

2005 *Employee* Compensation *Study*

Employee compensation
data for hardware stores,
home centers and
lumber/building
materials outlets

North American Retail Hardware Association
Home Center Institute

Employee Compensation Report

Retail Hardware/Home Improvement Employment, Salary and Benefits Data

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Introduction

The *Employee Compensation Report* presents data on employment, wages and benefits in the retail hardware/home improvement industry. It includes employee productivity data from the most recent North American Retail Hardware Association (NRHA) and the Home Center Institute's (HCI) cost of doing business survey, as well as historical trend data from annual cost of doing business surveys and previous employee compensation studies.

Compensation data was gathered by NRHA/HCI and *Do-It-Yourself Retailing* magazine in a by-mail survey of approximately 3,500 hardware stores, home centers and lumber/building material outlets. A total of 230 surveys were returned for a response rate of nearly 7 percent. The averages in this report were calculated from those responses. Respondents are primarily independent, family-owned or closely held companies.

What's in the *Employee Compensation Report*?

Data in the 2005 edition of the *Employee Compensation Report* is segmented for hardware stores, home centers and lumber/building material outlets. It is further segmented by annual sales volume and type of market in which stores are located. Data includes:

- Average number of managers and Department Managers and other full- and part-time employees in eight job classifications
- Average hourly wages for these same classifications
- Payroll expense structure
- Employee productivity ratios
- Average annual employee turnover rates
- Use of bonuses
- Insurance and retirement benefits
- Paid vacation and days off
- Employee training

Payroll expense structures and employee productivity ratios offer a way to evaluate return on investment in quality employees. Wages and salaries represent 86-88 percent of payroll expenses, and total payroll is the second largest investment behind inventory. The productivity ratios are indicators of the return on that investment.

Because the competition for good employees is as intense as the competition for customers, we included information on benefits—insurance offered to employees and their families, how much of the premiums employers pay, retirement benefits and paid time off. These are as important in attracting good employees as salary levels. We also asked about formal training programs because well-trained employees are more productive than those left to learn on their own.

How to Use the *Employee Compensation Report*

Data presented should be considered as guidelines to wage levels and benefits, not as absolutes. The methodology of this study produced results that tend to favor better managed, more aggressive, high-performance retailers.

Company size and location heavily influence personnel practices. For example, owners of smaller companies tend to function as active managers. Because they have fewer employees, smaller companies expect employees to do a variety of jobs and tend not to define positions for receiving, stocking, office personnel, etc.

Salary levels for owners may indicate differing operational styles, as some owners balance salaries with return on invested capital.

The breakouts by sales volume and type of market should help retailers benchmark their own operations and draw meaningful comparisons.

Summary & Historical Data

Hardware Stores

How Many Employees and How Much Are They Paid?

	Full-Time Employees		Part-Time Employees	
	Number Per Store	Average Hourly Wage	Number Per Store	Average Hourly Wage
Owners/Officers	1.6	\$46,154*	0.1	\$25,600*
Managers/Assistant Managers	0.4	\$13.14	0.1	\$9.60
Department Managers	0.5	\$10.18	0.3	\$9.06
Sales Personnel	2.0	\$9.29	3.0	\$7.78
Office Personnel	0.4	\$10.89	0.3	\$8.29
Cashiers	0.9	\$8.14	1.5	\$7.25
Stock Personnel	0.3	\$8.53	0.8	\$7.44
Delivery/Receiving Personnel	0.2	\$9.99	0.2	\$7.88
Warehouse Personnel	0.1	\$8.23	0.1	\$7.38
Yard Personnel	NA	NA	NA	NA
Lumber Counter Personnel	NA	NA	NA	NA
Total	6.4		6.4	

*Annual salary

SUMMARY DATA

This chart summarizes the number of full-time and part-time employees working in hardware stores submitting data for the NRHA/HCI compensation study and the average hourly wages paid to those employees. The wage data can be used as a general guide to salaries in the hardware segment of the home improvement industry; however, local market conditions should be taken into account in establishing or evaluating salary/wage structures.

Payroll Expenses as a Percent of Net Sales

Owners/Officers Salaries & Bonuses	4.1%
All Other Employee Salaries, Wages & Bonuses	15.4%
Total Salaries, Wages & Bonuses	19.5%
Payroll Taxes, FICA, Workers' Comp & Unemployment	1.6%
Group Insurance (Hospital/Medical/Life)	0.9%
Benefit Plans (Pension, Profit Sharing, etc.)	0.0%
Total Payroll Expenses	22.1%

Source: NRHA/HCI 2005 Cost of Doing Business Study

PAYROLL STRUCTURE

The payroll structure for hardware stores comes from the NRHA/HCI 2005 Cost of Doing Business Study. It indicates that payroll is 22.1% of net sales and that salaries, wages, and bonuses account for 19.5% of sales—or 88% of payroll dollars. The graph on page 4 traces payroll as a percent of sales for the past 20 years and compares average stores to high-profit stores.

Employee Productivity Ratios

Number of Full-Time Equivalent Employees	9.0
Sales per Employee	\$131,062
Gross Margin per Employee	\$53,881
Payroll per Employee (including benefits)	\$28,928
Salary per Employee	\$25,553
Payroll Expense as Percent of Sales	22.1%
Personnel Productivity Ratio	53.8%

Source: NRHA/HCI 2005 Cost of Doing Business Study

EMPLOYEE PRODUCTIVITY

These ratios help to evaluate the investment in employees and their return on that investment. Sales and gross margin per employee measure employee performance; the three payroll expense ratios show the cost of employees; the personnel productivity ratio shows payroll as a percent of gross margin.

HISTORICAL COMPARISON

This chart shows employee productivity ratios for the last 20 years in five-year increments. It puts current payroll structures and employee performance in perspective. Between 1986 and 2005, salaries have increased while productivity has stayed relatively flat.

Employee Productivity: Historical Comparison

	1986	1991	1996	2001	2005
Number of Employees	9	11	10	10	9
Sales Per Employee	\$75,418	\$89,082	\$104,761	\$118,923	\$131,062
Gross Margin Per Employee	\$27,336	\$32,944	\$39,204	\$45,731	\$53,881
Payroll Per Employee	\$14,684	\$18,016	\$20,574	\$24,073	\$28,928
Salary Per Employee	\$12,781	\$15,400	\$17,810	\$20,671	\$25,553
Payroll as Percent of Sales	19.4%	20.3%	20.2%	20.7%	22.1%
Personnel Productivity Ratio	53.7%	55.2%	53.9%	54.0%	53.8%

Source: Annual cost of doing business surveys

EMPLOYEE TURNOVER

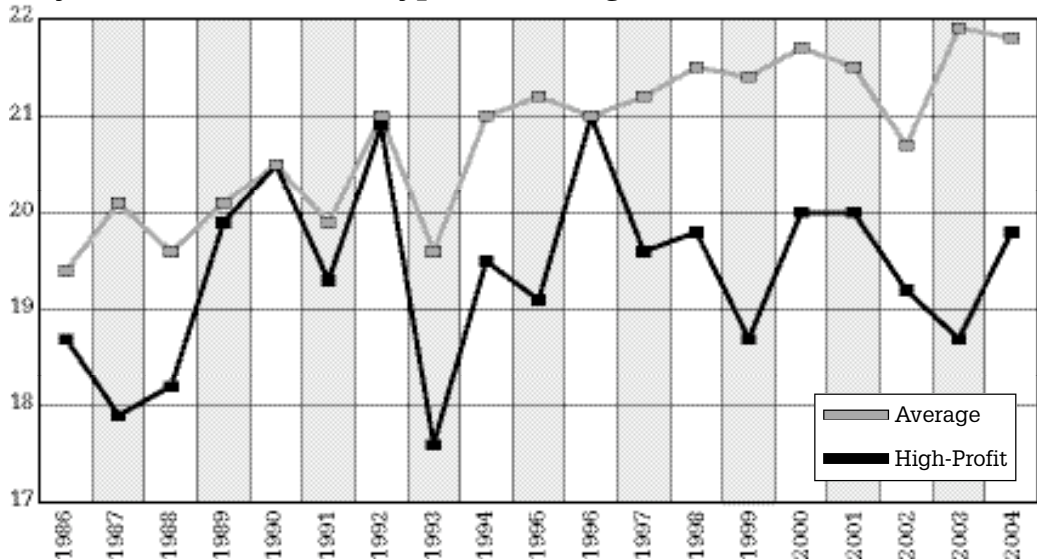
To derive the annual employee turnover rate, we asked retailers how many employees had left or been fired and then replaced. Because part-time employees move more often than full-time employees, we show turnover rates for both. Turnover rates for full-time employees have declined slightly while turnover rates for part timers have increased.

