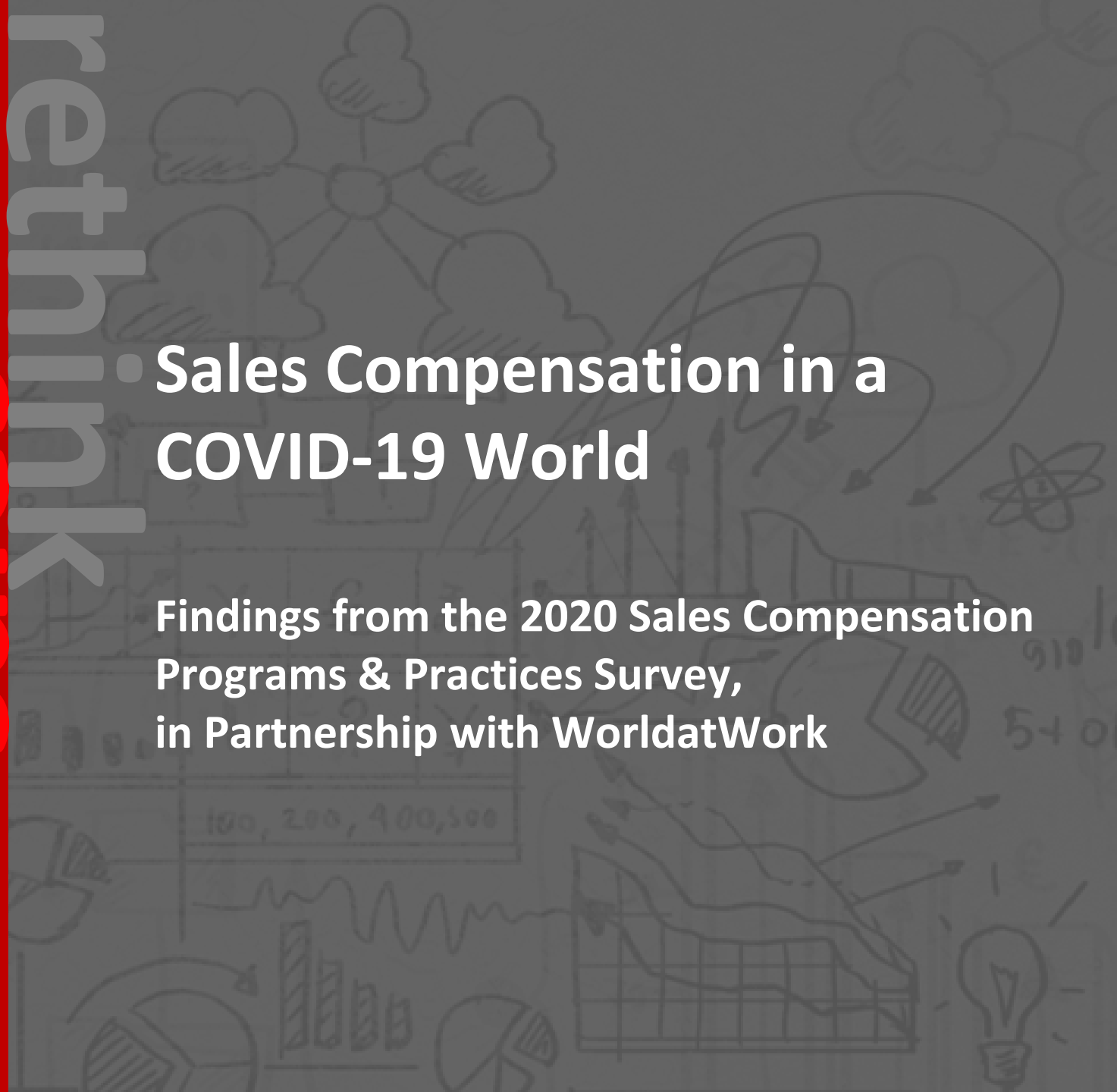**SALESGLOBE**

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sales
rethink

Sales Compensation in a COVID-19 World

Findings from the 2020 Sales Compensation Programs & Practices Survey, in Partnership with WorldatWork

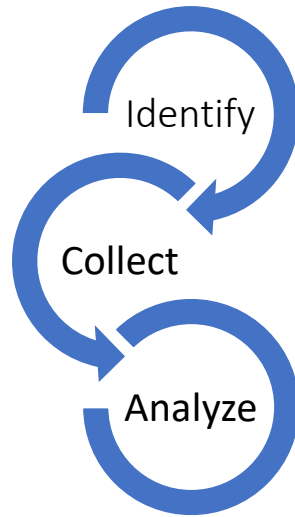# Our Story: Problem-Solving for Sales

We are rethinking sales.
SalesGlobe is a sales innovation firm that solves challenging sales problems. We work with our clients to implement solutions that give them a significant ROI.

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Methodology

Identify

Collect

Analyze

WorldatWork, in partnership with SalesGlobe, invited its broader membership and customer base to participate in an electronic survey. Email invitations were sent directly to participants on 05/13/2020 and results were collected over a 30-day period.

A total of 317 responses were received, representing organizations of different sizes and across multiple industries. Results have not been weighted, but respondent profiles have been included to assist with interpretation of results. Results are skewed to be more representative of mid-large employers, but statistical differences have been highlighted when present.

The survey has a 5% overall margin of error at a confidence level of 95%. The error rate was based on how representative the results are for medium-large organizations.

Sample sizes vary by question. Please note that statistical reliability will fluctuate based on sample sizes.

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The Big Story on Sales Compensation

We're excited at SalesGlobe to partner with WorldatWork and to share the results from our Sales Compensation Programs & Practices survey.

2020 has been an unprecedented year with COVID and its impact on our world. The survey reflects company practices and concerns around sales compensation in this environment.

Here's the big story on sales compensation in 2020.

Mark Donnolo, Managing Partner
Michelle Seger, Partner
https://www.salesglobe.com/

Quota Difficulty
Since 2019, twice the number of companies (39% vs. 19%) say that less than 25% of their sales team will reach quota.

Simplifying Comp.
On average, organizations use one to three performance measures, with about a quarter of organizations using only one measure, up 71% since 2016.

Revenue Leads
With 60% to 79% of organizations, followed by Key Sales Objectives, and Product Unit Volume.

Upside is Strong
Over 60% of organizations have plans with at least 200% upside potential for 90th percentile performers, with 40% over 200%.

There Are Limits
56% of organizations use at least one form of cap, regressive rate, or mega-deal policy to govern upside pay.

Face-to-Face is Key
90% of organizations say face-to-face small team communications is effective followed by 82% with individual one-on-one, a challenge in a virtual environment.

Tech Adoption
Only 32% of organizations use third party SPM and 47% use CRM. These may become more critical in a COVID world.

Future Impact
Organizations feel macroeconomic changes will have the greatest impact on their business (61%), technology and natural occurrences are also top of mind.

Some Shifting Strategy
22% of organizations anticipate revising their approach to sales coverage and 20% anticipate revising their approach to sales compensation.

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Primary Sales Roles

Please indicate which sales roles currently are used in your organization. Please select all that apply.

Sales Role	Percentage
Field Blended New Account and Current Seller	50%
Field First-Line Sales Manager	47%
Inside Sales Inbound and Outbound	36%
Field Current Customer Seller	35%
Inside First-Line Sales Manager	35%
Field New Account Seller	34%
Field Channel Seller	32%
Inside Sales Inbound	27%
Inside Sales Outbound	20%

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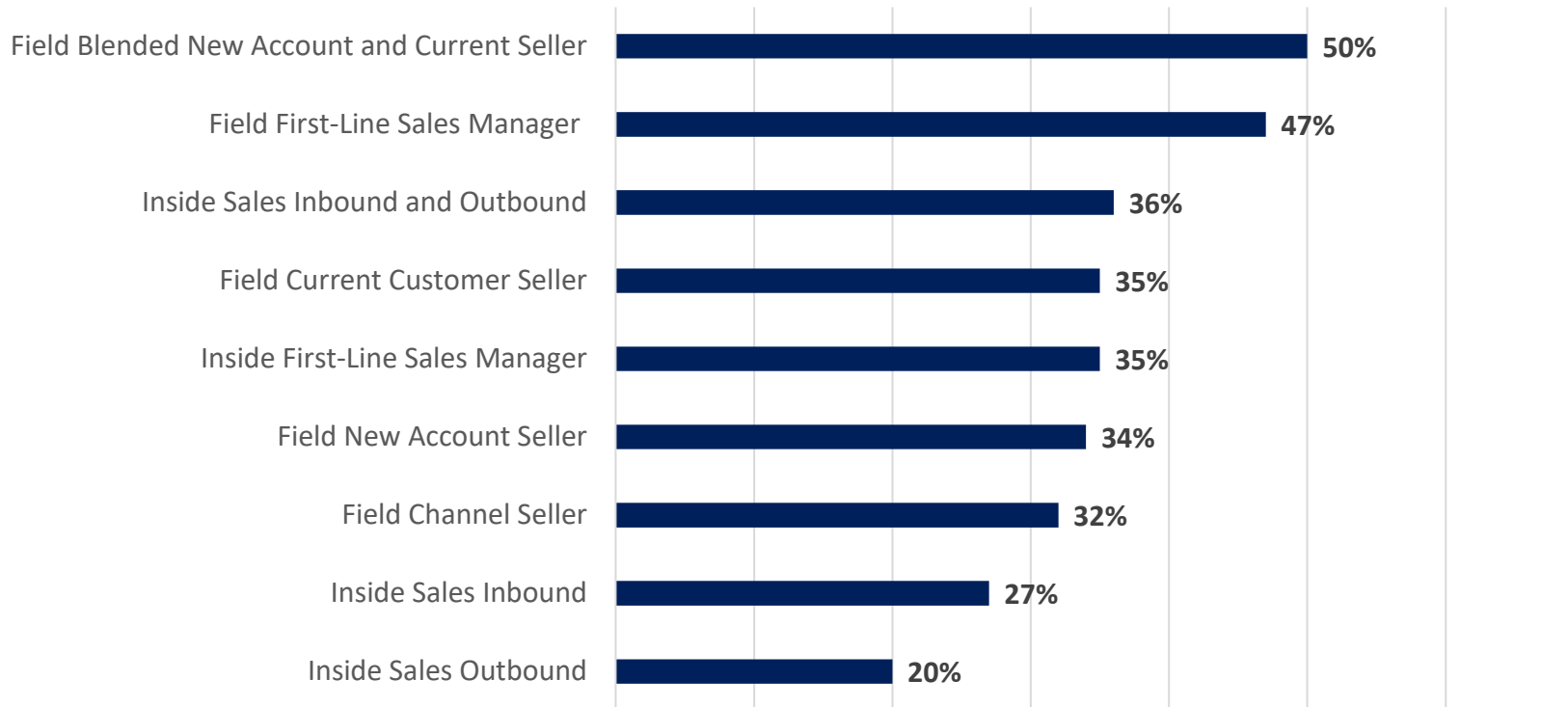
Pay Mix – Base Pay

For the following two questions, please indicate the target pay mix for the sales positions in your organization based on their primary role. Please be sure the figures for target base pay and target variable pay sum to 100%.

Base Pay (0%-100%)

■ 0%-25%   ■ 26%-50%   ■ 51%-75%   ■ 76%-100%

Role	0%-25%	26%-50%	51%-75%	76%-100%
Field New Account Seller	10%	25%	50%	15%
Field Current Customer Seller	2%	14%	54%	30%
Field Blended New Account and Current Customer Seller	2%	22%	56%	20%
Field Channel Seller	5%	11%	66%	18%
Field First-Line Sales Manager	4%	10%	56%	30%
Inside Sales Outbound		7%	67%	27%
Inside Sales Inbound	4%	13%	48%	35%
Inside Sales Inbound and Outbound	3%	11%	43%	43%
Inside First-Line Sales Manager		9%	68%	24%

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Pay Mix – Variable Pay

For the following two questions, please indicate the target pay mix for the sales positions in your organization based on their primary role. Please be sure the figures for target base pay and target variable pay sum to 100%.

Variable Pay (0%-100%)

■ 0%-25%   ■ 26%-50%   ■ 51%-75%   ■ 76%-100%

Position	0%-25%	26%-50%	51%-75%	76%-100%
Field New Account Seller	13%	67%	8%	13%
Field Current Customer Seller	24%	64%	5%	7%
Field Blended New Account and Current Customer Seller	20%	73%	6%	2%
Field Channel Seller	26%	66%	8%	
Field First-Line Sales Manager	36%	58%	2%	4%
Inside Sales Outbound	33%	60%	7%	
Inside Sales Inbound	44%	52%	4%	
Inside Sales Inbound and Outbound	43%	51%	3%	3%
Inside First-Line Sales Manager	27%	71%	3%	

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Upside Potential

*What is the upside potential as a percent of target incentive (in addition to target incentive)
for a 90th percentile performer?*

Legend: ■ Less than 50% ■ 50% ■ 100% ■ 200% ■ Greater than 200%

Role	Less than 50%	50%	100%	200%	Greater than 200%
Field New Account Seller		7%	17%	24%	37%
Field Current Customer Seller	7%	9%	14%	26%	30%
Field Blended New Account and Current Customer Seller	5%	5%	16%	18%	46%
Field Channel Seller	8%	5%	15%	20%	40%
Field First-Line Sales Manager		9%	13%	22%	46%
Inside Sales Outbound	6%	12%	12%	29%	35%
Inside Sales Inbound	4%	8%	20%	16%	40%
Inside Sales Inbound and Outbound	11%	3%	14%	22%	44%
Inside First-Line Sales Manager	3%	12%	9%	27%	47%

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Utilization of Governors

- 56% of respondents communicated their organization uses at least one of the following approaches
- In general, larger organizations are more likely to utilize Caps

Does your organization utilize the following?

% That Answered Yes

Caps (a limitation to attainment and/or payout)	Regressive payout rate above a certain level of quota attainment	Blue-bird/mega-deal policy (special treatment for very large deals)
35%	30%	28%

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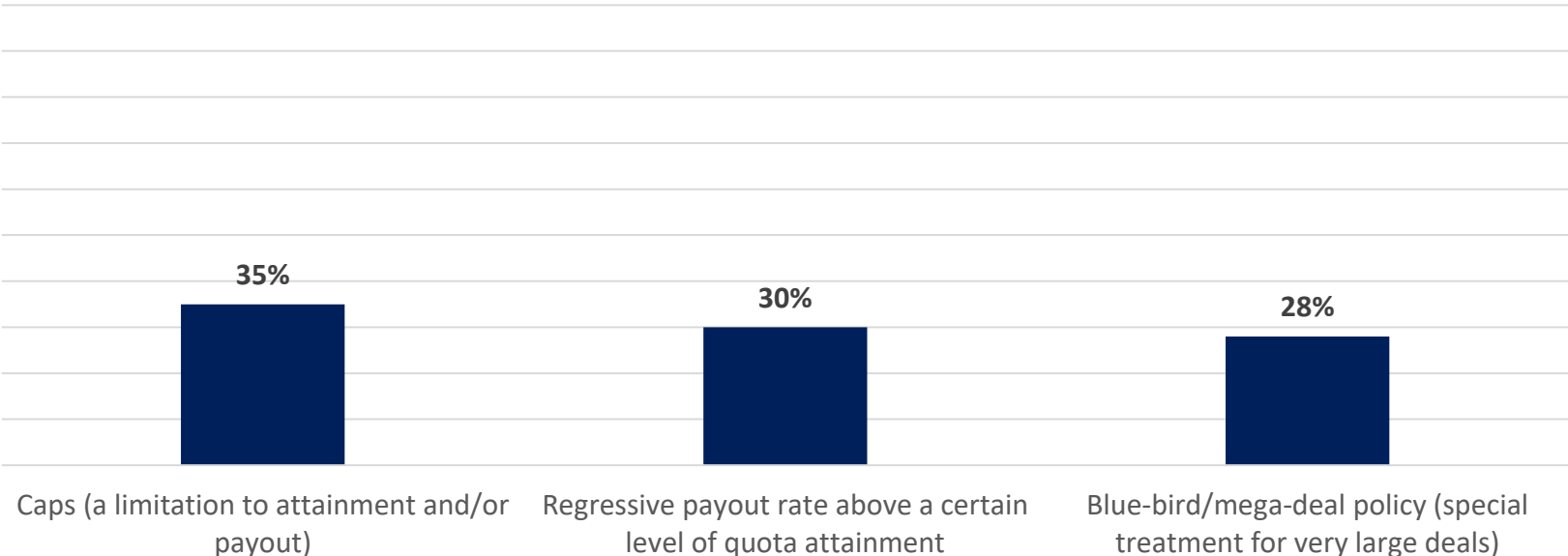
Thresholds

- 43% of respondents communicated their organization uses at least one of the following approaches

Does your organization utilize the following?

% That Answered Yes

36%	35%
Thresholds for existing account sellers	Thresholds for new account sellers
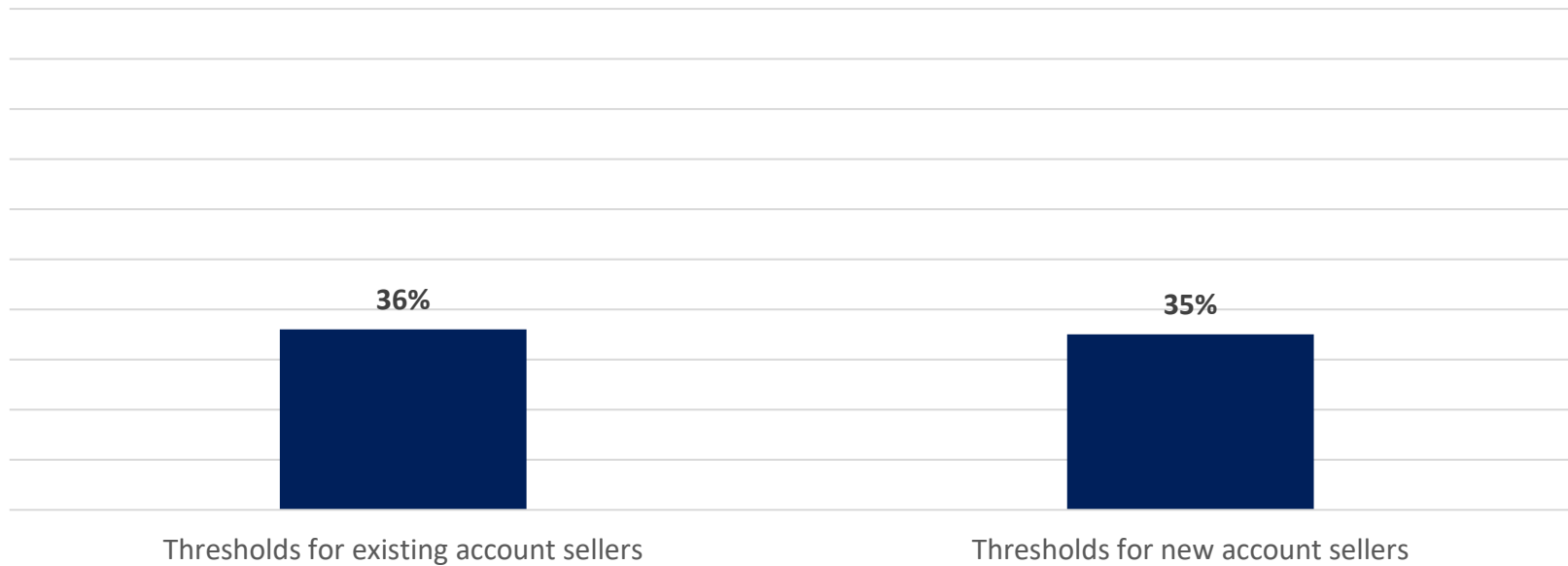
Performance Measures - # Utilized

- On average, organizations have 1-3 performance measures
- Organizations that report a single performance measure have increased by 71% (a 10 percentage-point increase) since 2016, evidence that organizations are simplifying their compensation plans

On average, how many performance measures are included in the sales compensation plan for your organization's primary sales roles?

