

Columbus Custom Carpentry

Payroll & Compensation 2019

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Company Background

HISTORY

Columbus Custom Carpentry is a family-owned company founded in 1946. While our product line has changed over time, we have evolved into a stable and profitable business. We operate in a niche market, producing semi-custom interior doors for residential applications. **We do not compete directly with mass manufacturers of traditional doors, nor do we sell through mass-market big-box stores.** Our success has come about through the development of various jigs and special tools to produce replacement antique-styled doors for the restoration market. We also have a line of contemporary doors that are more aggressively styled than their standard mass-market competitors. **Our proprietary tools and systems allow us to underprice the build-to-order custom manufacturers and to be profitable at volumes well below what would be required for profitability in the mass-market arena.** This success has resulted in steady growth over the last few years. We are still in a single Midwest location, but we now have four buildings and 135 employees. Our annual sales exceed \$15 million.

MISSION STATEMENT

We will be successful if we meet our customers' needs by providing better products and services than offered by the lowest-cost providers, but at a better price than offered by our top-quality competitors. **To do this, we must operate more efficiently than our competitors and offer a superior buying experience.**

VALUES: Our "CCC" Way to Success

Customers First

Our highest responsibility is to meet our customers' needs with high-value products and excellent service. We work for our customers, who are both the builders and the owners of the fine homes our doors are a part of. If we do not provide a superior combination of quality and price, then it is only logical that our customers will buy from our competitors.

Craftsmanship

We demonstrate pride in our work through attention to detail in the design and consistent production of our products. Each person's work is not only a reflection of his or her own character, but of the team's character as well. Good craftsmanship creates a lasting impression that reflects on the entire company. It is through our combined efforts and expertise that we optimize our performance.

Corporate Responsibility

We promise to uphold the safety and health of not only our team members, but that of our customers and our neighborhoods as well. We do our part to protect the beauty and environmental quality of our land, air and water.

OUR PLEDGE OF QUALITY

Our customers live with our products on a daily basis and expect them to last 50 years or longer. Our customers expect and demand top quality, and they buy from us because we provide it affordably and with style.

BUSINESS UNITS

Our employees work in a number of different roles supporting various departments, which are grouped into four overall units: **manufacturing, warehousing, administration and marketing.**

Our **manufacturing group** is composed of three departments: preprocessing, assembly and finishing. Together, these departments are the **core of our business**. This is where we actually make our residential doors. Preprocessing is primarily a sawing and sanding operation, where raw materials are turned into the specific pieces that will eventually be assembled into doors. Assembly, as its name implies, is the area where the parts are assembled into complete door products. The finishing department applies paints or stains to those products that are sold primed, painted, stained or custom-finished.

Our **warehousing group** is also made up of three departments: receiving, crating and finished goods. The receiving department unloads incoming shipments of raw materials and supplies used by our company. It is also responsible for keeping the manufacturing areas stocked with materials and supplies. The crating group receives products directly from the assembly and finishing departments when the products are completed. The crating group packages them to avoid damage in storage and shipment. Finally, the finished goods warehouse takes ready-to-ship items from stock and loads them onto outbound trucks according to the customer orders sent by customer service.

Our **administrative group** includes corporate accounting and corporate services. The corporate department is made up of the president, an administrative assistant, the receptionists and the HR manager. Accounting pays our bills and collects payments from our customers. It also reports on our financial progress. Our corporate services group does everything from running the mail room to cutting the grass.

The **marketing department** includes sales, customer service and new product development. Sales are the people who get out there and talk with builders, architects and contractors to create

demand for our products. Customer service is the group that handles everyday contact with our customers. It is responsible for receiving new orders and for problem resolution. New product development is also a marketing function. It keeps our products up-to-date and creates the special tools that allow us to produce more efficiently than our competitors

Our Working Environment

Position Announcements

The company posts available jobs whenever possible, but we do not post every opening. This most often occurs when a promotion is given to someone from within that department. On rare occasions, we may come across an outside applicant that impresses us so much that we bring him or her in directly. In another unusual and unfortunate circumstance, we might need to fill a position that is currently filled by an underperforming employee. **However, the company is committed to promoting from within whenever practical.**

Company Strategic Direction

The company uses a compensation program formed to support their mission and values. It is understood that competitive pay is a key component when recruiting, retaining, and rewarding the type of high-performing employees needed to execute the company's mission. Having a compensation program which can be used as a management tool as well as having an effective communication plan around the company will help lead to the growth and increased profitability of CCC as well.

Columbus Custom Carpentry provides equal employment opportunities to all qualified applicants and employees regardless of race, age, religion, sex, national origin, citizenship, disability, military status or sexual orientation.

