

Global Sales Compensation Framework

2021



Background

- We have evolved over the past several years from having a decentralized approach for sales compensation to having more consistency with alignment to our global strategic objectives
- We still need to have guiding principles that ensure we remain aligned to both SP1 and SP2 and share best practices globally
- What this Global Sales Compensation Framework is...
 - A set of guiding principles that have proven to be effective in driving the profitable growth of our businesses with concrete guidelines for adopting best practices and direct alignment with our growth strategy
- What it is not...
 - A set of rules that must be followed restricting the business from addressing local country market practices or tailoring the approach based on the country's adoption of Brink's 2.0 solutions

Guiding Principles

- Line of Sight – the degree to which the sales professional controls their own destiny / payout.
 - Having country multipliers or pools funded by country-wide results can have the impact of de-motivating the top sellers if they feel that their efforts will be negated by circumstances outside of their control
 - If possible, have DSO handled by A/R or customer relations freeing up sales leaders to sell
 - Guideline: Maintain Direct Line of Sight
- Focus – There is a balance between rewarding for all desired behaviors and outcomes and having too much complexity which dilutes the motivation and focus of sales professionals.
 - There is a tendency to include an abundance of metrics which drives the weight of each factor down and obfuscates the prime objectives and motivation
 - Focus on outcomes rather than activity metrics e.g. reward when business hits the P&L (or bookings with true-up if contracts do not close) rather than rewarding for number of customer outreach touches.
 - Guideline: Keep it Simple

Sales Bonus Plan Guiding Principles

Plans should include:

- Threshold, Target and Max Profit or Revenue
- Solution selling component

What to avoid:

- Using too many metrics (>3)
- Components with low weighting e.g. 5%
- Corporate metrics
- Compliance metrics e.g. DSO

Plan Types

- Sales Reps / Managers with set region or book of accounts → Bonus Plan
- New Business Development Managers → Commission Plan

