



***Transforming the Sales
Process and the Marketplace
at Monster.com***

Tom Wilson
President



Greg Limoges
*VP Worldwide
Compensation/Benefits/HRIS*



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I. Overview of Session Outcomes and Agenda

Purpose:

To show how sales total compensation plans can be realigned with new business strategies and sustain a high spirited organization.

Outcomes:

- 1. Understand what was done at Monster and why.**
- 2. Identify a few of the “critical ingredients” that make a significant difference.**
- 3. Provide some useful tools, frameworks and principles to guide your efforts in changing sales total compensation plans.**

I. Overview of Session Outcomes and Agenda

Today's Agenda:

- I. Background on Monster.com
- II. The Assessment Process
- III. The Re - Design Results
- IV. Primary Lessons Learned
- V. Open questions and discussion

I. Background on Monster.com

Monster Worldwide:

“We bring people together to advance their lives.”

“We are creating an industry”

Company Overview:

1. Parent company of Monster.com (formerly TMP)
2. 5000 employees in 26 countries
3. Over 46 million resumes, growing by 50,000 per day
4. Truly a global company
5. Rapid pace of growth (exceeds 30% per year) and change
6. High performance culture

We believe:

- We're at the very beginning – and the very heart – of an industry that is changing rapidly.
- We are an early adopter of interactive technology.
- Our culture, our people and our technology make us competitive.

Our Monster sales culture...

MonsterHires | Sales Careers - Microsoft Internet Explorer provided by Monster Worldwide

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Address http://www.monsterhires.com/sales_careers.asp Go

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monster
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8:17 am Apr 7, 2006

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- Sales Careers**
- About Us
- Benefits
- Culture@Monster

Life is Short. Work@Monster.

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Play Stop Rewind

Go fast. Go far. Get more.

A sales career at Monster means high-energy, Monster excitement and Monster success. Our salespeople are known for their zeal to win, their zest for life and for that six-figure income well within their reach.

As a company, Monster enjoys the reputation and cachet that comes with being a global market leader and the world's leading career site. As a member of our dynamic sales force, you'll enjoy many perks, and the opportunity to earn performance rewards such as stock options, annual Sales Achiever Trips to world class resorts, excursions to the Grammy Awards or the Olympics, and maybe even the exclusive use of a private yacht or jet.

To get your sales career going on the Monster fast track, search our jobs [now](#).

[Search Jobs](#)

www.monsterworldwide.com

Internet

I. Background on Monster.com

Our Challenge to Continually Transform Ourselves:

From:

Highly entrepreneurial

Discrete business units

Transactional relationships

Throw \$ at the problem

Solve short term issues

Create your own plans

To:

Fast, flexible, responsive and smart

Market focused business units

Customer loyalty and “stickiness”

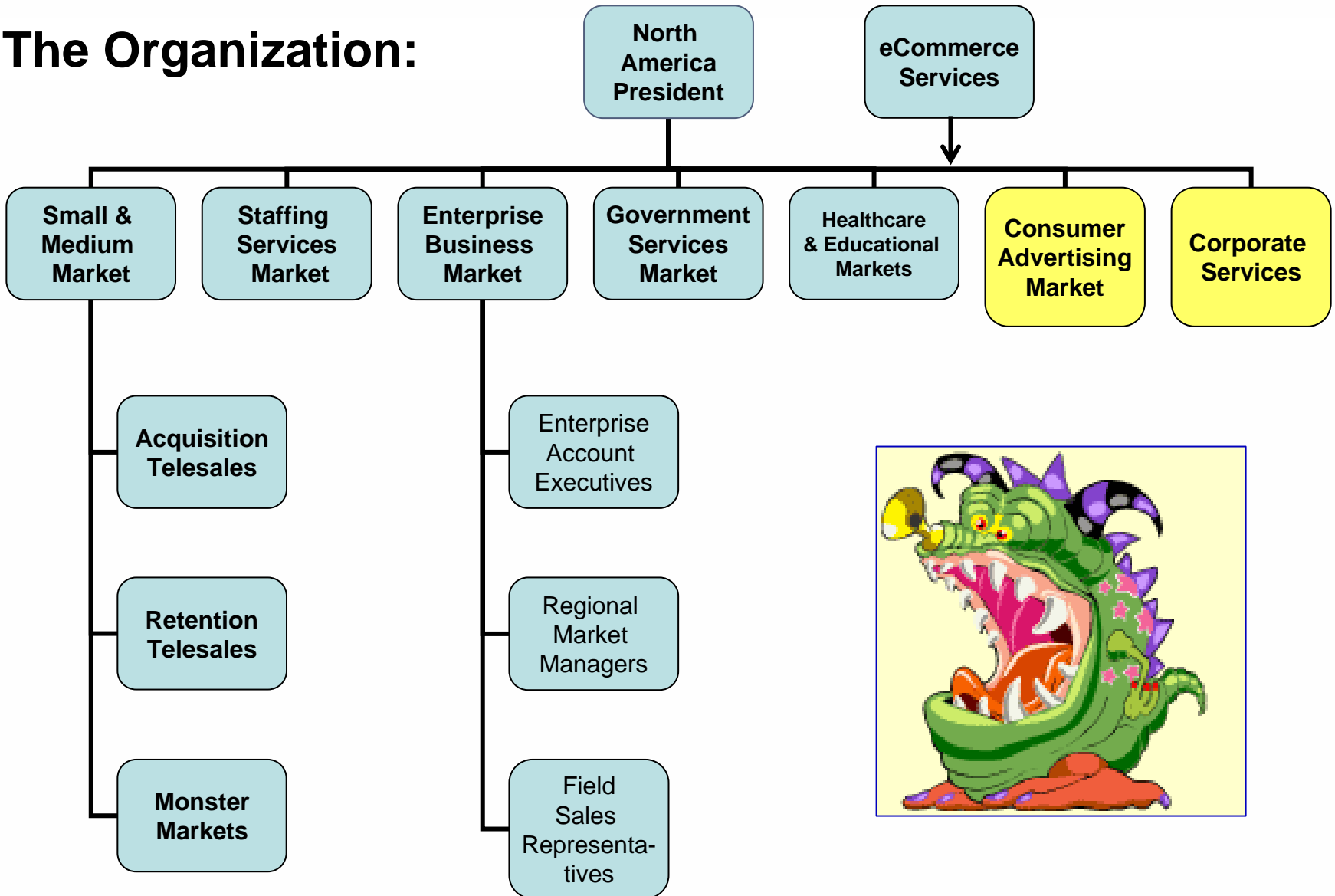
Strategic investments, profitable

Prevent problems from occurring

Build on a successful models

Moving from “anything goes” to operationally focused...

