

**DEADLINE FOR RETURNS:  
November 16, 2009**

## M E M O

TO: CTMA, CPMA and CMM Members  
DATE: October 15<sup>th</sup>, 2009  
SUBJECT: **CONFIDENTIAL 2009 WAGE & BUSINESS SURVEY**

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We are pleased to invite you to participate in the 2009 Wage & Business Survey designed to provide participating members with information regarding wages, benefits, business statistics, and benchmarking information for the machine, tool, die & mould industry, as of October 1<sup>st</sup>, 2009.

Members have the option of submitting their data by using the attached forms or the electronic questionnaire at [www.cmtdmfsurvey.ca](http://www.cmtdmfsurvey.ca). To access the electronic questionnaire, please consult the email that you received recently containing your private username and password. The electronic option will certainly save you time as you have the ability to select only the sections of the survey that are applicable to your company. In addition to having the ability to enter and edit your company's information on-line, you will also receive an early electronic copy of the results report.

**Be assured that all submitted information will be treated with absolute confidence.**

***Please complete the on-line questionnaire OR fax/mail the enclosed questionnaire to your respective association office by November 16, 2009.***

**Remember: Only PARTICIPATING Members will Receive the Results.**

We anticipate that all on-line participants will receive the electronic survey results by email mid-December 2009 and all paper participants will receive a hardcopy of the survey results (marked "Confidential") in early-January 2010. If you do not wish the results to be sent to your business address, please be sure to provide us with an alternate address on page 1 of the questionnaire.

The Wage & Business Survey is acknowledged as a valuable instrument within our industry and, based on previous years, we anticipate that the majority of members will respond once again. We know that our members recognize the accuracy of the survey results is directly related to the accuracy of the information that is submitted.

This survey is conducted for you as part of your membership and there is no additional cost to participate and receive the results. Thank you for taking the time to submit your information before November 16<sup>th</sup>, 2009.

Best regards,



Les Payne, Chair  
Wage & Business Survey Committee

LP/jmc  
Encl.

**WAGE & BUSINESS SURVEY QUESTIONNAIRE**  
(Actuals As Of October 1<sup>st</sup>, 2009)

Company Name \_\_\_\_\_

Respondent's Name \_\_\_\_\_

**Survey Results should be sent to the following:**

Address \_\_\_\_\_

City \_\_\_\_\_ Prov. \_\_\_\_\_ Postal Code \_\_\_\_\_

Phone (\_\_\_\_) \_\_\_\_\_ Email \_\_\_\_\_

**PART 1: GENERAL QUESTIONS**

1. Your Association Affiliation:  CTMA/CPMA  CMM
2. Do you **purchase** equipment/services or source work from other Association Members?  YES  NO
3. Is your company a Union Shop?  YES  NO
4. Amount paid to employees for business use of personal vehicles \$ \_\_\_\_\_ per km
5. Number of Employees currently employed by your company: \_\_\_\_\_
6. Number of Tradespersons (*incl. Apprentices*) Aged: \_\_\_\_ < 25 \_\_\_\_ 25 - 54 \_\_\_\_ >54

**VACATION AND BENEFIT STATISTICS:**

7a) Which of the following is closest to your company's vacation policy? (*✓ all that apply*)

Length of Paid Vacation	Minimum Length of Service Required					
	1 Year	2 Years	3 Years	5 Years	10 Years	Over 10 Years
2 Weeks						
3 Weeks						
4 Weeks						
5+ Weeks						

7b) Which of the following benefits does your company provide? (*✓ all that apply*)

<i>B = Basic Coverage E = Extended</i>	Standard Group Life Insurance	Optional Life Insurance	Medical Plans			Disability Plans <i>Short / Long</i>	Pension Plan / Group RRSP
			Drugs <i>B / E</i>	Dental <i>B / E</i>	Vision <i>B / E</i>		
100% Paid by Co.			/	/	/	/	
80% Paid by Co.			/	/	/	/	
50% Paid by Co.			/	/	/	/	
Paid by Employee			/	/	/	/	
No Coverage			/	/	/	/	

	Personal Protective Safety Equipment			Hand Tools
	Glasses	Boots/Shoes	Coats	
100% Paid by Co.				
80% Paid by Co.				
50% Paid by Co.				
Paid by Employee				
No Coverage				

