

# EXECUTIVE COMPENSATION STUDY

# Organization Profile: International Association of Widgets

**Organization type:** Professional Society

**Geographic scope:** National

**Organization size category:** Mid-size

**Organization revenue:** \$13M

**Industry sector:** Manufacturing

**Major activities:** Meetings, education

**Board size:** 36

**Staff size (FTE):** 20

**Region:** Midwest

**Metro:** Chicago, IL

## EXECUTIVE SUMMARY

ASAE: The Center for Association Leadership conducted a CEO compensation market assessment for the International Association of Widgets, with the objective to identify similar organizations and provide the predicted 2023 CEO compensation data within those groups.

Similar organizations were identified through public disclosures as well as through a profile database of tax-exempt organizations.

Among organizations with a similar profile to the International Association of Widgets, the data show the expected 2023 annual salary for chief executive officers ranges between \$330,101 and \$491,590. The median base pay is \$362,875. 61 percent of organizations reported paying bonuses to the CEO. Of those that did, the median bonus is \$62,250. In addition, these organizations contributed a median of \$21,747 toward the CEO's retirement plan.

# Results: International Association of Widgets

Predicted 2023 Compensation

PAY CATEGORY	AVERAGE	MEDIAN	INTERQUARTILE RANGE	EXCLUDES OUTLIERS
Base salary	\$356,267	\$362,875	\$293,846—\$421,960	\$232,783—\$481,419
Bonus pay*	\$62,780	\$62,250	\$23,025—\$75,000	\$1,000—\$140,712
Deferred salary	\$27,168	\$21,747	\$13,968—\$31,855	\$7,992—\$48,095
Base + Bonus	\$386,927	\$381,737	\$311,322—\$456,046	\$247,420—\$507,820
<b>Total Compensation</b>	<b>\$414,095</b>	<b>\$403,484</b>	<b>\$325,290—\$487,901</b>	<b>\$255,412—\$555,916</b>

## IDENTIFYING COMPARABLE ORGANIZATIONS

In order to create reliable benchmarking data, this report seeks to identify similar organizations based on several key factors, including organization size measured by annual revenue, organization type, composition of the board, mission, sector represented, activity, staff size, and location.

When these characteristics are considered to create a data set, CEO salary trends can be identified in similar groups.

These characteristics are determined through public resources, directly from the client, and internal resources. These resources identify the International Association of Widgets a \$13 million-annual-revenue, approximately 36-staff 501(c)(3) health-care professional society in the Chicago, IL metropolitan region with priorities in meeting and education.

This report identified 32 organizations of similar size, type and focus. Those groups are detailed on pages 10 and 11.

## UNDERSTANDING THIS BENCHMARKING REPORT

Broadly, compensation serves many purposes, including to reward and to incentivize appropriately. In addition, ensuring a person is paid fairly serves a retention purpose as well as a tool to persuade talented executives to join an organization. That's the recruiting marketplace.

And in the recruiting marketplace, compensation has two important areas of investigation. One is to benchmark how chief executives are compensated among similar organizations focusing on similar activities. Second is to consider compensation in similar but smaller—and ostensibly less complicated—organizations. This report does both.

Statistics show that associations, nonprofits and other tax-exempt organizations often hire experienced executives from similar organizations who represent a similar constituency, usually pulling up executives from less complicated groups with less revenue, so identifying those peer

### IDENTIFYING PEER ORGANIZATIONS

Researchers have identified how characteristics influence compensation on an individual basis (below), and when combined, they define peer organization, which are those groups who have the most similar characteristics.

#### SIZE

Measured by revenue, including revenue from affiliates, and number of FTE staff, this data point serves as a proxy for how complicated the organization is

#### TYPE

Type of tax-exempt organization determines the constituency type (i.e. trade group = companies or professional societies = individuals)

#### SCOPE

How board the constituency is (national, state, regional or local)  
Staff size: Additional data point on the complexity of the organization

#### PRIMARY ACTIVITY(S)

How organizations earns revenue and/or spends revenue points to the priorities of the organization as well as area of expertise need to effectively lead in these groups. Common area including earning major revenue from

meetings/events, education/credentialing, publishing, or products/services or spending money on advocacy.

