# System Sales Employment & Compensation Agreement

This agreement is between <Company Name>, a <State> Corporation referred to in this document as <Company Name> and <Employee Name> residing at <Employee Address>, herein referred to as Employee.

RECITALS:

1. <Company Name> is in the low voltage contracting business for both commercial and residential applications.
2. <Company Name> wishes to employ Employee, and Employee desires to accept such employment subject to the terms and provisions of this Agreement.

AGREEMENT:

1. EMPLOYMENT: <COMPANY NAME> hereby employs, and Employee hereby accepts employment as a salesperson for <COMPANY NAME> on the terms and conditions hereinafter set forth.
2. TERM: Employee’s employment is at will.
3. SERVICES: Employee agrees to devote his/her full time and best efforts to the business of <COMPANY NAME> and to perform faithfully and to the best of his/her ability, experience and talent all reasonable assignments of work assigned by <COMPANY NAME>.
4. COMPENSATION: As compensation during the term of this agreement, <COMPANY NAME> will pay to Employee $<compensation> per month as a recoverable draw. Employee shall receive commissions on eligible sales payable once a month and calculated as described below. Employee is also eligible for company performance bonus payouts based upon sole discretion of <COMPANY NAME>’s owner. All compensation to Employee shall be subject to applicable deductions of withholding taxes and customary employment taxes.
5. COMMISSIONS: Employee’s commissions on each eligible sale shall be computed at the beginning of the job calculated on the Gross Profit of the sale following project engineering and refining of the projects direct job expense budget. Commissions will be accrued as payments are received each month by <COMPANY NAME>’s accounting department and credited to the salesperson’s account on a monthly basis when final payment is received.
6. Calculation of Commissions: Commissions will be calculated on the Gross Profit of each sale. For the purposes of this Agreement, Gross Profit equals the Selling Price less the Direct Job Expense. Any quick pay discounts or other “spiffs” are not to be calculated into job expense.
7. Direct Job Expense consists of the following:
8. Cost of Materials including Miscellaneous.
9. Sub Contracts
10. Installation Labor at the hourly rate of $<Rate> (subject to change)
11. Other costs including Sales Taxes, Bonds, Permits, Freight, Travel, Subsistence (per diem), Engineering & Drafting, Shop Supplies, Small Tools, Travel Expense, Equipment Rentals, and other costs as designated on the <COMPANY NAME> Estimating Cover Sheets.
12. Calculation of Contracting Commission: Employee’s commission on contracting sales shall be a percentage of the Gross Profit, which shall be determined by the following formula:

## C = .85GPP

Where C = Employee’s Commission as a percentage of the job’s Gross Profit Dollar Amount.

Where GPP = Gross Profit Percentage as defined above.

Example: Sale Price $10,000

Sale Cost $ 6,000

## Gross Profit $ 4,000 GPP = 40%

## C = .85 x 40% or C = 34%

$4,000 x 34% = $1360

(*This $10,000 job with a 40% Gross Profit pays a $1360 commission.*)

1. Calculation of Box Sales Commission: Employee’s commission on box sales shall be a percentage of the Gross Profit, which shall be determined by the following formula:

## C = 1.0GPP, except when below 20% margin, then permission is needed and when granted, will retain a 20% commission payment.

Example: Sale Price $10,000

Sale Cost $ 7,000

## Gross Profit $ 3,000 GPP = 30%

## C = 1.0 x 30% or C = 30%

$3,000 x 30% = $900

(*This $10,000 job with a 30% Gross Profit pays an $900 commission.*)

Calculation of other Commissions: Employee’s sales of Design, Rental and Service Contracts will be paid commission determined by the following formula:

Design Contracts: 15% of total design contract

### Rentals: 15% of rental contract

Service Contracts: 10% of contract

1. Adjustments to Commissions:
2. Payment of any commission on a sale with a Gross Profit Percentage less than 20% will be at the sole discretion of <COMPANY NAME>; documented in writing, and will be determined on a job-by-job basis before the sale is closed.
3. Thirty five percent (35%) of the Gross Profit is the maximum commission that will be accrued and paid for any sale regardless of the markup.
4. In the event of termination of employment by either party, only commissions accrued through the date of termination will be paid. Commissions accrue and become payable to the Employee only after payment is received by <COMPANY NAME> from the Customer for progressive billings.
5. Commissions will be adjusted during the progress of the job only when the contract amount and related costs are adjusted either up or down by change order authorized by the customer. For purposes of commission calculations the gross profit budget agreed upon following initial engineering will stand for the life of the project.
6. Payment of Commission: Commissions due will be paid on the last day of the month following the month in which they accrue.
7. TRANSPORTATION: <COMPANY NAME> will reimburse Employee for actual documented miles driven on company business at the rate of $0.365 per mile. A maximum of four hundred dollars ($400.00) will be paid in a one-month period for mileage. All claims for mileage reimbursement must be documented using a mileage log form and submitted monthly. Employee agrees to comply with all applicable requirements of the Internal Revenue Service Code for documentation of employment related transportation expenses.
8. ENTERTAINMENT: Employee is authorized to make reasonable expenditures for customer entertainment. A maximum of one hundred fifty dollars ($150.00) will be paid in a one-month period. Such entertainment expense will be reimbursed by the pay period on the last day of the month following the month during which the claim for reimbursement is submitted. Employee agrees to comply with all applicable requirements of the Internal Revenue Service Code for documentation of employment related entertainment expenses.
9. EMPLOYEE BENEFITS: Employee shall be eligible for, and entitled to those employee benefits listed in the company employee manual, which are generally made available by <COMPANY NAME> to its full-time employees following compliance with applicable eligibility requirements. The availability of all such benefits to employees of <COMPANY NAME> shall be subject to the discretion of <COMPANY NAME> at all times. This paragraph is not an assurance of the existence, duration or continuation of any such employee benefits.
10. <COMPANY NAME>’s BUSINESS: All business relating in any way to electronic low voltage systems; including without limitation: all contracting (both commercial & residential); contracts; general sales; maintenance contracts; preparation of drawings and specifications and other services; all related business; and any other business conducted by <COMPANY NAME> or any related companies (herein collectively referred to as the “<COMPANY NAME> Business”), transacted through the efforts of Employee shall be the sole property of the <COMPANY NAME> companies, and Employee shall have no right to share in any commissions or fees resulting from the conduct of such <COMPANY NAME> Business other than the compensation referred to in this document. Assignment of sales territories, products sold and projects shall be at the sole discretion of <COMPANY NAME>.
11. CONFIDENTIALITY: Employee acknowledges and recognizes that in the course of this employment hereunder; he/she will become acquainted with confidential and proprietary information of the <COMPANY NAME> companies relating to customers, vendors and business practices.

This confidential information includes but is not limited to customers’ identity, credit and payment information, suppliers, price lists, estimating practices, and proprietary technical information and <COMPANY NAME> operation procedures.

As a material inducement to <COMPANY NAME> to enter into this Agreement, Employee agrees that he/she will not, during the term of this Agreement and for 12 months thereafter, anywhere within the State of <State>, except with the express prior written consent of <COMPANY NAME>:

1. Directly or indirectly communicate, divulge or otherwise disclose any confidential information to any person, firm or corporation.
2. Employee further agrees that he/she will not photocopy or otherwise duplicate (including by electronic means) any documents of the nature, or containing the information described in this Paragraph 10 and, immediately upon termination of his/her employment hereunder, shall deliver all such documents to the Corporation.
3. Directly or indirectly, solicit any of <COMPANY NAME>’s employees to work for Employee or any company competitive with any of the <COMPANY NAME> companies.
4. TERMINATION: This Agreement, other than paragraph 10 shall terminate upon the happening of any of the following:
5. The death or permanent disability of Employee.
6. The voluntary resignation of Employee.
7. Upon written notice of termination given by <COMPANY NAME> to Employee.

Upon termination of this Agreement as provided herein, Employee shall have no further rights hereunder and shall not be entitled to any further compensation hereunder, except with respect to commissions accrued by Employee prior to such termination and expenses reimbursable hereunder and incurred by Employee prior to such termination.

1. GOVERNING LAW & CONSTRUCTION: This agreement shall be governed by and construed under the laws of the State of Minnesota.
2. PREVIOUS AGREEMENTS: This Employment Agreement supersedes all previous agreements that, upon signing of this agreement by both parties below, become null and void.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement this \_\_\_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_\_.

<COMPANY NAME>.

By\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Employee

By\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_