

**Date:**

**Version No.**

**By:**

1. **GENERAL GUIDELINES**

This sales commission plan sets out the company's goals, guidelines, policies, and procedures governing the manner of providing appropriate compensation in the form of commissions and incentives to all contracted salesperson. Covered in this plan are the sales representatives and managers under all the sales accounts of the company. This plan will be effective on [DATE EFFECTIVE] and will remain in effect for one (1) whole business year. Renewals for the plan must be made after the expiration of the current plan in effect.

1. **PLAN OBJECTIVES**

This plan was made by the company with the following objectives in mind:

* 1. Providing fair and equitable commission for all sales representatives and managers based on their level of work performance and responsibilities
	2. Providing a solid commission-based program in order to maintain the existing sales contractors and encourage the inflow of new salesperson, all of whom are qualified with the necessary abilities, knowledge, and skills for sales work
	3. Regularly obtaining positive financial results for the company by generating revenue growth and increasing the company's market share
	4. [ADD MORE AS NEEDED]
1. **WORK ASSIGNMENTS**
	1. This plan describes the responsibilities and criteria for work performance of all salesperson covered under this plan. The responsibilities are listed and designated accordingly in order to maximize the company's opportunities for profitable sales and in order to achieve the company's long-term goals and objectives. Each salesperson will be designated to an area of responsibility which may comprise any one or more of the following factors:
		1. Geographic location

* + 1. Distribution channels
		2. Specific market segment
		3. Specific customer group
		4. Specific product or product line/group
		5. Specific service or service group
		6. [ADD MORE AS NEEDED]
	1. Each salesperson will be given a total quarterly and yearly sales revenue quota, which the company expects the salesperson to meet accordingly.
	2. The company reserves and maintains the right to pay lower commissions to salesperson who have been designated in certain high-risk or special house accounts.
	3. Work assignment changes and modifications may be made by the company any time for any reason, provided that the employee is informed beforehand of the change or modification at least [N] days before the change of assignment is scheduled to take effect. All notices regarding work assignment changes must be made in writing and signed by authorized persons.
1. **SALES COMMISSION**
	1. Due to the company's nature of the business, all salesperson will be paid on a commission basis. For every sale achieved by the company, the salesperson will be given the following commissions:

|  |  |
| --- | --- |
| * + 1. Sales Representative
 | 0.0% to 0.0% of the total sale price, depending on the area of responsibility and work assignment factors |
| 4.1.2. Sales Manager | 0.0% to 0.0% of the total sale price, depending on the area of responsibility and work assignment factors |

This will encourage the sales representatives and managers alike to be more aggressive in closing more sales for the company.

* 1. In the event that a sales representative reaches his/her respective periodic quota, he/she will receive the following additional incentives:

|  |  |  |
| --- | --- | --- |
| * + 1. Quarterly Sales Revenue Quota
 |  | Additional USD 0.00 on top of receivable commission for the period |
| * + 1. Yearly Sales Revenue Quota
 |  | Additional USD 0.00 on top of receivable commission for the period |

* 1. The sales manager who is the direct supervisor of the sales representative achieving the quarterly and/or yearly sales revenue quota will also receive USD 0.00 (for the quarterly quota) and USD 0.00 (for the yearly quota), respectively.
	2. For out-of-territory sales (a third-party reseller or a customer ships a company product or requests a company product to be shipped into the area of responsibility of another sales representative), a split of commissions must be agreed upon between the sales representatives, between the one who made the sale and the one assigned in the territory in which the product was shipped to. All such split commission agreements must be executed with the supervision and guidance of the sales representatives' respective sales managers and HR officers-in-charge.
1. **DETERMINING ADDITIONAL INCENTIVES**

In addition to the commissions and basic periodic incentives, the company will also provide the salesperson with other additional incentives based on the classification of sales:

|  |  |  |
| --- | --- | --- |
| **Classification** | **Description** | **Incentive Receivable\*** |
| **Representative** | **Manager** |
| * 1. Standard Sales
 | The company product or service is sold at the original listed price and under the approved terms and conditions of the sale | 0.0% of the total sale price for every [N] unit sold | 0.0% of the total sale price for every [N] unit sold |
| * 1. Discounted Sales
 | The company product or service is sold at a discounted price less than the original listed price and sold under the approved terms and conditions of the sale | 0.0% of the total sale price for every [N] unit sold | 0.0% of the total sale price for every [N] unit sold |
| * 1. Low-Margin Sales
 | The company product or service is sold outside of the company's normal sales margins | 0.0% of the total sale price for every [N] unit sold | 0.0% of the total sale price for every [N] unit sold |
| * 1. Unapproved Sales
 | The company product or service is sold at unapproved prices, discounts, and/or outside the terms and conditions of the sale | NONE | NONE |