#### SECTOR/SUB-SECTOR

Seventeen sectors and 61 sub-sectors, this data points to a common background of members/funders and board members. Organizations in similar sector/sub-sectors often have similar mission priorities (i.e. members of retail-focused trade group have similar business priorities)

#### LOCATION

Cost of living matters, but in areas with heavy concentration of similar organizations, competition of talent does drive up compensation.

Additional characteristics that influence compensation: 501(c) type, board size, and sitting executive's tenure can also influence compensation.

organizations as a baseline is important. By the same token, larger organizations may be looking at International Association of Widgets and its peers if they are engaged in their own recruiting effort, so ensuring compensation is line with peers is similarly important.

Associations, nonprofits and other tax-exempt organizations often hire experienced executives in from their own sector, meaning any recruiting pool for the CEO position will likely include chief executives of similar organizations that have a similar focus and similar activities. It's fair to say that organizations seek to hire CEOs with relevant related experience. For this reason, benchmarking CEO pay at organizations similar in size, type and activity can establish the marketplace for chief executives. A complete list of those organizations can be found on pages 8 and 9.

This report also identifies similar but smaller organizations. If the International Association of Widgets were seeking to hire a new CEO, the candidate pool would likely include chief executives who run similar but smaller groups. To be competitive in that recruiting environment, this report details CEO compensation at those similar but smaller organizations on page XX.

## FINDINGS

The full range of predicted compensation among comparable organizations identified by ASAE stretched from \$184,500 to \$778,808, but more useful benchmarking tools account for statistical outliers and focus on more narrow ranges of data. See Figure 2 for distribution of salaries.

The three benchmarking tools used in this report are:

- 1) The interquartile range, which is the spread of the middle half of the data—the 25th and 75th percentile.
- 2) The middle 80 percent, which is a more useful full-range salary snapshot of comparable organizations that effectively excludes outliers. These are the salaries between the 10th and 90th percentile.
- 3) Median, a useful summary statistic in benchmarking, where there are exactly half of the inputs (data) above and half of the inputs below.

In the case of the study for the [target association], the predicted interquartile range for 2023 fell between \$329,552 and \$490,587. This compensation range is also called the middle 50, and it represents the range of where 50% of all CEO pay falls. For most organization, this is the target range.

There are circumstances for which an organization would seek to compensate its CEO outside the middle 50, such as an aggressive growth and mission expansion, a competitive recruitig landscape or high cost-of-living areas. By the same note, the inverse can be true. The middle 80 percent for this peer group, which is the spread between the 10th and 90th percentile, is \$248,936 and \$570,930. Generally, any figures below or above this range are considered outliers, and a more detailed examination of mission and priorities is likely driving compensatoin decisions.

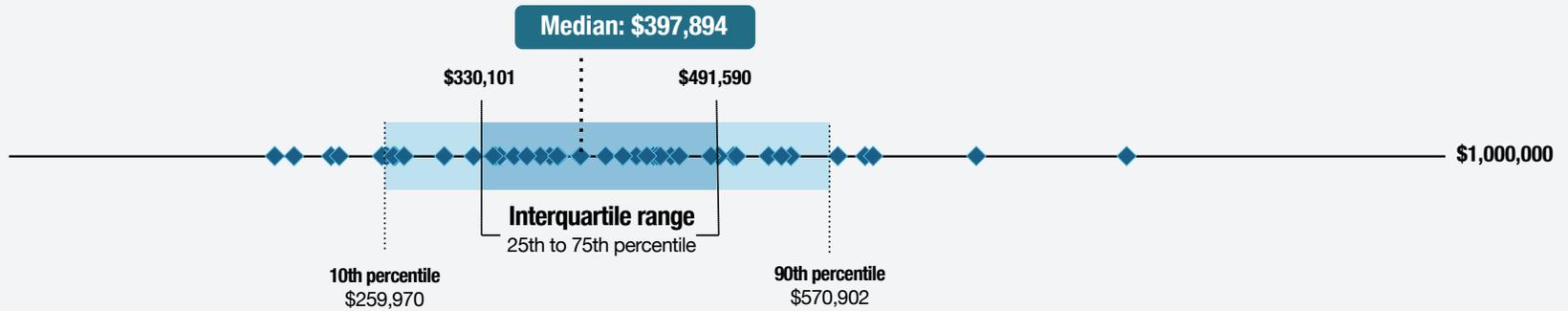
The median is \$397,904. All these data points are depicted Figure 1 and Figure 2.