	Profit Sharing	Personal Days	Sick Days	Bereavement Leave	Jury Duty
Provided (Yes)					
Not Provided (No)					

7c) What is the value of all benefits and special compensation that you pay for your employees, both voluntary and legislated? \_\_\_\_\_%

*Please express your answer as a percentage of paid wages and salaries for 2009.  
For your convenience the following workchart is provided*

<b>WORKCHART FOR QUESTION #8c)</b>		
<i>EXAMPLES OF BENEFITS (Legislated or not) &amp; OTHER SPECIAL COMPENSATION</i>	<i>LEGISLATED MINIMUMS</i>	<i>YOUR COMPANY'S CALCULATION</i>
<i>Employer's Canada Pension Plan Contribution</i>	4.95%	
<i>Employer's Unemployment Insurance Premium</i>	2.6%	
<i>Workplace Safety &amp; Insurance Board Premium</i>	1.78%	
<i>Government Health Plan Contribution</i>	<i>Only applicable if annual payroll exceeds \$400,000.</i>	
<i>Vacation Pay</i>	4.0%	
<i>Statutory Holiday Pay</i>	3.0%	
<i>Health Plan Premiums (optional)</i>	----	
<i>Dental Plan Premium (optional)</i>	----	
<i>Pension Contributions (optional)</i>	----	
<i>Other Benefits not listed above</i>	----	
<b>TOTAL</b>	<b>16.33 % (minimum)</b>	_____ % <i>Enter this number as your answer for 8c) above.</i>

## PART 2: HOURLY WAGE SURVEY

1. Average number of hours per person per year that your skilled trades worked last year (including overtime):

Example:  $\frac{\# \text{ hours worked in last 12 months} \times \# \text{ of employees}}{\# \text{ of employees}} =$  \_\_\_\_\_ Hrs. per Year

2. How many Shifts per day do you operate? \_\_\_\_\_ Shifts per Day

3. a) Do you pay a Shift Premium?  YES  NO

b) If Yes, what is the amount of shift premium paid per hour? \$ \_\_\_\_\_

4. a) Overtime is paid after ... \_\_\_\_\_ Hrs./Day OR \_\_\_\_\_ Hrs./Week

b) Overtime Rates are paid as follows: Week Days \_\_\_\_\_ x Regular Rate

Saturday \_\_\_\_\_ x Regular Rate

Sunday \_\_\_\_\_ x Regular Rate

- c) Is overtime paid to Salaried Supervisors?  YES  NO

5. Do you currently employ Apprentices?  YES  NO

***Instructions for completing the Wage & Salary sections  
can be found on the next page (page 4).  
Please read them carefully.***

# INSTRUCTIONS

## FOR COMPLETING WAGE RATES & SALARIES

***The following information and instructions are provided to assist you in completing Part 2 (Hourly Wage Rates) and Part 3 (Salaries) of this survey.***

### **General:**

1. There is a wide variation in job responsibilities according to company size and type of business as well as among geographical locations. Please use your best judgement when completing this survey.
2. Analyze each of your job titles; determine the principal and primary characteristics of each job upon which the wage rate(s) for that job were established. Report all employees whose characteristics match the job title according to wage paid.
3. Please do not report any employees whose job is so unusual or non-standard in the industry as to distort the reporting schedule.
4. Average Hourly Rate is the same as the straight time hourly pay (Base Rate) paid exclusive of premium pay for overtime, weekend work, holidays, shift premiums and incentives. Also, please do not include bonus payments.
5. Average Salary is the base salary paid to the employee. It should not include any bonus payments. If one or more of the job titles listed in the "Salaried Employees" section are paid by your company on an hourly basis, please convert the basic hourly rate to an equivalent annual amount (*see #2 below*).

### **How To Report on the Matrix:**

1. Report the number of employees (as of October 1, 2009) for each job title according to the nearest hourly rate. Omit positions for which your descriptions are not comparable.
2. To convert annual salaries to hourly rates, divide the salary by 52 weeks then divide again by 40 hours/week. To convert hourly rates to salaries, multiply the hourly rate by 2,080 hours.
3. The horizontal lines crossing the vertical job columns are for inserting the number of employees being reported by the hourly or salary rate paid for each position.

#### **EXAMPLE:**

If you pay five Journeyman Mouldmakers with 8 years experience over and above their apprenticeship, (*this is the job title in Col. 3*) \$25.00 per hour and two 2<sup>nd</sup> Year Apprentice Mouldmakers \$15.00 per hour (*this is the job title in Col. 7*)...

