

Chasing Dollars

A revealing look at the 'selling' sales manager

by: Brent Hoskins, Office Technology Magazine

Editor's Note: The staff of Office Technology magazine extends its appreciation to the recruiters at CopierCareers.com for allowing us to share the results of their 2002 Sales Management Salary Survey. The results of two previous 2002 salary surveys — Service Technicians and Service Management — can be found at www.copiercareers.com or in the April and May issues of Office Technology. In addition, they can be found in the archives section of the magazine's Web site, www.officetechnologymag.com.

There is a good chance your sales manager is happy in his position and is pleased with his compensation package. After all, if he is among the average in his field, he earns more than \$100,000 a year in base salary and commissions. In fact, he is satisfied with all aspects of his role at your dealership and believes the company is good at recruiting and retaining employees. So why is he looking for a new job?

"Sales reps are just constantly looking for better opportunities," says Dave Grandelis, director of recruiting for CopierCareers.com, a Minneapolis, Minn.-based recruiting firm serving the document imaging industry. "It's all about the money. They want to make it as fast as possible, and if it requires leaving or staying, they'll do whatever they have to do. They are chasing more dollars."

With few exceptions, says Paul Schwartz, president of CopierCareers.com, there are few roadblocks to sales managers

moving on to greener pastures. "Whether it's a man or woman, they typically earn the highest wage in the family," he says. "Whereas service managers' salaries may be in parity with their spouses, sales managers tend to drive the decision whether or not to relocate."

Recently, CopierCareers.com surveyed 312 individuals in office technology sales management positions. While the survey results reveal that the majority of sales managers are "actively" or "somewhat" looking for a new job, they also reveal that the respondents are not solely driven by money. "Commission structure" was selected by 81 percent as one of the factors that matters most to them, but so was "my work (job) is important to the company's success."

This is the first sales management survey conducted by CopierCareers.com. Schwartz says his goal was simple. It is his attempt to "level the playing field" shared by the independent dealer channel and IKON, Danka, et al. He says it is his hope that the survey results will provide independent dealers with data that can assist them in the recruitment, hiring and/or retention of selling sales managers.

"If dealers think IKON and Danka are not generating these numbers internally, they are," says Schwartz. "They are out surveying independent dealerships to come up with these same numbers to figure out how to get the independent dealer's best people to come to work for them. I don't think there are very



many dealerships that we deal with either on the technical, sales or management side that have not lost key people over the years to IKON or Danka.

“We hope to build on this data in future years,” he adds. “You cannot see the trends until you get several years of results. I would welcome and encourage more participation from the independent channel in our future sales management surveys. As the number of respondents continues to grow over the years, they will become more and more meaningful.”

The survey was conducted via the CopierCareers.com Web site during the summer months. All of the respondents were verified against e-mail addresses to ensure no one completed the survey more than once. Partially completed surveys were rejected.

All of the respondents manage other employees. Only one manages between 21 and 50 employees. Another 12 manage between 11 and 20 employees. The vast majority (299) of the respondents manage between 1 and 10 employees. It is no surprise, then, that 94 percent of the respondents work at an independent dealership with only one location. The rest are employed by a regional dealership with more than one location or they selected “other” when completing the survey.

A majority of the respondents (58 percent) work for a dealership with annual revenues of between \$1 million and \$10 million. The remaining respondents (42 percent) work for dealerships with annual revenues of less than \$1 million. Most of the respondents’ employers (78 percent) have less than a total of 25 employees. Twenty percent have between 25 and 50 employees; only 2 percent have between 51 and 100 employees.

Recently, Schwartz and Grandelis discussed the significance of the survey findings with *Office Technology* magazine. Following are the survey questions and results, several of which are followed by their comments.

Question 1:

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.)

Average number of hours:	46
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Question 2:

If you worked full time last year, how many hours, on average per week, did you work?

Average number of hours:	44.2
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Grandelis: A quick comparison of the first two questions reveals that salespeople are putting in a few more hours this year than they did last year. When the economy goes down, that’s when you sell. That’s the time to start establishing and building relationships, and then when the economy picks up, you are already in the door.

Schwartz: I also think that, to some extent, you do have to work a little bit harder for the sale nowadays. That’s what we’re hearing from our clients. The reason is simple. Because of the economy and the longer life cycle of digital equipment, customers are more likely to keep the office equipment they have if it’s working.

Question 3:

What is your highest level of education?

Some college	175
College graduate	123
High school graduate	14

Question 4:

Please specify your current annual base salary and commissions:

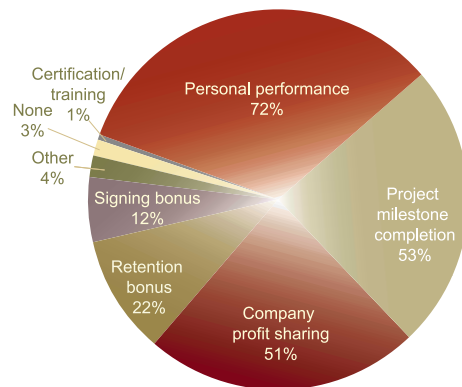
Base Salary:	\$39,800
Commissions:	\$61,300

Schwartz: I was surprised to see the base that low. I expected it to be more than \$40,000; the base is lower than that of the sales managers we typically place. However, the ratio of the base salary as compared to commissions is about right, based on our experience.