The Organization:



I. Background on Monster.com

Summary of the Current Sales Compensation Plans:

1. Minimum base salary with attainment commission plans
2. Payouts based on revenue quotas set monthly and quarterly
3. Quotas, acceleration, payout targets all vary by Unit and job
4. HR “owns” design and payment process

	Enterprise / Staffing	Small / Med Businesses	Consumer	Total*
Number of Sales EE's	~200	~500	~100	~800
Number of Comp. Plans	30	12	8	50
Number of Transactions (Per Month)	2,500	17,500	N/A	20,000
Number of Adjustments (Per Month)	600	2,500	N/A	3,100

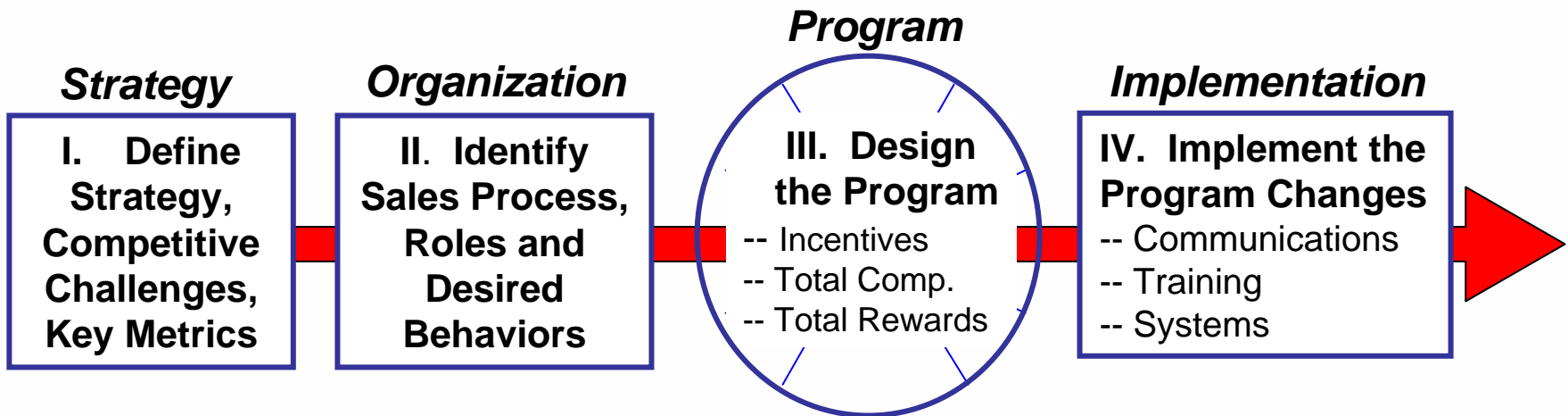
I. Background on Monster.com

Reasons for this Project:

1. **Cost of sales were increasing faster than revenues.**
2. **Competition for talent “within” Monster was growing.**
3. **Business units were developing unique strategies.**
4. **The number of “exception or correction” paychecks were increasing dramatically.**
5. **Needed to improve our effectiveness to grow the number of people, capabilities and retain critical high performers.**

I. Background on Monster.com

The Overall Project Methodology:



ASSESSMENT → DEVELOPMENT → DECISIONS → ACTION

II. The Assessment Process

1. Involved/Engaged key business unit executives in the process.
2. Collected data on current practices and historical performance.
3. Based the analysis on “Best in Class” criteria. And firmly evaluated against an external benchmark.
4. Included total rewards – salary, incentives, recognition, and more.
5. Used the data to identify the key issues and agree on areas for change.

Keep the culture... but advance the process!!

II. The Assessment Process

Best in Class Criteria for Sales Compensation Plans:

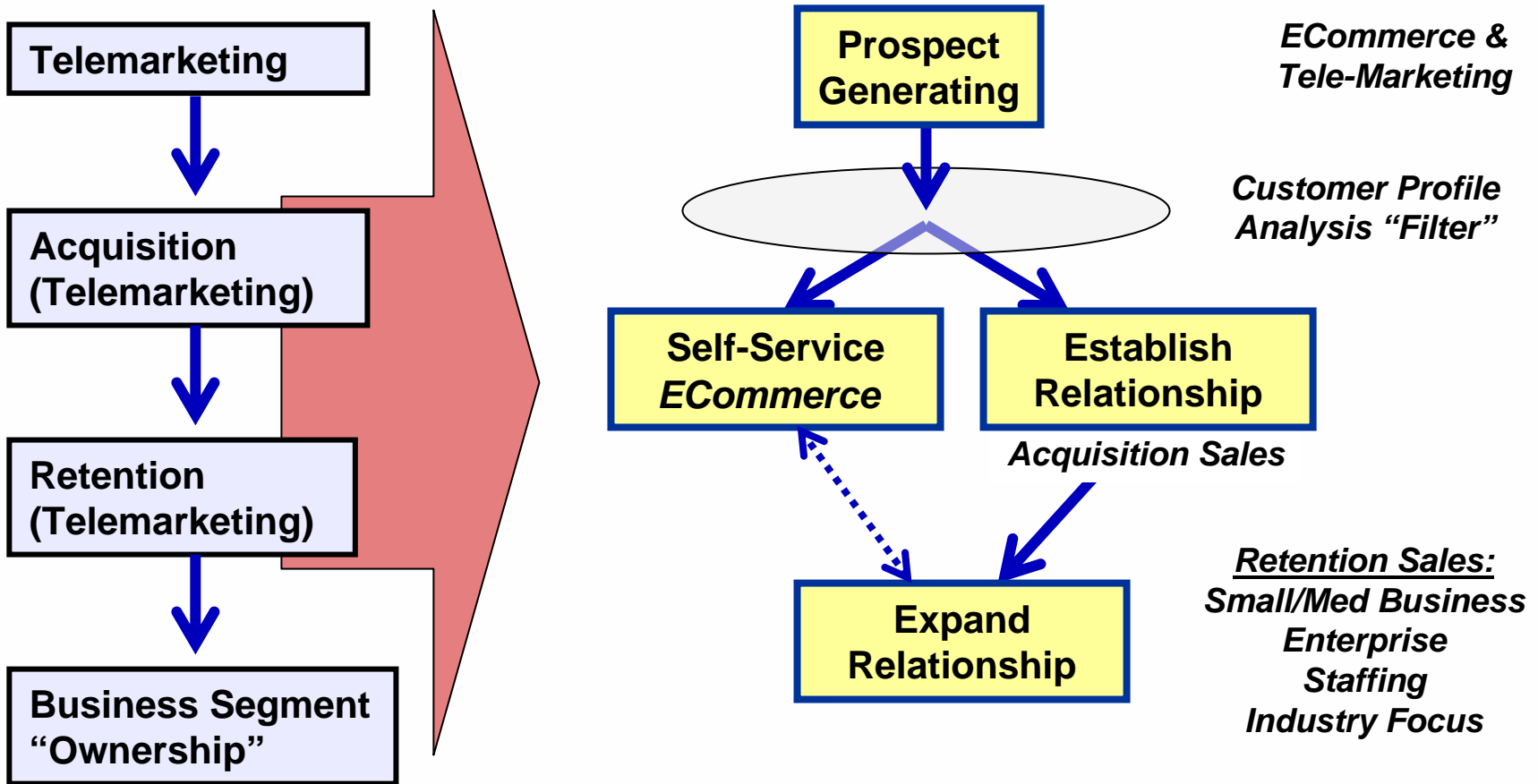
1. The company has a clear sales strategy and a well defined sales process to achieve desired market share, revenue growth and profitability.

