



VENDOR X

National Sales Compensation and Reward Plan

(Designed for a Managed Services and Systems
Integration Vendor)

for

Financial Year 20xx/20xx

Release date: 1st August 20xx

TABLE OF CONTENTS

1 Plan purpose3

2 Definitions.....4

3 Who is covered by the Plan?.....6

4 Sales compensation plan structure and components.6

 4.1 Plan components7

 4.1.1 Base salary (Component A)7

 4.1.2 Quarterly bonus (Component B).....7

 4.1.3 Commissions and accelerators (Component C).....7

 4.1.4 Payment for Managed Services deals (Component D)8

 4.1.5 Payment for services other than Managed Services (Component E)9

 4.1.6 Individual Business Objectives (IBO’s) (Component F)10

 4.1.7 Sales to company affiliates (Component G).....11

5 Guidelines for sales compensation configurations12

6 Sales quotas and territory allocations.12

7 Rules12

 7.1 Rules for individual components (B – G)12

 7.1.1 Component B – Bonus13

 7.1.2 Component C – Commission13

 7.1.3 Component D – Payment for Managed Services deals.....13

 7.1.4 Component E – Payment for services (other than Managed Services)14

 7.1.5 Component F – Individual Business Objectives14

 7.1.6 Component G – Sales to affiliates15

 7.2 Revenue achievement15

 7.3 Splitting commissions.....15

 7.4 Time box for new business services sales.....15

 7.5 Credit notes15

 7.6 Reassignment of territory or customer set16

 7.7 Prerequisites for any payment.....16

 7.8 Frequency of payments16

 7.9 New starters, leave and termination17

 7.10 Disputes and behavior.....17

Appendix 119

 Sample Goal sheets19

Appendix 224

 Sample Sales Compensation Claim Form.....24

Appendix 325

 Document control sheet25

1 Plan purpose

The prime purpose of the National Sales Compensation Plan ("the Plan") is to achieve VENDOR X (VX) corporate objectives through rewarding behavior that directly contributes to the achievement of these goals, both in the short and long term.

The Plan's aim is to provide significant rewards for those individuals who strive for and achieve the targets set for them. However, these incentives are additional to normal salary and are "at risk". Individuals will become entitled to the stated compensation under this plan, if she/he delivers the agreed sales results within the stated timeframes.

The 2004/05 VX Plan replaces all previous plans and may only be modified with the written agreement of the VX Managing Director or his delegate.

Amendments may be made to the Plan from time to time to ensure on-going alignment between the Plan and VX' strategy or at the absolute discretion of the VX Managing Director.

Consulting Cloud Preview

2 Definitions

Accelerator	A multiplier that is applied to the incentive payment for overachievement once 100% of the individual's/team's product gross margin target is achieved.
Account Manager	Someone who's main focus is to service existing VX customers. In many cases this person might cover a mixture of existing and new or evolving customers, but the emphasis is on managing and developing existing customer relationships. In some regions this person might also have some delivery responsibilities, but again they are primarily goaled on building the opportunity and managing the customer relationship. Most of these people would sell the full range of VX services into these accounts. If the account was an existing Managed Services customer they could also be goaled on protecting and expanding our Managed Services business.
At risk component	Is the component of the remuneration package that is linked to specific performance objectives, i.e. not base salary.
Bluebird rule	<p>Consistent with the goals of the Plan (i.e. to reward behaviors that directly contribute to outcomes that achieve revenue growth and profit targets), the Bluebird rule is designed to ensure that where a windfall sale arises, the salesperson is fairly rewarded for the outcome achieved, taking into account the context of their contribution to the outcome achieved and the sale.</p> <p>The rule is that where the value of a sale is significantly greater than the value forecast when sales or revenue quotas were set (either in respect of the particular sale or more generally), then the relevant person's sales value may be decreased by up to 80% of that part of the revenue value that was over expectations. Eg. If a sale was expected to come in with a value of \$10m and the actual value is \$20m, then the salesperson's actuals may be decreased by up to \$8m (i.e. 80% x (\$20m - \$10m)).</p> <p>The rule may be applied to revenue achievement at the absolute discretion of the Regional Sales Manager. The Regional Sales Manager will determine the value of any bluebird adjustment to be applied taking into account all circumstances of both the sale and the individual. The bluebird rule applies to every person on the Plan.</p>
Bonus	An incentive payment linked to revenue quota achievement.
Business Development Executive	Typically someone who is a "hunter". A highly sales focused individual who is primarily goaled on developing new business opportunity. The focus here would usually be toward the larger