

2014 MIA Fabricator Benchmarking Report Executive Summary



INTRODUCTION

For the second year, the Marble Institute of America (MIA) solicited input from North America fabricators during the fourth quarter of 2014. The 2014 study was made possible by a grant received from Cosentino NA, KOHLER CO and TENAX USA. Each participating fabricator received a confidential report detailing their individual company information with comparisons to the information included in this report. Fabricator participation was free.

While the survey questions were posed to fabricators, the report offers relevant information for suppliers and international companies seeking information about the North American market.

TABLE OF CONTENTS

I.	About the Participants	3
	• Chart 1: Participation Statistics	3
	• Chart 2: Breakdown of 2013 and 2014 Participants	3
	• Chart 3: Participant Breakdown by Sales Volume	4
	• Figure 1: Participant Breakdown by Sales Volume – Bar Graph	4
	• Figure 2: 2014 Sales Volume	5
II.	Employee Breakdown	6
	a. Average number of employees	6
	• Chart 4: Employee Statistics	6
	• Chart 5: Average Number of Employees by Sales Volume	6
	b. Average sales per employee	6
	• Chart 6: Average Annual Sales per Employee	6
	c. Average payroll per employee	7
	• Figure 3: 2014 Average Payroll per Employee Broken Out by Region	7
	d. Average payroll per employee by metropolitan area	8
	• Figure 4: Payroll per Employee by Metropolitan Area	8
III.	Facility Size	9
	• Chart 7: Average Square Feet of Both Production and Showroom Space by Sales Volume 9	9
	• Figure 5: 2014 Sales per Square Foot	9
IV.	Equipment	10
	a. Equipment in Use	10
	• Chart 8: Equipment Statistics	10
	• Figure 6: Equipment in Use	10
	b. Planned Purchases	11
	• Chart 9: Planned Equipment Purchases	11
	• Figure 7: Planned Equipment Purchases	11
	c. Manual v Automated Shops	12
	• Chart 10: Manual v Automated Shops	12
	i. Type of Construction	12
	• Figure 8: Sales by Construction Type in Manual v Automated Shops	12
	ii. General Comparison	13
	• Chart 11: Manual v Automated Shops	13

iii.	Utilities	13
•	Figure 9: Average Utility Bill	13
•	Figure 10: Average Utility Bill as a Percentage of Sales	13
iv.	Tooling	14
•	Figure 11: Tooling Costs per Employee	14
•	Figure 12: Tooling Costs per Employee as a Percentage of Sales	14
V.	Sales	15
a.	Sales by metropolitan and region demographics	15
•	Chart 12: Rural v Metro Area Statistics	15
•	Figure 13: Sales by Metropolitan Area	16
•	Figure 14: Sales per Employee by Metropolitan Area	16
•	Figure 15: Average Sales by Geographic Region	17
b.	Sales by construction type	18
•	Chart 13: Sales by Construction Type	18
•	Figure 16: Sales Breakdown by Construction Type	19
VI.	Stone Production and Sales by Type.....	20
a.	Square foot production	20
•	Chart 14: Thickness of Material	20
•	Figure 17: Square Foot Production Natural v Engineered Stone	20
b.	Spending	21
•	Figure 18: Spending on Natural Stone as a Percentage of All Stone (2014 v 2013)	21
•	Figure 19: 2014 Spending on All Stone	21
•	Figure 20: Spending on Natural Stone as a Percentage of Overall Sales.....	22
•	Figure 21: Spending on All Stone as a Percentage of Overall Sales.....	22
•	Chart 15: Ranking of Natural and Quartz Stone Purchases by Geographic Region	23
VII.	Use of the Internet in Purchasing	23
•	Figure 22: Companies Using the Internet for Purchasing	23

The results of this study, along with several other key industry trends/reports, are posted by the MIA’s Industry Research and Information Department on the MIA’s online industry statistics web portal. To learn more about upcoming studies, go online to www.marble-institute.com/data

DISCLAIMER

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SPECIAL THANKS TO:



I. ABOUT THE PARTICIPANTS

In each of the past two years, over two hundred fabricators participated in this annual benchmarking survey. The 2014 participants included more MIA members, more accredited fabricators, more automated production facilities, and approximately the same number of companies that utilize their own installation teams.

Forty (40) percent of the companies participating in 2014 also participated in 2013. The total number of companies participating the past two years was four hundred three (403) after accounting for companies that participated both years. Since the past two years have both been economic recovery years for many stone companies, a follow-up report will be issued during the summer of 2015 which will provide the stone industry with a 2-year perspective (using the most recent data submitted by each of the 403 companies and others who submitted their data after February 1, 2015).

Chart 1: Participation Statistics

	2014	2013
Number of Companies Participating	212	255
Percentage Participated in 2013	40%	
MIA Member Companies	52%	39%
MIA Accredited Company (the highest credential in the dimension stone industry)	14%	10%
Percentage Operating Manual Shops (Bridgesaw only)	21%	30%
Percentage Operating Automated Shops	79%	70%
Percentage Utilizing Own Installation Teams	92%	92%
Percentage of US Companies	94%	NA
Percentage of Canadian Companies	6%	NA

The 2014 report had fewer companies participate with annual sales under \$1M, while the number of \$5M sales participants grew by the largest percentage.

Chart 2: Breakdown of 2013 and 2014 Participants

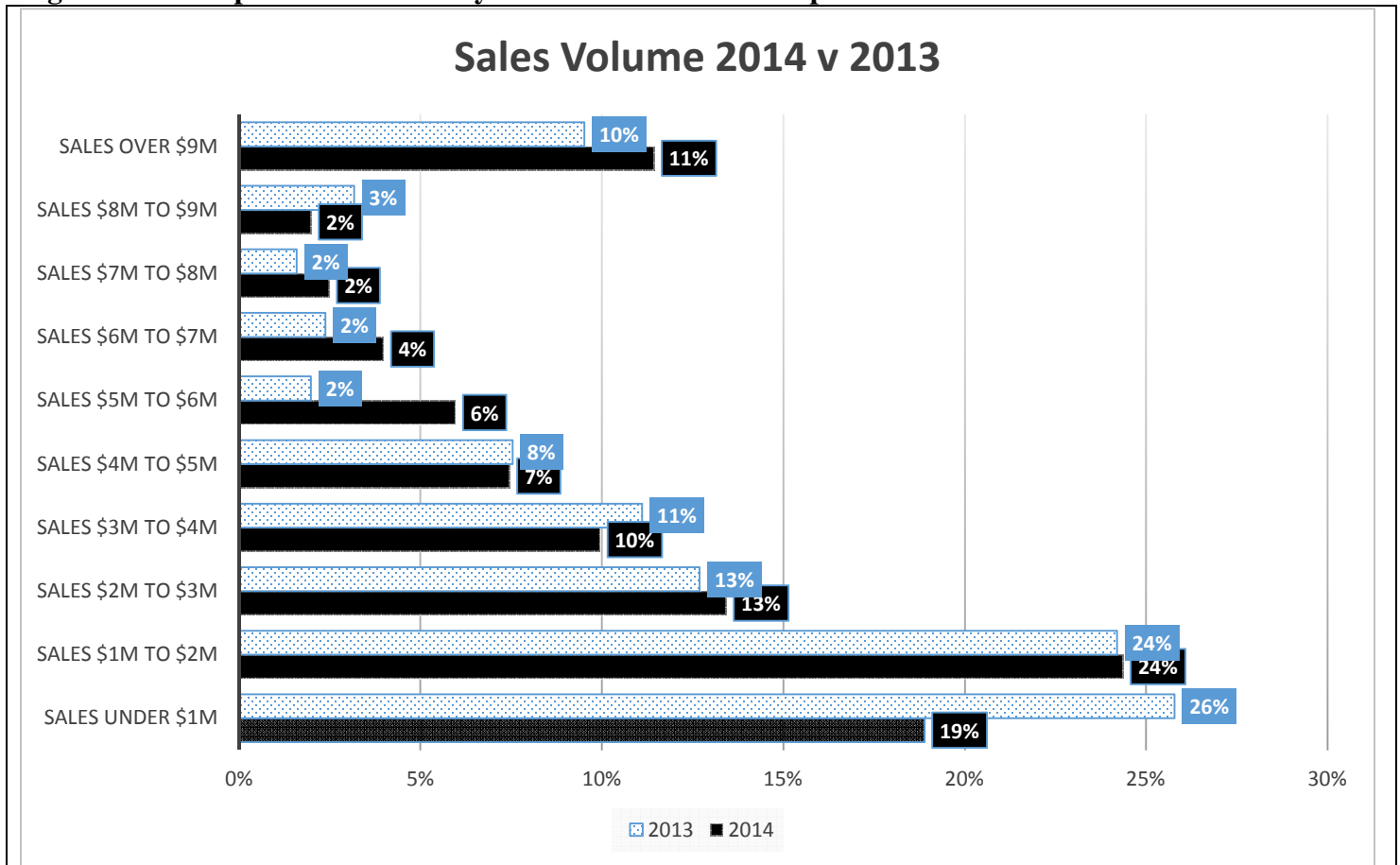
	2014	2013
Sales \$999K or Less	18.9%	25.8%
Sales \$1M to \$1.999M	24.4%	24.2%
Sales \$2M to \$4.999M	30.8%	31.3%
Sales over \$5M	25.9%	18.7%

Several past participants requested that the \$5M+ participants be shown in smaller sales increments. Both a chart and bar graph are provided showing the differences between 2013 and 2014.

Chart 3: Participant Breakdown by Sales Volume

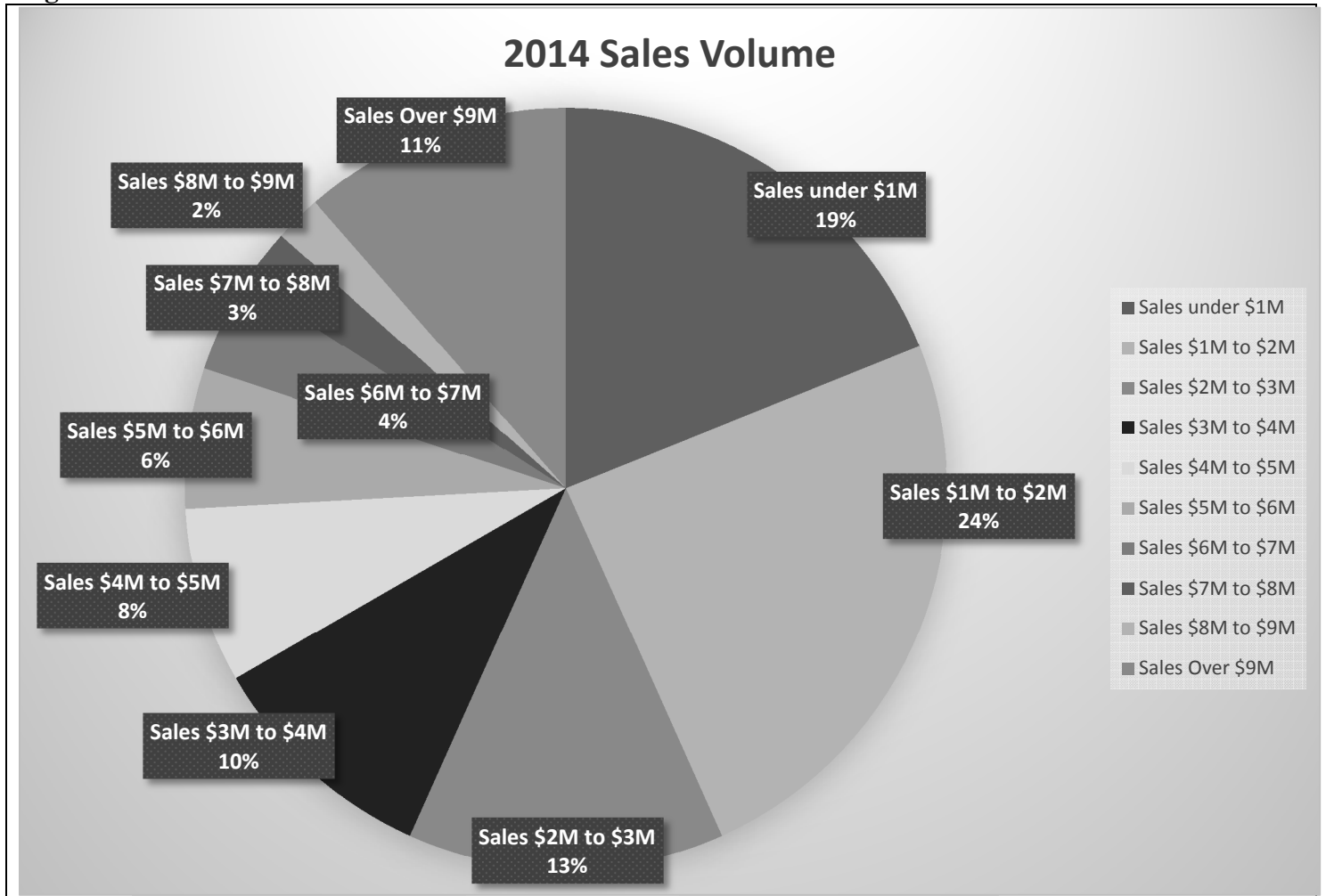
	2014	2013
Sales under \$1M	19%	26%
Sales \$1M to \$2M	24%	24%
Sales \$2M to \$3M	13%	13%
Sales \$3M to \$4M	10%	11%
Sales \$4M to \$5M	7%	8%
Sales \$5M to \$6M	6%	2%
Sales \$6M to \$7M	4%	2%
Sales \$7M to \$8M	2%	2%
Sales \$8M to \$9M	2%	3%
Sales Over \$9M	11%	10%

Figure 1: Participant Breakdown by Sales Volume – Bar Graph



NOTE: additional sales breakdowns are depicted in section 5.

