



SALES BENCHMARK INDEX

WORLD CLASS

100

**The Q1 2008 Assessment of the World's Top
Producing Sales Forces**

Sales Metrics and Best Practices of World-Class
Sales Organizations

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Abstract

Every quarter, Sales Benchmark Index's research team ranks companies according to their Return on Sales for the Trailing Twelve Months. What is Return on Sales? It is a measure of profitability per dollar of revenue generated. Our research shows that the companies who lead the pack in this critical sales metric have been rewarded with shareholder appreciation greater than their peers. For those organizations not listed in the *Sales Benchmark Index: World Class 100* report, now is the time to understand better how and what your peers are doing to improve their Return on Sales.

Rankings for those organizations that did not make the *World Class 100* are available from Sales Benchmark Index upon request.

World Class 100 Overview

The *Sales Benchmark Index: World Class 100* is the definitive report card on corporate sales force performance.

It includes the 100 top performing sales forces from 19 industries, direct/indirect sales models, and companies offering both products and services. The 100 companies highlighted in this Report were selected from the Sales Benchmark Index information repository, which contains 200+ metrics and covers over 10,900 companies.

In the last year, the *World Class 100* sales force's have produced:

- ◆ Revenues of \$1,876B
- ◆ Revenue Growth of \$255B
- ◆ Return on Sales of \$619B
- ◆ Shareholder Return of \$562B

Our research shows, unquestionably, that organizations who have attained the elite designation of *World Class 100*, demonstrate sales capability that is driving shareholder wealth creation and a source of competitive advantage.



World Class 100 Trends

World Class 100 companies continue to outperform their peers in all aspects of sale force productivity.

A *World Class 100* company generates \$30 in Revenue for every \$1 a non-World Class 100 company produces, \$6.5B vs. \$217M. And, *World Class 100* companies are widening the gap. Revenue Growth for a *World Class 100* company is 16%, nearly double the benchmark of non-World Class 100 organizations at 9%. This growth is fueled by a continuous investment in their sales force. *World Class 100* companies spend 40% more than non-World Class 100 organizations on SG&A – 31% of revenue vs. 22%. And, *World Class 100* companies can make this investment because their sales volume results in economies of scale, as they have a COGS spend that is less than half the competition, 29% vs. 61%.

The ultimate measure of sales force performance, Return on Sales, for *World Class 100* companies is a staggering 5x that of their peers, 24% vs. 5%. Their shareholders are rewarded. *World Class 100* shareholders receive Market Capitalization returns of 13%, 63% greater than the benchmark of 8%.

Industry Trends

Finance & Insurance companies continue to lead the pack

Finance & Insurance companies occupy 8 of the top 10 *World Class 100* spots, have a Revenue benchmark double that of the other Industries and have a median Return on Sales that is more than double the next closest Industry, Professional/Business Services, 15% vs. 7%. The Top 10 Finance & Insurance companies produced a Return on Sales of \$288B, a 186% return on their \$155B SG&A expenses - validating that a heavy but smart investment in SG&A, 32% of revenue, produces the greatest returns for their shareholders.

The Difference Between Haves and Have-nots is Greatest in Pharmaceuticals

Pharmaceuticals had the widest disparity between World Class and Benchmark performance. In fact, World Class Pharmaceutical organizations more closely resemble other World Class organizations than Pharmaceutical firms do. One of the key drivers for poor ROS performance is turnover and the impact it has on opportunity costs. *World Class 100* Pharmaceutical companies have a turnover rate of 16%. This is significantly lower than the Pharmaceutical benchmark of 46% and an overall benchmark across all industries of 37%.



Chief Executive Officers

Use the Sales Benchmark Index *World Class 100* to benchmark your company's Return on Sales. Find out if you measure up to your peer group and World-Class companies. Understand which companies are driving shareholder wealth creation by being 'World-Class' in the sales function.

Chief Financial Officers

Use the Sales Benchmark Index *World Class 100* to understand if your capital deployed in the sales force is generating an adequate return. Find out if your company should increase or decrease dollars allocated to the sales force. Understand which companies are driving efficiency in their sales forces as explained by those described as 'World-Class'.

Chief Sales Officers

Use the Sales Benchmark Index *World Class 100* to find out how your sales force stacks up to the best. Find out if your department's quota attainment is translating into share price appreciation at the same rate as the competition. Understand which companies are most effective at driving sales force effectiveness and learn their best practices.

Chief Marketing Officers

Use Sales Benchmark Index *World Class 100* to learn if your demand generation activities are producing a yield equal to or greater than those of World-Class organizations. Determine if your marketing activities are converting into closed sales on pace with those of your peers and World-Class companies.

