[[1]](#endnote-1)**Direct Sales Rep Compensation Agreement**

**Revision Date:** [[2]](#endnote-2)

This document describes the agreement between [[3]](#endnote-3) \_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_

(“Company”) and [[4]](#endnote-4) (“Sales Rep”) regarding terms related to compensation.

Company and Payee enter into this agreement whereby Payee provides services to the Company in return for compensation specified in this agreement.

**Duration**

This agreement covers the period starting from [[5]](#endnote-5) and ends on

.

All commissions will be calculated and paid once every month, for the preceding month. Commissions will be calculated and paid out as part of the next payroll cycle, following the month for which commissions are calculated.

[[6]](#endnote-6)**Base Pay**

Sales Rep is due a base salary of [[7]](#endnote-7) , payable every [[8]](#endnote-8)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

**Variable Compensation**

Targeted variable compensation for the full year is [[9]](#endnote-9) \_\_\_\_\_\_\_\_.

**Other Compensation**

Sales Rep will be paid for all travel and lodging expenses related to sales activities. Auto travel will be reimbursed at the current federal reimbursement rate (Currently 0.37 cents per mile).

Sales Reps will be required to maintain a cell phone as part of conducting sales business. Sales Rep will be provided an allowance of $50 per month for cell phone usage.

Client entertainment expenses will be reimbursed as following:

Meals: Reimbursable with receipts

Special Events: Must be pre-approved. Reimbursable with receipts

Expenses will be reimbursed within 30 days of being presented with the receipts and a completed expense reimbursement form.

**[[10]](#endnote-10)Product Revenue Commission**

Product Revenue Commission will have quarterly quotas, but commissions will be calculated and paid monthly.

**[[11]](#endnote-11)Quota**

Sales Rep is assigned the following Quarterly Quota.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Performance Category | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 |
| Product Revenue | 400,000 | 400,000 | 400,000 | 600,000 |

**[[12]](#endnote-12)Transaction and Credits**

For transactions involving the Sales Rep, commission is calculated on the sales amount of ordering. 50% of calculated commissions are paid in the very next commission pay cycle. The other 50% of commission is held until the payments for the order are fully received.

**Calculation:**

Product Revenue Commissions are calculated by multiplying sales amount by a commission rate. The rate is based on level of attainment compared to Quarterly quota for Sales Rep. The following matrix is used to determine commission rates.

|  |  |  |
| --- | --- | --- |
| Attainment % Low | Attainment % High | Commission Rate |
| 0.00% | 100.00% | 5 |
| 100.00% | 124.99% | 6 |
| 125.00% | 149.99% | 8 |
| 150.00% | Over | 10 |

Each individual credit transaction has to be compared against quota to determine attainment level. The rates will apply to pro-rated transaction amounts; when a level of attainment is hit the credit amount will be broken up and the balance over that level will be paid at the new or accelerated rate.

**Example:**

YTD attainment up to period 2 for Product Rep is $190,000. His Quarterly Quota is $200,000. In period 3 if rep has a paid order for $20,000.

The 1st half of the invoice would be paid @ 5.00% = $10,000 \* 5.00 = $500.00

The 2nd half of the invoice would be paid @ 6.0% = $10,000 \* 6.00 = $600.00

Total Payout for this invoice = $ 1,100.00

**New Accounts Incentive**

New Accounts Incentive is paid based on the number of new accounts opened in the Sales person’s territory for the month. New account incentives are paid based on the following matrix for each month.

|  |  |
| --- | --- |
| No of New Accounts | Amt per New Account in range. |
| 1-10 | 100 |
| 11-20 | 200 |
| 21 and above | 300 |

**Business Unit Bonus – Annual**

A bonus is paid annually if all sales exceed the total Product quota amount for the year at the Region level. All reps receive the bonus if the goal is surpassed. A Sales Rep must have started their employment within the quarter to qualify for the bonus. A matrix is used to determine the Bonus Payout amount. Each Product Sales Rep is paid this team bonus based upon the Quarterly/Annual Attainment %.

|  |  |  |
| --- | --- | --- |
| Attainment % Low (Products) | Attainment % High (Products) | Annual Bonus |
| 0.00% | 100.00% | $1,000.00 |
| 100.00% | 110.00% | $2,000.00 |
| 110.00% | 120.00% | $5,000.00 |
| 120.00% | Over | $10,000.00 |

Example:

The Quarterly quota for All Product Revenue is $5,000,000 for the Region

The Attainment for all sales for the quarter = $5,763,000

Quarterly Attainment % = 115.26 % or (5,763,000 / 5,000,000 \* 100)

The payout bonus for each product rep = $5,000.00

**President’s Club**

Each product Sales Rep is eligible to participate in the Presidents Club contest. The top 100 ranked reps among the business unit will receive the following benefits on achieving Presidents Club. The product Sales Rep must exceed Quota to be eligible for Presidents Club.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| High  Ranking | Low Ranking | Sales Retreat Trip | Briefcase | Bonus |
| 1 | 25 | Yes | Yes | 5000 |
| 26 | 75 | Yes | Yes |  |
| 76 | 100 | Yes |  |  |

**Draw**

Payee has no draw.

**Cap**

There is no cap on any payouts to the Sales Rep.

**Splits**

Commissions can be split with other Payees, on a deal-by-deal basis with prior agreement from the company.

**Termination of Employment**

On voluntary or involuntary termination of Sales Rep employment with the Company, commissions will be paid on transactions dated prior to the termination date only. Any amounts owed to the Sales Rep will be according to employment regulations after withholding taxes and other dues.

**Other Terms**

1. Sales Rep agrees to follow all Federal and Local laws while engaged in providing services to the Company during the period of this agreement.
2. Sales Rep shall not engage in any other employment during the term of this agreement. Company reserves the right to require Sales Rep to terminate any such other employment at Company’s sole discretion.
3. Sales Rep shall use the most ethical practices while engaging in any sales activity.
4. Sales Rep agrees to protect all confidential material including prospect data, sales data, and client information belonging to the Company and shall take all reasonable care in making sure that such confidential material is not disbursed to anyone outside the company.
5. This entire agreement shall be governed by the laws of the State of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Company Sales Rep**

\_ \_

By By

\_ \_

Name Name

\_ \_

Date Date

1. Any part of this document can be changed or overridden based on your needs. [↑](#endnote-ref-1)
2. This date will give us information as to when this agreement was written and distinguish it from similar other agreements. [↑](#endnote-ref-2)
3. Fill out the company name here. [↑](#endnote-ref-3)
4. Fill out the sales person’s full name here. [↑](#endnote-ref-4)
5. Enter the start and end date for the sales commission plan effective period. Most companies use the calendar or fiscal year start and end dates for these values. Some companies may not have an end date specified. [↑](#endnote-ref-5)
6. Alternatively you can remove this section or phrase it such as “Base Salary is specified in a separate employment agreement. [↑](#endnote-ref-6)
7. Amount of base every payable period. [↑](#endnote-ref-7)
8. Weekly, Bi-weekly, Twice-monthly, Monthly, etc [↑](#endnote-ref-8)
9. If there is a targeted compensation for the full year, it can be entered here. Alternatively, this whole section can be removed. [↑](#endnote-ref-9)
10. This incentive encourages higher levels of product sales, by paying higher commissions when the quota is exceeded. [↑](#endnote-ref-10)
11. Quota can be monthly, quarterly, or annual. [↑](#endnote-ref-11)
12. Alternatively commission can be due on invoicing or shipping of goods or other events. [↑](#endnote-ref-12)