Figure 2: 2014 Sales Volume



II. EMPLOYEE BREAKDOWN

Average number of employees:

While the average number of employees per company grew from 2013 and 2014, this is more likely a reflection on the companies that participated versus an influx of employee hiring. Yet the percentage of employees employed by manual shops vs automated shops was consistent for both years.

Chart 4: Employee Statistics

	2014	2013
Average Number of Employees	31.0	23.9
Average Number of Employees for a Manual Shop	10.0	9.1
Average Number of Employees for an Automated Shop	38.3	31.4
Average Salary per Employee	\$49K	\$44K
NOTE: Average Salary per Employee is comparable regardless of type of shop		

The following chart showcases the average number of participants based on sales volume.

Chart 5: Average Number of Employees by Sales Volume

	2014	2013
Sales under \$1M	6	6
Sales \$1M to \$2M	11	10
Sales \$2M to \$3M	16	15
Sales \$3M to \$4M	22	24
Sales \$4M to \$5M	27	28
Sales \$5M to \$6M	34	38
Sales \$6M to \$7M	38	40
Sales \$7M to \$8M	54	46
Sales \$8M to \$9M	49	59
Sales over \$9M	134	94

Average sales per employee:

This chart depicts the annual sales per employee. Refer also to the differences between manual vs. automated shops in section 4.

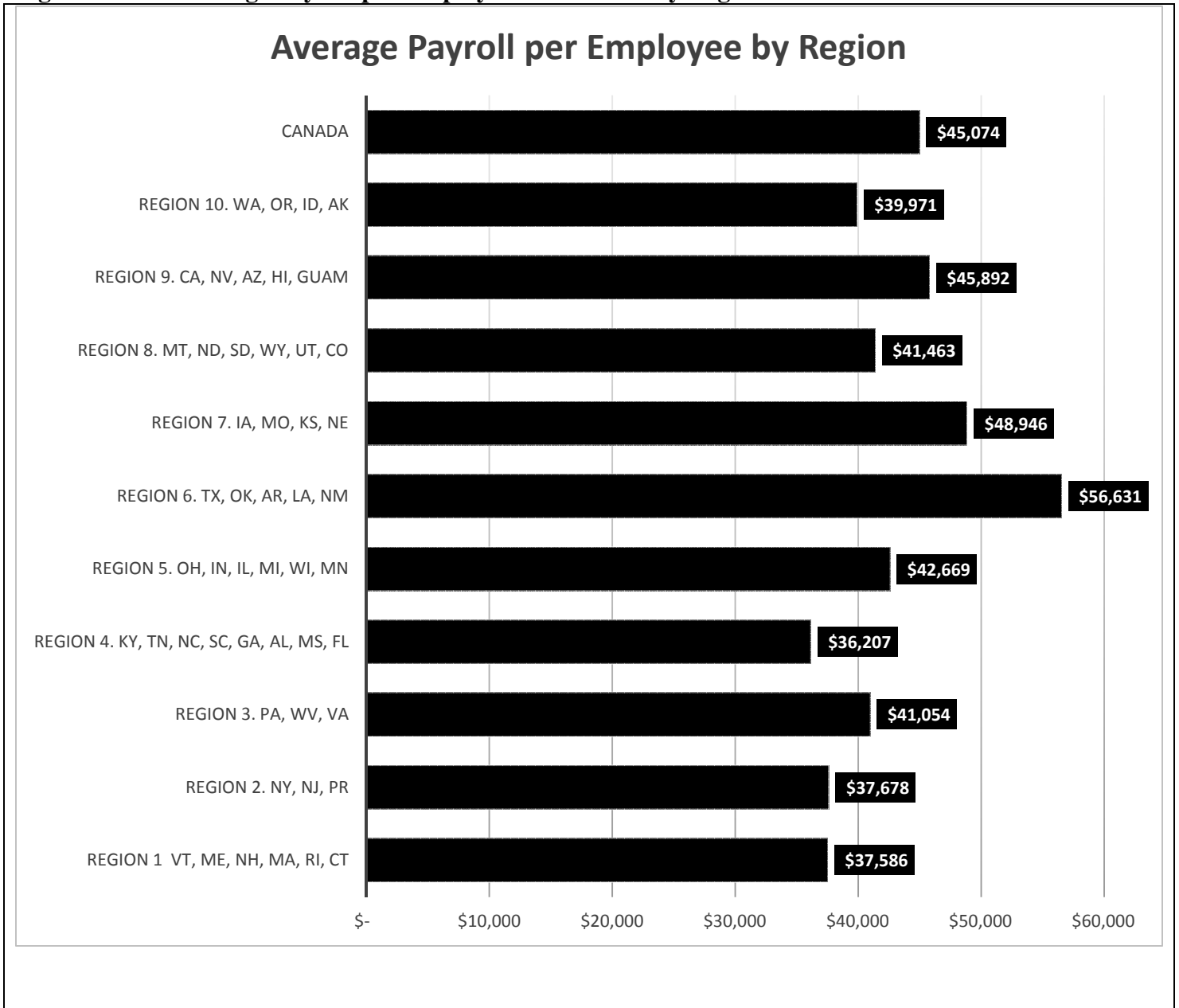
Chart 6: Average Annual Sales per Employee

	2014	2013	Difference '14 v '13
Sales under \$1M	\$87,061	\$86,933	0.15%
Sales \$1M to \$2M	\$126,394	\$134,768	-6.21%
Sales \$2M to \$3M	\$144,361	\$156,255	-7.61%
Sales \$3M to \$4M	\$155,676	\$137,775	12.99%
Sales \$4M to \$5M	\$156,601	\$154,165	1.58%
Sales \$5M to \$6M	\$153,015	\$138,665	10.35%
Sales \$6M to \$7M	\$162,964	\$156,962	3.82%
Sales \$7M to \$8M	\$138,745	\$158,791	-12.62%
Sales \$8M to \$9M	\$165,694	\$138,979	19.22%
Sales over \$9M	\$195,848	\$159,488	22.80%

Average payroll per employee:

New in the 2014 report, the average payroll per employee was broken out by region of the country. While, this data is new and will require additional study, it offers a glimpse into geographic differences.

Figure 3: 2014 Average Payroll per Employee Broken Out by Region

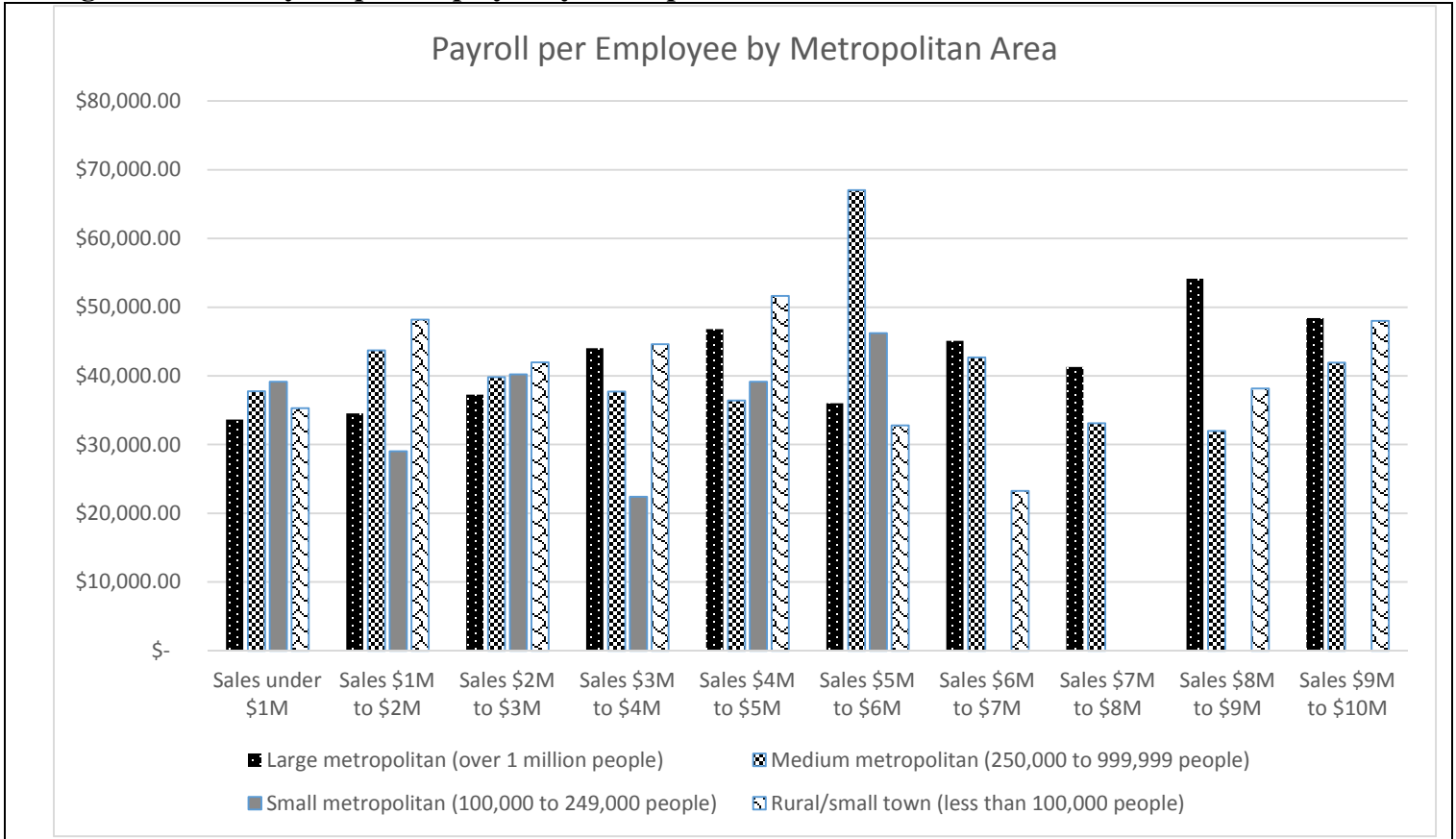


Average payroll per employee by metropolitan area:

The payroll per employee did vary based on the geographic demographics. Participants shared demographic information by identifying their location as one of the following:

- Large metropolitan (over 1 million people)
- Medium metropolitan (250,000 to 999,999 people)
- Small metropolitan (100,000 to 249,999 people)
- Rural/small town (less than 100,000 people)

Figure 4: 2014 Payroll per Employee by Metropolitan Area



NOTE: comparison data with 2013 participants is not available for region/metropolitan area.

Coming Soon

Over sixty-seven percent (67%) of the participants indicated that they would be interested in participating in a broader study showcasing salary and compensation data by employee type and industry segment. A “salary and compensation” survey and subsequent report is in development.

