2018 WAGE & SALARY SPECIAL REPORT
EXCLUSIVE RESEARCH

CEPro
HOW DO YOUR BENEFITS & WAGES COMPARE?

The 2018 CE Pro Wage & Salary Study reveals average wage increases of 3.4% per year since 2015. Average labor profitability equates to 32%.

Despite extreme shortages in technicians, sales staff and management personnel in every corner of the U.S., wages among employees in custom integration companies have not grown outrageously.

Indeed, wage increases being paid by integrators are keeping pace with the general cost-of-living increases in the economy in all sectors of business. In other words, integrators are keeping a solid rein on their spending and keeping within their business models, unwilling to overpay technicians, sales and management personnel. The inevitable result is likely a longer backlog of projects in which clients are forced to wait for their custom installation services.

According to the 2018 CE Pro Wage & Salary Study, overall wages paid to technicians have increased 9 percent since November 2015, the last time the study

$16.48 Average starting hourly wage for a new installation technician
was conducted. Entry-level technicians are paid $16.48 per hour in 2018. This year’s study was conducted in June 2018, a 32-month gap since the previous study. So, to get specific, that calculates to a 3.4 percent increase per year. That rate mimics the overall trend in other industries in the U.S.

In fact, essentially one in four (24 percent) of integrators report they do not plan any wage or salary increases for their technicians in 2018. That restraint mirrors the data in the 2018 CE Pro State of the Industry Study that showed on average integrators actually installed two fewer systems in 2017 (48 projects) versus 2016 (50 projects). Dealers are opting to be selective. The data could also be a reflection of the growing DIY offerings on the market available to consumers, with low-cost “installation” services from Amazon Smart Home Services and others.

Geography, Company Size Play Role

One highlight in the study is the large regional differences in pay scales. In general, technicians, salespeople, project managers and executive personnel are paid much more highly on the West Coast and in the Northeast. (CE Pro uses the same nine regional classifications as the U.S. government uses for the Department of Labor, Census Bureau and other agencies.) The most extreme example of this is examining the difference in pay among states in the East South Central region compared with other regions. In some cases, the difference in pay can be as much as 40 percent lower in Alabama, Tennessee, Kentucky and Mississippi.

There are also extreme differences in pay based on company size. This makes total sense, but the delta between what a small integrator pays his staff and what large CE

![2018 Anticipated Wage Changes](image1)

![How Company Owners Are Paid](image2)

Fast Facts

- **9%** Percentage increase in hourly wages for a new installation technician since 2015 (3.4% per year)
- **$17.84** Average hourly wage for a new service technician
- **0%** Percentage increase in hourly wages for a service technician since 2015
- **$72,093** Average annual salary for a custom integration sales manager
- **2%** Percentage increase in sales manager pay since 2015
- **$60,164** Average annual salary for a custom integration project manager
- **7%** Percentage increase in project manager pay since 2015
- **24%** Percentage of custom installation companies that do not plan to increase hourly wages for their technicians in 2018
- **3%** Average anticipated percentage increase in hourly wages for installation technicians in 2018
- **32%** Average profit on labor earned by custom integration firms
- **31%** Percentage of integration companies that hired outside independent contractors for installation labor at some point in the past 12 months
Pro 100 companies might pay is dramatic. For example, a general manager for a large company earning more than $10 million in revenues will make more than 120 percent than a similar position for an integrator taking in less than $250,000 per year.

In general, much of the average data represented here is skewed by the fact that the industry is predominantly made up of smaller companies. For the 2018 study, a total of 264 usable responses were received. Of those, half came from companies earning less than $500,000 per year.

**More Bonuses, Fewer Outside Contractors**

Importantly, dealers are earning profit on their labor. The average profit margin on installation labor is 32 percent. That is vital as the margin on equipment continues to drop in certain categories, such as multiroom audio, thermostats and security equipment. According to the 2017 *CE Pro* Labor Rates Study, the average company was charging an hourly rate of $95.98.

Some other noticeable changes to this year’s study reveal what integrators are having to do to compete. While wages have not dramatically gotten out of whack due to market demand, integrators are offering more opportunities for employees to earn bonuses than they did back in 2015. Three years ago just 35 percent of integrators had bonus plans in place. In 2018, 71 percent of integrators offer bonus opportunities for technicians. The average bonus is approximately $2,000 ($1,997). On the benefits side, the percentage of integrators offering benefits like 401(k)
plans and product discounts to employees is up. In 2018, 57 percent of integration companies offer a 401(k) savings plan compared to 43 percent in 2015. Meanwhile, two out of every three dealers (67 percent) has a program in place whereby employees can get discounts on equipment.