2. The roles and responsibilities for sales are:
 - a) Clear and well understood.
 - b) Highly important (yet balanced) within the organization.
 - c) Are translated into desired behaviors.

3. The performance measures directly reflect the strategy and sales process.
 - a) Include both sales results and key elements of the sales process.
 - b) Are clear and reliable (i.e., people “trust” the data).

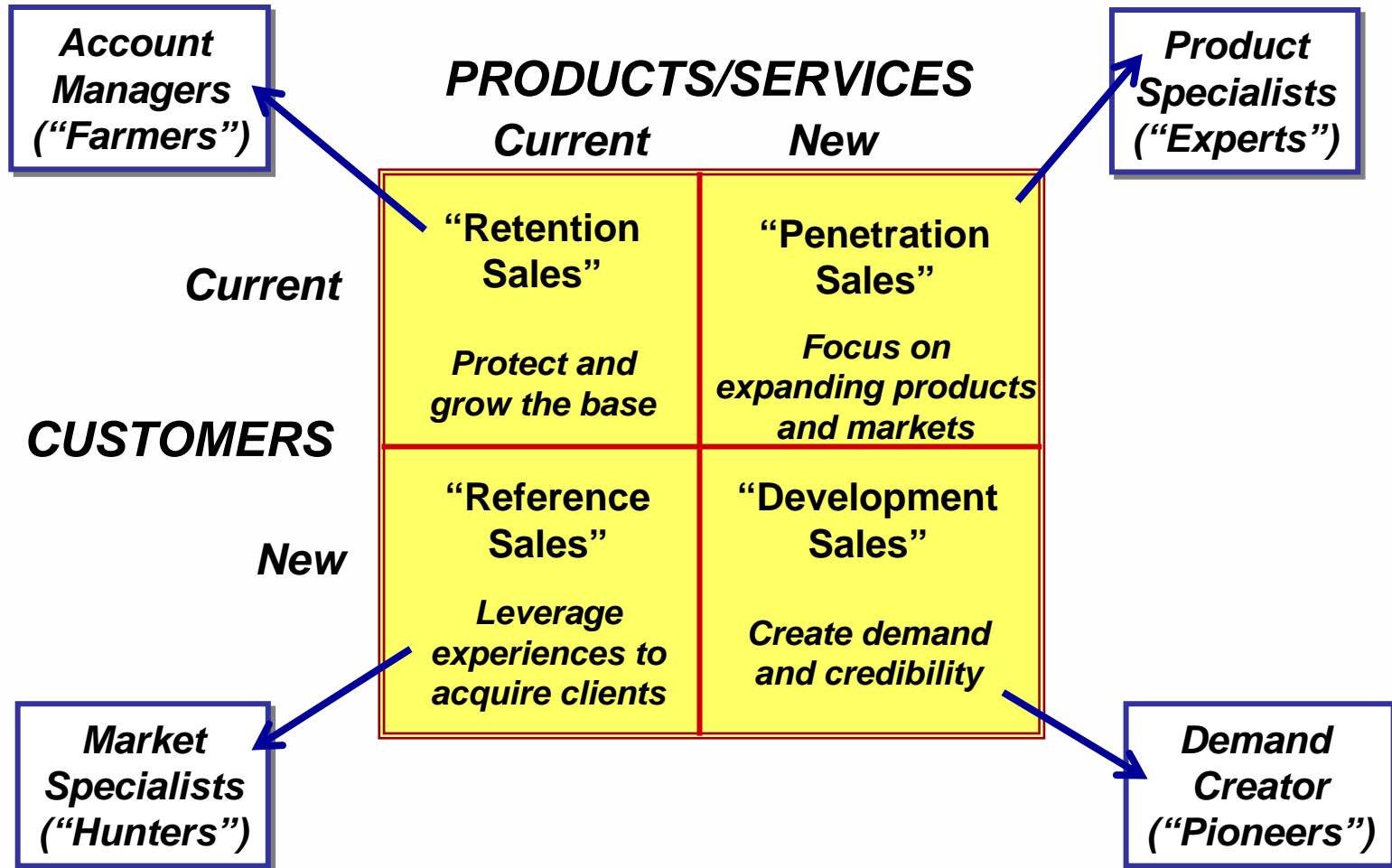
II. The Assessment Process

Finding: A critical step in the sales process is the “hand-off” from Acquisition sales to Retention (or Segment) sales.