Assumptions going through the Compensation Process

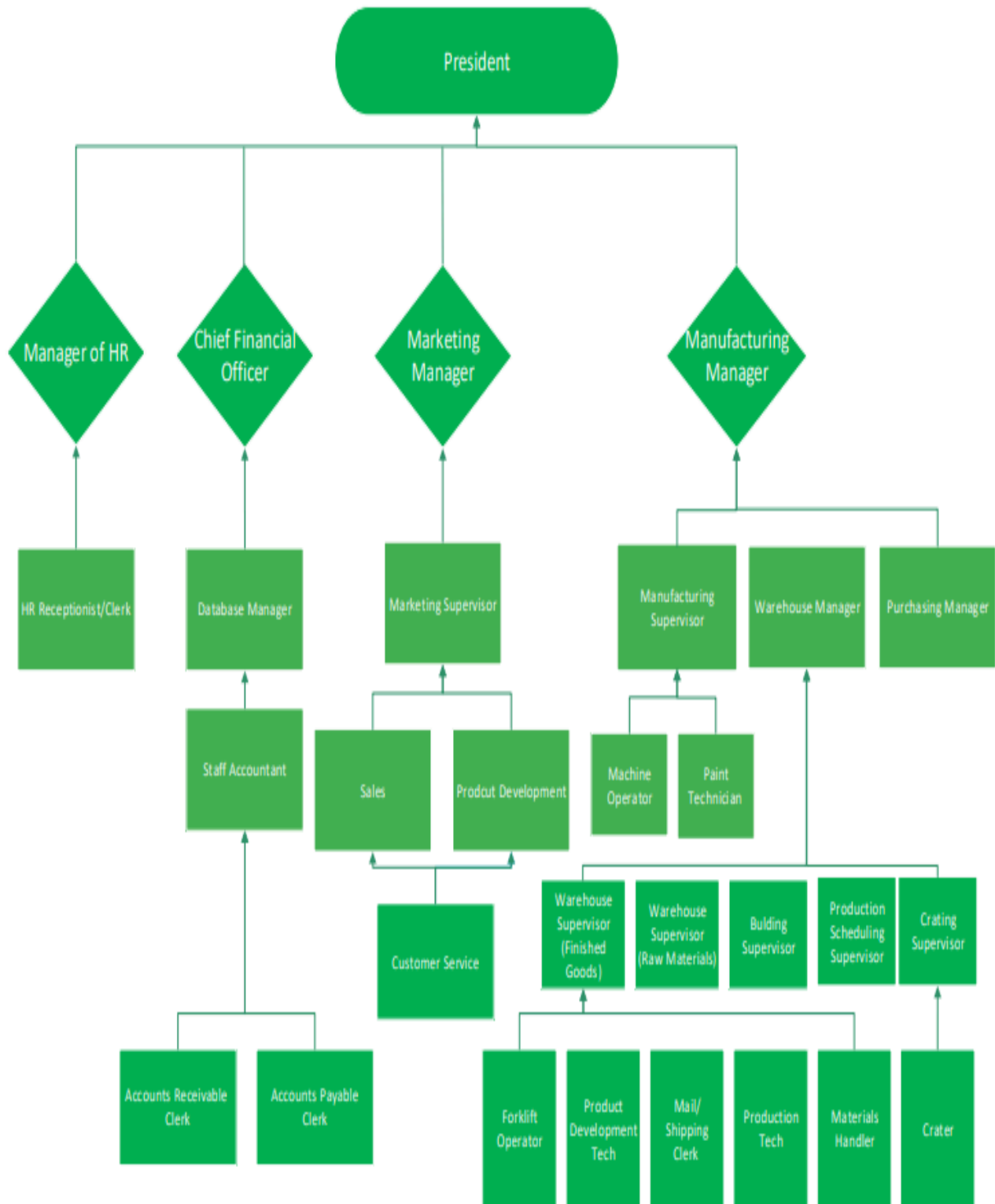
While going through this compensation process it is important to note that we made decisions off of their company strategy. It is important to note that this is a family company so it was through our assumptions that we would retain the best-talented individuals as well as try to attract skilled workers. We also assumed that everyone was being paid fairly through this process.

When looking for external salary data we made the assumption of aging the data to January of 2019 for each of the benchmark jobs.

Columbus Custom Carpentry is a company based in Bloomington, Illinois so it was determined that we need to add Federal Unemployment Tax Act, State Unemployment Tax Act, Medicare, and Social Security. With a total of 135 people working at Columbus Custom Carpentry, this was required.

While going through this process we used the Point-Method to more accurately score each and every job at Columbus Custom Carpentry. We believe we accurately represented each job.

Columbus Custom Carpentry



Updated Job Descriptions

Crater: Pack or package by hand a wide variety of products and materials

Forklift: Operate powered industrial trucks to load and unload materials and deliveries and move them to and from storage areas, machines, and loading docks, into railroad cars or trucks or storage facilities.

Materials Handler: The materials handler will manually move freight, stock, or other materials or perform other general labor.

Machine Operator: The machine operator will set up, operate, or tend woodworking machines, such as drill presses, lathes, shapers, routers, sanders, planers, and wood nailing machines. May operate CNC equipment.

Production Tech: Set up, test, and adjust manufacturing machinery or equipment, using any combination of electrical, electronic, mechanical, hydraulic, pneumatic, or computer technologies.

Customer Service: The Customer Service Reps will interact with customers to provide information in response to inquiries about products and services and to handle and resolve complaints.

Paint Room Tech: Set up, operate, or tend machines to coat or paint any of a wide variety of products, including glassware, cloth, ceramics, metal, plastic, paper, or wood, with lacquer, silver, copper, rubber, varnish, glaze, enamel, oil, or rust-proofing materials.

Warehouse Supervisor: The Warehouse Supervisor is responsible for assisting the Warehouse Manager in ensuring that all incoming product is received according to current operating procedures, and that product is properly placed, stored and inventoried. The Supervisor is responsible for investigating variances in invoices and inventories.

Manufacturing Supervisor: Directly supervise and coordinate the activities of production and operating workers, such as inspectors, precision workers, machine setters and operators, assemblers, fabricators, and plant and system operators

Administrative Assistant: The administrative assistant supervises the receptionists and provides the president with general office management services, including the preparation of sales and manufacturing reports, meeting arrangements, correspondence, and special projects.

HR Manager: Maintains and enhances the organization's human resources by planning, implementing, and evaluating employee relations and human resources policies, programs, and practices.

Receptionist/ Clerk (2): The receptionists staff the reception desk and provide general office support, including data entry, filing, and special projects.

CFO: Supervises the accounting function and specializes in reporting and compliance with GAAP standards. Responsible for approving credit extensions to customers and coordinating with the outside accounting firm on compiling the tax returns.

Staff Accountant: General accounting duties with special emphasis on report preparation and computer systems. Runs data backup and system security. Serves as the computer expert for the company.

Database Manager: General accounting duties with special emphasis on report preparation and computer systems. Runs data backup and system security. Serves as the computer expert for the company.

Account Payable (AP) Clerk (1): Responsible for general accounting clerk duties with the special focus of accounts payable transactions.

Accounts Receivable (AR) Clerk (2): Responsible for general accounting clerk duties with special focus on billing and collections activity.

Building Supervisor: Building supervisors maintain every aspect of the buildings and surrounding grounds where they are employed, managing employees, coordinating schedules, and enforcing all property policies. Schools, hospitals, and office buildings hire building supervisors, who primarily report to the property owner or building manager. Building supervisors generally work daytime business hours but are always on-call in the case of emergencies and other crisis situations. Building supervisors work on the building property itself and rarely travel as part of their regular duties.

Handyman: A Handyman performs a range of maintenance duties for homeowners and businesses, either as a contract worker or member of the maintenance department. Their duties include fixing plumbing systems, providing repair guidance, cleaning and remodeling community spaces, and performing repair assessments.

Mail/ Shipping Clerk: Collects and distributes incoming and outgoing mail. Responsibilities include processing and recording postage on all types of mail and packages. Performs a wide variety of other office support services, including assisting with custodial or handyman duties and keeping the break rooms and copier area stocked as needed. Requires a high school diploma or GED. Requires a valid driver's license, a clean driving record, and insurance. May be required to use a personal car or truck to run errands. Reports to the building supervisor.

