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## DEALER STRATEGIES SUMMIT

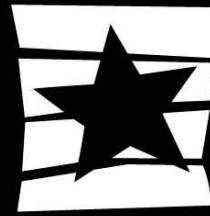
# Sales Compensation Design 101

BTA 2010 Dealer Strategies Summit

June 16, 2010



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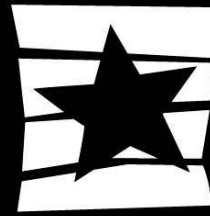
## DEALER STRATEGIES SUMMIT

# **“It’s Not Only About Money” and “You Get What you Pay for!”**

- Total Rewards
- Sales Compensation Design
  - Total Cash Compensation
  - 4 basic design steps
  - Discussion
- Top 10 Take-a-ways



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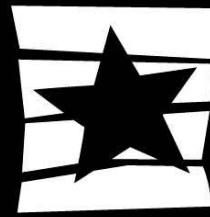
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# Rewards Strategy:

*Attract, motivate and retain employees who can help achieve your company's future.*



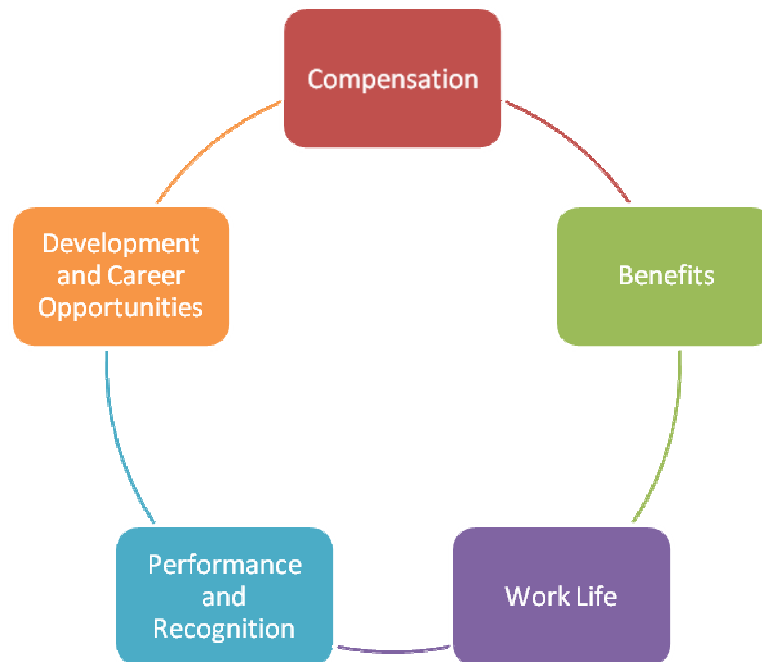
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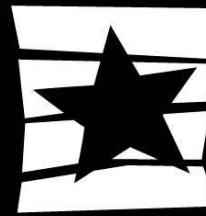
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# It's Not Just About Compensation: *Total Reward Elements*



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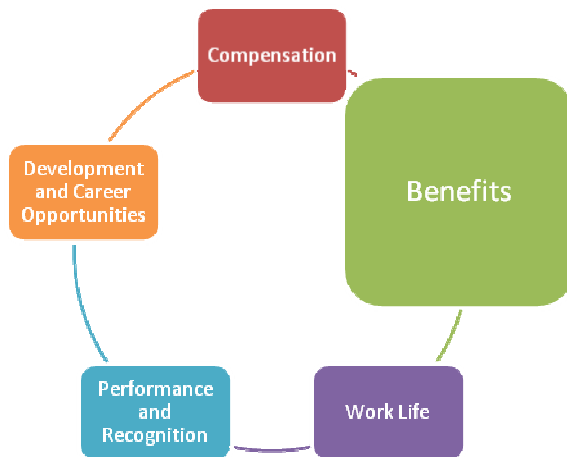
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# Benefits

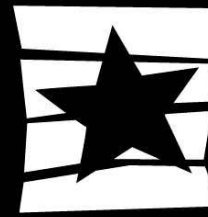
Programs used to supplement cash compensation

- Social Insurance
- Group Insurance
- Pay for time not worked



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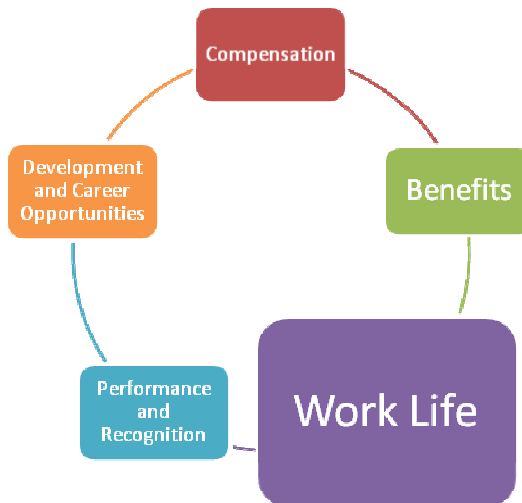
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# Work -Life



