Great Lakes Graphics Association
Illinois • Indiana • Wisconsin

I was discussing raises with employees and one employee gave me feedback that only a 3% raise is considered (in her mind) as no raise since the cost of living is going up 3%. According to her (which I took with a grain of salt) her husband's company gives them the cost of living increase, and then raises are discussed after that. This seemed strange to me; so, I also asked a few people outside of my company, and one employee told me he/she hasn't gotten a raise in 7 years.

Could other companies share what you take into consideration before pay increase decisions are made? Do you consider COL when giving raises? Is COL separate from a typical pay increase? Also, are raises pretty standard every year or are there years which there are no pay increases given at all?

Our increases are based on industry competitive wages. The GLGA wage survey is one of the tools we use to establish our pay scale. We do not give cost of living increases.

A portion of our company is under The Union Contract; however, whatever increase is negotiated with the Union is automatically given to all employees. This year a 1% increase was given.

We only give merit raises and not cost of living increases. It is based on the value and skills they bring to the company. Raises also depend on profitability so there is the potential to not give raises some years.

We do not use COLA.

We look at survey date matching job responsibilities and duties. What would we pay if we hired today for the job.

For quite a while a number of employees did not receive any raise as survey data did not show an increase wage for that position/responsibilities, or survey data was unavailable as the job has been eliminated from the market – think the demise of the receptionist with the advent of automated call answering. In these cases – the work they were doing was fill in – if the person had left we would not have replaced at the wage the person was receiving, or would probably not have replaced.

We did not decrease pay to match the current wage for the duties being performed.

So some may have not received an increase in years, one about 8 years, but they had a job, a well paid job for the work. And they looked for other work but could not find paid work better than here.

We give all employees, except the Union, a 5% raise each year.
If they are not worth the raise, we fire them and look for a better fit.
Hopefully each employee is at least 5% more valuable with each year they are employed.

COL is part of their raise and 3% is very generous. We all have to remember that we are in a shrinking market sector. We are in print. Raises will not be as large as they are in growing markets.

If sales are down, smaller raises are given. If we lose money, no raises are given. The 'company' must remain healthy by controlling all costs. This includes labor costs.

Your employee may need a dose of reality.

Let's start with a basic concept – if I could double all of my employees' compensation and we would still make money to pay debt and provide a fair return for my investment, I would do it. Sadly, if I did it today, we'd be bankrupt in months.

I have never, and I won't in the future, consider a COLA increase as no increase and start from there. I consider (not in this order):

- How much the company can afford
- How this person's raise will affect the rest of the company. A rising tide lifts all boats – if I give one a raise, do I have to give them all a raise?
- The value the employee brings…and can I require them bringing more value in return for a raise
- How great they are at their job and the attitude they bring to the rest of the company
- How hard is it to replace them

And lastly – will I be able to pass along the higher costs to my customers.

Not every employee deserves a raise. Not every employee deserves a big raise. And there have been years when no one got raises. And there have been times when people got a raise – even when the company did poorly.

As a general rule, I'd rather give annual bonuses. It doesn't lock me in to a higher salary, and I can go lower or higher (or zero) based on the year we've had.

In any event, if you give a raise, or a bonus, everyone expects the same the next year. And I have had to have conversations on numerous occasions and with numerous employees that when we do well, they do well. And if we do poorly, they won't see any kind of bump. But their ability to earn higher comp is (almost) totally in their hands. If they can make us more money, or save expenses by coming up with cost savings or revenue growth, they will reap the benefits.

We look at COL but do not necessarily give raised based on COL. Most all of our raises are merit only.

That's certainly an interesting position to take. In my experience, a raise is a raise. Raises have never been segregated between cost of living and performance-based. Instead, they have generally been lumped together. A good source of information for cost of living is to follow the trend in the adjustments made by the SSA for Social Security benefits. There was no adjustment in 2015, .3% increase in 2016, 2% in 2017, and 2.8% in 2018.

