MR MANUFACTURER
2008

The Manufacturer/Nigel Wright 2008 Salary Report

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NIGEL WRIGHT RECRUITMENT

Your say on pay

In the fourth Annual Salary Report, Victoria Hammond uncovers remuneration trends among directors and managers in the UK's manufacturing sector

If ever there was an issue close to the hearts of UK manufacturers – if not every working person in the country – it is that of remuneration and job satisfaction. More than 800 readers of *The Manufacturer* responded to this year's salary survey – at least double the number of responses we normally yield from our other research projects, such as the Annual Manufacturing Report.

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The Annual Salary Report aims to uncover current trends in and levels of remuneration across the manufacturing industry, and gives you the opportunity to compare yourself to your peers. Is your salary up to scratch for your sector, your status and region? This is your chance to find out.

This year's report suggests that the past year was a comparatively content one for the average manufacturing manager or senior-executive. Almost four in 10 of you said you were satisfied with your remuneration package – compared to just over a fifth in last year's report. And more of you said you were happy to stay in the job you have. But employers take note – that wouldn't stop eight out of 10 of you considering another job if the right opportunity arose.

Are you the average manufacturing manager? This year, our survey says that Mr Manufacturer (and most of you are men) is from the East Midlands or the south east, he is in charge of production and earns between £30,000 and £50,000 a year. His pay rise was around three per cent last year and he wouldn't consider working beyond retirement age.

Sound familiar? Read on to find out how your situation compares with your fellow readers.

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The past 12 months have seen yet another busy period for manufacturing. Significant increases in energy and raw material prices have exacerbated pressure on manufacturing. The continued trend of moving low value added manufacturing off-shore has also added to the pressure on companies in the UK to become leaner.

In contrast some sectors, particularly food, drink and some specific engineered products, are growing well, and as a result are recruiting high calibre manufacturing and shift managers in significant volumes. There appears to be a marked shortage of candidates in this area although companies are prepared to invest in a professional recruitment process to address the problem.

Experienced supply chain professionals continue to be in high demand and as a result we continue to see a rise in salaries in this area. Those candidates with strong skills in procurement, particularly with strategic off-shore buying, are again of interest as companies look to reduce the cost of their supply base.

There are a number of new initiatives that are being introduced to address the long term issues, however, engineering skills shortages remain high in the short to medium term, particularly for process, mechanical, instrumentation and control engineers with two to five years of industry experience.

Therefore the message for companies looking to recruit is much the same as last year: in order to stay ahead of the competition it is essential to invest time and money to secure the highest calibre of staff. The solution moving forward is sure to involve an increasing focus on attracting skilled candidates from Europe.

NIGEL WRIGHT
RECRUITMENT

1. Regional

Defined by MAS regions

London	£72,733
East Midlands	£55,583
East	£58,871
West Midlands	£58,549
North East	£55,682
Scotland	£55,270
South East	£54,526
North West	£53,938
Yorkshire and Humber	£53,769
Wales	£52,179
South West	£50,317
Northern Ireland	£49,583

2. What do you do?

Your professional role

In charge of production	22.80%
CEO/MD	17.97%
In charge of the site	17.67%
In charge of plant and maintenance	11.93%
In charge of logistics and materials handling	9.97%
In charge of HR	8.61%
In charge of IT	6.80%
In charge of finance	4.23%

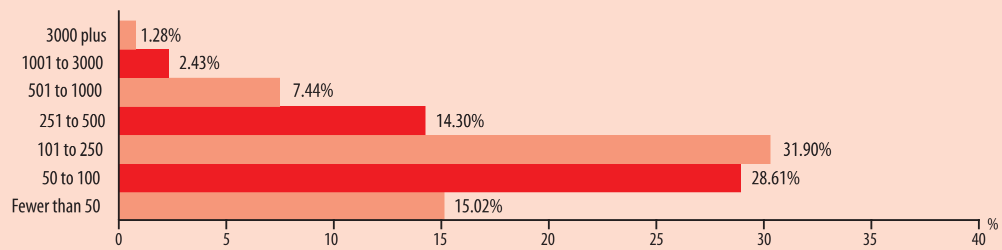
3. Sector differentials

Earnings by sector

Medical	£60,556
Machinery	£60,357
Metals	£59,362
Construction materials	£55,789
Automotive, aerospace, marine	£55,278
Electrical/electronic products	£55,146
Chemicals, pharmaceuticals, rubber, plastics	£54,695
Food and beverage	£54,559
Other manufacturing	£52,591
Textiles, glass, leather, wood and paper products	£34,943

