



**TO: EyeCarePro Personnel**

**FROM: Daniel Rostenne**

**RE: Bonus 2015**

This time of year is always exciting for me as we get to look back on our accomplishments from 2014 and look ahead to even greater results in 2015.

Our 2015 fiscal year bonus program will build upon, and be a natural extension, of the 2014 bonus plan. Our 2014 bonus was designed to get each team focused on the “right things”. Overall, we largely accomplished our mission in 2014 – some departments more so than others, but with significant learning by all.

In 2015, we take a major leap forward by moving to include a corporate goal as part of everyone’s bonus plan. Ultimately, we want to be focused solely on a corporate goal in the years ahead, but in the 2015 fiscal year, we feel it is important to continue the success of 2014 and ensure that everyone continues to understand how their department directly contributes to the overall success of the company.

In 2015, part of each person’s bonus will be derived from the Corporate Bonus Plan and part will be derived from the Departmental Bonus Plan. This is twice the opportunity to make a bonus and we are hoping for and expecting a lot of success this coming year.

The remainder of this memo provides details on how bonuses are calculated for each department and the company as a whole but more importantly, how bonuses are made. In 2015, in the absence of Shelia, Michael will support any and all teams creating their plans on how to achieve their bonus. Please invite Michael to your next meeting and begin the plan of attack for your team’s success in 2015.

## Corporate Bonus

Our corporate bonus will be calculated quarterly by reaching our quarterly company profit targets articulated below:

Quarter 1	\$40,000	Quarter 3	\$55,000
Quarter 2	\$50,000	Quarter 4	\$65,000

This quarterly focus means that if a month is missed on its profitability target, we can always make it up in a subsequent month before the quarter is over.

Assuming the company reaches the profit target, 30% of the profit above the goal is placed in the bonus pool to be divided across all staff members.

For example, should EyeCarePro achieve a quarterly profit of \$53,000 in the first quarter (compared with our goal \$40,000) then that is \$13,000 over budgeted profitability. 30% of this figure, or \$3,900, is placed in the company bonus pool. Once the pool reaches \$5,000 (checked at the end of each quarter), bonuses will be paid by dividing whatever money is in the bonus pool equally across all staff members. Sales personnel who are receiving a commission are excluded from this calculation.

What are the implications?

The most important features of this bonus are two-fold:

- 1 – Create as much profit as possible. This means...
  - Creating higher sales volume
  - Keeping expenses in check
  - Keeping all customers and upselling them to high levels of service
- 2 – Keep staffing as flat as we can (we currently would divide a bonus like this by 32)
  - Lower staff figures means this bonus is divided across fewer people. As the bonus grows, more goes to each person

So when your team meets to strategize about how you are going to succeed in 2015, these are two questions to address: How can we increase profits (I have provided examples in each team's description below) and how can we accept more clients / assignments (grow the company) with the same sized team we have today (innovation)?

The sky is the limit on this bonus and with a corporate goal, it can be achieved by saving money or increasing sales, or both. We will be focused on creating efficiencies so we don't have to increase staff, while growing our sales.

## Departmental Bonuses

Part 2 of our 2015 bonus program is the Departmental bonus. For the most part, the department bonuses in 2014 were winners and truly contributed to stronger, more efficient performance from the teams. In 2015, we have kept much of these bonuses (a testament to the fact that they are the right goals) and have made a few changes based on our experience in 2014. Again, the goal of a departmental bonus is to better link your department with our corporate success by identifying the most important parts of your role that have the greatest impact on the company's success.

## Sales and Marketing

The Sales and Marketing Team will be incentivized to improve the company's growth in 2015. To be consistent with all other departments, sales will be measured quarterly:

Quarter	2015 Sales Goal
Q1	No goal*
Q2	\$36,000
Q3	\$40,000
Q4	\$44,000



\*We will be using the first quarter to rebuild the sales team, launch a new marketing effort and make changes to our SalesForce-based sales process. This is a warm-up / preparation quarter.

### **What has changed over 2014?**

We have decided to focus on sales in dollars and not measure the number of sales. We remain focused on OD Lingo as that product is the surest way for us to achieve both results for our customers and financial results for the company.

A new sales team of three will be in place during the month of February and we look to rolling out an exciting new marketing effort by February as well.

### **Calculating the bonus**

As mentioned, the sales team does not participate in the bonus program so this bonus is paid to the Marketing team (currently Juli Ann, Candace, Steve and Nechama). The sales team can only perform to this level of expectation with great marketing support.

