

2004 Sales Manager Salary Survey

Watch out employers, these individuals are keeping their options open. And those options might be taking them out of the office equipment industry.

by Scott Cullen

Sales managers have spoken and employers had better watch out because 97% of sales managers responding to the 2004 Sales Manager Survey from CopierCareers.com say they are either actively looking or somewhat looking for a job with a different employer. That's up 12% from last year and is indicative that these employees are keeping their options wide open for better opportunities elsewhere.

Who Are These People?

This year's survey had 512 respondents, up from 408 in 2003 and 312 in 2002. Fully 93% of respondents are male with 32% of respondents working for companies with less than \$1 million in annual revenues. The majority of respondents (66%) work for companies with annual revenues of \$1-\$10 million. The remaining 2% work for companies with annual revenues of \$10 million to \$50 million. Most of these individuals (61%) work for companies with less than 25 employees while 29% work for companies with 25-50 employees. Another 5% work in companies with 101-500 employees and 5% with companies who employ 501-1,000 employees. Employers by and large tend to be independent dealerships with one location (92%), with 5% of respondents working for regional dealerships with more than one location. The remaining respondents work for nationally publicly traded sales and service organizations (2%), OEMs (2%) and third party service organizations (1%).

Looking at the number of employees and contractors supervised directly and through subordinate supervisors, 302 respondents said they supervise 1-10 people, 88 supervise 11-20 people, and 122 supervise 21-50 employees.

Which of the following ranges best describes the annual revenues of your company?

(For government, educational and non-profit institutions, use your organization's operating budget, that is, its annual expenditures)

	2002	2003	Variance	2004	Variance
Less than \$1 Million	42%	34%	-8%	32%	-2%
\$1-10 Million	58%	66%	8%	66%	0%
\$10,000,001-50 Million			0%	2%	2%
\$51-100 Million			0%	0%	0%
Above			0%	0%	0%

How many total employees does your company have

	2002	2003	Variance	2004	Variance
Less than 25	78%	68%	-10%	61%	-7%
25-50	20%	30%	10%	29%	-1%
51-100	2%	2%	0%	5%	3%
101-500			0%	5%	5%
501-1000			0%	0%	0%
1001-5000			0%	0%	0%

Punching the Clock

Whatever happened to the 40-hour work week? It doesn't seem to be an option in the office equipment community looking at the results of last month's 2004 Service Technician Salary Survey nor from a sales manager perspective. Sales managers are working on average 49 hours per week compared to 47 hours in last year's survey and 46 hours in 2002. Again, as was speculated in the 2004 Service Technician Salary Survey in last month's issue of ENX, these longer hours may be the result of belt tightening and fewer hires taking place throughout the office equipment industry.

If you work full time, approximately how many hours do you work per week?

Please include time spent working at the office, working in the field and traveling (but not commuting) for business

2002	2003	Variance	2004	Variance
46 hours	47 hours	1 hour	49 hours	2 hours

Dave Grandelis, director of recruiting for CopierCareers.com anecdotally reports that over the past two years it was not unusual to see sales reps and their managers within dealerships covering expanded territories and taking on additional administrative responsibilities. "Sales managers are working longer hours just to handle the additional responsibilities and stay caught up," says Grandelis. "Beginning in the last quarter of 2003 we have seen an increase in hiring to relieve the pressure on the sales force."

Special Annual Report

Dollars and Cents

The positive news derived from this year's survey are that base salaries and commissions are on the rise. The current annual base salary of this year's respondents was \$42,211, a \$1,111 increase over 2003. Commissions for this group are up \$3,443 over the previous year to \$62,121. That's quite the contrast to last year when sales managers reported commissions of \$58,678, down \$2,622 from the previous year.