III. FACILITY SIZE

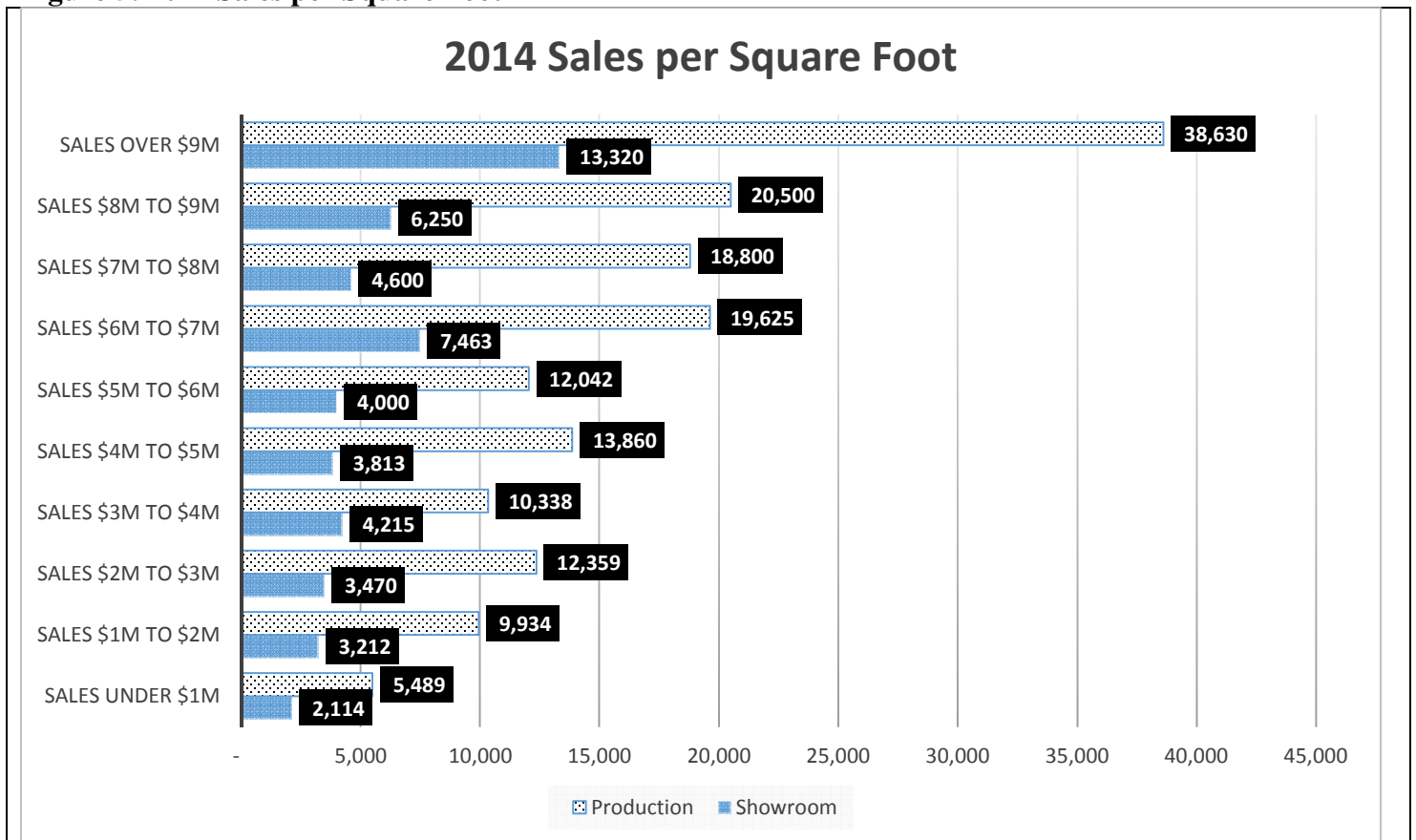
The information which follows depicts the average square feet designated for both showroom and production. The 2014 participants have an average square footage of shop/production space versus showroom space was 12,543 sq ft and 5,058 sq ft respectively. As a general rule, the higher the sales volume, the larger the facility. The charts which follow provide an overview of the data available.

Chart 7: Average Square Feet of Both Production and Showroom Space by Sales Volume

	2014	2014	Total	2013	2013	Total
	<u>Showroom</u>	<u>Production</u>	<u>2014</u>	<u>Showroom</u>	<u>Production</u>	<u>2013</u>
Sales under \$1M	2,114	5,489	7,603	1,487	5,536	7,023
Sales \$1M to \$2M	3,212	9,934	13,146	2,639	6,475	9,114
Sales \$2M to \$3M	3,470	12,359	15,830	2,378	7,334	9,713
Sales \$3M to \$4M	4,215	10,338	14,553	3,596	14,816	18,412
Sales \$4M to \$5M	3,813	13,860	17,673	4,542	12,532	17,074
Sales \$5M to \$6M	4,000	12,042	16,042	4,007	14,300	18,307
Sales \$6M to \$7M	7,463	19,625	27,088	4,667	16,500	21,167
Sales \$7M to \$8M	4,600	18,800	23,400	4,050	13,000	17,050
Sales \$8M to \$9M	6,250	20,500	26,750	7,650	26,388	34,038
Sales over \$9M	13,320	38,630	51,951	9,634	33,824	43,459

Companies that track sales per square foot of production space and/or sales per square foot of showroom space will find some comparisons in the following chart:

Figure 5: 2014 Sales per Square Foot



IV. EQUIPMENT

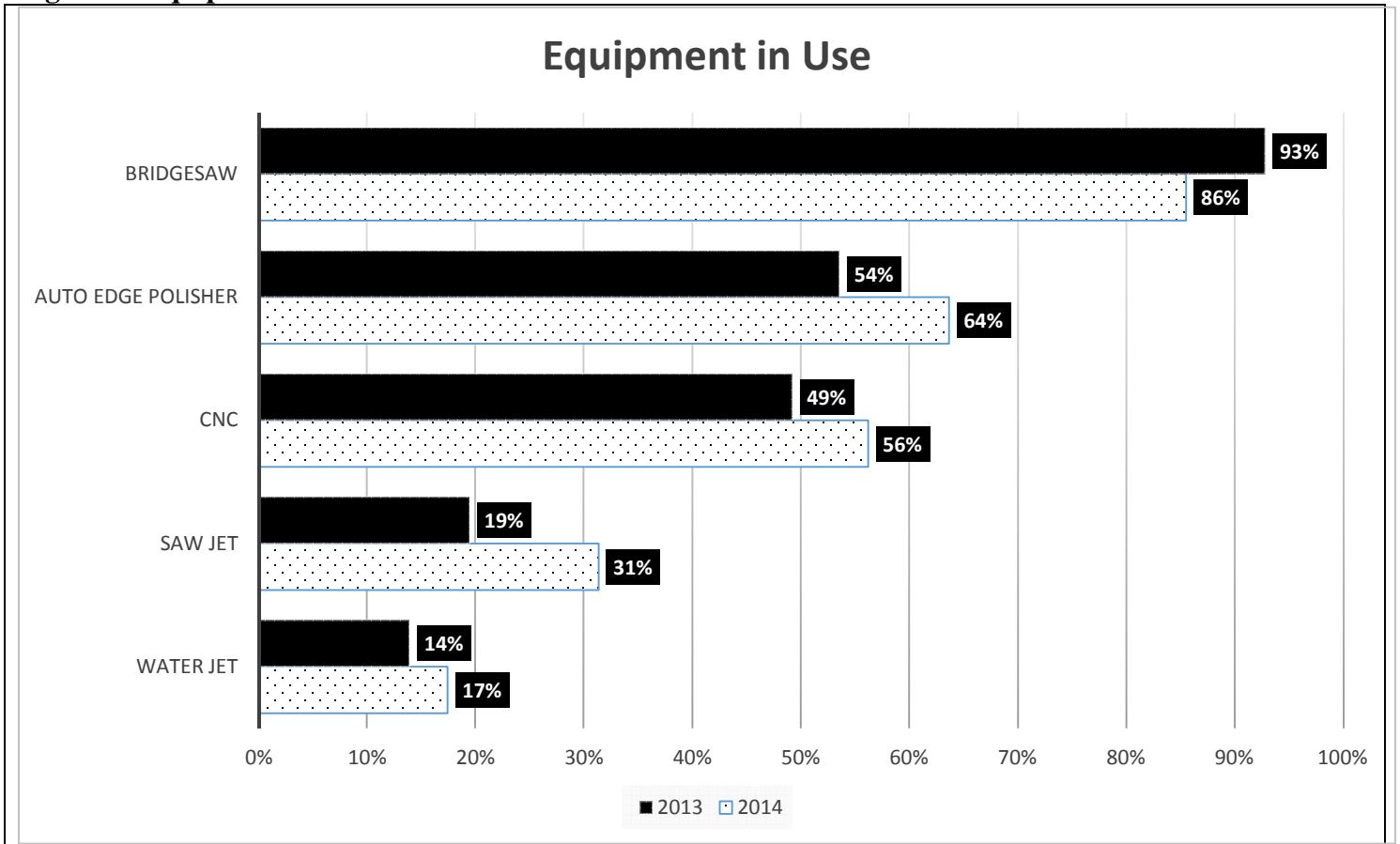
Equipment in Use

The 2014 participants have more automated equipment (CNC, Sawjet, Waterjet, etc.) than the 2013 participants. This resulted from two factors: 1) Purchases made by the 2013 participants (40% overlap of the 2014 participants) and, 2) The mix of new participants in 2014. The equipment in use is depicted as follows:

Chart 8: Equipment Statistics

	2014	2013
Use a Bridgesaw	86%	92%
Use an Auto Edge Polisher	64%	53%
Use a CNC	56%	48%
Use a Sawjet	31%	20%
Use a Waterjet	17%	15%

Figure 6: Equipment in Use



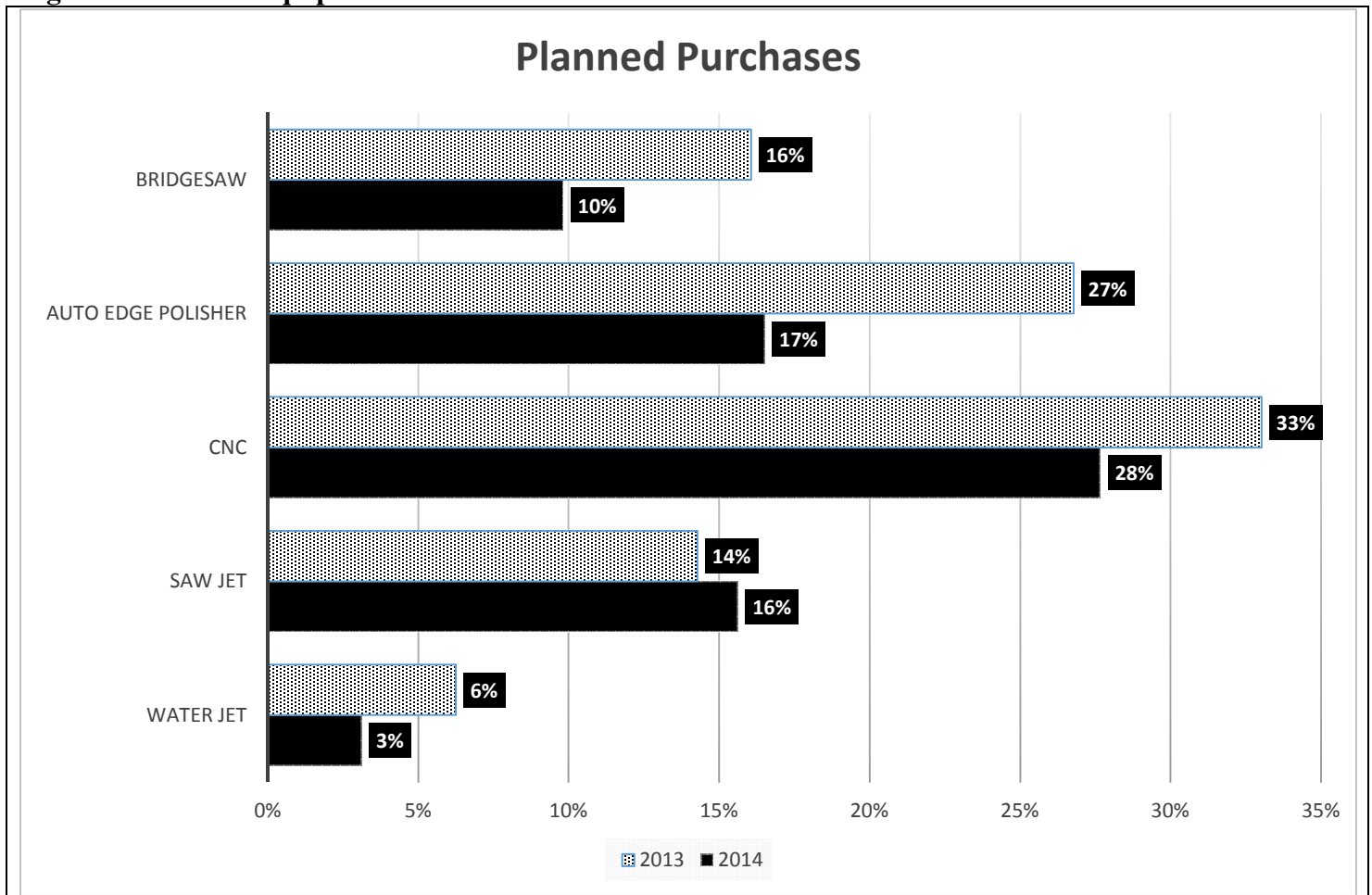
Planned Purchases

Many companies are planning equipment purchases in the upcoming year. Those in the \$1-5M range indicated they are more likely to make a planned purchase in 2015. The 2015 planned purchases are on par with those who expressed interest in making a purchase in 2014, as the following information depicts.

