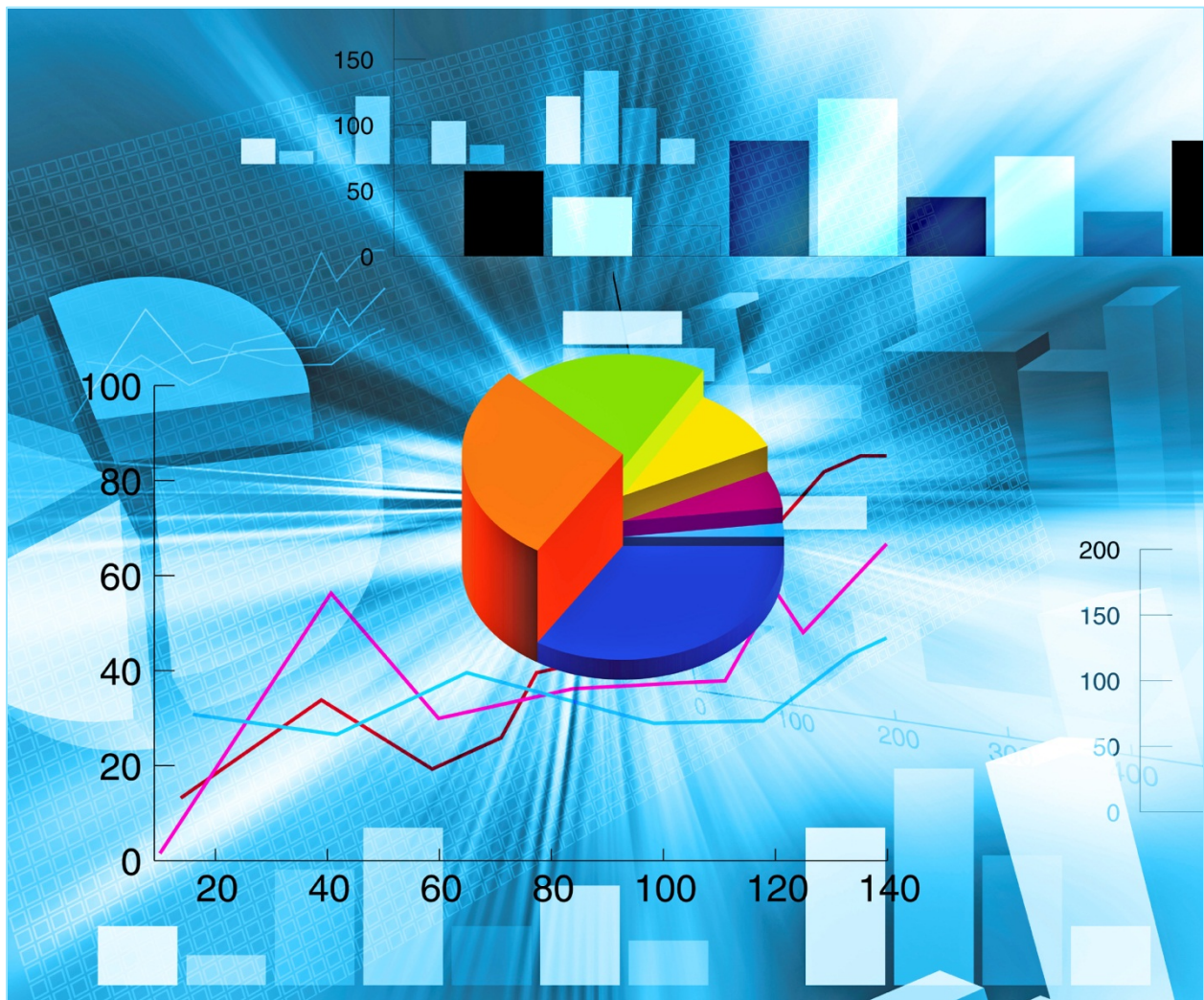


2013 Sales Compensation Trends Survey[®] Executive Summary

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2013 Sales Compensation Trends Survey[®]

Executive Summary

Overall Observations

Sales departments increased sales volume 6% in 2012. Although this was the same increase that occurred in 2011, it was below the anticipated 7.5% planned for 2012. Sales leaders confidently expect sales revenue growth of 8.4% in 2013.