# COMPENSATION DISTRIBUTION

Identifying the compensation range is important and knowing where your CEO compensation relates is critical to understanding the competitive landscape for the CEO position. general about how to read compensation ranges and why they are important. Mention 10% minimum wage, and aligning philosophy and generally the most important number.

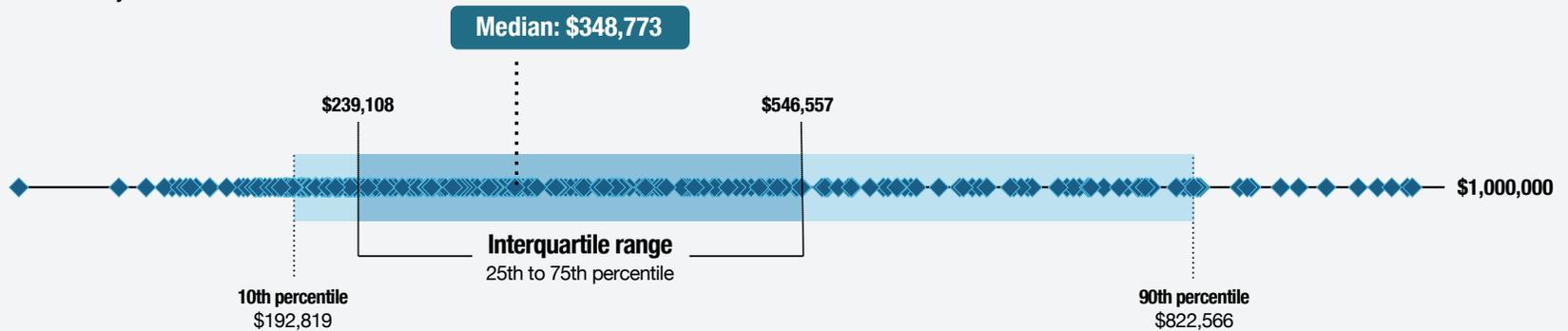
## PEER GROUPS IN THE DATASET

Details listed the chart below represent the range of CEO salaries among organization most similar to [target association]. Figures presented here are the anticipated 2023 combination of base pay, incentive compensation and the organization's contributions toward deferred salary.



## NATIONAL GROUPS REPRESENTING PROFESSIONALS IN THE HEALTH CARE SECTOR

Details listed the chart below represent the range of CEO salaries among all professional societies representing health care industr. Figures presented here are the anticipated 2023 combination of base pay, incentive compensation and an organization's contributions toward deferred salary.



## COMPENSATION GROWTH

Among organizations in the data set, total compensation has grown at a modest rate during the last eight years, from 1.8 percent to 4.2 percent. The last reported total salary increase among groups in the data set was 2.7 percent.

Those increases, though, were mostly seen in the base-pay category—3.3 percent to 3.9 percent. The latest base-pay increase was 3.3 percent. The trend of total pay for organizations in the data set can be seen in Figure 3.

Predictive compensation algorithms used in this report use past-year trends to forecast future-years compensation, but given inflation reached 40-year highs in 2022, it's too soon to realize the true effect, if any, inflation will have on CEO compensation. This report will continue to use time-tested calculations to predict compensation until new salary data is released.

