

# National Sales Compensation Survey Executive Summary

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# 2017 National Sales Compensation Survey

An Employer Associations of America (EAA) Sponsored Survey, coordinated by MRA – The Management Association in cooperation with employer associations nationwide.

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This survey is provided with the understanding that the information will:

- remain strictly confidential
- be restricted to authorized personnel only
- not be used in collective bargaining or grievance proceedings
- protect, completely, organizational identity



## National surveys produced by the EAA include:

- National Business Trends Survey
- National Executive Compensation Survey
- National IT & Engineering Compensation Survey
- National Policies & Benefits Survey
- National Sales Compensation Survey
- National Wage & Salary Survey

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# 2017 National Sales Compensation Survey

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**National Sales  
Compensation Survey  
Survey Information**

# 2017 National Sales Compensation Survey

## Survey Information

**Data Effective Date:** July 1, 2017

**Published:** November, 2017

**Number of Jobs Surveyed:** 15

**Number of Jobs Published:** 15

**Number of Participating Companies:** 838 (reporting as 1,735 locations)

**Number of Employees Reported:** 11,709

## Introduction

We are pleased to present the **2017 National Sales Compensation Survey** report to provide your organization with valuable insight as you evaluate your sales compensation plan. Compensation data for each position is reported in three types of sales compensation plans and as a total survey average:

- **Base Salary Only** – Pay plans which do not contain an incentive pay component
- **Base Salary Plus Variable** – Pay plans which include incentive pay
- **Variable Pay Only** – Pay plans in which all compensation is variable or incentive-based; there is no base pay.
- **Combined Compensation Type** – All compensation paid for all incumbents reported

To assist with comparing your sales compensation plan to others in your competitive market, you will find data breakouts in the following categories:

- **Gross Sales Volume** – 4 levels
- **Industry Type** – 16 general industries
- **Geographic Region** – 6 regions
- **Association** – 14 associations
- **Customer Type** – 4 general customer categories

Developing and maintaining an effective sales compensation program is a challenge faced by almost every organization. The information contained in this report will be an important resource as you review your program to create a highly competitive and effective compensation plan for your sales force.

## Survey Design and Methodology

The **2017 National Sales Compensation Survey** report contains salary information on 15 jobs reported by **838 companies for 1,735 locations on more than 11,000 employees.**

Participants supplied base pay and incentive pay effective July 1, 2017 for each full-time employee matched to a survey job. All data received was carefully reviewed by survey professionals using statistical data analysis and cleaning techniques to ensure quality.

Participants were contacted to confirm data or resolve issues when necessary. All participant data was combined and is reported so that no data is identifiable by company. If any single organization's data represented a predetermined percentage of the responses or greater, a dominance diffusion algorithm was applied to reduce the impact of that organization's data compared to others. This is noted in italics on each page where it has been applied. To ensure confidentiality, data is reported only when there is a minimum of 5 participating organizations. All data is maintained and reported in accordance with the U.S. Department of Justice and Federal Trade Commission Anti-Trust Safety Guidelines.

# 2017 National Sales Compensation Survey

## Survey Parameters

- Participants submitted data via an online questionnaire July 12 through September 15, 2017. Any questionable data points were confirmed with participants and/or excluded. To facilitate job matching, the questionnaire included position descriptions of each job surveyed. The descriptions are included at the top of the corresponding compensation data page in this report. Participants were instructed to base their match on the job description, not job title, and to report data only if there was at least a 70% match of their job to the survey job.
- Some data was collected in other local surveys and submitted in its raw form to be included in this report. In all cases data represents individual employee rates and has been aged to the survey effective date.
- Quartiles reflect the distribution of individual rates reported for each job. Extremes (90<sup>th</sup> and 10<sup>th</sup> percentiles) are shown only when a minimum of 10 companies reported.
- Total compensation includes all individual rates, whether or not an incentive was received. Lines of data for jobs with less than 5 organizations reporting are indicated by a dash (-) or not shown if no organizations reported.
- Bonus/incentive pay is reported as of the most recently completed fiscal/calendar year. Bonus/incentive was annualized for employees with less than one year of service.
- Although only full-time sales staff who are on the company's payroll were included in the compensation section, a special section reports information on compensation of Independent Sales Reps.
- This survey was conducted by MRA-The Management Association in cooperation with employer associations nationwide (listed in the Co-Sponsoring Association section). Questions should be directed to the coordinating association, MRA-The Management Association, at 800.488.4845, extension 3508 or [surveys@mranet.org](mailto:surveys@mranet.org).

