

# Pay and Commission Structure for Sales Personnel

## *Draw*

All sales personnel whether full time or part time will be paid under the following structure.

1. All personnel are paid an hourly draw against commission. Each person will be paid an hourly draw of \$7.00 per hour for a 40-hour workweek. Overtime pay is 1½ times (\$10.50) regular pay. It will be paid for any hours worked over the regular 40 hours. Overtime pay will be paid under the following circumstances:

All of the hours worked were working hours. Paid holidays, sick leave or vacation time does not count toward accumulating regular hours towards overtime pay. You must be at the store working to be eligible for overtime pay.

## *Commission*

2. All sales personnel will be paid a commission of 10% of the net sales that you make provided that the all below listed provisions are met. There may be many “larger sales” that will not pay a percentage but rather will pay a split on gross profit. This sale will be subtracted from the weekly sales commission report, so that all other sales can be paid on percentage, while this particular sale is paid on gross profit. A sale will be either made from our current markup sheet and the commission pay will be either 8% or 10% of the sale OR the commission will not pay a percentage of sale commission but a split of gross profit.

A. The job envelope, design request, estimate sheet or invoice is mathematically correct.

B. The job envelope or invoice is at full retail or the discount does not exceed 10% on repairs, castings or any item in our “*Design & Repair*” price book

C. The sale of “products” (items that can be sold without a jeweler: Gems, Diamonds, finished jewelry, jewelry cleaner, etc.) are sold at the regular price and/or discounted up to 20%.

3. An 8% commission will be paid for the following situations:

A. Any discount over 11% and up to 20% for casting, repairs, and any item in the “*Design & Repair*” price book will reduce the sales commission to 8%.

B. The sale of “products” (items that can be sold without a jeweler: Gems, Diamonds, finished jewelry, jewelry cleaner, etc.) are sold at a discount at 21% or above, the commission will be 8%.

4. A salesperson will get the original commission amount even if the sale amount to the customer is decreased, if it occurs for any of the following reasons:

A. The price was reduced to appease the customer because our delivery was late and the lateness was totally not at fault by the salesperson who sold the item.

B. We reduced the price to appease the customer because of faulty workmanship or an item was broken and the reduction was not at fault by the salesperson that sold the item.

C. Salesperson will get 10% commission during store sponsored sales, as long as the salesperson doesn't discount greater than the store's discount. If the salesperson discounts greater than the store, then the commission is reduced to 8%.

5. The customer does not have to pay for their merchandise in “dollars” for your commission to be paid. At delivery, the customer may pay with gold or other trade in items.

6. To receive the commission, the amount paid will be based upon the net dollars collected from the customer. Commission will not be paid on sales tax, shipping or financing charges. The commission will be paid after we receive the total amount due from the customer. In essence, when the sale is rung up in the cash register and a sales commission report can be made is when the commission is eligible to be paid.

7. A **refund** will have a debit from your total sales for the period, up to 6 months from the “paid in full” date. If a refund is issued after 6 months, there will be no debit to the sales person.

An **exchange** done during the first 6 months from the time the customer has paid in full will be handled this way, weather or not it is an item from the showcase or a casting or repair.

If the original salesperson waits on the customer and the customer does an “even exchange”, then there is not “debit” to the original salesperson. If there is an additional sale, the original salesperson gets the additional sales amount only as an additional commission.

If a **different salesperson** waits on the customer, and the customer does an “even exchange”, the sale is now split 75% to the original salesperson and 25% to the 2nd or helping salesperson. This will mean that the first salesperson’s commission for the next pay period will actually be reduced for the amount equal to 25% of the original commission, while the helping salesperson now gets that 25% for helping the customer.

If the **new or “second salesperson”** increases the amount of the original sale weather it’s a wax or product sale, then the second salesperson gets the commission on the amount that exceeds the original sale amount.

8. Redo’s:

A “redo” is defined as any jobs that we have done for the customer that must be done over, in part or full by a craftsperson, whether we redo it in our shop or not. “Redo’s” will reduce the salesperson’s commission by certain percentages, based upon the amount of work that has to be redone. The reduction applies to the total commission, no matter what percentage it is. As an example, you might have a full price sale with a 10% commission or a discounted commission at 8%. It’s these dollar amounts that will be reduced.