Sales personnel saw their compensation increase by 3% in 2012, down from the growth of 5% recorded in 2011; however, this 3% growth was in line with the planned increase of 3%.

Introduction

127 sales departments participated in this year's 11th annual **2013 Sales Compensation Trends Survey[®]**. Participants provided data in December 2012 on what occurred in 2012 and what they plan for 2013.

2013 KEY METRICS

2013 Revenue Expectations

10th Perc	25th Perc	50th Perc	75th Perc	90th Perc	Average
1%	3%	8.4%	11.5%	20%	9.6%

2013 Incentive Budget

10th Perc	25th Perc	50th Perc	75th Perc	90th Perc	Average
0%	0%	3%	8%	15%	4.2%

2013 Average Change in Base Pay

10th Perc	25th Perc	50th Perc	75th Perc	90th Perc	Average
2%	3%	3%	3%	4.5%	3%

2013 Increase in Total Earnings for Primary Sales Job

10th Perc	25th Perc	50th Perc	75th Perc	90th Perc	Average
0%	1%	3%	5%	10%	4%

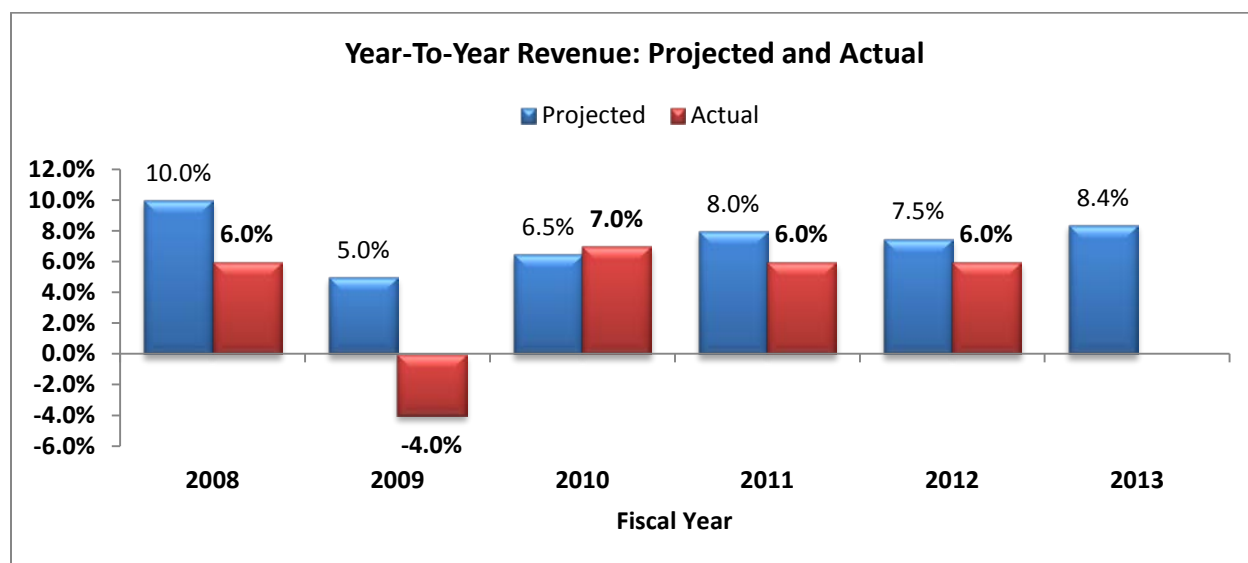
Noteworthy Observations

- **Sales Revenue.** Most sales departments expected a robust growth of 7.5% at the start of 2012, yet the actual results produced 6% sales growth, the same growth as 2011. Participants are expecting an optimistic and confident growth of 8.4% in sales volume in 2013.
- **Sales Costs.** Sales department costs rose 3.7% in 2012. Companies plan to increase total compensation costs by 3% in 2013.