Custodian: Custodians, also known as janitors, buildings clean. Custodians work to make sure that all types of buildings are neat, clean, free from clutter and safe. Custodians spend their days picking up trash, sweeping, mopping, vacuuming, or using industrial cleaning equipment to clean floors, cleaning and stocking bathrooms, making sure buildings are secure, cleaning windows, and minor building maintenance and repairs.

Sales: Attends trade/home shows, contacts builders and architects to increase awareness and sales of our products. Distributes literature. May work directly on special projects or large sales. Maintains relationships with current customers. Develops leads and contacts to create new customers.

Inside Sales: Contacts builders and architects by phone or mail to increase awareness and sales of our products. Uses direct mail marketing to expand the knowledge of our products to noncurrent customers. May work directly on special projects or large sales. Maintains relationships with current customers not assigned to a field sales representative. Develops leads and contacts to create new customers. Works in the main office, primarily taking calls from builders to set up accounts, special promotions or to answer product questions of a sales rather than service nature. Responsible for dealers and prospects outside the Ohio, Michigan and Indiana area. Covers calls for field sales personnel while they are on vacation.

Product Development: The product development function is made up of a designer and a prototype, tool and jig maker.

Shipping/Receiving Clerk Job Description

General Summary:

Performs a variety of shipping and receiving tasks. Verifies materials received are as ordered and routes incoming items to appropriate departments/locations. Prepares items for shipment ensuring cost effective courier services. Leads shipping and receiving personnel performance related work.

Essential Job Functions:

1. Prepares shipments for postal or commercial conveyance; determines most economical and efficient shipping method; selects appropriate shipping container; packs items to ensure safe delivery.
2. Prepares bills of lading; checks items to be shipped against work orders to ascertain that quantities, destination, and routing are correct.
3. Receives and unloads incoming materials and compares information on packing slip with purchase order to verify accuracy of shipment; may process return shipments from customers.
4. Sorts, counts, packages, labels, insures, unpacks, and/or logs inventory which is shipped or received.
5. Inspects shipments for damages or defects; records discrepancies or damages and notifies supervisor and/or purchasing personnel.
6. Delivers items to requisitioning departments and obtains authorized signatures for accepted items.
7. Traces lost shipments and/or customer claims of lost shipments; initiates proof of delivery documents.
8. May maintain department database, prepare routine reports, and file shipping/receiving records.
9. May operate dolly, pallet jack, and/or forklift in loading and unloading supplies and equipment; may operate shrinkwrap machine; may operate company vehicle to deliver shipments; may assist in routine maintenance of equipment and shipping area; may lock warehouse and set alarms.

10. Follows established departmental policies, procedures, and objectives, continuous quality improvement objectives, and safety, environmental, and/or infection control standards.
11. Leads, guides, and trains employees performing related work.
12. Performs miscellaneous job-related duties as assigned.

Knowledge, Skills, Abilities:

- Ability to maintain quality, safety, and/or infection control standards.
- Ability to read and write.
- Knowledge of related accreditation and certification requirements.
- Ability to understand and follow safety procedures.
- Ability to receive, track, and distribute materials, supplies, and equipment.
- Knowledge of light equipment operation and/or maintenance.
- Ability to lead and train staff and/or students.
- Ability to prepare routine administrative paperwork.
- Ability to read, sort, check, count, and verify numbers.
- Ability to lift and manipulate heavy objects.
- Ability to perform simple arithmetic.
- Ability to detect problems and report information to appropriate personnel.
- Ability to receive, stock, and/or deliver goods.
- Knowledge of postal or commercial shipping methods and procedures

Education and Experience:

- High school diploma or GED; at least 1 year of experience directly related to the duties and responsibilities specified.
- Completed degree(s) from an accredited institution that are above the minimum education requirement may be substituted for experience on a year for year basis.

Working Conditions:

- Moderate physical activity. Requires handling of average-weight objects up to 25 pounds or standing and/or walking for more than four (4) hours per day.
- Work environment involves minimal exposure to physical risks, such as operating dangerous equipment or working with chemicals.

- Work may involve moderate exposure to unusual elements, such as extreme temperatures, dirt, dust, fumes, smoke, unpleasant odors, and/or loud noises

Physical Requirement	Percentage of Time Spent			
	0-24%	25-49%	50-74%	75-100%
Seeing: Must be able to look at a computer screen and read reports			X	
Hearing: Must be able to hear to communicate with employees and customers				X
Standing:				X
Climbing/Kneeling:		X		
Lifting/Pulling/Pushing:	X			
Grasping/Feeling: Must be able to type, write, and use telephone			X	

Acknowledgement of Job Duties: I have read and received a copy of this job description. I understand that I am responsible for the duties as outlined above, as well as additional duties that may be necessary to meet the needs of the company. I also understand that any questions I have regarding these duties should be clarified before signing below.

Signature: _____

Date: _____

Witness: _____

Note: The statements herein are intended to describe the general nature and level of work performed by employees but is not a complete list of responsibilities, duties, and skills required of personnel so classified. Furthermore, they do not establish a contract for employment and are subject to change at the discretion of the employer.

President's Salary

Looking at other companies within the same industry as well as geographical location helped us to analyze whether the president's salary was reasonable. According to PayScale, the average president in the Bloomington, IL area makes about \$130,180 (*PayScale*, 2019). We believe that our president is being paid on the higher end of the scale, but this salary will remain the same. According to ZipRecruiter, the national average is \$150,000 (*ZipRecruiter*, 2019). The salary will not change because in the history of the handbook it says Columbus Custom Carpentry strategy is not to compete with mass manufacturing companies and is highly specialized. Thus, the president is worthy of higher average pay than other presidents in the area. While also staying under the national average as that includes major cities across the country.

Compensation Strategy

The goal of Columbus Custom Carpentry compensation strategy is to live up to their mission statement and uphold their company values to provide employees with the best work environment and growth opportunities. While also enticing current employees and attracting budding new talent by offering a competitive wage proportionate to the industry average.

In order to retain current employees and recruit new talent, Columbus Custom Carpentry will match the market for all positions in each job grade, including both exempt and nonexempt employees. We chose to match the market because in the past Columbus Custom Carpentry has lagged the market according to the 2019 Adecco salary survey and O*Net. Now, with this new compensation strategy in place, it will make us more attractive to skilled employees. During the research we found that there were four green circle jobs according to our new compensation pay line. There was also only a handful of red circle employees. However, if we want talented and specialized workers, we are willing to pay the market rate to attract and retain good talent. This pay structure will not reflect top executives, such as the President, Chief Financial Officer, and Marketing Manager, Manufacturing Manager, and Sales employees as they are placed in a separate pay structure.