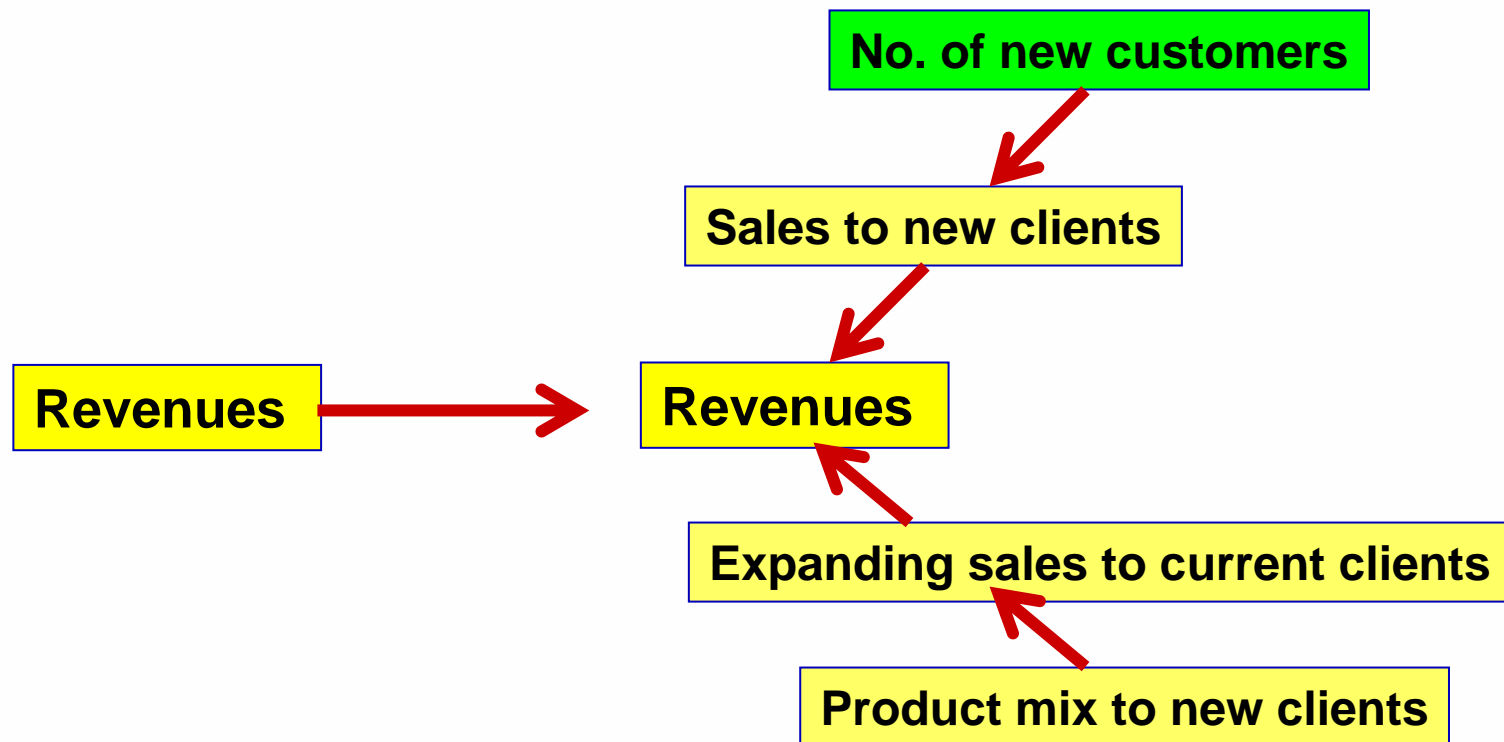
II. The Assessment Process

Finding: *The roles are becoming more focused and strategic.*



II. The Assessment Process

Finding: The primary focus on revenues was beginning to overshadow the strategic change needed to remain competitive.



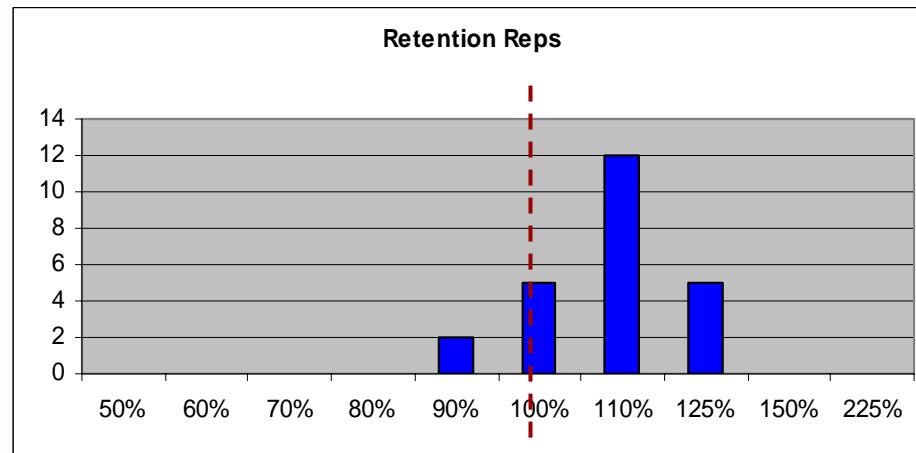
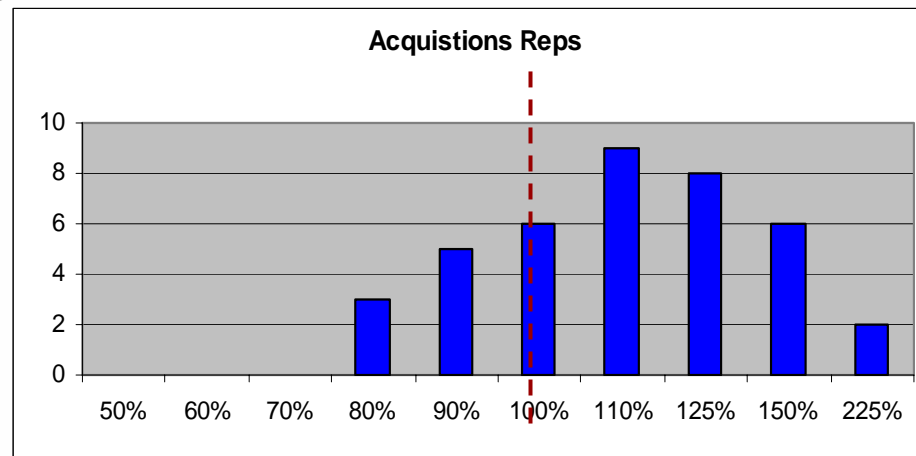
II. The Assessment Process

Best in Class Criteria for Sales Compensation Plans:

4. The performance goals are challenging and achievable, there are many opportunities to achieve success.
5. Participants know what actions to take to achieve desired results.
 - a) The measures, roles and goals are translated into desired behaviors.
 - b) The outcomes are within their sphere of influence.
 - c) People have the knowledge, skills and abilities to be successful.
6. The sales compensation plan provides the “right level” of leverage – risk/opportunity.
 - a) The mix between base and variable are consistent with the sales process/role.
 - b) The frequency of payouts is consistent with the role and sales cycle.

