



Sophie Fleming  
& Associates

# **2009 SALARY BUDGET SURVEY**

**BARRIE & AREA**



**Greater Barrie  
Chamber of Commerce**

**FEBRUARY 2009**

# **2009 SALARY BUDGET SURVEY**

## **BARRIE & AREA**

Conducted by  
*Sophie Fleming & Associates*  
and the *Greater Barrie Chamber of Commerce*  
February 2009

### **Summary**

Sophie Fleming & Associates, in collaboration with the Greater Barrie Chamber of Commerce conducted the first annual salary budget survey for organizations in and around Barrie. A total of 62 organizations participated in the survey, which gathered data on projected 2009 salary increase budgets, as well as 2008 actual salary increase budgets.

Of the survey participants, more than half (53%) indicated that they will increase salaries in 2009, while 26% plan to freeze salaries in 2009. The remaining 21% have not decided at this point what their salary budget increase will be.

Of the 53% who plan to increase salaries in 2009, the average overall budget increase is 3.7%, which is higher than we would expect given the current economic conditions in Ontario. The average overall salary increase budget in 2008, for those who provided raises, was 4.1%.

### **Survey Methodology**

In December 2008, 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 2008 actual salary increase budgets, and their 2009 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 26, 2009, and then forwarded to Sophie Fleming & Associates for analysis. Where necessary to clarify data provided, participants were contacted by Sophie Fleming & Associates.

Statistics were calculated and reported wherever we had 3 or more participants providing data. We calculated the standard statistics of 25<sup>th</sup> percentile, median, average and 75<sup>th</sup> percentile.

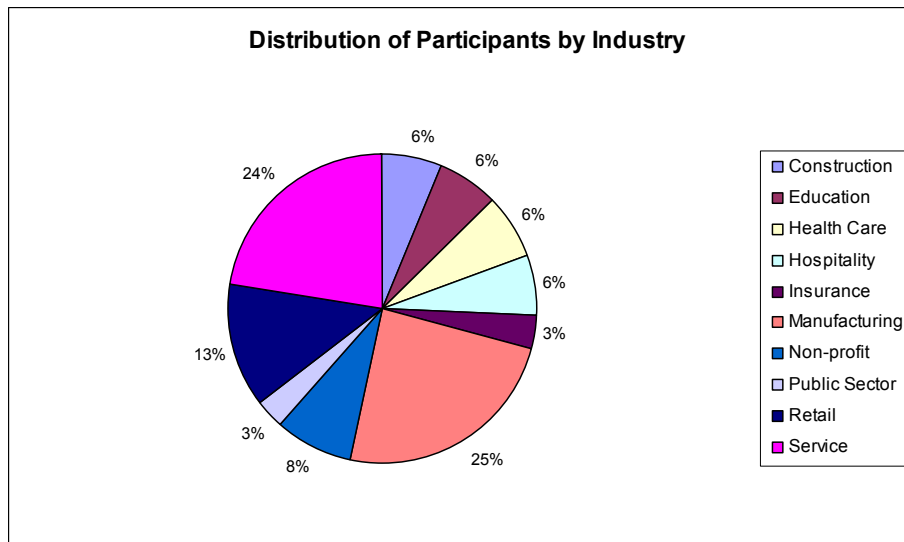
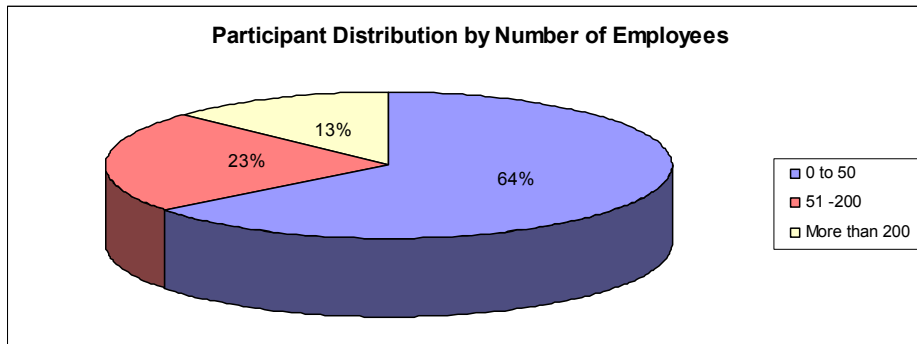
Where possible, we conducted analysis for separate data cuts in addition to the “all participants” data cut. They include:

- All organizations located in Barrie;
- All manufacturing organizations;
- All retail 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

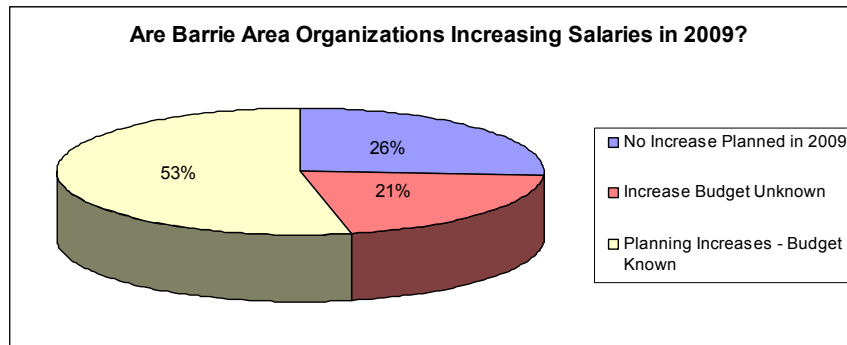
Sixty-two organizations participated in the survey this year, ranging in size from 1 to 3,000 employees. Of the 62 participants, 3 are unionized and 59 are not. The majority of respondents (77%) are located in Barrie. The remaining participants are located in Orillia (6%), Collingwood, Alliston, Minesing, Innisfil, Midland, Thornton, Thornbury, and Rama.

