

INNOVATIVE BENEFITS AND COMPENSATION TRENDS IN TO MAXIMIZE VALUE

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THE VOICE OF THE INSULATION INDUSTRY™

Abstract

Explore strategies for aligning compensation plans with company goals and leave this session with the tools to design and implement compensation structures that drive performance and reward productivity for your business.

During this session, you will gain practical insights into setting up flexible bonus structures and compensation plans that are designed to motivate and reward performance, particularly for sales and project managers.

Objectives

- Understand the current landscape of compensation and benefits within the insulation industry's distribution and fabrication sectors.
- Recognize the challenges impacting compensation and benefits strategies in the industry.
- Explore opportunities to address these challenges through innovative compensation structures.
- Identify emerging compensation and benefits trends projected for 2025.
- Be equipped with actionable strategies to design and implement compensation plans that drive performance and reward productivity, particularly for sales and project managers.

Poll – Show of Hands/Open Discussion

What are the primary drivers behind your organization considering changing the way it manages compensation and benefits?

1. Financial Stability
2. Organization Growth
3. Employee Accountability (Pay for Performance)
4. New Generation of Talent
5. Other

Current State of the Industry – Salary

In a year-over-year comparison, the 2024 average budget for salary increases decreased slightly (.5%) as compared to 2023.

- While still higher than historical norms, this reflects a **cautious economic outlook** and employers' attempts to **balance competitive compensation with margin pressures**.
- For insulation distributors and fabricators, this data signals a need to be more strategic—focusing not just on base salary, but on **total compensation value**.
- Organizations **may not have the flexibility** to offer **aggressive base pay increases every year**. Resulting, **performance-based incentives and differentiated benefits** become even more critical in retaining talent.

Current State of the Industry – Benefits

Employers provide preferred provider organization (PPO) plans, with 76% of employee-only PPO plan premiums covered by employers and 58% for family PPO plans.

- Benefits remain a **crucial component of the total compensation package**.
- Employer investment in benefit programs, specifically **health benefits in workforce increases attraction and retention**.
- Employers in this sector are continuing to **absorb a significant portion of healthcare costs**, and the costs are rising.
- Educating employees to understand the **full value of their benefits**—is a strategic lever to increase perceived compensation without additional budget spend.

Current State of the Industry – Incentives & Bonuses

Approximately one-third of firms have introduced incentives or bonuses, and over a quarter have enhanced their contributions to employee benefits to attract and retain talent.

Source: Associated General Contractors

- Facing labor shortages and increased competition for skilled roles like sales and project managers resulted in more **creative total rewards packages**.
- Growing shift toward **performance based variable compensation strategies** by aligning bonuses to individual project delivery, sales performance, or team goals.
- Align pay with performance / productivity and **create a culture of accountability and motivation**.

Current State of the Industry – Incentives & Bonuses (example and not real data)

Role	Common Salary Structure	Variable Bonus Plan	Common Benefits Structure	Common Perks	Average Base Salary	Bonus % of Salary	Bonus Payout Frequency	Cost of Benefits per Employee (Annual)	Estimated Total Rewards Cost (Salary + Bonus + Benefits)
Sales Rep	Base + Commission	Quarterly Sales Bonus	Medical, dental, PTO, 401(k) match	Car allowance, phone stipend, sales contests	\$70,000	15-30%	Quarterly	\$10,500	\$105,000-\$135,000
Project Manager	Base + Performance Bonus	Project Completion Bonus	Medical, dental, vision, paid training	Flexible hours, certifications, mileage reimbursement	\$85,000	10-20%	Per Project	\$11,200	\$95,000-\$120,000
Estimator	Base + Annual Bonus	Annual Performance Bonus	Medical, hybrid work, CE reimbursement	Continuing education, hybrid work	\$75,000	5-10%	Annually	\$9,800	\$80,000-\$95,000
Operations Manager	Base + Profit Sharing	Team Performance Incentive	Full benefits, bonus eligible, 401(k) match	401(k) match, leadership coaching	\$90,000	10-15%	Quarterly	\$12,000	\$110,000-\$140,000
Field Installer	Hourly + Overtime	Safety/Attendance Bonus	Medical, safety gear, PTO accrual	Boot allowance, wellness days, safety incentives	\$48,000	3-5%	Monthly	\$9,200	\$52,000-\$60,000
Branch Manager	Base + Branch Profit Bonus	Quarterly Profit Sharing	Medical, 401(k), leadership dev, bonus pool	Vehicle stipend, mobile phone, leadership training	\$95,000	15-25%	Quarterly	\$12,500	\$115,000-\$145,000
Inside Sales Rep	Base + Team Performance Bonus	Team Sales Bonus	Medical, vision, PTO, incentive programs	Recognition programs, PTO accrual, team events	\$55,000	5-10%	Quarterly	\$9,500	\$62,000-\$72,000
Warehouse Supervisor	Hourly + Shift Differential	Inventory Accuracy Bonus	Medical, PTO, wellness, shift bonuses	Safety gear, lunch stipends, shift flexibility	\$52,000	3-7%	Monthly	\$9,000	\$58,000-\$65,000

Challenges Impacting Compensation & Benefits Strategies



Attracting and
Retaining
Skilled Talent

Challenges in recruiting and retaining qualified sales and project management professionals due to competitive labor markets.