One — Two — Three — Four — Five or More

	2016 (n = 154)	2020 (n = 274)
Two	31%	32%
Three	26%	24%
One	14%	24%
Four	18%	13%
Five or More	11%	7%

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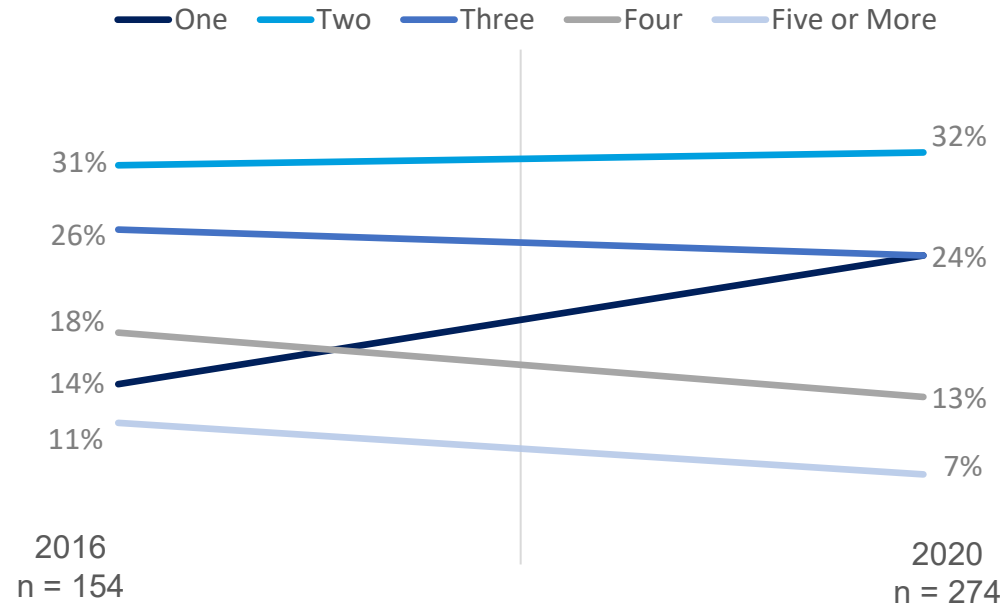
Performance Measures - Revenue

Please indicate the performance measures used in your plan for primary sales roles. Please select all that apply.

Revenue

■ Total Revenue   ■ New Customer Revenue   ■ Customer Revenue Retention   ■ Contract Renewals

Role	Total Revenue	New Customer Revenue	Customer Revenue Retention	Contract Renewals
Field New Account Seller	60%	60%	17%	13%
Field Current Customer Seller	78%	27%	42%	20%
Field Blended New Account and Current Customer Seller	77%	46%	30%	23%
Field Channel Seller	79%	29%	13%	14%
Field First-Line Sales Manager	76%	40%	22%	20%
Inside Sales Outbound	72%	46%	26%	21%
Inside Sales Inbound	66%	15%	25%	23%
Inside Sales Inbound and Outbound	71%	44%	20%	17%
Inside First-Lines Sales Manager	72%	36%	22%	12%

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Performance Measures - Bookings

Please indicate the performance measures used in your plan for primary sales roles. Please select all that apply.

Bookings

- New Customer Bookings
- Total Bookings
- Total Contract Value
- Annual Contract Value

Role	New Customer Bookings	Total Bookings	Total Contract Value	Annual Contract Value
Field New Account Seller	48%	30%	19%	20%
Field Current Customer Seller	25%	40%	31%	26%
Field Blended New Account and Current Customer...	37%	37%	25%	30%
Field Channel Seller	10%	29%	16%	31%
Field First-Line Sales Manager	25%	38%	25%	31%
Inside Sales Outbound	26%	51%	17%	34%
Inside Sales Inbound	27%	40%	23%	25%
Inside Sales Inbound and Outbound	31%	29%	26%	26%
Inside First-Lines Sales Manager	30%	28%	27%	30%

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Performance Measures - Volume

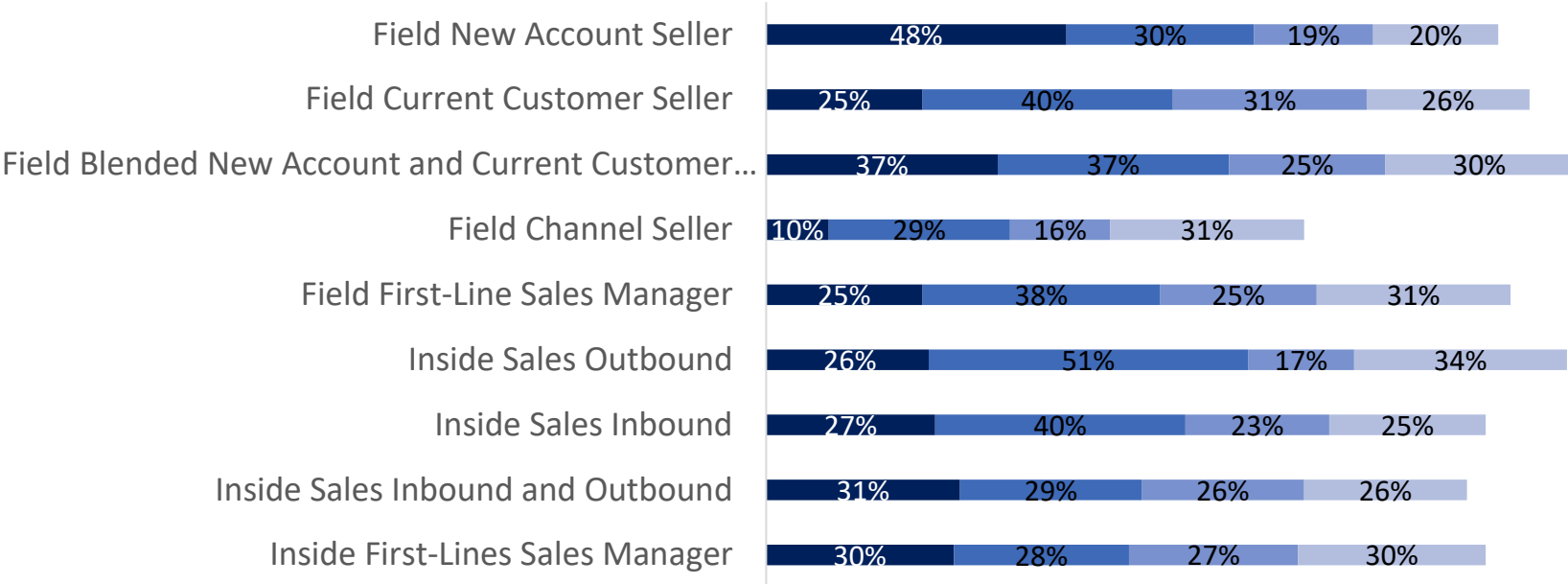*Please indicate the performance measures used in your plan for primary sales roles. Please select all that apply.*

Volume

■ Product Units or Volume   ■ New Deals Signed or Won

Role	Product Units or Volume	New Deals Signed or Won
Field New Account Seller	39%	52%
Field Current Customer Seller	51%	38%
Field Blended New Account and Current Customer Seller	51%	40%
Field Channel Seller	49%	33%
Field First-Line Sales Manager	56%	39%
Inside Sales Outbound	63%	31%
Inside Sales Inbound	44%	50%
Inside Sales Inbound and Outbound	55%	29%
Inside First-Lines Sales Manager	55%	33%

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Performance Measures - Profit