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

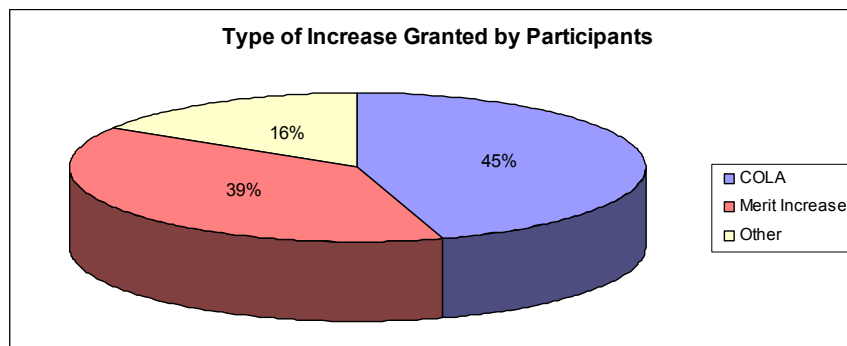


## Results

According to this year's survey, more than a quarter of survey participants are planning to freeze salaries in 2009. Through further telephone contact with some participants, some indicated that in spite of planned overall salary freezes, they might provide modest increases on an exception basis to some deserving employees (for example, 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 2009, while 21% of the survey respondents indicated that they plan to raise salaries but have not yet determined their budget.



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. Results are displayed only if 3 or more participants provided data; "\*" denotes insufficient data to report.

## RESULTS FOR ALL ORGANIZATIONS

	2008 Actual Salary Increase Budgets				
	Overall	Management	Salaried non-management	Hourly non-union	Hourly union
25th Percentile	2.50%	2.40%	2.50%	2.30%	*
Median	3.00%	4.00%	4.00%	3.00%	*
75th Percentile	5.00%	5.00%	6.00%	7.20%	*
Average	4.14%	4.92%	4.83%	4.50%	*

	2009 Projected Salary Increase Budgets (Excludes "0%" Increases)				
	Overall	Management	Salaried non-management	Hourly non-union	Hourly union
25th Percentile	2.00%	2.38%	2.38%	2.00%	*
Median	3.00%	3.25%	3.00%	4.50%	*
75th Percentile	4.25%	5.00%	4.25%	5.00%	*
Average	3.65%	4.13%	3.78%	4.45%	*

	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%	*

## RESULTS BY INDUSTRY (Excludes 0% Increases)

	2008 Overall Actual Budget			2009 Overall Projected Budget		
	Manufacturing	Retail/Wholesale	Services	Manufacturing	Retail/Wholesale	Services
25th Percentile	2.13%	1.38%	4.00%	2.18%	2.50%	2.00%
Median	2.55%	1.75%	6.00%	2.70%	3.00%	2.50%
75th Percentile	3.00%	2.25%	7.50%	3.00%	3.50%	3.75%
Average	3.13%	1.88%	5.98%	2.48%	3.00%	2.92%

## RESULTS BY EMPLOYEE SIZE (Excludes 0% Increases)

	2008 Overall Actual Budget			2009 Overall Projected Budget		
	1 - 50 employees	51 - 200 employees	201 + employees	1 - 50 employees	51 - 200 employees	201 + employees
25th Percentile	3.00%	2.50%	2.25%	2.00%	3.00%	2.18%
Median	4.00%	3.00%	2.55%	3.00%	3.00%	2.65%
75th Percentile	6.00%	3.00%	2.75%	4.50%	3.50%	2.93%
Average	4.66%	3.33%	2.45%	3.73%	3.33%	2.45%

## RESULTS FOR BARRIE ORGANIZATIONS ONLY

2008 Actual Salary Increase Budgets					
	Overall	Management	Salaried non-management	Hourly non-union	Hourly union
25th Percentile	2.50%	2.38%	2.50%	2.00%	*
Median	3.00%	4.00%	4.00%	3.00%	*
75th Percentile	5.00%	5.13%	6.00%	7.40%	*
Average	4.32%	5.27%	4.79%	4.59%	*

2009 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%	*
Median	3.00%	3.50%	3.00%	4.75%	*
75th Percentile	4.00%	5.00%	4.25%	7.25%	*
Average	3.56%	4.27%	3.83%	4.79%	*

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	1.50%	0.00%	0.00%	0.00%	*
75th Percentile	3.00%	3.25%	3.00%	2.63%	*
Average	2.13%	2.06%	1.77%	2.00%	*

### Commentary

The average projected 2009 salary increase budgets for survey participants seem to be higher than the general expectation for Ontario. The Conference Board of Canada conducted a survey across Canada in the summer of 2008 and found that projected salary increase budgets for Ontario would average 3.7%. But since then, the economy declined sharply and rapidly, resulting in the Conference Board conducting a winter update survey, which predicts lower increase budgets of 3.1% for Ontario (zeros excluded), as organizations revisited their plans for 2009.

In addition, as is usually the case for salary increase budgets, it is anticipated that the actual 2009 salary increase budgets for Barrie and area will be, on average, slightly lower than the projected budgets (this will likely be found when we conduct this survey next year). This is a normal expectation, and organizations still pondering their budgets for 2009 salary increases should consider this. Organizations looking to keep pace with the market while adopting conservative salary increase budgets in 2009 should discount the survey projections slightly.

With compensation dollars in short supply in 2009, HR professionals and business leaders should look at creative ways to allocate their salary increase budgets to focus on a

strategy of retaining and motivating the best employees. Here 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 increase 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](mailto:Sophie@compontarget.com).

## ***ABOUT SOPHIE FLEMING & ASSOCIATES***

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