

Training Newsbeat...

Giving Incentives To First Line Supervisors?

DES PLAINES, ILL. — "Productivity woes have spawned a turnaround in the thinking about the use of incentive compensation plans in manufacturing," according to John A. Patton, president of Patton Consultants, Inc., a Des Plaines, Ill. based management consulting firm.

In a recent survey, Patton Consultants polled over 5300 companies regarding the use of incentives for first line supervision. More than two thirds of those responding reported they are giving serious consideration to adopting an incentive plan for supervisors. Application of the wage incentive concept has been on the down trend for the past several years. Averaging 27 percent from 1948 to 1968 wage incentives declined to 20 percent in 1971.

It is more than coincidence that our national productivity rate which had on the average been increasing at the rate of 3.1 percent per year for the past 20 years fell to less than one percent in 1969 and 1970 and dropped again in 1973. More and more companies are awakening to the cause and effect relationship between incentive compensation and productivity gains, according to Patton, a 30-year veteran in the consulting field.

"It astounds me," he said, "to see that 81 of this country's 100 largest industrial companies (in terms of sales) use cash bonus systems as incentives to executives and 73 of these 81 companies also use some other form of incentive to supplement cash payments. Yet in spite of the fact that the preponderance (93 percent) of companies consider their first line supervisors as part of manage-

ment, amazingly only 16 percent currently employ any form of supervisory incentive."

Middle Management Salaries on the Way Up

WILLOW GROVE, PA. — Highlights of the third annual Administrative Management Society (AMS) survey of salaries for middle management personnel indicate that personnel managers in Eastern United States are earning from \$19,900 to \$23,500 a year; in Western United States the salaries for EDP managers range from \$20,500 to \$23,000 annually; in the south sales managers are earning \$22,200 to \$27,500.

Generally speaking, the percentage of increase in annual base compensation over last year's figures ranges from 5 percent to 9 percent. In Canada salaries are also increasing. For example, advertising managers in Canada are earning from \$18,300 to \$20,500 annually.

The data collected in the survey appears in the 1975 AMS guide to management compensation which is now available. It presents the latest salary and fringe benefit information for 20 key exempt middle management positions.

Fourteen of these "benchmark" jobs are administrative positions and six are plant or factory related. Some of the jobs surveyed include accounting manager, employment supervisor, manager-administrative services, wage and salary administrator, plant manager, general foreman and purchasing agent.

The survey covers more than 58,000 middle management employees in 2,748 companies in 93 major cities in the United States and Canada.

Survey findings show fringe benefits are a significant portion of the compensation package and should be recognized as an indirect type of compensation over and above the annual base salaries reported.

The scope of benefits is expanding, and findings reveal various types of insurance plans and company policies in payment of these benefits. A summary is included on pension plans. Company policies on salary increases, hours of work, paid vacations, holidays and paid sick leave granted to exempt middle management personnel are also outlined.

Some of the industries represented are manufacturing, banking, insurance, retail and wholesale sales and distribution, utilities and service organizations. A breakdown of salaries by type of business for the United States and five regions within the United States is included.

Mr. R.C. Walter, executive director of AMS, is pleased to present this 1975 AMS guide to management compensation as an effective management tool that can be used by companies of all sizes to determine fair and equitable salaries for exempt middle management personnel.

The 40-page guide is available to AMS members at \$50 per copy; non-members may purchase the guide for \$75 per copy. All orders should be directed to the personnel division at the home office of the Administrative Management Society, Willow Grove, PA 19090. Orders will be handled promptly and will be sent to purchasers in envelopes marked "personal and confidential."