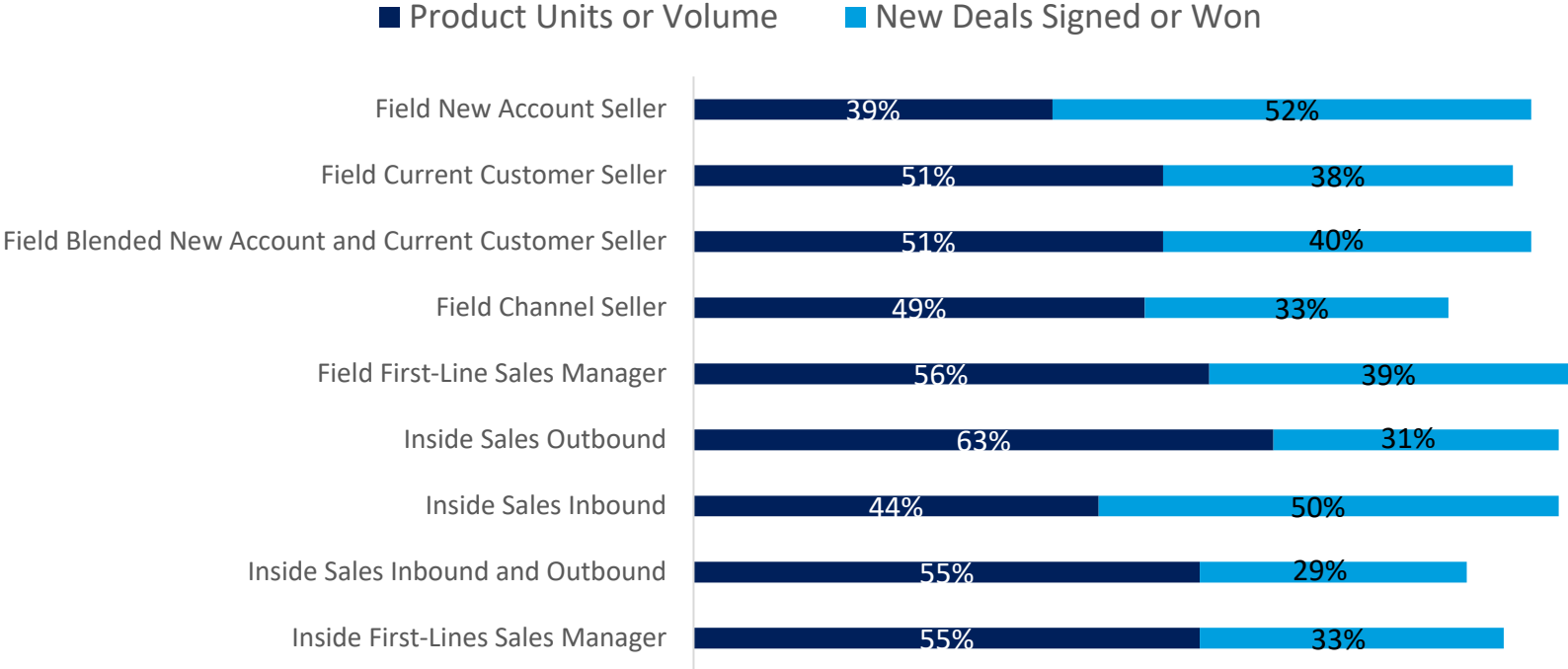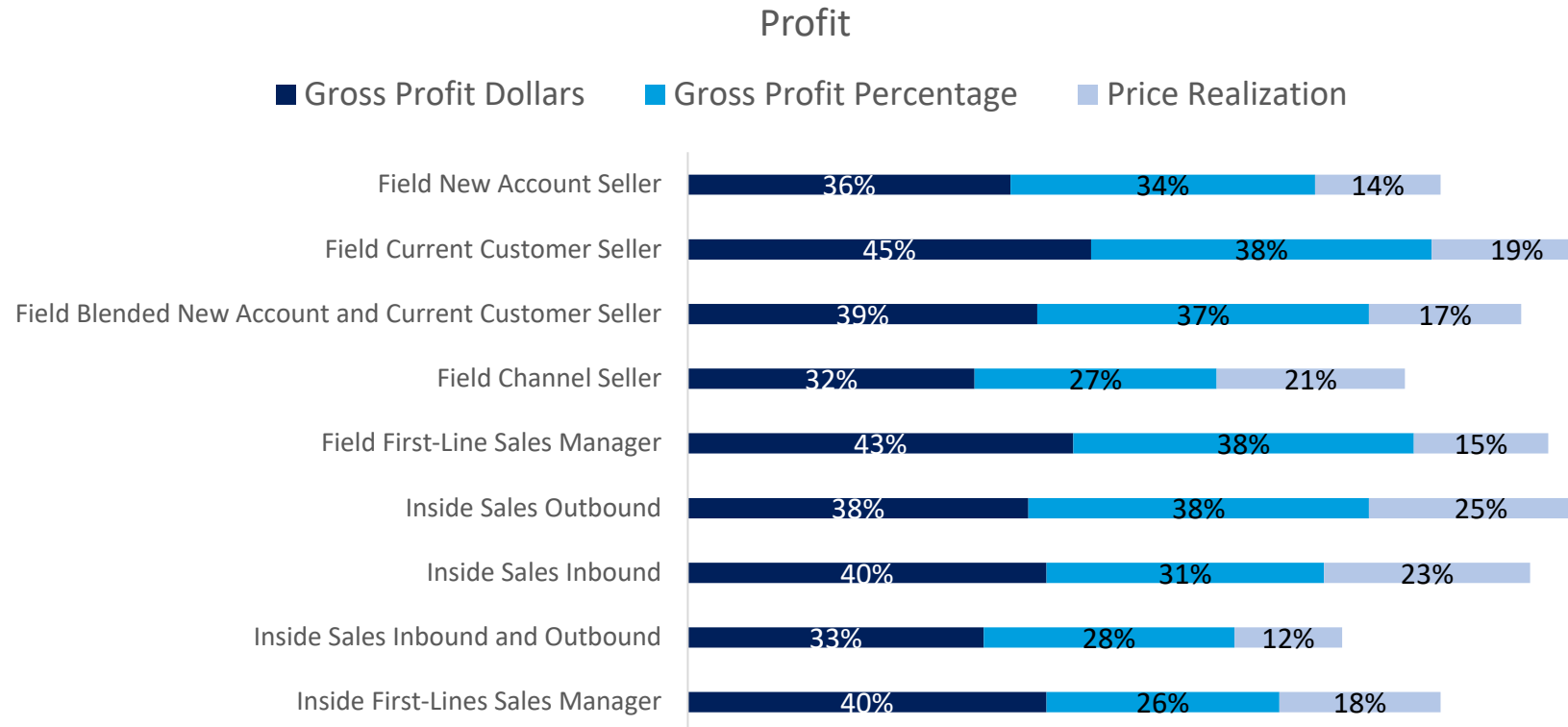*Please indicate the performance measures used in your plan for primary sales roles. Please select all that apply.*

Profit

■ Gross Profit Dollars   ■ Gross Profit Percentage   ■ Price Realization

Role	Gross Profit Dollars	Gross Profit Percentage	Price Realization
Field New Account Seller	36%	34%	14%
Field Current Customer Seller	45%	38%	19%
Field Blended New Account and Current Customer Seller	39%	37%	17%
Field Channel Seller	32%	27%	21%
Field First-Line Sales Manager	43%	38%	15%
Inside Sales Outbound	38%	38%	25%
Inside Sales Inbound	40%	31%	23%
Inside Sales Inbound and Outbound	33%	28%	12%
Inside First-Lines Sales Manager	40%	26%	18%

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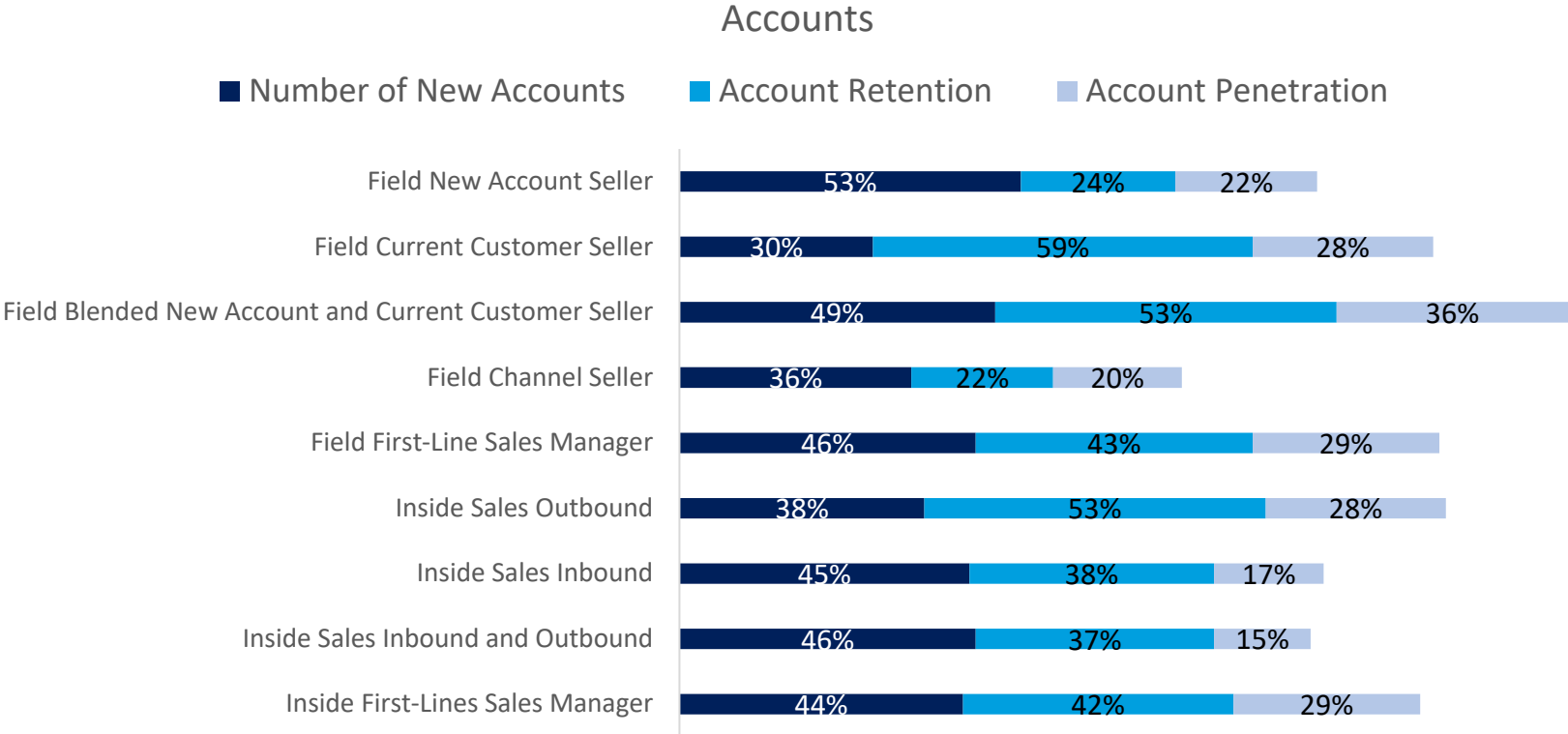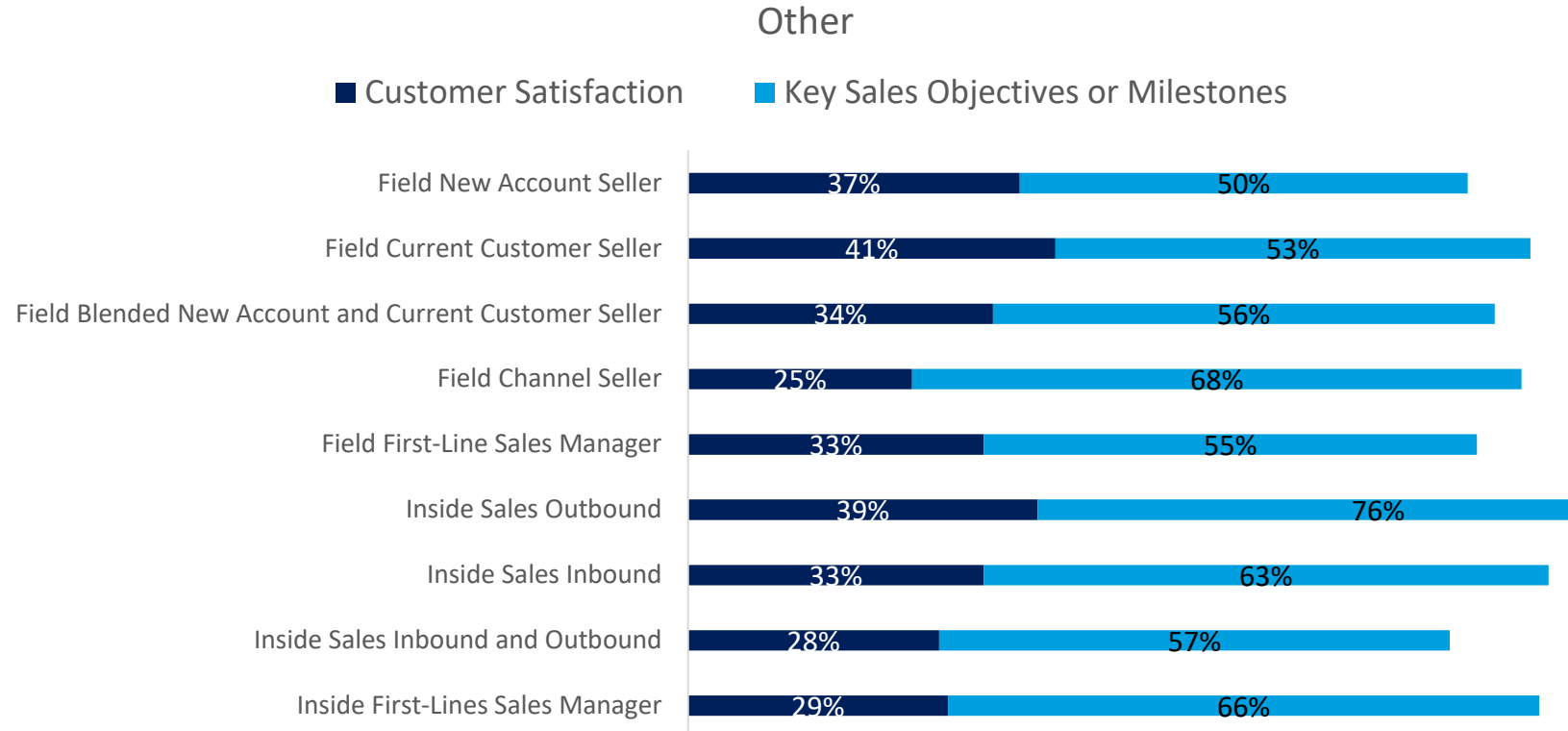
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Performance Measures - Accounts