## Using Survey Data

Deciding which number to use from a survey is often influenced by an organization's compensation philosophy. A middle-market payer is likely to look at the market 50th percentile rates, while the market 75th percentile would be more useful for an organization with an aggressive pay strategy. Which statistic to use may vary by job within a company since certain jobs may be more difficult to fill. A company may be willing to pay higher in the market for someone with a hard-to-find skill set. What about the average? The average may be helpful but can be influenced by unusually high or low rates in a data set, especially if the sample size is relatively small. If the average is significantly different from the market 50th percentile, that is an indication of extreme high or low values in the data set and generally a good reason to use the market 50th percentile in your evaluation for that job.

When reviewing market data and comparing from one year to the next, there may be a swing in data on a particular job. There are many reasons for this - a change in the number of companies reporting data on the job, a change in the employees being reported as a match, or a change by some companies in the way merit increases or bonuses are awarded. It is good practice to double check your matches and view another survey source if possible, to confirm your data.

The effective date of pay rates reported is July 1, 2017. You may want to age your data to reflect rates as of the date you use for compensation planning. If you are using more than one survey and they all have different effective dates, you will need to apply a formula to the data points that you use and calculate a survey aging factor for each survey to bring all of your data to the same point in time.

# 2017 National Sales Compensation Survey

Surveys may be used in advance of actual bargaining to determine your organization's positions and alternatives and as a reference during bargaining, but should be removed from any actual bargaining sessions. There is little to gain and much to lose by any direct use of, or reference to, this survey data in bargaining or in discussions with employees. Both legal and practical considerations are involved.

Survey data should be just one of a number of considerations for decisions on compensation. Individual pay rates are influenced by many other factors including performance, scope of responsibilities, type of experience and organizational philosophy. Even for broader decisions such as merit budgets or total spend on compensation; consideration must be given to an organization's specific labor and competitive market as well as their total rewards package. We encourage organizations to use many resources as they develop their compensation program.

## Unique Aspects of Sales Compensation

**Not all sales compensation plans have a cap limiting compensation.** Occasionally, the absence of a cap, coupled with one or more significant sales performance events, will push total compensation to unusually high levels. It is important to note that these high rates of pay do occur in the market. These cases will usually appear in the 90th Percentile (90th) measures, but may also impact weighted and unweighted averages. In smaller samples their impact can be pronounced. As data are combined with larger samples, the visible impact of extremely high rates decreases. We suggest using the 25th percentile, 50th percentile (median), and 75th percentile total compensation rates in cases where the average is significantly different than the median rate.

When using data in this survey, it is important to note that there is a wide variation in how companies compensate direct sales staff. Some rely heavily on commissions while others compensate higher in base pay or bonuses. For this reason, the most relevant survey analysis for direct sales staff focuses on total compensation. Total compensation is generally a less volatile measure of the market for direct sales. Both base pay and total compensation are important since organizations tend to place greater emphasis on base pay for top management and lower-level support jobs. Jobs with a high base component in the mix are less likely to vary in unexpected ways from one survey cycle to the next.