As with all bonuses, the marketing team must reach the target sales goal to qualify for a bonus each quarter. Thereafter, any sales made above the bonus are counted towards the bonus pool for this team. The bonus pool is then divided according to salary at the end of each quarter.

The bonus is calculated by taking all dollars over the quarterly goal and multiplying it by 20%. For example, if second quarter sales are \$50,000, this means exceeding the quarterly goal by \$14,000. Multiply this figure by 20% and you get the bonus to be split among team members of \$2,800. As with all departments, bonuses reset and start anew with each new quarter.

### **How can this team succeed?**

First, start now. Any lead coming in now will certainly be closed after the first of the year.

Market OD Lingo and use as many marketing devices to identifying potential customers for this product – email, webinars, partner contacts, partner newsletters.

We will also be rolling out a new marketing effort called CITIES, details to follow in an upcoming memo. We anticipate a lot of good results from the effort.

## **Support**

The Support Team really mastered their “go live” bonus in 2014 and so we are moving on to our next most serious problem – ODSite customers quits. Overall, we have lost a large number of ODSite customers. In part, this is because the competitive market has changed, but the paradigm at EyeCarePro has not.

The team did not fare as well with its Sales Referrals bonus. The team is now working to figure out and implement best practices to identify leads for the sales team. We are leaving that bonus in place except now the bonus for that will be 25% of the value of the closed sale. Our processes to document this appear to be working.

In 2015, the Support Team's departmental bonus will be ODSite customer retention, and will loosely follow the Web Manager's bonus model of team revenue and low quits.

### **Calculating the new bonus**

The Support Team starts the year with a "Revenue of Clients Managed per Person" or if you like acronyms the RCMP. The RCMP is calculated by taking the current monthly revenue of all ODSite paying customers as of January 1, then dividing it by the current number of support staff. For example, \$50,000 per month in ODSite revenue would equal an RCMP of \$10,000. This is a baseline calculation and is important because bonuses will be determined by revenue over this baseline.

As our customer base grows and the number of personnel in Support remains constant, the RCMP will exceed its baseline. This excess revenue over the baseline forms the foundation of this bonus.

Our focus is on retention and we will be measuring success by the number of quits (or lack thereof). To calculate the bonus, we will take the amount of RCMP and multiply it by 30% to form the bonus pool. Additionally, the team can enhance or diminish this number by the following:

- 0 or 1 quit for the quarter, add 50% to the bonus pool (multiply by 1.5)
- 2-3 quits for the quarter and the team receives their expect bonus or 30% of the RMPP overage
- 4-5 quits and the team receives 33% of their expected bonus
- 6 or more quits, and no bonus is received.

### **An Example Bonus Scenario**

To start the year, we are assuming our ODSite revenue is \$30,000 or an RCMP of \$6,000 (This is not actual, but just used here for example). At the end of January, our ODSite revenue has topped out at \$31,000 or \$1,000 over RCMP. In February and March, that number increased by \$1,500 each month for a total increase in the first quarter, of  $\$1,000 + \$2,500 + \$4,000 = \$7,500$ .

Multiply the \$7,500 by 30% to form the bonus pool of \$2,250.

The team has not hired in the first quarter.

The team had 3 quits which means no change to the bonus of \$2,400 which will be divided equally across the team members (Support Team's choice for bonus distribution).

### **How can this team succeed?**

This is going to be an exciting year for websites and EyeCarePro as we skip from V2 and right on to V3 and a more public and standardized approach to websites. This will be explained further, but know that we will have tools to create and maintain beautiful and dynamic sites that will keep customers coming back for more.

Our old philosophy (yesterday) was to these clients more or less manage themselves (meaning, they each represent low revenue, so we are reactive rather than proactive with them). In fact, these customers are our brand and when their sites look bad, we look bad. The Support Team needs to



develop a system to audit all ODSite accounts and identify opportunities to help them have a better site. I'm not suggesting we provide SEO services, but reaching out and suggesting that they add pictures to their bios, add bios (!), rewrite their home page, add a page on a specialty, etc. will certainly send the right message and will help them become lifelong customers. Also clients who receive real services for free, feel obligated and are open to paying for additional services. Additionally, each conversation about the site allows for an upsell opportunity to ODLite or ODlingo.

Sales referrals stem naturally from this effort and our hope is that the team becomes the number one referral source for all new sales.

## SalesForce

The SalesForce Department (Aharon) will move to the next level in 2015 by moving onto bigger projects with hopefully greater impact. Our SalesForce effort is to complete one major "project" per quarter. The project must be one that is worthy of a bonus, impact the bottom line of the company, and/or seriously impact how a team or product performs. Each quarter's project needs to be approved by the Team Leads at a Team Lead meeting. Once approved, you have one quarter to complete the project and bring it to fruition.

