



2018 Tech Talent Compensation Survey Results



The Workforce Intelligence Network for Southeast Michigan | December 2018



Contents

Introduction..... 3

Survey Respondent Identification 3

Worker Definitions 4

Worker Compensation 8

C-level Talent 18

Employee Turnover 20

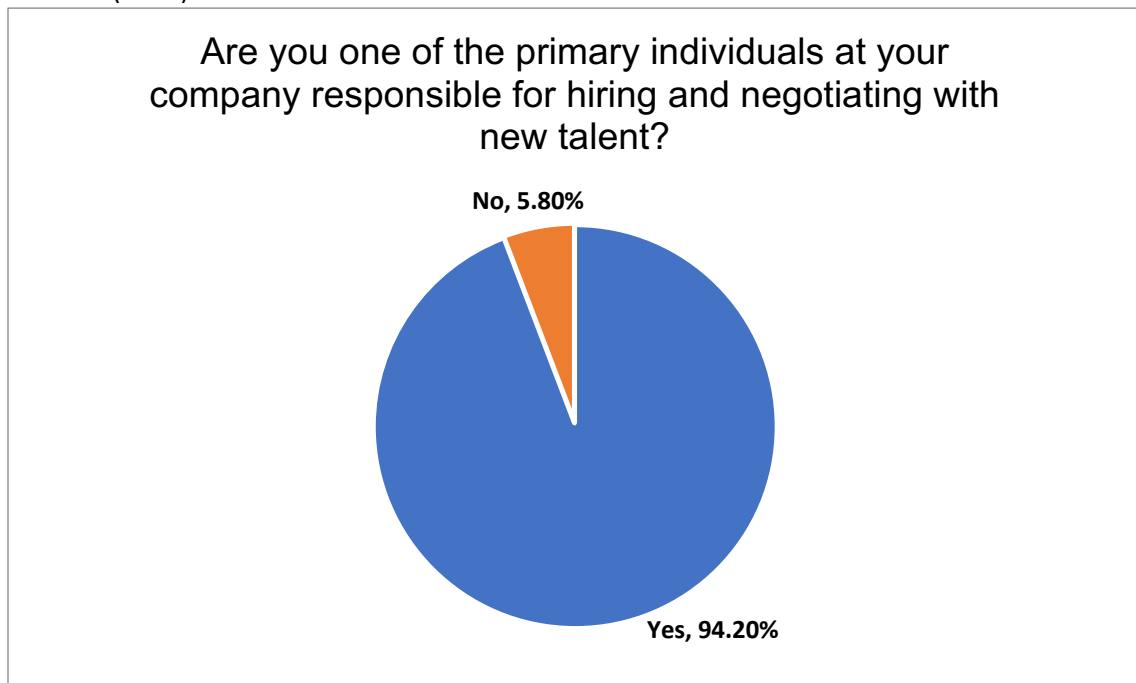
2018 Tech Talent Compensation Survey Results

Introduction

The Workforce Intelligence Network for Southeast Michigan (WIN) recently partnered with Ann Arbor SPARK to study wage and compensation issues in the technology and software industries in the Ann Arbor region. Nearly 70 Ann Arbor area technology companies responded to a WIN-SPARK survey between October and December 2018. The survey covered topics such as company size, employee roles, worker compensation, compensation of executive talent, and employee turnover. WIN used the results of this survey to draw conclusions on salaries in the tech industry, which can inform compensation decisions at the individual company level. The results were also considered in comparison with those from the 2016 survey.

Survey Respondent Identification

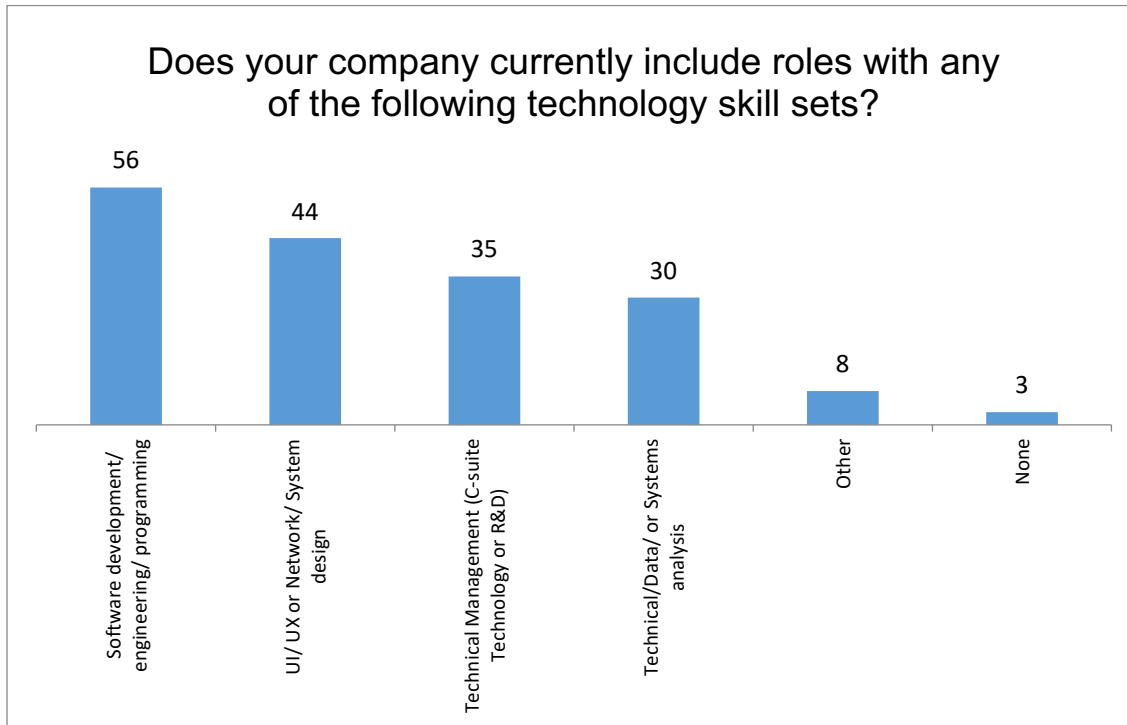
1. **Are you one of the primary individuals at your company responsible for hiring and negotiating with new talent?** (n=69)



Question 1 saw the highest response rate of any question in this survey. All 69 of the survey’s respondents answered this introductory question. The survey reached 95 percent of those primarily responsible for hiring and negotiating with new talent at their company. The four respondents answering no to this question did not complete other survey questions, so we can conclude that the 63 survey respondents providing answers to the remaining questions are in hiring roles. Though the survey had fewer respondents than the 2016 survey, the proportion of respondents in hiring roles remains similar.

