

**Weighted Compensation Plan
Territory Sales Representative
(TSR)**



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**TERRITORY SALES REPRESENTATIVE
WEIGHTED COMPENSATION PLAN**

Weighted Compensation Plan

This compensation plan is a **Weighted Compensation Plan** plus a multi-tiered commission plan designed to pay escalating levels of commission based on achievement of specific Gross Margin (GM), Installation Revenue, and RMR targets on a job-by-job basis in the Core Commercial sector.

Compensation Outline:

Weighted Base Compensation and Bonus potential is set based upon experience, market conditions, potential, and quota level and territory sales representative tier.

Weighted Base: All TSR's will receive a base salary as a component of the Weighted Compensation Plan determined by a combination of experience, performance, market conditions, and potential. Monthly amount will be converted and paid on a biweekly basis. Commissions will be paid from the first dollar of sales at the rates within this compensation plan.

Quota: The monthly weighted compensation amount determines the quota you are assigned. **Quotas will be assigned at a minimum of 22 times your weighted compensation**, and may be higher based upon prior performance, market potential, and management discretion.

Business Allowance: Business Allowance is maximum of \$400 per month, and will be processed through payroll. The annualized amount will be converted and paid on a biweekly basis, and is intended to cover auto and other business related expenses.

Cellular Use: The Company will provide a company owned cell phone for use by the sales representative for the period of active employment with the company.

CSA

On **CSA (Comprehensive Service Agreement)** and Package Sales commissions are based on both the **CSA Sales Commission Schedule** and a **Creation Multiple Adjustment Factor**. (Excludes IP Network and VoIP sales, they are paid on commission plan that follows).

CSA Sale (Comprehensive Service Agreement) Commission Schedule - Commissions are paid based upon the % of Navision Job Cost received as Installation Revenue; and RMR is paid on a tiered % of Navision Job Cost which equates to a Multiple of the RMR.

% of Navision Job Cost		Commission % Install Dollars
80.01- 100%	=	8.5 % of Install Fee
60.01% to 80%	=	7.0 % of Install Fee
40.01% to 60.01%	=	5.5 % of Install Fee
20.01% to 40%	=	4.0 % of Install Fee
0% to 20%	=	3.0 % of Install Fee

PLUS

Commission on RMR		Multiple of RMR
Monthly RMR is 8.00% or more of Navision Job Cost	=	6.0 x RMR
Monthly RMR is 6.00 – 7.99% of Navision Job Cost	=	5.0 x RMR
Monthly RMR is 4.00 – 5.99% of Navision Job Cost	=	3.5 x RMR
Monthly RMR is 2.00 – 3.99% of Navision Job Cost	=	2.5 x RMR
Monthly RMR is 0.00 – 1.99% of Navision Job Cost	=	1.0 x RMR

EXCEPTION: Above RMR Multiple is paid if Company Contract is signed. If no Company Contract i.e. Customer Purchase Order, etc. ½ of above multiple of RMR will be paid

NOTE: Anything less than 20% must be pre-negotiated to receive any commissions, maximums are listed but subject to management approval.

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Broadband, VoIP and other IP Network Services Commissions

Broadband Services Commissions – Commissions are paid based upon the Broadband Class of Service sold exclusively. There is no requirement to sell additional security services at the time of sale.

The sale must be sold in strict accordance with the Interface Broadband offering; any deviations from the standard offering could lead to forfeiture of all commissions. The Broadband sale must include new RMR of at least \$99.99 and Installation of \$149.00 with a new agreement of at least three (3) years to qualify for commissions. Digital Voice and Other IP Network Services must be sold in accordance with approved pricing programs and promotions or a commission adjustment will be made.

Class of Service	Commissions
Broadband DSL Business & Enterprise Class of Service – TRIPLE PLAY	5 Times RMR
Broadband DSL Business & Enterprise Class of Service – DOUBLE PLAY	4 Times RMR
Broadband DSL Business & Enterprise Class of Service - Unbundled	3 Times RMR
Broadband Other Classes of Service (ie..T-1, DS-3)	See Note Below
Digital Voice – DOUBLE PLAY	4 Times RMR
Digital Voice – Unbundled	3 Times RMR
Other IP Network Services - DOUBLE PLAY	See Note Below
Other IP Network Services – Un-bundled	See Note Below

NOTE: Sales to New or Existing Customers with 1) **multiple sites** or 2) to **Customers with Other Broadband Classes of Service other than DSL** or 3) **Other IP Network Services**; Commissions will be negotiated prior to the sale.

Quarterly Bonus

Quarterly Bonus - In addition to the monthly commissions earned by TSR's there will be a **Quarterly Bonus** that can be earned, and paid as an additional percentage based upon your actual achievement of quota in each category to a maximum earnable amount as outlined below. You are paid for the highest level achieved on a quarterly basis, it is not cumulative. Only sales that receive Quota Credit (Excludes Renewals) will count for bonus considerations. **You must be at a minimum of 100% of quota in both Installation Revenue Quota and RMR Quota to be eligible for any bonus. Additionally, to qualify for any bonus you are required to have achieved a minimum of 100% of your TCV Quota for the previous Quarter. This measurement is based on a Rolling 90 Day Average of the previous 90 Days Sales Production prior to the current Quarters Production.**

Payment and the Terms of Payment of all Bonuses for jobs sold with extended start dates must be negotiated with senior management at the time of sale.