Procedure	Reduction Amount
A. Non casting procedures, such as: incorrect ring sizing, lowering a stone’s height, incorrect engraving, incorrect placement of stones or charms.	25%
B. Completely recarving a new wax, not just further alterations.	35%
C. Recasting in metal within a six (6) month time frame an item we made for a customer. This includes remaking if an item was fabricated from metal, rather than casting with wax.	50%

9. If an item is cast or fabricated for a customer to give as a gift and the person receiving the item isn’t happy with the item, there is no debit to the salesperson when and if it is remade. There are provisions in the company’s refund policy that state that the recipient will have to pay 50% of the normal charges to have the item remade. Being as there is no debit on the redo in this instance, there will be NO commission paid to the original salesperson on the remake. If at all possible, the original salesperson will be the one to help the customer with the remake.

10. (Will start Jan 2002). Each sales person is assigned sales goals for the month and year, starting in January or whenever the employee begins employment. Whenever the salesperson reaches a cumulative net sales amount of \$200,000.00 for the calendar year, the sales person will receive an added \$500.00 bonus. When the sales person reaches \$250,000.00 in sales for the calendar year, the salesperson will receive an added bonus of \$1,000. At \$275,000.00 total sales for the calendar year; the salesperson will receive a bonus of \$1,500.00. On the first of January in the next year, all sales start at the base amount, as stated in paragraphs 1 through 9. When a sales person's monthly goal is exceeded by 20%, then that month's commission will be increased on all sales for the month by 2 percentage points. The company will not pay 2 percentage points more on sales where the sales person has been paid a split on gross profit (see 2. Commissions on page 1). This type of gross profit sale will allow the sales person to receive the 2 percentage points more on all other sales that were paid on 8% or 10% commission, just not on gross profit split sales.

### ***Splits***

11. A split sale is where two sales people are involved in a sale. The commission will be split between the two people involved. A split will be done no matter who in the company closes the sale. The president or sales manager will share in the split of a sales person if they are needed to make the sale. Rules for splits are described below.

A. If one sales person performs a "T-O" (turn over) to another person and that person closes the sale, the sale is split evenly between the two, with the commission being split 50% to each salesperson. The person who initiates the sale will receive the Bonus and it is not split, if this is applicable. (See "Bonus Sales Over \$1000.00" on the next page for details).

B. If one sales person orders items for a customer to view and another sales person show the items and sells the customer, the commission is split 75% to the original salesperson and 25% to the helping salesperson. If the customer still does not buy and returns later to purchase the original merchandise and the original sales person closes the sale, the sale is not split. If the second sales person orders different merchandise for the customer to view and a sale is made, there will be a split of 75% to the original salesperson and 25% split to the second salesperson, no matter which sales person closed the sale. In this example, if a third sales person is involved, the sale will be split in thirds.

C. The following situations do not constitute a split:

1. Writing a sales order from another sales person's estimate
2. Showing a wax for another sales person's customer, no matter what changes are made to the wax.

### **12. Increasing the original sale: Waxes:**

A. If another sales person shows a customer a wax and adds on to the sale, up to 50% of the original sale amount, the whole sale continues to go to the original sales person. The second sales person showing the wax does not get a split nor additional commission.

B. If the second sales person gets an add-on to the original sale and it exceeds 50% of the original sale amount, then the second salesperson gets the credit and therefore the commission on the entire sale above the original sale amount. The first sales person does not get any additional commission above the original sales amount.

### **13. Increasing the original sale: Products:**

A. If one sales person orders items for a customer to view and another sales person shows the items and sells the customer more than the original dollar amount intended the commission is split evenly up to the original dollar amount. Any sale above the original dollar amount goes to the second sales person. If the customer still does not buy and returns later to purchase the original merchandise and the original sales person closes the sale, the sale is not split. If the second sales person orders different merchandise for the customer to view and a sale is made, there will be a split no matter which sales person closed the sale and no matter what the dollar amount is. In this example, if a third sales person is involved, the sale will be split in thirds.