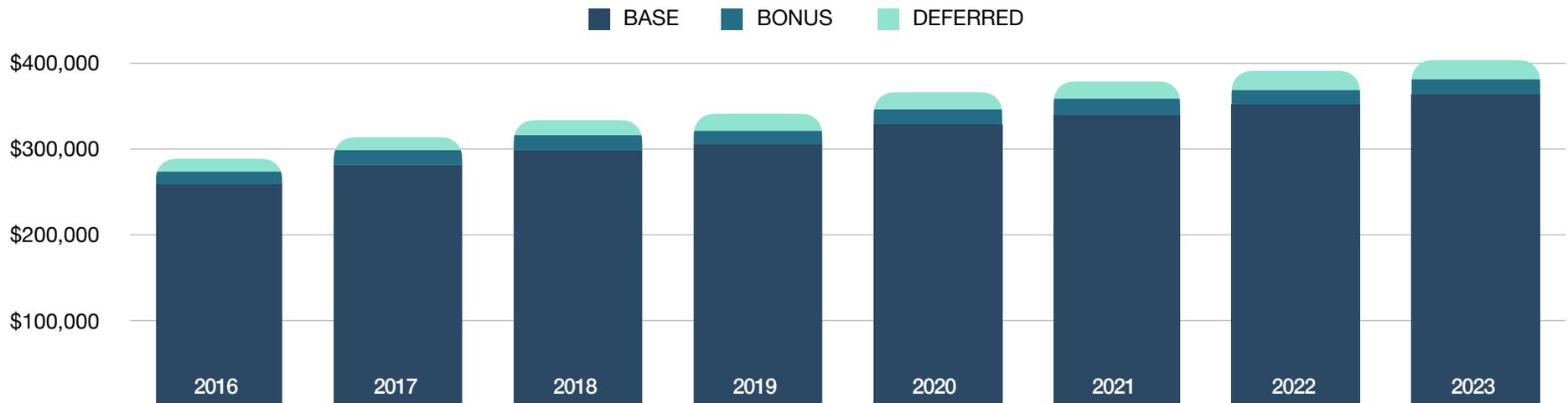
## PARTS OF PAY

The report focuses on three parts of compensation: base pay, incentive/bonus pay and money the organization contributes toward the retirement plans, whether that be a qualified retirement plan like a 401(k) or non-qualified retirement plans like 457(b) and 457(f). A thorough explanation of the elements of salary can be found on page 7.

## COMPENSATION TREND

Figure 3

IN THE DATA SET



IRS salary disclosures from the data set show that base pay is the primary compensation tool used by similar issue-focused nonprofits. The International Association of Widgets’s CEO’s 2022 base pay is 89.7 percent of the predicted 2023 median among organizations in the dataset. The majority of associations—78 percent—paid the CEO a bonus. Of those that paid a bonus, the middle 50 percent bonus ranged from \$23,025 to \$75,000. The median bonus was \$62,250.

Bonus figures provided are the actual bonus amounts paid during a given period and not the total potential bonus available, which could be much higher.

Nearly all organizations in the data set contribute funds toward the CEO’s deferred compensation category, but figures show the vast majority are likely qualified retirement plans like a 401(k). Accounting for all parts of compensation, the latest International Association of Widgets CEO salary is 103 percent of the predicted 2023 median.

### METHODOLOGY: PREDICTING COMPENSATION

In order to provide a more complete picture of compensation, this report does not rely on surveys, samples or incomplete data sets. Instead, this report is pinned to the actual salaries paid to all CEOs as disclosed by 1.8 million tax-exempt organizations to the Internal Revenue Service (IRS).

Public disclosure of compensation by U.S.-based nonprofits, though, is imperfect, because the disclosure is delayed by a minimum of 11 months from the end of the organization’s fiscal year, which varies from organization to organization. Thus, the public compensation data can be up to two years old.

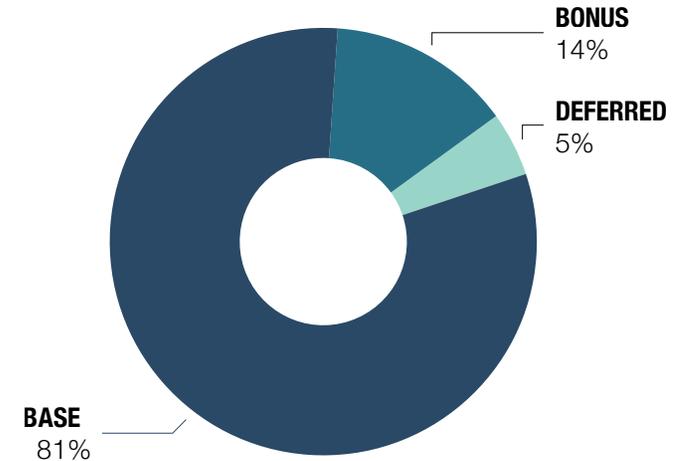
Using custom and continually tested algorithms, ASAE has the ability to accurately forecast compensation to overcome that delay in reporting. These calculations are specific to an organization’s characteristics, so the predicted increase of CEO pay for a \$30-million revenue trade group representing bankers, for instance, may be different than the predicted CEO pay for a small

