

The simple version goes like this:

The Source of Money

The pool of money comes from the Gross Margin of the company @ 2% of total company Gross Margin (This is a good starting point at 2%, remember you can always go up but not DOWN)

The Criteria

3 criteria must be met to have this “kick in” (you can modify these to your needs and desires)

1: 10% net growth in overall revenue

2: Overall GM has to be 48% (or decide what you want the minimum overall GM to be)

3: Minimum net profit of 5% after bonus is paid out

IF all 3 criteria are met then we divide the 2% as follows ( this can change and adjusted each year depending on the numbers of people we add)

The Distribution

60% of the 2% pool goes to the 2 Ops Managers (we divide this proportionately to their sales volume)

30% of the 2% pool goes to Mid Managers and Office Manager/ Controller ( try for proportionality)

10% of the 2% pool goes to discretionary folks like the other indirect people and possibly applied to the Foremen and crews or whoever else you pick

**Example:**

Revenue is $7,000,000 (10% increase in sales)

GM is 48% or $3,360,000

Take 2% of $3,360,000 = $67,200 would be the total bonus pool

**The Payout:**

* 60% goes to Ops Managers or $40,320
* 30% goes to Mid Managers and Office Manger/ Controller or  $20,160
* 10% goes to Discretionary or $6,720