Please indicate the performance measures used in your plan for primary sales roles. Please select all that apply.

Accounts

■ Number of New Accounts   ■ Account Retention   ■ Account Penetration

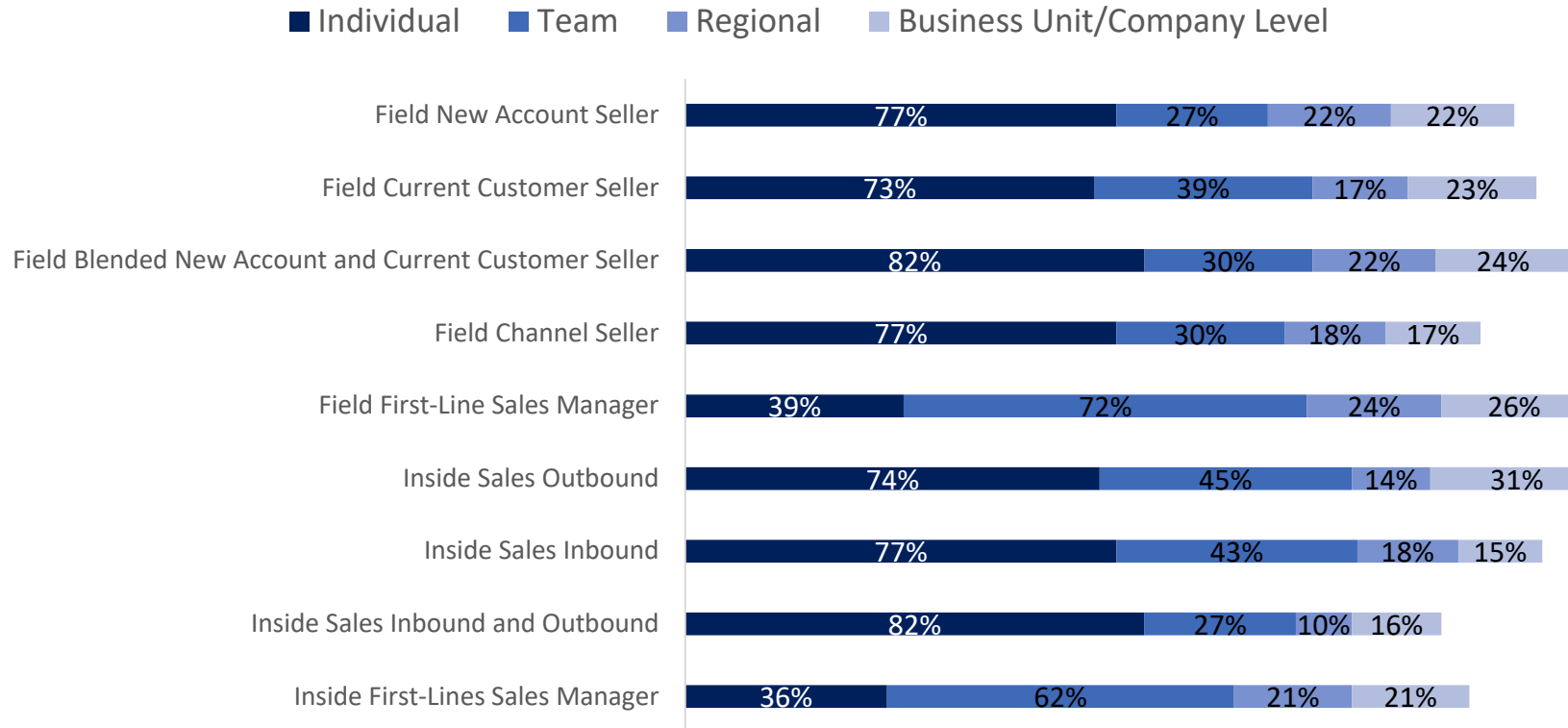| Role	Number of New Accounts	Account Retention	Account Penetration
Field New Account Seller	53%	24%	22%
Field Current Customer Seller	30%	59%	28%
Field Blended New Account and Current Customer Seller	49%	53%	36%
Field Channel Seller	36%	22%	20%
Field First-Line Sales Manager	46%	43%	29%
Inside Sales Outbound	38%	53%	28%
Inside Sales Inbound	45%	38%	17%
Inside Sales Inbound and Outbound	46%	37%	15%
Inside First-Lines Sales Manager	44%	42%	29%

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Performance Measures - Other

Please indicate the performance measures used in your plan for primary sales roles. Please select all that apply.

Other

■ Customer Satisfaction ■ Key Sales Objectives or Milestones

Role	Customer Satisfaction	Key Sales Objectives or Milestones
Field New Account Seller	37%	50%
Field Current Customer Seller	41%	53%
Field Blended New Account and Current Customer Seller	34%	56%
Field Channel Seller	25%	68%
Field First-Line Sales Manager	33%	55%
Inside Sales Outbound	39%	76%
Inside Sales Inbound	33%	63%
Inside Sales Inbound and Outbound	28%	57%
Inside First-Lines Sales Manager	29%	66%

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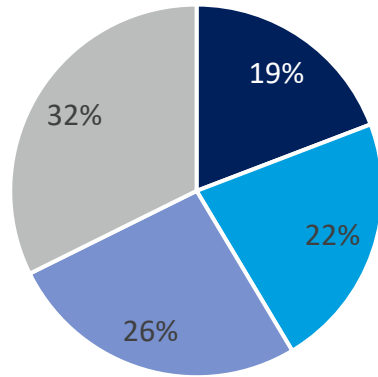WorldatWork
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Performance Measures

Please indicate how performance is measured for your primary sales roles – on an individual or team basis, or both. Please select all that apply.

■ Individual   ■ Team   ■ Regional   ■ Business Unit/Company Level

Role	Individual	Team	Regional	Business Unit/Company Level
Field New Account Seller	77%	27%	22%	22%
Field Current Customer Seller	73%	39%	17%	23%
Field Blended New Account and Current Customer Seller	82%	30%	22%	24%
Field Channel Seller	77%	30%	18%	17%
Field First-Line Sales Manager	39%	72%	24%	26%
Inside Sales Outbound	74%	45%	14%	31%
Inside Sales Inbound	77%	43%	18%	15%
Inside Sales Inbound and Outbound	82%	27%	10%	16%
Inside First-Lines Sales Manager	36%	62%	21%	21%

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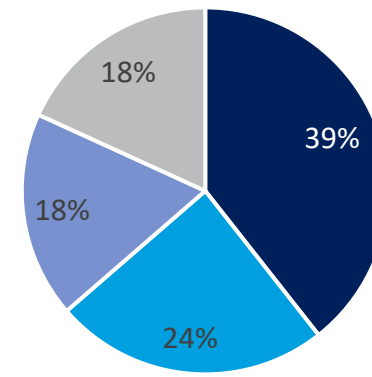
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Quotas

Thinking of 2019, what percentage of the sales team finished at or above quota?

