



2019 State of Gender Equality in Sales

REPORT



INTRO

Studies show that women make 77 cents for every dollar a man earns¹. While this is an improvement from the decades between 1960 and 1990, when women earned as little as 59 cents to every dollar a man earned, the pay gap persists. Back in 2014, Xactly used its aggregated and anonymized data set to take a look at how various companies were paying their male and female salespeople. One would hypothesize that sales, being a pay-for-performance world, should show a narrower pay gap with discrepancies only based on performance, not gender. One would be wrong. We found that there was lower pay for sales reps, even when they hit their quotas and lower pay for sales managers, even though their teams perform better. At Xactly, we firmly believe in pay equity and were interested in identifying changes and trends in the data since our initial 2014 Gender Pay Gap Study.

THE 2019 STUDY IS BASED ON:



US data for over
300 companies



More than 100,000
individuals



Roles including
Account Executives,
Account Managers,
and Sales Managers



Data from 2017 where
women represented
29% percent of the
sales workforce

THE INDUSTRIES ANALYZED IN THIS REPORT INCLUDE:

Business Services

Communications

Consumer Goods

Financial Services

Healthcare

High-Tech Manufacturing

Life Science & Pharma

Manufacturing

Media & Internet

Medical Devices

SaaS & Cloud Software

Travel & Hospitality



This study reveals that despite being underrepresented (with women making up 29% of the reps and 26% of the sales managers) across nearly all industries, women tend to hit or exceed their quotas, but are paid less in salary and commissions over time. The report also offers evidence that this pay gap worsens over time; as employees progress through their careers, men are more likely to find themselves in executive positions with bigger paychecks than their female counterparts.

FOUR KEY FINDINGS FROM THE 2019 GENDER PAY GAP REPORT

1. THE GENDER PAY GAP PERSISTS, PARTICULARLY IN TECHNOLOGY

Across the SaaS and Cloud Software industry, men are paid more over time, despite women matching or exceeding the quota attainment of their male counterparts. The gap illustrates that women's commissions tend to level off while men's commissions keep rising well above six figures.

2. WOMEN-LED TEAMS PERFORM BETTER

Teams led by women tend to have higher win and quota attainment rates (94 percent) compared to male-led teams (91 percent). While the attainment rates are similar, it's still noteworthy considering the higher win rates and overall lower compensation for female sales managers.

3. REPRESENTATION OF WOMEN AT MANAGERIAL LEVELS IS LAGGING

The average representation of female sales managers is 26 percent across industries. Within industries like Media and Internet and Travel and Hospitality, the percentage of women in management roles rises to 42 percent and 72 percent, respectively. Manufacturing, Communications, and Technology have the lowest representation of women at the managerial level with 14 percent in Manufacturing (High-tech manufacturing included), 17 percent in Communication, and 16 percent in Tech (including SaaS).

4. THE PAY GAP INCREASES AS WOMEN PROGRESS IN THEIR CAREERS

In our 2014 study, it was noted that immediately after college men tend to be paid much more than their female counterparts. This gap can't be explained away with "more experience" or "different levels of schooling." Instead, it emphasizes the issue that right out of the gate, women are making up to \$7,000 less than their male counterparts, which is a large gap to make up for later on and only widens over time. The 2019 study backed up these prior findings and based on median salary across industries, women in direct sales roles (Account Executive) earn 22 percent less compared to their male counterparts. Specifically, with women in leadership roles, the pay gap increases to 25 percent.



*“We originally released this report in 2014, and the consistent takeaway remains that **women outperform men** when it comes to winning deals and hitting their quotas, and they are **not paid equally**. In fact, many industries today still have an incredibly low representation of women across their sales departments,” said Chris Cabrera, Founder and CEO of Xactly. “At Xactly, we use this data to ensure that we provide **fair pay for men and women with the same experience across the entire company**, and are diligently working to increase the representation of women in sales leadership roles. The findings of the report shed a light on the areas where sales organizations can and must improve, and serves as a reminder to all companies that we still have a lot of **work to do to reduce gender bias in the broader workplace.**”*

HOW TO ASSESS THE PAY GAP AT YOUR ORGANIZATION

The process of correcting pay inequity starts by gathering multiple department leaders and together commit to close the pay gap. This will need to be a concerted effort between Sales, HR, Finance, and likely your CEO.

