



PAY for PERFORMANCE

PFP - Where to start?

- 1. Determine the performance objectives.**
- 2. Determine the payment portion.**
- 3. Define how it works.**
- 4. Add, drop, change, and replace PFP programs at will.**
- 5. Rules?**





Sales Associates

Performance Objective?

Increase be-backs.

Payment?

\$10 per percentage point increase in special request ratio over base.

How It Works:

- Monthly.
- Information from CCC daily sales.
- Pay above base.



Sales Associates

Performance Objective?

Expand the house call program.

Payment?

\$100 per house call over base.

How It Works:

- Monthly.
- Salesperson effectiveness.
- Pay \$100 per house call over base.



Sales Associates

Performance Objective?

Increase sketching.

Payment?

\$5 per sketch drawn over previous month.

How It Works:

- Monthly.
- Use salesperson effectiveness to track.
- Weekly demonstration.



Sales Associates

Performance Objective?

Build email list.

Payment?

\$1 per email.

How It Works:

- Pay period.
- Track using e-Marketing Central or manual tracking.



Sales Associates

Performance Objective?

Improve focus on dropped items.

Payment?

\$10 - \$500 per item or group.

How It Works:

- Pay period.
- Spiff items on auto markdown (AMD).
- New spiff system in v 12.0.



Sales Associates

Performance Objective?

Make house calls easier.

Payment?

125% of mileage.

How It Works:

- Submit house call expense report.



Sales Team

Performance Objective?

Increase team Warranty / Fabric Protection / Mattress Pad close rates.

Payment?

\$100 per salesperson.

How It Works:

- Monthly for hitting targets.
- Daily sales report in Customer Care Center.



Sales Team

Performance Objective?

Exceed written goals at target margin.

Payment?

Vacation time.

How It Works:

- 1 extra day per month accessed quarterly.
- CCC goal maintenance.
- Track with CCC sales goal report and daily sales.



Sales Manager

Performance Objective?

Increased written and delivered goals.

Payment?

1% of sales on amount over base.

How It Works:

- Monthly for exceeding written and delivered goals.
- Sales performance for the team.
- Minimum margin must be achieved.
- \$10,000 above target = \$100 bonus.



Sales Manager

Performance Objective?

Increase ALL core metrics.

Payment?

\$1,000 in-store voucher.

How It Works:

- Quarterly
- Salesperson effectiveness report in CCC.
- Average sale x close rate traffic and performance index.



Sales Manager and Buyer / Inventory Manager - Combined

Performance Objective?

Keep inventory to sales within a responsible range.

Payment?

Car allowance.

How It Works:

- Quarterly average.
- Inventory to sales stays between 14-18%.
- Car allowance of \$500 per month.
- Track on financials.



Buyer / Inventory Manager

Performance Objective?

Increase GMROI.

Payment?

Percentage of the value of increase over base.

How It Works:

- Quarterly.
- Pay for achieving a 10 cent improvement.
- Figure by averaging financials for each month.



Buyer / Inventory Manager

Performance Objective?

No delay in displaying merchandise.

Payment?

\$100 dinner certificate to a favorite restaurant.

How It Works:

- Monthly, at random time.
- Merchandise to display report.



Buyer / Inventory Manager

Performance Objective?

Move dogs faster.

Payment?

Free furniture.

How It Works:

- Semi-annual.
- AMD efficiency.
- Pick of any piece of merchandise in level 5 or 6.



Controller / Administrator

Performance Objective?

Make extra profit from administrative department.

Payment?

A proportion of profitability gained.

How It Works:

- Quarterly.
- Allow control over some expenses.
- Pro forma or budget and timely financials to track.
- Split a proportion of profit gained.
- Money and a percentage of sales.



Controller / Administrator

Performance Objective?

Increase payment terms and stay current.

Payment?

Paid time off.

How It Works:

- Let the controller negotiate.
- Fifteen extra days = 15 hours of paid time off.



Controller / Administrator

Performance Objective?

Maximize credit or debit card awards responsibly.

Payment?

Percentage of award points or percentage of cash back.

How It Works:

- Find the most beneficial cards for your needs.
- Must be kept current and incur zero interest.



Controller / Administrator

Performance Objective?

Increase cash flow.

Payment?

\$1,000 cash.

How It Works:

- Annual bonus.
- Exceed quick and current ratio targets.
- Use a pro forma (budgeted) financial statement.
- Guide organization.