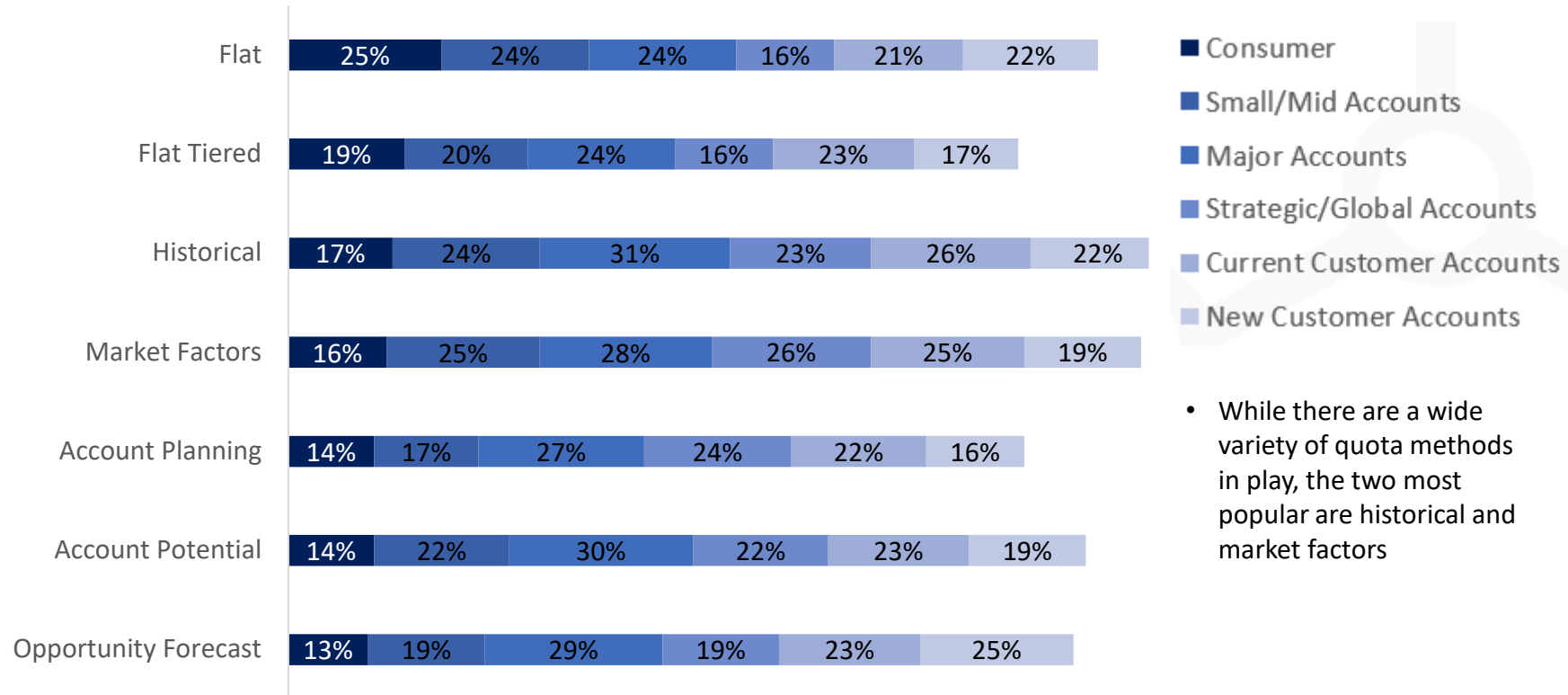*Thinking of the first two quarters of 2020, what percentage of the sales team finished at or above quota?*
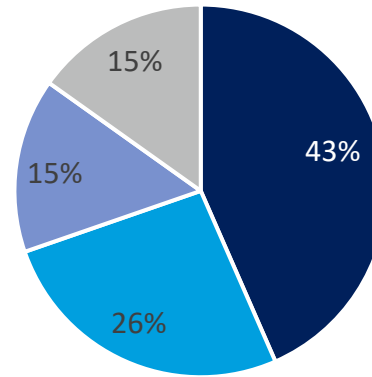
What percentage of the sales organization do you believe will finish at or above quota by the end of 2020?

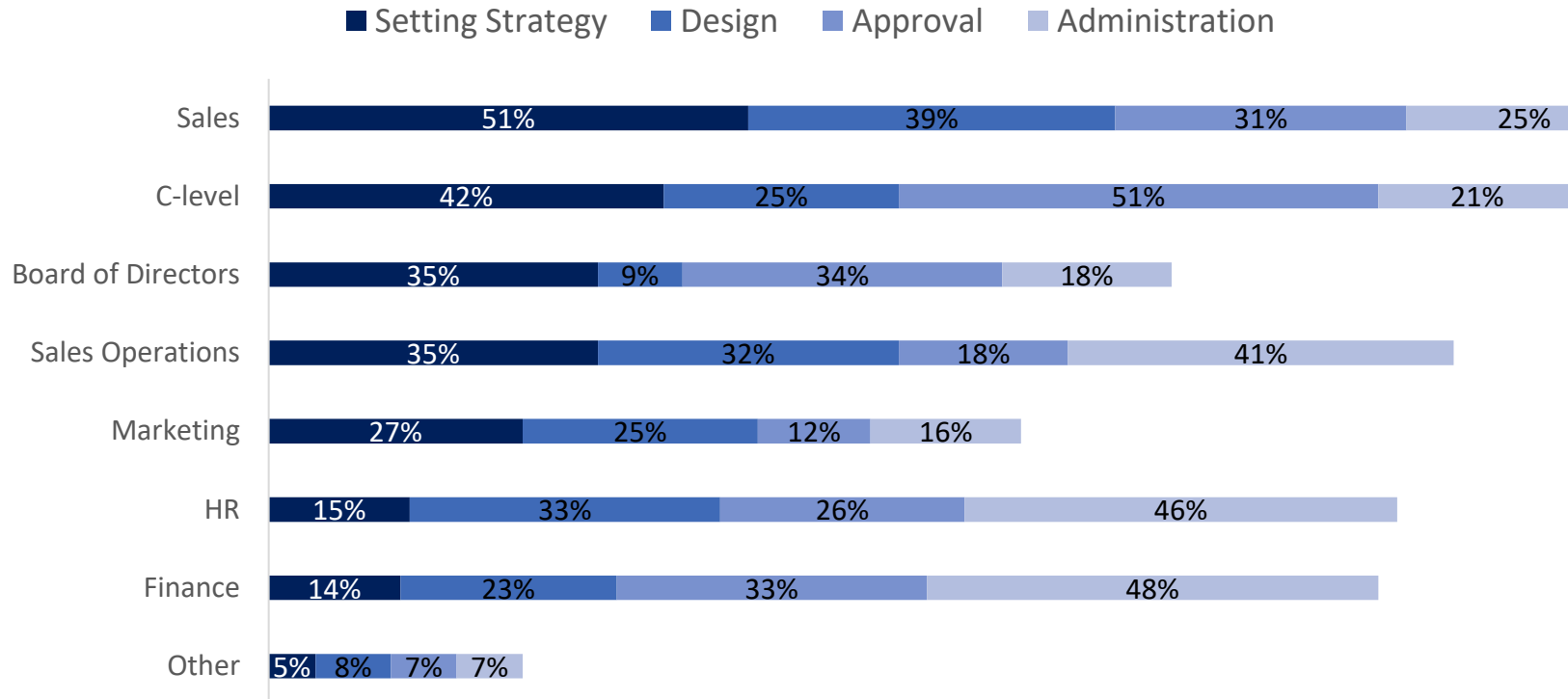**Legend:** ■ 0-25%   ■ 26-50%   ■ 51-75%   ■ 76-100%

Quotas

What methods does your organization use by account type? Please select all that apply.
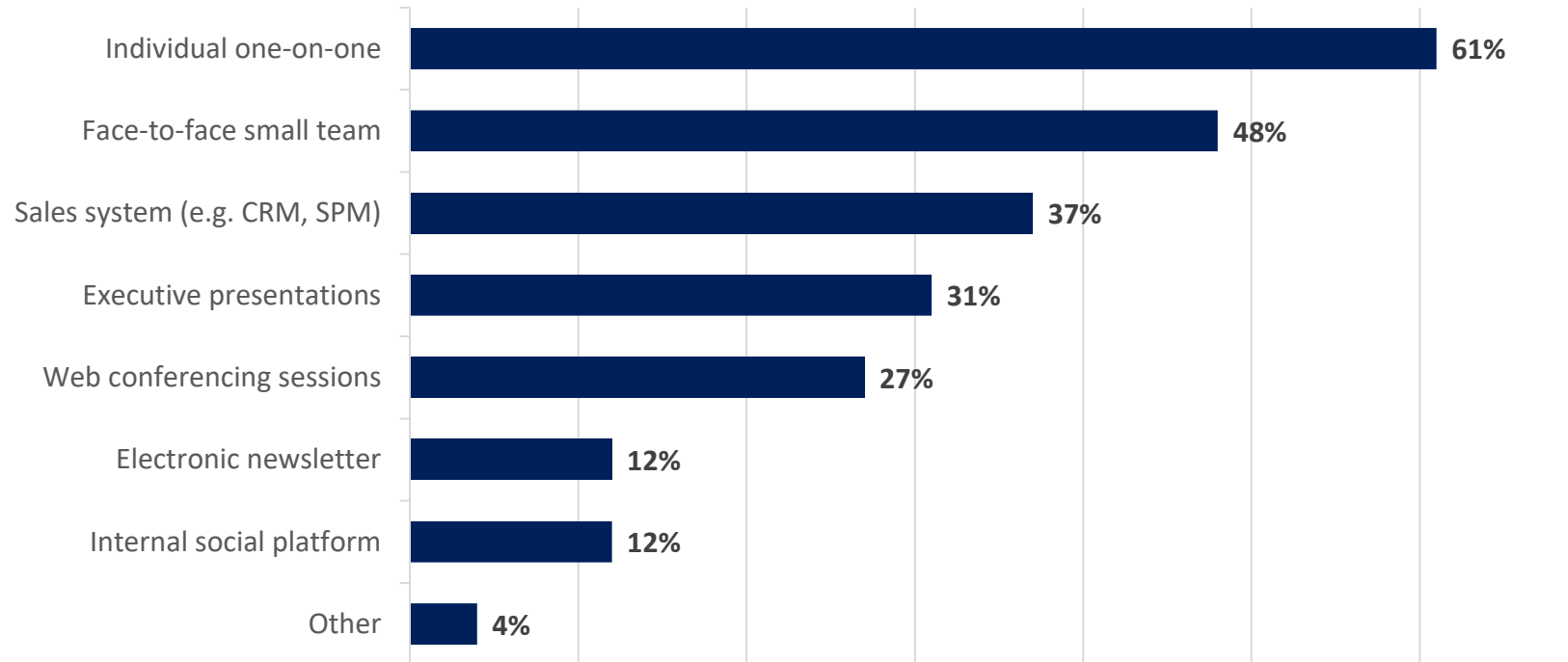

Legend:
- ■ Consumer
- ■ Small/Mid Accounts
- ■ Major Accounts
- ■ Strategic/Global Accounts
- ■ Current Customer Accounts
- ■ New Customer Accounts

Method	Consumer	Small/Mid Accounts	Major Accounts	Strategic/Global Accounts	Current Customer Accounts	New Customer Accounts
Flat	25%	24%	24%	16%	21%	22%
Flat Tiered	19%	20%	24%	16%	23%	17%
Historical	17%	24%	31%	23%	26%	22%
Market Factors	16%	25%	28%	26%	25%	19%
Account Planning	14%	17%	27%	24%	22%	16%
Account Potential	14%	22%	30%	22%	23%	19%
Opportunity Forecast	13%	19%	29%	19%	23%	25%

- While there are a wide variety of quota methods in play, the two most popular are historical and market factors

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Stakeholder Roles

In your organization, what is the role of the following stakeholders to the sales compensation plans?