\*On top of the receivable commission for the period that the sale is made

1. **REACHING AND EXCEEDING THE QUOTA**
	1. Sales representatives reaching their quarterly sales quota for [N] consecutive periods may request a raise of at least 0.0% in their commission percentages receivable for future sales. A sales manager whose team reaches its quarterly sales quota for [N] consecutive periods may request a raise for the whole team's commission percentages receivable for future sales made and will receive an additional USD 0.00 bonus for the team’s constant achievement in their sales quotas.
	2. In the event sales representatives exceed their quarterly and/or yearly sales revenue quota, the sales representatives will receive additional incentives equal to 0.0% of the total amount receivable by them for the period applicable. This incentive will be paid on top of the commission and other incentives. It is applicable to all sales made above the quarterly quota and must comply with the company's terms and conditions of the sale.
	3. For the sales teams exceeding the yearly sales revenue quota, incentives equal to 0.0% of their total sales revenue for the whole year will be added to their receivable commissions and incentives for the last month of the business year. The sales manager will likewise receive an incentive equal to 0.0% of the amount receivable for the last month of the business year.
2. **TERMS AND CONDITIONS FOR THE PROVISION OF INCENTIVES**
	1. All incentives must be provided by the company on the payment period when the sale of products and/or services was made by the sales representative.
	2. All incentive amounts must be calculated by the HR manager and reviewed by the sales manager and the representative making the sale prior to the approval of the incentive payment.
	3. All incentive payments are subject to all applicable local, state, and federal taxes.
	4. Incentive payments may only be given upon the customer's full payment of the sale price.
	5. Discounted sales revenue will be recognized as a representative's 100% achievement of their periodic quota.
	6. Low-margin sales revenue will be recognized as an additional 0.0% to the sales representative's periodic quota.
	7. No deductions in exchange for any payable incentive will be made on the commission receivable by the representative for that certain period in which the sale was made.
	8. Unless specially exempted by the company board, the sales representative and the manager will not receive any incentive in any form for unapproved sales.
	9. All applicable sales revenue will be charged against the sales representatives making a sale of a product or service whose invoice is over [N] days past the due date. Up to 0.0% of the original revenue value will be credited back to the sales representative in the event that the past due invoice has been resolved.
	10. In the event that a customer returns a product in exchange for a full or partial refund, the applicable amount refunded will be charged against the total amount receivable (commission and incentives summed up) by the sales representative and sales manager upon the latest payment period.
	11. The disclosure of contingent liabilities and performance of sales outside the accepted company policies, procedures and guidelines will warrant appropriate chargebacks and disciplinary actions (including termination of contract) for the sales representative and/or manager responsible for such action. This includes unapproved sales made under terms and conditions that are inconsistent with the company's core values and principles, illegal sales, third-party agreements not made under the company's name despite selling its products and/or services, among others.
3. **ASSIGNMENT CHANGES AND PROMOTION**
	1. In the event that a sales representative or manager changes territory boundary, either voluntarily or upon the company's directive, or a sales representative is promoted to a managerial position, the salesperson will receive full credit for the sales revenue within that period in his/her previous territory boundary or position. All revenues must be properly documented in order for the salesperson to qualify for the receipt of full sales revenue credit. A request form must be filled by the salesperson prior to accepting the assignment change or promotion. The request must be made within [N] days from the date of assignment change or when the promotion takes effect.
	2. A salesperson accepting an assignment change or promotion may request for an exemption from chargebacks applicable to their previous assignment or position. The request must be made in writing and signed by the salesperson and their direct manager/supervisor and is only allowed within [N] days from the commencement of the salesperson's assumption of a new assignment or position.
4. **TERMINATION OF SERVICE CONTRACT**
	1. This plan only serves as a guide containing the policies and procedures for paying commissions to salesperson under the company. This is not an employment agreement or a third-party service contract.
	2. In the event of termination of the service contract between the company and the salesperson, the company will pay all commissions and incentives due to the salesperson until the period when the termination takes effect.
	3. After the termination of the contract, the salesperson will be prohibited from performing sales work on behalf of the company's trade name and using the company's trademarks. The salesperson will also be prohibited from soliciting any of the company's current clients in the event that the salesperson performs sales work for another company or independently.
	4. The salesperson whose termination is due to workforce reduction will be entitled to additional severance pay and/or bonus payments. Such amounts will be calculated pro rata and per policy, whichever applies.
	5. The company reserves and maintains the sole right to terminate the contract with any salesperson whose work performance is consistently below the company's standard work performance levels as per this sales commission plan.
	6. Upon termination, the salesperson is required to return to the company all materials, equipment, and tools used in the performance of sales work for the company. The company reserves the right to withhold final payments due to the salesperson if he/she has not returned all such materials, tools, and equipment within [N] days after the date of termination.
	7. All cash advances made by the salesperson will be deducted from the whole payment receivable upon termination.
	8. The service contract will terminate immediately upon the death of the salesperson. The company will pay all amount due to the salesperson, including all commissions and incentives and less all appropriate tax deductions, cash advances and chargebacks, to the personnel's authorized beneficiary (must be a family member, a legal partner, or any person indicated in a legal document signed by the salesperson).
5. **LEGAL BASIS AND OTHER IMPORTANT CONSIDERATIONS**

This plan is consistent with all laws applicable to the company and existent as of this date in the state of [STATE]. The company's nature of business, financial and fiscal requirements, and general labor and employment laws and principles have been properly and duly considered during the formulation and finalization of this plan.

1. **REVIEW AND COMMUNICATION**

This sales commission plan will be reviewed upon the completion of its initial implementation on [EFFECTIVE DATE]. All modifications and changes to be made to this plan will go through the approval of the company's board of directors. All information regarding this plan will be disseminated in this order: HR Sales Management and Sales Representatives.



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