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**High fuel prices could mean the death of the salesman**



**Paul Brent**

Monday, June 30, 2008

With all due respect to playwright Arthur Miller, today's sky-high gas prices beg the question: could this be the death of the (traveling) salesman?

That's the conclusion of Jeremy Miller, a partner with Toronto's LeapJob. The sales recruitment firm recently conducted a survey of 600 sales professionals and found that rising fuel prices are a common flashpoint. While gas prices have spiked from an average of 94 cents a liter two years ago to 131 cents today, two-thirds of companies (65%), have not modified their car expense plans over that time frame to account for it.

The nation's road warriors have reacted to this unofficial cut in their compensation by visiting clients less, usually without the knowledge or consent of management. "The company hasn't recognized that their salespeople have already changed their behavior and they are not tracking or seeing it," observed Miller. "That to me was the most telling sign" of the survey."

Fuel costs are a hot-button issue for a profession that virtually lives in its cars, and that was confirmed by the fact that the issue has prompted more than 100 emails to LeapJob's web site, the most for any topic the recruiter has raised to date.

Although employers have for the most part not yet cottoned on to the rising discontent among their gas-fueled sales forces or at least not reacted to it, they soon will, Miller argued. "It will come out in the recruiting, when everyone that they try to hire will say, "No, your plan is too low,' or secondarily their salespeople start squawking a lot."

He pointed to a recent placement of a sales representative who initially balked at a \$600-per-month car allowance and eventually was hired with a package that included a 50

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percent richer vehicle allotment at \$900 a month. The major driver for the extra \$300 was fuel prices.

Sales professionals are strategizing and prioritizing, spending perhaps as much time with their most valuable clients as they did before, but seeing less critical customers far less often or servicing them via the telephone. They are also resisting going into the office as often in an effort to cut down on the time and expense of driving, Miller said.

Gas prices aren't quite high enough yet in Miller's opinion, but the sales recruiter envisions a time not far off when the rising cost of fuel figuratively runs salespeople right off the road. "The outside sales reps, these road warriors that are just giving face time are, I think, a dying model.

"The only reason you do it today is because you have a commoditized product that can't be sold on its own, it has no brand, so you put people out there to peddle it," he said. Those product categories Miller believes are most affected range from advertising, to IT, to office equipment and payroll services.

"All of these companies are expecting their sales reps to do prospecting, walk-ins and customer visits 80 percent of the time and they are probably spending another third of their time behind the windshield of their car going from one end city of the to the other," Miller noted. "It's wasted time and expensive time at \$1.40 a liter."

The recruiter believes that companies can rely more heavily on electronic communications to fill in for face-to-face meetings, but only if they improve their presence on the Web. If prospective clients are going to increasingly rely on the Internet for commodity-type products and services, companies have to become better marketers and shift some of the dollars currently dedicated to putting a fleet of salespeople on the streets and highways.

"Not everyone has bought into that yet because they are still stuck in the old models, but I think gas is a catalyst to change that," Miller said.

Key findings of LeapJob's survey were:

- Asked how fuel prices are altering their driving habits, 320 (or 53.5 percent of respondents), said they are decreasing the number of trips or sales calls they make. Another 20 percent said they are waiting to see if their employer will modify expense payments to account for higher fuel costs.
- Asked whether fuel costs will influence the purchase of their next vehicle, 368, or 61 percent, said it would be a factor in their next vehicle.
- Salespeople are not taking a proactive approach. Just 28 percent, or 163, said they were attempting to negotiate a new car allowance or higher mileage rate with their employer.
- Companies aren't doing much better: 65 percent haven't increased their mileage or car allowances over the past two years, their salespeople report. Nearly a quarter, 23.5 percent, reported that their employer increased their per kilometer allowance, 4.6 percent of respondents said their employer upped their car allowance and 40 respondents (6.8 percent), stated that their employer used a

combination of higher rates and allowance to offset higher gas prices.

- Salespeople aren't voting with their feet, yet. Nearly one-half, 279 (47.9 percent), said employer inactivity on the subject of fuel costs will not prompt them to look for a new job. A sizeable minority, 143 or nearly 25 percent, did say they will be looking for a new job for this reason while 27.5 percent said they were not sure what they will do.

The issue is gaining prominence. More than three quarters, or 459 respondents, said that a car allowance or mileage will be "an important component of compensation" during negotiations for their next job. Just 23 percent said it would not play a big role.

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