



INVOICE FINANCE SALARY SURVEY – 2004

The information in the survey has been gathered from the many conversations we have every day with both candidates and clients in the invoice finance sector, and more importantly on the salaries of candidates placed in 2004.

The aim of this survey is to provide you with the benefit of our knowledge whether you are looking for a career move, to recruit new staff or simply want to be well informed and stay ahead of the game.

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RECEIVABLES FINANCING / ASSET BASED LENDING

The industry is now very fragmented making salary comparisons between companies difficult. For ease of reference we have split the sector into quartiles, the divisions being based on deal size and complexity.

First Quartile

Business Development Managers

Collateral is the main lending criteria rather than a receivables book. These sales staff tend to come from corporate banking and qualified accountancy backgrounds and are capable of structuring the more complicated MBI / MBO and larger transactions together with long term corporate loans, stock and property finance etc.

- £60k - £75k basic salary
- Commission structures are usually based on fee income and commonly allow up to 100% + of basic salary (uncapped)
- Other benefits can include fully expensed car/allowance, health cover, pension entitlement, profit share and share options
- General expectation of £500k+ fee income per annum

Account Managers

Part-qualified accountants and experienced corporate bankers with expertise in large complex deals. Salaries of £45k - £60k plus banking benefits.

Second Quartile

Business Development Managers

Sales staff traditionally tend to be the more experienced industry sales people or with corporate banking and accountancy backgrounds. Skills include some ability to structure bespoke finance packages, MBI and MBO.

- £40k - £55k basic
- Commission structures are usually based on fee income and number of deals written and may allow 100% + of basic salary (uncapped)
- Other benefits can include fully expensed car (or allowance), health cover, pension entitlement, profit share and share options
- General expectation of 8+ deals per annum generating £300k+ fee income

Account Managers

Salaries in this sector have a relatively large range from £40K - £50K plus car and banking benefits.

Third Quartile

Business Development Managers

This tends to be the clearing bank owned sector and sales staff come increasingly from some form of corporate financial sales background, business banking, or from the fourth quartile. Skills include the ability to offer mainly off the shelf packages. Any structuring / packaging would be done by a more senior employee.

- £32k - £40k basic salary
- Commission structures are usually based on fee income and number of deals written and allow anything from a limited % of basic salary to 100%
- Other benefits can include fully expensed car, non contributory pension (or up to 5% contributory pension), mortgage subsidy (Commonly 5% on amounts up to £90k), discount loans, family health care, profit share (5% - 15%), and/or bank profit share (3% - 10%) and share options
- General expectation of 15-18 deals per annum resulting in a target fee income and margin IRO £250k.

Senior Client Managers

Responsible for a team of 5 - 20 account managers. In addition may have to maintain own portfolio.

Salary £33k - £44k

Account Managers

Responsible for portfolios of anywhere between 20 and 80 clients and are currently paid £30k - £34k depending on the number of years experience and the complexity of the accounts they manage. In addition a car, profit share, personal bonus, profit related pay and standard bank benefits may apply.

Client Executives

Client executives reporting to the account manager are generally office bound and are currently earning £18k - £25k pa. In general terms the independents will pay towards the upper end of these salary brackets unless they are purely into factoring with smaller credit lines. A standard bank package should be added to this.

Fourth Quartile

Business Development Managers

Companies whose clients are smaller and where small deals and lots of them are the order of the day. These sales staff come from a strong finance based business development background such as leasing, asset finance, trade finance, broking, etc.

Given the wide variation in salaries depending on an individual's level of qualification, track record of fee/commission generation and so on there can be very large differences in basic salaries for roles that appear to be similar.

- £28k - £48k basic salary
- Commission structures are typically based on £100 - £250 per deal (uncapped)
- Other benefits can include fully expensed car, health cover and pension
- General expectation of 20+ deals per annum

Account Managers

Range from £22k - £25k, may not warrant a car and may be office based reporting to an operations manager.

AUDITORS

There is currently a shortage of experienced auditors with stock and asset based lending skills. Current salaries for these skill sets are up to £35k for an auditor and £42k for a team leader; there is an increasing demand for the candidate to be a qualified / part qualified accountant.

Auditors using a more investigative approach than standard formatting can expect £25k - £32k

An auditor following a standard procedure can expect £20k - £23k

UNDERWRITERS

It is difficult to make comparisons in this discipline, as the responsibilities vary from company to company; some underwriters have complete discretion with a high mandate whilst other companies operate a more prolonged process involving several decision makers before a final director's decision.

There is a trend emerging for qualified or part-qualified accountants – traditionally only a requirement in the upper quartile but now filtering down as more companies offer structured products coupled with the high risk of fraud in the current climate.

Salaries for qualified accountants have to be in line with those working in practice. For newly qualified - from £35k upwards. For underwriters without qualifications but with industry experience, the salaries range from £35k - £48k depending on additional man management responsibilities and level of mandate.

COMMENT

- As in 2003, levels of competition are still very high, with businesses fighting for every deal that is introduced to them. A large proportion of the industry is now based on inter-factor deals, a feature of a mature market. This naturally has a negative impact on pricing, which coupled with the lower volumes in 2004 means, means less new clients, and fewer fees generated. This has had an impact on the movement of staff, with people choosing to stay with existing employers, hence salary levels are being held at more commercial levels. Emphasis is also shifting onto client retention – whilst this has always been important, now more than ever it is critical to the independent factors, as new clients are so much harder to come by.
- BDMs who have traditionally enjoyed the benefits of soaring salaries and high levels of commission, are less likely to be seeking a move - as sales targets have for the most part, not been met, and security with the employer who knows them is the safer option. There continues to be a shortage of business development managers with genuine commercial acumen and the ability to business develop to the extent seen up to a couple of years ago.
- Basic salaries have not risen substantially; therefore bonus schemes are becoming an important top up. Bonus criteria are usually based on part-individual and part-company performance schemes in the majority of employers
- This survey has been based on actual placements made in 2004. If you would like to discuss any of the above, please contact:

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