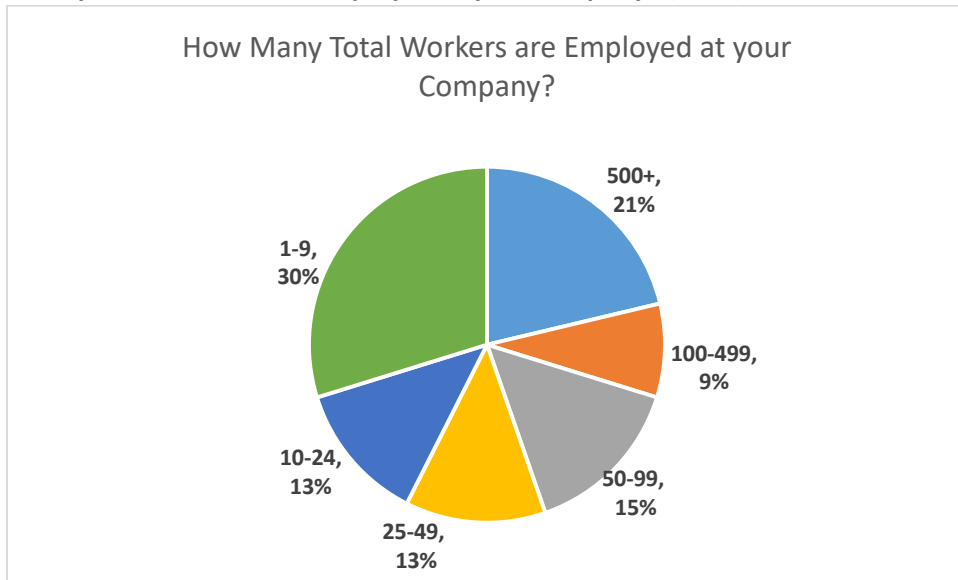
Worker Definitions

2. Does your company currently include roles with any of the following technology skill sets? (n=63)



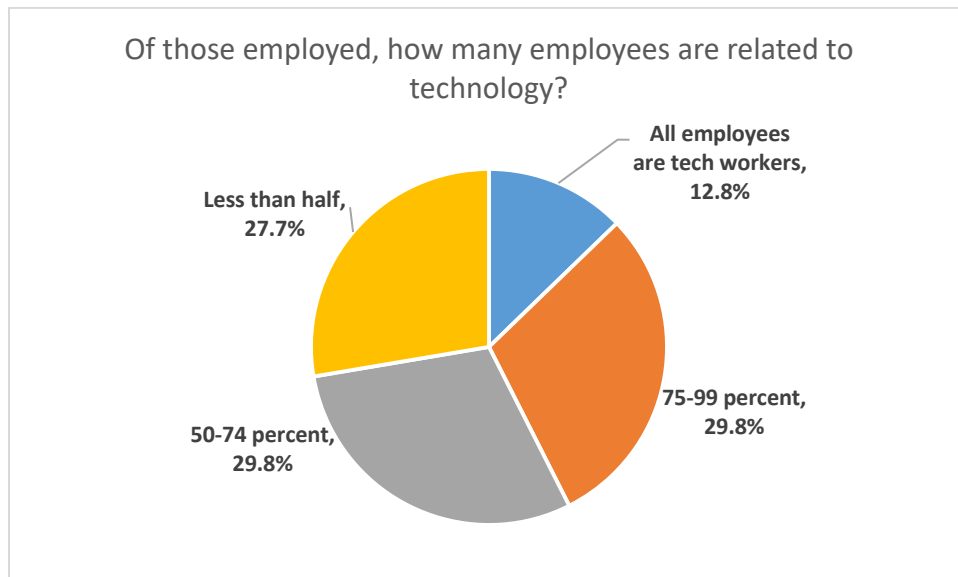
Software development, engineering, and programming were the most popular skillsets at companies responding to this survey. Other well-represented skillsets (each noted by 30+ respondents) included: technical management, technical/data/systems analysis, and UI/UX and network/systems design. By proportion, UI/UX and Network/ Systems design moved from fourth most in-demand to second compared to the 2016 survey. Three respondents indicated that their company did not have roles requiring any of these technology-related skillsets, and one of these discontinued responding to the survey. Other skillsets suggested include technical support, systems engineering, cloud administration, and 3D modeling.

3. **How many total workers are employed at your company?** (n=47)



Most companies responding to this survey are small. Thirty percent (14 respondents) have fewer than ten employees, and a total of 55 percent have fewer than 50 employees. Many large companies of 500 or more employees also responded to the survey, accounting for 21 percent of responses (ten respondents). Overall, company sizes are somewhat more evenly distributed than in 2016, with more large and mid-sized companies responding. However, it should be considered that among these answers, one well-known large company responded with zero employees for this and the next question (but resumed responding in the next section) while four responses stating over 500 employees may potentially be duplicates. Beginning with this question, about 45 respondents completed the full survey.

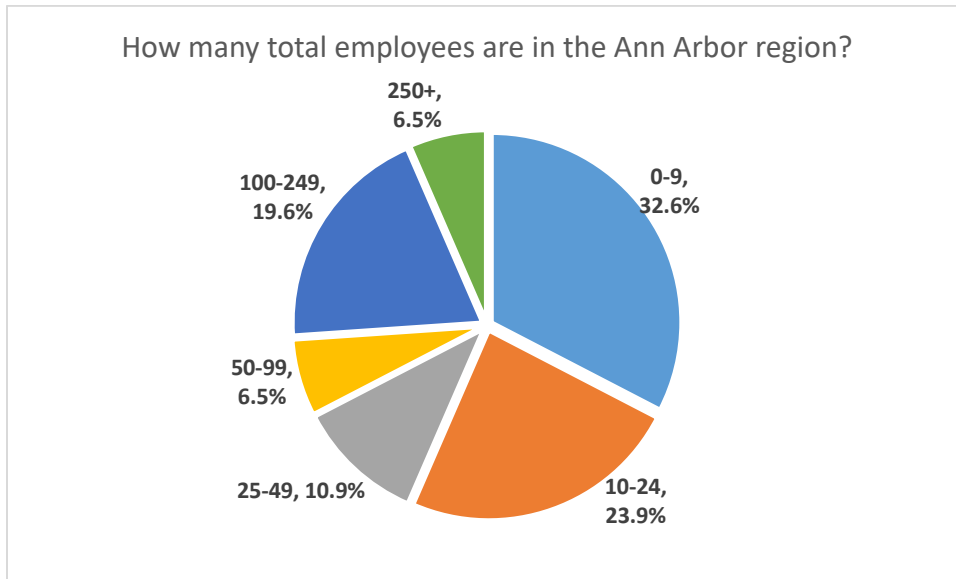
4. **Of those employed, how many employees are related to technology?** (n=47)



While many of the companies reached by this survey are tech companies, their workforces are less tech-based than those responding in 2016. This may be due to the greater number of large and international

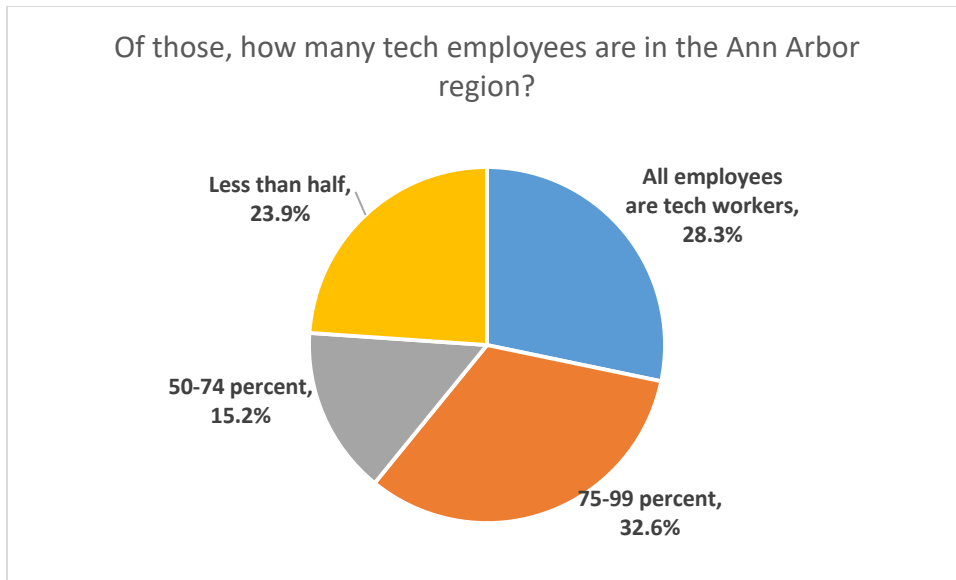
companies responding to the survey. Nearly 30 percent of respondents said less than half of the company’s employees are tech workers, while 43 percent of responses were from companies where over three-quarters of employees are tech workers. Only 13 percent of respondents indicated that all employees were tech workers, compared to 26 percent in 2016.

5. How many total employees are in the Ann Arbor region? (n=46)



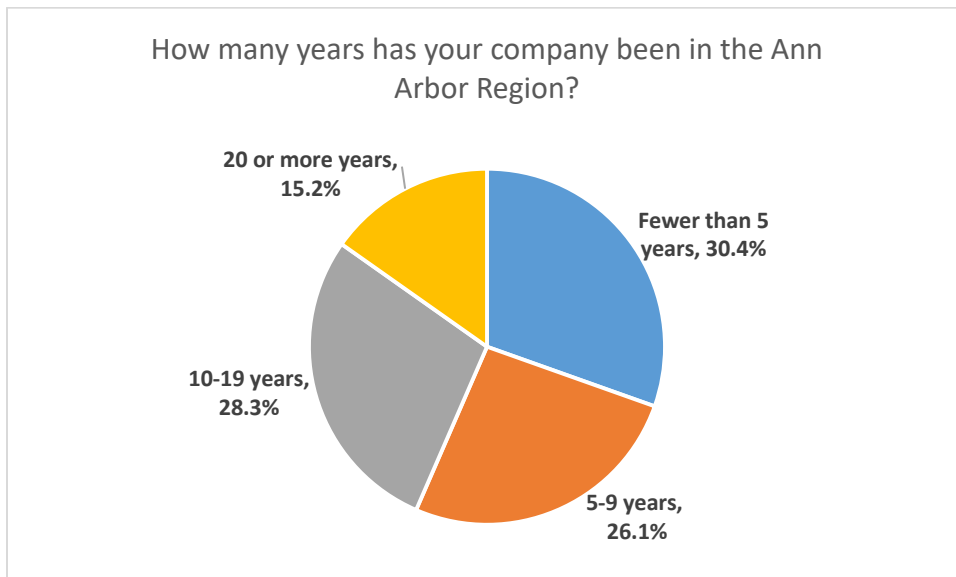
The Ann Arbor offices surveyed often represent a smaller branch of a larger company, with just one respondent reporting over 1,000 employees. Of companies surveyed, 30 percent had greater than 100 employees overall, while about 26 percent of Ann Arbor offices reported the same. However, the parent companies in this category were typically over 300 employees while Ann Arbor offices were typically between 100 and 250 employees. Sixty-seven percent of responses to this question reported that their Ann Arbor office had fewer than 25 employees (31 respondents).