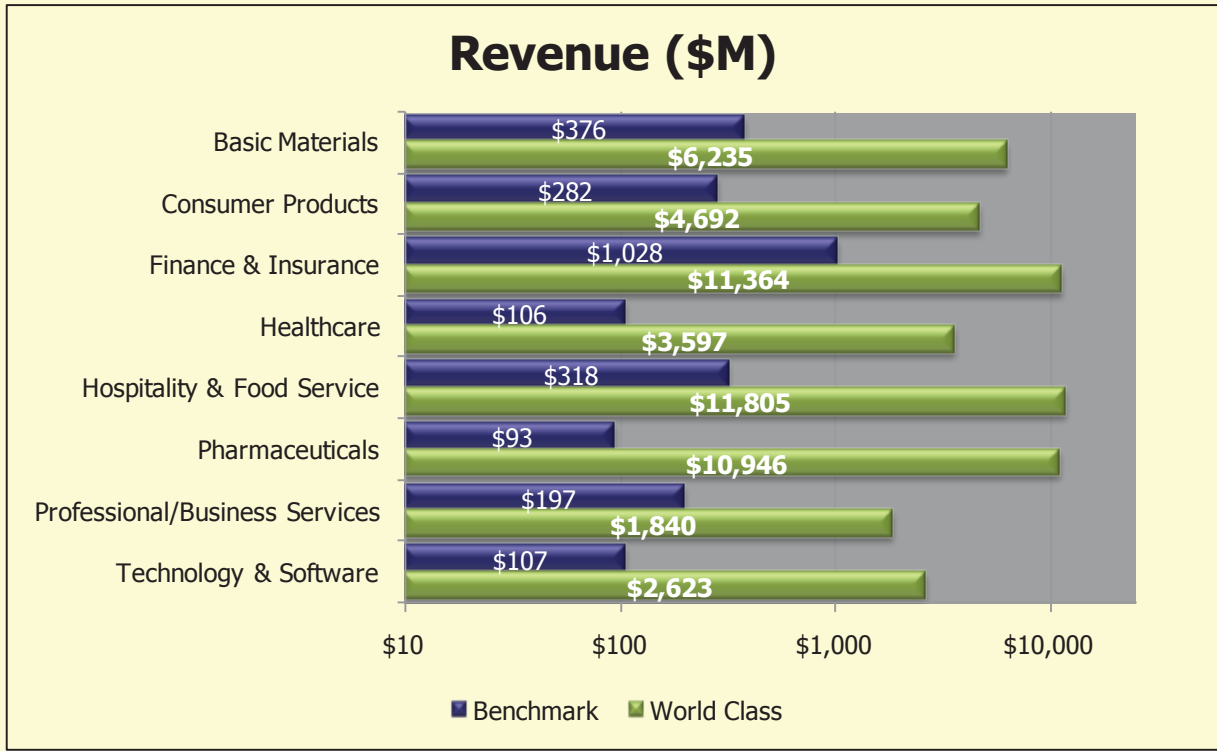


Figure 1: Industry Revenue Benchmark

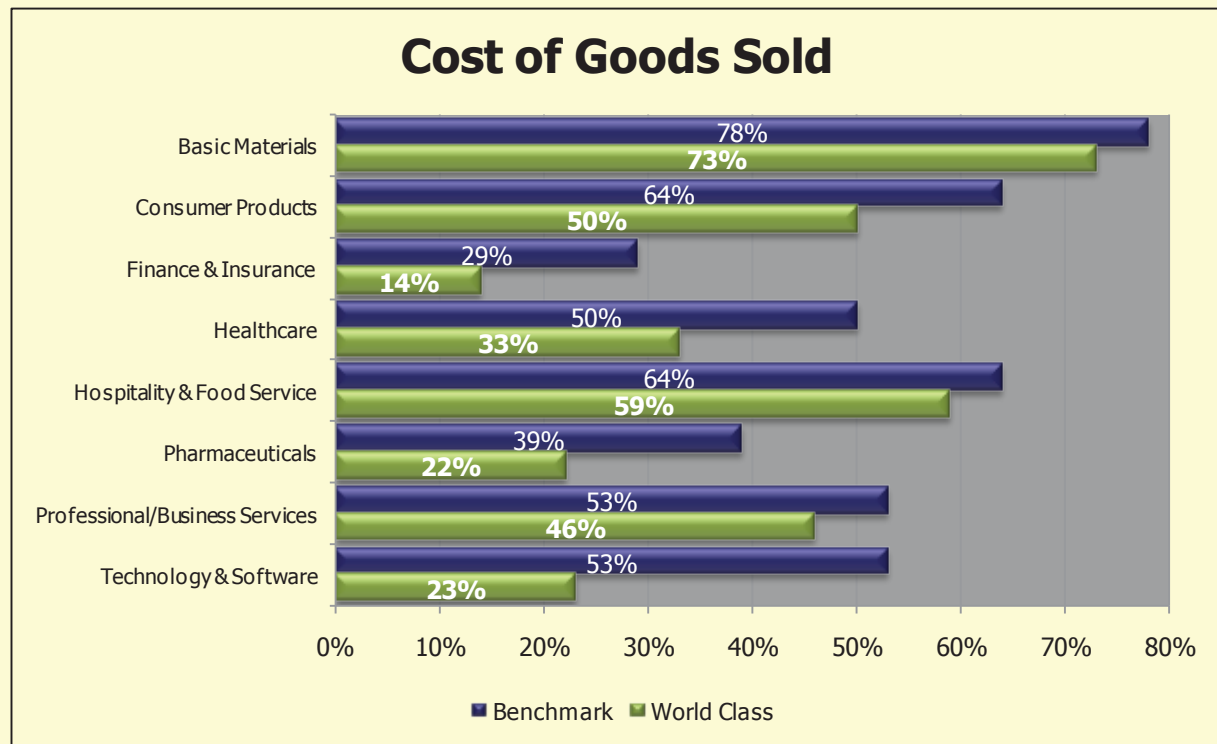


Figure 2: Industry Cost of Goods Sold Benchmark



Selling General and Administrative

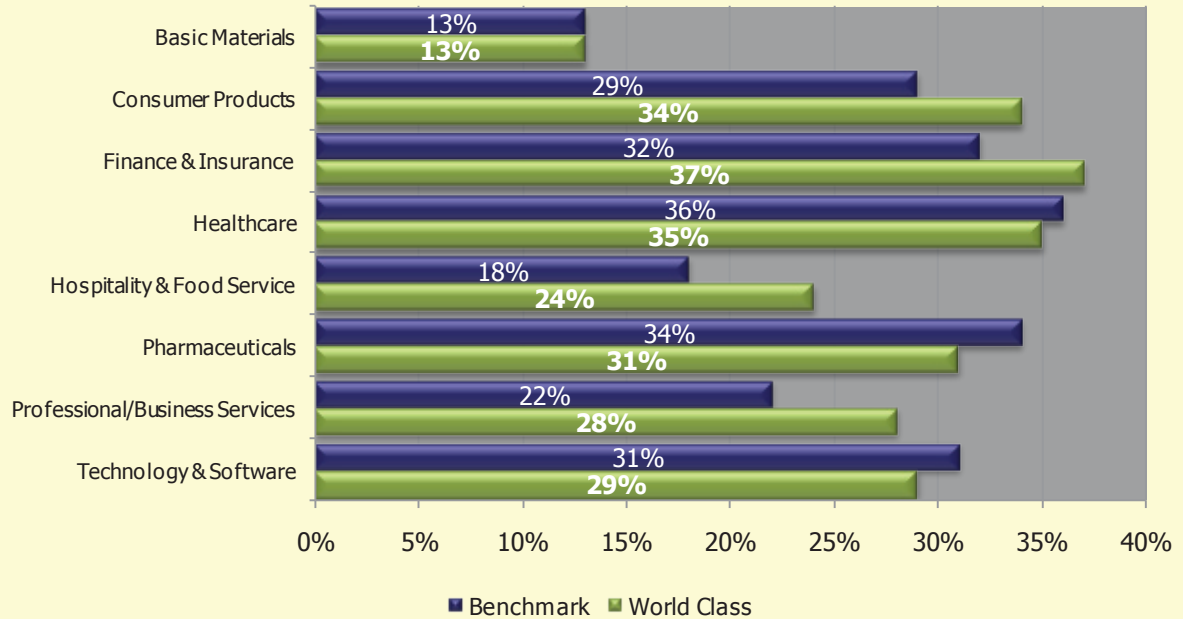


Figure 3: Industry Selling General and Administrative Benchmark

Return on Sales

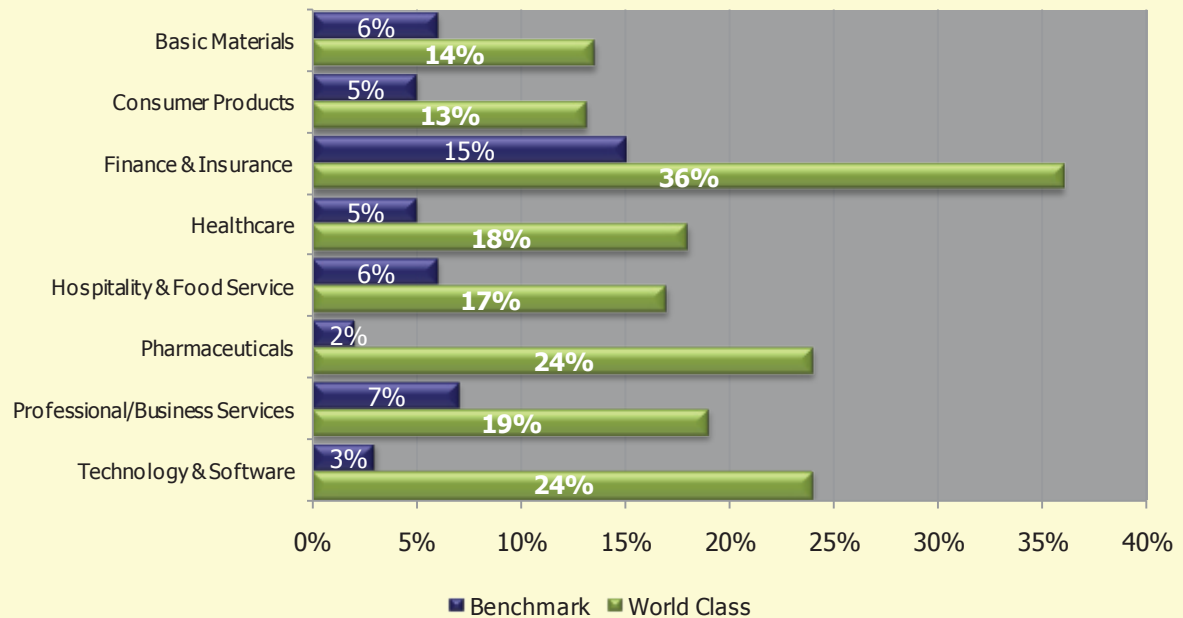


Figure 4: Industry Return on Sales Benchmark

Sales Benchmark Index

World Class 100

The Q1 2008 Ranking of the World's Top Producing Sales Forces



SALES BENCHMARK INDEX

Basic Materials

Benchmarks

Revenue: \$376M
COGS: 78%
SG&A: 13%
ROS: 6%

Rank	Company Name	Revenue (\$M)	ROS	Overall Rank
1	INTERNATIONAL PAPER	\$20,170	27%	43
2	ALLEGHENY TECH	\$5,529	21%	63
3	NUCOR CORP	\$15,337	18%	74
4	FASTENAL	\$1,991	18%	76
5	PACTIV CORP	\$2,992	15%	114
6	SEALED AIR CORP	\$4,467	13%	137
7	PARKER HANNIFIN	\$10,460	11%	159
8	RELIANCE STEEL & ALUM	\$6,940	11%	160
9	BARNES GROUP	\$1,371	10%	165
10	WEYERHAEUSER	\$19,148	7%	214

Table 1: Basic Materials Industry Top 10

Consumer Products

Benchmarks

Revenue: \$282M
COGS: 64%
SG&A: 29%
ROS: 5%

Rank	Company Name	Revenue (\$M)	ROS	Overall Rank
1	COLGATE PALMOLIVE	\$13,357	20%	66
2	PROCTER & GAMBLE	\$75,046	20%	67