I think it’s of interest to note — based on the placements we make — that the commission side of the compensation package is pretty much a percentage of hardware. I hear theories from owners about compensating people more on the solutions side, the volume of clicks, but we don’t see it happening. Interestingly, it’s the same thing on the technical side. We’ve been hearing for a couple of years now about technician compensation becoming more commission oriented. For example, say the tech is on a service call and sees a need for a hardware upgrade. If he points it out and it results in a sale, he would receive a commission on that. But, although we keep hearing about this idea, we don’t ever see it.

Question 5:

Of the bonuses and other direct cash payments you receive, please specify the primary reason(s) for them (see pie chart at right):



Question 6:

Please specify your previous year’s annual base salary and commission:

Base Salary:	\$39,602
Commissions:	\$64,320

Grandelis: The results of questions 4 and 6 reveal that the current commission this year is less than last year. Actually, I think that is pretty insignificant. Some may say, “It’s the economy.” I’m not sure that’s the case. This industry seems to be plodding right along despite the economy. Bottom line, I think the difference between the two numbers is so minute. Really, they are pretty similar.

Schwartz: The similarity in the compensation from one year to the next is noteworthy. We know recruiters in other industries who work with sales reps who would love to see numbers like these. They would give their right arm to be able to maintain this level of consistency in this economy.

Copiers are not the “sexiest” product, but we do attract salespeople from outside the industry because they can see its consistency. Perhaps the industry is not the type that has “boom days,” like we once saw from Silicon Valley, but a position in business equipment sales is looking pretty good these days.

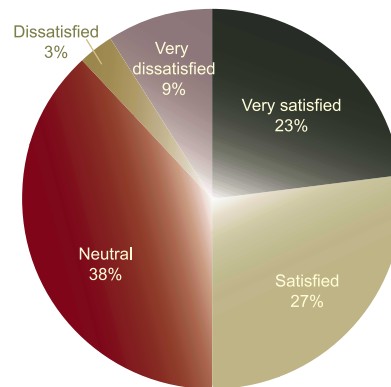
Question 7:

Please specify the type(s) of non-cash and indirect cash rewards you received during the past 12 months.

Health benefits	100%
401 (k) match	81%
Company car or car allowance	97%
Company-paid phone/fax/cable modem/DSL lines	54%
Stock purchase plan	34%
Sabbatical/extended vacation	12%
Tuition reimbursement	4%
Further education/training	3%
Day care or day care subsidy	1%
Certification reimbursement	0%
Health club membership	0%

Question 8:

Overall, how satisfied are you with your total compensation package?



Schwartz: I think this is very interesting. Between “very satisfied” and “satisfied” you’ve got 50 percent. Then, when you add “neutral” in, it just shows that sales managers are relatively pleased with their total compensation. Of course, this doesn’t necessarily mean they are making the optimum salary, it just means they are happy with the compensation package and the way it’s laid out.

Grandelis: I think the 38 percent who selected “neutral” is interesting. These managers may be okay with their current compensation, but being “neutral” doesn’t mean they are not willing to consider another job.

I recently called a high-end manager about a sales job opportunity at one of our client companies. He said, “I don’t really want to talk to them, but I’d be kind of stupid if I didn’t.” To me, that means he’s pretty neutral on his current compensation package. He’s happy where he is working, but you know what, if another opportunity comes along and he can still live in that house he’s living in, he’s ready to talk. Sure enough, he ended up talking to the company. It wouldn’t surprise me if he winds up taking the job.

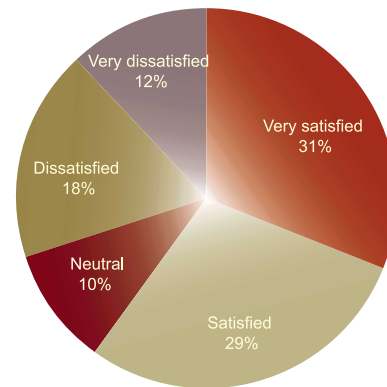
Question 9:

What matters most to you about your job? Check up to seven of the job-related issues that are most important to you.

