























# ERA - MANA - NEMRA 2005 Rep Firm Employee Compensation Survey








TOTAL RESPONDENTS: 441







		<i># of Responses</i>	<i>Response Ratio</i>
1. Respondent's association affiliation(s):			
ERA		147	33%
MANA		243	55%
NEMRA		96	22%
Other		35	8%

(NOTE: some respondents belong to multiple associations.)

2. Where respondent firm's headquarters office is located:			
Northeast		42	9%
Mid-Atlantic		46	10%
Southeast		58	13%
Midwest		143	32%
Southwest		42	10%
Plains		10	2%
Rocky Mountains		16	4%
West		55	12%
Pacific NW		17	4%
Canada		8	2%
Europe		2	0%
Mexico & Puerto Rico		2	0%

3. Number of years respondent rep firm has been in business:			
Less than 5 years		36	8%
5 - 10 years		35	8%
11 - 20 years		91	21%
21 - 30 years		108	25%
31 - 40 years		63	14%
More than 40 years		105	24%

4. Respondent firm's total gross/commission revenue in 2004:			
Under \$250,000		81	19%
\$250,000 - \$499,999		93	21%
\$500,000 - \$749,999		77	18%
\$750,000 - \$999,999		49	11%
\$1 mill - \$1,499,999		41	9%
\$1.5 mill - \$1,999,999		28	6%
\$2 million or more		68	16%

5. Number of full-time employees (or employee positions) respondent firm had at end of 2002:			
1 - 3		151	34%
4 - 6		114	26%
7 - 10		68	16%
11 - 15		46	11%
16 - 25		32	7%
26+		27	6%

6. How respondent firms pay each category of employee (methods of compensation assume company pays all expenses):

	<i>Straight salary</i>	<i>Salary w/bonus</i>	<i>Straight comm.</i>	<i>Comm. w/draw</i>	<i>Other *</i>	<i>N/A</i>
Outside sales	5% 19	44% 182	23% 93	17% 70	7% 29	4% 18
Outside sales to distribution	6% 12	33% 72	9% 20	9% 20	6% 12	37% 79
Field app. engr./specification sales	11% 20	32% 61	7% 14	3% 6	1% 1	46% 86
Inside sales	27% 89	53% 174	3% 9	1% 2	2% 7	15% 49
Inside non-sales	43% 113	35% 92	2% 4	0% 0	4% 10	17% 45
Manager	11% 21	38% 71	4% 7	3% 6	3% 6	41% 78
Owner	16% 53	55% 182	11% 38	4% 12	8% 25	7% 23
Other	8% 10	24% 30	7% 9	0% 0	4% 5	57% 72

\* The most common “other” compensation method being used by respondents to pay outside salespeople is some form of salary + commission (17 firms or 4%); five firms use pool plans; eight work with independent contractors or sub-reps; and six pay various support personnel on an hourly basis.

7. How satisfied respondents are with their current methods of compensation for each category of employee:




	<i>Very dissatisfied</i>	<i>Somewhat dissatisfied</i>	<i>Satisfied</i>	<i>Very satisfied</i>	<i>N/A</i>
Outside sales	9% 38	17% 67	35% 143	36% 147	2% 9
Outside sales to distribution	6% 13	13% 27	21% 44	23% 47	36% 74
Field app. engr./specification sales	4% 7	7% 13	23% 42	22% 40	44% 80
Inside sales	8% 26	12% 39	38% 122	29% 94	13% 41
Inside non-sales	9% 22	6% 15	33% 83	36% 89	16% 40
Manager	5% 10	7% 13	24% 44	26% 48	39% 72
Owner	11% 35	8% 25	34% 107	41% 131	6% 18
Other	5% 6	2% 3	17% 21	17% 21	59% 74

8. Among the survey respondents who indicated they are “SOMEWHAT OR VERY DISSATISFIED” with their current compensation methods, 105 (24%) are unhappy with how they now compensate outside salespeople and are seeking plans that adequately motivate and reward performance. Among the 65 (15%) respondents who think their compensation plans for inside sales personnel need improvement, most say they want to increase motivation. In addition, 60 (14%) respondents feel their own compensation as owners needs revising. Some owners feel they do not pay themselves sufficiently, and several others say they are carrying the greatest burden for making the firm profitable, and so their own compensation is often reduced.