... then you would insert the figure "5" in the box that intersects the vertical "Column 3" and the horizontal "Line \$25.00-\$25.99". Then you would insert the figure "2" in the box that intersects the vertical "Column 7" on the horizontal "Line \$15.00-\$15.99".

4. Please **DO NOT** use check marks, x's, tally marks or ditto marks. Be sure to use Arabic numbers (1, 2, 5, 7, etc.) only to indicate the number of employees.

### **Confidentiality:**

1. Data collected from individual companies will be held in strictest confidence. Results will be reported in aggregate format and the names of participating companies will not be published.
2. Individual responses will be destroyed within 90 days of the Results' Report being published.
3. The Results' Report will only be distributed to the member companies that participate in this survey.

**PART 2: NUMBER OF HOURLY EMPLOYEES BY JOB TITLE & HOURLY WAGE**

JOB TITLE	MOULDMAKERS												TOOL & DIE MAKERS										
	Supervisor/Foreman	Group Leader	Journeyman 8 yrs. + Apprent.	Journeyman 4 yrs. + Apprent.	Journeyman 1 yr. + Apprent.	Apprentice - 1st Year	Apprentice - 2nd Year	Apprentice - 3rd Year	Apprentice - 4th Year	Polisher - 8 Years Experience	Polisher - 4 Years Experience	Part Developer / Mould Tester	Supervisor/Foreman	Group Leader	Journeyman 8 yrs. + Apprent.	Journeyman 4 yrs. + Apprent.	Journeyman 1 yr. + Apprent.	Apprentice - 1st Year	Apprentice - 2nd Year	Apprentice - 3rd Year	Apprentice - 4th Year	Die Assembler	Die Finisher
HOURLY RATE	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
Less than 10.00																							
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41.00 - 41.99																							
42.00+ Over																							
<b>TOTAL EMPLOYEES</b>																							

**PART 2: NUMBER OF HOURLY EMPLOYEES BY JOB TITLE & HOURLY WAGE**

JOB TITLE	GENERAL MACHINISTS											MACHINE TOOL BUILDERS						
	Supervisor/Foreman	Group Leader	Journeyman 8 yrs. + Apprent.	Journeyman 4 yrs. + Apprent.	Journeyman 1 yr. + Apprent.	Apprentice - 1st Year	Apprentice - 2nd Year	Apprentice - 3rd Year	Apprentice - 4th Year	Supervisor/Foreman/Group Leader	Journeyman 8 yrs. + Apprent.	Journeyman 4 yrs. + Apprent.	Journeyman 1 yr. + Apprent.	Apprentice - 1st & 2nd Year	Apprentice - 3rd Year	Apprentice - 4th Year		
HOURLY RATE	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39		
Less than 10.00																		
10.00 - 10.99																		
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41.00 - 41.99																		
42.00+ Over																		
<b>TOTAL EMPLOYEES</b>																		

**PART 2: NUMBER OF HOURLY EMPLOYEES BY JOB TITLE & HOURLY WAGE**

JOB TITLE	INDUSTRIAL ELECTRICIANS								IN-HOUSE OPERATORS				
	Supervisor/Foreman	Group Leader	Journeyman 8 yrs. + Apprent.	Journeyman 4 yrs. + Apprent.	Journeyman 1 yr. + Apprent.	Apprentice - 1st & 2nd Year	Apprentice - 3rd Year	Apprentice - 4th Year	Supervisor/Foreman	Group Leader	Mould Machine Operator	Press Operator	Set-Up Operator
HOURLY RATE	40	41	42	43	44	45	46	47	48	49	50	51	52
Less than 10.00													
10.00 - 10.99													
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38.00 - 38.99													
39.00 - 39.99													
40.00 - 40.99													
41.00 - 41.99													
42.00+ Over													
<b>TOTAL EMPLOYEES</b>													