We used the point factor method to realistically measure the jobs and determine appropriate pay. Jobs are broken into four levels in this case, and from there we selected benchmark jobs that have the best representation of the levels. From then we score the benchmark jobs based on the rubric we made and then compare those number to salary data of those benchmark jobs to make a regression line. More details about this process are further explained in the following sections. From this process, we will determine the total salary expense for Columbus Custom Carpentry.

Pay Level Selection

After careful consideration and trial and error, we decided to go have 4 pay levels. We determined the levels by what Columbus Custom Carpentry is paying them currently. In pay level one we have a range of 20-30 thousand range. We have determined through careful consideration that the following jobs are in level one: Crater, Forklift, Materials Handler, and Mail and Shipping Clerk with a total of 35 employees. In pay level two we determined the range to be 27-35 thousand range. The following jobs are considered level two jobs: Machine Operator, AP/AR Clerk, Production Technician, Custodian, Receptionist/Office Clerk, and Handyman with a total of 56 employees. In pay level three we have determined the range of pay should be 30-42 thousand. The following jobs are level three jobs: Customer Service, Production Development Technician, and Paint room Technician with a total of 20 employees. And lastly, we have the last level. Level four has a salary range of 42-70 thousand and the following are: Warehouse Manager, Warehouse Supervisor, Building Supervisor, Staff Accountant, Purchasing Manager, Administrative Assistant, Manufacturing Supervisor, Production Scheduling Supervisor Database Supervisor, Product Designer, Director of HR, Crating Supervisor, and Purchasing Manager with a total of 16 employees. One thing we considered during this process is having jobs in a special group section because of their current pay. These jobs in the special groups are Sales, Chief Financial Officer, Marketing Manager, Manufacturing Manager and last but not least the President of Columbus Custom Carpentry. The table is shown at the addendum.

Selection of Benchmark Jobs

When choosing our benchmark jobs, we broke down each job with their average pay level into four levels. For level one jobs we made a range of \$20-30 thousand. For the level one jobs, we chose Crater and Forklift for two of our benchmark jobs. Crater has a \$22,549 average pay and Forklift has an average pay of \$28,739. For level two jobs we decided that the range is from \$27-35 thousand. For our level two benchmark jobs, we chose Machine Operator, which has an average pay of \$32,287. Our level three jobs we chose for another benchmark job was Paint Room Tech that had an average pay of \$35,472. The pay range of level three jobs was from \$30-42 thousand. Lastly, we chose two benchmark jobs from our level four jobs that ranged from \$42-70 thousand. The two jobs we chose were Warehouse Manager, with an of \$61,887 and the Director of HR, was being paid \$70,000. Those bolded in the addendum below are those identified as benchmark jobs.

Salary Data of Benchmark Jobs

When looking over the salary data for these jobs, we have realized how underutilized some of these jobs are, especially the Director of HR. During this step in the compensation process, we used 3 sources of outside data, Adecco Salary Guide 18/19, O*Net and the Bureau of Labor Statistics. The Adecco Salary guide was used to specifically find the mean and what exact region of the U.S. is paying a certain job in the carpentry industry. O*Net and the Bureau of Labor Statistics were typically higher salaries as we went down to each level. The table shown below shows evidence of the two online data differs from the Adecco Sources. When comparing to industries similar to Columbus Custom Carpentry we chose to age the data to 2019 for it would give us the most accurate representation for this compensation plan. We aged the data from January 2017/18 to January 2019.

The table below shows what benchmark jobs salary ranges and average salaries per job from the given data by Columbus Custom Carpentry. The rest is the external data along is with the market average of the four sources of data.

Benchmark Job	Salary Range	Average Salary	Adecco-18 Mean	Adecco-19 Mean	O*Net Mean	Bureau of Labor Statistics mean	Market Average
Crater	\$20,800-\$32,000	\$22,259.00	\$25,529.00	\$24,907.00	\$24,286.00	\$26,410.00	\$25,283.00
Forklift	\$24,886-\$34,426	\$28,739.00	\$35,012.00	\$34,607.00	\$34,858.00	\$36,208.00	\$35,171.25
Machine Operator	\$28,000-\$37,232	\$31,927.00	\$41,971.00	\$42,225.00	\$36,071.00	\$35,823.00	\$39,022.50
Production Tech	\$28,500-\$38,875	\$32,892.00	\$46,692.00	\$46,185.00	\$38,704.00	\$38,404.00	\$42,496.25
Warehouse Manager	\$61,887.00	\$61,887.00	\$68,287.00	\$69,583.00	\$98,191.00	\$99,932.00	\$83,998.25
Director of HR	\$70,000.00	\$70,000.00	\$105,455.00	\$103,077.00	\$117,439.00	\$117,439.00	\$110,852.50

Levels
Level 1
Level 2
Level 3
Level 4

Compensable Factors

For our compensable factors, we chose to use the four universal compensable factors: Skills, Effort, Responsibility, Working Conditions as well as one additional factor: Knowledge. We believe that these factors are relevant to the company we chose because much of the jobs within our corporations vary based on these factors.

Skills were then broken down into two subcategories: Complexity and Ability. Complexity measures how complex the tasks of a job are and varies the relative importance of the job. We chose this as a subcategory of skills because there needed to be a basis to judge how difficult the tasks being performed were. The second subcategory we chose is ability. This was chosen because as someone moves up within the company their degree of skill will need to go up.

Effort was the next compensable factor and was broken up into two categories. The first, physical effort was chosen because many of the jobs within our company require a certain degree of physical labor such as the number of pounds an employee is able to lift. The second, mental effort was used to determine the amount of stress that was related to that job as well as the amount the job is expected to make binding decisions.

Responsibility was then broken up into subcategories of Managing and Effect of Error. Managing measures, the degree in which an employee has responsibility for other personnel. This was broken up into four degrees. Effect of Error measures the amount of impact their decisions make on the company as a whole. So, the first degree is a lower level employee who can make errors that won't affect the company as a whole whereas the fourth-degree leaves little to no room for error as it would affect the entirety of the company.

Working Conditions is the lowest compensable factor accounting for 5% of the total points for a particular job. It is the lowest because most of our employees work in the warehouse which makes everyone's conditions the same and therefore making it a compensable factor that would equate to the same for each employee regardless.