- **Staffing and Turnover.** Staffing levels in 2013 will be moderate with 50% of the companies planning to add headcount. Expected turnover will continue in 2013 at a 10% rate.
- **2012 Sales Compensation Practices.** Most companies' sales compensation programs were effective in 2012 with minimal mid-year changes to quotas and plan designs.
- **2013 Sales Compensation Practices.** More than 90% of the participants will make some modification to their 2013 sales compensation program. 73% will grant base pay increases a median 3%.
- **Teaming.** 40.98% provide a team element for the primary sales job. For companies using a team element, the team component represents about 30% of the available incentive. The most common "team" is the local sales team.
- **Long-Term Incentives (LTI).** 31.4% provide long-term incentives to sales personnel. Of this population, only 10% (median) of the eligible personnel have received LTI awards. These award amounts have a total median value of \$13,500.

Key Year-To-Year Trends

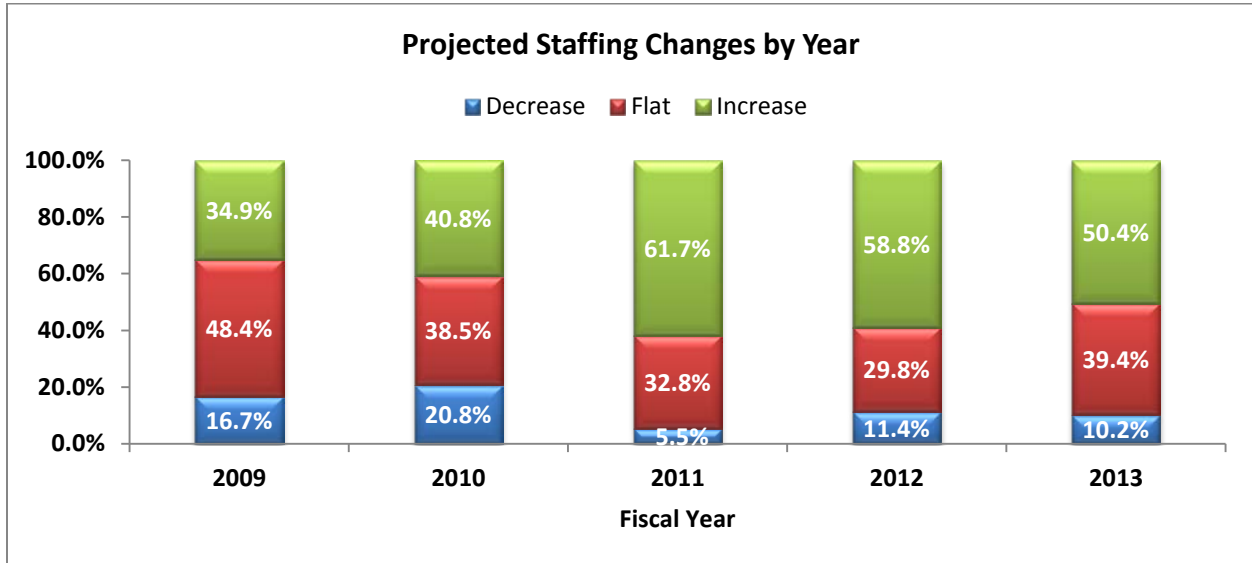
2008 to 2013 Sales Revenue Trends

2011 sales revenue growth was 6%. Survey respondents are projecting a positive 8.4% growth for 2013. 2012 sales growth was more modest than expected. Companies anticipated a 7.5% growth, but only achieved a median 6% growth.