■ Setting Strategy ■ Design ■ Approval ■ Administration

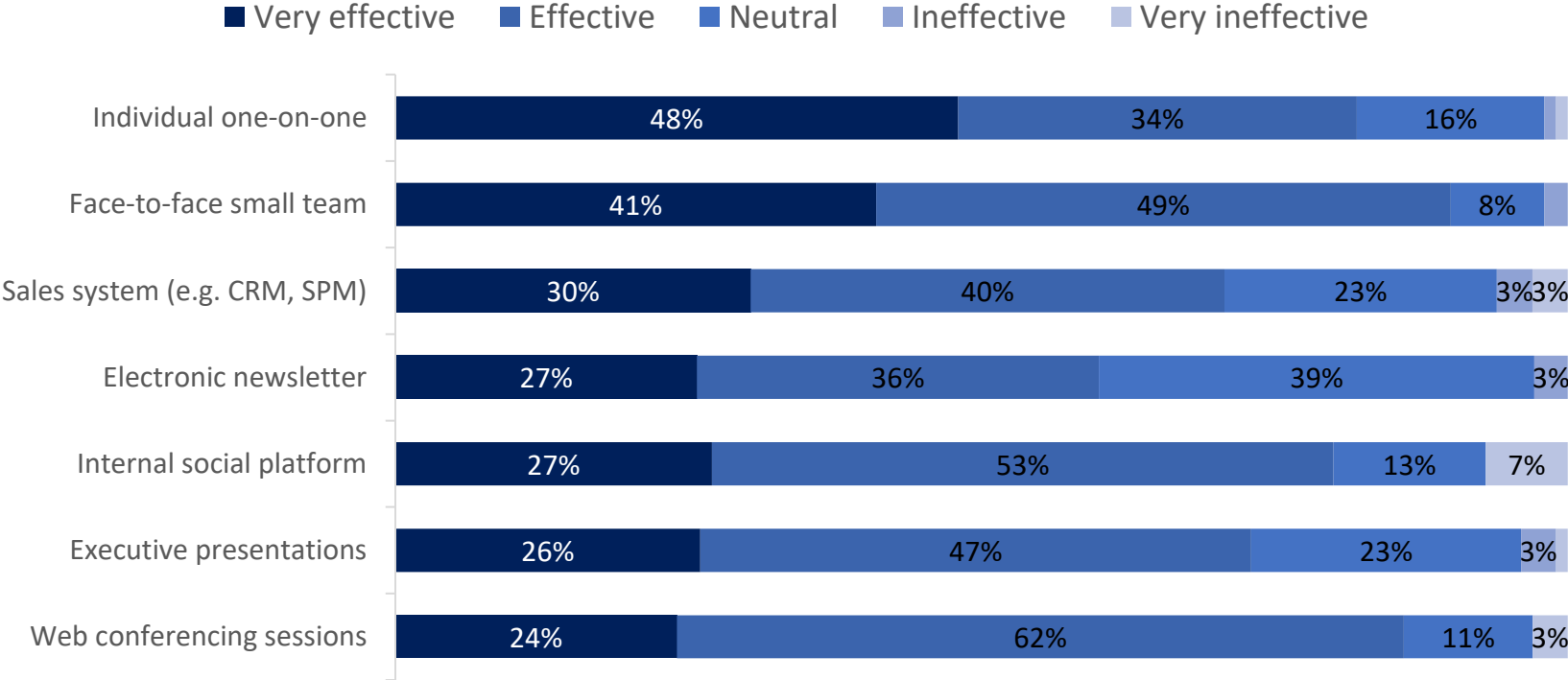|	Setting Strategy	Design	Approval	Administration
Sales	51%	39%	31%	25%
C-level	42%	25%	51%	21%
Board of Directors	35%	9%	34%	18%
Sales Operations	35%	32%	18%	41%
Marketing	27%	25%	12%	16%
HR	15%	33%	26%	46%
Finance	14%	23%	33%	48%
Other	5%	8%	7%	7%

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Communication – Methods Utilized

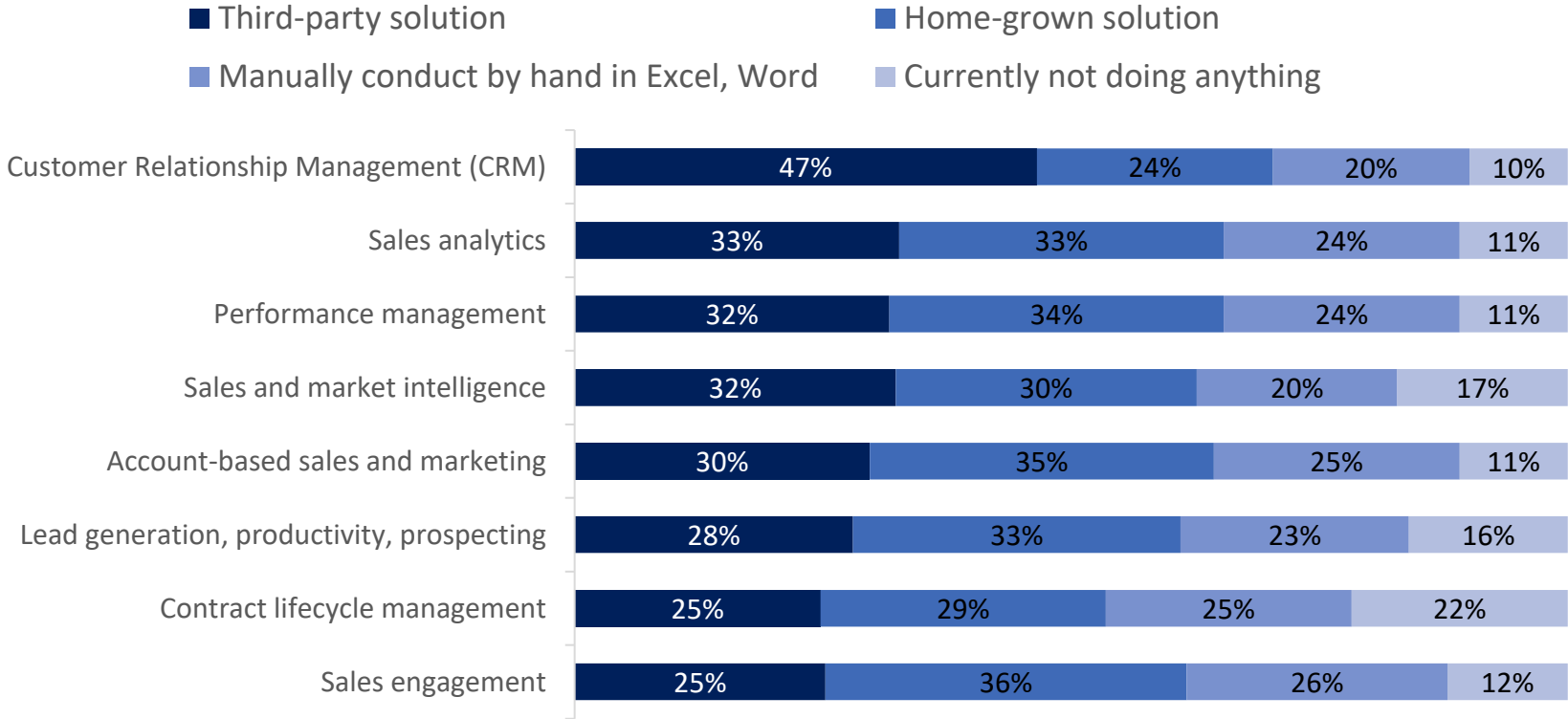*What methods does your organization use to communicate the sales compensation plan? Please select all that apply.*

Method	Percentage
Individual one-on-one	61%
Face-to-face small team	48%
Sales system (e.g. CRM, SPM)	37%
Executive presentations	31%
Web conferencing sessions	27%
Electronic newsletter	12%
Internal social platform	12%
Other	4%

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Communication – Effectiveness

How would you rate the effectiveness of the communications method you use?

■ Very effective ■ Effective ■ Neutral ■ Ineffective ■ Very ineffective

Method	Very effective	Effective	Neutral	Ineffective	Very ineffective
Individual one-on-one	48%	34%	16%		
Face-to-face small team	41%	49%	8%		
Sales system (e.g. CRM, SPM)	30%	40%	23%	3%	3%
Electronic newsletter	27%	36%	39%	3%	
Internal social platform	27%	53%	13%	7%	
Executive presentations	26%	47%	23%	3%	
Web conferencing sessions	24%	62%	11%	3%	

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Technology Usage

For each of the following sales-related tasks, how do you facilitate them?

- ■ Third-party solution
- ■ Home-grown solution
- ■ Manually conduct by hand in Excel, Word
- ■ Currently not doing anything

Task	Third-party solution	Home-grown solution	Manually conduct by hand in Excel, Word	Currently not doing anything
Customer Relationship Management (CRM)	47%	24%	20%	10%
Sales analytics	33%	33%	24%	11%
Performance management	32%	34%	24%	11%
Sales and market intelligence	32%	30%	20%	17%
Account-based sales and marketing	30%	35%	25%	11%
Lead generation, productivity, prospecting	28%	33%	23%	16%
Contract lifecycle management	25%	29%	25%	22%
Sales engagement	25%	36%	26%	12%

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Future – Areas of Anticipated Impact

Rank in order the amount of impact you expect the following events to have on your sales strategy and organization in the next 12 months. (1=most impactful)

% Time Ranked

■ Rank 1 ■ Rank 2 ■ Rank 3

Event	Rank 1	Rank 2	Rank 3
Technology advancements (e.g., AI)	22%	10%	11%
Natural occurrences (e.g., weather events, health crises)	18%	8%	7%
Macroeconomics (e.g., employment levels, economic…	18%	24%	19%
New products/offerings	10%	10%	10%
Need for organic growth	9%	11%	11%
Competition	9%	10%	13%
Mergers and acquisitions	4%	4%	3%
Globalization	4%	4%	6%
Geopolitical activity (e.g., Brexit, trade policy)	4%	12%	14%
Cultural changes	3%	5%	3%
Demographic shifts (e.g., millennials)		4%	4%

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Future – Planning

Which of the following is your sales organization planning for the next 12 months?