#### **14. Zero Commissions**

Each sale be a profitable one while satisfying the customer. Being profitable is our first priority. We have to satisfy the customer while making a profit, not in spite of making a profit. The shop foreman or Richard Neller will go over each and every job that comes through the shop, checking for 1) pricing, 2) condition of jewelry, 3) easily understood instructions, 4) design or repair possibilities and feasibility. This includes estimate sheets. Customers are leaving the store are to be given written design or instruction sheets in writing of what the job will cost at the end, giving detailed descriptions as to what the piece of jewelry will look like when completed.

If a designer gives to a customer anything in writing concerning pricing for repair, designing, manufacturing, or ordering items that will be assembled, that piece of information will be approved first by a shop foreman or Richard Neller. This includes backs of pieces of paper, business cards, estimate sheets, design sheets and job envelopes. If an estimate sheet is given, a copy will be given to the shop foreman or Richard Neller. Any phone pricing will have the same criteria if you are giving to a customer pricing for things that you will be handling when the customer comes into the store. You do not have to get Foreman approval when a customer asks on the phone how much to do something straight from the price book, like how much to size a ring. But if you're giving details on diamond or gem prices that must be ordered and are not in stock, prices to duplicate a missing part, or are taking a phone order for items to be delivered later or adding to or changing an in-house job, then the foreman will approve the pricing first. All job orders and repairs will be approved before the customer leaves the store. A foreman doesn't have to approve an estimate of selling an item from the showcase UNLESS it will be altered in some way, EX: installing stones, changing stones, etc. The paperwork describing what we will be doing will include pricing for the job, either completed or with some type of wording that will make easy for the customer to figure out the pricing. If weights can't be given, an estimated weight and price "per" will be given in writing. Verbal orders and promises are not acceptable. The customer "trusting" us to do the job isn't acceptable either. All paperwork should leave no doubt to the customer as what we are doing.

#### **Paperwork**

**If a customer doesn't have paper work from our store with complete instructions, and complete pricing and the customer's complaint causes us to:**

- A. Adjust the price downward to keep the customer happy based upon mispricing information and/or**

- B. The customer doesn't have a copy of what we are making and we have to remake the item or alter the item based upon their "not knowing", then:**

**>The Designers sales commission on the job will be zero. No Commission. <**

To protect yourself, it is recommended that the designer:

- A. Write out all prices and how they were arrived.  
(Ex: Diamonds, 65 points total weight at \$16.00 per point = \$1040.00.)
- B. Draw pictures of items we are making, draw layouts. Shade in two-tone areas. Write that customer knows items will tilt, turn over, be top heavy, etc.
- C. More importantly, have the customer sign the bottom of the Design sheet and the front of the envelope. Put dollar totals on the front as well as the design sheet.
- D. Give to customers our estimate sheets, have them signed by the Foreman. By giving estimate sheets that have not been approved, causes us to "honor" your pricing to the customer, when it could have been corrected while the customer was here.
- E. The Foreman must approve and initial all of this mentioned paperwork. There is no replacement for these two people. Do not go to a jeweler for approval or pricing. Do not write that no one was available as long as Richard or the Foreman is in the store, you must find us if we're in the store. However inconvenient this may cause you, it's not as much as the money we loose.
- F. If you take it upon yourself to give out paperwork to customers and not have it approved prior to the customer leaving, it is suggested that you make everything clear as a bell, written clearly, exactly spelled out, priced from the price book and have the customer sign the design sheet and sign the envelope. Have them initial areas of concern. This "completeness" may be the deciding factor that you've done your job well and won't have a deduction. This does not except you from foreman approval.
- G. Show dollar totals on the paperwork with "before" and "after" discounting, rather than "the price includes the 20%. Customers want to see HOW they received a price.

If a designer MUST draw pictures, figure prices later and get back to the customer, then the foreman's signature will show no pictures or prices and the paper work will be considered incomplete, and will have a "I/C" for incomplete written on the paperwork. When the paperwork is later completed, it may be OK'd by the foreman, but the customer must sign a copy and we must have the paperwork with the signature in or on the envelope.

If the paperwork must be started with incomplete instructions or pricing, then the foreman or will sign or initial the paperwork and notate it "IC" or "I/C" as incomplete. At a later date when the paperwork is now complete AND the customer has signed the "further filled in" or "newly completed" instructions, then the Forman will sign or initial the paperwork with "100%" along with their initials or signature.