Figure 4

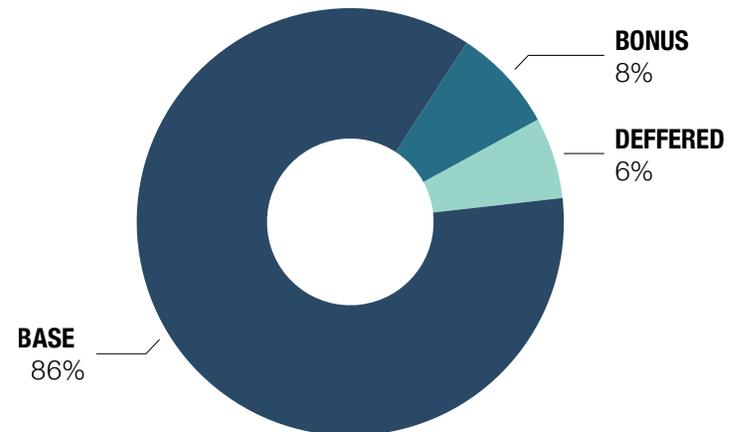
## TYPICAL SALARY COMPOSITION

The three important elements of that make up annual compensation (defined on page 9) are base, bonus and amounts organizations contribute toward a retirement plan, including top-hat retirement plans like 457(b) and 457(f).

### PEER GROUPS IN THE DATASET



### SIMILAR SIZED PROFESSIONAL SOCIETIES



## COMPENSATION TERMS

The IRS requires tax-exempt organizations to report compensation annually in five categories for key employees, officers and directors if the salary is in excess of \$150,000. Those categories are base pay, bonus/incentive compensation, deferred compensation, the value of nontaxable benefits and other compensation.

### BASE

Non-discretionary compensation.

### BONUS/INCENTIVE

Payments based on satisfaction of a performance target (other than mere longevity of service). Also includes payments made at the beginning of service.

### DEFERRED

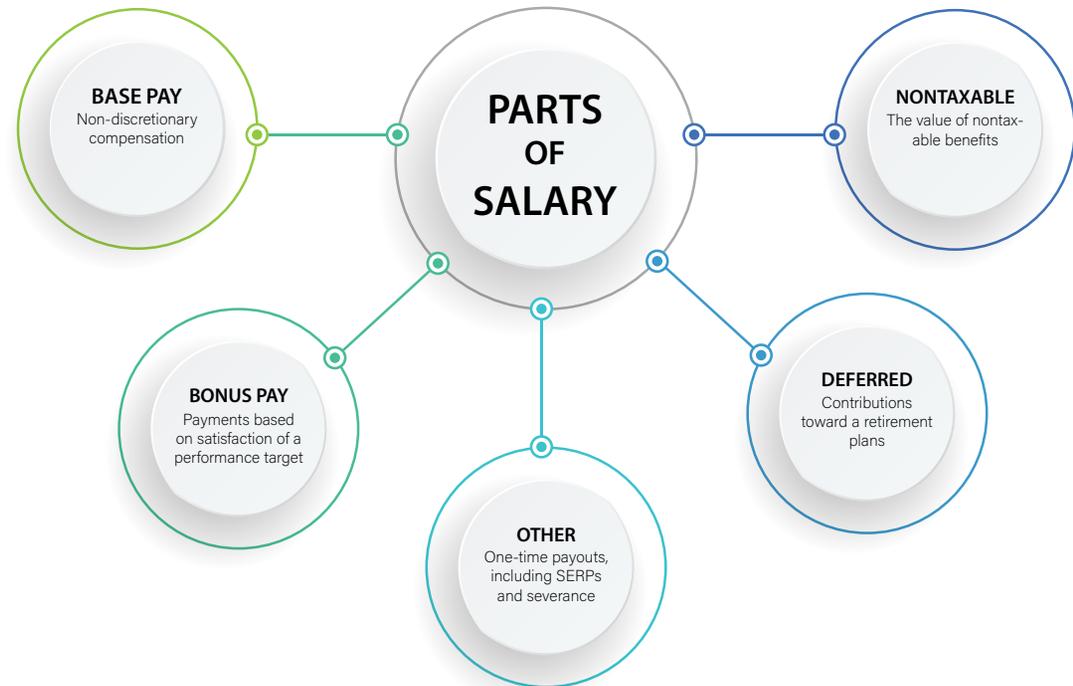
The amounts contributed toward the person's retirement plans, including qualified 401(k)/403(b) plans and nonqualified 457(b) and (f) plans.