Category	Percentage
Revising approach to sales coverage	22%
Revising approach to sales compensation	20%
Sales skills training	20%
Recession-proofing the business	13%
Investing in technology	11%
Expand efforts/investment in experience management	7%
Task automation	5%
Altering sales strategy based upon election events	3%

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Role Snapshot – Field New Account Seller

Performance Measures

- More likely to utilize total revenue and most likely to utilize new customer revenue
- More likely than other roles to utilize new customer bookings
- Least likely to utilize product units or volume and most likely to utilize new deals signed or won
- Most likely to utilize number of new accounts and unlikely to utilize account retention
- Least likely to utilize key sales objectives or milestones

Upside Potential

- Least likely to have upside potential less than 50% for a 90th percentile performer

Pay Mix

- Most likely to leverage variable compensation as part of pay mix and least likely to utilize base compensation

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Role Snapshot – Field Current Customer Seller

Performance Measures

- More likely vs. other roles to utilize total revenue
- More likely vs. other roles to utilize total bookings
- Most likely to utilize gross profit dollars
- Most likely to utilize account retention
- Likely to utilize key sales objectives or milestones
- Likely to be measured on an individual basis

Upside Potential

- Least likely to have upside potential of 200% or more for a 90th percentile performer

Pay Mix

- Highly likely to utilize base compensation as part of pay mix

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Role Snapshot – Field Blended New Account & Current Customer Seller

Performance Measures

- Likely to utilize total revenue
- More likely vs. other roles to use bookings as a performance measure
- More likely vs. other roles to use accounts as a performance measure
- Very likely to be measured on an individual basis

Upside Potential

- Likely to have upside potential of 200% or more for a 90th percentile performer

Pay Mix

- Less likely to have extreme base/variable pay composition

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Role Snapshot – Field Channel Seller

Performance Measures

- Most likely to utilize total revenue
- Least likely to utilize bookings as a performance measure
- Least likely to utilize accounts as a performance measure
- Least likely to utilize customer satisfaction and highly likely to utilize key sales objectives or milestones
- Highly likely to be measured on an individual basis

Upside Potential

- Likely to have upside potential of 200% or more for a 90th percentile performer

Pay Mix

- Less likely to have extreme base/variable pay composition

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Role Snapshot – Field First-Line Sales Manager

Performance Measures

- Highly likely to utilize total revenue
- More likely vs. other roles to utilize product units or volume
- More likely vs. other roles to utilize gross profit dollars
- More likely vs. other roles to utilize number of new accounts
- Most likely to be measured on a team basis
- Likely to be measured on a team basis

Upside Potential

- Highly likely to have upside potential of 200% or more for a 90th percentile performer

Pay Mix

- More likely than other roles to utilize base compensation as part of pay mix

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Role Snapshot – Inside Sales Outbound

Performance Measures

- More likely vs. other roles to utilize revenue as a performance measure
- Most likely to utilize total bookings
- Most likely to utilize product units or volume
- More likely vs. other roles to utilize profit
- Likely to utilize account retention
- Most likely to utilize key sales objectives or milestones
- Likely to be measured on an individual basis

Upside Potential

- Likely to have upside potential of 200% or more for a 90th percentile performer

Pay Mix

- More likely than other roles to utilize base compensation as part of pay mix

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Role Snapshot – Inside Sales Inbound

Performance Measures

- Least likely to utilize revenue as a performance measure
- More likely vs. other roles to utilize total bookings
- More likely vs. other roles to utilize new deals signed or won
- Likely to utilize key sales objectives or milestones
- Likely to be measured on an individual basis

Upside Potential

- Not as likely as other roles to have upside potential of 200% or more for a 90th percentile performer

Pay Mix

- More likely than other roles to utilize base compensation as part of pay mix

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Role Snapshot – Inside Sales Inbound & Outbound

Performance Measures

- More likely vs. other roles to utilize product units or volume
- Least likely to utilize price realization
- Likely vs. other roles to utilize number of new accounts
- Likely to utilize key sales objectives or milestones
- Most likely to be measured on an individual basis

Upside Potential

- Likely to have upside potential of 200% or more for a 90th percentile performer

Pay Mix

- Most likely to utilize base compensation as part of pay mix

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Role Snapshot – Inside First-Line Sales Manager

Performance Measures

- Likely to utilize total revenue
- More likely vs. other roles to utilize product units or volume
- More likely vs. other roles to utilize gross profit dollars
- Highly likely to utilize key sales objectives or milestones
- Least likely to be measured on an individual basis; likely to be measured on a team basis
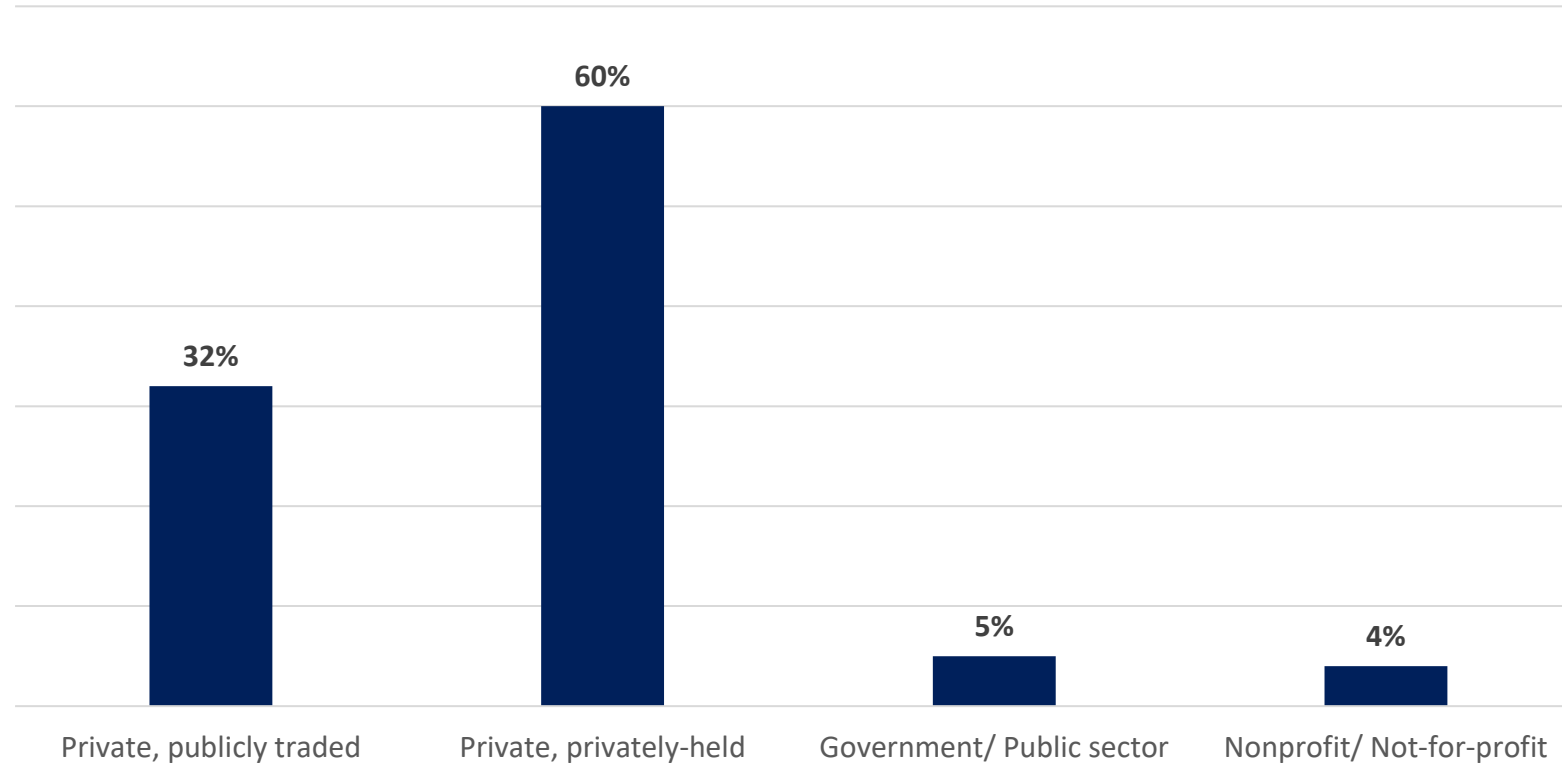
Upside Potential

- Most likely vs. other roles to have upside potential greater 200% for a 90th percentile performer

Pay Mix

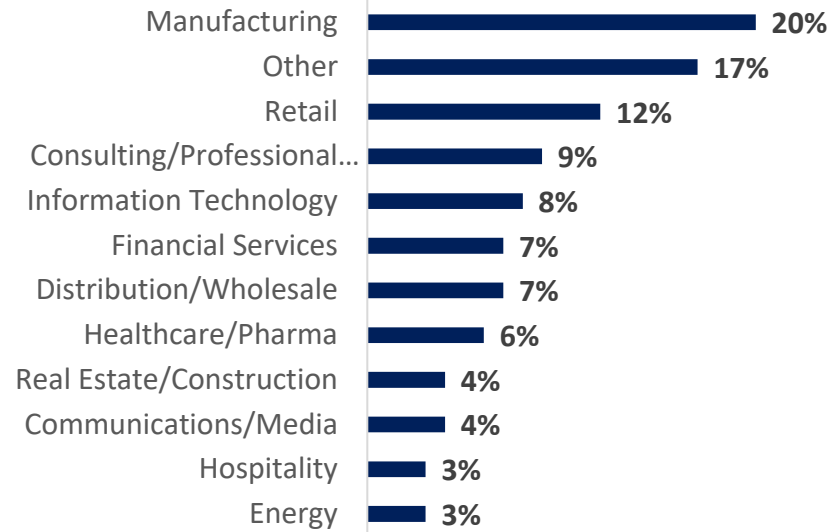- Highly likely to utilize base compensation as part of pay mix

Respondent Profile – Company Sector

Your organization is:

- Private, publicly traded: 32%
- Private, privately-held: 60%
- Government/ Public sector: 5%
- Nonprofit/ Not-for-profit: 4%

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Respondent Profile – Company Industry & Size

Under which industry does your organization fall?

Industry	%
Manufacturing	20%
Other	17%
Retail	12%
Consulting/Professional…	9%
Information Technology	8%
Financial Services	7%
Distribution/Wholesale	7%
Healthcare/Pharma	6%
Real Estate/Construction	4%
Communications/Media	4%
Hospitality	3%
Energy	3%

How many full-time equivalent (FTE) employees does your organization have?

	%
999 or less	56%
1,000 or more	44%

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