Knowledge was divided into Education and Experience. Education measures the degree to which formal education has been completed. However, since we have a majority of employees in the warehouse certifications are something that was added for points as the second degree. The experience was chosen because many of the hierarchical jobs require years of experience in the field in order to do their job efficiently and effectively.

Columbus Custom Carpentry Point Factor Rubric

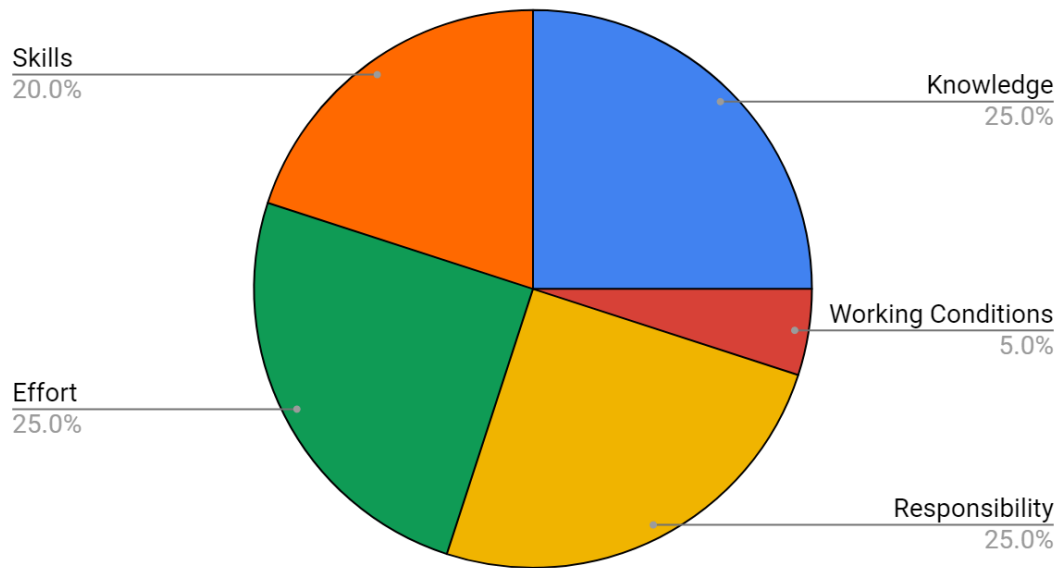
Job: _____

____ Exempt ____ Nonexempt

Job Evaluation Form

<u>Compensable Factors</u>	<u>Degrees</u>	x	<u>Weight</u>	=	<u>Total</u>
Responsibility (25%)					
<i>Effect of Error</i>	1 2 3 4		5%		_____
<i>Management Oversight</i>	1 2 3 4 5		20%		_____
Effort (25%)					
Mental Effort	1 2 3 4		20%		_____
Physical Effort	1 2 3 4 5		5%		_____
Knowledge (25%)					
<i>Education</i>	1 2 3 4 5		20%		_____
Experience	1 2 3 4 5		5%		_____
Skill (20%)					
<i>Complexity of Skill</i>	1 2 3 4 5		10%		_____
<i>Overall Ability</i>	1 2 3 4 5 6		10%		_____
Working Conditions (5%)					
<i>Risk of total working environments</i>	1 2 3		5%		_____
Total					_____

Compensable Factors



Compensable Factors	Points
Skills (20%) -Complexity (10%) -Ability (10%)	200
Effort (25%) -Mental Effort (20%) -Physical Effort (5%)	250
Responsibility (25%) -Effect of error (5%) -Management (20%)	250
Working Conditions (5%)	50
Knowledge (25%) -Education (20%) -Experience (5%)	250
Total	1,000

Skills (Complexity 10%)		
This factor measures the level of complexity and importance of the job		
Degree	Description	Points
1st Degree	The tasks within this job aren't necessarily complex	0
2nd Degree	The tasks within this job serve a slight level of complexity	20
3rd Degree	The tasks within this job have a degree of complexity to it	60
4th Degree	Tasks in this job are complex	75
5th Degree	The tasks within this job serve a significant degree of complexity	100

Skills (Ability 10%)		
This factor measures the ability needed for the job		
Degree	Description	Points
1st Degree	Requires little skill in this job setting; repetitive work	10
2nd Degree	Skill of having to operate equipment/technology properly	30
3rd Degree	Consists of having problem solving skills	40
4th Degree	Ability to have creative skills as well as problem solving skills	60
5th Degree	The ability to manage many people in a fast paced environment	80
6th Degree	Ability to organize a whole department together as one	100

Effort (Physical Effort 5%)		
This factor measures the amount of physical effort needed for the position		
Degree	Description	Points
1st Degree	No need to do an physical labor. This would be suitable for clerical/office work which requires little to no physical strain while on the job	0
2nd Degree	Ability to lift 10-20 pounds and is inadequate health. Requires light physical exertion with intermittent work duties which involves climbing, kneeling, lifting heavier weights, and shorter periods of time on feet	12.5
3rd Degree	Ability to lift 20-30 pounds and is in good health. Requires moderate physical exertion such as lifting, pulling and pushing equipment or raw materials as well as extended periods of time on feet	25
4th Degree	Ability to lift 30-50 pounds and is is very good health. Involves considerable physical exertion on the job along with longer periods of time standing and walking while on the job	37.5
5th Degree	Ability to lift 50+ pounds and is in exceptional health. Is able to successfully perform strenuous activities with little to no rest or light work interwoven into daily job duties	50

Effort (Mental Effort 15%)		
This factor measures the amount of mental effort needed for the position		
Degree	Description	Points
1st Degree	The job has less stress-related functions and is simple in nature making decision-making fairly easy	37.5
2nd Degree	The employee has to be able to thoroughly read and make clear judgements and decisions that moderately impact the company	85
3th Degree	The employee takes on more job functions which requires more frequent and challenging decision making opportunities	150
4th Degree	The employee is expected to successfully make decisions that will impact the company greatly under high-stress situations	200

Responsibility (Managing 20%)		
This measures the amount of responsibility a person has for other personnel.		
Degree	Description	Points
1st degree	Responsible for themselves but have to work constantly supervised	10
2nd Degree	Responsible for themselves and their essential job functions	50
3rdd degree	Supervise a particular unit of the workplace	100
4th degree	Manages an entire department	150
5th degree	Executive level position that oversees several departments	200

Responsibility (Effect of error 5%)		
This measures the effect of the error that a person is allowed to make.		
1st degree	Errors can be made with little effect on the company as a whole	0
2nd degree	Some errors can be made but should be more aware of them	12.5
3rd Degree	Errors made at this degree would significantly impact the company.	25
4th Degree	Room for no error as it would affect the company	50