### **How to identify a worthy project?**

Important work is required throughout the company so there is no shortage of needed automation. However, for this bonus year, the project must be

1. far-reaching
2. Worthy of a quarter's work
3. Impact the bottom line of the company or help others impact the bottom line of the company in greater ways

Ideas for a project may have one of two sources:

- Interviews with team leaders / members may identify the perfect project and of course, that Team Leader will support the effort at the Team Leader meeting where it needs to be approved.
- Research. Companies have been using SalesForce a lot longer than we have any there are many impactful projects that can be identified and applied to the work at EyeCarePro. Bringing in new ideas may be one of the better sources of innovation and because it has already been accomplished on SalesForce, may be more efficient.

### **Calculating the new bonus**

Each project has a quarterly bonus of \$750.

### **How can this team be successful?**

Step 1: Outline several projects to present to the Team Leads. Having more than one project identified may provide two quarters worth of guidance or means having at least one idea approved for the current quarter.

Step 2: Get approval!



Step 3: Work on the project. Manage time accordingly to juggle the constant demands on your time with the bonus project.

Step 4: Present the completed working project by the end of that quarter to the Team Leaders

Step 5: Get bonus approved!

## Web Managers

Our priority on keeping customers, and keeping them satisfied (and maybe even delighted) with our work, has not changed, so the current Web Manager bonus will remain in place, as currently practiced, for another year.

Changes were made at the start of the 3<sup>rd</sup> quarter so no additional changes are required.

3 person teams have a base quota of \$26,400.

2 person teams have a base quota of \$19,800

Because of the corporate bonus, we'll be taking 20% of your "above quota" fees, vs. 40% as we did this year.

Ira is the new Web Manager Team Lead and his #1 priority is on making sure that each team gets their full bonus moving forward (meaning no quits). So, you've got yourself a powerful ally in your goal to get your bonus.

### **How can this team be successful?**

We will shortly be publishing the results of our retention project and that document is chock full of ideas. This team has huge potential to make an impact on the company.

## Accounting

We continue to grow in sophistication in our Accounting, a key strategic tool in business decision-making. Accounting will now be able to earn a bonus by completing 3 Team P&Ls (Profit and Loss Statements) within 5 business days of the beginning of each month. Completion of all 3 P&Ls earn her \$100 in bonus for that month.

This is an important step because for the first time, our teams will have insight into how saving expense dollars within their department can impact the corporate goal for everyone.

Two of the three P&Ls are for the Support Team and the ODLx Team (Web Managers, Account Managers and CA's). These teams are our largest revenue and expense centers in the company. The rest of the company falls under "overhead", which will be our 3rd team P&L.

Esty has the additional requirement of presenting each P&L to the team each month. This will help the teams not only receive the P&Ls but understand them.

### **How can this team be successful?**



Accounting can be done as the month progresses, so getting a head start is recommended.

Second, I would recommend setting the P&L meeting (6<sup>th</sup> or 7<sup>th</sup> of each month) with each of the three teams now. Let's get these on the calendar so nothing competes with them.

## Social Media Department

In 2015, we are breaking Sabina out to her own team. 2015 needs to be the year of social media for EyeCarePro. We are being questioned regularly on the value of Facebook and our plans for Google+. We need to be able to answer this question with confidence knowing exactly how social media impacts our clients' new patient appointments.

We will be measuring the average number of likes across all of our ODLx clients at the start of each quarter (add up number of likes from ODLx clients Facebook pages and dividing by the number of ODLx clients = average 'likes'). The bonus goal is to increase the average number of likes per customer by 50 likes for the quarter.

### **How to calculate your bonus**

If we have 372 ODLx customers on January 1, and 75,000 likes across those customers' Facebook pages, then we have a baseline average of 202 likes per customer. On April 1 we will measure again and if the average is 252 or more, the team (Sabina) earns a \$500 bonus.

### **How can this team be successful?**

We have much work to develop our social media efforts. In the meantime, Sabina will be in close contact with the Web Managers, pointing out those campaigns that have been most successful in generating likes. Sabina will be advising the teams on what works (staff Facebook heroes campaign for example is an instant 'likes' getter and should be conducted with every client) and what doesn't work. Sabina may even create new, advanced campaigns that can help our customer base get more likes.

This is an open-ended bonus with many options on how to go about getting the bonus. This is a very important and strategic goal. If we can better explain the impact of Facebook on our marketing results, expect many, many more customers to arrive at EyeCarePro.