# 2017 National Sales Compensation Survey

## Definitions of Survey Terms

# of Orgs	Number of organizations matching the job
# of Emp	Number of employee rates matching the job
Base Pay	Actual base compensation paid to an individual, not including any additional pay such as overtime, shift differentials, or premiums
Customer Type	Category of customer purchasing from sales person. If customers fall into more than one category, the largest group was indicated.
Geographic Area	Summary of rates by region
Industry	Summary of rates by industry
Median	The middle point in the distribution of individual employee rates
N Value	Total number of companies providing a response
P10	10 <sup>th</sup> percentile; Rate in a ranked order of individual employee rates (low to high) equal to or less than the lowest 10% of rates. 90% of rates are higher.
P25	(First Quartile) Rate in a ranked order of individual employee rates (low to high) equal to or less than the lowest 25% of rates. 75% of rates are higher.
P75	(Third Quartile) Rate in a ranked order of individual employee rates (low to high) equal to or greater than the lowest 75% of rates. 25% of rates are higher.
P90	90 <sup>th</sup> percentile; Rate in a ranked order of individual employee rates (low to high) equal to or less than the lowest 90% of rates. 10% of rates are higher.
Gross Sales Volume	Sales/revenue for the last fiscal year of all units encompassed by the company for which compensation data is reported
Total Compensation	Sum of all cash compensation paid including annual salary, annual commission, and annual bonus; all earnings reported as an annual amount paid in the last fiscal or calendar year.
Un-Wtd Avg (unweighted average)	Simple average based on number of companies reporting; shown for base pay, variable pay, and total compensation. Calculated as the sum of all pay rates in a category divided by the number of organizations reporting.
Variable Pay	Commission or bonus earnings paid to incumbents based on sales production; reported as an annual amount paid in the last fiscal or calendar year.
Variable Pay, Actual, # of Emp	Number of employees actually receiving a bonus in the last annual cycle
Variable Pay, Actual, # of Orgs	Number of organizations actually paying a bonus in the last annual cycle
Variable Pay, Eligible # of Emp	Number of employees eligible for a bonus
Variable Pay, Eligible # of Orgs	Number of organizations indicating a job is eligible for a bonus
Wtd Avg (weighted average)	Simple average based on number of employees reported; shown for base pay, variable pay, and total compensation. Calculated as the sum of all pay rates in a category divided by the number of employees reported.

# 2017 National Sales Compensation Survey

## Co-Sponsoring Associations



**American Society of Employers**  
Livonia, MI  
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# 2017 National Sales Compensation Survey

## Co-Sponsoring Associations (continued)



**Employers Resource of the NorthEast**  
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**Employers Resource Association**  
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Jeff Lucas  
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**Employers Resource Council**  
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**Management Association**  
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**MidAtlantic Employers' Association**  
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**National Sales  
Compensation Survey  
Executive Summary**

# 2017 National Sales Compensation Survey

## Executive Summary

Competitive pay is a top priority for a motivated sales force, yet companies must find a way to balance pay demands with other competing organizational budget priorities. Results of the 2017 National Sales Compensation Survey show that the average pay increase over the last 12 months for jobs in outside sales is 3%, sales management is 2%, and inside sales pay is relatively flat, showing a decrease of less than 1% over 2016.

### Average Percent Increase in Pay by Job Family 2016 to 2017\*



\*Combined data including all types of pay (base only, variable only, and base + variable). Route Sales job family not reported due to small sample size.