3	DELUXE CORP	\$1,620	17%	88
4	HERBALIFE	\$2,002	14%	119
5	STANLEY WORKS	\$4,217	13%	128
6	NIKE	\$15,948	13%	136
7	ECOLAB	\$5,166	13%	138
8	HARMAN INTERNATIONAL	\$3,499	12%	150
9	NEWELL RUBBERMAID	\$6,176	12%	153
10	PHILLIPS VAN HEUSEN	\$1,994	11%	154

Table 2: Consumer Products Industry Top 10

Finance & Insurance

Benchmarks

Revenue: \$1,028M
COGS: 29%
SG&A: 32%
ROS: 15%

Rank	Company Name	Revenue (\$M)	ROS	Overall Rank
1	MORGAN STANLEY	\$90,090	72%	1
2	GOLDMAN SACHS	\$84,560	68%	2
3	BEAR STEARNS	\$18,587	66%	3
4	TD AMERITRADE	\$2,536	59%	4
5	BANK OF AMERICA	\$123,947	53%	5
6	US BANCORP	\$19,805	51%	6
7	PNC FINANCIAL	\$11,364	44%	8
8	SCHWAB CHARLES	\$4,640	44%	9
9	WACHOVIA	\$54,060	43%	11
10	J P MORGAN CHASE	\$112,344	41%	12

Table 3: Finance & Insurance Industry Top 10

Healthcare

Benchmarks

Revenue: \$106M
COGS: 50%
SG&A: 36%
ROS: 5%

Rank	Company Name	Revenue (\$M)	ROS	Overall Rank
1	ZIMMER HOLDINGS	\$3,674	34%	23
2	MEDTRONIC	\$12,086	30%	30
3	ST JUDE MEDICAL	\$3,519	21%	61
4	STRYKER CORP	\$5,646	21%	62
5	DENTSPLY INTER	\$1,887	18%	80
6	BECTON DICKINSON	\$6,196	18%	83
7	BOSTON SCIENTIFIC	\$8,248	13%	135
8	PATTERSON COMP	\$2,754	12%	144
9	APRIA HEALTHCARE	\$1,557	10%	176
10	STERIS	\$1,179	9%	187