In yet another signal that dealers are keeping a tight rein on spending, the percentage of integrators using outside contract labor actually fell by 4 percent, from 35

Fast Facts

7% Average commission rate paid to technicians who upsell equipment to clients while on the jobsite during installation

7% Average commission rate paid to sales staff

37% Percentage of integrators who pay their sales team a commission for renewed service contracts

71% Percentage of integrators who offer some type of bonus structure for employees

$1,997 Average anticipated bonus paid per employee in 2018

120% more Percentage difference a large custom installation company pays to its executive level positions compared to a small custom integrator

114% more Percentage difference a large custom installation company pays to its sales staff compared to a small custom integrator

33% more Percentage difference a large custom installation company pays to its installation technicians compared to a small custom integrator

51% more Percentage difference an entry-level technician earns on average in Pacific Coast states (Alaska, California, Hawaii, Oregon, Washington) compared to a technician in the East South Central region (Alabama, Kentucky, Mississippi, Tennessee)
percent of firms to 31 percent. This could be a reflection that there simply are very few contract labor companies out there, and most quality technicians or programmers have been gobbled up by other companies. Interestingly, the percentage of integrators using outside third-party programmers stayed constant at 23 percent of firms, the same as three years ago. With the continued influx of home automation systems that require “no programming,” it would be expected to be lower.

Lastly, for the first time, CE Pro asked integrators if they have tried to pay technicians via “piece work” instead of by hourly wage. Piece work entails a set fee for tasks just as $150 for every touchpanel, $50 for every 100 feet of cable pulled, etc. Piece work is much more common in high volume industries like the security business, and is more common when using independent contractors. About 15 percent of custom integrators report they have attempted the practice.

Integrator Average Wages & Salaries by Company Revenues

<table>
<thead>
<tr>
<th>OCCUPATIONAL CATEGORY</th>
<th>Less than $250,000</th>
<th>$250,000 - $499,999</th>
<th>$500,000 - $749,999</th>
<th>$750,000 - $999,999</th>
<th>$1,000,000 - $1,999,999</th>
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<th>$3,000,000 - $3,999,999</th>
<th>$4,000,000 - $4,999,999</th>
<th>$5,000,000 - $9,999,999</th>
<th>$10 million or more</th>
<th>All Companies</th>
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</table>

Not surprisingly, larger custom installation companies pay much higher hourly and annual wages than smaller companies. The differences range from as low as 8 percent to more than double the pay.

$17.84
Average hourly wage for a new service technician
Companies based on the West Coast and East Coast tend to pay slightly higher amounts than the rest of the nation. Across the board, the East South Central region pays the lowest wages.

### Integrator Average Wages & Salaries by Region

<table>
<thead>
<tr>
<th>OCCUPATIONAL CATEGORY</th>
<th>ALL COMPANIES</th>
<th>PACIFIC COAST</th>
<th>ROCKY MOUNTAIN</th>
<th>WEST SOUTH CENTRAL</th>
<th>EAST SOUTH CENTRAL</th>
<th>WEST NORTH CENTRAL</th>
<th>EAST NORTH CENTRAL</th>
<th>SOUTH ATLANTIC</th>
<th>MIDDLE ATLANTIC</th>
<th>NEW ENGLAND</th>
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<td>$19.51</td>
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QUICK TIPS TO FINDING & KEEPING NEXT-GEN EMPLOYEES

By Phil Perry

It’s a question every business wants to know the answer to — where are the best candidates?

Smart interviewing tactics reveal personal characteristics that help the best candidates stand out. But how do you attract a great crop of candidates in the first place? Here are a few tips:

1. Start at Home. “View people in your current workforce as recruiters,” says Alan Weiss, president of Summit Consulting Group, East Greenwich, R.I. “Tell them you are hiring and you would love recommendations. If you already have an enthusiastic workforce, they will find similar people.”

2. Expand Your Reach into Community Organizations. “The best employers are always networking,” says Rebecca Mazin, a cofounder of Tarrytown, N.Y.-based Recruit Right. “Always talk with people and find out what they do. Keep alert for prospects through organizations such as your Chamber of Commerce, business associations, and the gym.”

3. Seek Out Creative Ways to Reach into the Community. “Even small employers can talk at local colleges,” says Mazin. “Or consider hosting student tours of your workplace. Identify prospects early and frequently, and keep in touch.”

Managing the Millennials

The times are changing, and the younger generation requires special treatment to perform well.

“When the Great Recession hit in 2008, Millennials saw their relatives downsized and people in general lose their jobs,” says Richard Avdoian, an employee development consultant in Metropolitan St. Louis.

“There was a resulting mind shift, so that people under 40 now see them-
selves as ‘on loan’ to you rather than working for you. In effect they are saying ‘I will stay here and work hard as long as you invest in where I am going next.’ And they expect training to help them advance on their career path. If you do not provide that training you may not keep your best employees."

Also, says Avdoian, you need to understand that Millennials have been pampered, protected and guarded, and given praise and incentives even when they were not doing so well.

As a result, they need more parenting and encouragement and affirmation. “You need to treat them more parentally,” says Avdoian. “That doesn’t necessarily mean you should pamper them, but it does mean you should praise them. If you don’t they may leave.”

When hiring Millennials, says Avdoian, let them know how you praise your employees so they know what to expect. And ask them questions about their life plans. What kind of job are they seeking? Where are they going next? This will help you retain your high flyers as long as you can.

Finally, Millennials have preferences in how they work, so provide the office tools they are accustomed to.

“Ask them what type of phone they prefer and what pens they like to use. Do they like using an iPad or a laptop? Give them what they are most accustomed to using so they can hit the ground running,” says Avdoian.

Phil Perry is a New York-based freelance writer.