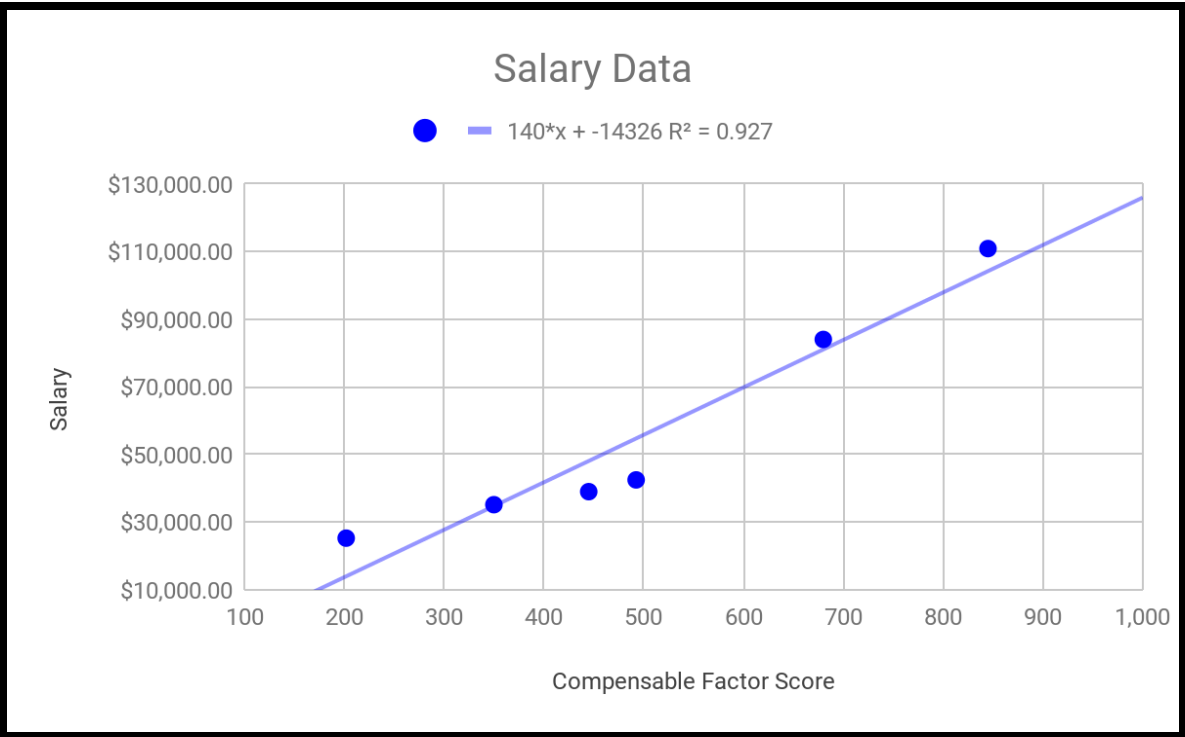
Working conditions (Environmental Hazards 5%)		
The environment in which work is being done and the hazards that come with them.		
Degree	Description	Points
1st Degree	Works in an office space with little to no hazardous conditions	20
2nd Degree	Works in an environment where hazards are present	35
3rd Degree	Regularly exposed to various materials and or tools that can cause serious injury	50

Knowledge (Education 20%)		
This factor measures the amount of education an employee has in the amount of know-how, certifications, or degrees needed for the position held		
Degree	Description	Points
1st Degree	GED/ high school diploma	0
2nd Degree	Certifications	50
3rd Degree	Associates degree	100
4th Degree	Bachelor's degree	150
5th Degree	Master's degree	200

Knowledge (Experience 5%)		
This factor measures the degree of prior experience needed.		
Degree	Description	Points
1st Degree	No prior experience needed	0
2nd Degree	Requires at least a year of professional experience and training	25
3rd Degree	Requires years of past experience and in depth knowledge of the job	50
4th Degree	Requires more than a couple of years of past experience and knowledgeable about the carpentry industry	75
5th Degree	Requires a lot of experience in this field and has to be fully knowledgeable of this industry	100

Scoring of Benchmark Jobs/Regression Line

The scoring of the benchmark jobs is shown in the addendum. We carefully went through how each job was represented and compared the numbers from the salary data section and made a salary regression line. This regression line is going to be used to determine the average pay for certain levels of jobs and their pay ranges. We scored the remaining of the jobs and ran it through the regression line to determine the pay for the jobs.



Pay Ranges

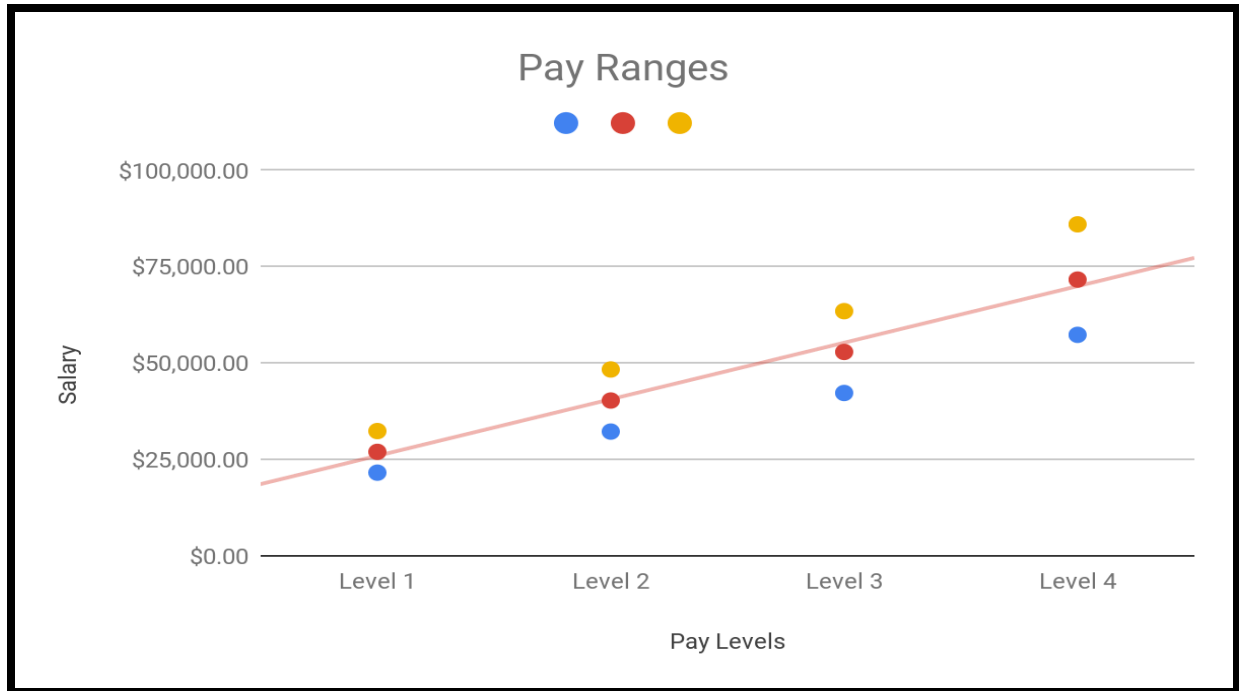
The following data below is after averaging the scores of each level. The scoring is shown at the addendum. In level one we added up all the compensable factor scores and divided it by the number of jobs. Then we used that score and ran it through the regression line mentioned previously and we got \$26,964. We plugged in the compensable score in the (x) for the regression line equation. When determining what pay range to you, we thought it was most beneficial if we used 50% pay spread. By using 50% spread makes it close to our original pay levels selected which was 20-30 thousand. This process was used three more times to determine the remaining pay ranges for the levels. This process goes into what jobs were most underpaid and overpaid as well. The tables below show the process of picking the ranges and on the following page shows a representation of the four levels and their pay ranges.