Table 4: Healthcare Industry Top 10

Sales Benchmark Index

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The Q1 2008 Ranking of the World's Top Producing Sales Forces



Hospitality & Food Service

Benchmarks

Revenue: \$318M
COGS: 64%
SG&A: 18%
ROS: 6%

Rank	Company Name	Revenue (\$M)	ROS	Overall Rank
1	UST	\$1,883	43%	10
2	COCA COLA CO	\$27,458	25%	47
3	PEPSICO	\$37,511	19%	73
4	ALTRIA GROUP	\$87,648	18%	82
5	ANHEUSER-BUSCH	\$16,416	17%	85
6	UNITED RENTALS	\$3,640	17%	86
7	GENERAL MILLS	\$12,226	17%	91
8	KELLOGG	\$11,384	16%	102
9	WYNDHAM WORLDWIDE	\$4,129	15%	111
10	CONSTELLATION BRANDS	\$5,122	13%	121

Table 5: Hospitality & Food Service Industry Top 10

Pharmaceuticals

Benchmarks

Revenue: \$93M
COGS: 39%
SG&A: 34%
ROS: 2%

Rank	Company Name	Revenue (\$M)	ROS	Overall Rank
1	MYLAN	\$1,449	36%	18
2	GENENTECH	\$10,946	36%	20
3	AMGEN	\$14,862	33%	25
4	FOREST LABORATORIES	\$3,313	31%	29
5	WYETH	\$21,373	26%	45
6	BIOGEN IDEC	\$2,987	24%	53
7	JOHNSON & JOHNSON	\$57,137	23%	57
8	KING PHARMACEUTICALS	\$2,063	20%	65
9	PFIZER	\$48,441	20%	69
10	LILLY ELI	\$16,967	16%	99

Table 6: Pharmaceuticals Industry Top 10

Professional/Business Services

Benchmarks

Revenue: \$197M
COGS: 53%
SG&A: 22%
ROS: 7%

Rank	Company Name	Revenue (\$M)	ROS	Overall Rank
1	PAYCHEX	\$1,840	39%	14
2	EQUIFAX	\$1,742	27%	41
3	ITT EDUCATIONALSERV	\$845	27%	42
4	DUN & BRADSTREET	\$1,586	26%	46
5	GANNETT CO	\$7,893	24%	49
6	ADP	\$8,328	19%	70
7	MONSTER WORLDWIDE	\$1,204	18%	81
8	TRIBUNE	\$5,324	18%	84
9	REPUBLIC SERVICES	\$3,127	17%	90
10	IRON MOUNTAIN	\$2,506	17%	92

Table 7: Professional/Business Services Industry Top 10

Technology & Software

Benchmarks

Revenue: \$107M
COGS: 53%
SG&A: 31%
ROS: 3%

Rank	Company Name	Revenue (\$M)	ROS	Overall Rank
1	CHECK POINT	\$575	48%	7
2	MICROSOFT	\$49,555	37%	16
3	ORACLE	\$17,018	33%	24
4	GOOGLE	\$13,431	32%	27
5	MICROSTRATEGY	\$327	27%	44
6	CISCO SYSTEMS	\$33,473	25%	48
7	INTUIT	\$2,623	24%	50
8	WATERS CORP	\$1,372	24%	56
9	PITNEY BOWES	\$5,936	20%	68
10	CADENCE DESIGN	\$1,588	19%	71