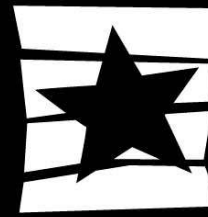
Practices, policies, philosophy that help employees achieve success at work and home

- Workplace flexibility
- Paid and unpaid time off
- Caring for dependents
- Community support



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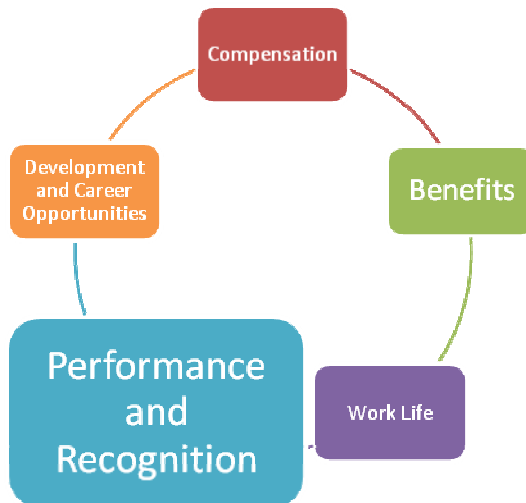




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# Performance & Recognition

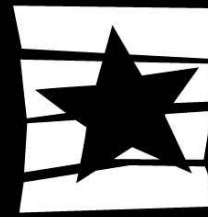


Performance: alignment of performance with company goals

Recognition: acknowledges employee actions, behaviors or performance



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# Development and Career Opportunities

Development: set of learning experiences to enhance employee performance

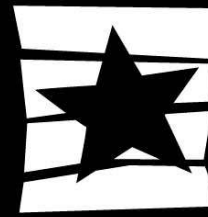
Career Opportunities: plan for employee to advance career goals



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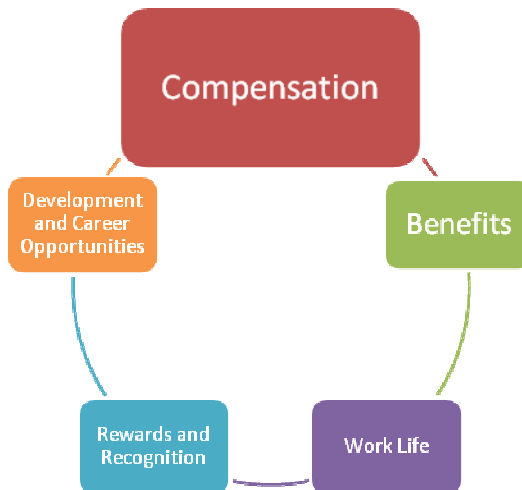




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# Compensation

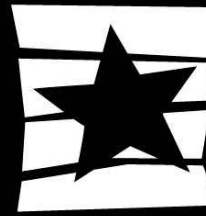


Pay provided in exchange for services rendered

- Base pay
- Variable pay
- Short term incentive
- Long term incentive

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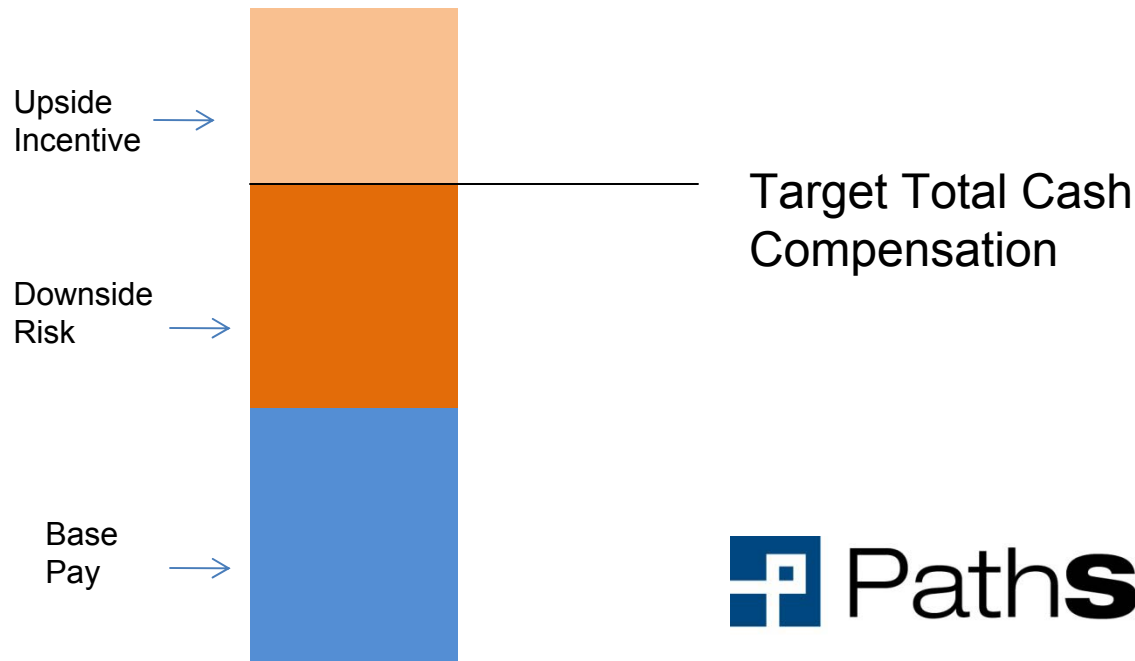
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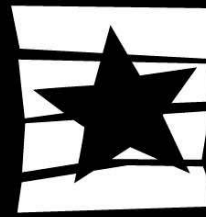
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# Total Cash Compensation for Sales



