

Benchmark your own income, as well as the pay packages you offer your salespeople, with the results from our exclusive Sales Compensation Survey

2001 SALARY SURVEY

EVER WONDER IF you're offering salespeople competitive pay packages? How about whether you're drawing a fair take? Speculate no more. In an *S&MM* exclusive survey of nearly 2,000 sales and marketing executives, we found out exactly what people in sales are making today. From base salaries and bonuses to commissions and incentive packages, it's all here. Everything you wanted to know about your neighbor's salary, but were afraid to ask.

The respondents to our survey were asked to provide their own total compensation information for 2000 (base salary plus commissions and bonuses) as well as that of the top performers of their sales forces, the mid-level performers, and the low-level performers. The average total compensation for executives in 2000 was \$108,572, and the average total compensation for salespeople last year was \$84,004. But the top performers are walking away with the fattest wallets by far: With an average total compensation of \$125,844,

top salespeople are even outpacing their bosses.

It's this type of benchmark salary information that compensation consultants believe is so vital to the successful retention of good salespeople—especially now with the economy wavering. "It's a dangerous time right now, because the economy is looking a bit weaker, but the job market is still showing signs of strength," says Bob Davenport, vice president and managing director of The Hay Group, a management consulting firm based in Philadelphia. "A company's best salespeople could be at risk to leave if they don't feel they're being paid fairly."

The following charts include information on the incentives that companies offer to salespeople, as well as year 2000 salary data broken out by size of company, job title, and performance levels of salespeople. So don't delay. Take a look at what your colleagues are making and what they're paying salespeople because before long they could be paying *your* salespeople.

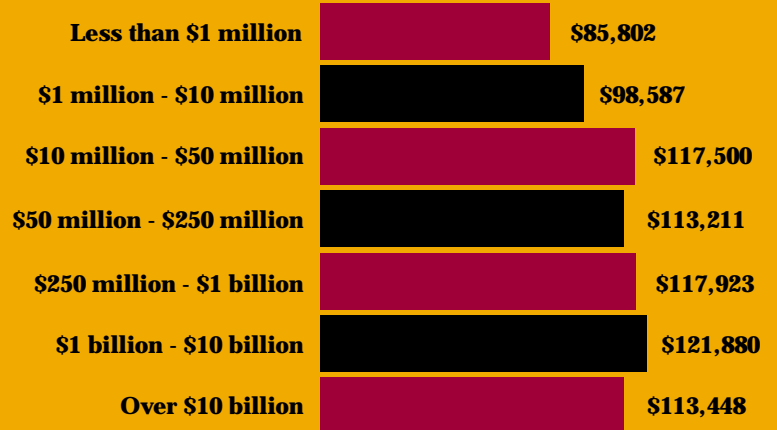
ILLUSTRATIONS BY RICHARD DOWNS

AVERAGE SALARY FOR SALES STAFFERS IN 2000

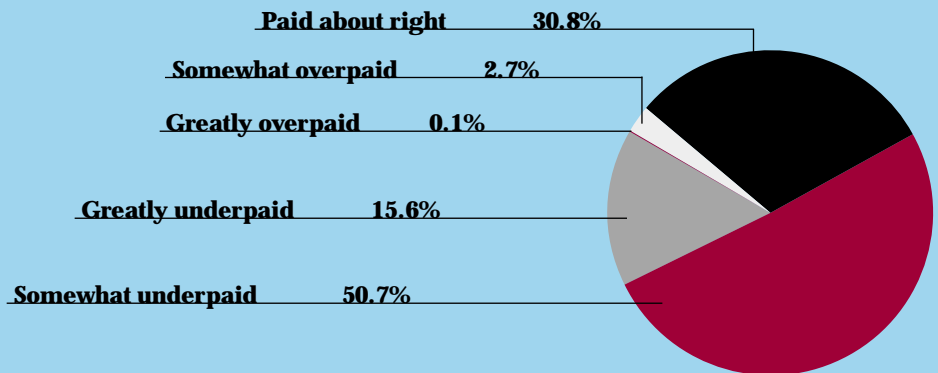
	Total	Base Salary	Bonus + Commission
Executive	\$108,572	\$71,693	\$36,966
Top Performer	\$125,844	\$70,832	\$56,687
Mid-Level	\$88,734	\$46,563	\$42,515
Low-Level	\$57,571	\$36,906	\$20,569
Average Rep	\$84,004	\$53,293	\$31,441