### 2017 Average Pay Rates by Job Family

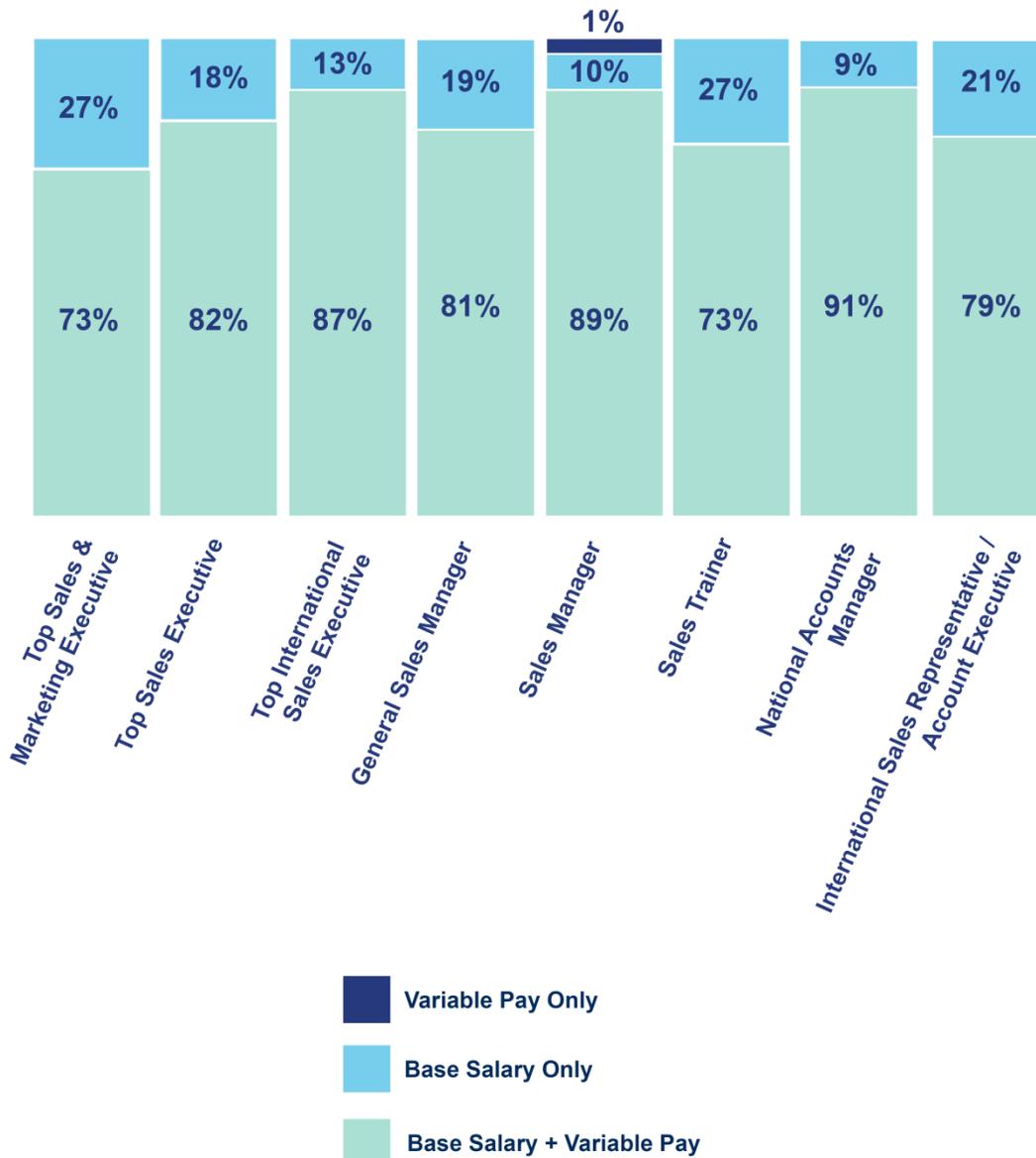


# 2017 National Sales Compensation Survey

## Executive Summary (continued)

Looking at different methods of compensating sales personnel overall, the majority of employees reported in this survey receive a combination of base and variable pay (85%). About 11% are paid a base salary only and 4% receive variable pay only. There is some variation when looking at type of pay by job, with variable pay used less frequently for Order Processing Supervisor (30% paid base salary only), Sales Trainer (27% paid base salary only), and Top Sales & Marketing Executive (27% paid base salary only).