II. The Assessment Process

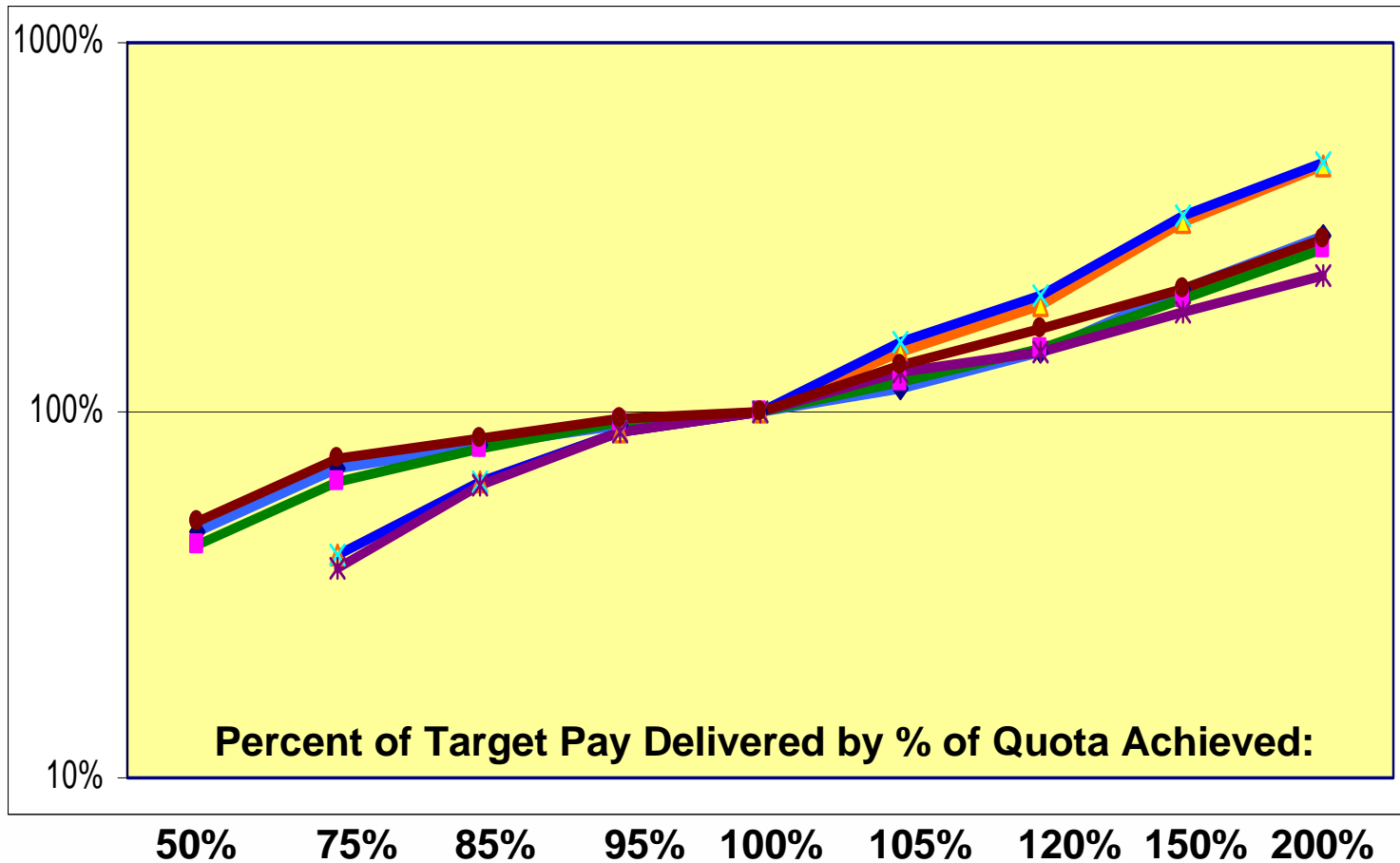
Finding: The performance is usually above quota, with some top performers. This distribution is greater for new business than existing customers.



Performance Principle:
Meeting quota is the minimal success criteria

II. The Assessment Process

Finding: The business units have some vastly different performance to payout ratios.



II. The Assessment Process

Findings: Monster's jobs have fewer career levels and higher leverage than similar positions in the marketplace.

Monster Sales Positions			
Jobs	Level	% Base	% Variable
Telesales	1	40%	60%
	2	40%	60%
Field Sales	1	58%	42%
	2	38%	62%
	3	49%	51%

Marketplace Sales Positions			
Market Target	Level	% Base	% Variable
Telesales	1	59%	41%
	2	61%	39%
	3	57%	43%
	4	54%	46%
Field Sales	1	61%	39%
	2	54%	46%
	3	48%	52%
	4	46%	54%
	5	50%	50%

II. The Assessment Process

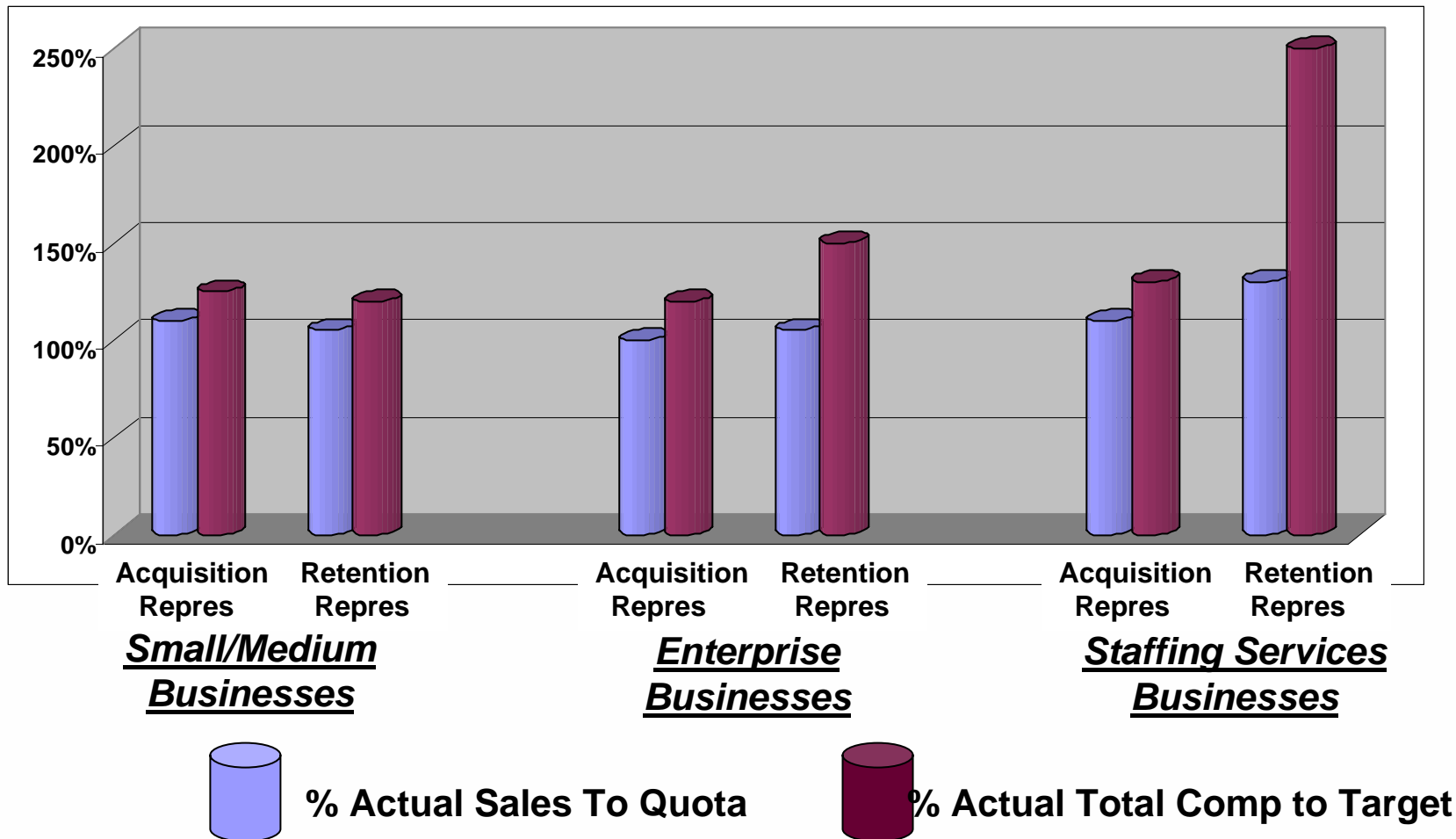
Best in Class Criteria for Sales Compensation Plans:

7. **The target total compensation reflects the desired ROI on desired performance.**
 - a) **The ratio of pay to performance is consistent with strategic requirements.**
 - b) **The total compensation (at target) is appropriately competitive with the market.**
 - c) **Individuals view the compensation opportunity as a positive ROE (“Return on Effort”)**

8. **Sales professionals and managers can track and discuss performance frequently; progress is reinforced often.**
 - **The plan creates and reinforces a strong sense of urgency consistent with the sales process.**
 - **Efforts to achieve progress are reinforced and celebrated often; barriers to performance are quickly eliminated or minimized.**

II. The Assessment Process

Finding: Sales Reps are achieving their quotas, but the accelerators are have a significant impact on compensation.



II. The Assessment Process

Findings: *The increases in COS have been driven by increases in staffing, recognition programs and new bonus plans, not overachievement of sales.*

Estimated impact of major items that increased Cost of Sales (3 years):

<i>Factors impact the cost of sales:</i>	% of Impact on 3 yr COS
Increased Telesales direct staff, guaranteed compensation	37%
Increase in SPIF programs and dollars for sales reps	21%
Special bonuses for local market sales	16%
New in-direct sales support positions	14%
Overachievement of quota (Tele, Field, Staffing)	13%

II. The Assessment Process

Finding:

1. SPIF payments have increased as a % of total compensation as well as on a per sales person basis.
2. These dollars were primarily spent on performance that is currently rewarded in the compensation plan.

4 year track record of SPIF payments to sales representatives

Year	% of Total Compensation	% Increase
2002	2.2%	
2003	4.8%	259%
2004	7.8%	137%
2005	7.4%	28%

II. The Assessment Process

Best in Class Criteria for Sales Compensation Plans:

9. There are effective and reliable support systems to manage the program.
 - a) Provides the information needed to manage performance effectively.
 - b) Minimizes the need to “cross-validate” the pay or performance.

10. The compensation program improves over time and adjusts to changing business requirements.



II. The Assessment Process

Findings on the Administrative Systems:

1. **Intensive manual administration process – takes a month to complete.**
2. **Payment accuracy is a key issue.**
 - **Save dollars from errors – over or under payment**
 - **Reduces time used for “shadow accounting” by sales**
 - **Builds confidence in the sales staff – retention**
3. **Frequent changes to the compensation plans (40 per year) results in process inefficiencies and resource strains, but we need flexibility and ability to respond.**
4. **Data provided on errors and disputes is anecdotal and is not captured systematically.**

II. Assessment Process

Summary of the Critical Findings:

1. The roles and sales process appear to be well understood and consistent.
 - The “Hunter/Farmer” job roles are effective.
 - There are more job levels than exists in our current structure.
2. The monthly quota is a “Critical Threshold” – significant tension point.
3. The measurement, feedback and quota process emphasizes transactions (short-term results) rather than customer relationships and integrated product sales.

II. Assessment Process

Summary of the Critical Findings:

4. **The pay is high in the market, but so are our performance requirements.**
 - **The problem is the wide variations in pay-to-performance ratios.**
 - **Causes people to “shop” internally for the best deal.**

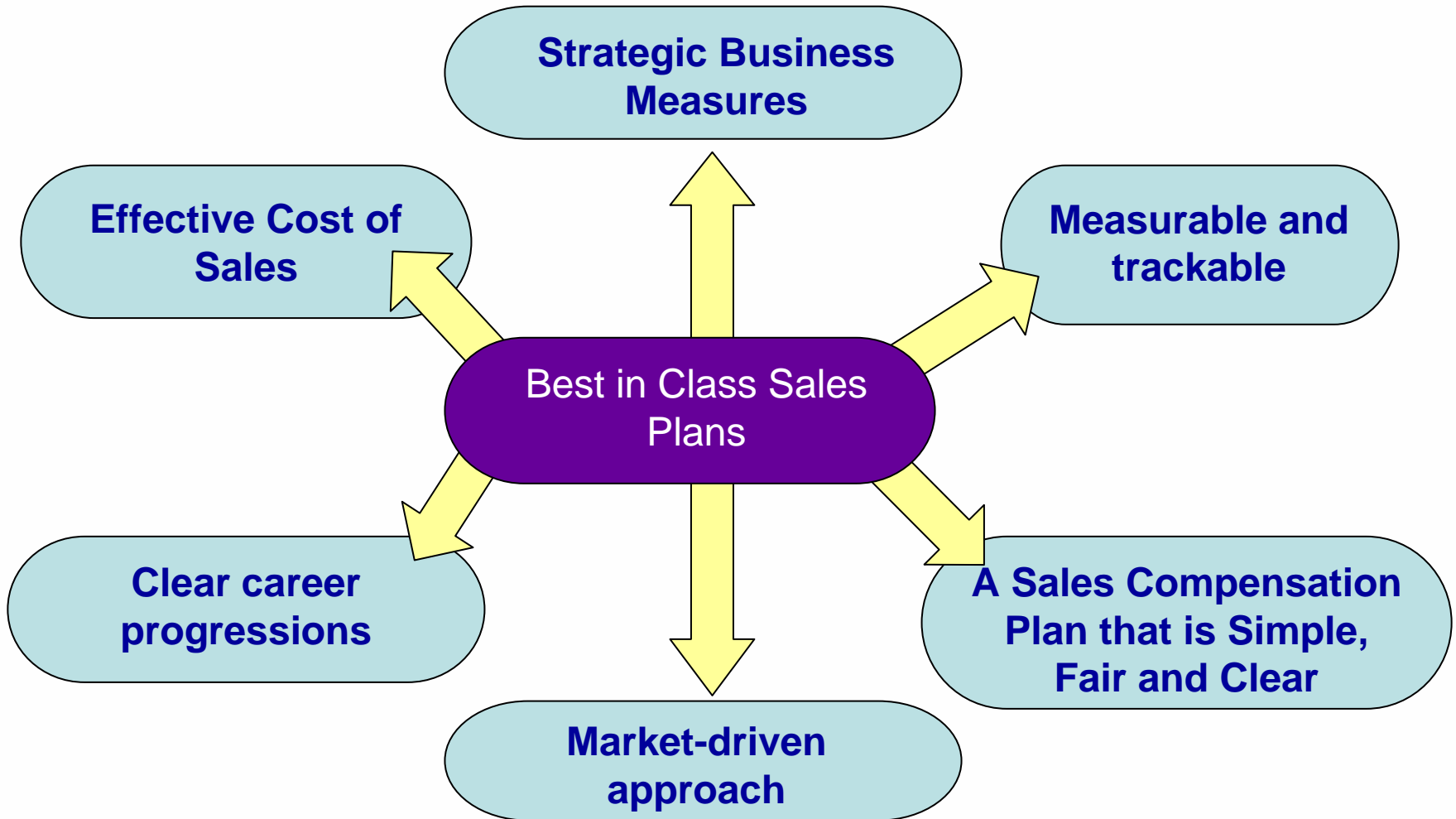
5. **The current administrative systems cannot handle the increasing flexibility and requirements of the company’s compensation plans.**