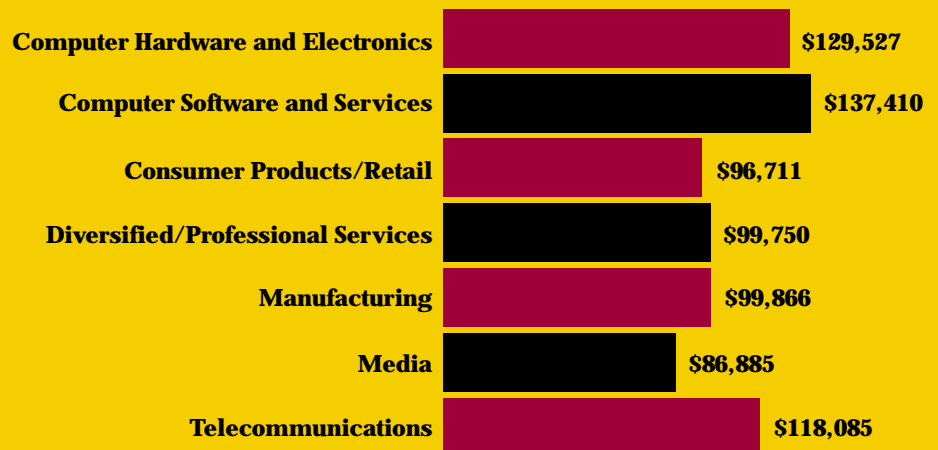
AVERAGE SALES EXECUTIVE COMPENSATION AT COMPANIES OF VARYING ANNUAL REVENUES



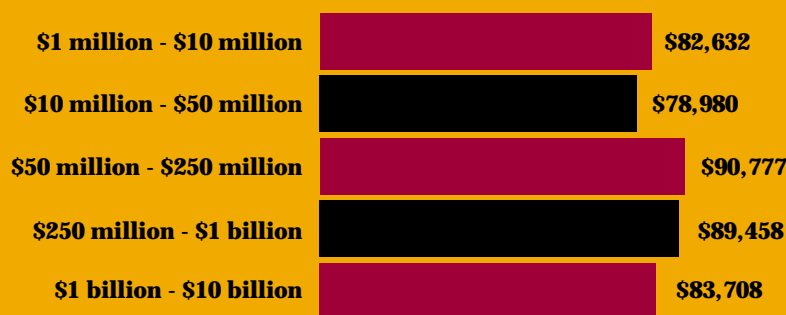
DO SALES EXECUTIVES THINK THEY ARE OVERPAID OR UNDERPAID?



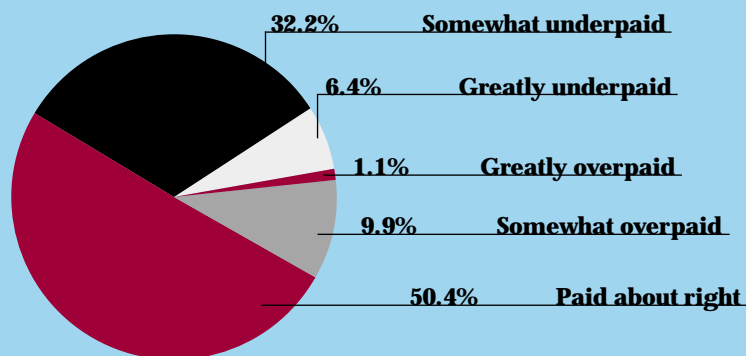
AVERAGE SALES EXECUTIVE COMPENSATION IN DIFFERENT INDUSTRIES



AVERAGE SALES REP COMPENSATION AT COMPANIES OF VARYING ANNUAL REVENUES



DO SALES EXECUTIVES THINK THEIR SALESPEOPLE ARE OVERPAID OR UNDERPAID?



AVERAGE SALES REP COMPENSATION IN DIFFERENT INDUSTRIES



CONFRONTING THINNER PAYCHECKS

With revenues in a free fall, managers should reevaluate their compensation plans

AS THE SECOND quarter of 2001 comes to a midpoint, it's becoming abundantly clear that many companies will be missing their year-end targets. While we all know what this does to a business's bottom line, think of it in terms of your salespeople: Missed targets equal lower bonuses and commissions.