Annual Employee Turnover Rates

	Sales Volume				Type of Market Location			
	Under \$500,000	\$500,000-\$1 Million	\$1 Million-\$2 Million	Over \$2 Million	Major Metro	Suburban	Downtown Secondary	Small Town
Full Time Average: 16%	17%	23%	11%	13%	26%	12%	11%	17%
Part Time Average: 47%	40%	45%	42%	57%	46%	52%	55%	38%
Historical Comparison	1997		1999		2001		2005	
Full Time	20%		18%		19%		16%	
Part Time	50%		45%		38%		47%	

Source: NRHA/HCI compensation studies

Payroll as % of Sales: Typical vs. High-Profit Stores



Source: NRHA/HCI annual cost of doing business surveys

Number of Employees: Sales Volume

	Full-Time Employees				Part-Time Employees			
	Under \$500,000	\$500,000-\$1 Million	\$1 Million-\$2 Million	Over \$2 Million	Under \$500,000	\$500,000-\$1 Million	\$1 Million-\$2 Million	Over \$2 Million
Managers/Assistant Managers	0.6	0.9	1.3	2.2	0.1	NA	NA	0.1
Department Managers	0.2	0.3	0.4	0.1	0.1	0.3	0.5	0.1
Sales Personnel	1.2	1.5	2.1	3.5	1.6	2.4	2.9	7.8
Office Personnel	0.3	0.3	0.6	1.4	0.2	0.3	0.4	0.7
Cashiers	0.2	0.5	1.0	3.2	0.3	1.2	2.0	3.2
Stock Personnel	0.3	0.1	0.2	0.2	0.1	0.4	0.2	1.2
Delivery/Receiving Personnel	0.1	0.1	0.1	1.1	NA	0.2	0.1	0.3
Warehouse Personnel	NA	0.1	0.1	0.1	NA	NA	0.1	0.1
Yard Personnel	NA	NA	NA	NA	NA	NA	NA	NA
Lumber Counter Personnel	NA	NA	NA	NA	NA	NA	NA	NA
Total	2.9	3.8	5.8	11.8	2.4	4.8	6.2	13.5

HARDWARE STORE EMPLOYMENT

These two charts show average number of employees per store broken out by sales volume and by type of market in which the stores are located. In many instances the averages show fewer than one employee. This means a significant number of stores do not define this job as a separate position. Indications are that stores in larger markets are cutting staff while stores in smaller markets are adding staff.

Number of Employees: Type of Market Location

	Full-Time Employees				Part-Time Employees			
	Major Metro	Suburban	Downtown Secondary	Small Town	Major Metro	Suburban	Downtown Secondary	Small Town
Managers/Assistant Managers	1.5	1.4	1.2	1.1	NA	0.1	NA	0.1
Department Managers	1.4	0.9	0.3	0.9	NA	0.4	NA	0.1
Sales Personnel	6.2	1.5	1.5	2.2	2.5	5.4	0.8	2.8
Office Personnel	0.4	0.5	0.2	0.6	0.1	0.4	0.2	0.3
Cashiers	3.1	0.6	0.8	0.9	1.8	2.3	1.5	1.3
Stock Personnel	0.1	0.3	0.3	0.3	0.4	3.5	1.0	0.5
Delivery/Receiving Personnel	0.6	0.1	0.2	0.3	NA	0.1	0.5	0.2
Warehouse Personnel	NA	0.1	0.1	0.1	NA	NA	NA	0.1
Yard Personnel	NA	NA	NA	NA	NA	NA	NA	NA
Lumber Counter Personnel	NA	NA	NA	NA	NA	NA	NA	NA
Total	13.3	5.4	4.6	6.4	4.8	12.2	4.0	5.4

HARDWARE STORE WAGES

Charts on this page show average hourly wages paid by hardware stores by sales volume and by type of market in which the stores are located. Despite market competition for employees, it appears hardware retailers are not paying their people much more than they were three years ago.

Hourly Wages: Sales Volume

	Full-Time Employees				Part-Time Employees			
	Under \$500,000	\$500,000-\$1 Million	\$1 Million-\$2 Million	Over \$2 Million	Under \$500,000	\$500,000-\$1 Million	\$1 Million-\$2 Million	Over \$2 Million
Managers/Assistant Managers	\$10.08	\$12.16	\$13.35	\$15.66	NA	NA	NA	\$8.25
Department Managers	\$9.00	\$10.12	\$11.07	\$11.40	NA	\$7.25	\$10.69	\$9.50
Sales Personnel	\$8.97	\$7.96	\$9.89	\$10.69	\$7.03	\$6.37	\$8.28	\$8.57
Office Personnel	\$8.63	\$11.28	\$11.25	\$10.88	\$9.50	\$7.00	\$11.78	\$8.95
Cashiers	\$7.50	\$7.17	\$8.40	\$8.58	\$6.87	\$6.89	\$7.36	\$7.60
Stock Personnel	\$8.25	\$6.30	\$7.68	\$7.34	\$8.25	\$6.30	\$7.68	\$7.34
Delivery/Receiving Personnel	NA	\$8.00	\$10.62	\$9.92	NA	\$7.18	\$8.87	\$8.20
Warehouse Personnel	NA	\$7.00	NA	\$9.45	NA	NA	\$7.00	\$7.75
Yard Personnel	NA	NA	NA	NA	NA	NA	NA	NA
Lumber Counter Personnel	NA	NA	NA	NA	NA	NA	NA	NA

Hourly Wages: Type of Market Location

	Full-Time Employees				Part-Time Employees			
	Major Metro	Suburban	Downtown Secondary	Small Town	Major Metro	Suburban	Downtown Secondary	Small Town
Managers/Assistant Managers	\$15.54	\$16.48	\$12.75	\$13.48	NA	\$10.08	NA	NA
Department Managers	\$12.67	\$11.45	\$11.29	\$12.88	NA	\$11.33	NA	\$9.03
Sales Personnel	\$8.81	\$10.11	\$10.81	\$9.19	\$8.00	\$7.86	\$7.75	\$7.70
Office Personnel	\$12.37	\$11.25	\$11.50	\$10.76	\$10.00	\$11.93	\$10.00	\$8.18
Cashiers	\$7.88	\$8.19	\$8.88	\$8.10	\$7.73	\$7.51	\$7.25	\$7.01
Stock Personnel	\$8.05	\$8.33	\$7.50	\$8.81	\$7.40	\$8.80	\$8.58	\$6.78
Delivery/Receiving Personnel	\$8.75	\$10.55	\$9.59	\$9.60	NA	\$6.83	\$7.50	\$8.38
Warehouse Personnel	\$10.29	\$9.75	NA	\$9.45	NA	NA	NA	\$7.38
Yard Personnel	NA	NA	NA	NA	NA	NA	NA	NA
Lumber Counter Personnel	NA	NA	NA	NA	NA	NA	NA	NA

Bonuses

	Percent of Hardware Stores Giving Bonuses
Management Employees	47%
Full-Time Employees	39%
Part-Time Employees	24%
Percent of Payroll Paid in Bonuses	6%

BONUSES

In addition to hourly wages, a sizable number of hardware stores offer bonuses to their employees. The percentage of stores offering bonuses is about the same as it was three years ago. Charts on this page show the percentage of reporting hardware stores that offer bonuses. Also shown is the average percent of payroll that is paid out in bonuses.

Sales Volume

	Percent of Hardware Stores Giving Bonuses			
	Under \$500,000	\$500,000-\$1 Million	\$1 Million-\$2 Million	Over \$2 Million
Management Employees	5%	41%	68%	64%
Full-Time Employees	15%	28%	61%	45%
Part-Time Employees	15%	16%	35%	27%
Percent of Payroll Paid in Bonuses	3%	5%	6%	7%

Type of Market Location

	Percent of Hardware Stores Giving Bonuses			
	Major Metro	Suburban	Downtown Secondary	Small Town
Management Employees	72%	52%	50%	40%
Full-Time Employees	64%	43%	17%	35%
Part-Time Employees	45%	33%	35%	20%
Percent of Payroll Paid in Bonuses	6%	4%	9%	5%

INSURANCE COVERAGE

While health insurance continues to rise in cost, it remains one of the main reasons good employees chose one employer over another. The charts on this and the following three pages detail the kinds of health insurance offered to employees and their families by hardware stores and the portion of premiums paid by the stores. The Historical Comparison chart at the bottom of this page indicates that fewer hardware stores offer group health insurance now than did so back in 1988 and that retailers are making employees pick up a larger percentage of the premiums. Both trends can be largely attributable to the increased costs of health insurance. Still, scaling back their health insurance benefits could put hardware stores at a competitive disadvantage in hiring the best people.