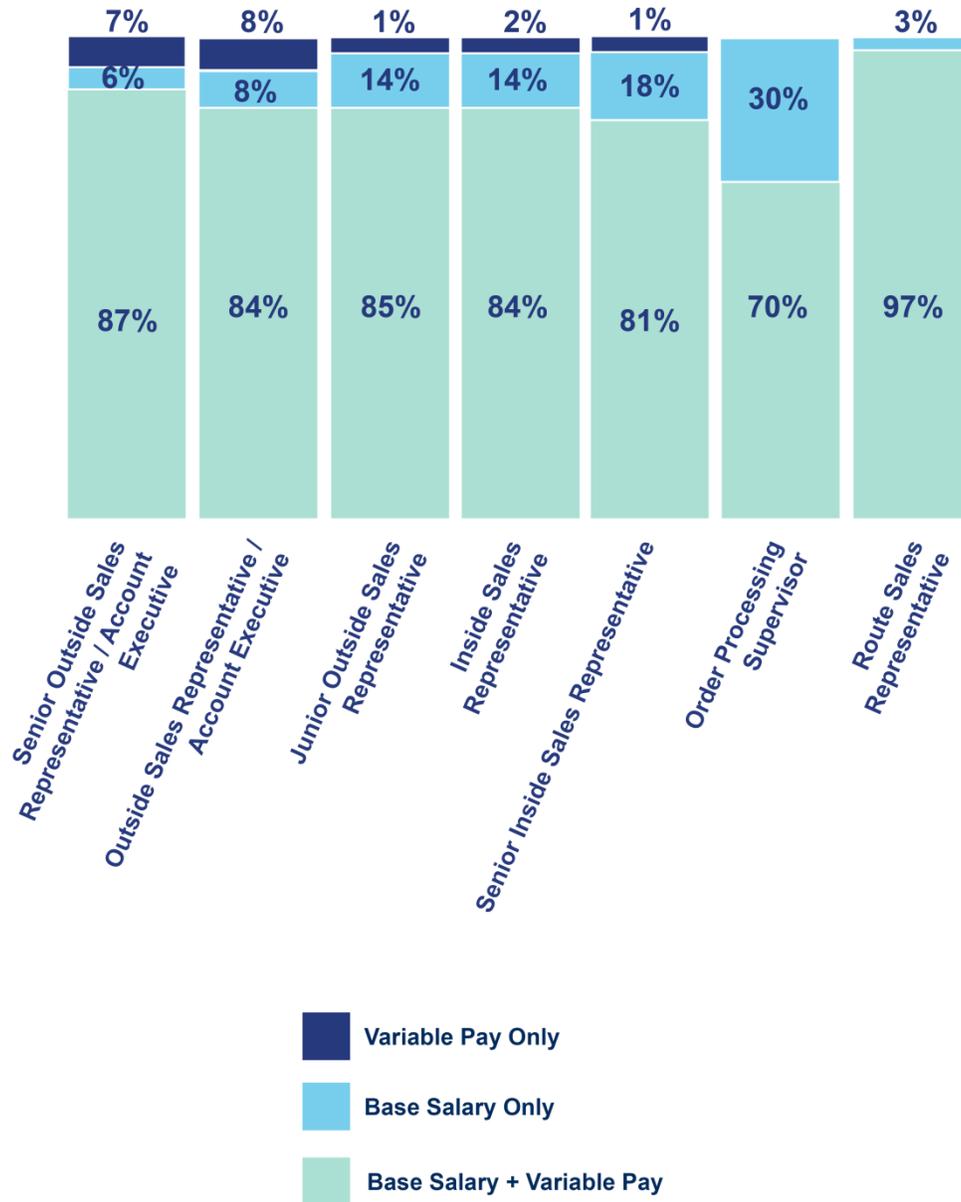
### Compensation Strategy Used



# 2017 National Sales Compensation Survey

## Executive Summary (continued)

### Compensation Strategy Used (continued)

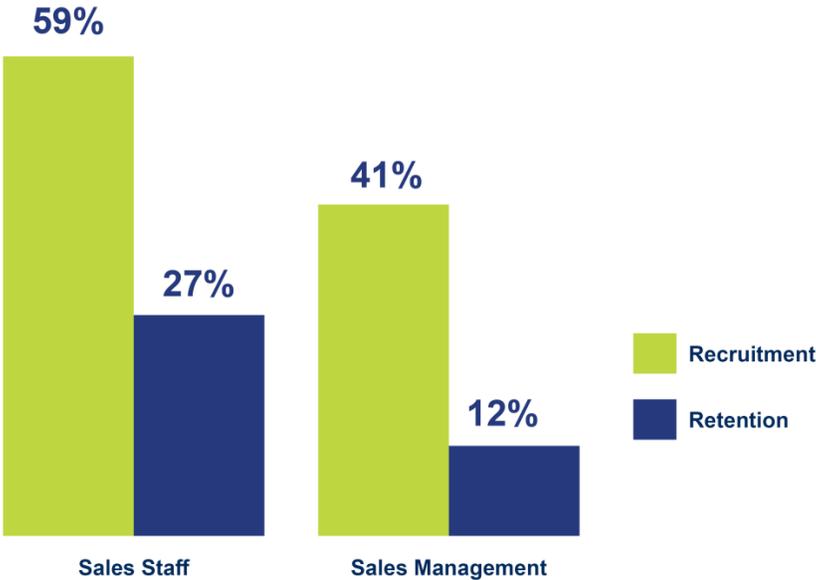


# 2017 National Sales Compensation Survey

## Executive Summary (continued)

### Recruitment and Retention Challenge

Organizations understand the importance of a strong sales force. Hiring and keeping top performers presents an even greater challenge to companies in a tight labor market. This year we asked about recruitment and retention of sales personnel. Survey responses show that 59% of companies feel that their Sales staff is the group most difficult to recruit. Sales management is not far behind, with 41% of respondents indicating difficulty in recruiting for these positions. In terms of retaining employees once they are hired, 27% of respondents reported that their Sales staff is difficult to retain. Sales management is more likely to stay once they are hired, with just 12% of organizations indicating difficulty in retaining that group.