4. How large is your site?

Number of staff employed on site



What are you worth?

Let's get straight to the interesting bit, just how much do manufacturing managers and senior executives earn? More than half of you earn between £30,000 and £50,000 per year, with the greatest single proportion – around a third of you – taking home between £30,000 and £40,000 each year. Around 15 per cent earn between £51,000 and £60,000 a year. Just six per cent of you have broken the £100,000 barrier – a slight fall from last year's 7.33 per cent.

Of course, salaries vary according to job status and it will come as no surprise that the highest paid manufacturers are those in the position of CEO or managing director. The average CEO or MD earns £80,181, with CEOs at larger companies (employing more than 250 people) earning more than £100,000 on average. Heads of site are the next highest paid, with an average salary of £57,928.

The lowest paid managers are those in charge of plant and maintenance, who earn, on average, £42,828. Those in charge of IT came in with the second lowest salary at £43,837.

The HR professionals among you are the most cagey about your salary, with four out of 10 of you refusing to say how much you earned.

Regional variations

But how do salaries compare across the UK's regions? This year's survey shows that, on average, manufacturing managers in London earn the most, with a salary of £72,733 – around £17,000 more than those in the East Midlands in second place, and £23,000 more than managers in Northern Ireland, who find themselves at the bottom of this year's league table.

It should be noted, however, that at this level of sub-sample analysis, where we received relatively low numbers of responses from certain regions, low numbers of very high earners could distort the outcome. Figures for low-turnout regions, such as Northern Ireland, London, Scotland, Wales and the eastern regions, therefore, should be treated as indicative.

Sector differentials

When it comes to different sectors within the industry, the highest earners come from the medical, machinery and metals sectors; anecdotal evidence shows that managers in these sectors are earning an average of around £60,000. Once again, however, responses from manufacturers in these sectors were relatively low.

The highest number of responses came from those of you working in the automotive, aerospace and marine sector, who earn an average of £55,278 a year. In second place, are those from the electrical or electronic products sector, who earn £55,146 a year. A quarter of you said your operations fall under the category 'other manufacturing', and you earn, on average, £52,591.

Fringe benefits

So, what benefits do manufacturing managers enjoy beyond their basic salaries? The most common fringe benefit, for the fourth year running, is private healthcare, as received by two thirds of you. One in six of you have a company car or an allowance to buy your own car, and just over half receive performance or productivity-related pay.

It will come as no surprise that a greater proportion of CEOs and MDs enjoy these fringe benefits. More than eight out of 10 have a company car and receive private healthcare, while six in 10 are given performance-related bonuses.

The proportion of respondents receiving final salary pension schemes has fallen year on year since 2006, when more than half of managers were on such a scheme. Today, less than a third of you benefit from a final salary pension – regardless of your job status.

Child care provision, on the other hand, has grown in popularity, albeit at a very slow pace. In 2005, less than one per cent of you said that your company provided help with childcare. Today, almost three per cent receive child care support.

How old are you?