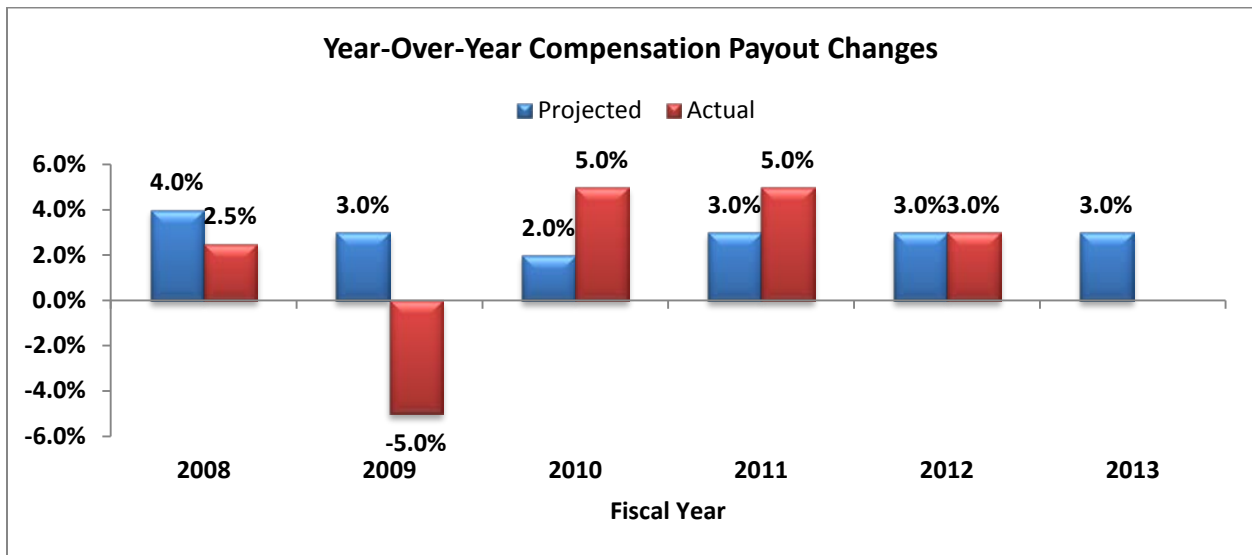
2009 to 2013 Staffing Changes

50.4% of the respondents plan to increase staffing in 2013. This is a less aggressive hiring goal than was made at the end of 2011 for 2012. Those planning no staffing level changes for 2013 jumped from 29.8% (made at the end of 2011 for 2012) to 39.4% for 2013 (made at the end of 2012 for 2013).



