



Sales Up Slightly Wages Not So Much

Linda Kiedrowski, Paranet CEO, reported that approximately 100 members reported on Paranet's recent wage and sales survey. Here is what members had to say:

Sales:

From plastics, foundries, automotive, fabrication job shops to OEM'S...**71%** of respondents have seen an **increase in sales**, most in the single digits. However, 8% are reporting increases of 12 – 35% over last year.

8% reported **sales were down**; some as low as -30%.

19% of the respondents reported sales were **flat**.

In general, manufacturers believe sales are trending up...though s lowly. Paranet members are skittish about forecasting. The economy "feels" soft. There appears to be **more hope than confidence** that sales will increase. Manufacturers worry about Asian markets...labor stability/inflation. Some report "Europe and South America look good. "

The housing industry hasn't produced the increase hoped. "A recent forecast of more than .9 M in housing starts is considered 'hogwash' with much more belief in only 700-750K. These compare to 550K for all of 2009 and rates of 1.75 – 2 M starts only three years ago. Most believe that those levels will never be seen again, but going over 1 M is considered necessary for sustained economic brightness. Housing incentives seemed to help but it is now noticeable that the incentives are gone. "

Members report that the construction industry continues to be soft. Suppliers to the medical sector seem to be up slightly. Electronics are also up slightly. The US automobile industry is also trending up. However, there is fear that the increases in sales may be a result of part replenishment and not a true movement upward.

Salaries and Wages:

38% of the respondents are **giving salary and hourly wage increases** this year. The average increase is 2.97%. Most companies apply the same percentages to hourly and salaried wage increases. Some companies will not issue increases until the 4th quarter. A portion of hourly increases are a result of union contracts.

20% are beginning to reinstate wages that were cut last year and/or reinstitute the 401k match.

Almost **36%** will keep wages and salaries the **same as last year**.

6% have already or will **cut wages** this year. Many companies cut salaried employee wages by an average of 15% over the past 18 months but are starting to reinstate some of that money.

Very few people mentioned hiring hourly employees and those that did said it will be with extreme caution. Not surprisingly, there is movement in the senior management ranks as companies look to grow in 2011.

Lots of ground was lost in 2008 and 2009. The consensus is it will be a while before manufacturing rebounds solidly. It appears stimulus money hasn't helped most manufacturing sectors.

About Paranet: The Paranet Group, Inc. is a professional organization for manufacturing company managers. It is focused on the development of managers, continuous improvement processes, and manufacturing advocacy. Paranet has over 250 members located in Wisconsin and Illinois. www.paranetgroup.com Linda Kiedrowski can be reached at lkiedrowski@paranetgroup.com.