**PART 2: NUMBER OF HOURLY EMPLOYEES BY JOB TITLE & HOURLY WAGE**

JOB TITLE	MACHINE SPECIALISTS													
	Blanchard Grinder Operator	Boring Mill Operator	CMM Operator	CNC Lathe Operator	CNC Mill Operator	Gun Drill Operator	Laser / Cutter Operator	Manual Lathe Operator	Manual Mill Operator	OD & ID Grinder Operator	Saw Operator	Sink EDM Operator	Surface Grinder Operator	Wire EDM Operator
HOURLY RATE	53	54	55	56	57	58	59	60	61	62	63	64	65	66
Less than 10.00														
10.00 - 10.99														
11.00 - 11.99														
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39.00 - 39.99														
40.00 - 40.99														
41.00 - 41.99														
42.00+ Over														
<b>TOTAL EMPLOYEES</b>														

**PART 2: NUMBER OF HOURLY EMPLOYEES BY JOB TITLE & HOURLY WAGE**

JOB TITLE	GENERAL										
	Crib Attendant/Stock Keeper	Field Service Representative	Lift Truck Operator	Machine Repair/Maintenance	Painter	Pipe Fitter	Shipper / Receiver	Sweeper/Janitor	Truck Driver (non-semi)	Welder	Welder / Fitter
HOURLY RATE	67	68	69	70	71	72	73	74	75	76	77
Less than 10.00											
10.00 - 10.99											
11.00 - 11.99											
12.00 - 12.99											
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39.00 - 39.99											
40.00 - 40.99											
41.00 - 41.99											
42.00+ Over											
<b>TOTAL EMPLOYEES</b>											

**PART 3: NUMBER OF SALARIED EMPLOYEES BY JOB TITLE & SALARY**

JOB TITLE	ENGINEERING										QUALITY CONTROL			MANAGEMENT & OFFICE STAFF															
	CAD/CAM System Manager	CNC/CAD/CAM Programmer/Surfacers	Robot Programmer	Project Engineer	Designer - Moulds	Designer - Tool & Die	Designer - Fixtures	Designer - Machines	Designer - Controls	Detailer	Quality Assurance Manager	Quality Inspector	Quality Control Technician	General Manager	Manufacturing/Production Manager	Engineering Manager	Project / Program Manager	Sales Manager	Sales People	Estimator	IT Manager/Administrator	IT Technician	Traffic Manager	Human Resource Manager	Certif. Accountant (in-house)	Bookkeeper/Accounting Clerk	Administration/Clerical	Receptionist	
SALARY	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	
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101 K - 125 K																													
126 K - 150 K																													
Over 150 K																													
<b>TOTAL EMPLOYEES</b>																													

## **PART 4: BUSINESS & FINANCIAL SURVEY**

1. Which of the following best describes your company's PRIMARY business activity:

(Please check 1 ONLY):

- Machine, Tool, Die, Mould or Job Shop
- Stamping, Production or Plastic Processing
- Distribution, Supplier or Other Services

Please specify \_\_\_\_\_

2. What is your company's Total Annual Sales:

- |  |  |  |
|--|--|--|
| <input type="checkbox"/> <\$1 million    | <input type="checkbox"/> \$1-2 million   | <input type="checkbox"/> \$2-5 million   |
| <input type="checkbox"/> \$5-10 million  | <input type="checkbox"/> \$10-15 million | <input type="checkbox"/> \$15-20 million |
| <input type="checkbox"/> \$20-30 million | <input type="checkbox"/> \$30-40 million | <input type="checkbox"/> >\$40 million   |

3. What percentage of your Annual Sales are Exported? \_\_\_\_\_ %

4. Do you have any joint ventures with companies in other countries?  YES  NO

5. What is the average age of your outstanding Accounts Receivable?

30 days	<input type="checkbox"/>
60 days	<input type="checkbox"/>
90 days	<input type="checkbox"/>
120 days	<input type="checkbox"/>
150+ days	<input type="checkbox"/>

6. Which products and/or services are purchased from suppliers?

	<u>YES</u>	<u>NO</u>	<u>If Yes, % Purchased Offshore</u>
• Complete tools	<input type="checkbox"/>	<input type="checkbox"/>	_____ %
• Parts of tools	<input type="checkbox"/>	<input type="checkbox"/>	_____ %
• Standard parts	<input type="checkbox"/>	<input type="checkbox"/>	_____ %
• Other Products ( <i>specify</i> ) _____	<input type="checkbox"/>	<input type="checkbox"/>	_____ %
• Grinding services	<input type="checkbox"/>	<input type="checkbox"/>	_____ %
• Milling services	<input type="checkbox"/>	<input type="checkbox"/>	_____ %
• Welding services	<input type="checkbox"/>	<input type="checkbox"/>	_____ %
• EDM services	<input type="checkbox"/>	<input type="checkbox"/>	_____ %
• Design services	<input type="checkbox"/>	<input type="checkbox"/>	_____ %
• Heat Treating services	<input type="checkbox"/>	<input type="checkbox"/>	_____ %
• Plating / Surface Coating services	<input type="checkbox"/>	<input type="checkbox"/>	_____ %
• Other Services ( <i>specify</i> ) _____	<input type="checkbox"/>	<input type="checkbox"/>	_____ %