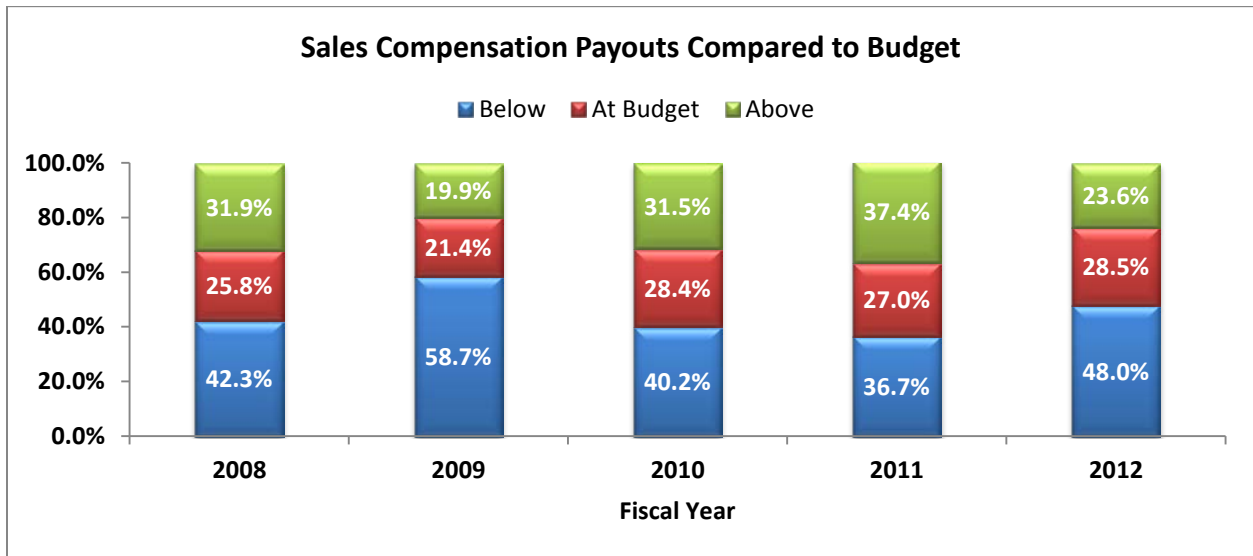
2008 to 2013 Sales Compensation Costs

2012 sales compensation cost increase of 3% was consistent with the planned budget of 3%. A similar budget objective is planned for 2013.



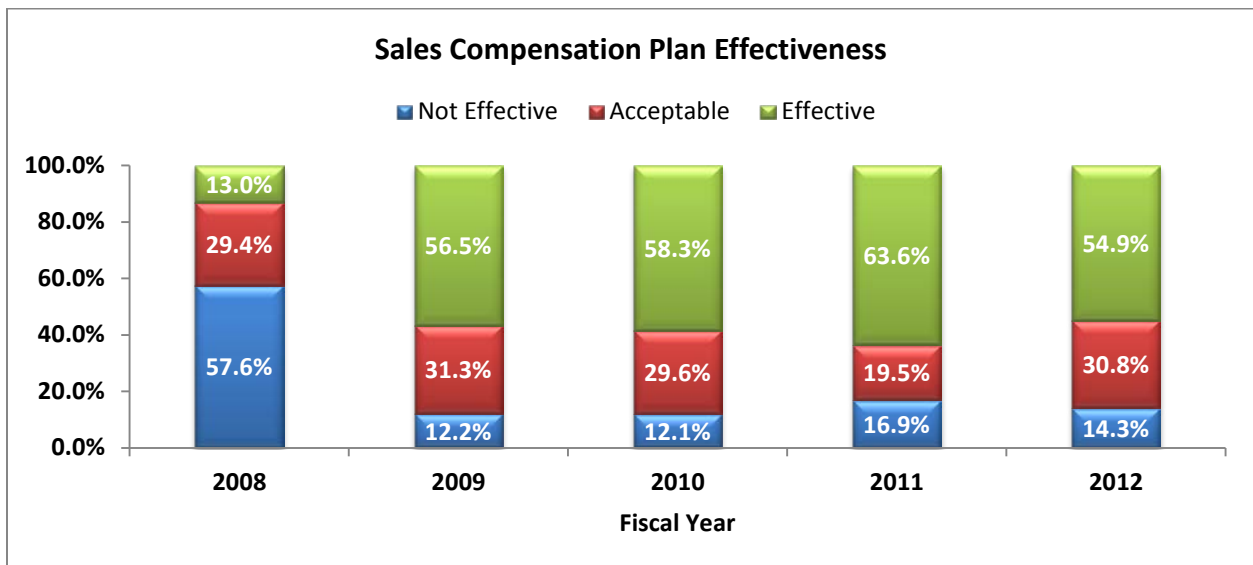
2008 to 2012 Sales Compensation Budget Payouts

2012 incentive plan payouts were 48% below budget, 28.5% at budget and 23.6% above budget.



2008 to 2012 Sales Compensation Plan Effectiveness

54.9% of the reporting companies thought their 2012 programs were effective.