6. **Of those, how many tech employees are in the Ann Arbor region?** (n=46)



The Ann Arbor offices reached by this survey are slightly more tech-focused than their parent companies. Over 60 percent of companies have three-quarters of their staff in tech roles, compared to 43 percent of companies' total employment. Only 24 percent of Ann Arbor offices have less than half of staff working in technology. Notably, despite the overall companies having less tech focus than in 2016, 28 percent of Ann Arbor offices reported having all staff in technology roles, compared to 24 percent in the previous analysis.

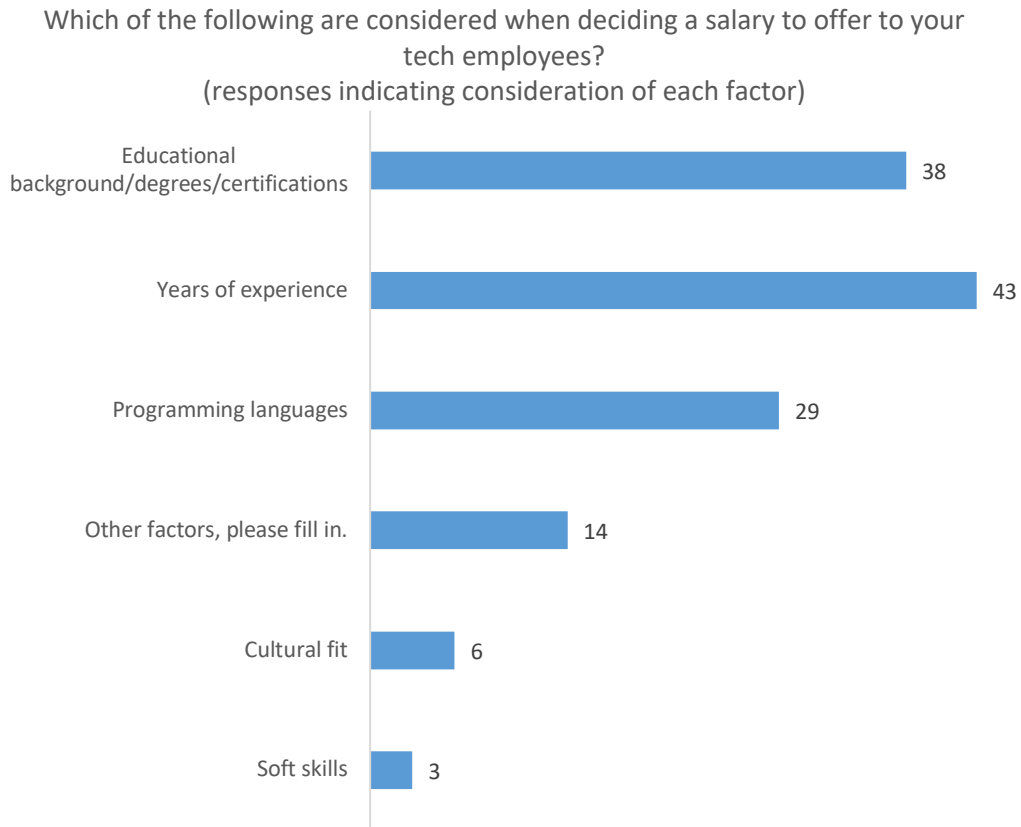
7. **How many years has your company been in the Ann Arbor Region?** (n=46)



Company tenure in the Ann Arbor area varied widely in survey responses. Many companies, about 30 percent, have been in the region for fewer than five years. Just under 30 percent each of responses said that their companies had been in the region for five to nine and 10 to 19 years. Fifteen percent (seven respondents) have been in the Ann Arbor area for longer than 20 years.

Worker Compensation

8. Which of the following are considered when deciding a salary to offer to your tech employees? (n=46)



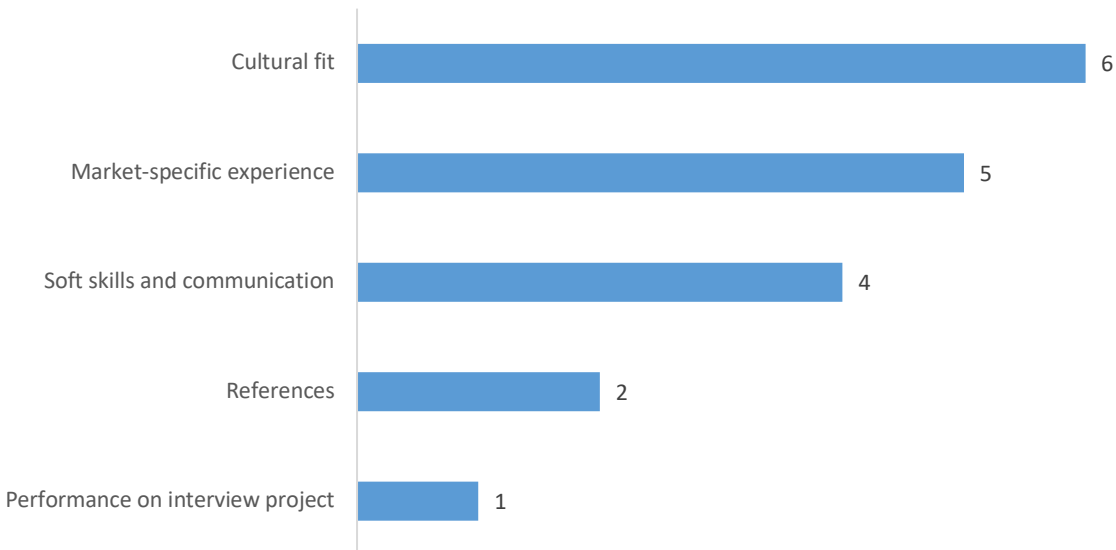
Experience is the biggest consideration for most survey respondents when deciding on salaries to offer to tech employees (43 responses), followed by educational background, including certifications (38 respondents). Seventeen respondents wrote in additional criteria that they consider, with multiple responses cultural fit, including ability to learn, the salaries of existing team members, skill, and others.

9. Please rank the following in their importance for each type of worker. (n=44)

Please rank the following in their importance for each type of worker.						
	Not Considered	Not Important	Somewhat Important	Most Important	Total	Rating Average
Educational background/degrees/certifications	0	9	28	8	45	2.98
Years of experience	0	2	20	22	44	3.45
Programming languages	1	4	17	23	45	3.38
Other factors, please fill in.	2	0	5	15	22	3.5

Respondents indicated that factors other than experience, education, and programming languages were slightly more important in their hiring and compensation decisions for tech workers. On a scale from 1 to 4 (where 1 = not considered, 2 = not important, 3 = somewhat important, and 4 = most important), other factors averaged a rating of 3.5. Years of experience (3.45), programming languages (3.38), and education (2.98) are all still important considerations averaging ratings between “somewhat important” and “most important.” Despite the 44 responses to the question, only 21 respondents ranked “Other Factors” at all; of those that did, 15 ranked these factors as the most important, indicating specialized hiring criteria.

Which other factors are important to hiring and compensation decisions for tech workers at your company?
(responses mentioning each factor)



Eighteen respondents (n=18) provided fill-in answers for which other factors are important in hiring and compensating tech workers. Cultural fit, again, ranked at the top of other factors considered, along with market-specific experience and technical skills. In many cases, cultural fit was clarified to mean values and personality. Several responses focused on soft skills, two noted that they consider references, and one gives an interview test.