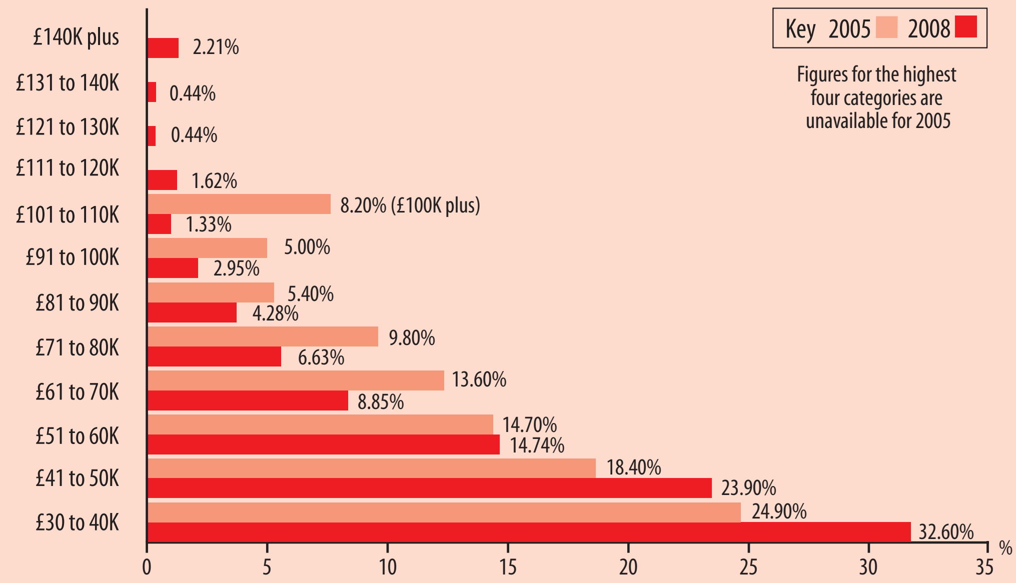
This year's report shows little change in the age of the managers leading the UK's manufacturing companies, with experience and wisdom leading over youthful enthusiasm. More than eight out of 10 of you are over the age of 40, with three quarters aged between 40 and 59. Fewer than two in 10 are aged below 40, with just one per cent of managers aged below 30.

CEOs and MDs, however, tend to be older. More than half are aged over 50, with more than a fifth aged between 60 and 69.

For the first time since our salary research began, we asked you about your company's and your own attitudes towards working beyond retirement age. Less than half of companies – four out of 10 – actively discourage staff to continue working beyond retirement age. Six out of 10, therefore, are more than happy to employ staff after they've

5. What do you earn?

Salary in thousands of pounds



6. What are you worth?

Average earnings per job

CEO/MD	£80,181
Head of site	£57,393
In charge of finance	£53,928
In charge of production	£46,828
In charge of HR	£46,799
In charge of logistics and materials handling	£46,428
In charge of IT	£43,837
In charge of plant and maintenance	£42,828

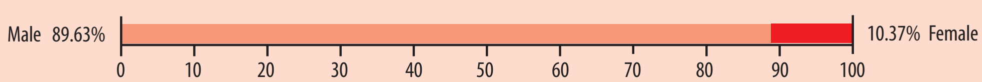
7. Pay by age

Age

20 to 29 years	1.00%
30 to 39 years	16.54%
40 to 49 years	44.92%
50 to 59 years	29.90%
60 to 69 years	7.73%

8. Gender

Gender



reached 65: a third said they offer part-time work, and around a fifth offer less strenuous work, and/or offer the opportunity to train and mentor younger employees.

When it comes to your own attitudes to working beyond the age of retirement, opinion is divided almost straight down the middle. The majority of you, however – just over half – said you would not like to work, in some capacity, beyond retirement age, and less than two per cent of you are currently working into your retirement years.

Last year's pay rise

The vast majority of manufacturing managers saw their pay go up last year, with the largest proportion – around three in 10 – receiving an increase of between two and three per cent. But the good news is that a greater proportion of you received an above-inflation pay rise in past 12 months than you did in the previous year. This year's survey shows that around 46 per cent of managers saw their salary rise by more than three per cent, compared to 38 per cent in last year's survey.

And while a not-insignificant proportion saw no change in their pay this year (around a sixth of respondents), this figure has fallen from last year's survey, when a fifth of respondents went without a pay rise.

Prospects for 2008

But what are manufacturers' expectations for the coming year? Again, the greatest proportion – around a third – anticipate a pay rise of between two and three per cent. Less than half of you expect a pay rise above the current rate of inflation, with a quarter expecting a rise of between four and five per cent, and less than one in 10 looking forward to a rise above five per cent.

