NSCA Sales Compensation Plan Version B

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# Objective

The objective of this compensation plan is to reward activity that achieves profitable sales and long term growth for XYZ. Growth both for the seller and the company will be achieved by focusing on the cultivation of new business in both new and existing accounts.

# Quota and Metrics

Sales personnel will be assigned an annual gross profit quota. The annual gross profit (GP) quota is established based on experience, assigned accounts and vertical markets. Quota attainment is based on production during the period of January 1 – December 31 and is established at the beginning of the year.

XYZ strives to provide all necessary tools and resources to enable sellers to reach and exceed established quotas. It is expected that every effort will be made by the seller to achieve the established gross profit quota.

Key performance indicators (KPI) will be monitored, shared and reviewed weekly. KPI’s include (but are not limited to):

* Sales Bookings Actuals (GP$ and as a percentage of quota)
* Pipeline (running 90 day)
* Forecast (monthly and 90 day)
* Activities (calls, meetings, etc.)

# Compensation

Sales personnel will receive a base salary (based on experience and responsibilities) and variable compensation incentives. Variable compensation consists of commissions and XYZ annual bonus plan.

# Commission Rates

Commissions are paid for projects (defined as a turnkey solution including equipment and professional services labor), professional services labor orders as well as for recurring revenue and service orders.

## Project & Professional Services Labor Commissions

For projects and labor orders, the commissions are calculated on the estimated gross profit (GP) at time of booking according to the rate schedule below\*:

|  |  |
| --- | --- |
| Projects <100% of Quota | 8% |
| Projects >100% of Quota | 16% |

***\*Notes:***

* ***Commissions are paid on GP margin of 30% or greater (estimated at time of booking). No commissions will be paid for projects, equipment or labor with less than a 30% GP margin (estimated at time of booking). Management will consider exceptions on a case by case basis.***
* ***No commissions are paid for stand-alone equipment/box sales. Management will consider exceptions on box sales over $5,000.***
* ***No commissions will be paid on change orders (whether positive or negative) unless the change order would otherwise have been set up as a stand-alone project. Seller must have documented substantial level of support in selling the change order. Qualification for commissions on change orders will be at the discretion of management.***
* ***The NSCA project contribution training simulator and standard Chart of Accounts will be used to calculate GP.***

## Recurring Revenue Service Commissions

Recurring revenue is defined as any order, which generates a fee on a predefined, continual, incremental basis. This includes: Service Contracts, Preventative Maintenance, Software Maintenance, Managed Services, Onsite labor. Commissions for these service orders are paid on the sale price (gross) according to the rate schedule below:

|  |  |
| --- | --- |
| Recurring Revenue Service Orders ***Paid on Sale Price (Gross)*** | Commission Rate\* |
| New Customer Contracts | 10.0% |
| Existing Customer Renewals | 5.0% |
| Existing Customer Auto Renewal | 2.5% |

\* This is an introductory rate starting January 1, 20\_\_ and is subject to change at any point in the year at management discretion

\* Commissions will be modified if pricing is discounted from original proposal.

# Payment Method and Schedule

Salary is paid bi-weekly on Friday. Commissions are paid the last paycheck of the following month. Commission is paid as the customer is invoiced. Invoices older than 120 days may be deemed uncollectible (with exception to retainage.)

# Conditions and Responsibilities

* It is the seller’s responsibility to submit a monthly report for all sales in the month. Sales reports must be submitted to VP of Sales and Marketing (or CFO as a backup) for approval by the Friday following month close.
* Sellers name must show up as the main Sales Person (in Q360 or eq.) on the job/orders to collect commission. It is the seller’s responsibility to ensure all projects/orders are accurately assigned.
* Seller is responsible for ensuring all funnel activity is up to date and as accurate as possible. Management may delay commission payment due to failure to manage funnel activity.
* Written management approval is required on ALL project margins less than 30%.
* Proposals in excess of $10,000 excluding box sales) requires the written approval of management <be specific> prior to submission to the customer.
* Management must approve in advance all requests to participate in public bids <proximity, size, scope, risk, bonding, schedule, etc.>.
* Commission Sharing will be decided on a case by case basis by the seller’s supervisor.
* Should an individual leave XYZ either voluntarily or by termination, the commission shall be paid on projects invoiced <or invoiced and reserve for collections> of the final date of employment.