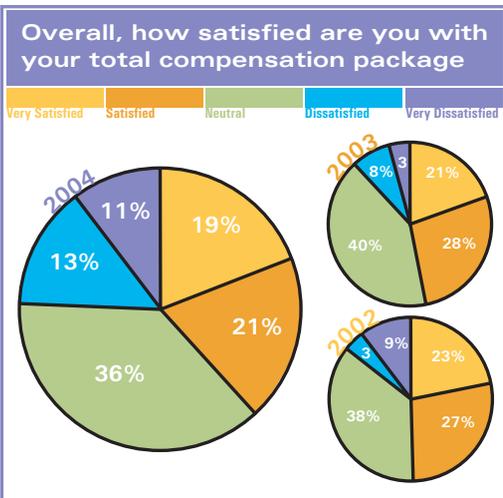
"Salaries have increased, possibly because employers are trying to keep their people around longer," notes Grandelis. It may also be another sign that the economy is on the rebound. "The commissions are coming back to what they were in 2001," says Grandelis. These numbers may also be the result of dealerships doing increased business. "I'm assuming if commissions are up, sales are up," adds Paul Schwartz, president of CopierCareers.com.

Of the bonuses and other direct cash payments you receive, please specify the primary reason's for them	2002	2003	Variance	2004	Variance
Personal performance	72%	75%	3%	87%	12%
Project milestone completion	53%	48%	-5%	66%	0%
Hot skill premium - as separate line on paycheck	0%	0%	0%	2%	2%
Certification/training	1%	2%	1%	3%	1%
Company profit sharing	51%	48%	-3%	46%	-2%
Signing bonus	12%	18%	6%	3%	-15%
Retention bonus	22%	19%	-3%	9%	-10%
Other	4%	2%	-2%	1%	-1%
None	3%	1%	-2%		

Please specify your current annual base salary				
2002	2003	Variance	2004	Variance
Base Salary:				
\$39,800.00	\$41,100.00	\$1,300.00	\$42,211.00	\$1,111.00
Commissions:				
\$61,300.00	\$58,678.00	-\$2,622.00	\$62,121.00	\$3,443.00

Where are sales manager's additional earnings coming from? Personal performance bonuses were earned by 87% of respondents, up 12% from last year. Fully 46% received additional monies through company profit sharing and 48% received bonuses for project milestone completion. The biggest negative variations in compensation are found in signing bonuses where only 3% earned money in this area, down 15% from last year, and retention bonuses (9%), down 10% from last year.

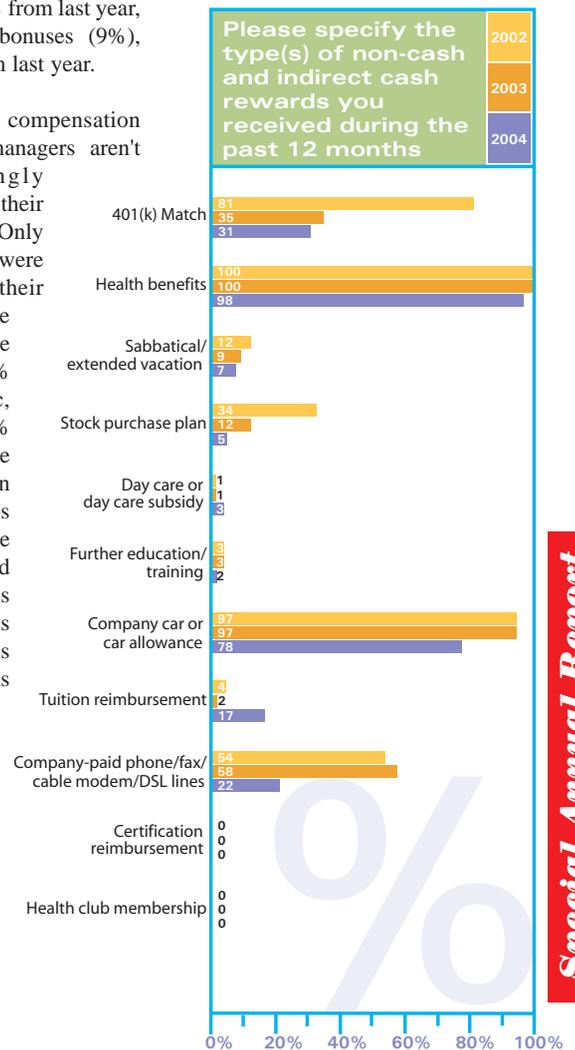
While overall compensation is up, sales managers aren't overwhelmingly satisfied with their