Insurance Coverage

	<u>Percent of Hardware Stores Offering Group Insurance</u>				
	Major Medical	Dental Care	Eye Care	Disability	Life
For Employees					
Management	73%	30%	10%	16%	39%
Full-Time Employees	41%	52%	7%	18%	33%
Part-Time Employees	7%	6%	0%	6%	7%
For Employees' Families					
Management	45%	21%	10%	9%	16%
Full-Time Employees	35%	17%	5%	7%	13%
Part-Time Employees	3%	3%	0%	3%	3%

Insurance Premiums

	<u>Percent of Premiums Paid by Hardware Stores</u>					
	0%	1%-24%	25%-49%	50%-74%	75%-99%	100%
For Employees	35%	2%	1%	23%	14%	25%
For Employees' Families	73%	5%	0%	10%	7%	5%

Major Medical Insurance: Historical Comparison

	<u>Percent of Hardware Stores Offering Insurance</u>				
	1988	1997	1999	2001	2005
For Employees					
Management	68%	78%	80%	80%	73%
Full-Time Employees	60%	74%	77%	55%	41%
Part-Time Employees	3%	5%	4%	6%	7%
For Employees' Families					
Management	51%	54%	55%	55%	45%
Full-Time Employees	38%	47%	46%	44%	35%
Part-Time Employees	2%	4%	1%	3%	3%
Percent of Hardware Stores Paying 100% of Premium					
For Employees	75%	54%	46%	46%	25%
For Employees' Families	NA	45%	27%	20%	5%

Source: NRHA/HCI compensation studies

Insurance Offered to Management Employees: Type of Market Location

	Percent of Hardware Stores Offering Coverage			
	Under \$500,000	\$500,000-\$1 Million	\$1 Million-\$2 Million	Over \$2 Million
For Employees				
Major Medical	53%	65%	80%	91%
Dental Care	13%	6%	43%	45%
Eye Care	7%	7%	13%	14%
Disability	11%	10%	17%	36%
Life	13%	42%	33%	59%
For Employees' Families				
Major Medical	13%	23%	53%	86%
Dental Care	13%	10%	27%	36%
Eye Care	7%	6%	10%	14%
Disability	2%	3%	10%	23%
Life	6%	10%	13%	41%

Insurance Offered to Full-Time Employees: Type of Market Location

	Percent of Hardware Stores Offering Coverage			
	Under \$500,000	\$500,000-\$1 Million	\$1 Million-\$2 Million	Over \$2 Million
For Employees				
Major Medical	50%	48%	79%	90%
Dental Care	8%	10%	38%	46%
Eye Care	5%	3%	10%	14%
Disability	7%	13%	16%	38%
Life	25%	29%	26%	57%
For Employees' Families				
Major Medical	8%	27%	45%	71%
Dental Care	8%	3%	24%	32%
Eye Care	2%	3%	7%	9%
Disability	2%	3%	10%	14%
Life	6%	7%	13%	29%

Insurance Offered to Part-Time Employees: Sales Volume

	<u>Percent of Hardware Stores Offering Coverage</u>			
	Under \$500,000	\$500,000-\$1 Million	\$1 Million-\$2 Million	Over \$2 Million
For Employees				
Major Medical	11%	4%	17%	7%
Dental Care	3%	1%	13%	7%
Eye Care	2%	2%	1%	1%
Disability	1%	1%	4%	21%
Life	1%	4%	13%	7%
For Employees' Families				
Major Medical	1%	2%	8%	3%
Dental Care	1%	1%	9%	7%
Eye Care	1%	1%	1%	1%
Disability	1%	1%	4%	7%
Life	1%	2%	4%	7%

Insurance Offered to Management Employees: Sales Volume

	<u>Percent of Hardware Stores Offering Coverage</u>			
	Major Metro	Suburban	Downtown/Secondary	Small Town
For Employees				
Major Medical	90%	75%	85%	68%
Dental Care	50%	50%	25%	21%
Eye Care	30%	10%	7%	8%
Disability	30%	15%	7%	16%
Life	40%	35%	50%	37%
For Employees' Families				
Major Medical	40%	50%	50%	44%
Dental Care	40%	25%	25%	18%
Eye Care	20%	10%	5%	8%
Disability	20%	10%	5%	8%
Life	30%	15%	16%	15%

Insurance Offered to Full-Time Employees: Type of Market Location

	<u>Percent of Hardware Stores Offering Coverage</u>			
	Major Metro	Suburban	Downtown Secondary	Small Town
For Employees				
Major Medical	78%	71%	75%	64%
Dental Care	44%	47%	25%	20%
Eye Care	33%	5%	5%	7%
Disability	33%	16%	7%	18%
Life	33%	32%	20%	33%
For Employees' Families				
Major Medical	22%	29%	25%	39%
Dental Care	22%	21%	15%	17%
Eye Care	11%	5%	4%	7%
Disability	11%	11%	4%	7%
Life	11%	16%	15%	12%

Insurance Offered to Part-Time Employees: Type of Market Location

	<u>Percent of Hardware Stores Offering Coverage</u>			
	Major Metro	Suburban	Downtown Secondary	Small Town
For Employees				
Major Medical	14%	7%	14%	7%
Dental Care	14%	9%	13%	4%
Eye Care	2%	1%	1%	1%
Disability	2%	13%	3%	4%
Life	4%	8%	13%	4%
For Employees' Families				
Major Medical	4%	7%	14%	4%
Dental Care	2%	13%	2%	1%
Eye Care	2%	1%	1%	1%
Disability	1%	13%	2%	1%
Life	2%	13%	2%	2%

RETIREMENT BENEFITS

Retirement plans are usually considered a benefit offered primarily by large companies. Not only do small businesses worry about the cost, the paperwork required to meet federal government requirements on deferred compensation can be complicated and burdensome. These charts show the percentage of reporting hardware stores with some kind of retirement plan for their employees. Over the years, fewer stores have made this benefit available to both full-time and part-time employees.

Retirement Benefits

	Percent of Hardware Stores Offering Retirement Benefits
Management	40%
Full-Time Employees	39%
Part-Time Employees	11%

Historical Comparison

	Percent of Hardware Stores Offering Retirement Benefits		
	1999	2001	2005
Management Employees	47%	55%	40%
Full-Time Employees	41%	55%	39%
Part-Time Employees	17%	19%	11%

Source: NRHA/HCI compensation studies

Sales Volume

	Percent of Hardware Stores Offering Retirement Benefits			
	Under \$500,000	\$500,000-\$1 Million	\$1 Million-\$2 Million	Over \$2 Million
Management Employees	19%	38%	52%	64%
Full-Time Employees	10%	28%	48%	68%
Part-Time Employees	7%	3%	16%	27%

Type of Market Location

	Percent of Hardware Stores Offering Retirement Benefits			
	Major Metro	Suburban	Downtown/Secondary	Small Town
Management Employees	18%	33%	33%	48%
Full-Time Employees	18%	33%	17%	48%
Part-Time Employees	14%	10%	9%	17%

Annual Paid Vacation

	<u>Percent of Hardware Stores Giving Paid Vacations</u>			
	No Days	1-5 Days	6-10 Days	More than 10 Days
Management Employees	19%	16%	35%	30%
Full-Time Employees	22%	28%	36%	14%
Part-Time Employees	84%	13%	2%	2%

Paid Sick/Personal Days Annually

	<u>Percent of Hardware Stores Offering Paid Days Off</u>			
	No Days	1-5 Days	6-10 Days	More than 10 Days
Management Employees	46%	34%	12%	8%
Full-Time Employees	51%	31%	14%	4%
Part-Time Employees	93%	5%	1%	1%

Employee Training

Percent of Companies with Formal Training Programs	21%
Average Annual Hours of Training for Management	30 hrs.
Average Annual Hours of Training for Full-Time Employees	20 hrs.
Average Annual Hours of Training for Part-Time Employees	17 hrs.
Percent of Companies that Have a Training Budget	11%
Average Amount Budgeted for Training	\$2,400

PAID TIME OFF

Vacation and paid sick or personal days are benefits that employees rely on and appreciate, particularly those that have been with a company for an extended time. These charts show the practices of hardware stores in giving employees paid time off. In general, most stores give management and full-time employees one or two weeks of paid vacation a year; few offer any amount of vacation to part-time employees. In general, hardware stores do not offer very liberal policies regarding the number of paid sick or personal days off; those that do limit this benefit to management and full-time employees and offer less than 10 days a year.

EMPLOYEE TRAINING

Well-trained employees are a competitive advantage. Yet, only 21% of responding hardware stores have a formal training program. As this chart shows, even fewer budget for training and the amount is small, about two tenths of one percent of sales for the typical hardware store profiled in NRHA/HCI's 2005 *Cost of Doing Business Study*.

SUMMARY DATA

This chart summarizes the number of full-time and part-time employees working in home centers submitting data for the NRHA/HCI compensation study and the average hourly wages paid to those employees. The wage data can be used as a general guide to salaries in the home center segment of the home improvement industry; however, local market conditions should be taken into account in establishing or evaluating salary/wage structures.

How Many Employees and How Much Are They Paid?

	<u>Full-Time Employees</u>		<u>Part-Time Employees</u>	
	Number Per Store	Average Hourly Wage	Number Per Store	Average Hourly Wage
Owners/Officers	1.8	\$58,000*	0.1	\$19,500*
Managers/Assistant Managers	2.1	\$17.09	0.1	\$17.00
Department Managers	2.5	\$12.02	0.1	\$12.00
Sales Personnel	4.2	\$11.13	1.8	\$10.65
Office Personnel	2.1	\$11.34	0.4	\$9.16
Cashiers	2.6	\$8.58	1.8	\$7.34
Stock Personnel	0.7	\$9.06	1.2	\$7.90
Delivery/Receiving Personnel	1.2	\$11.57	0.2	\$9.20
Warehouse Personnel	0.3	\$10.73	0.2	\$8.25
Yard Personnel	2.1	\$10.18	1.1	\$8.23
Lumber Counter Personnel	1.1	\$11.14	0.4	\$10.98
Total	20.7		7.4	

*Annual salary

PAYROLL STRUCTURE

The payroll structure for home centers comes from the NRHA/HCI 2005 Cost of Doing Business Study. It indicates that payroll is 18.2% of net sales and that salaries, wages, and bonuses account for 15.3% of sales—or 84% of payroll dollars. The graph on page 15 tracks payroll as a percent of sales for the past 20 years and compares average home centers to high-profit companies.

Payroll Expenses as a Percent of Net Sales

Owners/Officers Salaries & Bonuses	2.2%
All Other Employee Salaries, Wages & Bonuses	13.1%
Total Salaries, Wages & Bonuses	15.3%
Payroll Taxes, FICA, Workers' Comp & Unemployment	1.3%
Group Insurance (Hospital/Medical/Life)	1.4%
Benefit Plans (Pension, Profit Sharing, etc.)	0.2%
Total Payroll Expenses	18.2%

Source: NRHA/HCI 2005 Cost of Doing Business Study

EMPLOYEE PRODUCTIVITY

These ratios help to evaluate the investment in employees and their return on that investment. Sales and gross margin per employee measure employee performance; the three payroll expense ratios show the cost of employees; the personnel productivity ratio shows payroll as a percent of gross margin.

Employee Productivity Ratios

Number of Full-Time Equivalent Employees	20.0
Sales per Employee	\$204,639
Gross Margin per Employee	\$63,636
Payroll per Employee (including benefits)	\$37,298
Salary per Employee	\$31,385
Payroll Expense as Percent of Sales	18.2%
Personnel Productivity Ratio	58.5%

Source: NRHA/HCI 2005 Cost of Doing Business Study

Employee Productivity: Historical Comparison

	1986	1991	1996	2001	2005
Number of Employees	25	26	23	20	20
Sales per Employee	\$136,719	\$147,440	\$150,154	\$168,948	\$204,639
Gross Margin per Employee	\$37,751	\$42,327	\$45,084	\$53,522	\$63,636
Payroll per Employee	\$19,967	\$24,457	\$24,353	\$30,183	\$37,298
Salary per Employee	\$17,115	\$21,031	\$21,039	\$25,371	\$31,385
Payroll as Percent of Sales	14.6%	16.6%	16.9%	17.4%	18.2%
Personnel Productivity Ratio	53.1%	57.8%	55.0%	58.6%	58.5%

Source: Annual cost of doing business surveys

HISTORICAL COMPARISON

This chart shows employee productivity ratios for the last 20 years in five-year increments. It puts current payroll structures and employee performance in perspective. Between 1986 and 2005, payroll has increased. More importantly, personnel productivity has also been on the rise.

Annual Employee Turnover Rates

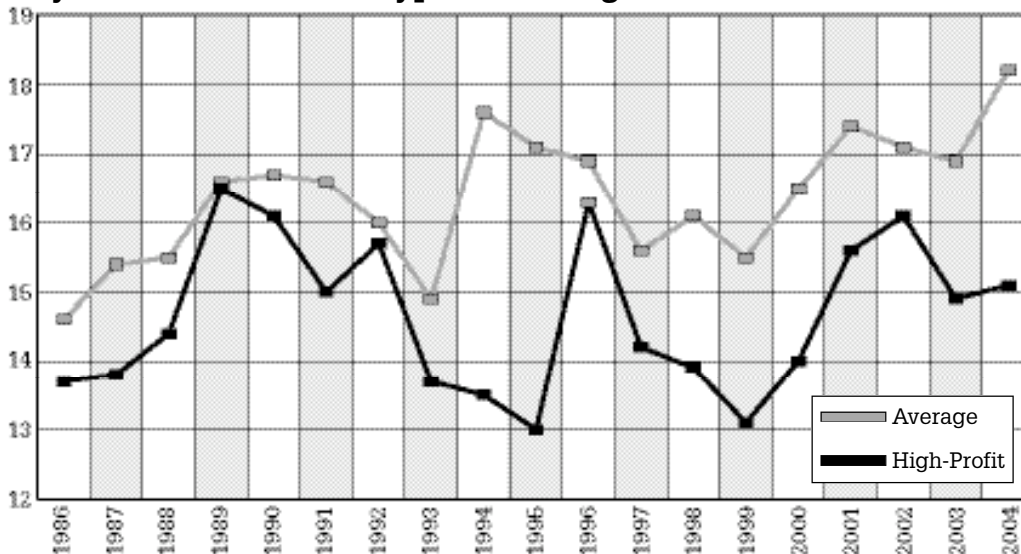
	Sales Volume			Type of Market Location			
	Under \$2 Million	\$2 Million-\$5 Million	Over \$5 Million	Major Metro	Suburban	Downtown Secondary	Small Town
Full Time Average: 21%	25%	16%	21%	23%	16%	10%	23%
Part Time Average: 42%	37%	44%	45%	41%	40%	43%	43%
Historical Comparison	1997		1999	2001		2005	
Full Time	22%		26%	24%		21%	
Part Time	45%		55%	45%		42%	

Source: NRHA/HCI compensation studies

EMPLOYEE TURNOVER

To derive the annual employee turnover rate, we asked retailers how many employees had left or been fired and then replaced. Because part-time employees move more often than full-time, we show turnover rates for both. Home center retailers have been able to slightly reduce turnover rates for both full-time and part-time employees.

Payroll as % of Sales: Typical vs. High-Profit Stores



Source: NRHA/HCI annual cost of doing business surveys

**HOME CENTER
EMPLOYMENT**

These two charts show average number of employees per store broken out by sales volume and by type of market in which the stores are located. In some instances, the averages show fewer than one employee.

This means a significant number of stores do not define this job as a separate position. In many cases, it appears home centers have been adding staff.

Number of Employees: Sales Volume

	Full-Time Employees			Part-Time Employees		
	Under \$2 Million	\$2 Million-\$5 Million	Over \$5 Million	Under \$2 Million	\$2 Million-\$5 Million	Over \$5 Million
Managers/Assistant Managers	1.5	1.8	4.8	NA	0.1	NA
Department Managers	1.1	2.2	4.1	NA	0.1	NA
Sales Personnel	2.0	3.4	16.7	0.1	1.7	2.6
Office Personnel	1.3	1.3	4.3	0.2	0.4	0.6
Cashiers	1.2	2.0	4.8	0.5	1.7	2.6
Stock Personnel	0.2	0.7	1.5	0.2	0.5	1.2
Delivery/Receiving Personnel	1.7	1.5	4.0	0.1	0.2	0.1
Warehouse Personnel	0.2	0.4	1.4	0.1	NA	NA
Yard Personnel	1.7	1.4	4.9	0.4	0.6	2.2
Lumber Counter Personnel	0.4	0.8	2.0	0.1	0.2	0.6
Total	11.3	15.5	45.5	2.2	5.5	9.9

Number of Employees: Type of Market Location

	Full-Time Employees				Part-Time Employees			
	Major Metro	Suburban	Downtown Secondary	Small Town	Major Metro	Suburban	Downtown Secondary	Small Town
Managers/Assistant Managers	1.8	2.5	2.6	1.9	0.1	0.1	0.1	0.1
Department Managers	3.3	2.9	2.5	1.8	0.1	0.1	0.1	0.1
Sales Personnel	3.5	5.1	1.0	3.0	3.8	4.2	1.0	0.7
Office Personnel	1.8	2.6	2.2	1.6	0.5	0.5	0.4	0.3
Cashiers	1.6	1.6	1.8	1.8	0.3	2.3	0.6	1.0
Stock Personnel	0.9	0.8	0.4	0.5	1.6	1.1	0.8	0.4
Delivery/Receiving Personnel	1.0	1.2	2.0	1.7	0.3	0.1	0.1	0.1
Warehouse Personnel	0.4	0.1	0.4	0.3	0.1	0.1	0.2	0.1
Yard Personnel	0.1	1.6	0.1	2.1	3.3	1.1	0.1	0.6
Lumber Counter Personnel	0.1	1.2	0.4	0.8	1.7	0.3	0.1	0.1
Total	14.5	19.6	13.4	15.5	11.8	9.9	3.5	3.5