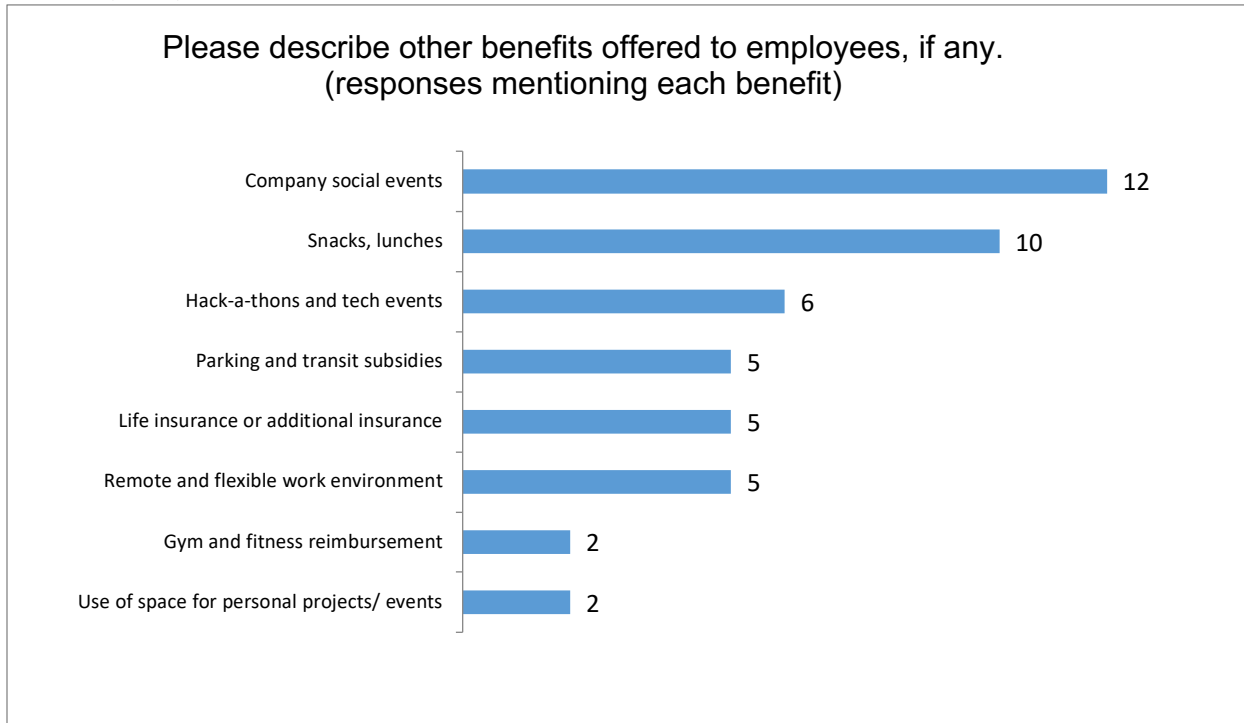
10. Which of the following are offered at your company? Which are negotiable? (n=43)

Which of the following are offered at your company? Which are negotiable?				
	Offered	Not Offered	Negotiable	Non-Negotiable
Salary	39 92.9%	3 7.1%	37 90.2%	4 9.8%
Vacation time	39 90.7%	4 9.3%	23 59.0%	16 41.0%
Flex time	33 78.6%	9 21.4%	25 64.1%	14 35.9%
Pay for performance/incentive time	19 45.2%	23 54.8%	10 27.0%	27 73.0%
Maternity/paternity time	27 62.8%	16 37.2%	7 21.2%	26 78.8%
Higher education training/training compensation	19 45.2%	23 54.8%	9 28.1%	23 71.9%
Professional development: conferences, up-skilling	32 76.2%	10 23.8%	23 67.7%	11 32.4%
401k retirement options	34 79.1%	9 20.9%	3 8.6%	32 91.4%
Stock options	21 50.0%	21 50.0%	12 34.3%	23 65.7%
Use of company vehicle	3 7.1%	39 92.9%	1 3.0%	32 97.0%
Phone/data plan	11 26.2%	31 73.8%	8 24.2%	25 75.8%
Health benefits	36 83.7%	7 16.3%	10 28.6%	25 71.4%
Other benefits offered and/or negotiable	22 56.4%	17 43.6%	13 41.9%	18 58.1%

Traditional benefits, like salary and vacation time, are offered by almost all companies surveyed. The three respondents indicating that salary and vacation time are not offered at the company may be reflective of start-up companies without the cashflow to provide these, and other benefits, at this point in their growth. Other popular benefits include health benefits (83 percent offer), 401k retirement options (79 percent offer), flex time (79 percent offer), professional development (76 percent offer), Less common benefits are phone and data plans (26 percent offer) and the use of a company vehicle (7 percent offer).

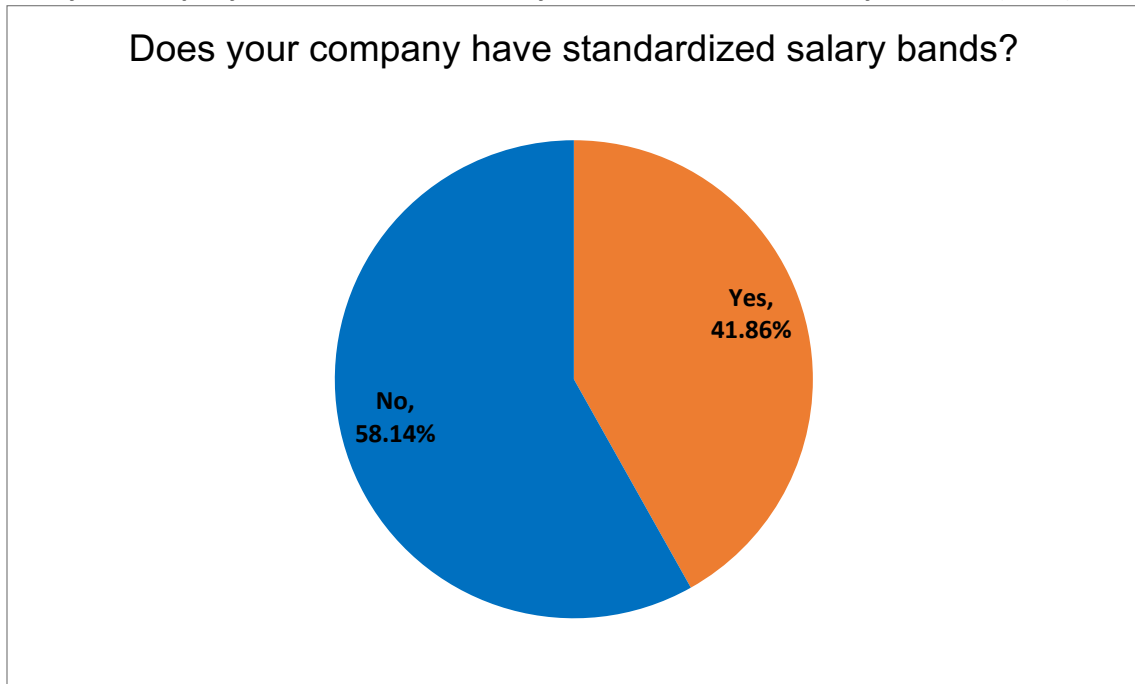
Salary is a highly negotiable benefit among companies surveyed. Some less common benefits like professional development and flex time become available to employees through negotiation (67 and 64 percent of companies are willing to negotiate on these benefits, respectively).

11. Please describe other benefits offered to employees, if any. These can include hack-a-thons, events, etc. (n=43)



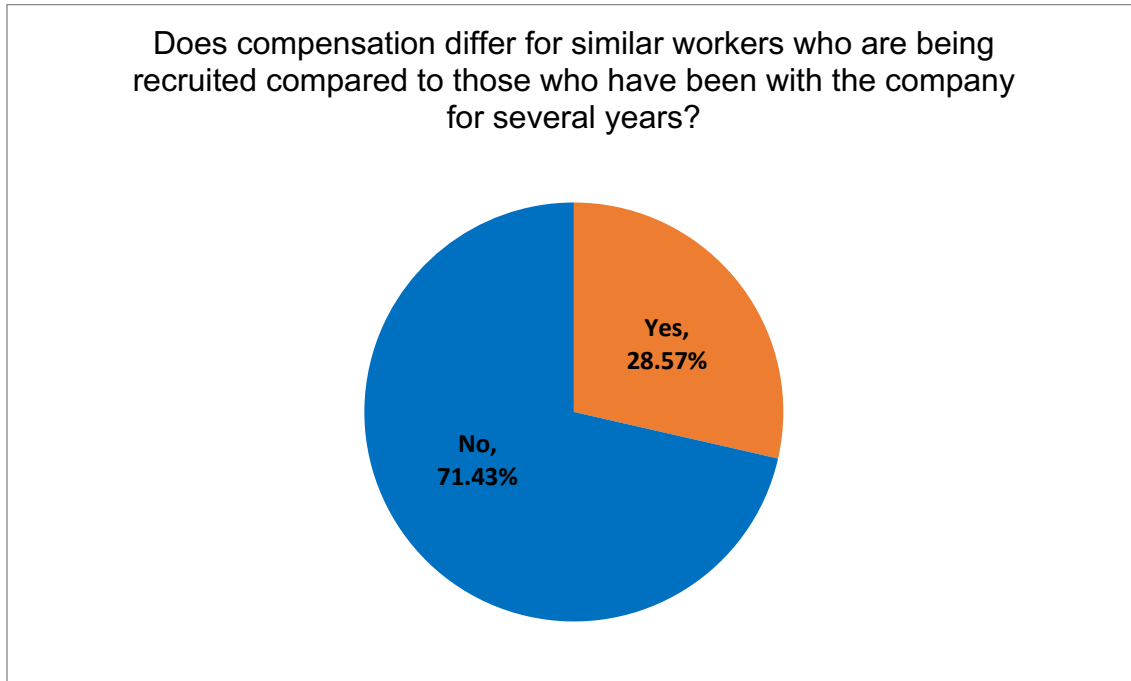
Beyond the more traditional employee benefits examined above, like salary, vacation time, health insurance, and others, survey respondents provided a variety of responses on “other” benefits provided to employees. The most common was company social events, including employee parties and celebration, with 12 respondents reporting this as an employee benefit. Free snacks, catered lunches, and other food related benefits were the next most popular, with ten respondents indicating a similar benefit is available. Hack-a-thons, parking or transit subsidies, gym memberships, and a flexible work environment were also top employee benefits among survey respondents. Many of these additional benefits are focused on company culture and start-up specific benefits, such as use of lab space for personal projects and onsite volleyball and yoga.