Chart 9: Planned Equipment Purchases

	Planned for 2015	Planned for 2014
Plan a Bridgesaw Purchase	10%	16%
Plan an Auto Edge Polisher Purchase	17%	27%
Plan a CNC Purchase	28%	33%
Plan a Sawjet Purchase	16%	14%
Plan a Waterjet Purchase	3%	6%

Figure 7: Planned Equipment Purchases



Manual vs. Automated Shops

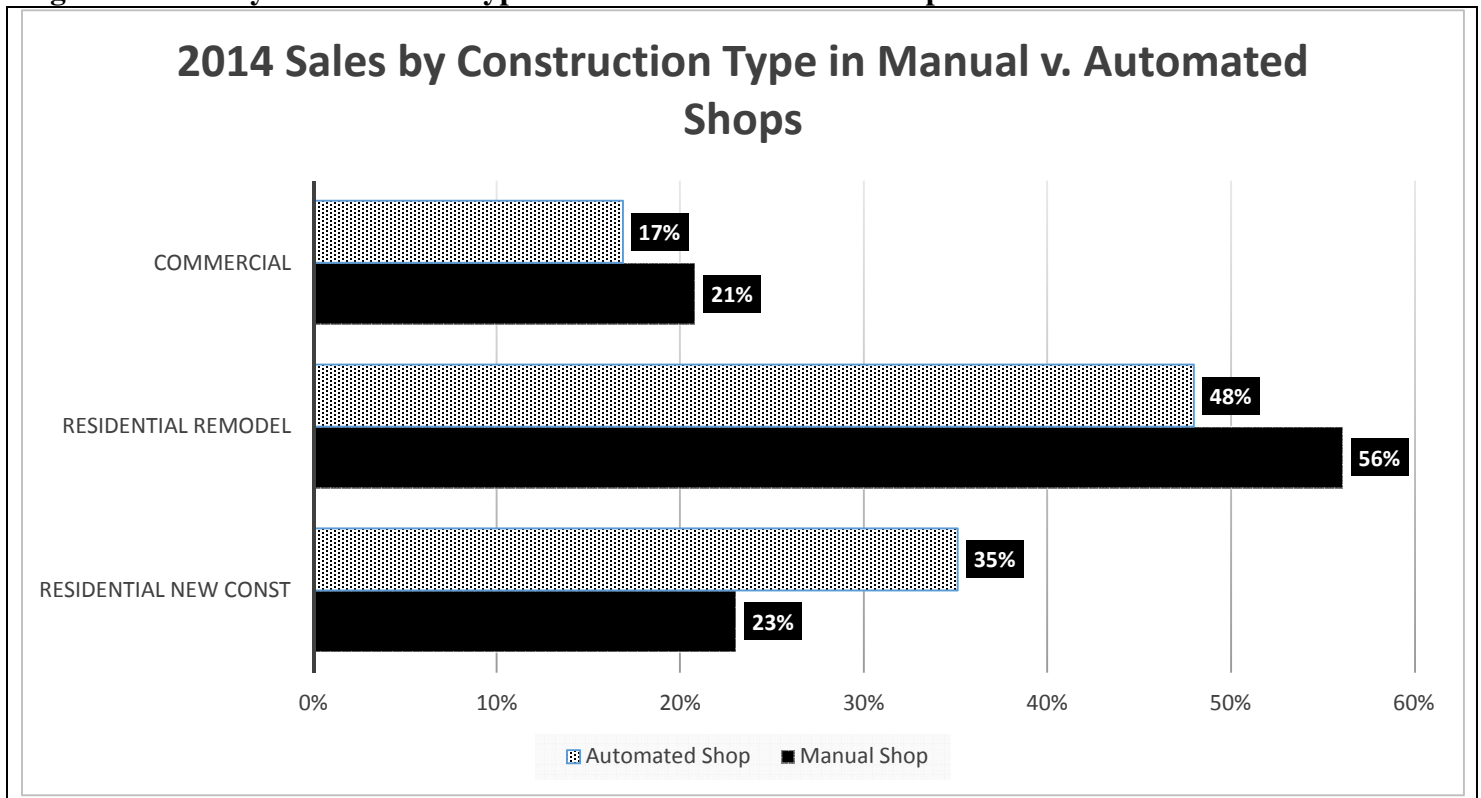
For purposes of this report, we define manual shops as those participants utilizing a bridgesaw and variety of hand tools. Automated shops are those companies that have additional equipment such as CNC, waterjet, edge polishers, etc.

Chart 10: Manual v. Automated Shops – Type of shop by Percent

	Percentage of shops in 2014	Percentage of shops in 2013
Manual Shops	21%	30%
Automated Shops	79%	70%

Type of construction: Again, automated shops are processing more commercial and residential new construction, while manual shops are more focused on the residential remodel sector.

Figure 8: Sales by Construction Type in Manual v Automated Shops



General comparisons: The following chart depicts some general differences specific to annual sales, payroll, average salary per employee and average number of employees.

Chart 11: Manual v. Automated Shops

	2014		2014	2013		2013
	<u>Manual</u>	<u>Automated</u>	<u>2014</u>	<u>Manual</u>	<u>Automated</u>	<u>2013</u>
	<u>Shop</u>	<u>Shop</u>	<u>Total</u>	<u>Shop</u>	<u>Shop</u>	<u>Total</u>
Ave Annual Sales	\$ 1,420,175	\$ 6,456,569	\$ 5,418,137	\$ 1,399,320	\$ 4,385,131	\$ 3,502,050
Ave Annual Payroll	\$ 390,699	\$ 1,639,905	\$ 1,504,731	\$ 396,286	\$ 1,325,236	\$ 1,057,171
Ave Salary/Employee	\$ 42,058	\$ 42,832	\$ 44,442	\$ 42,736	\$ 43,421	\$ 42,183
Ave # of Employees	9.3	38.3	33.9	9.1	31.4	24.7

Utilities: While automated shops spend more money on utilities bills than their manual shop counterparts (see below), the comparison that should be highlighted is the average utility bill as a percentage of sales.

Figure 9: Average Utility Bill

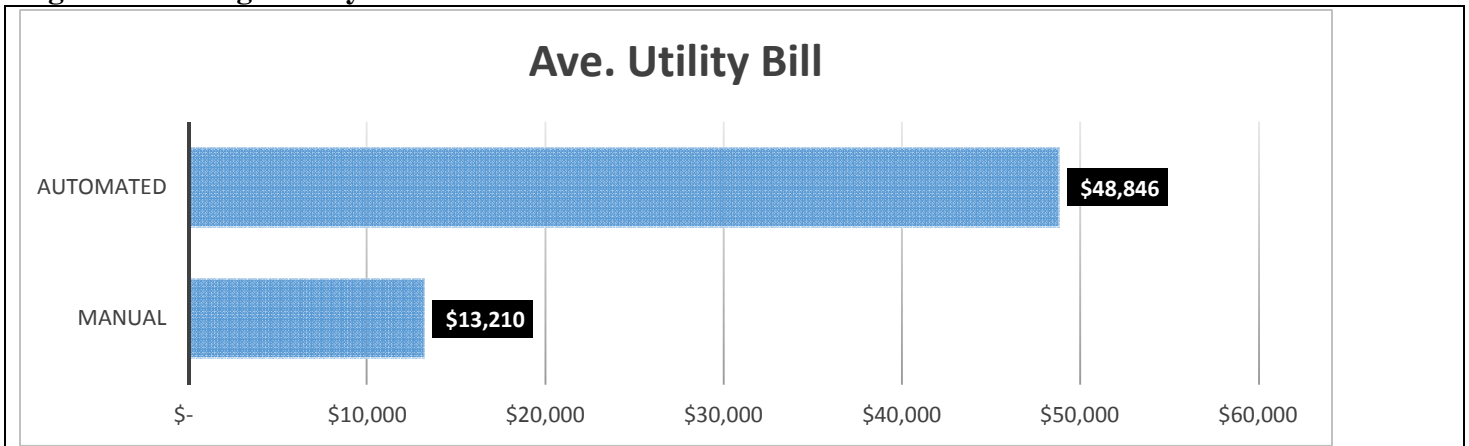
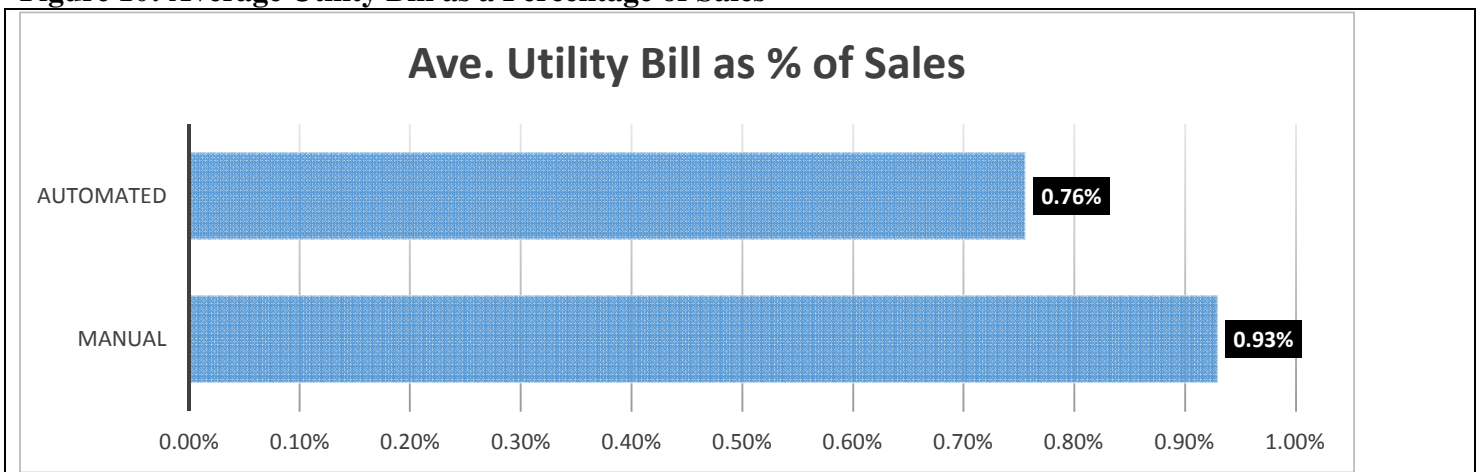
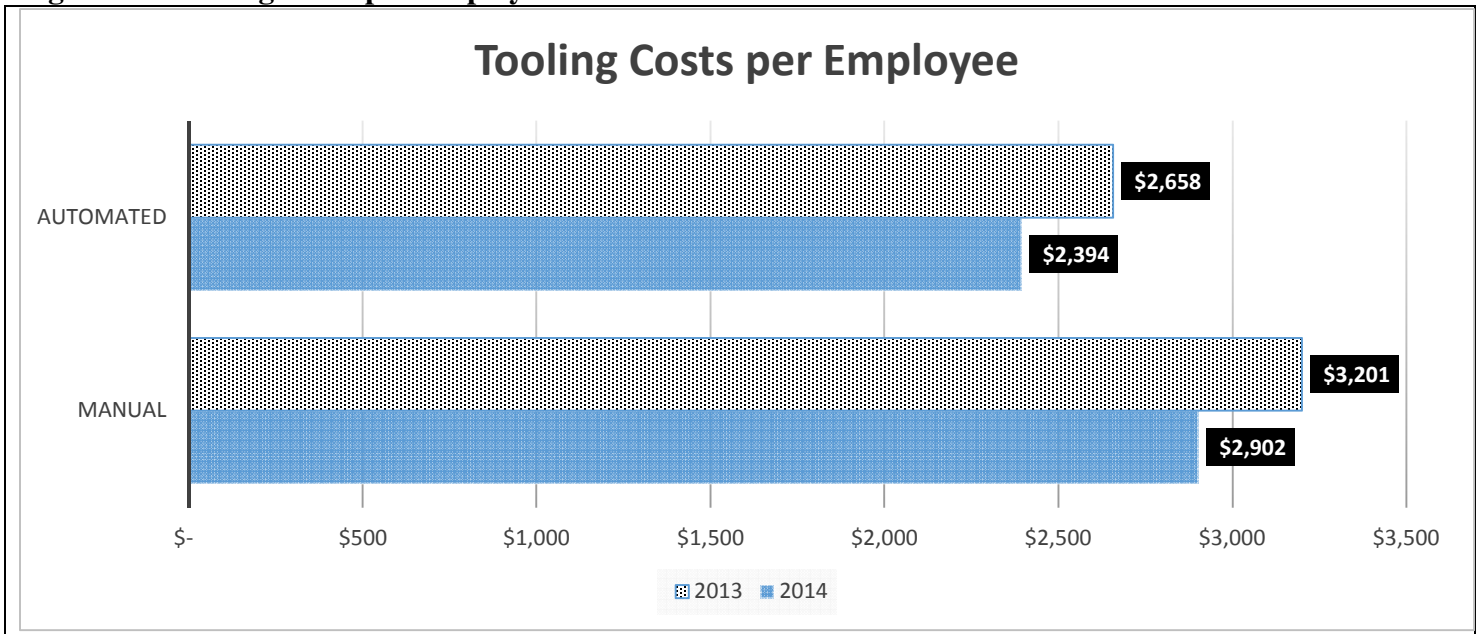