### NONTAXABLE

The value of nontaxable benefits like health insurance.

### OTHER

This remaining category acts as a catchall for payments not reported anywhere else. It's mostly used for documenting deferred compensation payouts that sometimes have accumulated over several years. Those payments, though, were already recognized in the year they were earned in the Deferred Category, which attributes the payments to the year the money was earned even though it wasn't paid. This category also captures severance payments, which by definition are not a normal part of annual compensation.



### ANNUAL COMPENSATION

For accurate benchmarking purposes, this report disregards the Other category but replaces it with the deferred compensation category, because that's where tax-exempt organizations detail contributions toward a CEO's retirement as well as annual accumulation of non-qualified retirement plans, including the common top-hat 457(b) plan as well as the 457(f) supplemental executive retirement plan.

## SIMILAR ORGANIZATIONS

Organizations in the dataset and predicted 2023 compensation

Organization	501(c)	Revenue	Region	Staff*	Base	Base+Bonus	Total
AABC Commissioning Group	3	\$21,583,666	Mid-Atlantic	79	\$427,636	\$477,636	\$504,590
Additive Manufacturing Users Group	3	\$7,982,686	Mid-Atlantic	77	\$306,081	\$307,081	\$323,277
Adhesive and Sealant Council	3	\$21,976,511	West	160	\$476,518	\$476,518	\$506,601
Air Barrier Association of America	3	\$10,789,245	Northeast	30	\$259,164	\$259,164	\$268,492
Air Conditioning Contractors of America	3	\$15,688,779	Northeast	147	\$424,106	\$424,106	\$460,992
Alliance for Flexible Polyurethane Foam	3	\$15,847,986	Midwest	96	\$245,874	\$246,224	\$262,690
Alliance for PE Pipe	3	\$30,431,085	Mid-Atlantic	60	\$382,634	\$382,634	\$397,405
Allied Construction Industries	3	\$12,247,834	South	82	\$252,204	\$252,204	\$259,290
Aluminum Extruders Council	3	\$9,913,575	Midwest	50	\$502,999	\$503,499	\$544,683
American Automotive Policy Council	3	\$12,283,576	South	7	\$217,193	\$217,193	\$223,829
American Boat and Yacht Council	6	\$10,304,592	South	51	\$419,815	\$560,527	\$596,469
American Concrete Institute	3	\$13,152,294	South	29	\$335,699	\$410,699	\$436,884
American Concrete Pavement Association	3	\$13,791,602	South	328	\$454,742	\$454,742	\$466,779
American Concrete Pumping Association	3	\$15,203,934	Mid-Atlantic	27	\$342,938	\$417,938	\$448,776
American Fence Association	3	\$9,000,782	Mid-Atlantic	57	\$355,662	\$370,662	\$382,688
American Galvanizers Association	3	\$11,970,850	West	31	\$267,283	\$267,283	\$267,283
American Gear Manufacturers Association	3	\$19,212,164	Mid-Atlantic	37	\$362,875	\$362,875	\$376,575
American Home Furnishings Alliance	3	\$14,822,231	Mid-Atlantic	72	\$419,036	\$419,036	\$451,231
American Lighting Association	3	\$31,607,282	Int'l	25	\$435,801	\$435,801	\$453,591
American Shotcrete Association	3	\$13,120,444	South	120	\$327,568	\$327,568	\$338,684
American Society for Concrete Construction	3	\$21,294,082	Mid-Atlantic	82	\$508,901	\$508,901	\$529,145
American Subcontractors Association	3	\$18,813,997	South	2	\$341,564	\$341,564	\$341,564
Archery Manufacturers Organization	4	\$10,522,613	West	103	\$166,120	\$223,002	\$229,522