12. Does your company have standardized salary bands? If so, how are they defined? (n=43)



Fifty-eight percent of survey respondents indicated that their company does not use standardized salary bands to determine salaries to offer employees. When asked to explain, several organizations confirmed that there are set career tracks and salary bands for various positions. The most common reason for not having standardized salaries is being too small, with five companies citing this as an issue. Three others note the use of industry benchmarks for guidance where available.

13. Does compensation differ for similar workers who are being recruited compared to those who have been with the company for several years? (n=42)



Seventy-one percent (30 respondents) of companies surveyed reported that compensation for new hires does not differ significantly from workers who have been with the company for several years. When asked to explain their answers, four respondents clarified that salaries for all roles at their companies currently fit within their standardized salary bands used to offer salaries to new recruits. Although only 28 percent (12 respondents) of companies indicated that compensation does differ between new recruits and incumbents, two respondents explained that the market for new hires often dictates higher wages but that the company is actively working toward equalizing wages for incumbent workers. Three companies surveyed stated that as a start-up or young company major discrepancies between new hires and long-time workers have not yet arisen. Another difference mentioned by two companies is the move away from stock-based compensation as the company grows and matures.

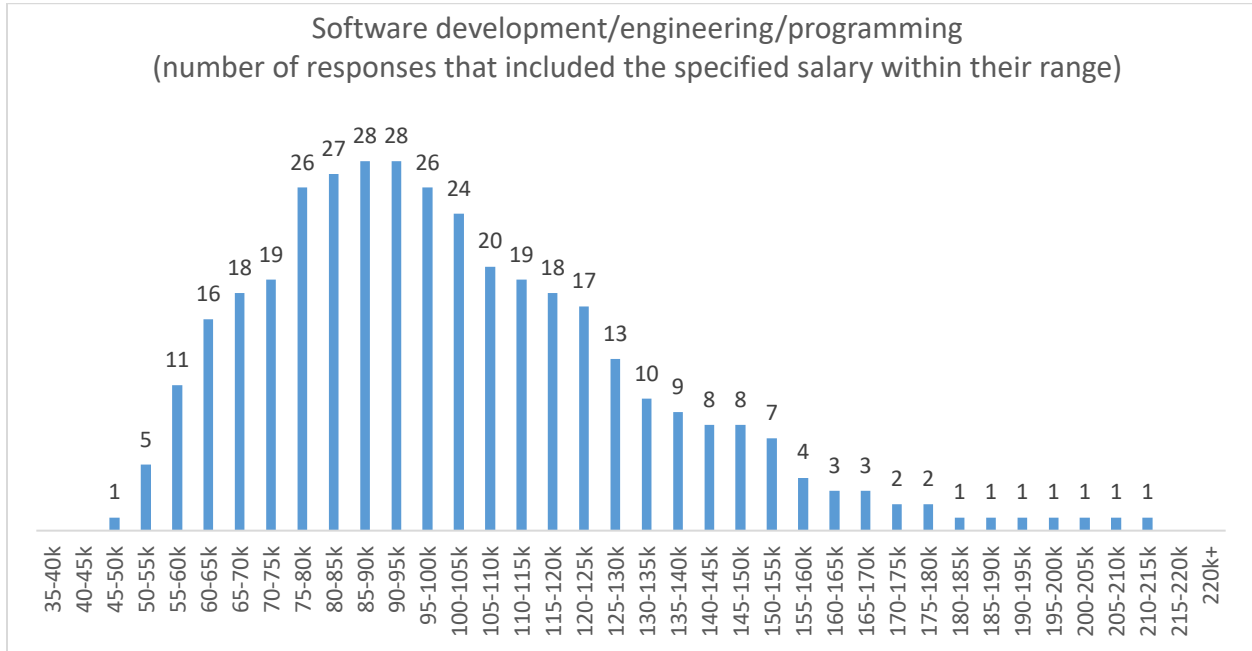
14. Please list the salary or salary range for each type of worker at your company. (n=41)

Type of Worker	Min	Max
Software development/engineering/programming	\$45,000	\$210,000
UI/UX or network/system design	\$40,000	\$175,000
Technical management	\$70,000	\$300,000
Technical/data/systems analysis	\$35,000	\$150,000

Survey respondents provided the following information on salary ranges for each of the four types of technology skillsets studied. Technical management roles saw the widest range of salaries, with managers and executives in companies with very few employees likely making salaries near the bottom end of the spectrum: \$70,000 was the minimum salary reported. One respondent reported an executive salary of \$300,000. This category of worker has two common ranges, between \$120,000 and \$150,000 and around \$200,000. After technical management, software development and engineering workers saw the widest

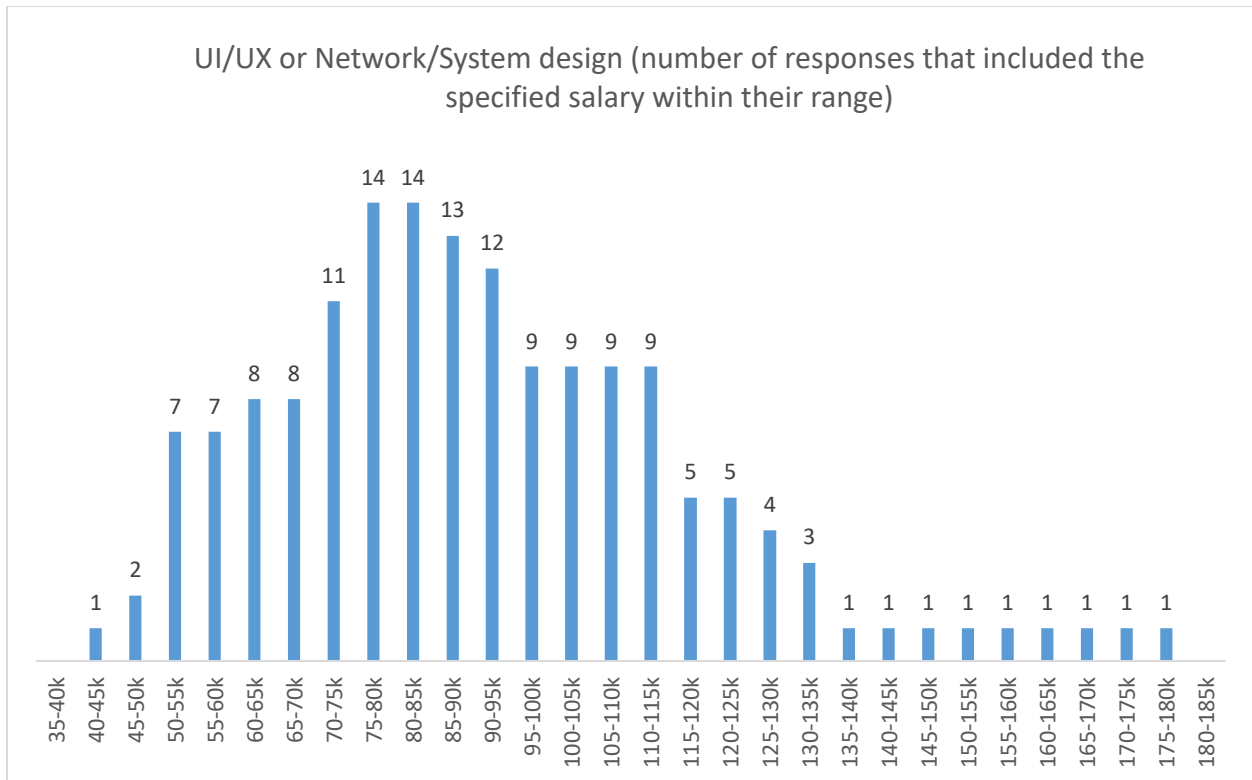
range of salaries. At the low end, software developers are making about \$45,000 a year. More established and larger companies, for instance, may be able to pay their developers, engineers, and programmers up to \$210,000 per year, with a marked increase in higher salaries since the last survey in 2016.

