Aon Hewitt
Radford

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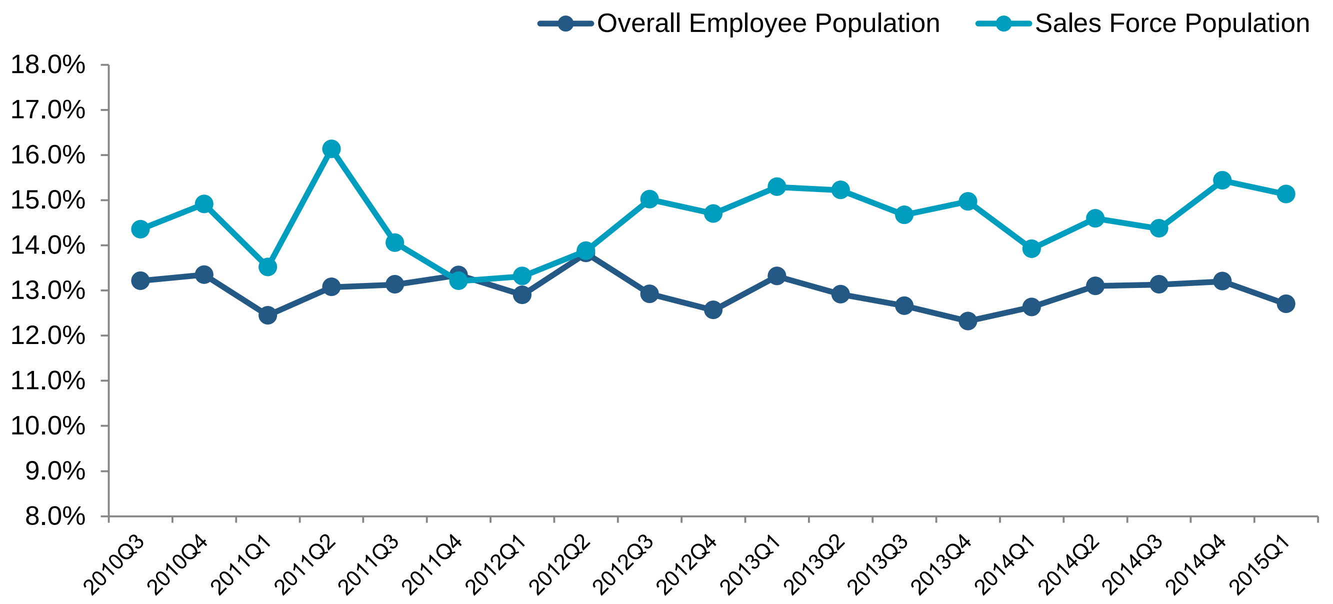
Making Sense of High Sales Force Turnover

Sales force turnover is on the rise in many key global markets, forcing HR and sales leaders to use preemptive measures to retain top sales talent.

Data on overall and voluntary sales force turnover rates is of huge value to our clients. Aside from its power to potentially justify and explain the reasons behind workforce movements, it can also be used to build an understanding of the overall hiring environment. If voluntary turnover begins to creep higher than the historical average, it usually indicates the job market has improved and that the competition for talent is on the upswing.

Sales roles have traditionally experienced higher levels of turnover relative to the overall population of employees, and so we decided to first look at those datasets to establish a baseline. Below, we illustrate overall employee turnover vs. overall sales force turnover across multiple quarters, as reported in our Radford Workforce Trends Reports:

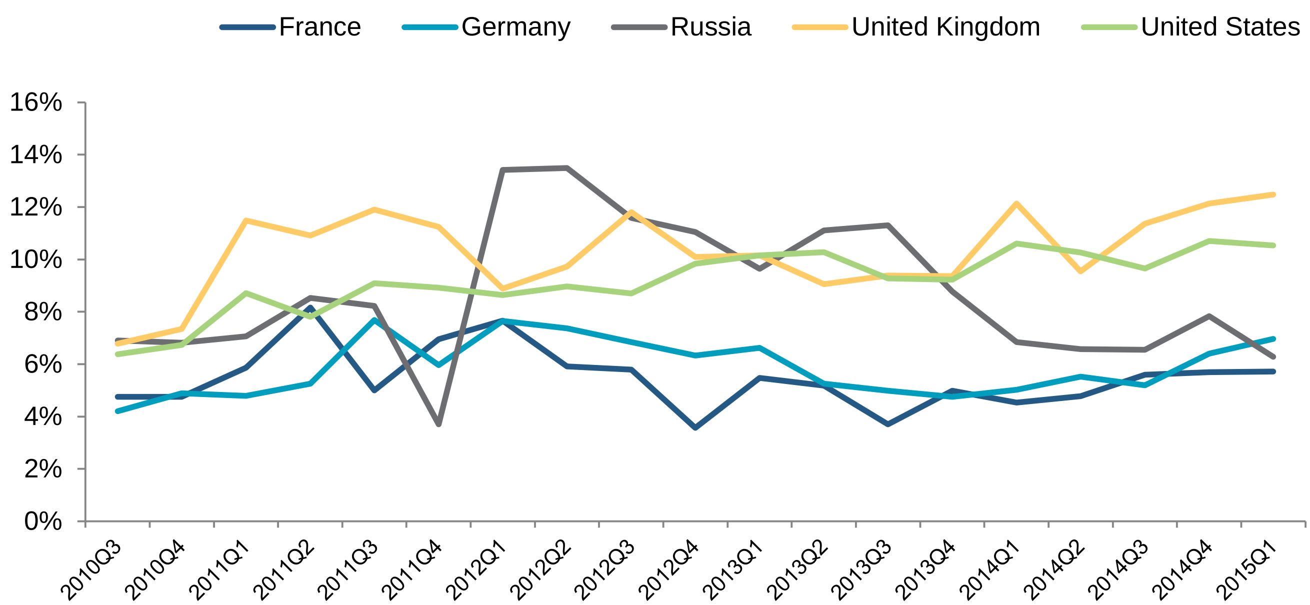
Quarterly Global Average Turnover: Overall vs. Sales Population



Source: Radford Global Sales Survey Workforce Trends Reports

As you can see, turnover rates for both cohorts have remained fairly steady since 2010, with the exception of a spike in sales force turnover at the beginning of 2011. And as expected, overall turnover rates for sales employees are higher than the overall population, tracking at 14-16% vs. 12-13%. However, when we look at country-specific data, we see far more diverse trends in turnover among sales employees, which reflect the many unique economic conditions of each market. To illustrate this point, the chart below displays voluntary sales force turnover in five key markets across multiple quarters, as reported in our Radford Workforce Trends Reports:

Quarter-by-Quarter Sales Force Median Voluntary Turnover

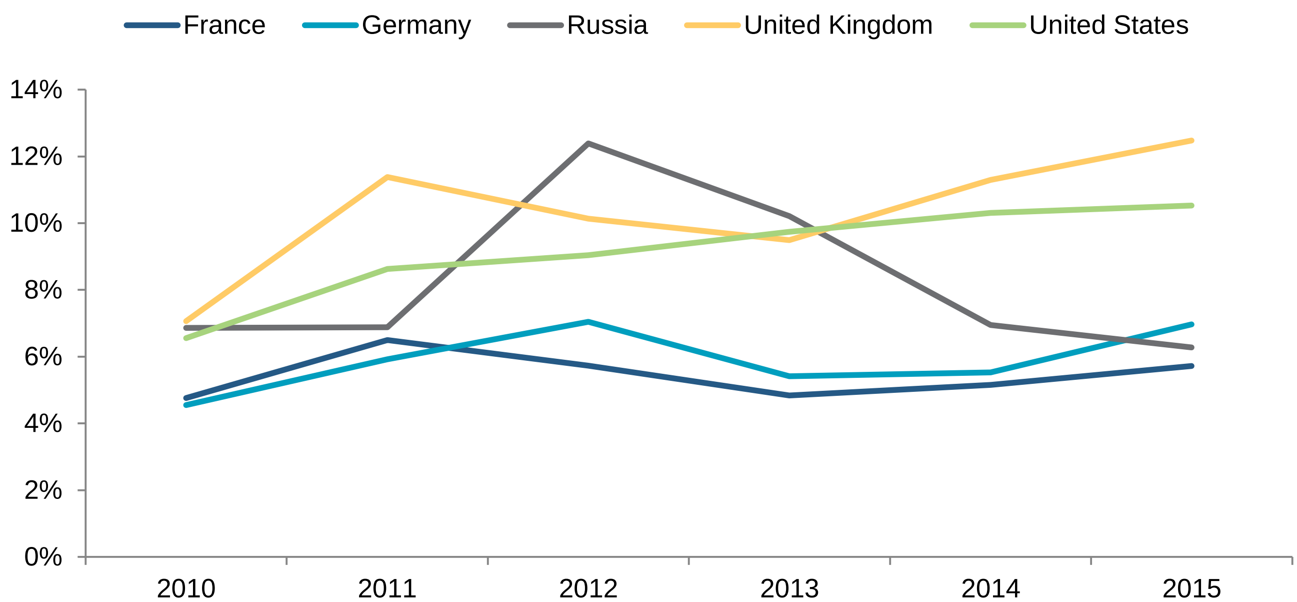


Source: Radford Global Sales Survey Workforce Trends Reports

The United Kingdom and the United States (in yellow and green, respectively) tend to track closely with one another, with both countries experiencing a slight upward trend in voluntary sales force turnover since the end of 2010. Meanwhile, France and Germany (in dark and light blue, respectively) tend to mirror each other, falling several percentage points behind the United Kingdom and the United States, and similarly showing a recent upward tick in turnover rates. The relationship between France, Germany and the United Kingdom reflects the relative growth in economic output across Europe. Russia, on the other hand, shows a high degree of volatility in this dataset — as does its economy— with voluntary turnover dropping as low as 4% at the end of 2011 before spiking close to 14% at the beginning of 2012. More recently, as the Russian economy has soured, turnover rates are dropping back to historical norms.

While looking at quarterly data reflects market movements, it also identifies seasonality in hiring patterns, including increased hiring in the first quarter of the year when companies are at the beginning of their budget cycle and reduced hiring in the summer months when most people are on vacation. When examining annual average voluntary turnover in the chart below, we remove the impact of seasonal patterns.

Annual Average of Quarterly Median Voluntary Turnover Since 2010



Source: Radford Global Sales Survey Workforce Trends Reports

Looking at annual turnover rates, we clearly see an upward voluntary turnover trend in the United States (see our recent articles *Software Sales Professionals are on the Move as the Technology Sector Booms* and *When is it Time to Get Worried about High Sales Force Turnover?*). Similarly, turnover rates are at a five-year high in the United Kingdom whereas Russia has experienced a sharp decline in voluntary turnover since 2012. As previously shown, France and Germany's voluntary turnover generally mirror each other.

Next Steps

An increase in voluntary turnover among sales employees is an ongoing obstacle to workforce stability that human resources professionals and sales leaders continue to work to mitigate. And it's becoming an even bigger concern in key regions that are experiencing the highest levels of turnover since before the Great Recession in 2008-09. Top sales professionals are more likely to leave their positions in a robust economy due to more job opportunities and that they can leverage higher market demand to move into a position that pays better, comes with a promotion or career advancement, or another benefit they are not receiving in their current position.

While managers should be careful in matching the higher earnings potential of rival companies, it would be prudent to consider pre-emptive measures that might reduce the chances of top performers job searching in the first place. The usual drivers of employee engagement, such as career advancement and organizational reputation, apply here. But when a company is worried about losing its top sales performers, they should also exploit the benefits that drive these employees to succeed, such as sales contests, SPIFFs, club memberships, luxury gifts, and leader boards. These can be relatively inexpensive ways to direct short-term financial rewards to the top sales professionals to let employees know they are valued.

To learn more about participating in a Radford survey, please contact our team. To speak with a member of our compensation consulting group, please write to consulting@radford.com.

Author Contact Information

Robert Miller
Partner
Radford
+44 20 7086.5044
rmiller@radford.com

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