Figure 10: Average Utility Bill as a Percentage of Sales



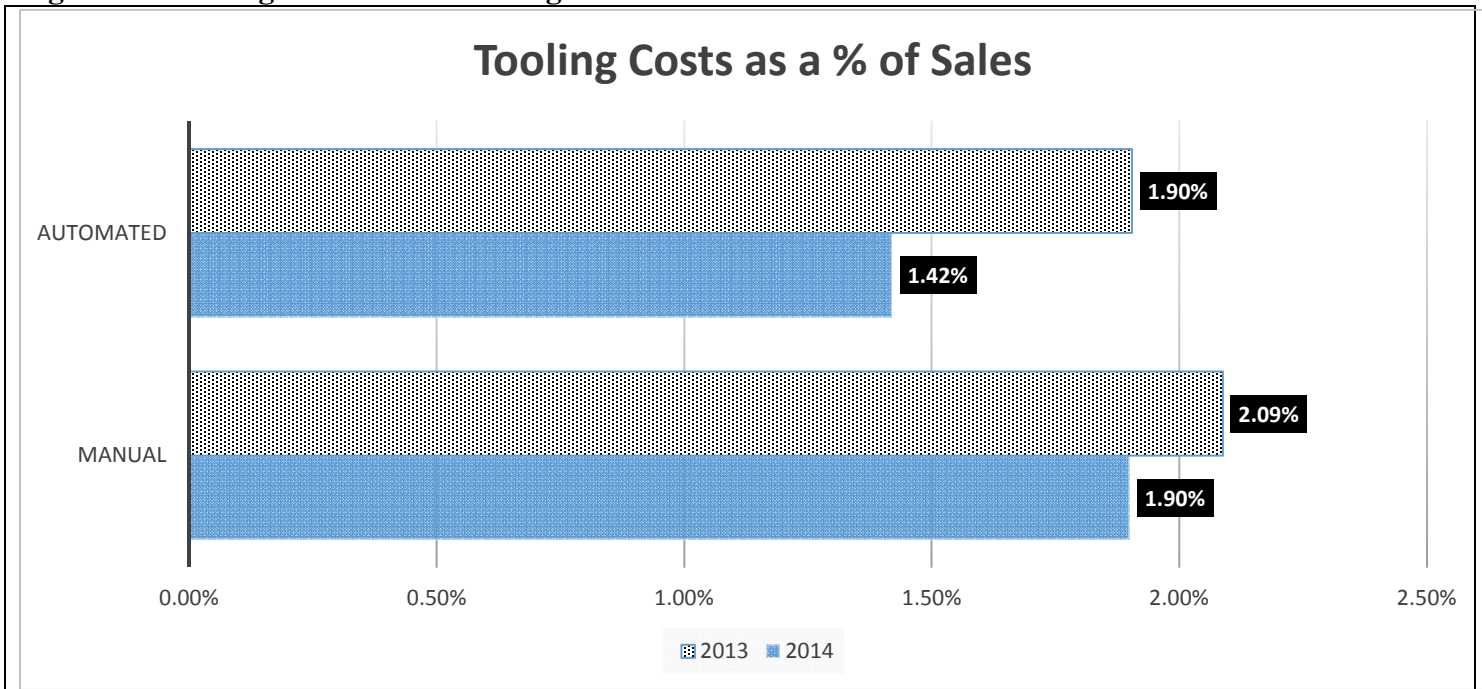
Tooling: In both of the past two years, the tooling costs per employee was measured. The results are depicted as follows:

Figure 11: Tooling Costs per Employee



NOTE: Over 50% of participants are now making tooling purchases online. See section 7.

Figure 12: Tooling Costs as a Percentage of Sales



SALES

Sales by metropolitan and region demographics

In past reports only the sales volumes were depicted. Due to the demographic data collected in the 2014 survey, sales volume can now be shown by metropolitan area and region. It also affords the opportunity to analyze a variety of business metrics in a better “apples to apples” comparison (for example: \$3M companies in large metropolitan areas face different challenges than \$3M companies in rural areas).

Some sample data is provided.

Chart 12: Rural v Metro Area Statistics

	<u>Participants</u>	<u>Annual Sales</u>	<u>Sales per Sq Ft Shop</u>	<u>Sales per Sq Ft Showroom</u>
Large metropolitan (over 1 million people)	30.5%	\$9,440,600	\$638	\$1,301
Medium metropolitan (250,000 to 999,999 ppl)	30.5%	\$5,344,059	\$333	\$1,195
Small metropolitan (100,000 to 249,000 ppl)	16.8%	\$2,122,649	\$153	\$472
Rural/small town (less than 100,000 ppl)	22.3%	\$2,466,401	\$223	\$665
All		\$5,315,043	\$380	\$1,051

	<u># of Employees</u>	<u>Annual Payroll</u>	<u>Ave Payroll per Employee</u>
Large metropolitan (over 1 million people)	175	\$2,330,134	\$45,811
Medium metropolitan (250,000 to 999,999 ppl)	32	\$1,613,753	\$50,496
Small metropolitan (100,000 to 249,000 ppl)	16	\$896,089	\$55,689
Rural/small town (less than 100,000 ppl)	16	\$649,932	\$39,859
All	31	\$1,357,048	\$43,772

