com).

Leisa Mulcahy:

And I think more importantly, I think the first step for advanced manufacturers is going to [barnesdennig.com](http://barnesdennig.com) and getting the survey results, getting that report, and really looking at some of the information in that report to get started. And just a big shoutout to the partners with this particular survey, Barnes Dennig and USI Insurance and North Side Bank and the Northern Kentucky Chamber. It's been a pleasure working with all of you, and I know that there are so many advanced manufacturers out there that are really going to find value in this report. I look forward to working with them as well.