		Level 1	\$26,964.00	
Range Spread	Spread on either side	Min	Med	Max
50.00%	0.2	\$21,571.20	\$26,964.00	\$32,356.80
45.00%	0.184	\$22,002.62	\$26,964.00	\$31,925.38
40.00%	0.167	\$22,461.01	\$26,964.00	\$31,466.99
35.00%	0.149	\$22,946.36	\$26,964.00	\$30,981.64
30.00%	0.13	\$23,224.65	\$26,964.00	\$30,200.32
25.00%	0.111	\$23,971.00	\$26,964.00	\$29,957.00
20.00%	0.091	\$24,510.28	\$26,964.00	\$29,417.72

		Level 2	\$40,274.00	
Range Spread	Spread on either side	Min	Med	Max
50.00%	0.2	\$32,219.20	\$40,274.00	\$48,328.80
45.00%	0.184	\$32,863.58	\$39,790.00	\$47,684.42
40.00%	0.167	\$33,548.24	\$40,274.00	\$46,999.76
35.00%	0.149	\$34,273.17	\$39,790.00	\$46,274.83
30.00%	0.13	\$34,617.30	\$40,274.00	\$45,509.62
25.00%	0.111	\$35,803.59	\$39,790.00	\$44,206.69
20.00%	0.091	\$36,169.11	\$40,274.00	\$43,938.93

		Level 3	\$52,874.00	
Range Spread	Spread on either side	Min	Med	Max
50.00%	0.2	\$42,299.20	\$52,874.00	\$63,448.80
45.00%	0.184	\$43,145.18	\$52,874.00	\$62,602.82
40.00%	0.167	\$44,044.04	\$52,874.00	\$61,703.96
35.00%	0.149	\$44,995.77	\$52,874.00	\$60,752.23
30.00%	0.13	\$46,000.38	\$52,874.00	\$59,747.62
25.00%	0.111	\$47,004.99	\$52,874.00	\$58,743.01
20.00%	0.091	\$48,062.47	\$52,874.00	\$57,685.53

		Level 4	\$71,634.00	
Range Spread	Spread on either side	Min	Med	Max
50.00%	0.2	\$57,307.20	\$71,634.00	\$85,960.80
45.00%	0.184	\$58,453.34	\$71,634.00	\$84,814.66
40.00%	0.167	\$59,671.12	\$71,634.00	\$83,596.88
35.00%	0.149	\$60,960.53	\$71,634.00	\$82,307.47
30.00%	0.13	\$62,321.58	\$71,634.00	\$80,946.42
25.00%	0.111	\$63,682.63	\$71,634.00	\$79,585.37
20.00%	0.091	\$65,115.31	\$71,634.00	\$78,152.69



Red Circle and Green Circle Employees

Columbus Custom Carpentry employs several green circle employees. There are three job titles in particular that have a majority of their employees being underpaid. All of the paint room techs employed by the company are being underpaid as well as the manufacturing supervisors. Production tech is the final green circle job but only for the newer employees. Employees under this job title that have been there for 5 or more years are being paid between the minimum and maximum. These green circle employees are not justified because most of them have been employed for over 5 years. Therefore, this ties back to the compensation strategy to match the market in order to make sure the specialized employees are being paid at the industry average.

The company only had four employees being paid over the maximum for their pay level. The three forklift employees that are being paid above their pay level are being paid that high because they have been at the company for 10 years or more. Therefore, there is a justification for these employees being paid more than their colleagues. The only other red circle employee at Columbus Custom Carpentry was one of the materials handlers. However, this employee has been with Columbus Custom Carpentry for 33 years and is justified as well.

Overall Cost of the Compensation Plan

The overall cost of the compensation plan was calculated on excel. Each grade's midpoint was used to find the total of wages by multiplying the number of employees by the midpoint. The social security tax the total amount of wages of the grade multiplied by 6.2%. For social security, we knew they was a limit on the President's salary, so we had the cap at \$7,960 and added that to the special salaries minus sales section. Medicare was calculated by multiplying the 1.45% by the total wages at each level. FUTA was calculated by multiplying \$420 by the number of employees at each level. The SUTA number used is \$411.48 because we aged the data to 2019. We multiplied 411.48 by the number of employees as well. All these numbers add up to a total of \$6,403,220.67.