A successful sales force is one of an organization’s most valuable assets. The goal of an organization with respect to compensating their sales force is two-pronged:

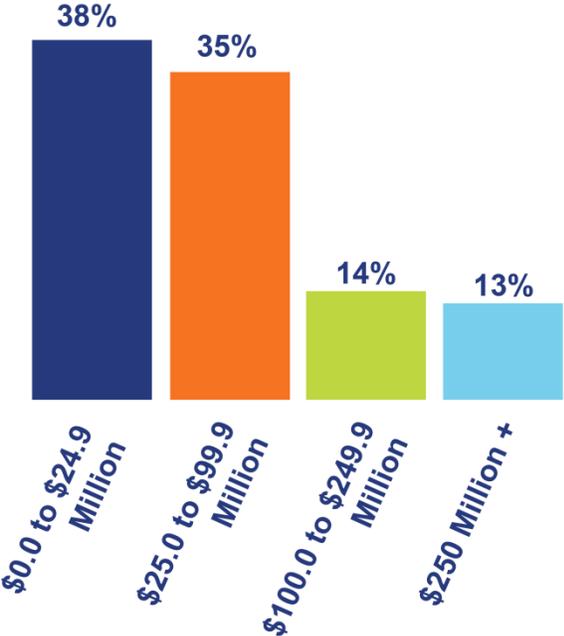
- Understanding the market in terms of what competitors are paying
- Designing a pay plan that suits the organization and awards the right behaviors as well as attracting and retaining an effective sales force

Using the data contained in this report along with an understanding of your organization’s financial position and compensation philosophy will be the keys to an effective sales pay strategy in your organization.

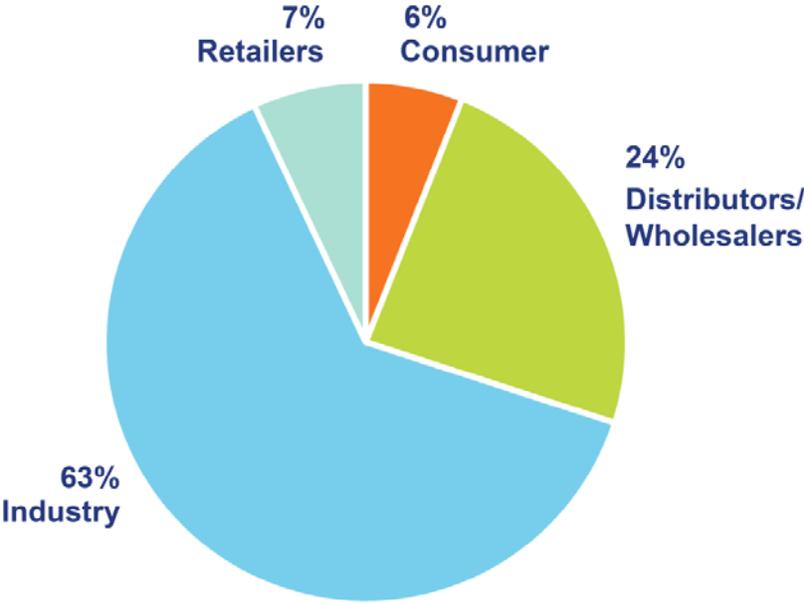
# 2017 National Sales Compensation Survey