Table 8: Technology & Software Industry Top 10

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World Class 100

The Q1 2008 Ranking of the World's Top Producing Sales Forces



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World Class 100 Benchmarks

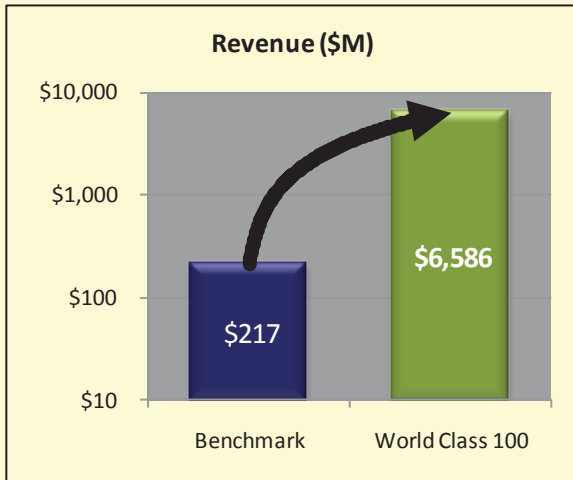


Figure 5: WC100 Revenue Benchmark

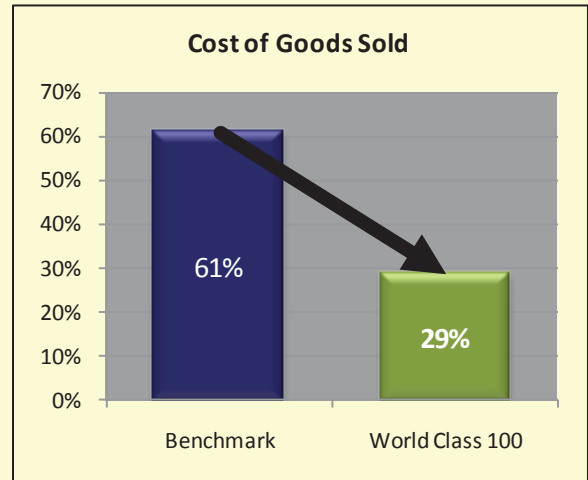


Figure 6: WC100 COGS Benchmark

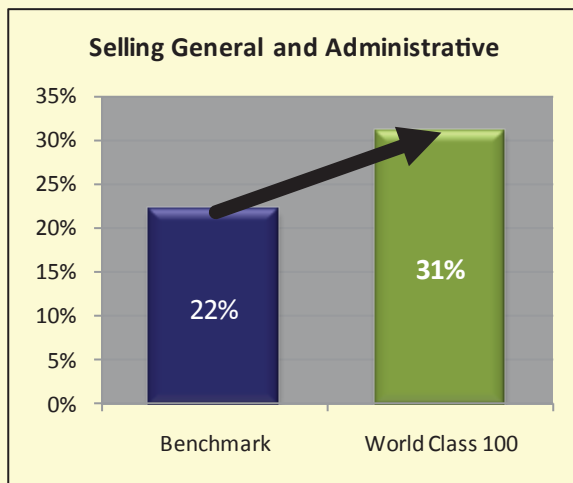


Figure 7: WC100 SG&A Benchmark

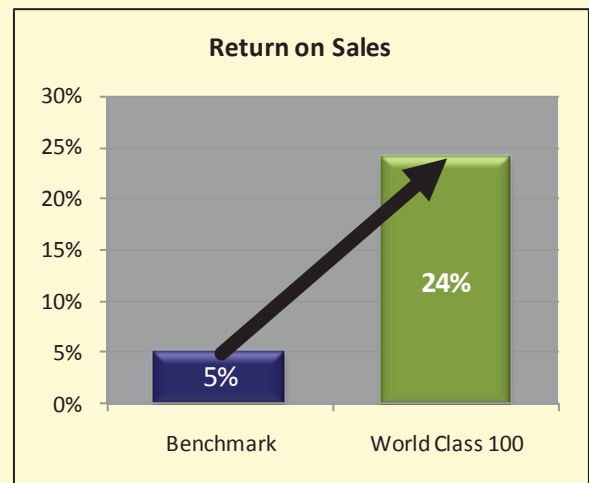


Figure 8: WC100 ROS Benchmark

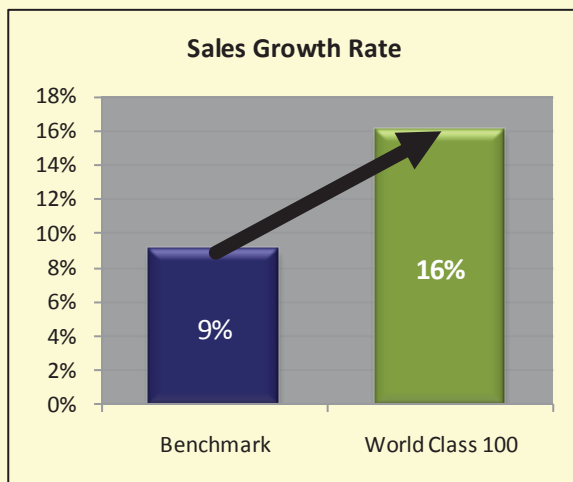


Figure 9: WC100 Sales Growth Benchmark

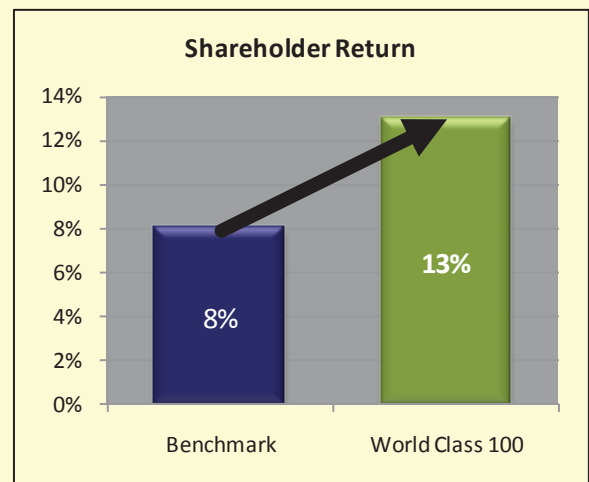


Figure 10: WC100 Shareholder Return Benchmark

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The Q1 2008 Ranking of the World's Top Producing Sales Forces



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World Class 100 Rankings

Benchmarks

Revenue: \$217M
 COGS: 61%
 SG&A: 22%
 ROS: 5%

Rank	Company Name	Ticker	Industry	ROS	Industry Rank	Revenue (\$M)	Revenue Rank	COGS	COGS Rank	SG&A	SG&A Rank
1	MORGAN STANLEY	MS	Finance & Insurance	72%	1	\$90,090	4	4%	4	27%	37
2	GOLDMAN SACHS	GS	Finance & Insurance	68%	2	\$84,560	7	7%	8	24%	27
3	BEAR STEARNS	BSC	Finance & Insurance	66%	3	\$18,587	27	3%	3	32%	55
4	TD AMERITRADE	AMTD	Finance & Insurance	59%	4	\$2,536	72	7%	9	31%	53
5	BANK OF AMERICA	BAC	Finance & Insurance	53%	5	\$123,947	2	13%	15	27%	38
6	US BANCORP	USB	Finance & Insurance	51%	6	\$19,805	25	13%	17	32%	57
7	CHECK POINT	CHKP	Technology & Software	48%	1	\$575	95	6%	5	35%	65
8	PNC FINANCIAL	PNC	Finance & Insurance	44%	7	\$11,364	42	17%	23	36%	71
9	SCHWAB CHARLES	SCHW	Finance & Insurance	44%	8	\$4,640	56	6%	6	47%	88
10	UST	UST	Hospitality & Food Service	43%	1	\$1,883	79	25%	44	29%	46
11	WACHOVIA	WB	Finance & Insurance	43%	9	\$54,060	10	21%	33	33%	62
12	J P MORGAN CHASE	JPM	Finance & Insurance	41%	10	\$112,344	3	18%	26	35%	66
13	E TRADE FINANCIAL	ETFC	Finance & Insurance	40%	11	\$3,261	65	25%	45	30%	47
14	PAYCHEX	PAYX	Professional/Business Services	39%	1	\$1,840	80	33%	54	29%	42
15	NATIONAL CITY	NCC	Finance & Insurance	38%	12	\$12,911	38	21%	32	37%	74
16	MICROSOFT	MSFT	Technology & Software	37%	2	\$49,555	12	19%	29	29%	45
17	WELLS FARGO	WFC	Finance & Insurance	37%	13	\$50,557	11	15%	22	43%	82
18	MYLAN	MYL	Pharmaceuticals	36%	1	\$1,449	86	47%	75	14%	9
19	WASHINGTON MUTUAL	WM	Finance & Insurance	36%	14	\$26,804	21	26%	47	32%	59
20	GENENTECH	DNA	Pharmaceuticals	36%	2	\$10,946	43	13%	16	30%	48
21	KEYCORP	KEY	Finance & Insurance	35%	15	\$7,897	48	22%	35	40%	79
22	R H DONNELLEY	RHD	Media	34%	1	\$2,618	70	45%	71	5%	2
23	ZIMMER HOLDINGS	ZMH	Healthcare	34%	1	\$3,674	59	22%	37	38%	75
24	ORACLE	ORCL	Technology & Software	33%	3	\$17,018	29	23%	41	26%	36
25	AMGEN	AMGN	Pharmaceuticals	33%	3	\$14,862	35	15%	21	23%	25
26	QUALCOMM	QCOM	Telecommunications	33%	1	\$8,564	46	30%	52	17%	16
27	GOOGLE	GOOG	Technology & Software	32%	4	\$13,431	36	40%	62	16%	13
28	FIFTH THIRD	FITB	Finance & Insurance	31%	16	\$8,628	44	24%	42	36%	70
29	FOREST LABORATORIES	FRX	Pharmaceuticals	31%	4	\$3,313	64	22%	36	31%	52
30	MEDTRONIC	MDT	Healthcare	30%	2	\$12,086	41	25%	46	34%	63