Software Developers/Engineers/Programmers (n=39)



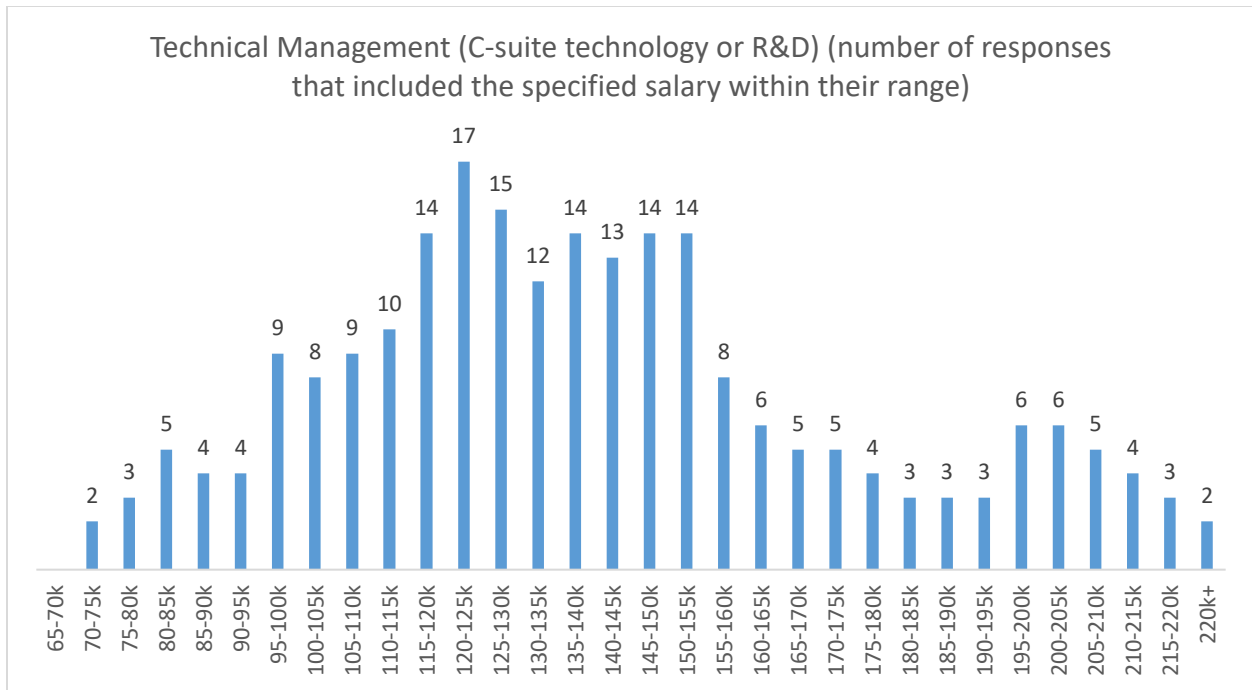
While survey respondents offered a wide range of salaries for software developers, engineers, and programmers, the distribution of charted ranges is skewed right, with most reported salaries between \$70,000 and \$100,000 but a few respondents indicating much higher salaries. Compared to 2016 results, salaries for software developers are higher; this is likely a combination of the talent competition noted by many respondents and the inclusion of more large companies in the survey.

UI/UX and Network/System Design (n=26)



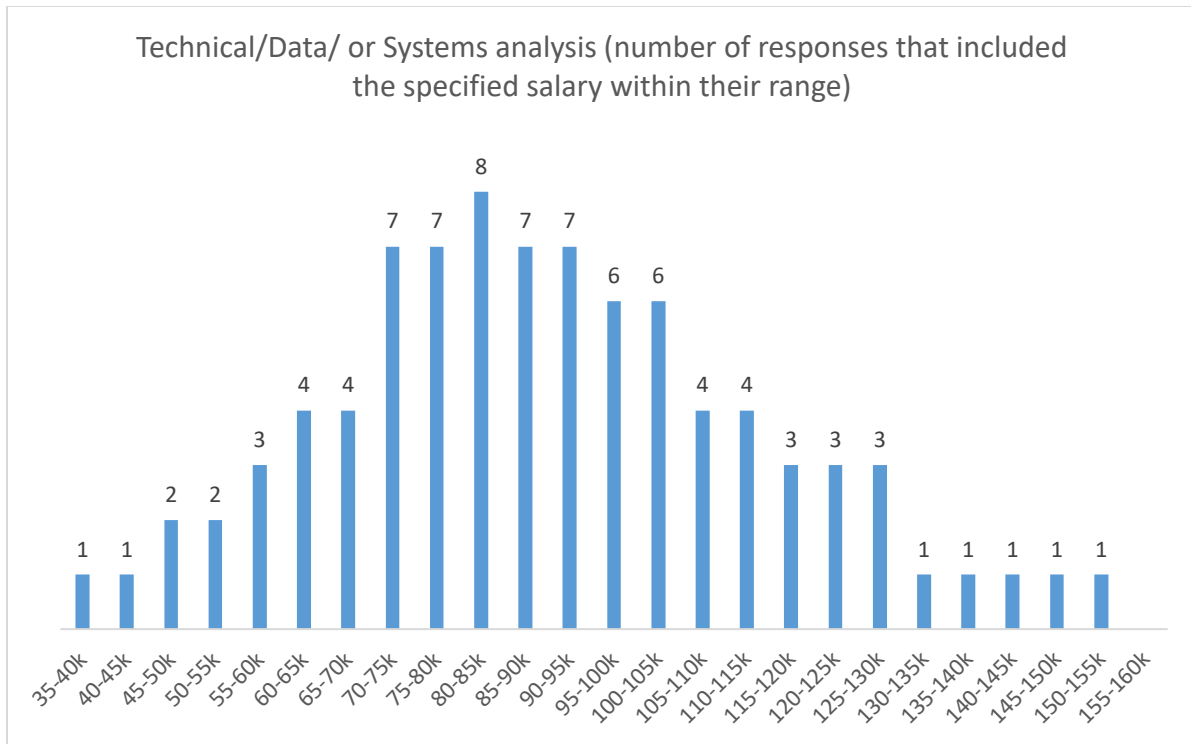
Salaries reported for the UI/UX and network design skillsets are lower than for software developers, though the overall distribution is similar. Most ranges reported by survey respondents cover the \$70,000 to \$90,000 range. Many reported ranges, including an outlier reporting up to \$175,000, reach above \$100,000 a year.

Technical Management (n=32)



As discussed above, the technical management and executive talent roles saw the largest range of reported salaries. Reported salary ranges appear concentrated between \$115,000 and \$155,000, with another group concentrated around \$200,000. Technical management salary bands scale with the size of the company, though in many cases the salaries themselves do not.

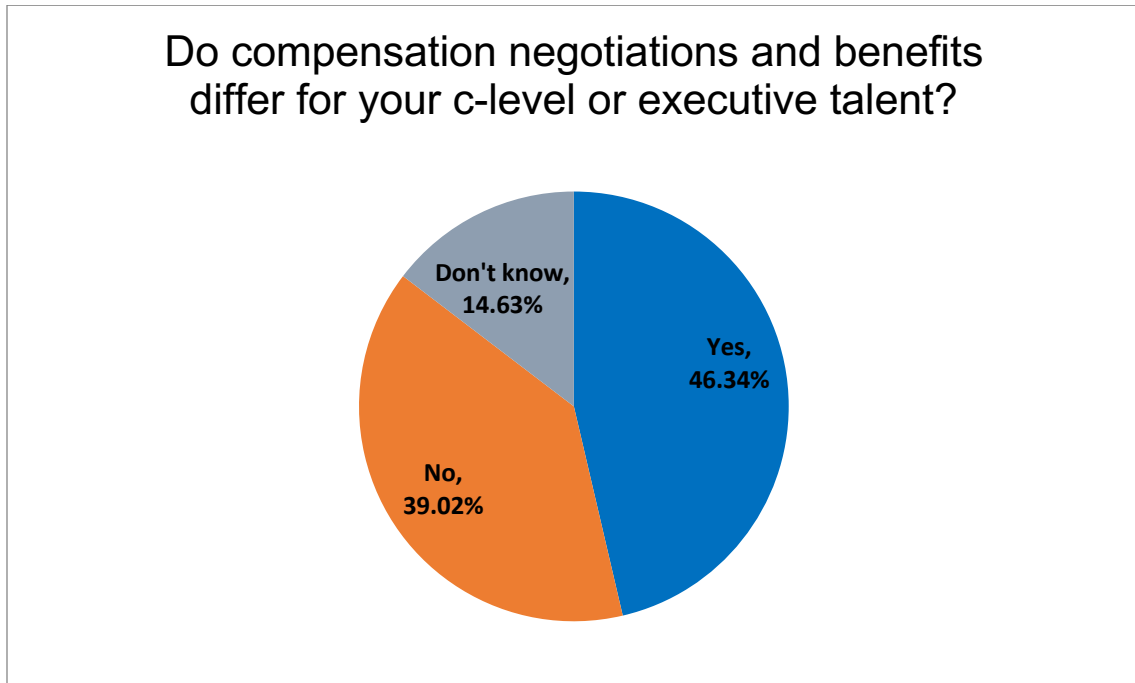
Technical/Data/Systems Analysis (n=19)



Salary ranges reported for technical, data, and systems analysis workers tended to overlap most in the \$70,000 to \$105,000 range, specifically between \$80,000 and \$85,000. This peak, as well as the overall salary range, matches those seen in 2016. While potentially due to the relatively small number of respondents, the salaries for technical, data, and systems analysis workers are overall somewhat lower and more tightly grouped than those for other roles.

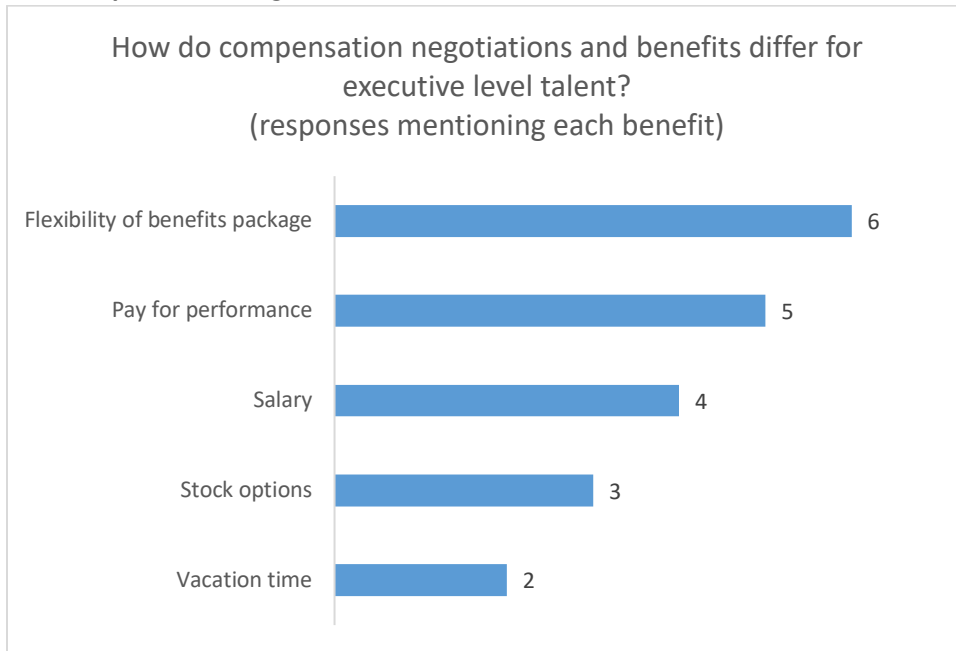
C-level Talent

15. Do compensation negotiation and benefits differ for your c-level or executive talent? (n=41)



Nearly half of survey respondents indicated that compensation negotiations and benefits differ for executive level talent at their companies. Fourteen percent (six respondents) of survey respondents were unsure of whether compensation and negotiation of benefits differed at the executive level.

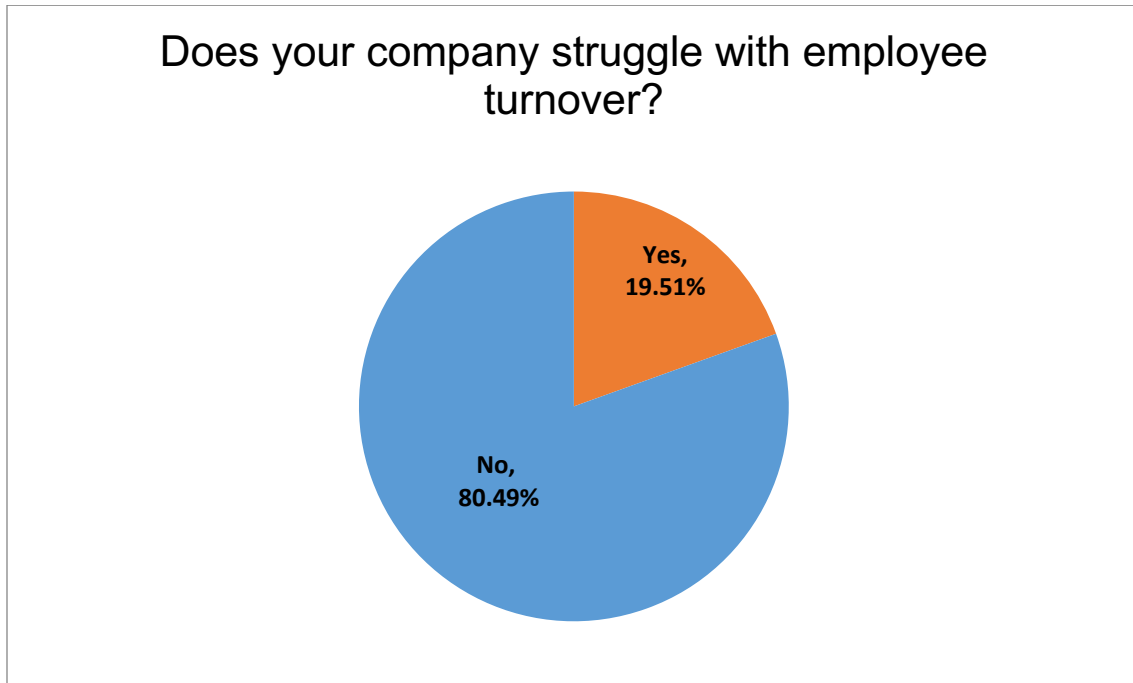
16. How do compensation negotiations and benefits differ for executive level talent? (n=19)



The most frequently cited difference in compensation for executive level talent was choice; six respondents mentioned the ability for executives to negotiate for whichever benefits they find most personally interesting. Pay for performance (five respondents), higher salary (four respondents), and stock options (three respondents) were also discussed.