total compensation package. Only 19% of respondents said they were very satisfied with their total compensation package and 21% said that they were satisfied. Meanwhile, 26% were neutral on the topic, 13% dissatisfied and 11% very dissatisfied. "We have seen a lot of dissatisfaction among sales managers and reps as some employers have changing commission plans and moving established territories away from seasoned reps and managers," explains Grandelis. "Most of this has been attributed to cut backs."

Benefits Plan

Non-cash and indirect cash rewards were largely in line with last year but for three notable exceptions. Only 78% of respondents received a company car or car allowance, down 19% from the 2003 survey. Down a whopping 36% were sales managers with company paid phone/fax/cable modem/DSL lines. Last year 58% of respondents said they received this perk, this year, just 22%. This is just another example of dealerships cutting back as they look to increase productivity and reduce costs. "Cutting these types of benefits really seems to anger the



sales managers and causes them to look at other options both inside and outside the industry," observes Grandelis.

On the plus side, more sales managers are receiving tuition reimbursement. In this year's survey, 17% qualified for this perk, compared to just 2% last year. Other than those areas, 98% of respondents receive health benefits, 31% have 401(k) match, 7% have sabbatical/extended vacation, and 5% have a stock purchase plan. The latter was down 7% from the year before, a more modest decline than the 22% of the previous year. Considering declining stock options, this isn't a surprise and it's not a stretch to assume that next year's figure will dwindle even more.

Overall, however, benefits seem to be down across the board. "It goes back to the belt tightening we've seen across the industry that benefits are down as a whole," notes Grandelis. "This may be another one of the reasons they're more dissatisfied with their compensation package compared to last year."

Things That Matter

Not surprisingly, the thing that matters most to sales managers about their job are bonus opportunities with 91% identifying this as most important to them. This was followed by My Work (Job) Is Important to the Company's Success (81%), Financial Stability of Company (80%), Geographic Location of Job (79%), Base Pay (71%), Recognition for Work Well Done (65%), Regular Coaching and Feedback on Performance (59%), My Opinion and Knowledge is Valued (56%), Having the Tools and Support to Do My Job Well (54%), Prestige/Reputation of Company (45%), Effectiveness of Immediate Supervision (45%), Understanding the Company's Business Strategy (45%), and Challenge of Job/Responsibility (33%), Seeing How My Job Helps Achieve Company Goals (33%), and Vacation Time/Paid Time Off (30%).

One area that saw a significant increase over the previous year was "Flexible Work Schedule," where 17% of respondents felt that this was important to them, compared to just 4% in 2003. Why the 13% increase? Schwartz speculates it may have something to do with childcare issues in households where both parents are working or could be related to single-parent households where flexibility in the workplace is often a necessity.

Keeping the Sales Manager Satisfied

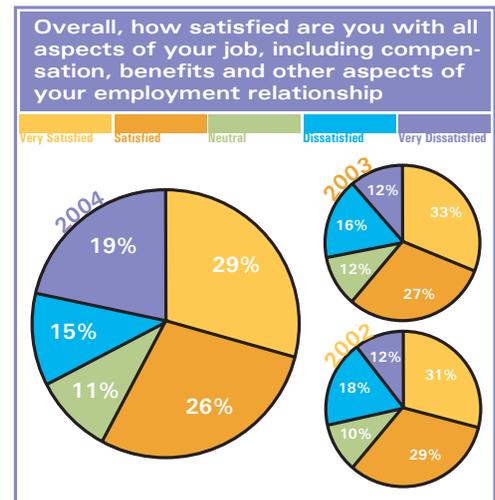
In an industry where customer satisfaction is the goal of virtually every office equipment dealership, employee satisfaction levels aren't exactly matching the levels of customer satisfaction. Compared to their service technician counterparts in last month's survey, sales managers are much more opinionated when it comes to job satisfaction. While 34% of service techs were neutral on the topic, only 11% of sales managers were neutral. Here, 29% were very satisfied with their job and 26% were satisfied. Just 15% said they were dissatisfied while 19% were very dissatisfied. The latter was a 7% increase from the previous year.