Compensation

Home Centers

Hourly Wages: Sales Volume

	Full-Time Employees			Part-Time Employees		
	Under \$2 Million	\$2 Million-\$5 Million	Over \$5 Million	Under \$2 Million	\$2 Million-\$5 Million	Over \$5 Million
Managers/Assistant Managers	\$14.91	\$14.89	\$18.95	\$10.70	\$17.00	\$12.37
Department Managers	\$12.92	\$10.96	\$13.04	\$10.20	\$12.00	\$11.03
Sales Personnel	\$9.19	\$10.78	\$13.70	\$8.90	\$9.73	\$10.20
Office Personnel	\$10.20	\$10.96	\$13.11	\$8.25	\$10.39	\$9.00
Cashiers	\$7.68	\$8.29	\$9.33	\$7.09	\$7.20	\$8.28
Stock Personnel	\$8.00	\$8.68	\$10.43	\$7.25	\$8.69	\$8.84
Delivery/Receiving Personnel	\$9.67	\$9.71	\$11.68	\$6.26	\$9.75	\$10.50
Warehouse Personnel	\$8.71	\$9.43	\$10.95	\$8.25	NA	NA
Yard Personnel	\$9.92	\$10.32	\$10.09	\$7.32	\$7.98	\$9.28
Lumber Counter Personnel	\$9.95	\$10.33	\$13.53	\$9.95	\$10.63	\$11.00

HOME CENTER WAGES

Charts on this page show average hourly wages paid by home centers by sales volume and by type of market in which the stores are located. The fact most hourly rates are well above the federal minimum wage reflects the competitive market for employees.

Hourly Wages: Type of Market Location

	Full-Time Employees				Part-Time Employees			
	Major Metro	Suburban	Downtown Secondary	Small Town	Major Metro	Suburban	Downtown Secondary	Small Town
Managers/Assistant Managers	\$49,330*	\$18.53	\$18.98	\$16.22	NA	\$17.00	\$13.53	\$15.59
Department Managers	\$12.38	\$13.15	\$10.00	\$11.93	\$10.98	\$12.10	\$10.63	\$12.00
Sales Personnel	\$12.60	\$13.15	\$9.58	\$9.78	\$10.68	\$9.15	\$9.23	\$8.73
Office Personnel	\$11.77	\$12.46	\$10.32	\$10.48	\$10.86	\$9.86	\$8.50	\$8.87
Cashiers	\$8.82	\$13.02	\$8.37	\$7.10	\$9.23	\$7.50	\$8.73	\$7.22
Stock Personnel	\$9.84	\$9.51	\$8.00	\$8.73	\$9.48	\$9.13	\$7.25	\$6.50
Delivery/Receiving Personnel	\$12.03	\$9.97	\$10.30	\$10.15	\$8.00	\$8.33	\$7.35	\$7.13
Warehouse Personnel	\$13.96	\$10.75	\$11.30	\$8.46	NA	\$7.65	\$8.25	\$7.00
Yard Personnel	\$11.33	\$11.09	\$10.72	\$7.47	\$9.81	\$9.20	\$8.02	\$7.68
Lumber Counter Personnel	\$13.76	\$11.10	\$11.30	\$10.88	\$9.70	\$8.69	\$9.37	\$11.00

*Annual salary

BONUSES

In addition to hourly wages, a large number of home centers offer bonuses to their employees. Charts on this page show the percentage of reporting home centers that offer bonuses. It also shows the average percent of payroll that is paid out in bonuses.

Bonuses

	Percent of Home Centers Giving Bonuses	
Management Employees	67%	
Full-Time Employees	52%	
Part-Time Employees	23%	
Percent of Payroll Paid in Bonuses	6.8%	

Sales Volume

	Percent of Home Centers Giving Bonuses		
	Under \$2 Million	\$2 Million-\$5 Million	Over \$5 Million
Management Employees	69%	70%	61%
Full-Time Employees	50%	48%	65%
Part-Time Employees	15%	26%	30%
Percent of Payroll Paid in Bonuses	4%	7%	9%

Type of Market Location

	Percent of Home Centers Giving Bonuses			
	Major Metro	Suburban	Downtown Secondary	Small Town
Management Employees	75%	80%	40%	67%
Full-Time Employees	75%	67%	40%	49%
Part-Time Employees	16%	47%	12%	22%
Percent of Payroll Paid in Bonuses	5%	6%	4%	8%

Insurance Coverage

	<u>Percent of Home Centers Offering Group Insurance</u>				
	Major Medical	Dental Care	Eye Care	Disability	Life
For Employees					
Management	90%	47%	32%	42%	63%
Full-Time Employees	79%	45%	28%	38%	55%
Part-Time Employees	6%	5%	5%	6%	5%
For Employees' Families					
Management	75%	39%	26%	22%	38%
Full-Time Employees	58%	36%	21%	18%	33%
Part-Time Employees	4%	3%	3%	3%	1%

INSURANCE COVERAGE

A prime benefit is health insurance. It can be expensive but may also be the reason good employees chose one employer over another. The charts on this and the following three pages detail the kinds of health insurance offered to employees and their families by home centers and the portion of premiums paid by the stores. The Historical Comparison chart indicates that fewer home centers are offering group health insurance than did so in 1988. Furthermore, significantly fewer pay 100 percent of the premiums. That is attributable, in most part, to increased costs of health insurance. However, cutting back on benefits could put these independent home centers at a competitive disadvantage in hiring the best people.

Insurance Premiums

	<u>Percent of Premiums Paid by Home Centers</u>					
	0%	1%-24%	25%-49%	50%-74%	75%-99%	100%
For Employees	11%	1%	4%	25%	24%	36%
For Employees' Families	51%	3%	4%	17%	12%	13%

Major Medical Insurance: Historical Comparison

	<u>Percent of Home Centers Offering Insurance</u>				
	1988	1997	1999	2001	2005
For Employees					
Management	98%	47%	97%	87%	90%
Full-Time Employees	97%	47%	95%	87%	79%
Part-Time Employees	12%	3%	5%	3%	6%
For Employees' Families					
Management	91%	34%	78%	67%	75%
Full-Time Employees	86%	31%	68%	66%	58%
Part-Time Employees	8%	1%	3%	1%	4%
Percent of Home Centers Paying 100% of Premium					
For Employees	65%	53%	35%	35%	36%
For Employees' Families	NA	24%	14%	11%	13%

Source: NRHA/HCI compensation studies

Insurance Offered to Management Employees: Sales Volume

	<u>Percent of Home Centers Offering Coverage</u>		
	Under \$2 Million	\$2 Million-\$5 Million	Over \$5 Million
For Employees			
Major Medical	84%	73%	75%
Dental Care	13%	15%	43%
Eye Care	7%	7%	18%
Disability	5%	18%	37%
Life	26%	46%	66%
For Employees' Families			
Major Medical	44%	60%	58%
Dental Care	9%	13%	17%
Eye Care	4%	5%	17%
Disability	2%	9%	12%
Life	5%	13%	20%

Insurance Offered to Full-Time Employees: Sales Volume

	<u>Percent of Home Centers Offering Coverage</u>		
	Under \$2 Million	\$2 Million-\$5 Million	Over \$5 Million
For Employees			
Major Medical	58%	73%	74%
Dental Care	11%	15%	20%
Eye Care	4%	8%	16%
Disability	5%	17%	16%
Life	8%	25%	22%
For Employees' Families			
Major Medical	36%	52%	53%
Dental Care	8%	11%	17%
Eye Care	3%	5%	13%
Disability	3%	8%	8%
Life	4%	15%	15%

Insurance Offered to Part-Time Employees: Sales Volume

	<u>Percent of Home Centers Offering Coverage</u>		
	Under \$2 Million	\$2 Million-\$5 Million	Over \$5 Million
For Employees			
Major Medical	1%	4%	3%
Dental Care	1%	3%	3%
Eye Care	1%	3%	3%
Disability	1%	1%	4%
Life	1%	1%	5%
For Employees' Families			
Major Medical	1%	3%	1%
Dental Care	1%	1%	1%
Eye Care	1%	1%	1%
Disability	1%	1%	1%
Life	1%	1%	1%

Insurance Offered to Management Employees: Type of Market Location

	<u>Percent of Home Centers Offering Coverage</u>			
	Major Metro	Suburban	Downtown Secondary	Small Town
For Employees				
Major Medical	97%	93%	80%	90%
Dental Care	75%	60%	35%	43%
Eye Care	65%	40%	20%	27%
Disability	65%	60%	20%	35%
Life	97%	67%	48%	63%
For Employees' Families				
Major Medical	82%	73%	80%	75%
Dental Care	52%	47%	20%	37%
Eye Care	30%	33%	20%	12%
Disability	15%	14%	12%	18%
Life	35%	34%	25%	37%