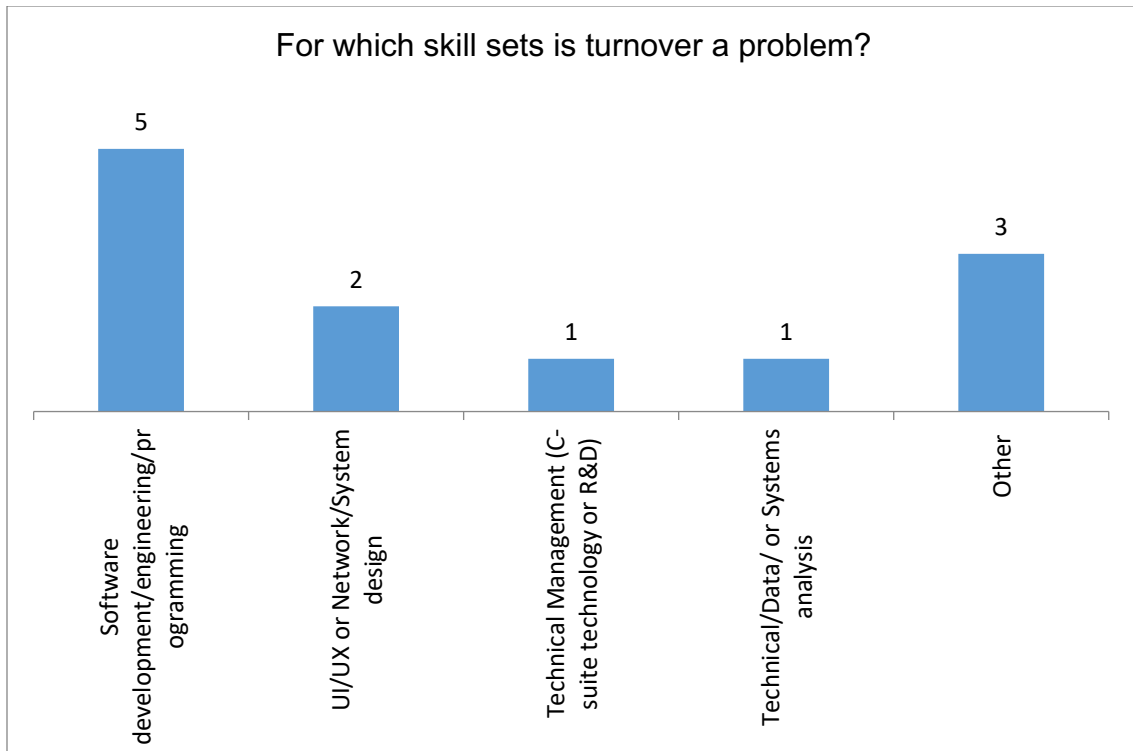
Employee Turnover

17. Does your company struggle with employee turnover? (n=41)



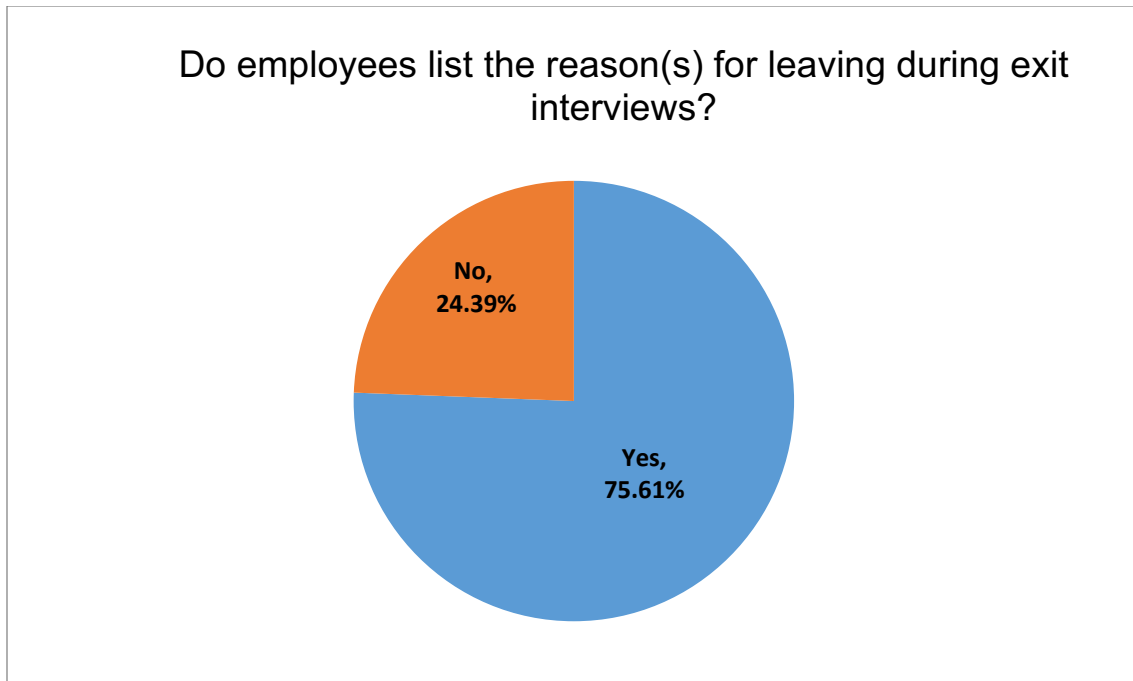
Just 19 percent of companies surveyed (eight respondents) indicated that they struggle with employee turnover. Some respondents acknowledged that there has been some employee turnover at their companies but that it is lower than average based on the industry, or cited specific skillsets as discussed below. Finally, several respondents were aware of how the company’s efforts in retention and employee experience improved their turnover rates, even when facing competition from Detroit startups. The high number of small and new companies was reflected through these answers, many of whom had not yet dealt with turnover issues.

18. For which skill sets is turnover a problem? (n=8)



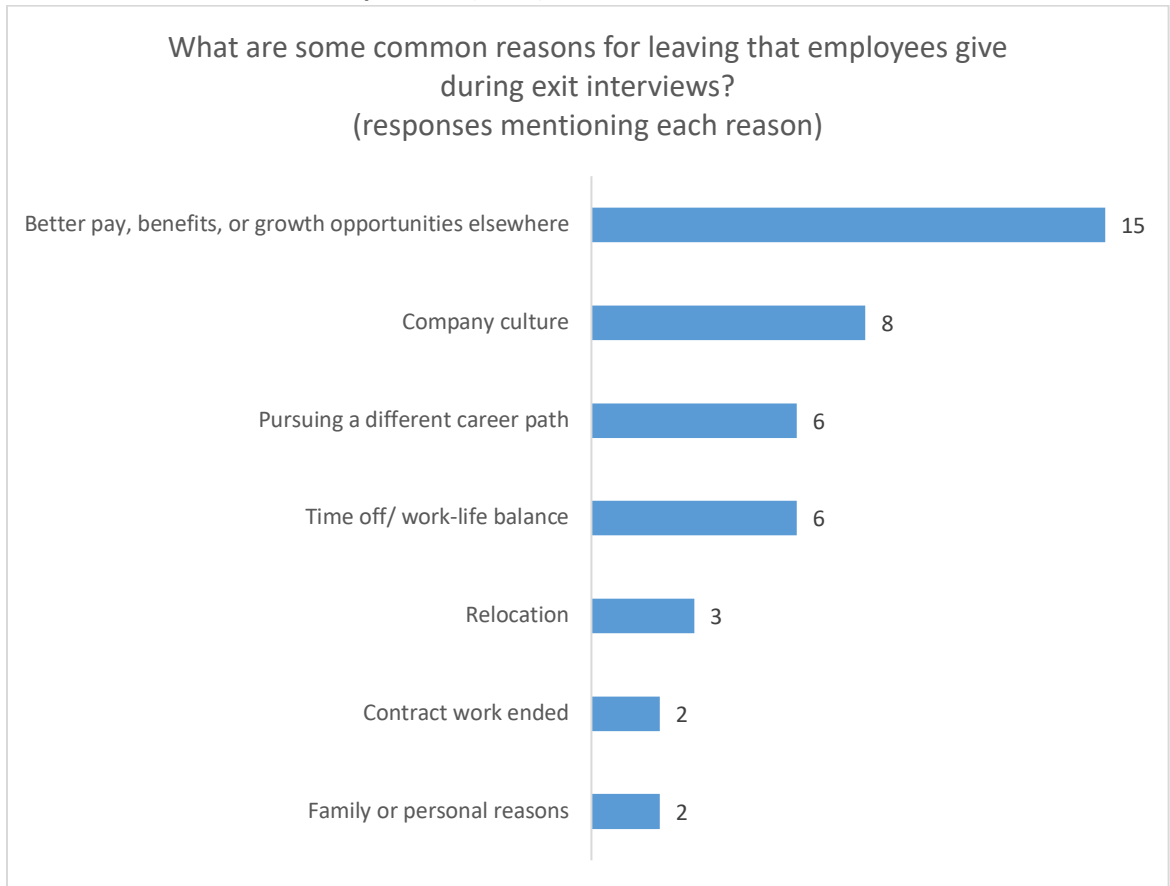
While most (81 percent) of survey respondents indicated that employee turnover is generally not an issue at their company, this is highly dependent upon department or role. Employee turnover seems to impact the software development and programming roles at Ann Arbor companies (five respondents) more so than other roles and skillsets surveyed. Technical support roles were written in as difficult to retain.

19. Do employees list the reason(s) for leaving during exit interviews? (n=41)



Seventy-six percent (31 respondents) of companies surveyed said that employees list reasons for leaving during exit interviews. Where respondents answered no it was often because the company is too young to have employee turnover as a major problem. Other respondents clarified that while there is no formal process, some individuals share reasons.

20. If so, what are some common responses? (n=40)



The most common reasons for leaving given in exit interviews are better pay, better benefits, or finding a better role elsewhere (15 respondents). Other reasons may include poor fit with the company culture, including struggling to adapt to start-up culture or disagreements with the parent company’s vision (eight respondents). Six respondents each stated that employees either left to pursue a different career path (including in a different industry or to start their own company) or for additional time off and schedule flexibility.