9. Of the 57 (13%) survey respondents who reported they had CHANGED THEIR COMPENSATION METHODS in the last two years, many indicated the changes were made to deal with lower company revenue. Six firms placed salespeople on straight commission-only compensation plans; several others moved to commission + salary or draw; and several more switched salespeople to salary-only. A dozen firms raised or lowered the bonuses paid to salespeople, and some adjusted the methods used to calculate bonuses. Two firms indicated they stopped paying salespeople’s expenses, but 15 firms hiked sales staff compensation in some way to boost motivation.

10. Of the 67 (15%) survey respondents who indicated they WOULD LIKE TO CHANGE THEIR COMPENSATION METHODS within the next two years, most say they hope to change the incentives for salespeople so they are more accurately rewarded for performance. A number of rep owners are looking at various options, many of which involve combinations of compensation methods, e.g. commission + draw or base salary + bonus. A few firms are looking into the viability of compensation plans in which salespeople pay their own expenses.


11. Percent of respondent firm’s total 2004 commission income that was spent to compensate ALL EMPLOYEES (including owners), excluding profit sharing, pension plans, auto reimbursements and other expenses:

		<i># of Responses</i>	<i>Response Ratio</i>
40% or less		35	8%
41 - 50%		51	12%
51 - 60%		122	28%
61 - 70%		116	27%
71 - 80%		53	12%
More than 80%		56	13%

12. Percent of respondent firm’s total 2004 commission income that was spent to compensate (no fringes, expenses or auto reimbursements) ALL OUTSIDE SALESPEOPLE, excluding owners/managers who do not have account responsibility:

20% or less		73	17%
21 - 30%		72	17%
31 - 40%		84	20%
41 - 70%		90	21%
51 - 60%		50	12%
More than 60%		57	13%

13. Percent of the total commission income generated by each salesperson that each salesperson earned in taxable income for 2004 (e.g., for a salesperson generating \$400,000 in sales and earning \$100,000 in taxable income, the percentage is 25):

20% or less		56	14%
21 - 30%		69	17%
31 - 40%		85	21%
41 - 70%		94	23%
51 - 60%		47	11%
More than 60%		61	15%

14. Percent of their firm's annual total commission income that respondents feel is fair/reasonable "cash" income for an OWNER:

		<i># of Responses</i>	<i>Response Ratio</i>
10% or less		41	10%
11 - 20%		141	33%
21 - 30%		93	22%
31 - 40%		62	15%
41 - 50%		40	9%
51 - 60%		24	6%
More than 60%		22	5%

15. Does respondent rep firm offer a profit sharing or pension plan?

Yes		282	65%
No		155	35%

16. For firms offering profit sharing or pension plans, percent of total commission income contributed to those plans over the last three years:

2% or less		63	22%
2 - 3%		53	19%
3 - 4%		35	12%
4 - 5%		31	11%
5 - 6%		15	5%
6 - 7%		13	5%
More than 7%		76	27%

17. Average 2004 compensation levels for respondent firms' various categories of employees, excluding fringes, expenses and auto reimbursements (figures in parentheses are the total number of respondents who provided average income data for each category of employee):

Outside salesperson (315 respondents)	\$ 83,753
Outside distribution salesperson (85 respondents)	\$ 66,869
Field applications engineer / specification sales (66 respondents)	\$ 68,081
Inside salesperson (232 respondents)	\$ 40,465
Administrative manager (95 respondents)	\$ 43,754
Information systems or information tech manager (31 respondents)	\$ 44,081
Financial manager / bookkeeper (87 respondents)	\$ 39,269
Other administrative personnel (72 respondents)	\$ 35,411
Manager (with SOME account responsibility, but not an owner, president or partner who owns more than 30% of the firm) (46 respondents)	\$104,532
Manager (with NO account responsibility, but not an owner, president or partner who owns more than 30% of the firm) (38 respondents)	\$114,197

***Many thanks to all who participated in this survey!***

**Want to compare these results to the last ERA-MANA-NEMRA survey in 2003?**

You will see, for instance, that some figures in the chart just above (for average salaries by job category) went up, but others went down. **The summary report of the 2003 edition of this same survey is available for downloading in pdf format from the ERA Web site.** Just go to [http://www.era.org/CMPSUR\\_03.pdf](http://www.era.org/CMPSUR_03.pdf).

*If you have questions about these survey results, please e-mail Tess Hill at ERA — [thill@era.org](mailto:thill@era.org).*