**Insurance Offered to Full-Time Employees:
Type of Market Location**

	<u>Percent of Home Centers Offering Coverage</u>			
	Major Metro	Suburban	Downtown Secondary	Small Town
For Employees				
Major Medical	95%	87%	68%	78%
Dental Care	75%	53%	25%	43%
Eye Care	52%	33%	12%	25%
Disability	52%	53%	20%	31%
Life	95%	53%	48%	55%
For Employees' Families				
Major Medical	83%	53%	48%	61%
Dental Care	52%	33%	12%	37%
Eye Care	52%	20%	12%	20%
Disability	27%	27%	12%	16%
Life	65%	27%	25%	33%

**Insurance Offered to Part-Time Employees:
Type of Market Location**

	<u>Percent of Home Centers Offering Coverage</u>			
	Major Metro	Suburban	Downtown Secondary	Small Town
For Employees				
Major Medical	1%	6%	1%	8%
Dental Care	1%	6%	1%	6%
Eye Care	1%	6%	1%	6%
Disability	1%	1%	1%	10%
Life	1%	1%	1%	8%
For Employees' Families				
Major Medical	1%	1%	1%	6%
Dental Care	1%	1%	1%	2%
Eye Care	1%	1%	1%	2%
Disability	1%	1%	1%	4%
Life	1%	1%	1%	2%

Retirement Benefits

	Percent of Home Centers Offering Retirement Benefits
Management	70%
Full-Time Employees	67%
Part-Time Employees	15%

RETIREMENT BENEFITS

Retirement plans are usually considered a benefit offered primarily by large companies. Not only do smaller businesses worry about the cost, the paperwork required to meet federal government requirements on deferred compensation can be complicated and burdensome. These charts show the percentage of reporting home centers with some kind of retirement plan for their employees. In recent years, the percentage of stores offering this benefit has actually increased slightly.

Historical Comparison

	Percent of Home Centers Offering Retirement Benefits		
	1999	2001	2005
Management Employees	65%	64%	70%
Full-Time Employees	63%	64%	67%
Part-Time Employees	27%	16%	15%

Source: NRHA/HCI compensation studies

Sales Volume

	Percent of Home Centers Offering Retirement Benefits		
	Under \$2 Million	\$2 Million-\$5 Million	Over \$5 Million
Management Employees	62%	63%	87%
Full-Time Employees	58%	59%	87%
Part-Time Employees	4%	15%	26%

Type of Market Location

	Percent of Home Centers Offering Retirement Benefits			
	Major Metro	Suburban	Downtown Secondary	Small Town
Management Employees	55%	68%	43%	67%
Full-Time Employees	55%	67%	43%	67%
Part-Time Employees	25%	7%	10%	18%

PAID TIME OFF

Vacation and paid sick or personal days are benefits that all employees appreciate. These charts show the practices of home centers in giving employees paid time off. In general, most stores give management and full-time employees one or two weeks or more of paid vacation a year; few offer any amount of vacation to part-time employees. A growing number of stores offer paid sick or personal days off but tend to limit this benefit to management and full-time employees.

Annual Paid Vacation

	Percent of Home Centers Giving Paid Vacations			
	No Days	1-5 Days	6-10 Days	More than 10 Days
Management Employees	13%	11%	39%	37%
Full-Time Employees	15%	20%	45%	21%
Part-Time Employees	90%	7%	3%	2%

Paid Sick/Personal Days Annually

	Percent of Home Centers Offering Paid Days Off			
	No Days	1-5 Days	6-10 Days	More than 10 Days
Management Employees	36%	40%	18%	6%
Full-Time Employees	37%	40%	21%	2%
Part-Time Employees	95%	3%	1%	1%

Employee Training

Percent of Companies with Formal Training Programs	26%
Average Annual Hours of Training for Management	13.2 hrs.
Average Annual Hours of Training for Full-Time Employees	13 hrs.
Average Annual Hours of Training for Part-Time Employees	8 hrs.
Percent of Companies that Have a Training Budget	9%
Average Amount Budgeted for Training	\$3,400

EMPLOYEE TRAINING

Well-trained employees are a competitive advantage. Yet, only 26 percent of responding home centers have a formal training program. As this chart shows, less than 10 percent of them budget annually for training and the amount is small, slightly less than one tenth of one percent of sales for the typical home center profiled in NRHA/HCI's 2005 *Cost of Doing Business Study*.

Summary & Historical Data

LBM Outlets

How Many Employees and How Much Are They Paid?

	Full-Time Employees		Part-Time Employees	
	Number Per Store	Average Hourly Wage	Number Per Store	Average Hourly Wage
Owners/Officers	1.7	\$72,725*	0.1	\$42,500*
Managers/Assistant Managers	1.9	\$18.72	0.1	\$12.25
Department Managers	2.0	\$12.50	0.1	\$9.00
Sales Personnel	2.6	\$12.11	0.1	\$8.03
Office Personnel	2.1	\$11.36	0.1	\$9.10
Cashiers	1.9	\$9.18	0.2	\$7.45
Stock Personnel	1.1	\$8.46	0.3	\$7.27
Delivery/Receiving Personnel	2.4	\$10.48	0.1	\$8.58
Warehouse Personnel	2.2	\$10.21	0.2	\$7.63
Yard Personnel	4.0	\$9.12	0.6	\$7.90
Lumber Counter Personnel	2.2	\$11.15	0.1	\$7.00
Total	24.1		2.0	

*Annual salary

SUMMARY DATA

This chart summarizes the number of full-time and part-time employees working in lumber/building material outlets submitting data for the 2005 *Employee Compensation Report* and the average hourly wages paid to those employees. The wage data can be used as a general guide to salaries in the lumber/building material segment of the home improvement industry; however, local market conditions should be taken into account in establishing or evaluating salary/wage structures.

Payroll Expenses as a Percent of Net Sales

Owners/Officers Salaries & Bonuses	1.7%
All Other Employee Salaries, Wages & Bonuses	10.2%
Total Salaries, Wages & Bonuses	11.9%
Payroll Taxes, FICA, Workers' Comp & Unemployment	1.1%
Group Insurance (Hospital/Medical/Life)	1.0%
Benefit Plans (Pension, Profit Sharing, etc.)	0.2%
Total Payroll Expenses	14.2%

Source: NRHA/HCI 2005 *Cost of Doing Business Study*

PAYROLL STRUCTURE

The payroll structure for lumber/building material outlets comes from the NRHA/HCI 2005 *Cost of Doing Business Study*. It indicates that payroll is 14.2% of net sales and that salaries, wages, and bonuses account for 11.9% of sales—84% of payroll expenses. The graph on page 26 tracks payroll as a percent of sales for the past 20 years, comparing average LBM outlets to high-profit companies.

Employee Productivity Ratios

Number of Full-Time Equivalent Employees	20.0
Sales per Employee	\$269,776
Gross Margin per Employee	\$68,940
Payroll per Employee (including benefits)	\$38,400
Salary per Employee	\$32,211
Payroll Expense as Percent of Sales	14.2%
Personnel Productivity Ratio	55.7%

Source: NRHA/HCI 2005 *Cost of Doing Business Study*

EMPLOYEE PRODUCTIVITY

These ratios help to evaluate the investment in employees and their return on that investment. Sales and gross margin per employee measure employee performance; the three payroll expense ratios show the cost of employees; the personnel productivity ratio shows payroll as a percent of gross margin.

HISTORICAL COMPARISON

This chart shows employee productivity ratios for the last 20 years in five-year increments. It puts current payroll structures and employee performance in perspective. Between 1986 and 2005, salaries have increased; however, after 15 years of improvement, productivity ratios declined in 2005.

Employee Productivity: Historical Comparison

	1986	1991	1996	2001	2005
Number of Employees	14	13	14	18.5	20
Sales per Employee	\$144,238	\$159,528	\$195,990	\$240,793	\$269,776
Gross Margin per Employee	\$37,304	\$41,348	\$47,964	\$63,263	\$68,940
Payroll per Employee	\$20,856	\$24,117	\$27,109	\$38,422	\$38,400
Salary per Employee	\$17,709	\$20,674	\$22,789	\$31,988	\$32,211
Payroll as Percent of Sales	14.6%	15.1%	14.2%	15.5%	14.2%
Personnel Productivity Ratio	56.7%	58.3%	57.7%	60.3%	55.7%