We do not put cost of living into the equation when we give increases. We try to give increases once a year. They are only given to those who deserve it. They are merit increases.

COL usually drives the increases per year. If the company has done well, the increase could be higher than COL. Department managers are given a pool of COL funds and the manager has discretion to give some higher or lower raises depending on performance.

A 3-5% raise is typical and average across the US. We also incorporate bonuses based on corporate success or the success of the individual.

Your employee is correct saying the cost of living is also rising at about the same pace, but have your employee think about the fixed costs that eat up half of her paycheck; house payment, car payment etc, that are likely financed at a fixed rate which doesn't rise yearly.

What I try to do is match each position to a market price. I use the GLGA survey, salary.com, and other sites to determine what the going rate is for each position. Depending on performance and experience if the person is below the market they may be due for a raise. If their salary is at or above the market we take into account other factors before giving raises. I do a review annually to see if we are falling behind the market. If not then maybe raises are not given. I also believe raises should be reflective of the state of the business. It is hard for any business to give raises if revenue or profit remains flat.

I have only see COLA used by unions and public sector jobs. In my experience, it is not common in private sector companies.

Usually non-profit organizations use the cost of living plus increase process. Generally a 3% increase is considered to be reasonable and average across many privately held companies.

Depending on the company profit each year, the company makes a decision on giving a cost of leaving increase. If an employee is doing an exceptional job, managers can recommend an additional increase.

I agree with the comment that this sounds strange (cost of living plus raise). I am not hearing that from others (inside or outside of our industry).

We do not do cost of living increases plus performance raises. We do reviews every year, but not necessarily a raise. We tell our employees each year that a review does not necessarily constitute a raise.

Many things come into play:

- How was the employee's performance over the last year? Do they deserve a raise?
- Is the employee being paid a fair wage for their position? If not, do we need to adjust their pay to get them at or near the fair wage for their position. Performance also comes into play for this.
- Has the employee's wage exceeded their position? This is possible if you have employees who have been with your company a long time. Or were they an operator for many years, but now working a different position and being overpaid for their new position. If the employee's performance is good/great, but their wage exceeds their position, we may do a bonus in lieu of a raise.
- Did the company have a good year or not? Is there money available for raises?

Raises are certainly not what they used to be. In the 90's raises were 8-10% across the board. Lately it seems like a 3% raise is the high end. My husband is one of those that has been at his job (outside of this industry) for a long time. With the consistent increases in health care premiums, we are happy when his raise covers the health care premium increase each year. Anything more than that is exciting. Sad, but true.

I think that we would all like to be giving higher raises than we are, but in the economic environment sometimes that is not possible.

Each year we review our employees, their performance, and their current pay – we go through the list, employee by employee. We discuss the factors above: performance, fair wage, wage exceeding position, and how did the company do for the year. Then we determine for each individual employee if they will be getting a raise, what percent, no raise, or a bonus in lieu of a raise. Each decision is made on an employee by employee basis.

A plug for the Wage & Salary Guide, if you aren't participating, please do, and if you aren't using it during reviews, it is definitely helpful.

Hope that helps!

In the past we've primarily given just COL increases, although employees can move up the wage scale, as well. We adjust rates from time to time, as well (almost exclusively up). If we had more profits, we would increase wages more, but medical costs are eating us alive.

Bottom line. It's your company, your money and it is certainly your discretion on whom gets a raise or not regardless of COL.

This employee truly comes across as just another "entitled" individual that is clueless to the current economics of the printing industry as well as other industries and should be grateful if she is getting 40 hours a week. However In my 38 years in the printing industry I have been "challenged" several times to the likes of this.

In this scenario, I would suggest to this person that perhaps it would be in her best interest to get a job at her "Husband's" company if the grass is so green over there. Again, it's your financial bottom line that should dictate monetary decisions. SMH!

We have gone many a year without raises at all. Most raises here are for COL (3%) some higher due to merit or to be sure we don't lose that particular employee.