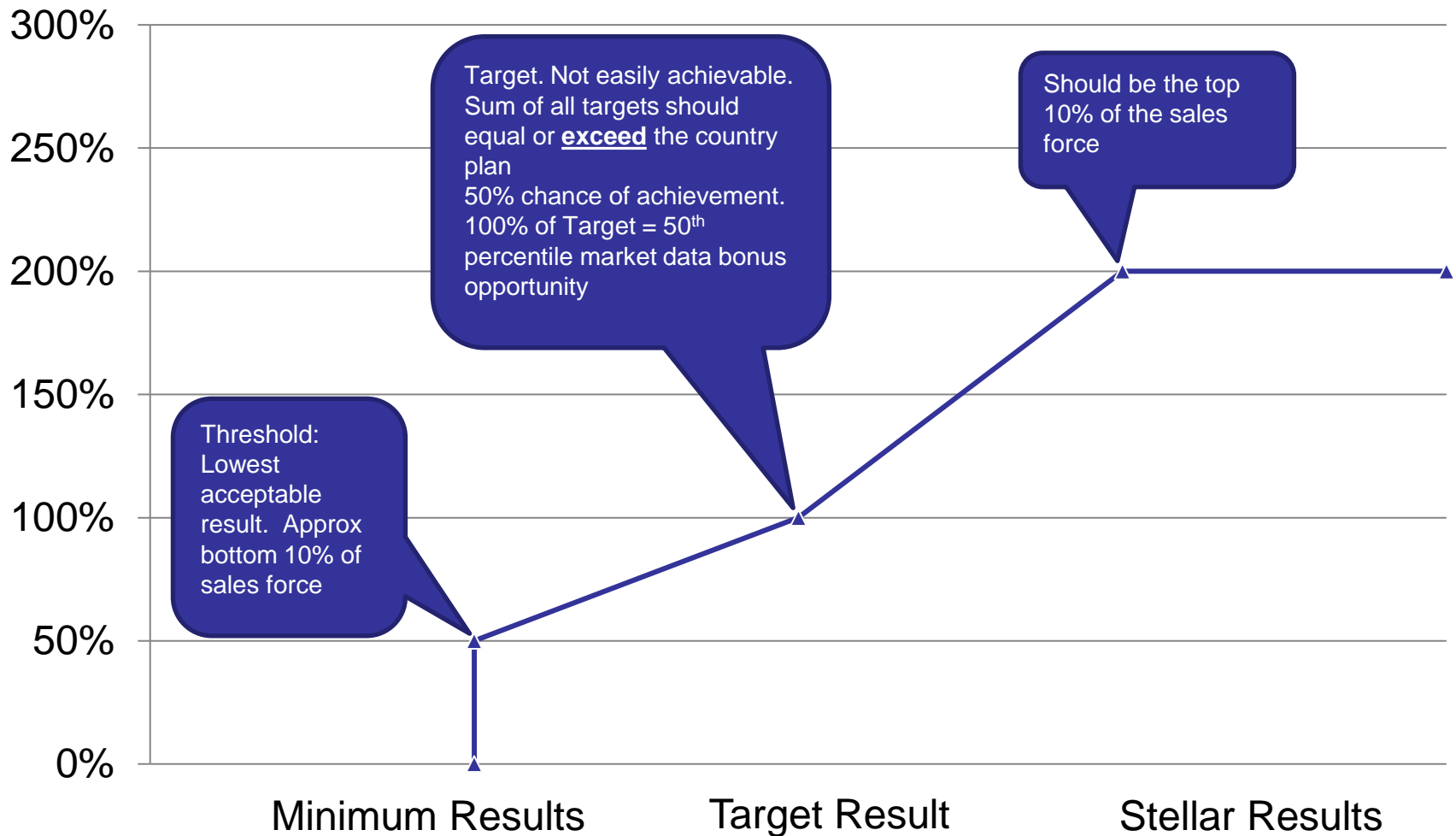
MODEL APPROACH FOR SALES BONUS PLANS

Account Management Component	+	Solution Component	=	Accumulative Incentive Payment
<i>Accumulative Revenue vs. Goal</i>	<i>+</i>	<i>Individual New Business / SP2 goal</i>	<i>=</i>	<i>Quarterly Payout</i>

- Advantages of sales bonus plans are that you can set the target compensation based on the target results with payouts based on performance within the expected range of outcomes
- Year-over-year target bonus does not auto-escalate with the increased quota expectations which is more manageable
- The weight on account management and new business (solution component) can migrate toward greater emphasis on new business over time

SALES BONUS TEMPLATE

Payout Curve



EXAMPLE

Revenue (% of Plan)	Payout (% of Target)
<80%	0%
80%	50%
90%	75%
100%	100%
110%	150%
120%	200%
>120%	200%

75% Weight

+

Solution Sales (% of Plan)	Payout (% of Target)
<80%	0%
80%	50%
90%	75%
100%	100%
110%	150%
120%	200%
>120%	200%

25% Weight

MODEL APPROACH FOR SALES COMMISSION PLANS

Account Management Commission	+	New Business Commission	=	Accumulative Incentive Payment
<i>Use only if customer retention is at risk</i>	<i>+</i>	<i>Should be the focus for Hunters</i>	<i>=</i>	<i>Quarterly Payout</i>

- Advantages of sales commission plans is the ease of understanding and takes some pressure off of setting exact targets if projections are unclear
- Some things to manage are the need for individual commission rates (ICRs) and perceptions of fairness with year-over-year reductions in rates to avoid auto-escalation of payouts in proportion to year-over-year revenue increases

COMMISSION EXAMPLE (2 Sales Peers)

- Sales Professional 1:
 - Expected Account Revenue: \$1M per quarter
 - Expected New Business Revenue: \$400K per quarter
 - Commission rate set at 0.25% for account revenue and 0.625% for new business
 - If the sales professional's actual contracts closed was as expected, payout would be \$5000 for the quarter

- Sales Professional 2:
 - Expected Account Revenue: \$900K per quarter
 - Expected New Business Revenue: \$350K per quarter
 - Commission rate set at 0.28% for account revenue and 0.71% for new business
 - If the sales professional's actual contracts closed was as expected, payout would be \$5000 for the quarter