Rising
Compensation
Costs


Balancing competitive salaries and benefits with budget constraints remains a challenge for many organizations.



Adapting to
Workforce
Demands

Meeting employee expectations for flexible work arrangements and comprehensive benefits requires organizational adjustments.

Challenges Impacting Compensation & Benefits Strategies



Attracting
and
Retaining
Skilled
Talent

- The industry continues to struggle with a **shrinking pipeline of skilled labor**—particularly for roles like sales representatives, estimators, and project managers.
- Positions require **technical understanding, strong interpersonal and leadership capabilities**, making them **hard to fill in a tight labor market**.
- Employers report job openings that remain unfilled for **3–6 months**, especially in sales and project coordination roles.
- Gen Z and younger Millennials are also showing **less interest in traditional construction-adjacent roles** unless companies offer clear career paths, modern compensation packages, and purpose-driven cultures.

Challenges Impacting Compensation & Benefits Strategies



- **Inflationary pressures and employee expectations continue to rise**, and companies face increasing challenges in offering competitive pay while maintaining profitability.
- Average total **compensation costs (including benefits) rose by 4.5% in 2024**, with labor often being the largest single cost in fabrication and distribution businesses. – Source: U.S. Bureau of Labor Statistics (BLS)
- Insurance, materials, and **shipping expenses are also rising** reducing profit margins and leaving **less flexibility in payroll budgets**.

Challenges Impacting Compensation & Benefits Strategies



Adapting to
Workforce
Demands

- Workforce expects more than a paycheck, they want **flexibility, well-being, growth, and purpose** including industries like construction and insulation.
- A recent study found that **83% of younger workers consider work-life balance and benefits more important than base salary.** – Source: Paychex
- **Many organizations do not offer or have policies** in place to meet the employee expectation for flexible work.

Opportunities to Address the Challenges with Compensation & Benefits Strategies



Attracting and
Retaining
Skilled Talent

Organizations must shift from reactive recruiting to **proactive talent engagement** offering clear onboarding plans, performance-based pay, mentorship, and benefits tailored to diverse life stages.



Rising
Compensation
Costs

Organizations need to **prioritize compensation spend**, investing where it drives performance; shifting from across-the-board raises to **differentiated pay based on results**, while using benefits, recognition, and non-monetary perks to boost retention.



Adapting to
Workforce
Demands

Personalize benefits and offer programs like **financial wellness tools, mental health support, learning stipends, or career development** to increase loyalty and engagement even when wage flexibility is limited.

Top 2025 Compensation & Benefits Trends

Personalized and
Flexible Benefits

Integration of
Technology in
Compensation
Management

Emphasis on Skills
Development

2025 Compensation & Benefits Trends

Personalized and Flexible Benefits

The traditional one-size-fits-all benefits model is no longer effective. In 2025, more companies are adopting **personalized benefits platforms** that allow employees to choose what matters most to them—whether it's dependent care support, student loan repayment, or wellness stipends.

- **82%** of employers plan to **increase investment** in personalized benefits by the end of 2025. (WTW)
- **67%** of employees **say having customizable benefits would influence their decision to stay with an employer** (Paychex, 2024).

Offering **flexible perks** (e.g., extra paid time off, shift swaps, mental health days) can **attract and retain talent** especially for sales and project management staff who juggle high-stress, deadline-driven roles.

2025 Compensation & Benefits Trends

Integration of Technology in Compensation Management

HR and finance teams are increasingly using **compensation management platforms** to model pay scenarios, forecast bonus spending, and identify equity gaps in real time. The solutions are also designed to support compliance with state/federal pay regulations.

- **68% of HR leaders** in manufacturing plan to implement compensation technology by 2025 (Mercer).
- Technology automation and AI reduce time spent on annual compensation planning by **35–50%**.

Technology allows process consistency, policy adherence, and reduces human error.

2025 Compensation & Benefits Trends

The acceleration of automation, digital tools, and customer experience expectations is forcing companies to **upskill and reskill their workforce**—from warehouse tech to sales enablement software to project management certification.

Emphasis on
Skills
Development

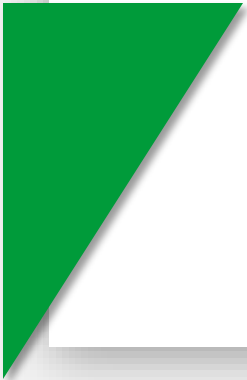
- **55% of manufacturers** report skill gaps in leadership, digital tools, and project coordination (SHRM).
- Companies investing in internal training see **20–30% higher retention rates**.

Creating **in-house career development pathways** such as apprenticeships, sales training academies, or leadership pipelines can reduce hiring costs and increase loyalty. Tying **bonuses or promotions to skill mastery** is a growing best practice.

Call to Action: Align Compensation Strategies with Organizational Vision for Sustainable Growth

- Conduct a comprehensive review of current compensation and benefits structures to identify areas for improvement.
- Develop a plan that incorporates compensation and benefits industry trends and addresses identified challenges.
- Roll out innovative compensation structures that motivate and reward performance effectively.
- Roll out personalized benefits programs that increase recruiting, engagement, and retention of talent.
- Regularly communicate and assess the impact of implemented strategies and adjust as necessary to ensure ongoing alignment with company goals.

Questions?



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