Overall, the number of sales managers who said they were satisfied or very satisfied with all aspects of their job was down a total of 5% from 2003. "With wages increasing, one would have thought that the numbers would have been skewed in the opposite direction," observes Schwartz. "There seems to be some frustration with the industry and maybe they're looking for opportunities outside of it."

Greener Pastures

Whether they're looking outside of the office equipment industry or inside, sales managers are indeed looking. When asked "Why are you looking for a new job?" there were some radical deviations between last year's survey and this year's survey. This year only 14% of respondents said they were looking for a more dynamic company, compared to 64% last year. Only 22% said they wanted more responsibility, down 24% from last year. Those rapidly dwindling stock options were cited by 12%, compared to 34% last year and 77% the year before. Other reasons sales managers are looking around include Job market opportunities are too good to pass up (51%), Seeking less stress (44%), Don't like present company's management/culture (44%), Move to a different geographical area (18%) and More job stability (11%). Ultimately, the biggest reason sales managers are looking remains "Higher compensation" where 79% noted this reason.

"I think that after all the "dot com" and "new technology" busts in the past few years, sales managers are looking for traditional low risk employers," says Schwartz. "In addition they are looking for a base salary, commission, and benefits, and not a future promise of stock or profits."



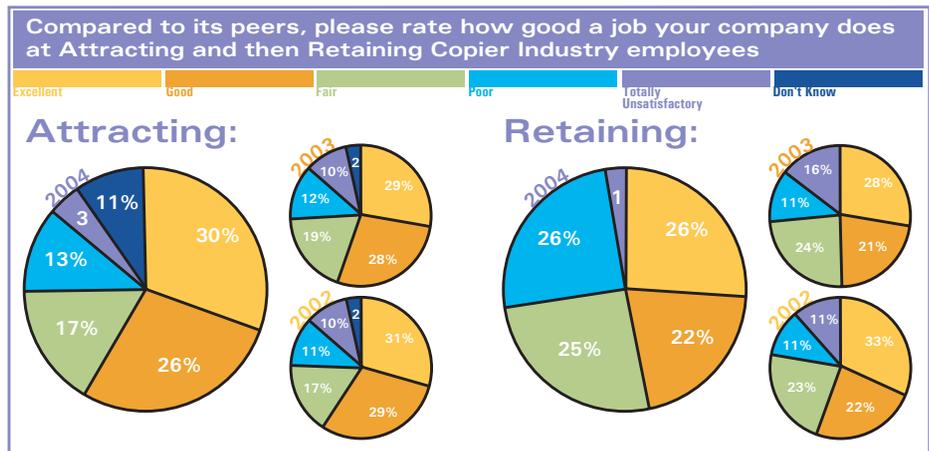
Why are you looking for a new job?

	2002	2003	Variance	2004	Variance
Stock options	77%	34%	-43%	12%	-22%
More dynamic company	54%	64%	10%	14%	-50%
Personal/family needs	33%	22%	-11%	23%	1%
Want to join a startup company	1%	5%	4%	2%	-3%
More job stability	3%	12%	9%	11%	-1%
Move to a different geographical area	14%	18%	4%	18%	0%
Higher compensation	82%	78%	-4%	79%	1%
More responsibility	12%	11%	-1%	4%	-7%
More interesting work	12%	46%	34%	22%	-24%
Don't like present company's management/culture	44%	53%	9%	44%	-9%
Job market opportunities are too good to pass up	56%	46%	-10%	51%	5%
Seeking less stress	44%	46%	2%	44%	-2%

Compare and Contrast

When asked to rate their employers on how well they do at attracting and retaining copier industry employees, 30% rated their employer's efforts at attracting employees as excellent and 26% rated them as good. Fully 17% noted employer's efforts were fair in attracting employees. Just 13% rated those efforts were totally unsatisfactory. Considering their unhappiness with their compensation and their overall job satisfaction levels, sales managers by and large seem to think their employers are doing a good job in this area.