Organization	501(c)	Revenue	Region	Staff*	Base	Base+Bonus	Total
Architectural Woodwork Institute	3	\$26,618,274	South	120	\$372,683	\$372,683	\$427,397
Asphalt Roofing Manufacturers Association	3	\$11,787,296	Northeast	22	\$447,989	\$524,680	\$577,457
Association for High Technology Distribution	3	\$9,142,772	Mid-Atlantic	30	\$315,564	\$315,564	\$336,925
Association for Manufacturing Excellence	3	\$35,660,414	Mid-Atlantic	193	\$502,009	\$502,009	\$538,107
Association of Diving Contractors	3	\$36,179,183	South	4	\$482,644	\$674,044	\$674,044
Association of Independent Corrugated Converters	3	\$14,609,450	Mid-Atlantic	57	\$316,156	\$379,156	\$397,894
Association of International Metallizers Coaters and Laminators	3	\$15,530,673	Mid-Atlantic	84	\$365,098	\$427,348	\$494,251
Association of Old Crows	3	\$12,295,044	West	106	\$288,872	\$328,872	\$351,556
Association of Plastic Recyclers	3	\$11,529,553	Northeast	63	\$387,349	\$457,349	\$602,087
Association of the Wall and Ceiling Industries	3	\$15,101,825	South	5	\$363,577	\$369,827	\$369,827
National Association of Elevator Contractors	3	\$9,770,175	Mid-Atlantic	47	\$589,131	\$763,939	\$778,966
National Association of State Contractors Licensing Agencies	3	\$11,400,734	West	65	\$193,534	\$193,534	\$197,946
National Association of the Remodeling Industry	3	\$11,588,414	South	103	\$381,737	\$381,737	\$381,737
National Association of Tower Erectors	3	\$24,449,693	Mid-Atlantic	110	\$398,129	\$398,129	\$444,217
National Association of Trailer Manufacturers	3	\$14,837,978	West	15	\$280,653	\$280,653	\$302,786
National Association of Women In Construction	3	\$27,171,902	Southwest	55	\$371,855	\$461,855	\$488,930
National Concrete Masonry Associati	3	\$9,896,538	West	6	\$176,116	\$176,116	\$184,496
National Council of Textile Organizations	3	\$12,098,253	West	20	\$229,510	\$252,535	\$274,728
National Housewares Manufacturers Association	3	\$19,563,281	Northeast	73	\$298,819	\$330,337	\$360,420

## SMALL SIMILAR ORGANIZATIONS

Organizations in the dataset and predicted 2023 compensation

Organization	501(c)	Revenue	Region	Staff	Base	Base+Bonus	Total
Construction Owners Association of America	3	\$3,509,238	Northeast	32	\$283,503	\$330,901	\$339,911
Cooling Technology Institute	3	\$3,691,823	Mid-Atlantic	26	\$253,135	\$263,135	\$270,005
Decorative Hardwoods Association	3	\$4,673,668	Mid-Atlantic	37	\$451,996	\$451,996	\$451,996
Diesel Technology Forum	3	\$6,844,953	Mid-Atlantic	62	\$313,485	\$313,485	\$320,869
Door and Access Systems Manufacturers Association	3	\$7,077,419	Mid-Atlantic	19	\$703,376	\$736,376	\$736,376
Electrical Apparatus Service Association	3	\$7,459,789	Northeast	75	\$149,340	\$149,340	\$162,495

Fabricated data