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# Step 1: Establishing Targets

### ***Company Expectations***

- % of GP
- % of Revenue

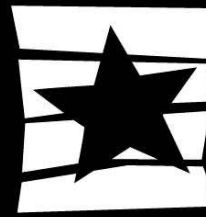


### ***Target Total Cash Compensation***

- Market Value
  - BTA
  - Local Chamber Surveys
  - Reliable Survey Sources



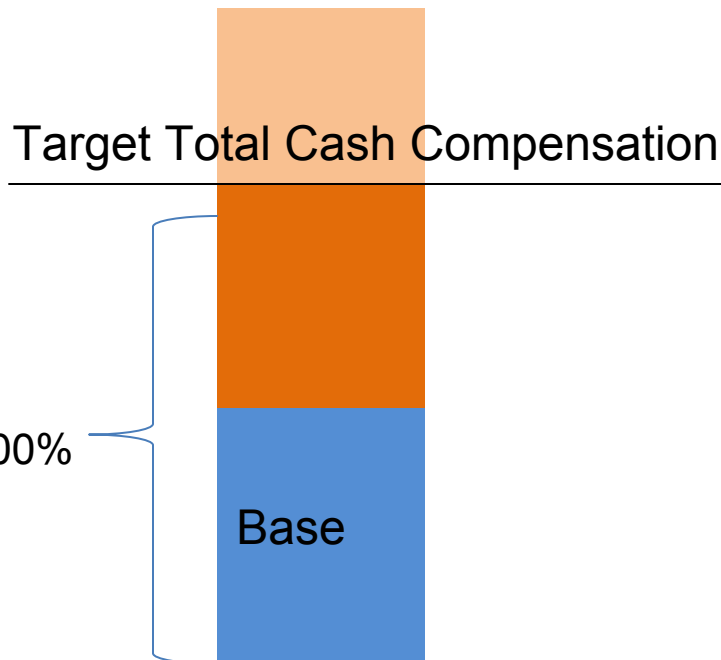
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# Step 2: Compensation Mix

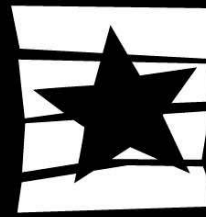


***Establish mix between Base and Variable by considering:***

- Control of sale
- Tenure
- Market demands



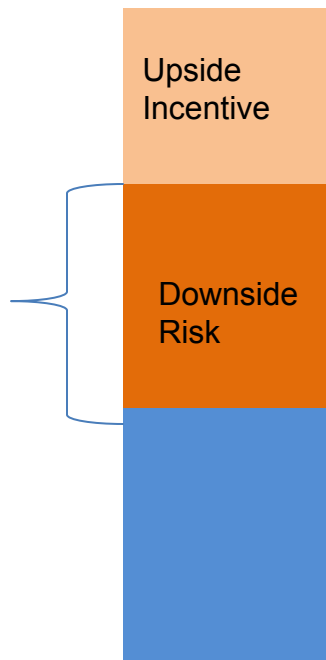
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# Step 3: Compensation Incentives

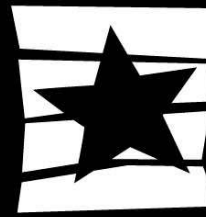


*What results and behaviors do you want to reward?*

- *Limit to 3*
- *Nothing less than 15%*
- *Pay close attention to what you reward!*