Around a fifth of you expect no change in your salary and just one out of more than 700 respondents said his pay might drop next year.

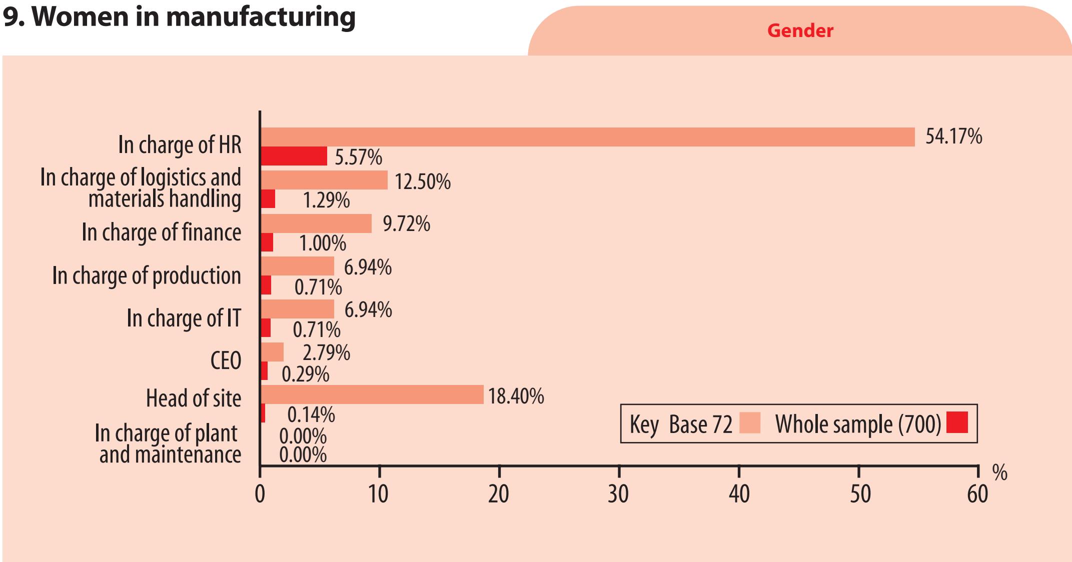
Satisfaction with remuneration

Given that almost half of you received an above-inflation pay rise in the last 12 months, it is little surprise that this year's survey shows a greater level of satisfaction when it comes to remuneration. We asked you to say how satisfied you are with your remuneration package on a scale of one to five, where five is 'very satisfied'. This year, around four out of 10 of you gave a rating of four or five, compared to just over two in 10 in last year's survey. In fact, less than a quarter of you said you were dissatisfied to some degree. Not surprisingly, the majority of those dissatisfied were respondents who had received either no pay rise in the past year, or who had received a rise of less than two per cent.

Job satisfaction

This year's research also finds more of you happy to remain in the job you have, as cited by more than half of you – an increase of almost six percentage points on last year's research. And fewer than three in 10 of you often browse through job vacancies, casually keeping an eye on what's available in the job market.

9. Women in manufacturing



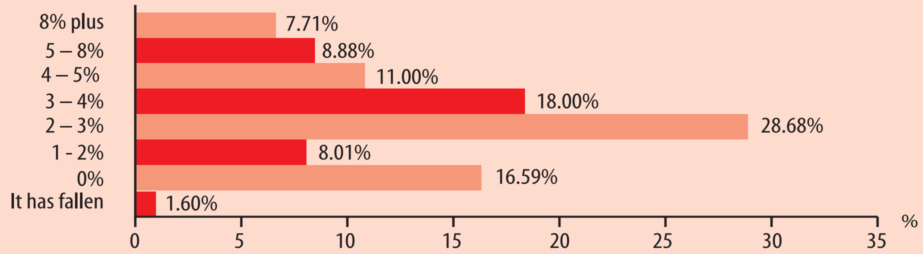
10. Fringe benefits

Benefit type

Private health care	65.00%
Company car or car allowance	59.14%
Performance/productivity-related pay	51.43%
Final salary pension scheme	30.86%
Professional development	23.00%
Equity share scheme	18.00%
Loan/saving scheme	3.86%
Child care provision	2.71%

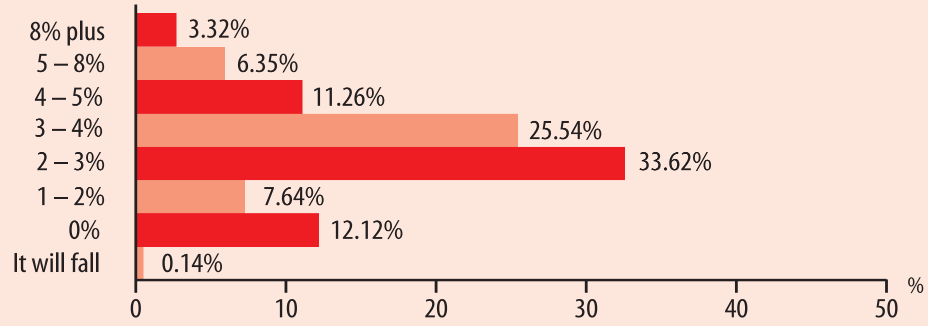
11. Last year's pay rise?

Pay rise during 2006



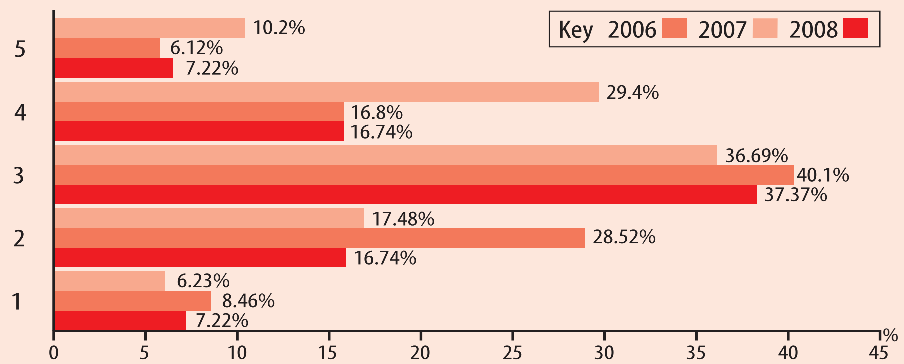
12. Prospects for the coming year

Anticipated pay rise for 2007



13. Satisfaction with remuneration

On a scale of 1 to 5, with 5 very satisfied



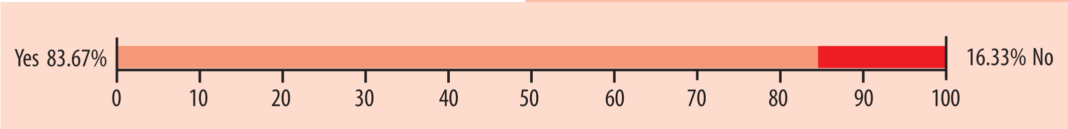
14. Job satisfaction

Attitude to job continuity

I am happy to remain in the job I have	55.57%
I often browse through the job vacancies	28.86%
I am actively looking for another job	7.71%
I applied for a new job during 2007	5.29%
I changed jobs during 2007	1.29%
I have a new job to go to in 2008	1.29%

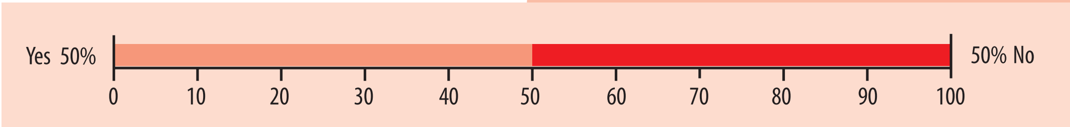
15. Job offers

Would you consider another job if the offer was right?



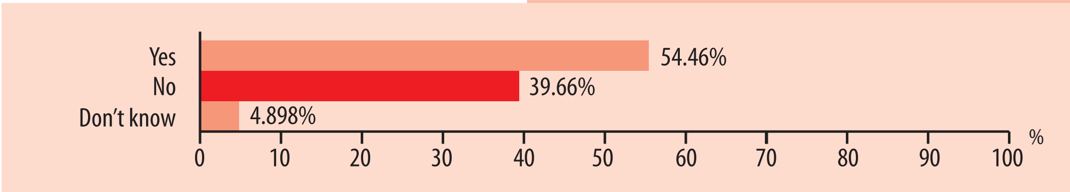
16. Relocation

Would you move yourself and family if the offer was right?



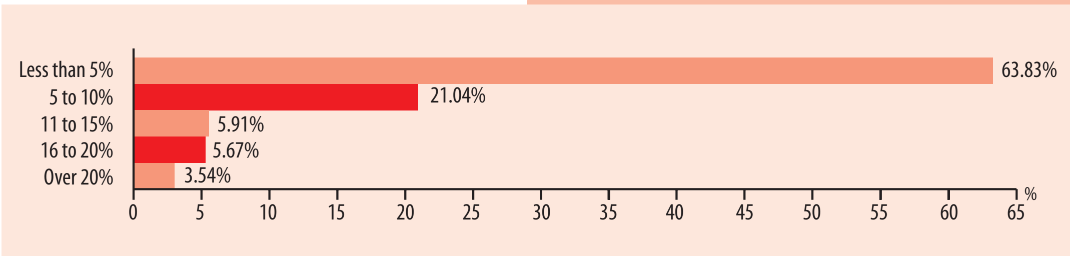
17. Migrant workers

Do you employ migrant workers?



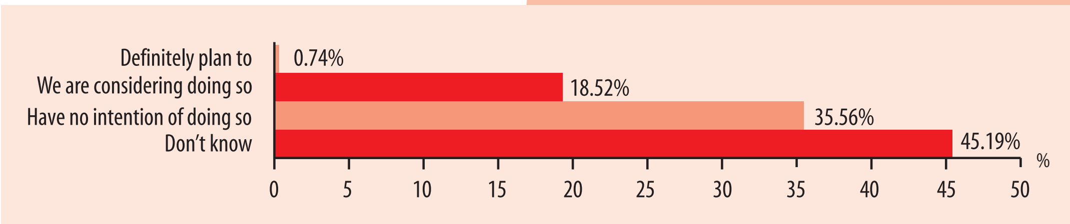
17. Use of migrant EU workers

Migrant workers from EU accession states employed



18. Future intentions

Intentions of those employing no migrant workers



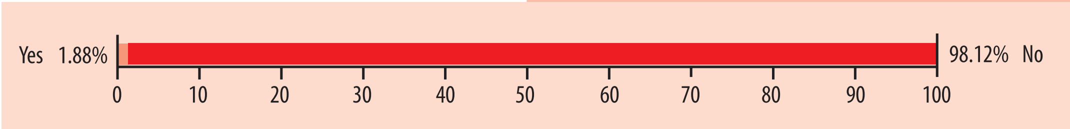
Retirement and working

Do you permit working after retirement age?

We discourage the practice	39.59%
We offer part-time employment	33.52%
We offer less strenuous, less physical work	13.63%
We offer the opportunity to train and mentor younger employees	10.13%
We offer job share	3.13%
Other	3.13%

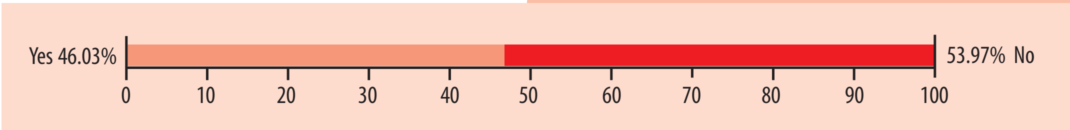
You and retirement now

Are you working beyond retirement now?



You and retirement – the future

Would you like to work, in some form, after retirement?



But while fewer than one in 10 of you are actively looking for another job, that wouldn't stop more than eight out of 10 of you taking another job if the right offer came along. However, work-life balance evidently plays a significant part in your career plans, with exactly half of you saying you would consider moving yourself and your family to another job location if you found a plum role – a drop from last year's 57 per cent.

Unsurprisingly, a significant proportion of those who expressed dissatisfaction with their remuneration package are seeking new employment.

Women in manufacturing

It will come as no surprise that nine out of 10 of you are men. Of the women we surveyed, more than half are in charge of human resources, and around one in 10 respectively, is in charge of either logistics and materials handling, or finance. Less than three per cent are CEOs or MDs.

The average salary among the women surveyed was £43,000 – around 20 per cent less than the average male manager – with the largest single proportion earning between £30,000 and £40,000.

However, the research also shows that a far greater proportion of women than men had attained management positions below the age of 40, which perhaps indicates that we'll see more women in decision-making roles in future surveys. But given that fewer than three per cent of respondents (men or women) currently receive child care provision as part of their remuneration package, much needs to be done to attract and retain these women.

Use of migrant workers

This year has seen a significant rise in the numbers of manufacturing companies that employ migrant workers from the EU accession states. Around six out of 10 of you currently employ migrant workers, although by far the greatest proportion – almost four in 10 – said such workers make up less than five per cent of the site's workforce.

Looking forward, around two in 10 of those who don't currently employ migrant workers from the EU are considering doing so next year, and only a third have absolutely no intention of doing so.

Conclusion

In summary, the past year has been a relatively good one for those managing the UK's manufacturing sites. More managers received pay rises – many at higher levels than those seen during the previous year – and job satisfaction levels are fairly high, with few actively looking to move jobs. The important challenge for employers for 2008 is to maintain this sense of loyalty and commitment.

Improving selection to optimise retention

Talent management

The phrase 'talent management', originally introduced in the 1970s, has now become a prerequisite item on the human resources agenda, and generally is taken to include many diverse activities such as attracting and selecting the right employees, developing them, and planning for succession. It also can include activities designed to promote employee engagement – in other words – the degree to which staff feel a positive emotional connection with their employer. Employee engagement may be affected by such things as remuneration, flexible benefits and working arrangements, or the degree to which corporate social responsibility is taken seriously.

In the context of today's increasingly competitive manufacturing environment the attraction and selection of the right employees is key. Nigel Wright has recently completed some research focusing on talent management and its alignment with key strategic issues faced by manufacturing companies. This research revealed that 87 per cent of companies ranked motivation and employee engagement as critical to business success, 86 per cent ranked retention of high importance and 68 per cent ranked recruitment and selection as key to business success. These results suggest that companies are increasingly aware of the importance of attracting the right people, and maintaining high levels of employee satisfaction.

So how can a recruitment consultancy play a key role in this process? One aspect is the knowledge they hold of their candidate base. Nigel Wright maintains close, personal contact with all of their candidates, ensuring that their needs and motivations are fully understood. This ensures both the candidate's and client's interests are well represented and a better fit can be found.

Often selection processes are overly biased toward assessing ability. They seek to answer the question, "Can they do the job?" and neglect to check if an individual wants to do it or will enjoy doing it. Subjectively, the assessors may be assessing for attitude and fit, but rarely are these important factors considered explicitly and objectively. A good recruitment consultancy should be able to provide insight into this area, however there are a number of steps companies must take themselves to measure attitude and fit to optimise retention.


Malcolm Devine

The key thing is to be clear about what your company is looking for. Taking attitude first; do you want people who are naturally street-wise and independent or would more trusting and consensus orientated individuals be more effective in your workforce? Secondly – fit. In order to assess company fit, you first need to have a clear, explicit description of your corporate culture. Not the ideal culture as described in your glossy vision statement dustily framed on the wall – but the real culture, as your current employees experience it every day.

By implementing these steps, companies should be in a better position to attract the right individuals to join their business. ●

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