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World Class 100

The Q1 2008 Ranking of the World's Top Producing Sales Forces



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World Class 100 Rankings

Rank	Company Name	Ticker	Industry	ROS	Industry Rank	Revenue (\$M)	Revenue Rank	COGS	COGS Rank	SG&A	SG&A Rank
31	ADVANTA	ADVNA	Finance & Insurance	30%	17	\$535	97	12%	13	41%	81
32	CAPITAL ONE	COF	Finance & Insurance	30%	18	\$17,165	28	14%	20	45%	85
33	CENTURYTEL	CTL	Telecommunications	29%	2	\$2,518	73	35%	56	15%	11
34	LOEWS	LTR	Finance & Insurance	29%	19	\$18,686	26	12%	14	57%	96
35	GENERAL ELECTRIC	GE	Conglomerates	29%	1	\$166,260	1	43%	67	25%	32
36	3M	MMM	Conglomerates	28%	2	\$24,038	22	52%	84	21%	22
37	AMERICAN EXPRESS	AXP	Finance & Insurance	28%	20	\$29,797	19	12%	12	54%	95
38	RAYMOND JAMES	RJF	Finance & Insurance	28%	21	\$2,960	68	59%	88	14%	8
39	SYNOVUS FINANCIAL	SNV	Finance & Insurance	28%	22	\$4,383	57	20%	30	50%	91
40	FIRST HORIZON	FHN	Finance & Insurance	27%	23	\$3,585	61	21%	31	49%	90
41	EQUIFAX	EFX	Professional/Business Services	27%	2	\$1,742	81	41%	64	25%	31
42	ITT EDUCATIONAL SERV	ESI	Professional/Business Services	27%	3	\$845	93	43%	65	30%	49
43	INTERNATIONAL PAPER	IP	Basic Materials	27%	1	\$20,170	24	73%	97	15%	10
44	MICROSTRATEGY	MSTR	Technology & Software	27%	5	\$327	99	17%	24	46%	87
45	WYETH	WYE	Pharmaceuticals	26%	5	\$21,373	23	28%	48	31%	51
46	DUN & BRADSTREET	DNB	Professional/Business Services	26%	4	\$1,586	85	29%	51	40%	80
47	COCA COLA	KO	Hospitality & Food Service	25%	2	\$27,458	20	36%	57	39%	77
48	CISCO SYSTEMS	CSCO	Technology & Software	25%	6	\$33,473	17	36%	58	25%	28
49	GANNETT CO	GCI	Professional/Business Services	24%	5	\$7,893	49	55%	87	17%	14
50	INTUIT	INTU	Technology & Software	24%	7	\$2,623	69	19%	28	39%	76
51	CLEAR CHANNEL COMM	CCU	Media	24%	2	\$6,975	50	38%	60	29%	43
52	KNIGHT CAPITAL GROUP	NITE	Finance & Insurance	24%	24	\$913	91	23%	40	51%	92
53	BIOGEN IDEC	BIIB	Pharmaceuticals	24%	6	\$2,987	67	10%	11	26%	33
54	WESCO FINANCIAL	WSC	Conglomerates	24%	3	\$608	94	25%	43	52%	93
55	LEGG MASON	LM	Finance & Insurance	24%	25	\$4,254	58	14%	19	61%	98
56	WATERS CORP	WAT	Technology & Software	24%	8	\$1,372	87	43%	66	28%	39
57	JOHNSON & JOHNSON	JNJ	Pharmaceuticals	23%	7	\$57,137	9	29%	50	33%	61
58	PIPER JAFFRAY	PJC	Finance & Insurance	22%	26	\$548	96	3%	2	75%	99
59	KENNAMETAL	KMT	Construction	22%	1	\$2,272	75	64%	92	24%	26
60	VIACOM	VIA	Media	22%	3	\$12,157	40	55%	86	21%	21
61	ST JUDE MEDICAL	STJ	Healthcare	21%	3	\$3,519	62	28%	49	37%	73
62	STRYKER CORP	SYK	Healthcare	21%	4	\$5,646	53	32%	53	39%	78
63	ALLEGHENY TECH	ATI	Basic Materials	21%	2	\$5,529	54	74%	98	5%	3
64	UNION PACIFIC	UNP	Transportation	21%	1	\$16,048	32	61%	89	10%	5
65	KING PHARMACEUTICAL	KG	Pharmaceuticals	20%	8	\$2,063	76	22%	38	35%	67