Figure 13: Sales by Metropolitan Area

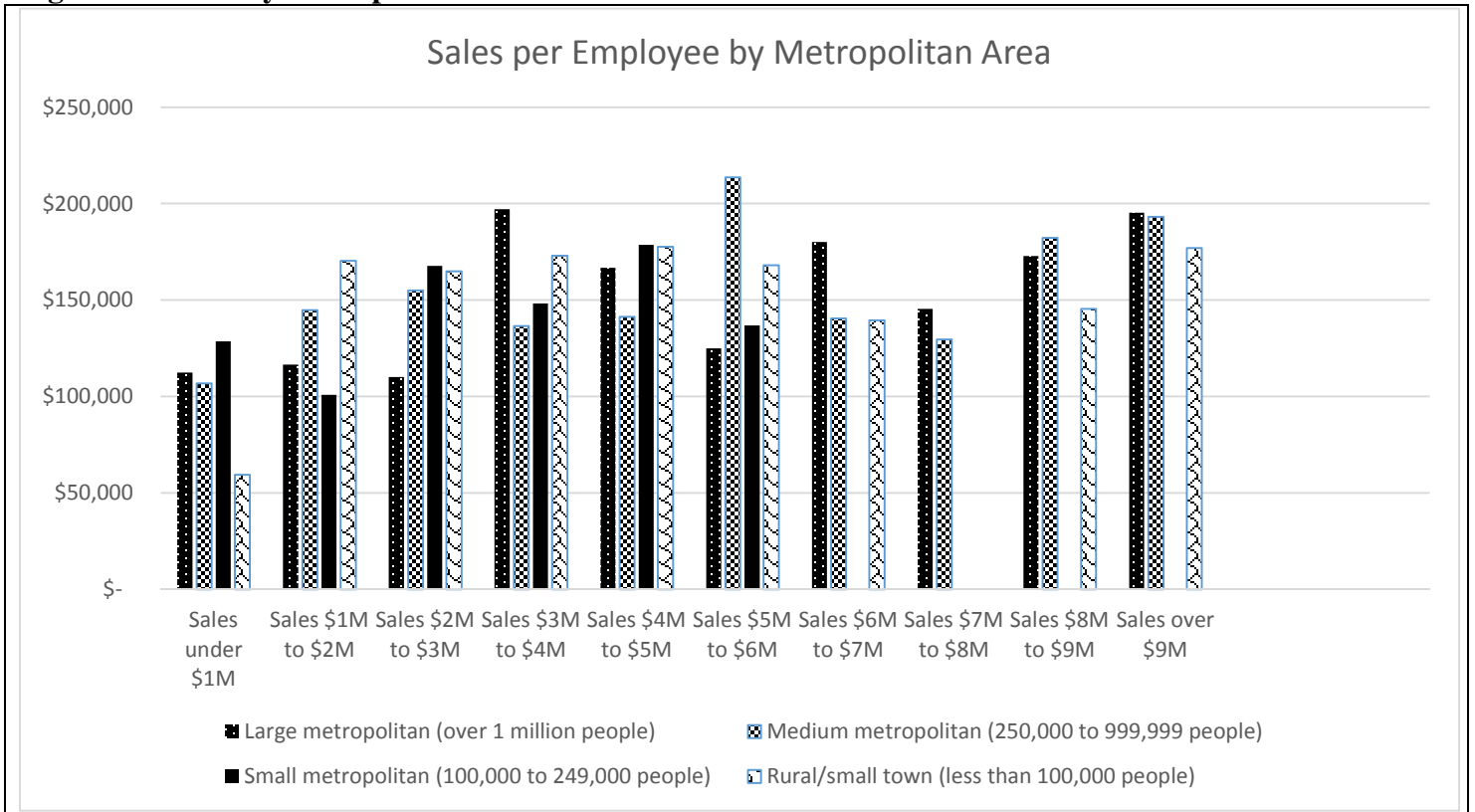


Figure 14: Sales per Employee by Metropolitan Area

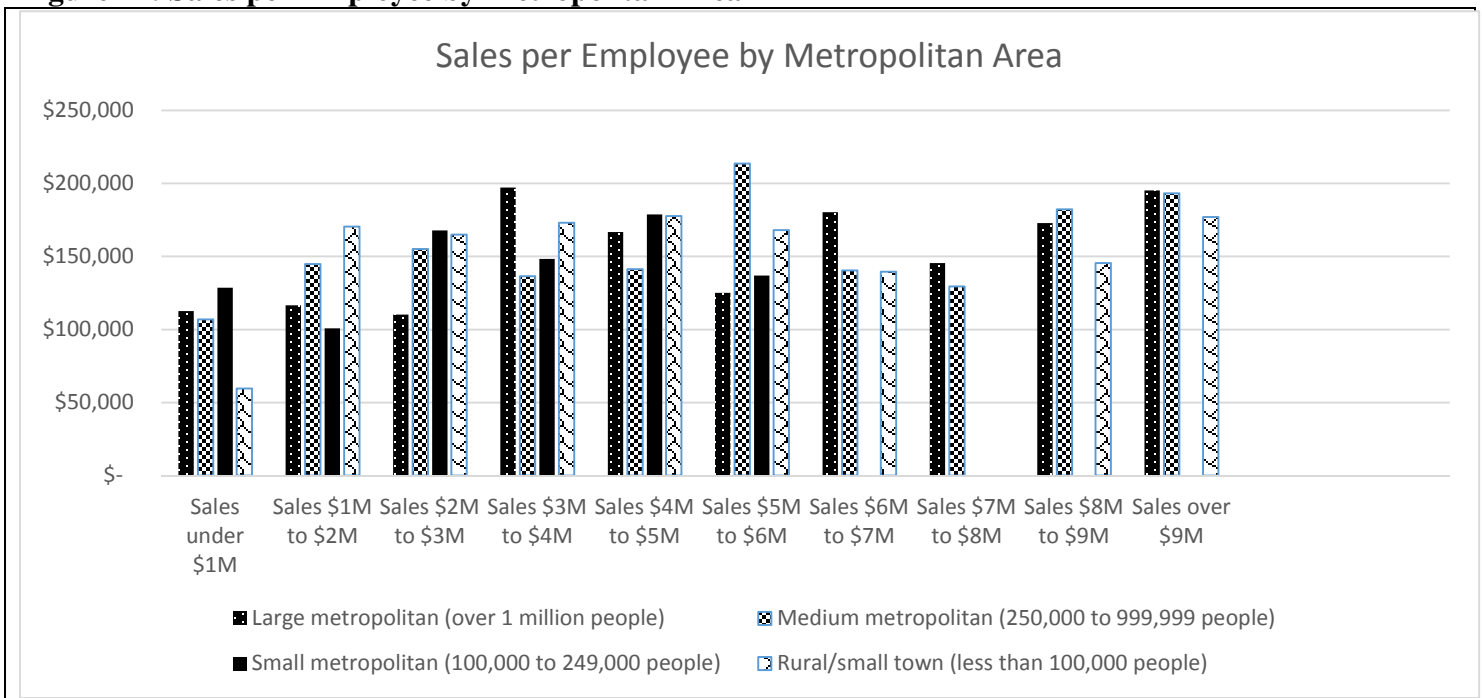
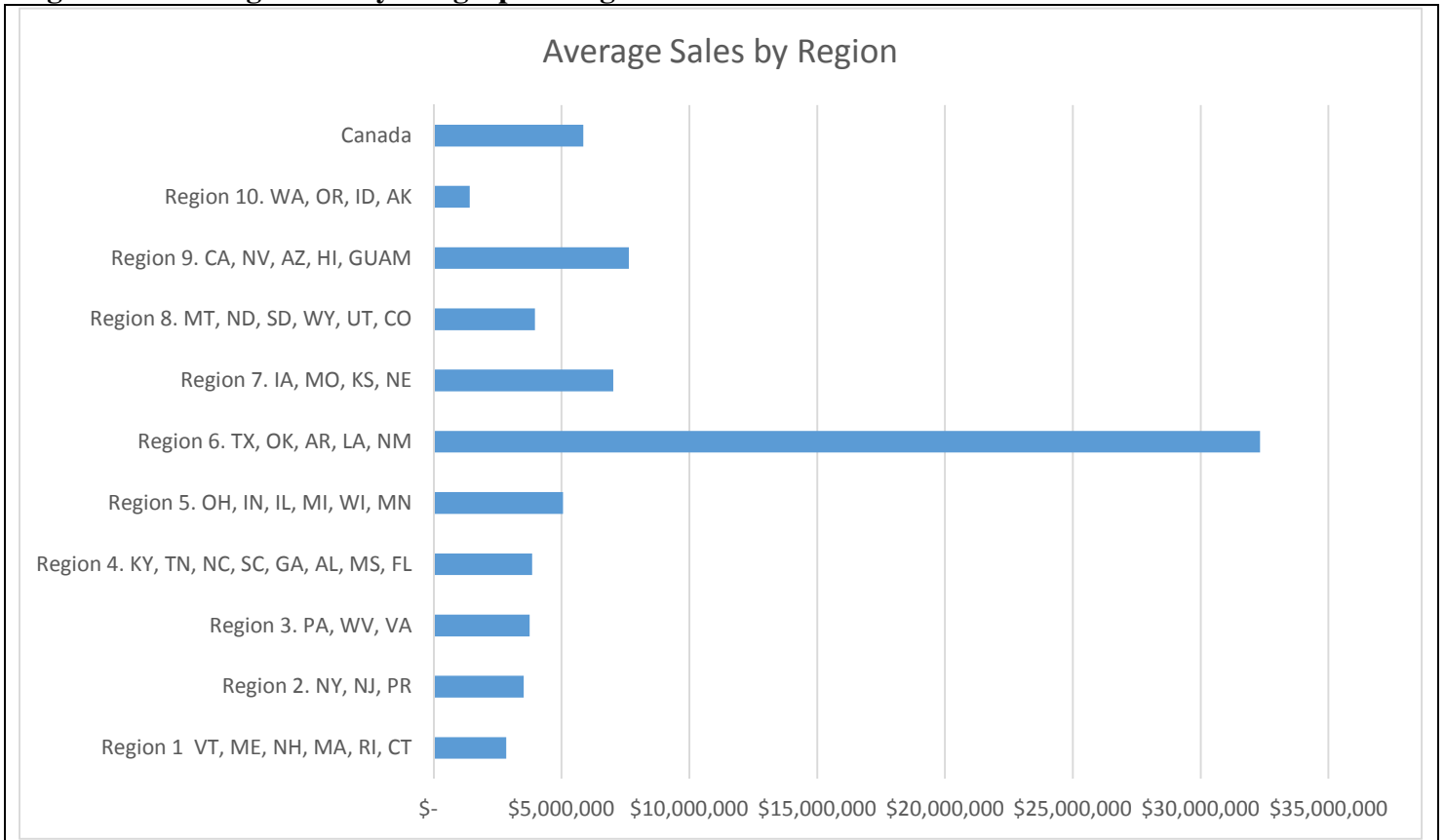


Figure 15: Average Sales by Geographic Region



Note: Region 6 had one company with an above average annual sales compared to other participants. The average sales without that company would have been \$23M.

See page 22 for Ranking of Natural and Quartz Stone Purchases by Geographic Region.

Sales by construction type

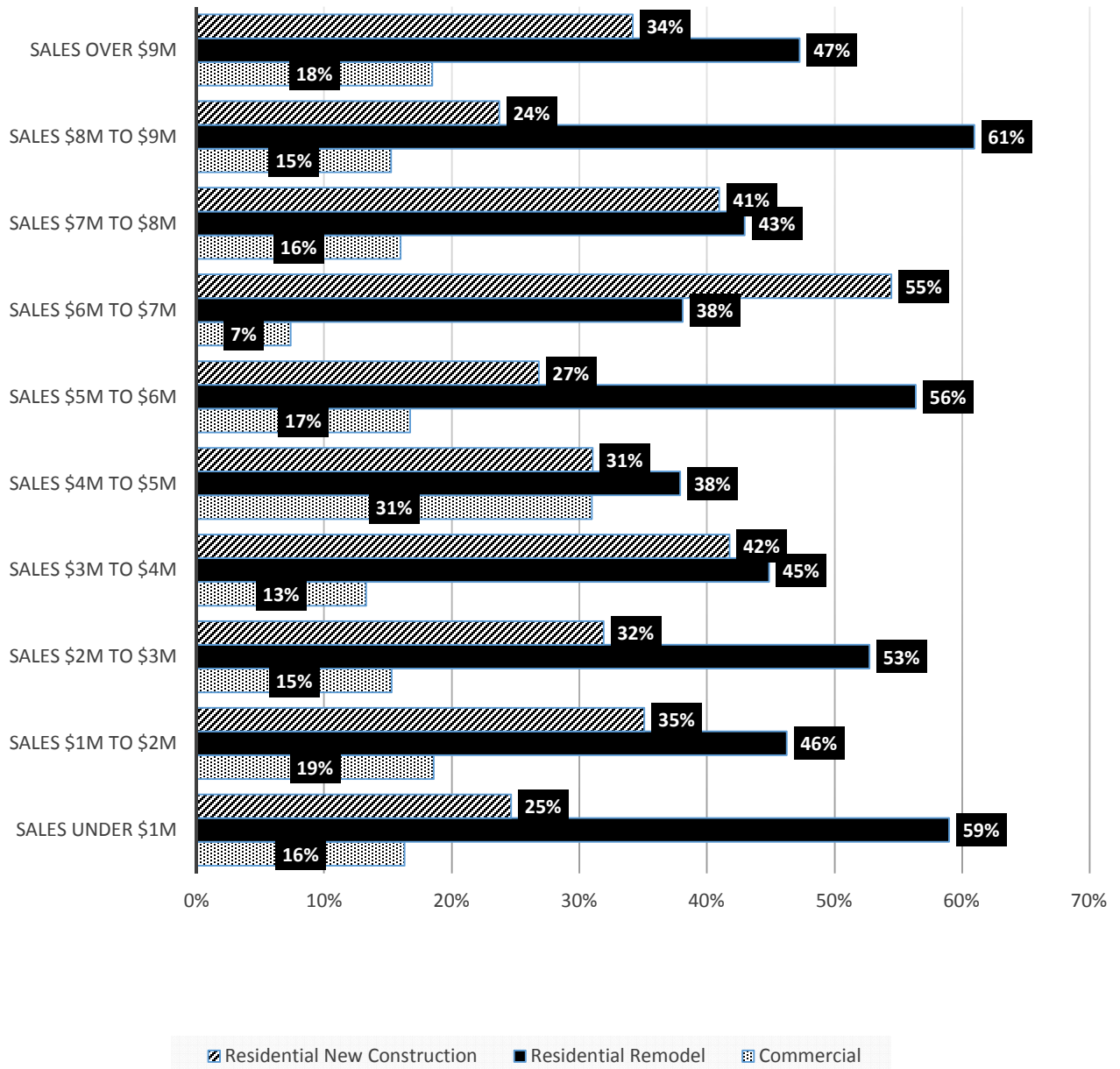
The largest concentration of sales is in the residential remodel sector. An increase in activity in the commercial arena was seen (range between 5-15 percentage points depending on the size of company responding).

Chart 13: Sales by Construction Type

	<u>Commercial</u>	<u>Residential Remodel</u>	<u>Residential New Construction</u>
Sales under \$1M	14%	56%	29%
Sales \$1M to \$2M	14%	51%	35%
Sales \$2M to \$3M	11%	43%	46%
Sales \$3M to \$4M	21%	48%	31%
Sales \$4M to \$5M	20%	48%	32%
Sales \$5M to \$6M	16%	57%	27%
Sales \$6M to \$7M	19%	34%	48%
Sales \$7M to \$8M	17%	43%	40%
Sales \$8M to \$9M	23%	31%	46%
Sales \$9M to \$10M	24%	56%	20%
Sales \$10M to \$15M	21%	48%	31%
Sales over \$15M	47%	36%	17%