Source: Annual cost of doing business surveys

EMPLOYEE TURNOVER

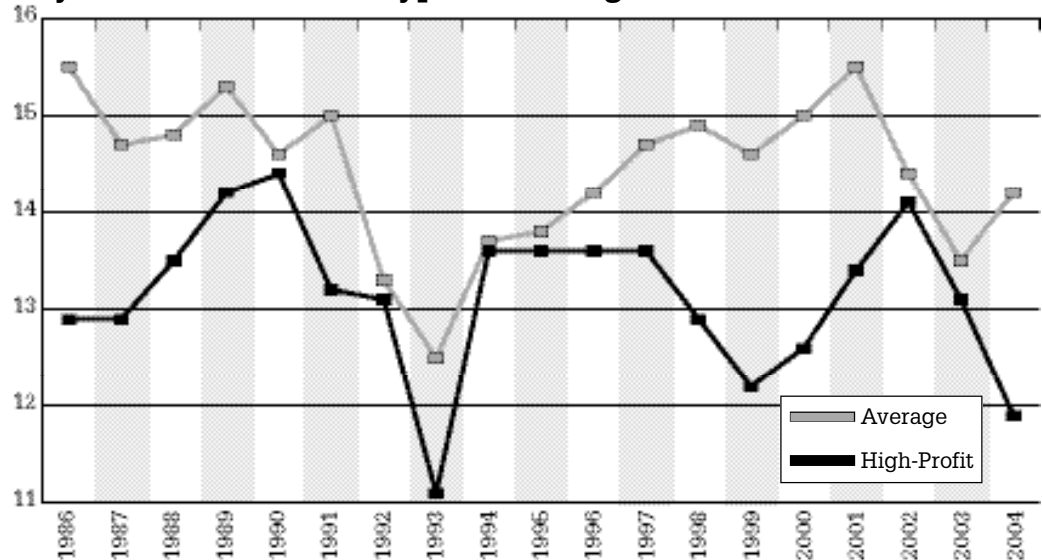
To derive the annual employee turnover rate, we asked retailers how many employees had left or been fired and then replaced. Because part-time employees move more often than full-time, we show turnover rates for both. Turnover rates for full-time employees increased slightly while turnover for part-timers decreased.

Annual Employee Turnover Rates

	Sales Volume			Type of Market Location			
	Under \$2 Million	\$2 Million-\$5 Million	Over \$5 Million	Major Metro	Suburban	Downtown Secondary	Small Town
Full Time Average: 29%	34%	26%	27%	43%	18%	35%	30%
Part Time Average: 42%	25%	30%	44%	33%	60%	40%	62%
Historical Comparison	1997		1999	2001		2005	
Full Time	21%		26%	26%		29%	
Part Time	58%		57%	45%		42%	

Source: NRHA/HCI compensation studies

Payroll as % of Sales: Typical vs. High-Profit Stores



Source: NRHA/HCI annual cost of doing business surveys

Number of Employees: Sales Volume

	Full-Time Employees			Part-Time Employees		
	Under \$2 Million	\$2 Million-\$5 Million	Over \$5 Million	Under \$2 Million	\$2 Million-\$5 Million	Over \$5 Million
Managers/Assistant Managers	0.8	0.9	1.6	0.1	0.1	0.1
Department Managers	0.3	0.9	1.4	0.1	0.1	0.1
Sales Personnel	1.3	2.6	4.4	0.1	0.2	2.7
Office Personnel	0.2	1.5	1.8	0.1	0.4	0.1
Cashiers	0.4	1.3	2.1	0.1	0.5	0.5
Stock Personnel	0.4	0.2	1.2	0.2	0.4	1.2
Delivery/Receiving Personnel	0.4	1.6	1.6	0.2	0.1	0.6
Warehouse Personnel	0.4	0.2	1.2	0.6	0.1	0.1
Yard Personnel	1.6	1.6	5.2	0.2	0.1	0.4
Lumber Counter Personnel	1.4	1.3	3.4	0.1	0.5	1.1
Total	7.2	12.1	23.9	1.8	2.5	6.9

LUMBER/BUILDING MATERIAL OUTLET EMPLOYMENT

These two charts show average number of employees per store broken out by sales volume and by type of market in which the stores are located. In some instances, the averages show fewer than one employee. This means a significant number of stores do not define this job as a separate position. As a general rule, LBM outlets seem to be maintaining staffing levels.

Number of Employees: Type of Market Location

	Full-Time Employees				Part-Time Employees			
	Major Metro	Suburban	Downtown Secondary	Small Town	Major Metro	Suburban	Downtown Secondary	Small Town
Managers/Assistant Managers	1.0	1.7	1.0	1.2	0.5	0.1	0.1	0.1
Department Managers	2.2	1.4	1.0	1.0	0.5	0.1	0.1	0.1
Sales Personnel	3.5	2.9	2.2	2.0	0.2	0.5	0.2	0.5
Office Personnel	2.0	2.0	1.3	1.5	0.2	0.3	0.8	0.2
Cashiers	1.5	0.6	1.8	0.8	0.7	0.5	0.5	0.7
Stock Personnel	4.2	0.8	0.8	0.3	0.5	0.2	0.5	0.5
Delivery/Receiving Personnel	3.0	2.2	2.4	2.1	0.2	1.0	0.1	0.2
Warehouse Personnel	2.0	0.8	1.4	0.2	0.3	0.2	0.1	0.3
Yard Personnel	5.0	1.9	3.4	3.9	0.8	0.5	0.1	0.8
Lumber Counter Personnel	5.5	0.9	1.6	0.9	0.1	0.5	0.2	0.1
Total	29.9	15.2	16.9	13.9	4.0	3.9	2.7	3.5

LUMBER/BUILDING MATERIAL OUTLET WAGES

Charts on this page show average hourly wages paid by lumber/building material outlets by sales volume and by type of market in which the stores are located. Wages have increased across some but not all job categories in the last three years, perhaps reflecting pressure to contain payroll expenses.

Hourly Wages: Sales Volume

	Full-Time Employees			Part-Time Employees		
	Under \$2 Million	\$2 Million-\$5 Million	Over \$5 Million	Under \$2 Million	\$2 Million-\$5 Million	Over \$5 Million
Managers/Assistant Managers	\$16.50	\$49,371*	\$62,429*	\$9.90	\$45,000*	\$13.20
Department Managers	\$11.15	\$11.50	\$14.75	\$9.75	\$10.71	\$10.95
Sales Personnel	\$10.50	\$10.20	\$12.83	\$8.93	\$8.65	\$10.13
Office Personnel	\$10.35	\$10.12	\$12.67	\$8.50	\$8.00	\$9.68
Cashiers	\$8.32	\$8.00	\$10.50	\$7.85	\$7.75	\$7.45
Stock Personnel	\$8.31	\$8.17	\$11.75	\$6.95	\$7.25	\$7.30
Delivery/Receiving Personnel	\$8.91	\$9.97	\$12.27	\$8.00	\$9.61	\$9.15
Warehouse Personnel	\$8.00	\$9.00	\$10.75	\$8.13	\$6.50	\$7.75
Yard Personnel	\$8.09	\$9.03	\$10.33	\$7.00	\$8.15	\$8.00
Lumber Counter Personnel	\$9.12	\$10.03	\$11.90	\$7.00	\$8.30	\$8.10

*Annual salary

Hourly Wages: Type of Market Location

	Full-Time Employees			Part-Time Employees		
	Major Metro	Suburban	Small Town	Major Metro	Suburban	Small Town
Managers/Assistant Managers	\$17.50	\$16.00	\$48,311*	\$10.31	\$9.82	\$10.75
Department Managers	\$14.25	\$11.75	\$33,000*	\$11.50	\$8.25	\$10.60
Sales Personnel	\$10.75	\$12.83	\$10.18	\$9.83	\$9.75	\$10.50
Office Personnel	\$10.80	\$11.95	\$11.12	\$10.23	\$9.45	\$9.45
Cashiers	\$11.50	\$11.16	\$8.71	\$6.75	\$9.13	\$7.45
Stock Personnel	\$11.25	\$9.17	\$8.56	\$8.44	\$9.20	\$6.50
Delivery/Receiving Personnel	\$10.50	\$11.23	\$10.34	\$12.00	\$6.78	\$8.58
Warehouse Personnel	\$9.75	\$11.48	\$9.87	\$10.50	\$6.25	\$8.08
Yard Personnel	\$10.60	\$8.81	\$7.60	\$6.65	\$8.75	\$7.56
Lumber Counter Personnel	\$14.50	\$13.15	\$10.75	\$10.07	\$10.26	\$9.72

*Annual salary

Bonuses

	Percent of LBM Outlets Giving Bonuses
To Management Employees	67%
To Full-Time Employees	57%
To Part-Time Employees	33%
Percent of Payroll Paid in Bonuses	6%

BONUSES

In addition to hourly wages, a large number of lumber/building material outlets offer bonuses to their employees. Charts on this page show the percentage of reporting LBM outlets that offer bonuses. It also shows the average percent of payroll that is paid out in bonuses—6%.