**PART 4: Business & Financial Survey (continued)**

8. SHOP RATES: Please indicate your average shop charge-out rate per hour for:

- a) Mouldmakers \$ \_\_\_\_\_
- b) Tool & Die Makers \$ \_\_\_\_\_
- c) Pattern & Model Makers \$ \_\_\_\_\_
- d) General Machinists \$ \_\_\_\_\_
- e) Machine Tool Builders \$ \_\_\_\_\_
- f) Industrial Electricians \$ \_\_\_\_\_
- g) CAD/CAM Sub-Contract \$ \_\_\_\_\_
- h) Machine Specialists \$ \_\_\_\_\_
- i) Stamping \$ \_\_\_\_\_
- j) Designing \$ \_\_\_\_\_
- k) Assembly \$ \_\_\_\_\_
- l) CMM - Services \$ \_\_\_\_\_
- m) EDM - Services \$ \_\_\_\_\_
- n) CAD/CAM-Programming \$ \_\_\_\_\_
- o) CAD Geometric Modeling \$ \_\_\_\_\_
- p) CNC 3-Axis Machining Centre \$ \_\_\_\_\_
- q) CNC 5-Axis Machining Centre \$ \_\_\_\_\_
- r) CNC High Speed Machining Centre \$ \_\_\_\_\_
- s) Field Installation & Service Technician \$ \_\_\_\_\_
- t) Other (please specify) \_\_\_\_\_ \$ \_\_\_\_\_

9. ANNUAL SALES: See Term Definitions on page 14.

<u>Cost Of Goods Sold</u> (as a % of Annual Sales)	
Labour	(1) _____ %
Material	(2) _____ %
Sub-Contracts	(3) _____ %
Overhead – Fixed Costs	(4) _____ %
Overhead – Variable Costs	(5) _____ %
<u>Gross Profit Margin</u> * (as a % of Annual Sales)	(6)* _____ %
<u>General Sales &amp; Administration</u> (as a % of Annual Sales)	
Office & Executive Salaries	(7)* _____ %
General Sales & Administration	(8)* _____ %
<u>Profit Before Bonuses &amp; Taxes</u> (as a % of Annual Sales)	(9)* _____ %
<b>TOTAL:</b>	<b>100 %</b>
* Total of lines 1, 2, 3, 4, 5 & 6 must Equal 100%	
Total of lines 7, 8 & 9 must Equal Line 6	

**PART 4: Business & Financial Survey (continued)**

10. Total Sales Per Employee in Canadian Funds:

$$\text{Total Sales} \div \text{Total Employees} = \boxed{\$ \text{_____},000.00}$$

*Total Sales* = Total value of invoices given to customers during the year (exclusive of taxes and sales returns).

*Total Employees* = Average number of people employed by the company throughout the year (hourly, salary, administrative) to be taken into consideration; including management, owners as well as apprentices. Part-time employees are to be converted to full time employees.

11. Value Added Sales Per Employee in Canadian Funds:

$$\frac{\text{Total Sales less Purchases From Third Parties}}{\div \text{Total Employees}} = \boxed{\$ \text{_____},000.00}$$

*Purchases From Third Parties* = All goods and services purchased by the company from other suppliers (i.e., costs of raw materials, standard parts, purchased semi-finished goods, heat, electricity, telephone, fax, postage, computer equipment & services, freight, packaging, advertising, insurance costs, etc.)

12. Total Investments for the Year  $\div$  Total Sales \_\_\_\_\_ %

*Total Investments* = All capital items purchased for investment purposes, according to the balance sheet (i.e., machines, mechanical installations, land, buildings, office equipment, etc.). Leasing expenditures are to be included.