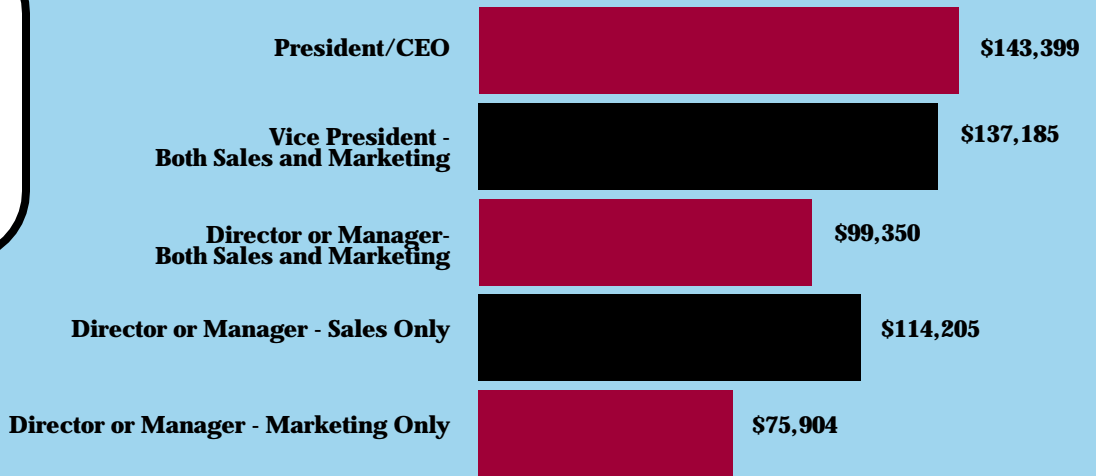
"Most salespeople are starting to feel crunched," says Bob Davenport, vice president and managing director of The Hay Group, a consulting firm based in Philadelphia. "They are often paid on a quarterly basis; a few quarters of missing quotas will really start to hurt."

To improve morale, compensation experts say companies need to take a look at their pay plans and reduce quotas so salespeople believe their commissions and bonuses are actually reachable in this slowing economy. "Quotas right now are probably too high, outlandish even, because they are based on the sales pattern of last year," says David Cichelli, vice president of The Alexander Group Inc., a consulting firm based in Scottsdale, Arizona.

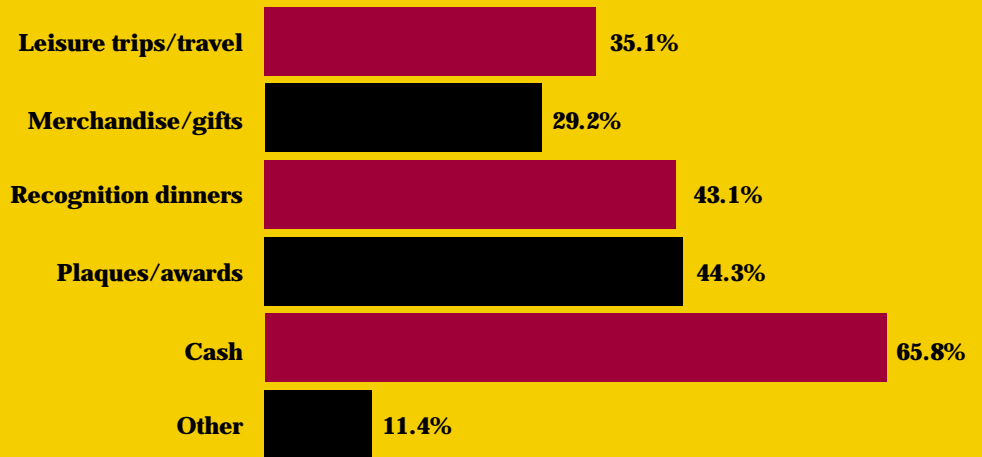
Cichelli suggests that managers redo their sales compensation plans right now by ending their current quota year and immediately starting over with lower growth objectives. "If it's likely that at least sixty percent of your salespeople won't reach quota, then it's probably too high," he says. "Pay out what you currently owe, scrap the 2001 plan, and start over with reduced quotas. This should go a long way toward reenergizing a sales force."

While most analysts agree that now is the perfect time to reevaluate comp plans, they don't all believe that lowering quotas is the right solution. Alan Kruglak, a professional speaker and author of *Sales Compensation the Hunter-Farmer Way*, believes that the best way to attack tough economic conditions is to raise commissions for new business and lower them for repeat sales. "When the economy is slowing, you can't just have salespeople sitting around succumbing to it by taking easy orders," Kruglak says. "You need to motivate them to go after the toughest business, and the best way to do that is to raise the commissions they get on new business."
—Andy Cohen

AVERAGE TOTAL COMPENSATION OF VARYING JOB TITLES



WHAT TYPES OF INCENTIVES ARE AVAILABLE TO REPS AND MANAGERS WHO EXCEED QUOTA?



respondents could select multiple responses

AVERAGE TOTAL COMPENSATION OF EXECS WITH VARYING TENURES IN SALES