	# Of Jobs	# of Employees	Midpoint	Total Wages	Social Security	Medicare	FUTA	SUTA
					6.20%	1.45%	\$420	\$411.48
Grade 1	4	35	\$26,964.00	\$943,740.00	\$58,511.88	\$13,684.23	\$14,700	\$14,401.80
Grade 2	7	56	\$40,274.00	\$2,255,344.00	\$139,831.33	\$32,702.49	\$23,520	\$23,042.88
Grade 3	3	20	\$52,874.00	\$1,057,480.00	\$65,563.76	\$15,333.46	\$8,400	\$8,229.60
Grade 4	12	16	\$71,634.00	\$1,146,144.00	\$71,060.93	\$16,619.09	\$6,720	\$6,583.68
Special Salaries Minus Sales	4	4	-	\$445,250.00	\$18,615.50	\$6,456.13	\$1,680	\$1,645.92
Total	30	131		\$5,847,958.00	\$353,583.40	\$84,795.39	\$55,020	\$53,903.88
President's Cap					\$7,960.00			

Total Wages	\$5,847,958.00
Social Security	\$361,543.40
Medicare	\$84,795.39
FUTA	\$55,020
SUTA	\$53,903.88
Total Salary Expense	\$6,403,220.67

Addendum

Selection of Benchmark Jobs

Level 1 Jobs	Level 1 Average Pay	Level 2 Jobs	Level 2 Average Pay	Level 3 Jobs	Level 3 Average Pay	Level 4 Jobs	Level 4 Average Pay	Special Groups
Crater	\$22,549.00	AP Clerk	\$27,200.00	Production Development Tech	\$30,285.00	Warehouse Manager	\$61,887.00	Sales
Forklift	\$28,739.00	AR Clerk	\$29,141.00	Customer Service	\$35,362.00	Warehouse Supervisor	\$46,164.00	CFO
Materials Handler	\$27,237.00	Machine Operator	\$32,287.00	Paint Room tech	\$35,472.00	Building Supervisor	\$43,119.00	Marketing Manager
Mail/Shipping Clerk	\$27,200.00	Production Tech	\$32,892.00			Staff Accountant	\$49,528.00	President
		Handyman	\$37,145.00			Purchasing Manager	\$53,500.00	Manufacturing Manager
		Receptionist	\$33,545.00			Administrative Assistant	\$52,394.00	
		Custodian	\$34,726.00			Manufacturing Supervisor	\$55,159.00	
						Production Scheduling Supervisor	\$54,900.00	
						Database Supervisor	\$57,000.00	
						Product Designer	\$65,428.00	
						Director of HR	\$70,000.00	
						Crating Supervisor	\$59,681.00	
						Purchasing Manager	\$53,500.00	
20-30		27-35		30-42		42-70		

Scoring of Benchmark Jobs

Benchmark Jobs	Department	Level	Average Salary	FLSA	# Employees	Job Complexity	Ability	Physical effort	Mental effort	Managing	Effect of error	Working Conditions	Education	Experience	Total Compensable Factor Score
Crater	Warehouse	1	\$21,386.00	Nonexempt	15	20	10	50	37	10	25	50	0	0	202
Forklift	Warehouse	1	\$28,739.00	Nonexempt	10	60	30	50	85	50	25	50	0	0	350
Machine Operator	Preprocessing	2	\$31,927.00	Nonexempt	20	60	60	50	150	50	25	50	0	0	445
Paint Room Tech	Finishing	3	\$35,950.00	Nonexempt	10	60	60	50	85	37.5	50	50	50	50	492.5
Warehouse Manager	Manufacturing management	4	\$55,159.00	Exempt	1	75	80	25	150	100	50	50	100	50	680
Director of HR	Administration	4	\$70,000.00	Exempt	1	100	100	0	200	150	50	20	150	75	845

Compensable score for remaining jobs

1	Job	Department	Average Salary	Level	FLSA	# Employees	Job Complexity	Ability	Physical effort	Mental effort	Managing	Effect of error	Environmental Hazards	Education	Experience	Total Compensable Factor Score	Salary from Scores
2	Materials Handler	Warehouse	\$25,794.00	1	Nonexempt	9	20	30	50	37.5	50	25	50	0	0	262.5	\$22,424.00
3	Mail/Shipping Clerk	Corporate	\$27,726.00	1	Exempt	1	60	40	12.5	85	50	25	20	0	25	317.5	\$30,124.00
4	AR Clerk	Accounting	\$27,200.00	2	Exempt	2	60	40	0	85	50	50	20	100	25	430	\$45,874.00
5	Production Tech	Assembly	\$32,892.00	2	Nonexempt	30	60	40	12.5	85	50	25	50	50	25	397.5	\$41,324.00
6	AP Clerk	Accounting	\$28,990.00	2	Exempt	1	60	40	0	85	50	50	20	100	25	430	\$45,874.00
7	Custodian	Corporate	\$34,726.00	2	Exempt	1	20	40	12.5	37.5	50	25	50	0	75	310	\$29,074.00
8	Receptionist/Office Clerk	Corporate	\$34,607.00	2	Exempt	2	60	30	0	85	50	12.5	20	100	25	382.5	\$39,224.00
9	Handyman	Corporate	\$37,145.00	2	Exempt	1	20	30	25	37.5	50	25	50	50	50	337.5	\$32,924.00
10	Product Development Tech	Marketing	\$30,000.00	3	Exempt	1	60	40	12.5	85	50	50	50	50	50	447.5	\$48,324.00
11	Customer Service	Marketing	\$35,362.00	3	Exempt	8	60	40	0	85	50	50	20	100	50	455	\$49,374.00
12	Staff Accountant	Accounting	\$49,528.00	4	Exempt	1	75	40	0	85	50	25	50	100	75	500	\$55,674.00
13	Administrative assistant	Corporate	\$52,394.00	4	Exempt	1	60	40	0	150	50	12.5	20	50	100	482.5	\$53,224.00
14	Production Scheduling Supervisor	Manufacturing Management	\$54,900.00	4	Exempt	1	60	80	0	85	100	25	20	50	75	495	\$54,974.00
15	Database manager	Accounting	\$57,000.00	4	Exempt	1	100	40	12.5	150	150	25	35	75	100	687.5	\$81,924.00
16	Crating Supervisor	Finished Goods Warehouse	\$59,681.00	4	Exempt	1	60	80	25	85	100	25	20	50	75	520	\$58,474.00
17	Product Design	Marketing	\$65,428.00	4	Exempt	1	75	60	0	85	50	25	35	75	75	480	\$52,874.00
18	Warehouse Supervisor	Manufacturing Management	\$46,164.00	4	Exempt	2	60	80	12.5	150	100	25	20	100	100	647.5	\$76,324.00
19	Building Supervisor	Warehouse Management	\$43,119.00	4	Exempt	1	75	100	0	150	100	25	35	75	75	635	\$74,574.00
20	Manufacturing Supervisor	Manufacturing Management	\$55,159.00	4	Exempt	4	75	80	12.5	150	100	25	35	100	75	652.5	\$77,024.00
21	Purchasing manager	Manufacturing Management	\$53,500.00	4	Exempt	1	100	100	0	150	150	50	35	100	100	785	\$95,574.00

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