Sales Volume

	Percent of LBM Outlets Giving Bonuses		
	Under \$2 Million	\$2 Million-\$5 Million	Over \$5 Million
To Management Employees	53%	72%	77%
To Full-Time Employees	53%	72%	54%
To Part-Time Employees	20%	44%	31%
Percent of Payroll Paid in Bonuses	4%	5%	9%

Type of Market Location

	Percent of LBM Outlets Giving Bonuses			
	Major Metro	Suburban	Downtown Secondary	Small Town
To Management Employees	90%	77%	80%	59%
To Full-Time Employees	80%	69%	65%	48%
To Part-Time Employees	25%	23%	40%	41%
Percent of Payroll Paid in Bonuses	10%	8%	5%	4%

INSURANCE COVERAGE

Health insurance is an important benefit to offer employees. The rising cost of health insurance is having an impact on the level of benefits offered to full-time and part-time employees. The charts on this and the following three pages detail the kinds of health insurance offered to employees and their families by lumber/building material outlets and the portion of premiums paid by the stores. The Historical Comparison chart indicates that fewer LBM outlets offer group health insurance compared to prior periods—and that significantly fewer pay 100% of the premiums. That can largely be attributed to the escalating costs of health insurance. However, it could put these LBM outlets at a competitive disadvantage in hiring the best people.

Insurance Coverage

	<u>Percent of LBM Outlets Offering Group Insurance</u>				
	Major Medical	Dental Care	Eye Care	Disability	Life
For Employees					
Management	72%	30%	11%	30%	48%
Full-Time	63%	26%	9%	20%	35%
Part-Time	4%	2%	5%	5%	7%
For Employees' Families					
Management	67%	26%	11%	15%	35%
Full-Time	57%	26%	9%	15%	8%
Part-Time	4%	2%	1%	1%	1%

Insurance Premiums

	<u>Percent of Premiums Paid by LBM Outlets</u>					
	0%	1%-24%	25%-49%	50%-74%	75%-99%	100%
For Employees	27%	3%	3%	28%	15%	24%
For Employees' Families	46%	3%	3%	22%	13%	13%

Major Medical Insurance: Historical Comparison

	<u>Percent of LBM Outlets Offering Insurance</u>				
	1988	1997	1999	2001	2005
For Employees					
Management	87%	53%	85%	90%	72%
Full-Time	87%	53%	82%	88%	63%
Part-Time	7%	5%	7%	8%	4%
For Employees' Families					
Management	70%	44%	63%	61%	67%
Full-Time	67%	41%	60%	58%	57%
Part-Time	7%	4%	4%	1%	4%
Percent of LBM Outlets Paying 100% of Premium					
For Employees	71%	62%	63%	60%	24%
For Employees' Families	NA	33%	16%	17%	13%

Source: NRHA/HCI compensation studies

Insurance Offered to Management Employees: Sales Volume

	<u>Percent of LBM Outlets Offering Coverage</u>		
	Under \$2 Million	\$2 Million-\$5 Million	Over \$5 Million
For Employees			
Major Medical	68%	71%	75%
Dental Care	22%	32%	41%
Eye Care	13%	15%	18%
Disability	17%	13%	21%
Life	23%	44%	65%
For Employees' Families			
Major Medical	42%	49%	66%
Dental Care	19%	25%	38%
Eye Care	8%	8%	15%
Disability	10%	6%	14%
Life	9%	13%	29%

Insurance Offered to Full-Time Employees: Sales Volume

	<u>Percent of LBM Outlets Offering Coverage</u>		
	Under \$2 Million	\$2 Million-\$5 Million	Over \$5 Million
For Employees			
Major Medical	58%	66%	74%
Dental Care	21%	25%	41%
Eye Care	8%	11%	18%
Disability	8%	13%	28%
Life	30%	30%	62%
For Employees' Families			
Major Medical	39%	44%	65%
Dental Care	19%	22%	35%
Eye Care	7%	8%	15%
Disability	7%	6%	14%
Life	17%	13%	24%

Insurance Offered to Part-Time Employees: Sales Volume

	Percent of LBM Outlets Offering Coverage		
	Under \$2 Million	\$2 Million-\$5 Million	Over \$5 Million
For Employees			
Major Medical	4%	2%	4%
Dental Care	3%	2%	1%
Eye Care	2%	1%	1%
Disability	2%	1%	1%
Life	4%	2%	2%
For Employees' Families			
Major Medical	1%	2%	4%
Dental Care	1%	2%	1%
Eye Care	1%	1%	1%
Disability	1%	1%	1%
Life	1%	1%	1%

Insurance Offered to Management Employees: Type of Market Location

	Percent of LBM Outlets Offering Coverage			
	Major Metro	Suburban	Downtown/Secondary	Small Town
For Employees				
Major Medical	77%	69%	93%	70%
Dental Care	33%	31%	33%	33%
Eye Care	33%	23%	33%	4%
Disability	30%	38%	67%	26%
Life	60%	39%	63%	48%
For Employees' Families				
Major Medical	73%	59%	77%	67%
Dental Care	18%	31%	33%	26%
Eye Care	30%	23%	24%	4%
Disability	30%	31%	33%	19%
Life	20%	39%	20%	30%

Insurance Offered to Full-Time Employees: Type of Market Location

	<u>Percent of LBM Outlets Offering Coverage</u>			
	Major Metro	Suburban	Downtown Secondary	Small Town
For Employees				
Major Medical	77%	69%	93%	70%
Dental Care	33%	31%	33%	26%
Eye Care	33%	23%	33%	10%
Disability	7%	31%	33%	22%
Life	33%	31%	63%	41%
For Employees' Families				
Major Medical	73%	56%	76%	63%
Dental Care	10%	31%	48%	26%
Eye Care	7%	11%	24%	8%
Disability	3%	11%	14%	19%
Life	7%	23%	20%	37%

Insurance Offered to Part-Time Employees: Type of Market Location

	<u>Percent of LBM Outlets Offering Coverage</u>			
	Major Metro	Suburban	Downtown Secondary	Small Town
For Employees				
Major Medical	1%	8%	1%	1%
Dental Care	1%	1%	1%	1%
Eye Care	1%	1%	1%	1%
Disability	1%	1%	1%	1%
Life	1%	1%	1%	7%
For Employees' Families				
Major Medical	1%	8%	1%	1%
Dental Care	1%	1%	1%	1%
Eye Care	1%	1%	1%	1%
Disability	1%	1%	1%	1%
Life	1%	1%	1%	1%

RETIREMENT BENEFITS

Fewer LBM retailers are offering their employees a retirement program, following a trend that is evident across most industries. For smaller businesses, the paperwork hassles related to deferred compensation plans outweigh the benefits. These charts show the percentage of reporting lumber/building material outlets with some kind of retirement plan for their employees. Over the years, fewer stores have made this benefit available to full-time and part-time employees.

Retirement Benefits

	Percent of LBM Outlets Offering Retirement Benefits
Management	50%
Full-Time Employees	54%
Part-Time Employees	9%

Historical Comparison

	Percent of LBM Outlets Offering Retirement Benefits		
	1999	2001	2005
Management Employees	57%	70%	50%
Full-Time Employees	55%	70%	54%
Part-Time Employees	11%	15%	9%

Source: NRHA/HCI compensation studies

Sales Volume

	Percent of LBM Outlets Offering Retirement Benefits		
	Under \$2 Million	\$2 Million-\$5 Million	Over \$5 Million
Management Employees	27%	50%	77%
Full-Time Employees	27%	61%	77%
Part-Time Employees	13%	11%	10%

Type of Market Location

	Percent of LBM Outlets Offering Retirement Benefits			
	Major Metro	Suburban	Downtown Secondary	Small Town
Management Employees	43%	70%	62%	37%
Full-Time Employees	43%	70%	62%	44%
Part-Time Employees	12%	10%	15%	15%

Annual Paid Vacation

	Percent of LBM Outlets Giving Paid Vacations			
	No Days	1-5 Days	6-10 Days	More than 10 Days
Management Employees	15%	4%	37%	44%
Full-Time Employees	11%	15%	46%	28%
Part-Time Employees	96%	4%	0%	0%

Paid Sick/Personal Days Annually

	Percent of LBM Outlets Offering Paid Days Off			
	No Days	1-5 Days	6-10 Days	More than 10 Days
Management Employees	22%	22%	15%	7%
Full-Time Employees	22%	24%	17%	2%
Part-Time Employees	95%	4%	1%	0%

Employee Training

Percent of Companies with Formal Training Programs	28%
Average Annual Hours of Training for Management	15 hrs.
Average Annual Hours of Training for Full-Time Employees	9 hrs.
Average Annual Hours of Training for Part-Time Employees	4 hrs.
Percent of Companies that Have a Training Budget	9%
Average Amount Budgeted for Training	\$2,000

PAID TIME OFF

Vacation and paid sick or personal days are greatly valued by most employees, but retail business owners tend to be fairly stingy at granting such benefits. These charts show the practices of lumber/building material outlets in giving employees paid time off. In general, most stores give management and full-time employees less than two weeks of paid vacation a year; hardly any offer paid vacation to part-time employees. The figures on this page are comparable to results from prior years.

EMPLOYEE TRAINING

Many LBM retailers point to their knowledgeable employees as their best competitive advantage. However, only 28% of responding lumber/building material outlets have a formal training program and just 9% actually budget for training. The amount budgeted for training is small, .03% of sales for the typical LBM outlet profiled in NRHA/HCI's 2005 *Cost of Doing Business Study*.

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