Figure 16: Sales Breakdown by Construction Type

2014 Sales Breakdown by Construction Type



V. STONE PRODUCTION & SALES BY TYPE

Square foot production

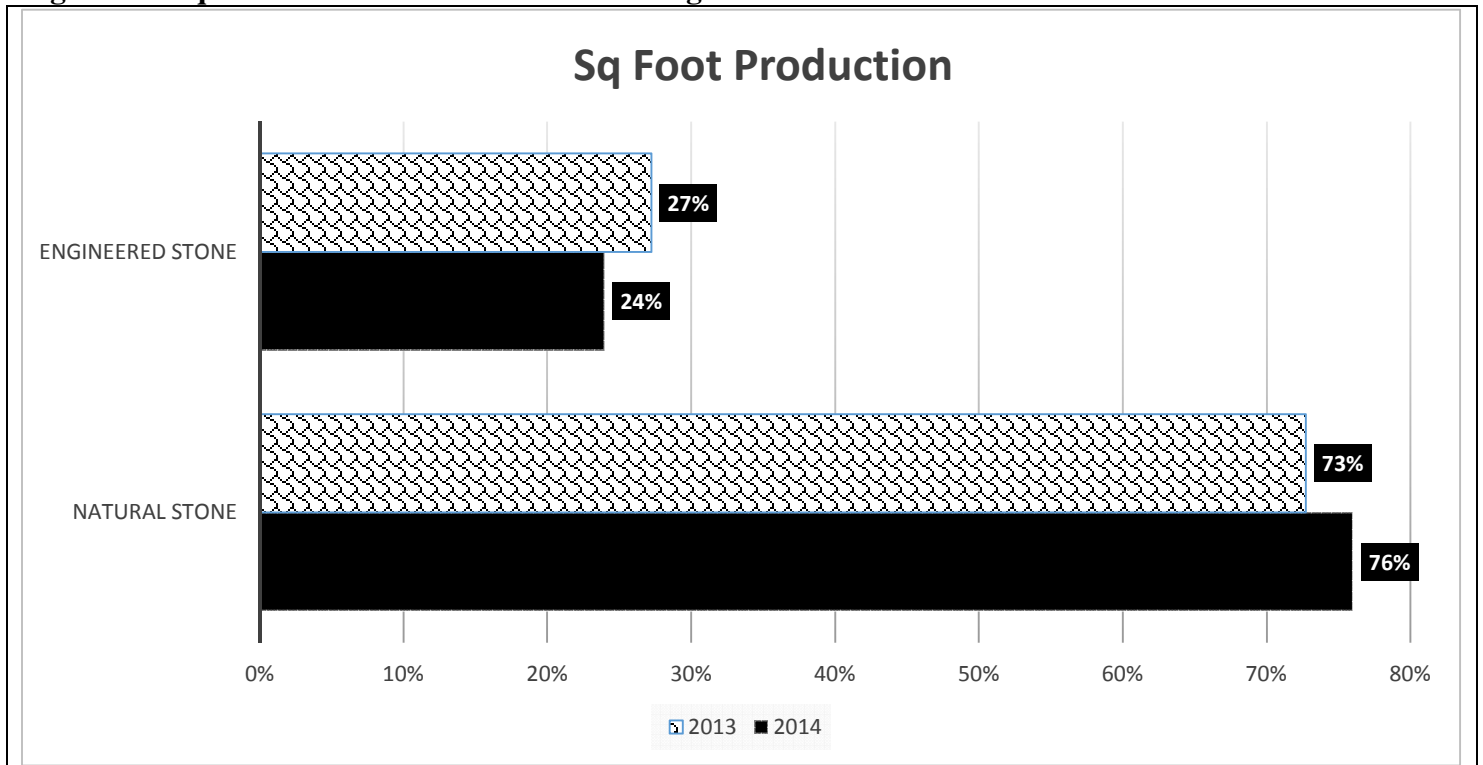
3cm material continues to be the dominant thickness of material being produced:

Chart 14: Thickness of Material

	2014	2013
1.2 cm	2%	2%
2.0 cm	17%	21%
3.0 cm	78%	75%
Greater than 3.0 cm	3%	2%

The participants are also processing a higher percentage of natural stone compared to engineered or quartz surfaces. The difference between 2014 and 2013 was three percent.

Figure 17: Square Foot Production Natural v Engineered Stone



Spending

The following charts showcase the level of spending on both natural and quartz surfaces along with some comparisons.

Figure 18: Spending on Natural Stone as a Percentage of All Stone (2014 v 2013)

