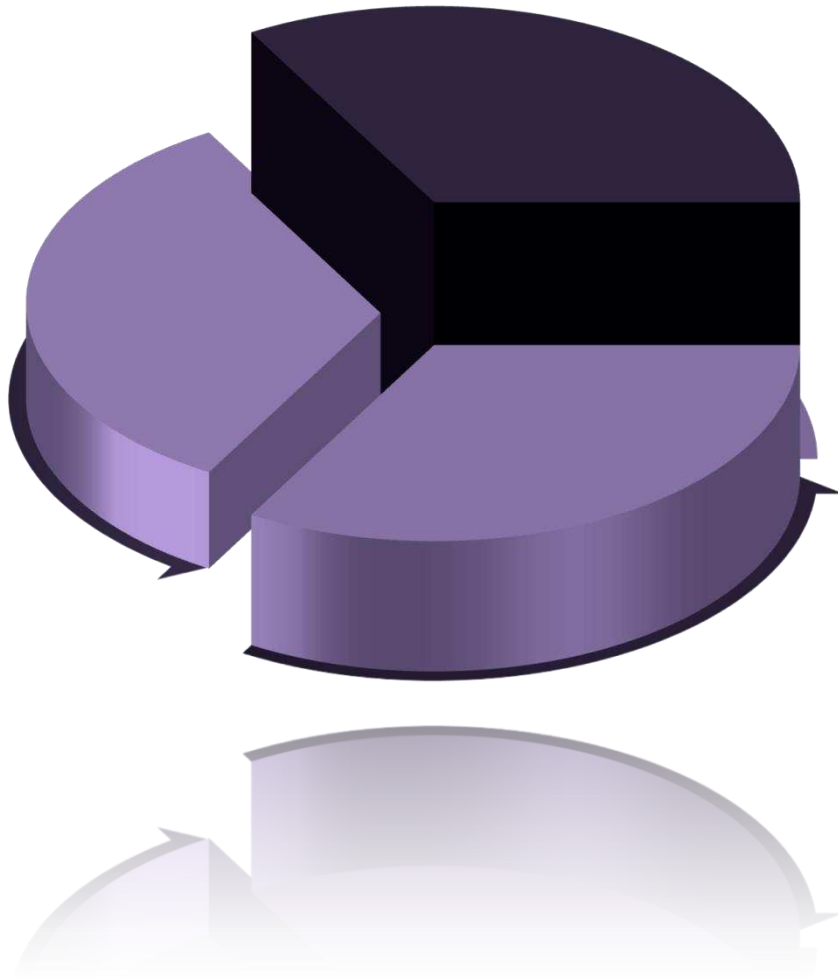


RECOMMENDATIONS

For Commission Splits/Spec Credit For Equipment



The goal of these recommendations is to find a mutually acceptable way to correctly and functionally compensate manufacturers' representatives for work performed.

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Commission Split Ranges for Equipment Requiring Demonstration (See Figure 1)

Whether a product requires a demonstration is normally left to the discretion of the manufacturer, dealer or specifying consultant. How much commission goes to each territory depends on how much emphasis the manufacturer places on getting its products specified and the complexity/time required to perform the demonstration and follow-up. Additionally, higher commission percentage rates are usually awarded to ordering territories when the equipment is not specified by a consultant or chain.

Commission Split Ranges for Equipment Which Does Not Require Demonstration (See Figure 2)

How much commission goes to each territory depends on how much emphasis the manufacturer places on getting their products specified. Additionally, 100% commission percentage rates are usually awarded to ordering territories when the equipment is not specified by a consultant or chain.

Sales Reporting

Sales credit is usually awarded to the manufacturers' rep from whose territory the actual order originated. Due to dealers and chains having multiple offices, the sales credit is not necessarily awarded to territory where the purchase order is generated. Sales credit should be awarded to the territory responsible for handling the order process or to the territory responsible for specifying the product (in the case where no additional negotiation is required, i.e. chain spec).

Manufacturer and Rep Implementation

Commission splits should be applied for all equipment sales regardless of order size and the manufacturer should determine the commission splits at time of order entry. Both the manufacturer and representative should have systems in place to document and track all information relevant to the order.

No order should be entered without the ordering territory providing the specifier and job location. A specification credit request form should be completed by the specifying rep for projects originating from consultants in their territory. A sample spec credit form is attached to this document. Specification credit is defined as being a prime product specification or an approved, listed alternate.

This document is intended to facilitate discussions between manufacturers' representatives and manufacturers. Each party is expected to independently decide what is best for its business and act accordingly.

Figure 1:

Recommended Commission Split Ranges Requiring Demonstration

- 33% to 50% for the specifying territory
- 25% to 80% for the ordering territory
- 20% to 40% for the receiving territory

Some Examples of Commission Splits Requiring Demonstration

- 50% to the specifying territory
- 25% to the ordering territory
- 25% to the receiving territory
- 50% to the specifying territory
- 30% to the ordering territory
- 20% to the receiving territory
- 33% to the specifying territory
- 33% to the ordering territory
- 33% to the receiving territory

Figure 2:

Recommended Commission Split Ranges NOT Requiring Demonstration

- 50% to 70% for the specifying territory
- 30% to 50% for the ordering territory

Some Examples of Commission Splits NOT Requiring Demonstration

- 50% to the specifying territory
- 50% to the ordering territory
- 60% to the specifying territory
- 40% to the ordering territory
- 70% to the specifying territory
- 30% to the ordering territory

Results of Implementation

- ✓ Manufacturer accounting will be simpler, with no revisions
- ✓ Remuneration will be properly placed
- ✓ Representative commission tracking will become manageable
- ✓ Consultants will be better taken care of due to reps knowing they are being compensated
- ✓ Manufacturers will be able to better track their efforts when working with consultant community



Specification Credit Form

YOUR REP FIRM LOGO HERE

City: US/CA: Postal Code:

Date:

Manufacturer Details:	
Manufacturer:	
Contact Name:	
City:	US/CA:
Phone:	Fax:
Email:	

Rep Firm Details:	
Rep Firm:	
Sales Rep:	
Territory:	
Phone:	Fax:
Email:	

Project Details:	
Project Name:	Bidder(s):
Job Location:	
City:	US/CA:
Specifier:	Delivery Date:
City:	US/CA:
	Consultant:
	SIS Code:

Products Specified:				
Model#	Qty	Description	Est. Price	Est. Total
			TOTAL	

Additional Comments:

For Manufacturer's Use ONLY:
<input type="text"/> agrees to return a copy to the applicant upon approval of this application. Applications will be considered only in advance of the purchase date. This specification will expire two (2) years from the date submitted, unless a sale has been made as a result of the specification. This specification will automatically renew for two years each time a sales is made as a result of the specification.

Job Awarded To:
City: US/CA: PO Num:
Spec Credit Approved: <input type="checkbox"/> Spec Credit Denied: <input type="checkbox"/> By: Date: