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Sales Compensation Challenges

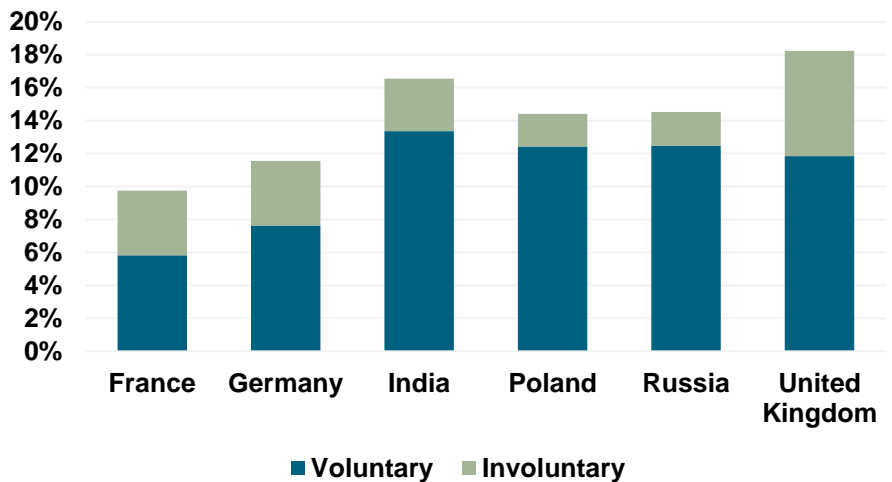
April 2012

Sales Staff Turnover

Below is an extract from Radford's Trends Report – Q1 2012 edition. Trends data for 23 countries can be obtained in the full Trends Report available to participating Radford clients.

The table below shows that voluntary turnover is still above 10% in several countries.

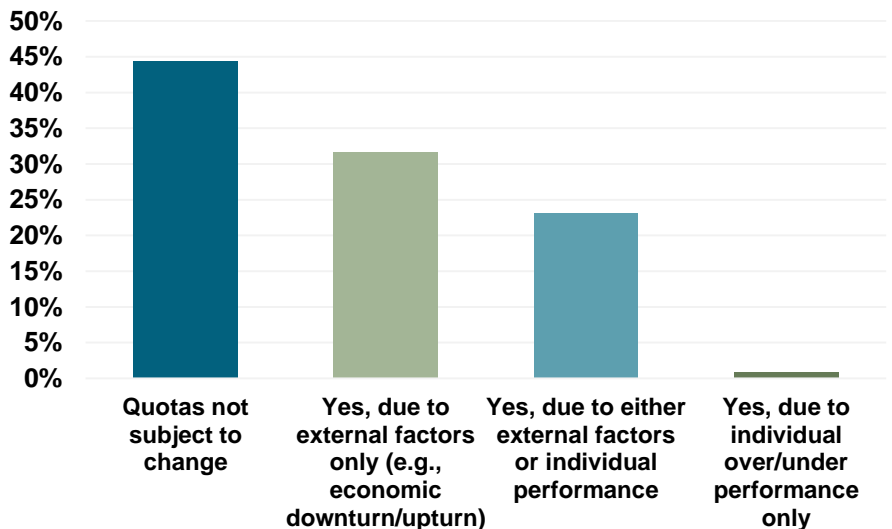
Q1 2012 Median Overall Sales Staff Turnover



Quota Setting

Participation in Radford's Global Sales Survey includes access to detailed sales practices data such as that shown below. The following chart indicates that nearly 45% of Radford participants will not adjust their quotas during the plan period and less than 1% will adjust because of changes in individual performance.

Percentage of companies where quotas are subject to change during the plan period



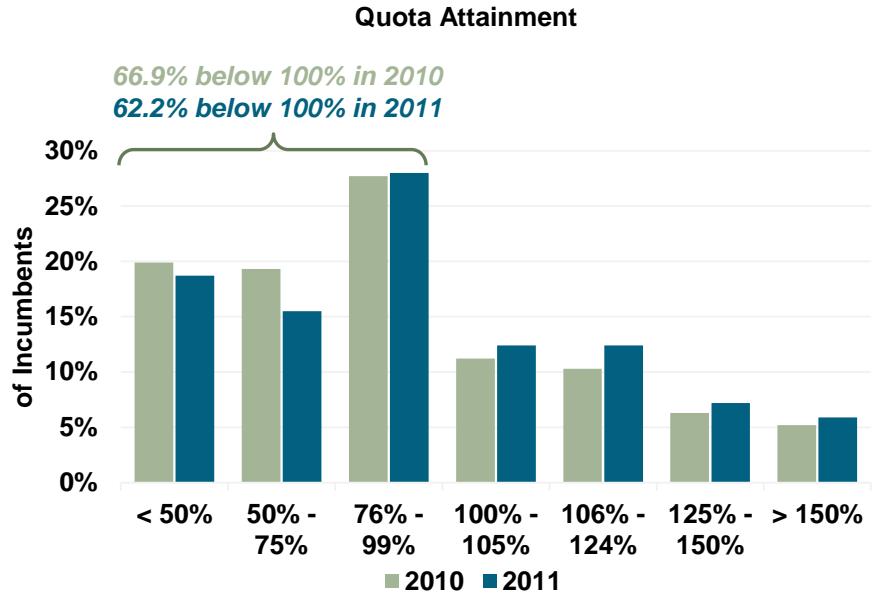
Key Participants

- Accenture
- Adobe Systems
- AMD
- Agilent
- Alcatel-Lucent
- Altera
- Amazon.com
- Analog Devices
- Apple
- Applied Materials
- ARM
- Booking.com
- BT
- CA
- Cap Gemini
- Cisco Systems
- CSR
- Dell
- Dassault Systemes
- eBay
- EMC
- Ericsson
- Experian
- Facebook
- Fairchild Semi
- Flextronics
- Freescale Semi
- Hewlett-Packard
- Hitachi
- IBM
- Intel
- Infineon Technologies
- Invensys
- Juniper Networks
- Logitech
- McAfee
- Melexis
- Mentor Graphics
- Microsoft
- Motorola Mobility
- National Semi
- NetApp
- Nortel
- NVIDIA
- NXP
- Oracle
- QUALCOMM
- Research in Motion
- Sandisk
- SAP
- Schneider Electric
- Seagate Technology
- Siemens AG
- Spirent Communications
- Sprint Nextel
- STMicroelectronics
- SunPower
- Symantec
- Synopsys
- Texas Instruments
- Thomson Reuters
- VMware
- Xilinx
- Yahoo!

Radford Sales Plan Audit

Pay-to-Performance

The following chart shows the percentage of quota attainment for the individual contributor sales positions for the last sales plan year.



Clearly, companies continue to deal with target setting in difficult economic circumstances. This is seen in the large proportion of incumbents that are not hitting their targets.

Ownership and Governance

Plan governance is the cornerstone of an effective sales compensation plan and a review of the guiding principles and associated measures can help to realign performance to company goals.

The following extract is an example of how a scorecard can help to address these issues.

Guiding Principle	Metric	Current Status	Grade
1. Plans should drive profitable growth	YOY Revenue Growth	%	A
	YOY Op. Income Growth	%	C-
	CCOS	%	C
2. Plans should create win-win for company and individual	Payout as a proportion of revenue	%	A
3. Plans should attract top talent	First Year Success Rate	%	B+
4. Plans should motivate sales people	Survey Response (% in top 2 categories)	%	C+
5. Plans should retain sales people	Sales Force Turnover (Vol)	%	C+
6. Plans should be simple	Number of metrics	%	C

Source: Radford Global Sales Survey Practices Report 2011