13. Investments in New Machines & Mechanical Installations  $\div$  Total Sales \_\_\_\_\_ %

*Investments in New Machines & Mechanical Installations* = Capital spent for new machines and mechanical installations, including self-made machinery during the year. Leasing expenditures to be included.

14. Liquidity / Quick Ratio (Ratio) \_\_\_\_\_ : 1

*LIQUIDITY:* The ability of an asset to be converted into cash quickly and without any price discount.

*QUICK RATIO:* A measure of a company's liquidity, used to evaluate creditworthiness. Equals quick assets divided by current liabilities. Also called acid-test ratio.

*QUICK ASSETS:* Cash and other assets which can or will be converted into cash fairly soon, such as accounts receivable and marketable securities; or equivalently, current assets minus inventory. (See page 14 for definitions of Assets and Current Assets.)

*CURRENT LIABILITIES:* A balance sheet item which equals the sum of all money owed by a company and due within one year. Also called payables or current debt.

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**THANK YOU FOR TAKING THE TIME TO COMPLETE THIS SURVEY.  
RESULTS WILL BE MAILED TO YOU IN JANUARY 2010.**

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**Please return your completed questionnaire by November 16, 2009 to the office of the association to which your company belongs:**

**CTMA / CPMA**  
140 McGovern Dr., Unit #3  
Cambridge, ON N3H 4R7  
Tel: (519) 653-7265  
Fax: (519) 653-6764

**CAMM**  
c/o St. Clair College  
2000 Talbot Rd., W, Box #16  
Windsor, ON N9A 6S4  
Tel: (519) 255-7863  
Fax: (519) 255-9446

## TERM DEFINITIONS

**LABOUR COSTS:** Includes the employer's cost of regular time wages and salaries, overtime, shift premiums, vacation pay, holiday pay, CPP, EI, WSIB and EHT for all employees (including design and engineering staff). It should NOT include office staff and executive salaries.

**MATERIAL COSTS:** Includes the cost of materials that would be defined as the total laid-down cost of material purchases including acquisition cost, duty, freight, brokerage and applicable foreign exchange. This would NOT include the cost of sub-contractors.

**SUB-CONTRACTS COST:** Includes the cost of materials and services that have been sub-contracted out to another company or service provider.

**OVERHEAD – FIXED COSTS:** Includes the cost of building rent/lease/loan, equipment loans, machinery depreciation and plant overhead expenses, etc.

**OVERHEAD – VARIABLE COSTS:** These costs are quite inclusive and would include things such as supplies (abrasives, fluids, cutting tools, propane, oil, etc.), repairs & maintenance, vehicles (and their related costs such as gas & insurance), small hand tools, safety equipment, utilities (electricity, heat, water), group benefits for employees (dental, prescription, vision, life insurance, disability), etc.

**OFFICE & EXECUTIVE SALARIES COST:** This would be the cost of administrative personnel (bookkeeper, secretary, receptionist) plus the salaries for the owners of the company. This cost would also include statutory benefits applicable as mentioned beforehand.

**GENERAL SALES AND ADMINISTRATION COST:** This would be the cost of operating the selling and office functions of the company. This would include salesperson and estimator salaries; commissions; professional fees (accounting, legal, consulting); meals and entertainment; advertising and business promotion; office supplies, telephone, bank charges and operating line interest; memberships; bad debts, etc.

**GROSS PROFIT MARGIN:** Gross profit margin represents the amount of profit made on work after deducting direct costs (materials, subcontracting and labour) and total overhead items (as discussed above). Gross profit margin is usually referred to as a percentage of sales.

**PROFIT BEFORE BONUSES & TAXES:** This amount represents the income earned after deducting all expenses (including general sales and administrative) but before paying out any bonuses to owners, managers and staff and before corporate income taxes.

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**ASSETS:** Any item of economic value owned by an individual or corporation, especially that which could be converted to cash. Examples are cash, securities, accounts receivable, inventory, office equipment, a house, a car, other property. On a balance sheet, assets are equal to the sum of liabilities, common stock, preferred stock and retained earnings.

**CURRENT ASSETS:** A balance sheet item which equals the sum of cash and cash equivalents, accounts receivable, inventory, marketable securities, prepaid expenses, and other assets that could be converted to cash in less than one year. A company's creditors will often be interested in how much that company has in current assets, since these assets can be easily liquidated in case the company goes bankrupt. In addition, current assets are important to most companies as a source of funds for day-to-day operations.