We have not given raises for the past two years to our general population but have been forced to give raises to our lower paid employees due to the Minimum Wage fiasco with Chicago, Cook County and the State all having a different minimum rate of pay.

We are located in Cook County but so close to Chicago, it's hard to hire or even get temps now at an affordable rate. The state of Illinois is $8.25/hr ~ Cook County is $11.00/hr and Chicago for now is $12/hr (increasing to $13 in 2019)

If the company is not profitable, it's hard to do even a COL raise. My thoughts are a COL raise is a raise. If a particular employee is exceptional… then they would get a higher increase percentage. I also know many people that have not received a raise in years.

It's tough to have a business and be profitable in Illinois especially if close to the Chicagoland area.

We work off a pay rate matrix each year based on performance. The annual increase percentages are based upon a variety of factors including cost of living, competitive market, etc. Also have a pay scale for position. So if you are lower on the pay scale your increase percentage may be higher for the same performance rating, than a person in the higher pay scale.
In 2017 the percentage increase potential was 0% - 8.6% , with a total company average of 3.2% pay increase.

We give our raises based on performance and do not consider COL. Pay increases are not standard are not given automatically. Some employees do not see a pay increase every year. Realistically the amount of pay increases we can give depends on the profitability of our company.

We do not consider cost of living. I've only been with my employer for a couple years but from my understanding, we haven't given raises in quite some time. This year is the first time we have issued up to a 3% increase based on performance, enhancement of position, added duties, and other factors.

We incorporate the company's performance, market data from a benchmarking exercise, consideration for cost of living and individual performance into the rates for pay adjustments. This is typically not on top of a cost of living rate.

We do increases annually at the same time each year. Our increases are really based on cost of labor. We give managers a percentage that they have to stay within when giving increases and all of their increases need to average out to that percentage (budget). The budget has typically been around 3 to 3.5%. We are a pay for performance organization; however, many of our employees look at this increase as a cost of living adjustment and they feel very entitled and view it as something they should get each year.

We are currently working on a large compensation project to market price all positions and develop a compensation philosophy as an organization so that we can be clear on what these annual increases are and how they are decided upon. The trouble is that most managers give employees about the same increase so we are discussing that if we are truly a pay for performance company, do we need to increase this budget?

Our raises are determined by our owner, who looks at sales, profits, next year costs etc. There are years where there haven't been raises, however that hasn't been the norm. We do not do a 3% straight across the board, it's based on the individual and what they have accomplished etc.

We provide raises every year and I do look at the federal inflation indexes to determine what the COL went up. COL is normally part of our baseline annual raise. If an employee "just did their job" then they get a raise that reflects the COL. If they were a poor performer, they will receive below the COL increase or no raise at all. Employees who are performing at a high level will receive a raise above the baseline annual raise (COL).

We don't consider cost of living when giving raises. Based on employee performance, we give raises 3-5% and there are some years that people aren't given raises. In this tight labor market, we try to reward our employees with yearly raises.

Our annual raises vary between 0-4% for non-exempt employees and 0-5% for exempt employees. The only reason an employee would not receive an increase is due to two separate areas on review that is marked as needs improvement. We then give them a 60-90 day time frame to meet the goals or expectation to be considered for a performance increase.

We do not issue COL increases. Our increases are merit-based increases that usually amount to around 3%. We tend to look at market statistics to see what the average pay increase will be for our industry and model our increases around this percentage amount. If we have employees that have been going above and beyond throughout the year, we will grant a higher increase. Conversely, if we have an employee who is barely meeting expectations, we may decrease their increase, and reevaluate their performance at a later date. If the employee improves, we may offer the rest of the increase that they did not initially receive.

We look at the COL and especially the change in employee insurance costs when reviewing whether to increase someone's pay. We may increase above or below the COL based on current pricing, increased responsibilities or additional education or training. We have had years when no increase was given. Employees count on receiving overtime, when necessary to make on-time deliveries, as a percentage of their total yearly pay.
