

EXECUTIVE SUMMARY

THE SALES PROFESSION IN AN ECONOMIC RECESSION

ATTRACTING, RETAINING AND MOTIVATING HIGH-PERFORMING
SALES ORGANIZATIONS DURING AN ECONOMIC DOWNTURN

GIVEN THE PRECARIOUS BUSINESS CLIMATE, MOST COMPANIES TODAY ARE FOCUSING ON HOW TO GENERATE MORE SALES. HOWEVER, THE REALITY IS THAT THEIR CUSTOMERS ARE SPENDING LESS, AND EVEN HIGHLY SKILLED BUSINESS DEVELOPERS ARE FACING AN UPHILL BATTLE. AT THE SAME TIME, EMPLOYERS ARE CUTTING COSTS AS SALES FALL. CONSEQUENTLY, THEY MAY NEED TO CONSIDER CHANGING THE WAY THEY COMPENSATE AND INCENT THEIR SALES FORCE.

To better understand sales professionals and employers/recruiters as they come to grips with the implications of the ongoing economic crisis, Hudson and Monster surveyed both groups in November and December 2008.

The study results highlight the challenge—as well as the opportunity—for employers trying to attract and retain the best sales talent. For example, while both recruiters and sales professionals are optimistic about the outlook for the sales profession over the next year, only six percent of sales professionals say they plan to stay in their current position during the next six months. More than half (57 percent) say they plan to actively seek a new position, and one-third say they would consider a different one if it were the “right opportunity” (see fig. A). It’s important to note that all respondents were drawn from Monster’s job-seeker database and had indicated an interest in seeking a sales position during the past year.

ONLY SIX PERCENT OF SALES PROFESSIONALS SAY THEY PLAN TO STAY IN THEIR CURRENT POSITION DURING THE NEXT SIX MONTHS.

In addition, the survey suggests a disconnect between the way sales professionals and recruiters perceive the relative merit of compensation strategies. For example, 85 percent of sales professionals say salary is “very influential or somewhat influential” to their sales performance. One can reasonably assume that they were motivated largely by salary when deciding whether to accept their position.

On the other hand, only half (52 percent) of employers rated salary as highly important in recruiting or retaining sales professionals. Employers rated commission most important in both attracting and retaining sales professionals. However, sales professionals ranked salary, bonus and health insurance higher than commission when asked what influences their sales performance.

FIG. A: SALES PROFESSIONALS CAREER PLANS: NEXT SIX MONTHS

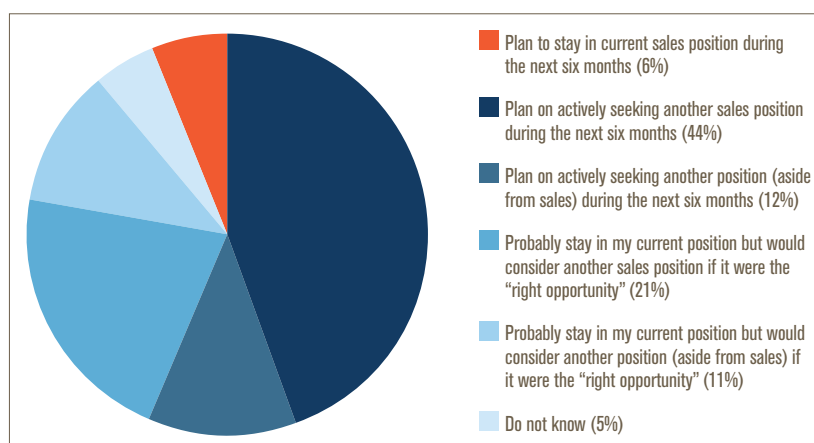
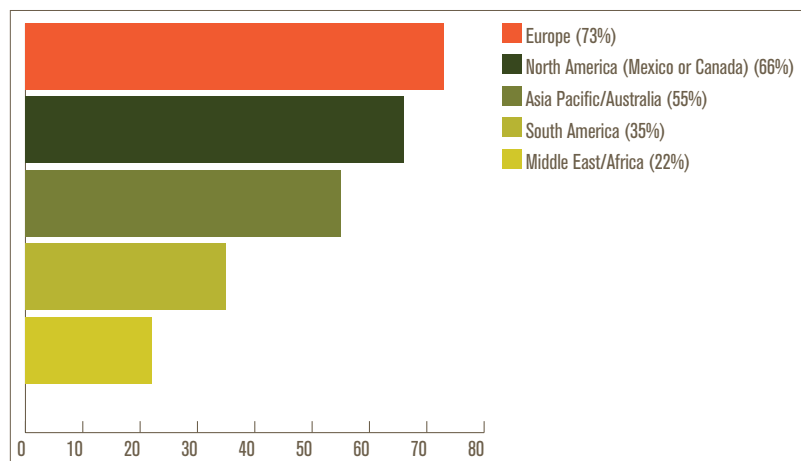


FIG. B: PREFERRED GLOBAL RELOCATION DESTINATIONS OF SALES PROFESSIONALS



Despite the worsening economy through 2008, few employers adjusted the way they compensate sales professionals. Only about 17 percent of recruiters indicated that their company had changed the compensation formula in the prior six months. In most cases that involved increasing commission and decreasing salary—as some explained, making compensation more “performance based.”

With the job market tightening, however, many respondents appeared willing to expand their options. Seventy-eight percent say they would consider switching industries. Forty-four percent would consider a sales position outside the United States and another 18 percent were unsure. Of those who would consider an overseas position, one-quarter said their view had changed

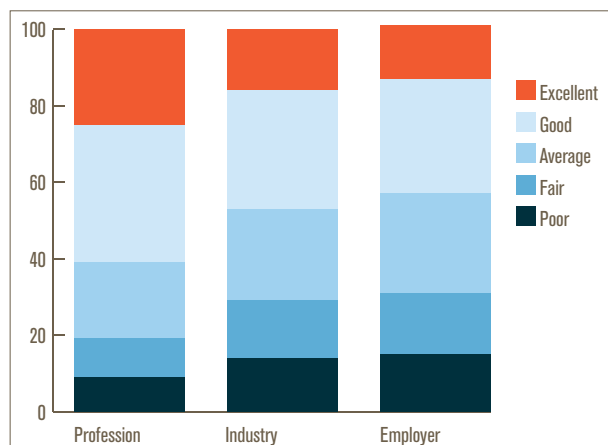
in the past three to six months. Most cited the deteriorating economy or the desire for a new challenge as the reason they would consider a position abroad. Some noted that with their children grown and out of the house, they are now more open to this option.

Two-thirds of those who said they would consider a position outside the U.S. would be willing to relocate elsewhere in North America (i.e., Canada or Mexico), but many are open to other options as well: 73 percent say they would consider relocating to Europe, 55 percent to Asia Pacific/Australia and 35 percent to South America. Only about one in five would consider the Middle East or Africa (see fig. B).

OUTLOOK FOR 2009

- Sixty percent of sales professionals and 66 percent of recruiters rate the outlook for their profession over the next year as excellent or good (see fig. C).
- Nearly half (47 percent) of sales professionals rate the outlook for their industry as excellent or good over the next 12 months, while 14 percent rate it as poor. Their outlook about their employers is very similar. However, their outlook about their own position is not so optimistic: 38 percent rate their own job security as very high or high, while 33 percent rate it as low or very low.
- Recruiters are more encouraged about the prospects for the next year. Two-thirds of those surveyed said they would be increasing their sales force, while only about five percent said they would be decreasing it. Nearly 63 percent see job security for sales professionals in their industry as excellent or good and only six percent see it as poor. This outlook is in line with recruiters' views about their industry: 59 percent see the economic outlook as excellent or good over the next year, while six percent see it as poor.

FIG. C: SALES PROFESSIONALS' OUTLOOK FOR THE SALES ROLE OVER THE NEXT 12 MONTHS



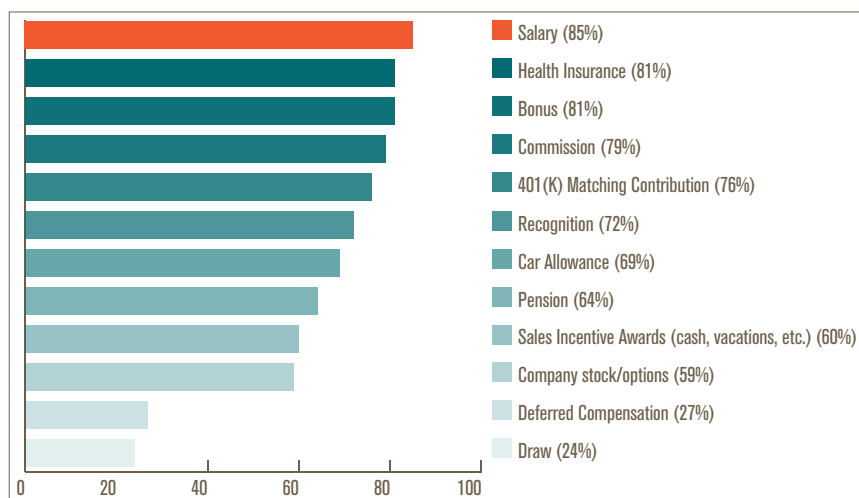
PREFERENCES AND MOTIVATION

- Fifty-five percent of salespeople rate salary among the top five factors they like about their current position, compared with only 40.5 percent who rate commission in the top five. Even fewer sales professionals include performance-based compensation, bonuses or sales incentive rewards among the top five.
- “Personal fulfillment from job success” is the most frequent response given by sales professionals when asked what they like best about their position. This is followed by “the challenge of sales,” “being my own boss,” “salary” and “flexible work schedule.”
- The percent of sales professionals who rate compensation components as very influential or somewhat influential to their sales performance is as follows: salary (85%), bonus (81%), health insurance (81%), commission (79%), and 401K (76%) (see fig. D).

FIFTY-FIVE PERCENT OF SALESPEOPLE RATE SALARY AMONG THE TOP FIVE FACTORS THEY LIKE ABOUT THEIR CURRENT POSITION, COMPARED WITH ONLY 40.5 PERCENT WHO RATE COMMISSION IN THE TOP FIVE.

- Sales professionals are split about how they view their sales position: 46 percent see it as a lifelong career while 54 percent view it as a stepping stone to a more senior position or a temporary assignment until they get another position.
- When evaluating why they want to stay with their current employer, sales professionals rate the product or service they sell and the company’s customer service as the most important factors—above salary, commission and sales territory. This reflects salespeoples’ recognition that quality products and customer service are fundamental to making sales. When evaluating a new sales position, they still value product/service the highest, but salary is a very close second. In both situations, “sales contests” rank lowest, far below the other factors.
- Nearly all sales professionals and recruiters agree that salespeople need the following personal characteristics to be successful: motivated, effective communicator, honest, professional, determined. Recruiters and sales professionals both rank experience last among the personal characteristics that are important for sales success.

FIG. D: SALES COMPENSATION COMPONENTS INFLUENCE ON PERFORMANCE



COMPENSATION

- The recruiter survey found that the commission-to-salary ratio varies widely from company to company. There is no clear pattern of companies weighting commission more heavily than salary or vice versa.

METHOD AND DEMOGRAPHICS

THE SURVEY OF 2,476 SALES PROFESSIONALS AND 64 EMPLOYERS (RECRUITERS OR HIRING MANAGERS FOR SALES POSITIONS) WAS CONDUCTED IN NOVEMBER AND DECEMBER 2008, WELL INTO THE CURRENT FINANCIAL CRISIS. MONSTER SENT AN INVITATION TO PARTICIPATE IN THE ONLINE SURVEY TO THOSE IN ITS DATABASE WHO INDICATED INTEREST IN SEEKING A SALES POSITION DURING THE PAST YEAR. IN ADDITION, AN INVITATION TO PARTICIPATE IN A SIMILAR ONLINE SURVEY WAS SENT TO MONSTER'S DATABASE OF EMPLOYERS/RECRUITERS WHO HAD RECRUITED SALES PROFESSIONALS DURING THE PAST YEAR.

SALES PROFESSIONALS WERE PREDOMINANTLY MALE (80 PERCENT), MIDDLE-AGED (60 PERCENT IN THE 35-54 AGE BRACKET AND ANOTHER 26 PERCENT AGED 55-64) AND EXPERIENCED (65 PERCENT WITH 15 OR MORE YEARS IN SALES). ABOUT ONE-QUARTER WERE ENGAGED IN INSIDE SALES AT THE TIME OF THE SURVEY, WHILE THREE-QUARTERS WERE RESPONSIBLE FOR OUTSIDE SALES. ABOUT ONE-THIRD (35 PERCENT) WERE RESPONSIBLE FOR SELLING AND FOR MANAGING OTHER SALES PEOPLE, WHILE 15 PERCENT LED THE SALES ORGANIZATION AT THEIR COMPANY; THE OTHER HALF SAID THEY WERE PART OF THE SALES ORGANIZATION WITH NO DIRECT REPORTS.

SALES PROFESSIONALS WERE SPLIT EVENLY BETWEEN THOSE WHO SELL BUSINESS-TO-BUSINESS AND THOSE WHO SELL TO BOTH BUSINESSES AND CONSUMERS. FOUR OUT OF FIVE RECRUITERS INDICATED THEIR COMPANY SELLS STRICTLY BUSINESS-TO-BUSINESS.

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