***If the envelope is signed by the customer and the foreman has signed it as "100%" complete, then any problems that arise from the sale will not delete the designer's commission. Other commission rules may apply, but the commission will not be voided out.***

### Ordering

All ordering is to be done by the admin office staff. If a designer orders an item on their own by contacting the vendor and we cannot obtain our markup from our markup sheet OR the item ordered by the designer is incorrect and we must put forth extra effort to make an item work,

**Then the designer's commission will be voided and the commission will be zero dollars.**

It is suggested that if you think it is better to call or order items on your own, that you check with the feasibility of the total job with the Foreman before you: A) Give estimates and paperwork to the customer b) Give pricing to the customer. To protect yourself, you should allow the admin department to do all ordering. This will not eliminate all problems as described for the store, but it will help. If you have to order on your own, after getting all pertinent information, you could have the foreman initial the JOR and then this would not delete your commission if there is a problem.

**Just because you tell the foreman that "I've checked everything over and I know it's correct" and then ask either of us to approve any paperwork does not require us to approve the paperwork. This is for all of the mentioned items on this addendum.**

**When and only when the foreman or Richard Neller is satisfied with the paperwork is it to be approved.** We may ask to see catalog pictures to be sure that the item ordered will work, or is appropriate, or is the right size for the stone. We may want to know how your pricing was decided and what markup you used.

### Pricing from the price book

We have in our store a 300 page price book to help you do your job more efficiently. Guessing prices is not recommended, unless you can memorize the prices. When you guess wrong and contact the customer later, that makes the company look bad in the customer's eyes. The shop Foreman cannot check each price you write prior to approval, but **you** can.

You should: A) Quote and write prices from the price book and B) Quote the correct procedure price. Examples of past problems:

1. Prior to 1994, we charged one price for a two color casting. Today we charge based upon the number of pieces being casted, regardless of color. Prior to 1994, 3 pieces casted in yellow gold and white gold would have a wax alteration price of \$100.00 as it was only two colors. Today that is a 3 piece casting and has a wax alteration price of \$145.00.

2. A fingermate catch repair is listed as \$75.00 Plus Postage. It is not a hinge repair at \$50.00.

3. A full prong is not a tip.

4. A tiffany style head with the diamond set low is not a low base head. It is a tiffany head set low in the prongs.

5. Florentining 100% around a ring is not priced at half way round the ring because the ring is narrow.

Full retail pricing is our goal. Our commission rules allow you to discount some items. Mispricing lowers your commissions. You are allowed to discount prices from our price book no more than 20%, as mentioned in the commission rules.

**If a sales person's pricing is incorrect and it is listed in our price book and the price is incorrect in a negative fashion by 21% or over, before any discounting, then the commission on this sale will be zero. No Commission. The customer will not be contacted to raise the price.**

15. Commissions will be paid as long as you are employed at Artisans Jewelers, d.b.a. "Jewelry Artisans". If you are no longer employed with our firm, your last paycheck will reflect any sales paid in full during your last week of employment.

16. Vacation, sick and holiday pay will be calculated as follows:

A. Sales personnel with less than six months tenure will be paid based upon their hourly wage.

B. Sales personnel with over six months of tenure will be paid based upon the average weekly pay for the period twelve months prior to the approved leave time.

17. When a newly hired full time sales person, with less than six months tenure has a draw total in excess of earned commissions of \$2000.00, the employee will be counseled. If improvement is not seen within sixty days of date of counseling, disciplinary action will be taken, up to and including termination. Improvement is defined as not having a draw in excess of commission

18. Sales persons with tenure over six months who have a draw total in excess of earned commissions of \$1500.00, the employee will be counseled. . If improvement is not seen within sixty days of date of counseling, disciplinary action will be taken, up to and including termination. Improvement is defined as not having a draw in excess of commission.

19. Rules and regulations concerning the commission, draw, and bonus policies are subject to change. Any changes will be given to you in writing. Where you may read "foreman", that may also include "Richard Neller".

20. This commission structure is effective as of October 17, 2001

I have read the rules and regulations involving my pay scale.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Witness

Date\_\_\_\_\_

Date\_\_\_\_\_

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