## Participant Demographics

### Gross Sales Volume



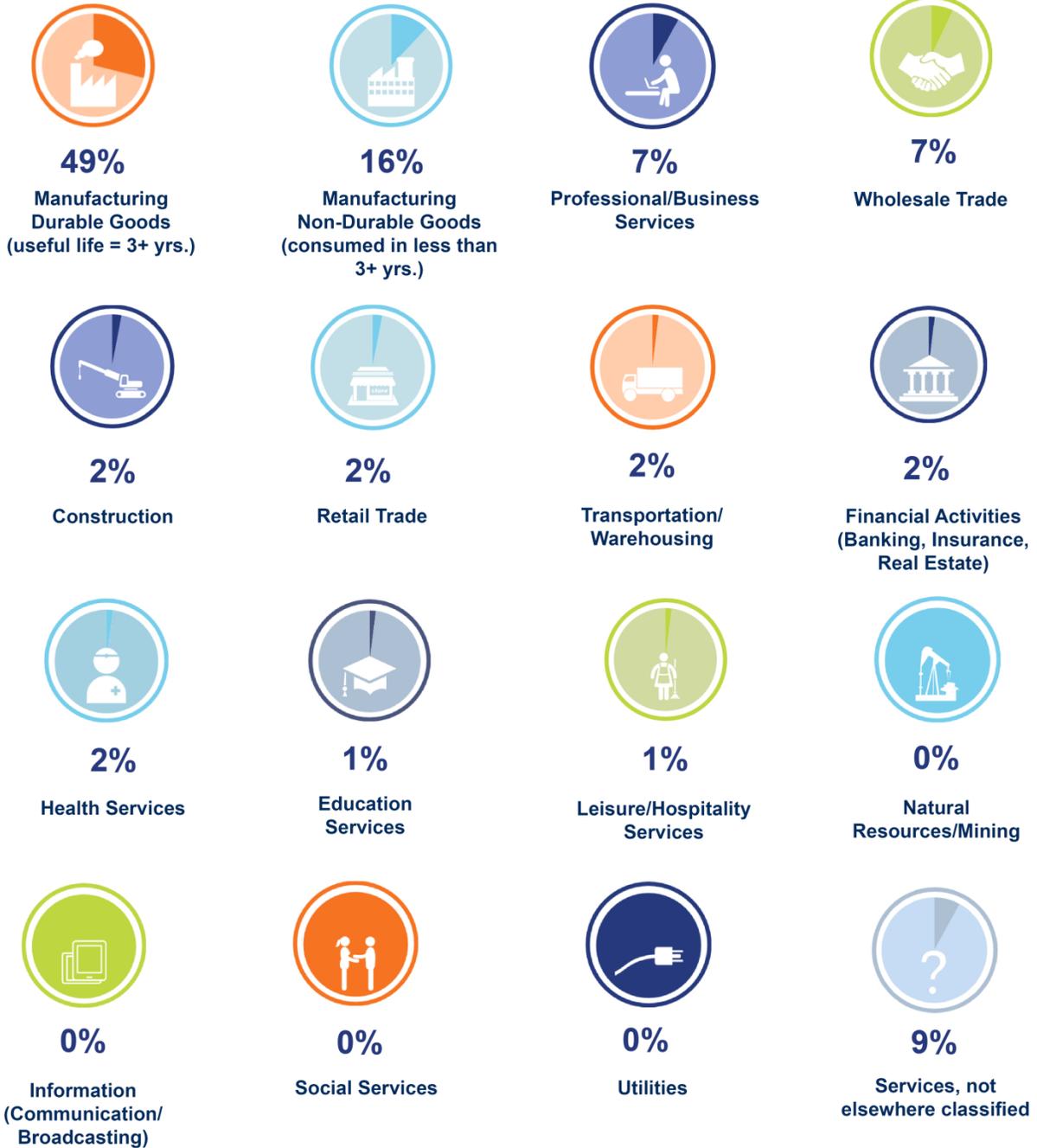
### Primary Customer Type *(To whom the salesperson sells. Percent based on total # of employees.)*



# 2017 National Sales Compensation Survey

## Participant Demographics (continued)

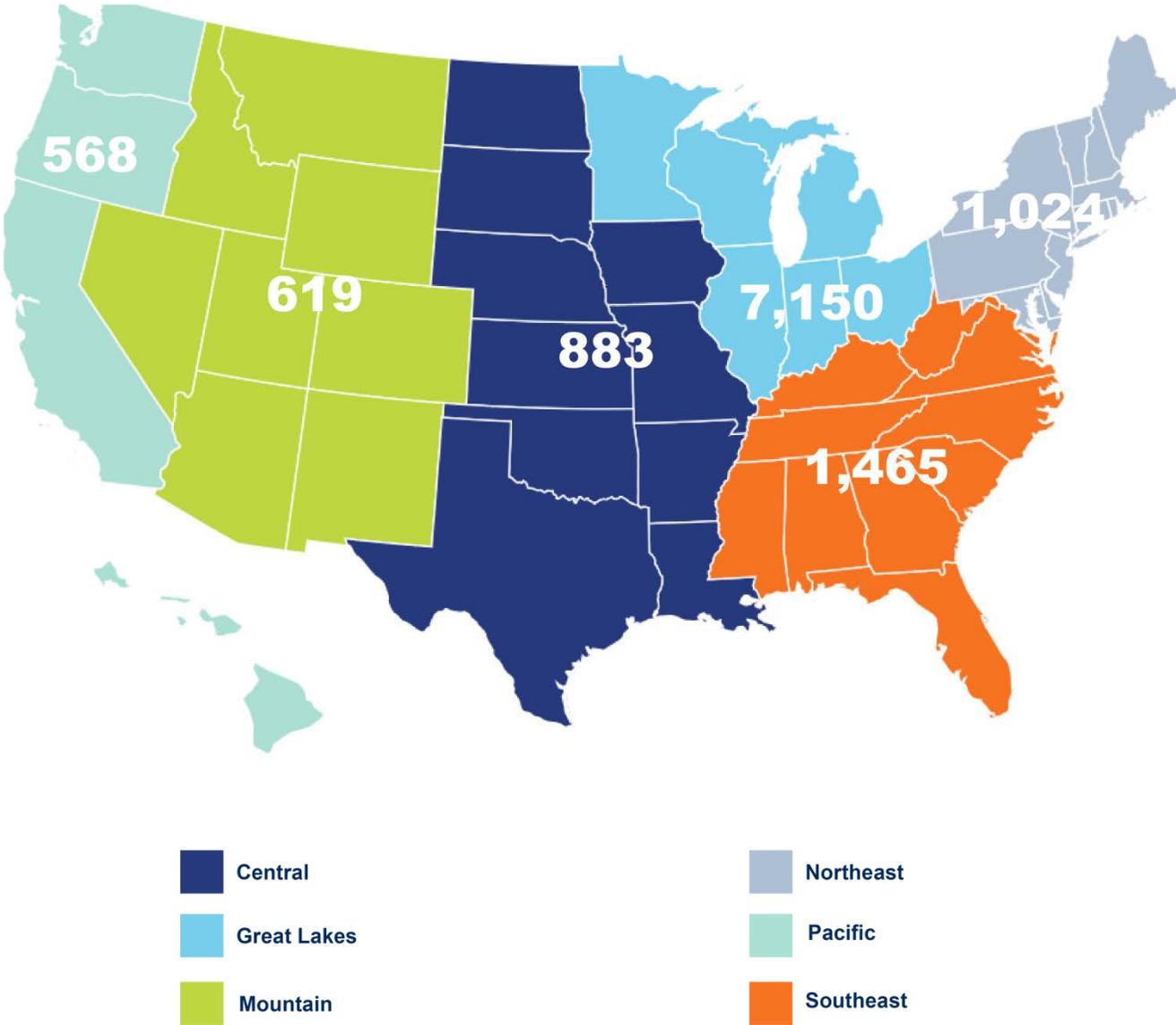
### Industry



# 2017 National Sales Compensation Survey

## Participant Demographics (continued)

Region\*



\*Region that the job resides in. The counts represent the number of employees.

# 2017 National Sales Compensation Survey

## Participant Demographics (continued)

### Co-Sponsoring Associations

	Count	Percent
American Society of Employers	214	26%
Associated Employers	11	1%
Capital Associated Industries, Inc (CAI)	41	5%
Cascade Employers Association	10	1%
Employers Association Forum, Inc. (EAF)	1	0%
Employers Association of the NorthEast	16	2%
Employers Resource Association	75	9%
Employers Resource Council (ERC)	33	4%
Management Association	36	4%
MidAtlantic Employers' Association	20	2%
Mountain States Employers Council, Inc.	15	2%
MRA - The Management Association	366	44%