Warehouse / Delivery

Performance Objective?

100% inventory accuracy.

Payment?

Bowling and beer night.

How It Works:

- Weekly cycle inventories (bar code) 100%.
- Paid out monthly.
- Treat entire warehouse staff.



Warehouse / Delivery

Performance Objective?

Recognize hard workers.

Payment?

\$50 cash.

How It Works:

- Weekly.
- Based on transfer and/or receiving scans.



Warehouse / Delivery

Performance Objective?

Immediate delivery scheduling.

Payment?

\$100 cash.

How It Works:

- Weekly.
- Sale complete for delivery – over 95%.



Warehouse / Delivery

Performance Objective?

Sell more warranty plans and product care.

Payment?

20% commission.

How It Works:

- Customer Central.
- Just ask.
- Enter a sale.



Warehouse / Delivery

Performance Objective?

Perfect deliveries (no damages).

Payment?

\$200 for driver and helper.

How It Works:

- Monthly.
- No service issues one week after delivery.



Warehouse / Delivery

Performance Objective?

Impress customers with the professionalism of your delivery teams.

Payment?

\$50 for each truck per week - put into common pot.

How It Works:

- On-the-spot surveys and email surveys.
- All above average results = addition to bonus pot.



Service

Performance Objective?

Increase vendor credits.

Payment?

10% commission.

How It Works:

- Tracked via completed service invoices or AP credits.



Service

Performance Objective?

Decrease service as a percentage of delivered sales.

Payment?

Tickets to NFL football game.

How It Works:

- Track source via service reports in v 12.0.
- Customer, item, vendor.



Warehouse Manager

Performance Objective?

Keep warehouse expenses down

Payment?

Split profit gained by better expense control.

How It Works:

- Quarterly.
- Compare financial statements with financial forecast.
- Controllable expense must be under pro forma level and percentage of sales.



Computer Tech

Performance Objective?

100% up time during business hours.

Payment?

Internal tech: \$100 Best Buy gift card.

External: Negotiate a rate structure that pays more if there is no down time.

How It Works:

- Controller tracks.



Marketing? That's Everyone!

Performance Objective?

Increase traffic.

Payment?

Split commission for any employee referrals.

How It Works:

- Word of mouth.
- Get cards made up for EVERYONE.
- Stamp the back for special events.



Everyone

Performance Objective?

Reinforcing PFP program.

Payment?

\$100 cash or one level 5 or 6 item under \$500
to charity of winners choice / month.

How It Works:

- Recognize one person for above and beyond performance.
- Employees and/or customers can nominate.



Everyone

Performance Objective?

Promote a healthy lifestyle.

Payment?

Company fitness membership.

How It Works:

- Annual.
- First year free.
- Exceed profitability and cash flow targets.
- Financial statements and pro forma.



General Management / Ownership

Performance Objective?

Maximize shareholder earnings per share (EPS) and company liquidity.

Payment?

Percentage of profitability that exceeds pro forma target.

How It Works:

- Annual bonus.
- Based on financial performance of the entire business.
- Both cash flow and profitability targets must be met.



Vendor

Performance Objective?

Strengthen relationships.

Payment?

Lunch or simple message to manager.

How It Works:

- For great service.
- Positive reinforcement for those that you need to stay in business.



Customer

Performance Objective?

Increase average sales per customer.

Payment?

Provide VALUE added ideas on related products.

How It Works:

- Soon after purchase.
- Point of purchase (POP) – “Extra Ideas” brochures.
- Next purchase email follow up.



Customer

Performance Objective?

Improve customer loyalty.

Payment?

Reward point program: \$1 spent = 1 point.

How It Works:

- Trade points for vouchers or credits for merchandise.
- Make a point value system.
- Maintain on a spreadsheet.
- Communicate and help track via e-Marketing-type tool.



Customer

Performance Objective?

Create buzz amongst your biggest customers and draw other big hitters.

Payment?

Super Bowl Tickets.

How It Works:

- Annual.
- The biggest customer wins.



PROFIT *groups* –Visionary Performers

Performance Objective?

Combined group EBITA of over 8%.

Payment?

PROFIT *groups* meeting in Hawaii.

How It Works:

- Check progress in six months.
- When combined average EBITA is above 10%, the next meeting will be booked in Hawaii.



What PFP will YOU implement?

Thank you!

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