Not so positive were sales managers feelings about their employer's retention efforts. Here, 26% said their employer's efforts were excellent; 22% rated employers good, and 25% rated them as fair. A significant number of respondents (26%) said their employers were doing a poor job retaining employees while only 1% noted employer's retention efforts as totally unsatisfactory.



Looking Outside

With more sales managers on the look out for better opportunities despite rising salaries and commissions, Schwartz and Grandelis continue to speculate that some of these folks are looking outside of the office equipment industry for new opportunities. "Unlike service technicians who are more likely to remain in the industry because of the specific skills they have, a good sales person can easily move elsewhere. "If they can sell a copier, they can sell anything business to business," notes Schwartz.

Hanging In There

That said, both Schwartz and Grandelis feel that sales managers are more likely to stay where they are despite how they responded to the survey. "They're getting antsy and looking for more opportunities but staying where they're at," says Grandelis. "I think people are always looking but the reality is they are a bit worried about making the move."

Adds Schwartz, "That's funny because you think sales managers and sales people are big risk takers, but our survey says they're not. Even though they're looking, they still seem to be waiting for the economy to turn around. There's a fear factor that if they move, it might be the wrong decision and they won't have tenure and ultimately lose out on what they had with their former employer."

This is a scenario that's all too familiar to Grandelis and Schwartz at CopierCareers.com in their day-to-day dealings with copier industry personnel. For every successful placement completed, they encounter situations where an individual gets cold feet and decides to remain with their current employer. Grandelis tells of one candidate who was totally unhappy with his current employer and his current commission structure. CopierCareers.com matched him up with a dealership who was offering unlimited commission potential and excellent benefits yet he turned the new opportunity down. "He was telling us how miserable he was, but even though we negotiated a great deal for him, he was afraid to make the move," says Grandelis.

Although sales managers may be hesitant to make the move, they clearly aren't hesitant to admit they're open to new opportunities. With salaries and commissions on the rise, and new opportunities opening up inside and outside of the industry, it may only be a matter of time before this group gets back into risk-taking mode. And that could spell both trouble and opportunity for employers. ❖



About Scott Cullen

Scott Cullen has been writing about the office equipment industry since 1986. He is currently editor of Office Solutions and Office Dealer magazines and a contributing editor to ENX magazine as well as a frequent contributor to other industry publications.

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About Copier Careers

Paul Schwartz, President

Copier Careers is a niche recruiting firm serving the Document Imaging industry. A very unique company bringing candidates and clients together across the country. They specialize in the recruitment of Technicians, Service Managers, and Sales Representatives/Sales Managers along with Executive Level Management. Because of the specific nature of the company, Copier Careers' experienced recruiters are sourcing agents for the Independent Copier Dealer Network and related companies.

Copier Careers can be reached at: 888-733-4868 and mail@CopierCareers.com



Dave Grandelis, Director of Recruiting

Dave Grandelis has been the director of recruiting at Copier Careers since early 2002. Grandelis was a leading producer for TechNet Staffing Services recruiting high-end contract and direct engineers primarily for the computer, aerospace and architectural-engineering industries. A 1992 Michigan Technological University graduate with a BS/BA in Industrial Management, he will draw from past experience in recruiting, manufacturing sales, customer service and collections. Grandelis says, "Recruiting gives me the opportunity to use all of my business skills. Whether it is an initial contact with a candidate or negotiating with a client, this is what I enjoy. The opportunity to assist clients and candidates and bring people together is very rewarding."

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