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World Class 100 Rankings

Rank	Company Name	Ticker	Industry	ROS	Industry Rank	Revenue (\$M)	Revenue Rank	COGS	COGS Rank	SG&A	SG&A Rank
66	COLGATE PALMOLIVE	CL	Consumer Products	20%	1	\$13,357	37	44%	69	36%	72
67	PROCTER & GAMBLE	PG	Consumer Products	20%	2	\$75,046	8	48%	77	32%	56
68	PITNEY BOWES	PBI	Technology & Software	20%	9	\$5,936	52	46%	74	31%	50
69	PFIZER	PFE	Pharmaceuticals	20%	9	\$48,441	13	17%	25	32%	58
70	ADP	ADP	Professional/Business Services	19%	6	\$8,328	47	52%	83	26%	35
71	CADENCE DESIGN	CDNS	Technology & Software	19%	10	\$1,588	84	13%	18	36%	69
72	KLA TENCOR	KLAC	Technology & Software	19%	11	\$2,575	71	45%	70	20%	20
73	PEPSICO	PEP	Hospitality & Food Service	19%	3	\$37,511	14	45%	72	36%	68
74	NUCOR	NUE	Basic Materials	18%	3	\$15,337	34	78%	100	4%	1
75	OPPENHEIMER HOLDING	OPY	Finance & Insurance	18%	27	\$848	92	2%	1	80%	100
76	FASTENAL	FAST	Basic Materials	18%	4	\$1,991	77	49%	79	33%	60
77	LAMAR ADVERTISING	LAMR	Media	18%	4	\$1,170	90	34%	55	23%	24
78	COMCAST	CMCSA	Media	18%	5	\$29,912	18	8%	10	54%	94
79	ALLTEL	AT	Telecommunications	18%	3	\$8,623	45	43%	68	22%	23
80	DENTSPLY INTER	XRAY	Healthcare	18%	5	\$1,887	78	48%	76	34%	64
81	MONSTER WORLDWIDE	MNST	Professional/Business Services	18%	7	\$1,204	88	39%	61	44%	83
82	ALTRIA GROUP	MO	Hospitality & Food Service	18%	4	\$87,648	6	69%	96	13%	7
83	BECTON DICKINSON	BDX	Healthcare	18%	6	\$6,196	51	49%	78	26%	34
84	TRIBUNE	TRB	Professional/Business Services	18%	8	\$5,324	55	50%	80	28%	40
85	ANHEUSER-BUSCH	BUD	Hospitality & Food Service	17%	5	\$16,416	31	65%	95	18%	18
86	UNITED RENTALS	URI	Hospitality & Food Service	17%	6	\$3,640	60	65%	93	17%	15
87	BEA SYSTEMS	BEAS	Technology & Software	17%	12	\$1,200	89	22%	34	46%	86
88	DELUXE CORP	DLX	Consumer Products	17%	3	\$1,620	83	37%	59	47%	89
89	CANON	CAJ	Technology & Software	17%	13	\$34,917	16	50%	81	25%	29
90	REPUBLIC SERVICES	RSG	Professional/Business Services	17%	9	\$3,127	66	63%	90	10%	6
91	GENERAL MILLS	GIS	Hospitality & Food Service	17%	7	\$12,226	39	63%	91	20%	19
92	IRON MOUNTAIN	IRM	Professional/Business Services	17%	10	\$2,506	74	46%	73	28%	41
93	AT&T	T	Telecommunications	17%	4	\$89,897	5	40%	63	25%	30
94	MSC INDUSTRIAL	MSM	Capital Goods	17%	1	\$1,624	82	54%	85	29%	44
95	STEWART ENTERPRISES	STEI	Professional/Business Services	17%	11	\$530	98	78%	99	6%	4
96	SPSS	SPSS	Technology & Software	16%	14	\$283	100	6%	7	59%	97
97	INTEL	INTC	Technology & Software	16%	15	\$35,965	15	51%	82	15%	12
98	ILLINOIS TOOL WORKS	ITW	Capital Goods	16%	2	\$15,653	33	65%	94	18%	17
99	LILLY ELI	LLY	Pharmaceuticals	16%	10	\$16,967	30	22%	39	32%	54
100	ALLERGAN	AGN	Pharmaceuticals	16%	11	\$3,511	63	18%	27	44%	84



World Class 100 Benchmark Discussion: Sales Growth Rate Best Practice

Inquiry

“My company is having a hard time setting performance targets for the sales force. The field is complaining that we are setting unrealistic quotas and it is having an impact on morale. Senior executives feel the goals are not high enough and are getting tired of the complaining coming from the sales force. Can you share with me a best practice from the membership that might help us insert some objective science into this process?”

Response

Sales Growth Rate (or SGR) is defined as the percentage increase in sales (in either units or dollars) of an industry, market segment, firm, or product category. It is determined by first measuring the total sales in the market and then comparing this figure to the sales changes in preceding time periods (typically years).

SGR data can be obtained through a company's IT systems, a 3rd party benchmarking database, trade publications, independent market research firms, product analysts, government reports, and even trade associations. Knowing SGR assists companies in determining whether their own performance is stronger than, consistent with or weaker than the rest of the market.

SGR is influenced by many factors, including demographic changes, purchase behavior patterns, product innovations and lower interest rates. Once these driving forces are understood, companies can use this information to develop new products, communication campaigns and price changes to create a competitive advantage for their products.

Executives are interested in growing business in assigned marketplaces while sales management is tasked with identifying growth opportunities along two dimensions: market share and financial performance. As growth has direct implications for a firm's competitive position, executives are keenly interested in whether sales growth is faster, equal to, or less than overall market growth since the answer will affect future sales plans about customer segments, product choices, and channels.



World Class 100 Benchmark Discussion: Sales Growth Rate Best Practice

Response Cont...

Sales Growth Rate Indicators

SGR can serve as a good indicator of dynamics in the marketplace. It provides guidance on or insight into:

- ◆ A market's potential (the total number of customers in a target market)
- ◆ The level of customer penetration (how many customers have entered the market)
- ◆ The rate of customer entry (how quickly new customers enter the market).
- ◆ Important trends, which can be further understood by comparing SGR rates for past years and/or projected SGRs for future years.

Sales Growth Rate Drivers

However, executives should be mindful that when measuring SGR it is important to understand the underlying drivers. For instance, is the high SGR due to:

- ◆ Growth of total market revenues?
- ◆ Growth of total market dollars available for purchasing?
- ◆ Rate at which new customers are being acquired?
- ◆ Rate at which the top 3 competitors are growing?

Answers to these questions are typically highly industry dependent. Furthermore, even within industries there are segments that may skew the answers even further.



World Class 100 Benchmark Discussion: Sales Growth Rate Best Practice

Sales Growth Rate (SGR) Formula

$$SGR = \frac{\text{dollars or units this year}}{\text{dollars or units last year}}$$

Example: Sony Walkman vs. Rest of Digital Music Player Market. Sony sold 850K units of its Walkman digital music player in 2004. It forecast sales of 4.5M units in 2005, for a SGR of 529%. The sales volume for portable digital music players in 2004 was 37M units and was expected to be 57M units in 2005, for a SGR of 54%.

$$2005 \text{ SGR (Sony Walkman)} = \frac{4.5M}{850K} = 529\%$$

$$2005 \text{ SGR (Digital Music Player Market)} = \frac{37M}{20M} = 54\%$$

So what meaning does this comparison have?

Sony's projected Sales Growth Rate of 529% appears quite strong when compared to the market overall.