6. **Monster is experiencing a transformation as an organization.**
 - **Practices that were successful historically are becoming serious impediments to professionalizing the organization.**

 - **Question: What should we retain and what should we discard?**

III. Program Re-Design

Summary of the Requirements for a New Sales Compensation Plan:



III. Program Re-Design

Key Objectives of the Re-Design Initiative:

1. Create consistent compensation models for “common jobs” across business units.
2. Simplify the plan designs – to ease administration and improve communication.
3. Focus compensation plans on the right “talent markets” – both internal and geographic diversity.
4. Build career paths to support retention of critical talent and improve business productivity and competitiveness.
5. Invest in critical infrastructure systems to support new and existing plan designs.

III. Program Re-Design

The New Sales Compensation Plan:

Retained Base Salary:

- Re-calibrated to:
- Role,
 - Target Market,
 - Competencies

Retained Attainment Commission Plan:

- Revenues PLUS Unit Metrics
- Common Accelerator Ramps
- Target Total Comp. to Market and Career Path Levels
- Vary timing by Bus. Unit

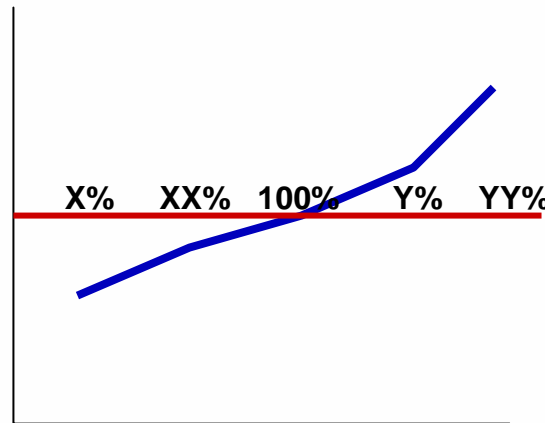
Re-Oriented SPIFs & Recognition Programs:

- Business Unit Strategy,
- Individual, Team, & Unit
- “Strategic Combination”

Business Unit A

Business Unit B

Business Unit C

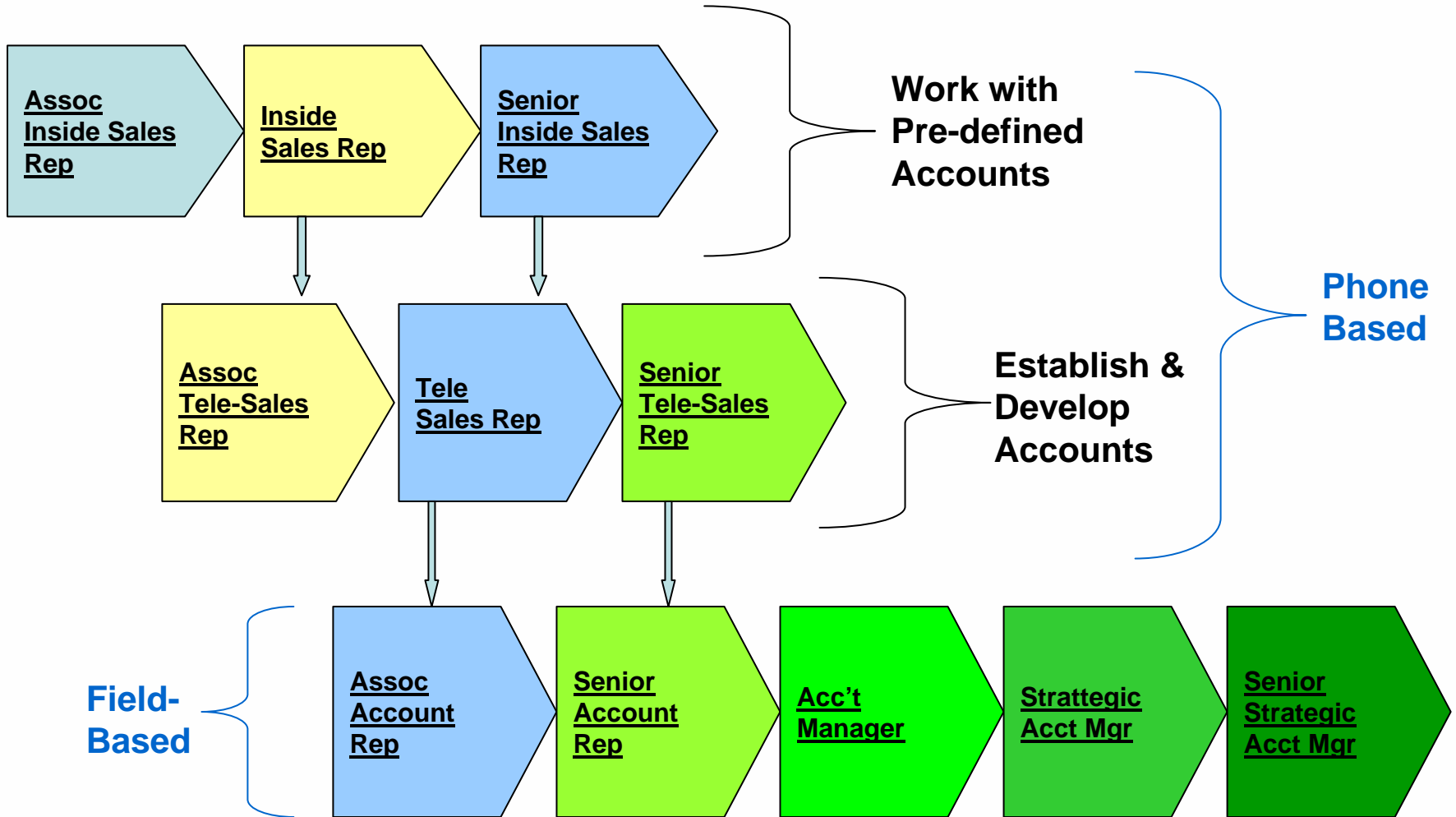


APPLAUSE!