# Non-Competition and Non-Disclosure

1. Covenant Not to Compete. XYZ’s (referred to as “the Company”) obligation to pay any commissions pursuant to this Plan shall cease, and the seller shall forfeit all rights to any commissions, if such seller, at any time during employment with the Company is paid or payable hereunder, engages in and/or conducts, within the continental United States and/or any foreign country in which the company has substantial business relationships directly or indirectly, individually or in participation with, or in the employ of, others, as a partner, employee, shareholder, owner, sole proprietor, trustee, beneficiary, officer, director, joint venture, sales representative, independent contractor, member, advisor, consultant or in any similar capacity and/or relationship, any of the following activities:
   1. The ownership, management, operation, lease, control of or participation in any business, venture, activity or endeavor which competes with the Business (as defined below) OF THE Company or is engaged in the same line of Business as the Company;
   2. Suffer or permit any such business, venture, activity or endeavor described or referred to above to so compete with the Business of the Company or engage in the same Business as the Company;
   3. Solicit, influence, request and /or advise, directly or indirectly, any customer and/or supplier or prospective customer and/or supplier of the Company to change, withdraw, curtail or cancel their business or any part thereof with the Company;
   4. Solicit, influence, request and/or advise, directly or indirectly, any employee and/or prospective employee to terminate employment with, or choose not to become employed by the Company, or;
   5. Employ, or offer employment to any employee or recent former employee of the Company, except in connection with the Business of the Company.

As a condition of this agreement, the seller also agrees, upon voluntary termination or cause, not to compete as defined above for a period of six (6) months from the termination date. If the seller is terminated involuntarily for economic reasons and informed in writing by the company, the Non-Compete will not apply.

1. Non-Disclosure. The Company’s obligation to pay any commissions pursuant to the Plan shall also cease, and the seller shall also forfeit all rights to any commissions if such seller, at any time during employment with the Company hereunder, or uses without authorization or discloses to any individual, firm, corporation or other entity, except in connection with performing assigned duties as an Employee of the company, any of the following information, all of which the Company considers to be its proprietary and confidential information:
   1. The name of any customer, supplier or employee, or perspective customer, supplier or employee of the Company;
   2. Any confidential, financial or proprietary information, including, but not limited to any trade secret, business method or process, customer or supplier list, or customer or supplier contract regarding the Business of the Company; and
   3. Any information about or concerning any customer, vendor or supplier (or potential customer, vendor or supplier) of the Company which is the subject of a Confidentiality or Non-Disclosure Agreement between such customer, vendor or supplier and the Company.

As a condition of this agreement, the seller agrees to the above Non-Disclosure indefinitely.

1. Business of the Company. For purposes of the Agreement, the “Business” of the Company shall be defined as the past, present and future business or businesses of the Company, even if such future business is unrelated to the current business of the Company. The current Business of the Company includes, but is not limited to the design, installation and servicing of audio/visual equipment.

# Miscellaneous Considerations

Management reserves the right to change this compensation plan at any time.

Monthly Expenses: All reasonable monthly expenses associated with performing sales duties will be reimbursed in accordance with the XYZ employee handbook <note: review handbook each time this gets updated> .

# Sales Compensation Plan Acknowledgement and Execution

I acknowledge that I have received a copy of the Sales Compensation Document. I understand that this document replaces any and all prior verbal and written communications regarding commission policies, procedures, and payment guidelines.

I acknowledge the annual quota information and territory as assigned to me for the stated calendar year in attachment A <add if applicable>.

I understand that the policies and procedures described in this compensation plan are confidential and will not be distributed in any way or discussed with anyone other than XYZ Executive- level <be specific> management.

I have read and understand the contents of this compensation plan and the terms by which I will receive compensation.

I understand that if I have questions or concerns at any time I will consult my supervisor or the Executive-level management for clarification.

I also acknowledge that the compensation plan contains provisions that state:

* Management reserves the right to alter, amend, extend or terminate this plan at any time at their discretion, without limitation, and issue supplementary written instructions, interpretations, and rules from time to time as may be deemed necessary for proper administration of this plan;
* This document does not constitute an employment contract and does not guarantee employment of any kind.
* No commissions will be paid until employee and either the VP of Sales and Marketing or President have executed this plan.

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Please read this compensation plan carefully to understand these conditions before you sign. A non-response will result in a non-payment of commissions due.

|  |  |  |
| --- | --- | --- |
|  |  |  |
| Employee Signature |  | Date |
|  |
| Printed Name |
|  |  |  |
| VP of Sales and Marketing |  | Date |
|  |  |  |
| President |  | Date |