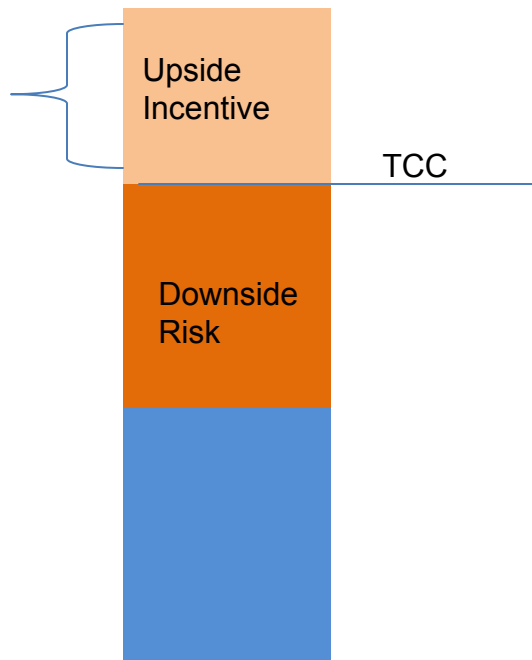
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# Step 4: Compensation Incentives



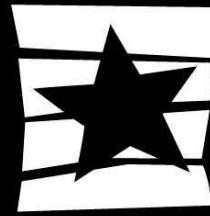
### *Strategy for Upside Incentive*

- To cap or not to cap?
- Accelerators?
- Pay attention to impact on company expectations



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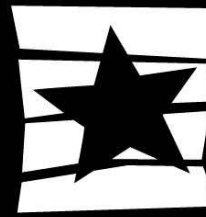


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# DISCUSSION

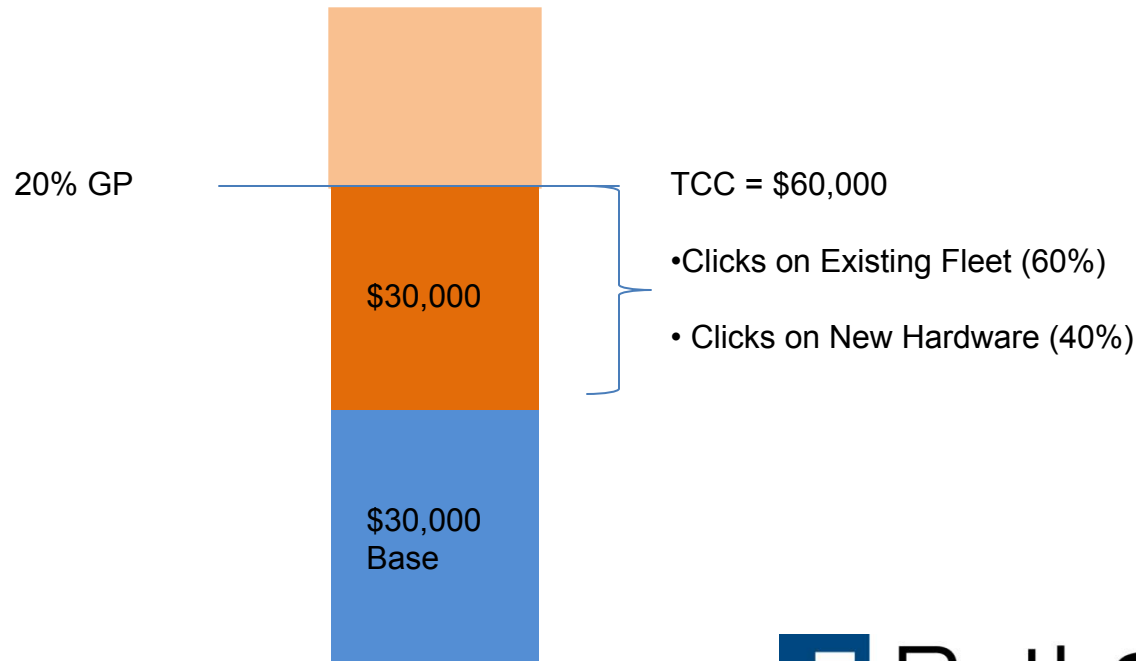
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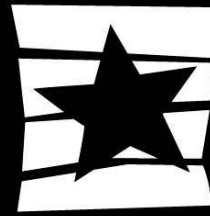
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# MPS Sales Example – Jr. Rep



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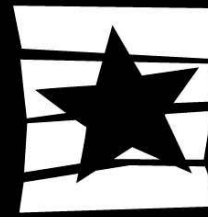
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## And Finally .. The Top 10

1. Develop a total rewards strategy
2. Get reliable market data
3. Develop target payout
4. Involve the right people
5. Reward the right behaviors and consider the negative impact

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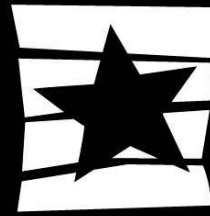
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## And Finally .... The Top 10

6. Formalize plan in writing; include examples
7. Keep it simple
8. Automate whenever possible
9. Review annually but try to keep changes to a minimum
10. Communicate, communicate, communicate!

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### Contact Information

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