Further analysis would have revealed that part of Sony's projections were influenced by the launch of new models in 2005, probably with the hope these new devices would capture the attention of consumers and eat into the market-leading position of its rival, Apple.

In Sony's case, its projected pace of growth, during this time period, far exceeded that of the overall market, which meant that Sony would have wrongfully expected to gain share at the expense of Apple's iPod. Therefore, Sony sales management would want to understand the forces driving SGR, and, in this instance, the reasons Sony's growth far exceeds the pace of the market.

Response Cont...



World Class 100 Benchmark Discussion: Sales Growth Rate Best Practice

Conclusion

Knowing the market growth rate can provide sales management with insight into the future potential for their business, although there is no guarantee that historical growth rates will continue in the future. A company's own SGR must be measured first for two reasons:

1. To see what the growth trend has been over the past few years and to determine if whether the current pace is above or below the recent historical average
2. To compare its SGR to that of its relevant peer group and World-Class organizations.

In addition, SGR provides strategic guidance regarding the attractiveness of a given market in the years to come and assists Sales leaders in understanding the associated opportunities and challenges. It is also a useful tool for senior executives when evaluating sales investments, since it provides a snapshot of likely growth opportunities.

About This Discussion

Sales Benchmark Index offers an ongoing series of best practices discussion documents to compliment the sales benchmarking services provided to each advisory member. These documents help Sales Benchmark Index members connect cause and effect and enable them to take the next step to address the deficiencies revealed through relevant peer group comparison.

This discussion addressed the member's initial question and Sales Benchmark Index hopes it can help you as well. Any follow-up questions or further assistance should be directed to the Sales Benchmark Index Team. Please contact them at 888-556-7338 or visit www.salesbenchmarkindex.com.

Sales Benchmark Index

World Class 100

The Q1 2008 Ranking of the World's Top Producing Sales Forces



SALES BENCHMARK INDEX

World Class 100 Selection Methodology

To create the *World Class 100* report, Sales Benchmark Index, performed an analysis of over 10,900 companies, across 19 Industries, over 200 sales metrics, and 11 years of history utilizing the Sales Benchmark Index Relative Index (RI). The RI measures the Return on Sales results for each industry category in relation to one another. RI is a relative-ranking methodology, not a formula, and is determined by comparing global industries on a common measure, ROS.

To create the top 10 Industry lists, SBI asked executives, directors, and analysts to rate companies in their own industry on twelve criteria, from revenue growth rate to selling expenses using the Sales Benchmark Index Absolute Index (AI). The AI measures absolute Return on Sales (ROS) for each company in an industry and compares the result to the mean for the industry to arrive at a performance factor. This is useful for determining overall performance.

Only the top 8 industry breakouts were included in this report. For example General Electric is No. 35 on the overall list even though its industry, Conglomerates, did not make the top 8. If you would like additional details on the 11 Industries that did not make the list (Capital Goods, Conglomerates, Construction, Energy, Industrial & Chemical, Manufacturing, Media, Retail, Telecommunications, Transportation, Utilities), please email worldclass100@salesbenchmarkindex.com.

Find out what top executives in your peer group think. For detailed scores and analysis of the twelve key drivers of World-Class sales results for all companies within a peer group, including those not published, please email worldclass100@salesbenchmarkindex.com.

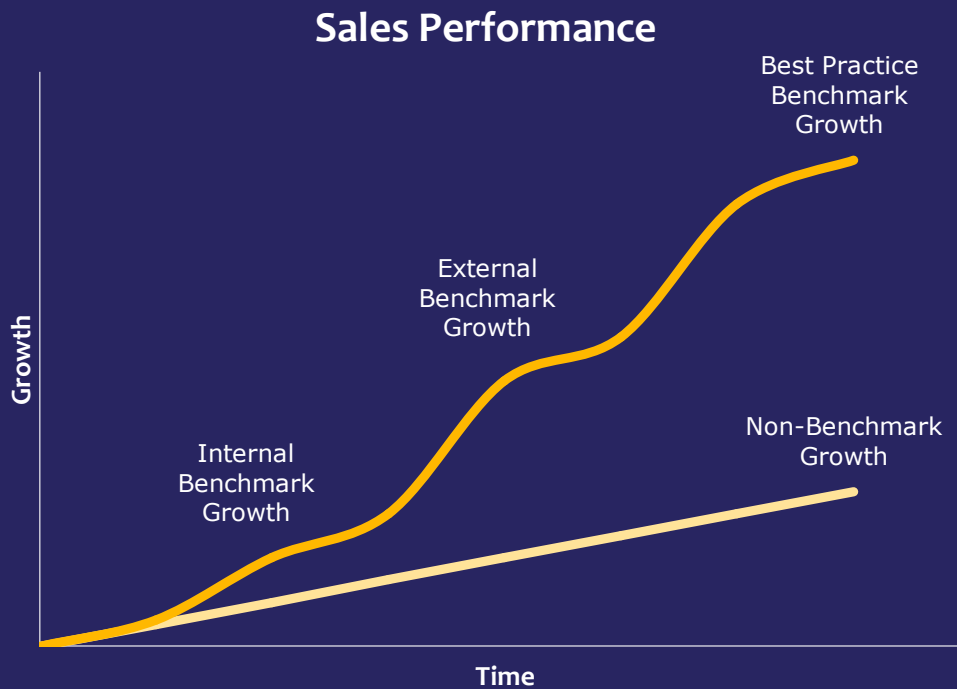
Special appreciation goes to the research team at Sales Benchmark Index for analyzing the data. To have your company benchmarked against the world's largest sales benchmarking database, please visit www.salesbenchmarkindex.com or call 888-556-7338.

World Class 100 research is differentiated from other sales research in that it is only concerned with:

- ✓ Metrics utilized by World Class sales forces
- ✓ Contrary indicators signaling the beginning or decline of sales force excellence
- ✓ Empirical data significantly above or below the benchmark mean
- ✓ Operating statistics that enable sales leaders to perceive the future chain of events triggered by an action in the present

Sales Benchmark Index

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About Sales Benchmark Index

Sales Benchmark Index is a strategic advisory firm that helps executive leadership understand how well they are performing relative to a peer group and World-Class levels. Sales Benchmark Index is differentiated through its use of empirical data, a repository of over 10,900 companies, across 19 industries, 11 years of history and over 200 sales metrics. Through SBI's sales benchmarking services a company can deploy comparative data sets to identify the improvement opportunities available through leveraging best practices of World-Class sales forces.