



Pay for Performance Bonus Compensation Plan

In today's competitive business climate, businesses need to optimize the performance of their employees. However, people perform differently. Not all employees are alike. Not all employee rewards should be identical. Extraordinary efforts should drive extraordinary rewards. Goals should be aligned for the employee to individually deliver value that accomplishes the larger goals of the business.

An example of standard baseline bonus plans includes the following:

- Employees receive an annual bonus that is somewhat subjective, has not clearly been individually defined and is not in alignment with the company's goals.
- In some cases the bonus award is solely based upon the accomplishment of business's goals. This approach fails to recognize & reward over-producers and tends to reward mediocre efforts.
- The standard plan makes it difficult for the employee to deliver 100% of their focus each day toward accomplishing the company's goals.
- For bonuses that are awarded at the end of a lengthy 12 month cycle, there can be a loss of a functioning "accomplishment = rewards" relationship. Today's marketplace changes too rapidly for a 12 month cycle to be realistic.

The purpose of a best practices bonus program is to insert structure and formality while individually measuring and rewarding aligned performance with rewards.

Our Approach to the Pay for Performance Bonus Program:

Our process involves the collaboration between employee and manager to define specific, measurable goals that can be achieved in a specific time period. Once the goals have been collaboratively defined, the manager needs to assign priorities to each goal. This provides the employee with a structured, clear path forward. At the same time, real time events may require an adjustment to the established goals due to the change of a business landscape or the emergence of an unexpected priority. Agility and flexibility are critical but adjustments to an existing plan should be the exception.

Instead of the traditional 12 month timeline, we suggest a 6-month cycle to more realistically implement and manage the goals and rewards.



Pay for Performance Bonus Compensation Plan Example

- 1) Non-Bonus (On-Boarding Related):
Training: One month of training to be spent during the first 6 months
 - a. Product training to understand product positioning and competitive advantages
 - b. Administrative training – meet with the internal resources
 - c. Training on the following topics:
 - i. SugarCRM Management System – CRM
Product pricing, discount structure, GSA pricing schedule (if any), price quoting process
 - ii. Sales engineering resources, what resources are available, who is available, how to schedule, etc.
 - iii. Proposal response process, what resources are available, who is available, how to schedule, etc.
2. 20% Establish and participate in process/procedures for networking, marketing and participating in the target community.
 - a. Continual monitoring of the agency's procurement needs and the new applications required.
 - b. Attending appropriate trade shows, Industry days and other events.
 - c. Monitoring FedBizOpps, fbo.gov, Input.
 - d. Process existing US government leads, etc
3. 20% Evaluate and analyze the target revenue growth goal of 20% to 30% in 12 months:
 - a. Create new business relationships with US government systems integrators such as divisions within: LMCO, Boeing, DynCorp and Fluor.
 - b. Create 8-10 new revenue opportunities with the named or new accounts.
 - c. Focus on fixed SATCOM and Airborne providers.
 - d. At end of month 6, create funnel to deliver a min of \$3MM in revenue for the next 12 months.
4. 20% Meet with min of 10 current government customers to understand the applications our products were used to support. Read application notes and any winning proposals submitted. Write summary report.
5. 30% Qualify, evaluate and report on the 10% revenue growth from existing accounts.
6. 10% Target the Intelligence Community through multiple venues such as:
 - a. Penetration of US Govt contracting community.
 - b. Expand relationships with government agencies directly.
 - c. Establish relationships with Intelligence Consultants to get products on the Intelligence Community's Approved Products List (APL).