Next, it's time to delve into your pay data. Look at the people on your sales team and dig into their compensation and background. It's most helpful to look at each role individually to sort out pay inequality. For example, look at AEs with the same years of experience. Are they all being paid the same? Or, do you have a female AE with ten years of experience making significantly less than her male counterpart with similar experience and in the same role?

This can be a tedious endeavor and the pay gap is often more prevalent than one might suppose. In a 2018 episode of 60 Minutes, Marc Benioff—Salesforce CEO—revealed, “It was everywhere. It was through the whole company, every department, every division, every geography.” Benioff worked to fix the problem by dedicating \$3 million that year to correcting the discrepancy, and then another \$3 million in 2017 to correcting compensation differences by gender, race, and ethnicity across the company². He also created a new rule making it more likely that women would be appropriately promoted and seen as leaders.

²Schwantes, Marcel. “The CEO of Salesforce Found Out His Female Employees Were Paid Less Than Men. His Response Is a Priceless Leadership Lesson.” Inc.com, Inc., 26 July 2018, www.inc.com/marcel-schwantes/the-ceo-of-salesforce-found-out-female-employees-are-paid-less-than-men-his-response-is-a-priceless-leadership-lesson.html.



Of course, when you dive into your own compensation data, you might end up finding different insights than you thought you would. For example, when Xactly underwent this same exercise with its sales teams in 2014, one woman was actually paid more than she should have been and her salary was adjusted. The idea is not just to raise everyone's salary. The goal is to achieve equal pay for performance so that your top sellers, be they male or female, are competitively and fairly compensated. Equal pay helps to retain employees and foster a healthy working environment.

ACTION PLAN FOR DIVERSIFYING YOUR WORKFORCE

Once your organization has gone through the challenging, but beneficial, endeavor of correcting pay gaps—it's time to make sure that as you hire new sales team members, you are hiring a diverse population. It's been proven that people subconsciously favor and hire others who look like them.

According to a Harvard brain scan study, "Once you have a little piece of information about someone being similar to you or different, you seem to take it and run with it. You may think they are similar to you across the board, even though you may not have much reason to think this³." That's why even those with the best intentions can end up with sales teams skewed towards a certain population, rather than a diverse group.

One way to ensure diversity is allowing both male and female sales reps to speak with each interviewee. If all they see is men in your sales organization, this can create the perception that the sales org is a 'boys club,' which can deter talented female sales reps who would be an asset to your team.

In addition, you can work with your HR team to adjust how job descriptions are written. Studies show that female candidates are less likely to apply to a job when they can do most, but not all, of the items in the job description. However, men will apply to these same jobs even if they don't meet all of the criteria. This means that tweaking job description language can produce a more diverse applicant pool. For example, at Xactly, we removed the unconscious gender-bias from our job descriptions and switched to an 'impact-based' model that is more inclusive for both sexes.

Another way to work with HR to increase diversity hiring in sales is to start practicing "blind interviewing." This means that prior to HR sending the hiring manager a resume it is scrubbed of all possible bias indicators such as name, age, etc. Many companies are doing this to help protect against subconscious bias.

CONCLUSION

As Xactly's 2019 Gender Pay Gap Report shows, we still have a long way to go towards compensation equity in tech, and in sales organizations in particular. However, there are actionable ways to start diversifying your teams and moving towards greater parity today. Learn more about what your organization can discover using Xactly's big data insights [here](#).

³Giles, Kimberly. "Why You Mistakenly Hire People Just Like You." Forbes, Forbes Magazine, 1 May 2018, www.forbes.com/sites/forbescoachescouncil/2018/05/01/why-you-mistakenly-hire-people-just-like-you/#60d7b6273827.



ABOUT XACTLY

Xactly delivers a scalable, cloud-based enterprise platform for planning and incenting sales organizations, including sales quota and territory planning, incentive compensation management, and predictive analytics. Using this powerful sales performance management (SPM) portfolio, customers mitigate risk, accelerate sales performance, and increase business agility.

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