Achievement Level	IR Bonus	RMR Bonus
% of Quota	% of Installation Revenue	% of RMR TCV
150.01% +	4.0%	4.0%
140.01 % to 150.00%	3.0%	3.0%
130.01% to 140.00%	2.5%	2.5%
120.01% to 130.00%	2.0%	2.0%
110.01% to 120.00%	1.5%	1.5%
100.00% to 110.00%	1.0%	1.0%

NOTE: The maximum Quarterly Bonus Payable will not exceed five percent (5%) of the Sales Representatives Total Quarterly TCV Quota. Example a Sales Rep with an IR\$ Quota of \$30,000 and an RMR\$ Quota of \$300 and a Quarterly TCV Quota of \$144,000 will have a maximum earnable Quarterly Bonus of \$7,200.

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Creation Multiple Commission Factors – On CSA and Package Sales (Company Owned Systems) a Creation Multiple Factor adjusts the commission up or down based upon the Creation Multiple of the sale. The commissions are paid on the final job cost unless prior Operations Review and Approval is received on the job prior to the sale.

Creation Multiple Commission Adjustment Factor:

Creation Multiple Commission Adjustment		
16 +	=	50% of calculated commission
13 – 15.9	=	75% of calculated commission
10 – 12.9	=	100% of calculated commission
8 - 9.9	=	110% of calculated commission
5 – 7.9	=	115% of calculated commission
5 or Less	=	120% of calculated commission

NOTE: All commissions are based on a 60 Month Agreement; for each fraction or thereof the agreement is reduced in length a proportionate amount of commission will be deducted. Example: a 48 Month Agreement would result in 80% of the commission calculated; a 36 Month Agreement would result in 60% of the commissions calculated. Any Agreement less than 36 Months in Length must have the commission negotiated prior to the sale.

Outright Sale - Commission Structure

Outright Sale (Customer Owned) Commissions - Commissions are paid on the Gross Margin Dollars based upon the final margin delivered on the job, not the 'sold' margin unless prior Operations Review and Approval is received on the job prior to the sale.

Margin %		Commission % of Margin Dollars
40% +	=	17.0% of the Gross Margin
35% to 39.9%	=	15.0% of the Gross Margin
30% to 34.9%	=	12.0% of the Gross Margin
25% to 29.9%	=	10.0% of the Gross Margin
24.9 % or Less	=	No commission unless there is a strategic reason to take the business, and it is approved by executive management.

PLUS

Commission on RMR		Multiple of RMR
Monthly RMR is 1.41% or more of Navision Book Price	=	6.0 x RMR
Monthly RMR is 1.01% - 1.40% of Navision Book Price	=	5.0 x RMR
Monthly RMR is .76% - 1.00% of Navision Book Price	=	3.5 x RMR
Monthly RMR is 0 – .75% of Navision Book Price	=	2.0 x RMR
EXCEPTION: Above RMR Multiple is paid if Company Contract is signed. If no Company Contract i.e. Customer Purchase Order, etc. ½ of above multiple of RMR will be paid		

NOTE: All commissions are based on a 60 Month Agreement; for each fraction or thereof the agreement is reduced in length a proportionate amount of commission will be deducted. Example: a 48 Month Agreement would result in 80% of the commissions calculated; a 36 Month Agreement would result in 60% of the commissions calculated. Any Agreement less than 36 Months in Length must have the commission negotiated prior to the sale.

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Additional Commissions:

1. **Protections Plus & other Additional Services RMR – Sales for Services Sales Only, Non-Equipment Related Sales** - Paid at four (4X) times the RMR for 60 Month Agreements; three (3X) times the RMR for 48 Month Agreements and two (2X) times the RMR for 36 Month Agreements; full RMR Quota credit. These commissions are paid in lieu of commissions under the CSA and Outright Sales plans above, not in addition to.
2. **Takeovers** – Paid standard commissions as outlined in the CSA or Outright Sales Commissions Plans above plus an additional one (1X) times the monthly RMR. A minimum 48 month agreement is required.

What Constitutes a Takeover?

- a. A dormant, non-operational system, where a competitive system is in place but not active. (Requires a door decal to verify previous alarm company to qualify.)
- b. A currently operational and active system that's being monitored or under contract with a competitor. (Requires a current invoice or statement from the customer or copy of current contract to qualify.)

3. **Resigns & Transfers** – Paid three (3X) times RMR, up to \$300. RMR Quota Credit for Resigns only.
4. **Renewals** – Paid one (1X) times the RMR, up to \$100. No Quota Credit, not new RMR; reference the Special RMR Agreement for exceptions.
5. **Customer Saves** – No quota credit, not new RMR. Customer must remain a customer for at least six (6) months. Defined as a customer tracked and recorded in Navision who has requested cancelling their account.
 - A. **Customer Save - Renewal:** Saving the customer and writing a NEW CONTRACT (36-60 MONTH TERM) will earn (1X) times the monthly RMR for each **year of the contract up to \$300.**
 - B. **Customer Save -No New Contract Signed:** If a customer is saved but does not resign a new contract, the commission paid will be at (1X) times the RMR up to **\$150.00.** Customer must remain active for 6 months.
6. **President's Club Qualification** – In addition to the Sales Production Performance requirements, SSR's, at a minimum, must achieve their assigned Broadband Sales Quota to qualify.