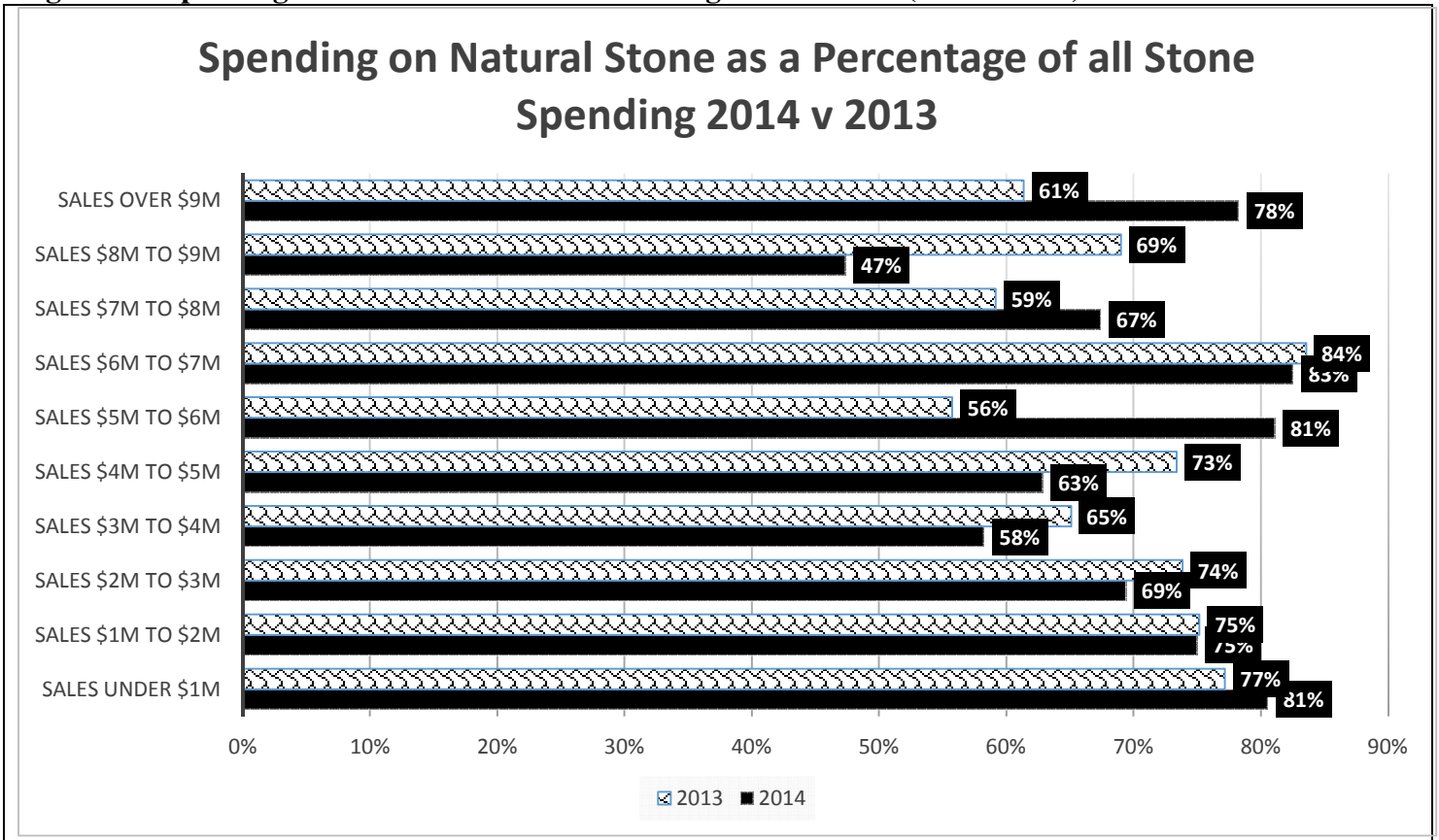


Figure 19: 2014 Spending on All Stone

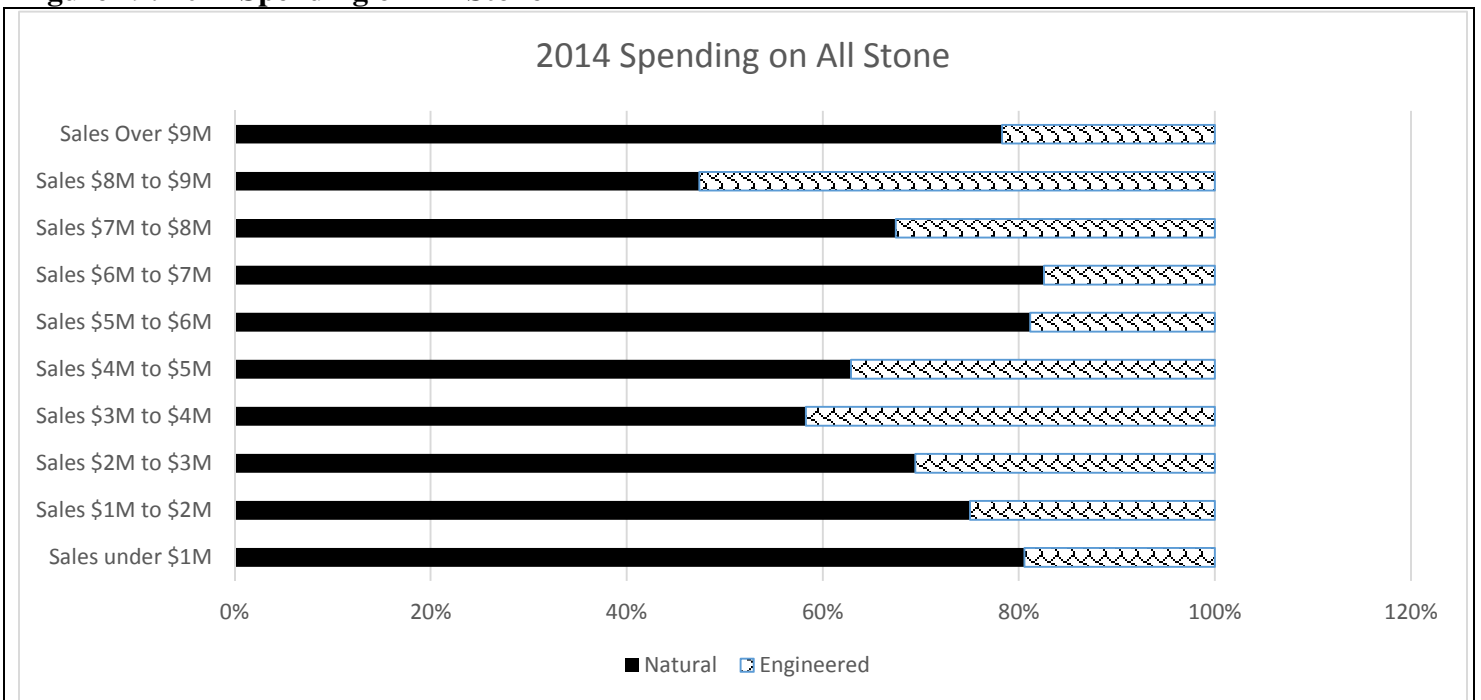


Figure 20: Spending on Natural Stone as a Percentage of Overall Sales

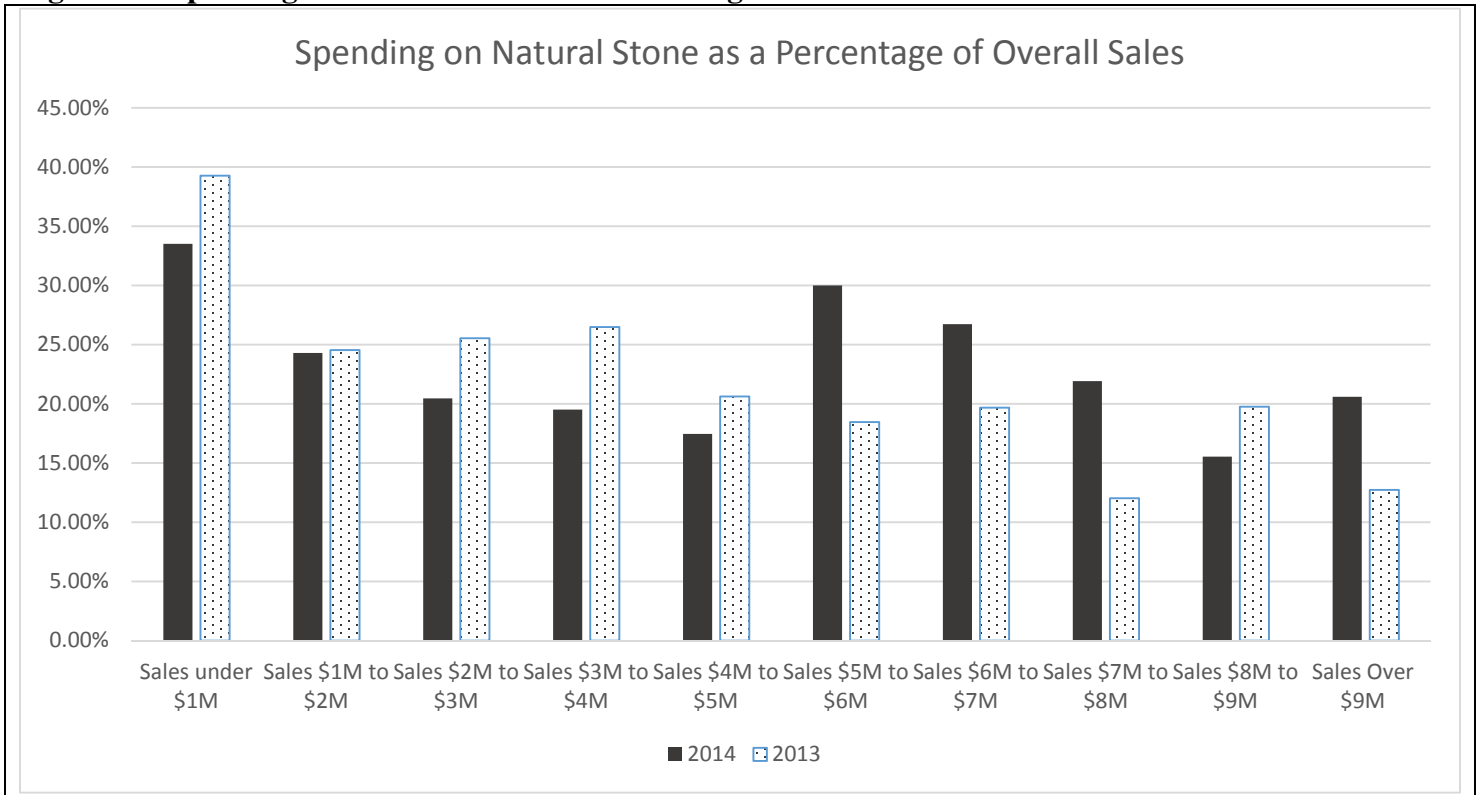


Figure 21: Spending on All Stone as a Percentage of Overall Sales

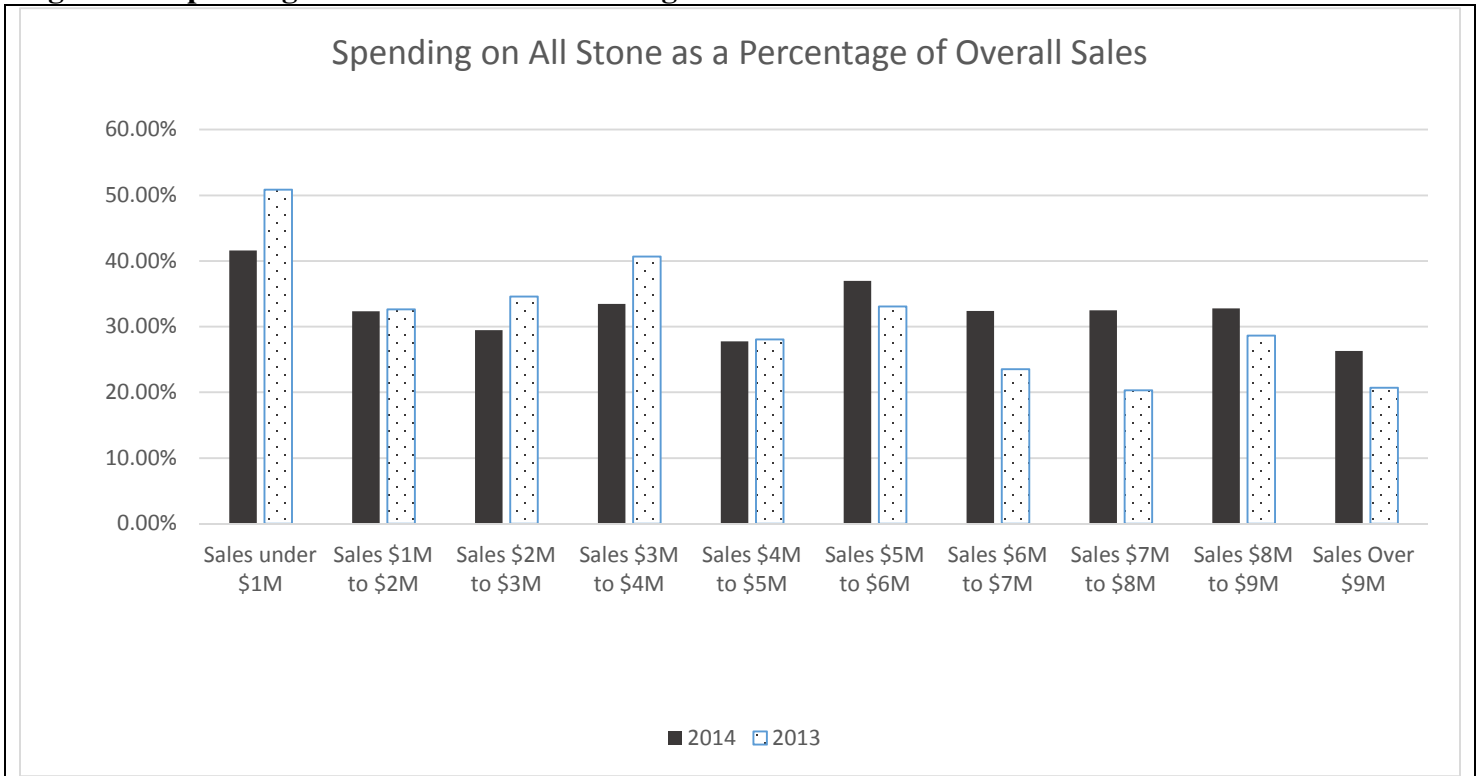


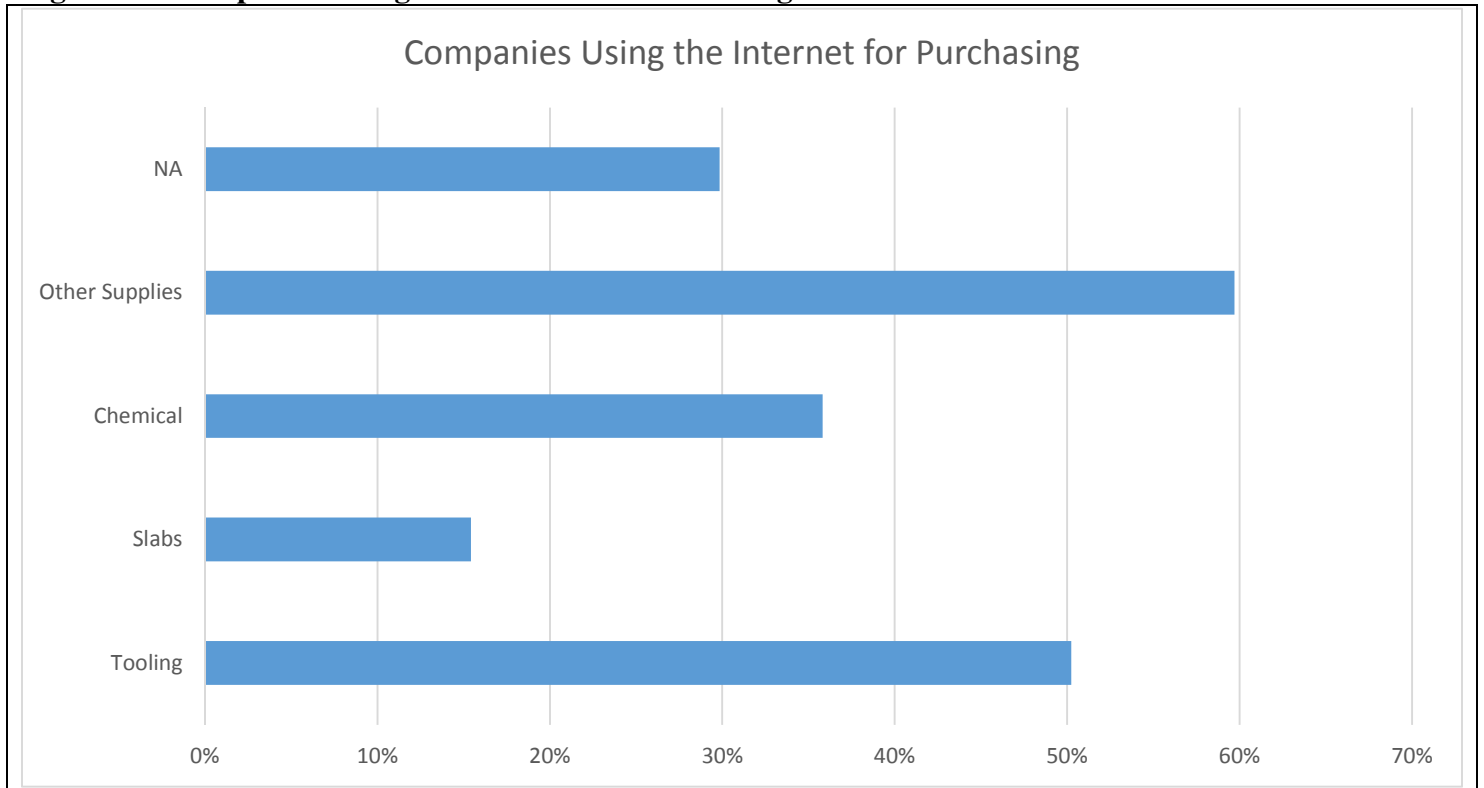
Chart 15: Ranking of Natural and Quartz Stone Purchases by Geographic Region

	<u>Natural Stone</u>	<u>Quartz Surface</u>
Region 1. VT, ME, NH, MA, RI, CT	9	9
Region 2. NY, NJ, PR	8	6
Region 3. PA, WV, VA	5	5
Region 4. KY, TN, NC, SC, GA, AL, MS, FL	6	10
Region 5. OH, IN, IL, MI, WI, MN	4	4
Region 6. TX, OK, AR, LA, NM	1	1
Region 7. IA, MO, KS, NE	3	2
Region 8. MT, ND, SD, WY, UT, CO	7	7
Region 9. CA, NV, AZ, HI, GUAM	2	8
Region 10. WA, OR, ID, AK	11	11
Canada	10	3

USE OF THE INTERNET IN PURCHASING

An overwhelming percentage of the participants indicated that they use the internet for research. The 2014 survey also asked questions about internet use for purchasing chemicals, slabs, tooling, and other supplies. Seventy percent of the participants indicated that they make purchases online. Continued study of trends in purchasing will aid the supplier community.

Figure 22: Companies Using the Internet for Purchasing



HOW TO PARTICIPATE IN THIS ANNUAL SURVEY

Go online to www.marble-institute.com or email miainfo@marble-institute.com to obtain future dates this survey will be administered. Again, comparative year-to-year information will be incorporated into future reports.

WHERE TO LOCATE ADDITIONAL INDUSTRY STATISTICS/DATA

Go online to www.marble-institute.com/data or email miainfo@marble-institute.com.

Information included on this webpage include:

- Industry size and employment statistics
 - Stone import/export information
 - Material ratios for natural stone
 - Industry trends
-

ABOUT

About the Marble Institute of America

Headquartered in Oberlin, Ohio, the Marble Institute of America (MIA) has served as the authoritative source of information on standards of natural stone workmanship and practice and the application of natural stone products for over 70 years. Membership in the association is worldwide and includes over 1,700 natural stone producers, exporters/importers, distributors/wholesalers, fabricators, finishers, installers, and industry suppliers committed to the highest standards of workmanship and ethics. More information can be found on the association's website: www.marble-institute.com.

About the Cosentino Group

The Cosentino Group currently has 6 factories, 15 kitchen and bathroom surface production centers in the U.S., more than 70 distribution points or Centers worldwide, and a staff of over 2,200 spread across the globe (700 in the U.S.). From its headquarters in Almeria, Spain, the Group distributes its products and brands in more than 60 countries, and directly manages and controls its own facilities and infrastructures in 17 countries: the USA, Mexico, Brazil, Australia, Spain, Sweden, the United Kingdom, Ireland, Germany, Austria, the Netherlands, Belgium, France, Switzerland, Norway, Italy and Portugal. Currently, almost 80 percent of its turnover comes from international markets. For more information, visit www.cosentinonorthamerica.com.

About KOHLER CO

Founded in 1873 and headquartered in Kohler, Wisconsin, Kohler Co. is one of the oldest and largest privately held companies in the United States. KOHLER is a recognized global leader in kitchen and bath design, craftsmanship and technology, offering a diverse line-up of plumbing fixtures, faucets, cabinetry and accessories. To learn more, visit www.KOHLER.com.

About TENAX USA

Tenax has been in business over 50 years. TENAX is a worldwide company, with their main manufacturing location in Italy. Its wide range of products are dedicated to the natural and engineered stone (quartz) industry, from the manufacturer to the end user. The Tenax USA branch was established in 2000, catering to the granite and marble distributors and fabricators in North America. In the stone industry, Tenax is a solid, well known company with the reputation of producing premium products and innovative solution. Tenax IS the problem solving company.



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