Commission structure	81%
My work (job) is important to the company success	81%
Benefits	77%
My opinion and knowledge is valued	71%
Having the tools and support to do my job well	69%
Financial stability of company	67%
Regular coaching and feedback on performance	64%
Base pay	62%
Recognition for work well done	61%
Involvement in company strategy setting and determining goals	51%
Effectiveness of immediate supervision	46%
Understanding the company's business strategy	44%
Seeing how my job helps achieve company goals	39%
Prestige/reputation of the company	36%
Challenge of job/responsibility	32%
Effective career path planning and support	32%
Company provided laptop/home PC	31%
Job atmosphere	31%
Vacation time/paid time off	30%
Telecommuting/work at home	22%
Job stability	20%
Stock options	17%
Flexible work schedule	9%
Potential for promotion	9%
Ability to work on creating "new" innovative IT solutions	8%
Geographic location of job	8%
Corporate culture and values	4%
Commitment throughout the company to quality work	3%
Casual attire	2%
Commute distance	2%
Company's understanding of the importance of IT	2%
Working with a start-up company	2%
Working with highly talented peers	2%
Ability to work with leading-edge technology	1%
Sense of community in my work group	1%
Skill development/educational/training opportunity	1%
On-site child care	0%
Domestic partner benefits	0%

Question 10:

Overall, how satisfied are you with all aspects of your job, including compensation, benefits and other aspects of your employment relationship, such as those listed in the previous question?

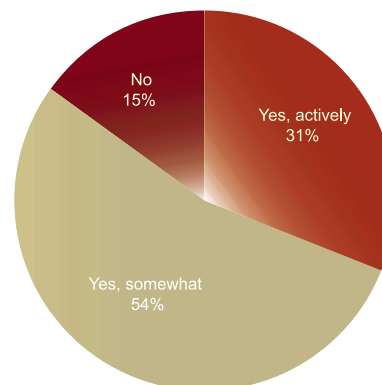


Grandelis: I think you can say that 60 percent of them are successful and 30 percent of them are not. I really think "dissatisfied" and "very dissatisfied" mean that they are not successful, whether that's the manager's fault or the company not providing the necessary resources. Those who are "very satisfied" and "satisfied" are making their goals. They're making quotas and are not dealing with an angry owner breathing down their throat because they are getting it done. I think these percentages directly correlate with those who are successful and those who are not very successful.

I think the 10 percent who selected "neutral" could be grouped with those who are "satisfied" or "very satisfied." This is pretty common among salespeople. I would say one out of every 10 is, "oh, whatever." They just don't get too excited about much.

Question 11:

Are you currently looking for a job with a different employer?



Grandelis: I was surprised that 85 percent are “somewhat” or “actively” looking for a different employer. I would have thought there are a few more who are not looking. The 15 percent who are not looking are particularly comfortable in their positions. Their reasons for not looking are probably, one, they are not interested in relocating, and two, they are making it where they’re at. In some cases, they work at the only dealership in town. This is where they live and this is where they exist.

Question 12:

If yes, why are you looking for a new job? (See chart at right).

Schwartz: The survey reveals “stock options” ranks second only to “higher compensation.” None of the survey respondents work at a publicly traded company. So, “stock options” really means “equity.” We’re seeing equity bantered around a lot lately, more in the last year than in the previous 15 years. The reason is simple. Ultimately, when dealerships are competing for sales talent against the IKONs and the Dankas of the world, the one

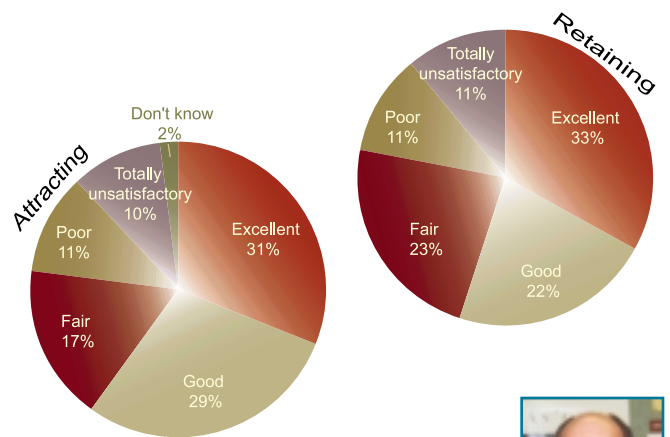
Higher compensation	82%
Stock options	77%
Job market opportunities are too good to pass up	56%
More dynamic company	54%
Don't like present company's management/culture	44%
Seeking less stress	44%
Personal/family needs	33%
Move to a different geographical area	14%
More interesting work	12%
More responsibility	12%
More job stability	3%
Want to join a startup company	1%

thing the acquiring companies cannot offer is a significant equity position. So, this is a wonderful hook, if you will, for independent dealers that IKON and Danka cannot offer.

I don’t know whether prospective sales hires know that dealers are seeing this as their competitive edge when it comes to recruiting. I do know that just a couple of years ago this is an area where we prompted a discussion with our dealer clients. Now, the dealership owners are prompting the discussion with us: “I am looking to add a sales manager and I’m prepared to offer some equity to bring that person on board.”

Question 13:

Compared to its peers, please rate how good a job your company does at attracting and then retaining copier industry employees.



Brent Hoskins, editor of Office Technology magazine, can be reached by e-mail at brent@bta.org.