III. Program Re-Design

Stages of jobs and career paths:



III. Program Re-Design

Criteria that Defines Role Accountabilities and Competencies:

I. Level of knowledge and sales skills

- a) Knowledge of core products and basic sales skills
- b) Broad product knowledge, applications and solution configurations
- c) Knowledge of specific industries, markets or customer dynamics

II. Nature of the account relationship

- a) Create relationship with known (existing) customers
- b) Create relationships with new customers
- c) Prepare and conduct face-to-face customer meetings

III. Scope of products/services sold

- a) Achieve sales of single type of products
- b) Achieve sales of multiple, related products
- c) Develop, propose and achieve sales of integrated system solutions

IV. Type of account planning and management

- a) Know customers current and emerging needs
- b) Develops and executes specific customer sales plans
- c) Plan strategies and long-term solutions with customers
- d) Oversee others in meeting customer needs

IV. Lessons Learned



Results:

1. Revenues continue to increase at or above peers.
2. Profitability has increased “dramatically.”
3. Established better controls over compensation, SPIFs and program changes.
4. Business Unit executives focus more on sales strategy, developing staff and retaining top performers (and less on designing sales incentive plans).
5. Continuing to simplifying sales plans
 - + Clearer performance to pay exceptions
 - + Measures aligned better with Bus Unit strategy
 - + Making investments in new compensation management systems.

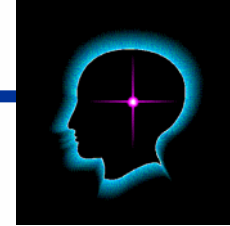
IV. Lessons Learned



Lessons:

1. Increased and leveraged the “readiness to change.”
2. Utilized line executives in “strategic” ways:
 - + Personal discussion on needs, wants, ideas and problems
 - + Presented data, findings AND proposals
 - + Lead them through a guided process – clear road map without predetermined answers
3. Internal data was more meaningful than external data.
4. Utilized a “partnership” between internal and external resources
 - + Knows what’s going on internally
 - + Play the “voice of reason”

IV. Lessons Learned



Lessons:

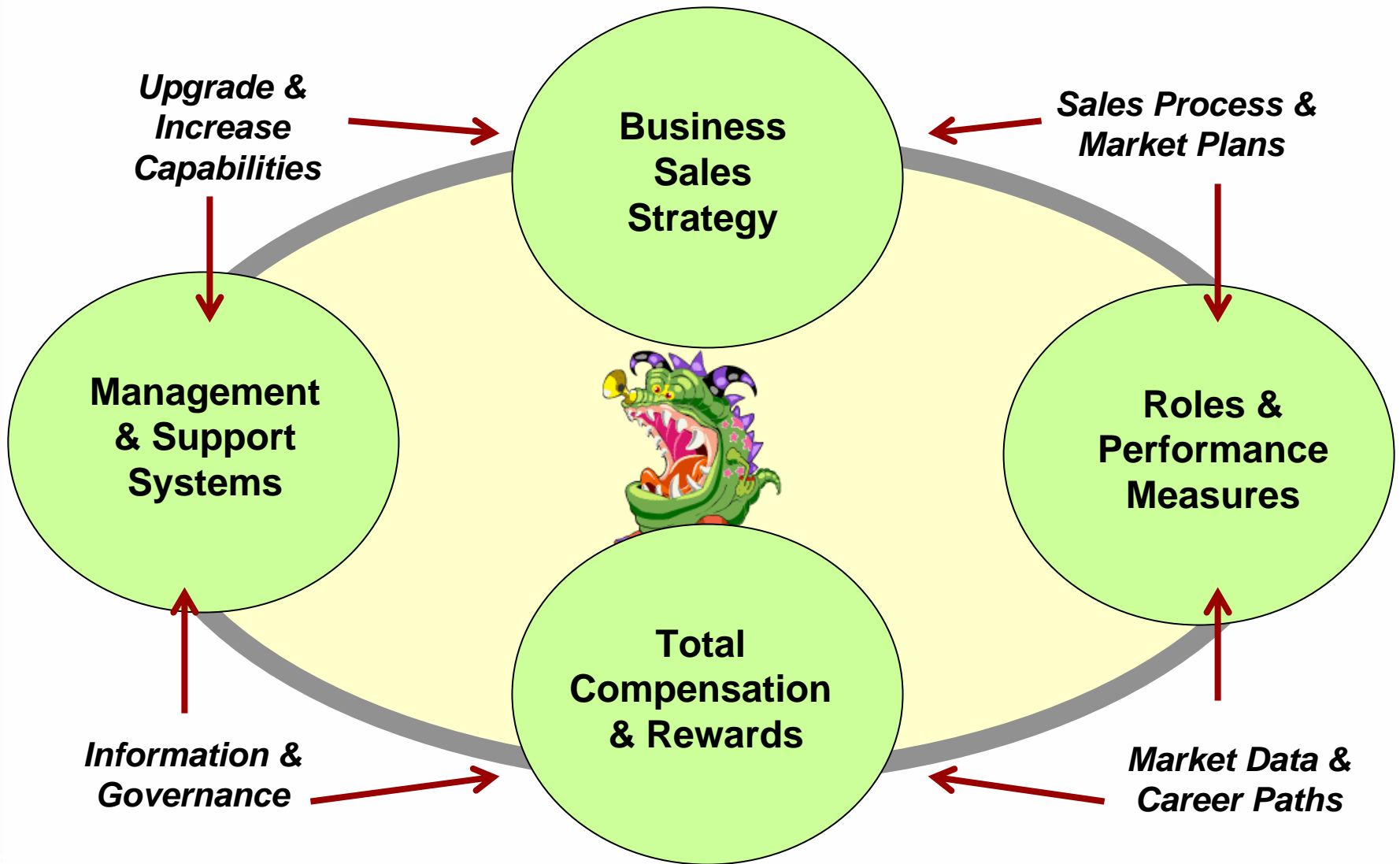
5. **Worked from a framework of guiding principles – criteria.**
 - + **Translated these into images, facts and stories**
 - + **Had both objective and “gut” validity**

6. **Found areas of agreement first, then dealt with tougher issues.**
 - + **Simple solutions became source for increasing trust**
 - + **Trust enabled them to let go of “pet” issues**
 - + **Reinforced what they really wanted to “own”**

7. **Had fun and engaged them in new ways.**

8. **The work continues there is much more to do... (off to Europe and Asia/Pac!)**

IV. Lessons Learned



IV. Lessons Learned

Help wanted!