Survey Questions and Report

The 11th annual **2013 Sales Compensation Trends Survey**[®] is an in-depth survey featuring 36 questions. 127 data sets represent a cross section of sales functions covering more than 124,250 sales professionals. Participants receive a full copy of the 68-page survey results with supporting graphics.

The Survey contains the following sections:

- **Sales Department Trends**—9 questions
- **Sales Compensation – What Happened in 2012?**—8 questions
- **Sales Compensation – What Will Happen in 2013?**—5 questions
- **Sales Compensation Practices for the Primary Sales Job**—14 questions

Data Collection/Methodology

The **2013 Sales Compensation Trends Survey**[®] represents responses from 127 participants. Multiple sales departments from the same company participate. Participants must have at least 20 full-time sales personnel. Participants provided data during the first three weeks of December 2012. The Alexander Group gathered responses via a web-based survey. Results were published during the first week of January 2013.

Data Edits and Trimming. All data entries were reviewed for applicability. Some responses were deleted as non-applicable. Significant outliers were dropped by trimming, where possible, the top and bottom three responses. For the distribution/frequency charts, some skewed data responses, while retained in the percentile and average calculations, were dropped from the charts to provide a coherent display.

Median Versus Average. The survey reports both the median and average response for numerical response questions. The median is the “middle” number of the data array, also known as the 50th percentile. For planning purposes, we advise policy makers to use the median as a comparator number, but to acknowledge the “average” response as directional when compared to the median for the same data array. **Editor’s Note:** *Responses to survey questions often exhibit a wide range of responses. Sales management should exercise judgment when interpreting and applying median and average survey responses.*

Would You Like to Participate in Future Surveys Like This One?

Please send an email to dcichelli@alexandergroup.com to join our Sales Effectiveness Survey Panel. Put “Survey Panel” in the subject line and provide your (complete) business card information. To be accepted as a survey panelist, you must meet the following criteria: 1) you must have at least 20 customer contact sales representatives; 2) you have no commercial interest in marketing/selling products or services to sales departments; and 3) you agree to fully complete surveys submitted to you. Survey panelists receive a free copy of the survey results. Being a Sales Effectiveness Survey Panelist is voluntary and you can opt-out at any time. We keep all responses in strict confidence and are not used for solicitation purposes.

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About the Editor

David J. Cichelli is Senior Vice President of the Alexander Group. He is author of McGraw Hill's "Compensating the Sales Force," 2nd Edition 2010, and is a frequent speaker on sales effectiveness issues. He is a sales compensation instructor for various associations. He is a regular contributing author to professional and trade publications. He also published "The Sales Growth Imperative," from McGraw Hill in 2010. To learn more about David's book on sales compensation, visit www.compensatingthesalesforce.com. To learn about the Alexander Group's sales compensation services, visit www.salescompsolutions.com.

Appendix

Survey Questions—Summary

Questions About 2012

- Actual Revenue Performance
- Headcount Changes
- Turnover
- Sales Department Costs
- Incentive Program Effectiveness
- Sales Compensation Mid-Year Changes
- Plan Alignment
- Plan Understanding
- Plan Rewards Matched Performance
- Actual Payment Compared to Budget
- Incentive Payments Costs
- Payout Estimate

Questions About 2013

- Revenue Expectations
- Sales Confidence
- Incentive Budget
- Base Pay Changes
- Headcount Changes
- Projected Turnover
- Performance Objectives
- Average Change in Base Pay
- Sales Compensation Program Changes
- Sales Compensation Challenges
- Program Roll-Out

Questions About the Primary Sales job

- 2013 Change in Total Earnings
- 2013 Plan Changes
- Pay Elements—Individual versus Team
- 2013 Performance Measures
- 2012 Actual Quota Performance
- 2012 Achieving/Exceeding Quota Percent
- Pay Mix
- Pay Caps
- Thresholds
- Clawbacks
- Long-Term Incentive Eligibility
- Long-Term Incentive Participation
- Long-Term Incentive Value

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