

RE: New Pay Plan proposed to Executive Team

Good Evening everyone,

Been working on a new sales pay plan that I want to implement soon. Over the past couple NADA classes, we have discussed various ways to attract new candidates into our field. We talked in depth this last class about the millennial generation and how they will impact the sales force in the next couple years, comprising almost 75% of the workforce in the next 3 years. Having a structured plan, and plan for advancement is paramount to not only millennials but I believe, in anyone we higher in general. People want to know what to expect, both financially and growth wise. I believe with our current pay plan, there is a lot gray area, with us relying heavily on the fact that we pay them \$800 to show up and the opportunity to make \$100,000+ per year. Currently, the expectation is a minimum of 55 clocked hours, which in many instances is usually more than that. By only paying \$800 a month to a new employee, we put them into a pressure situation to start selling cars as quickly as they can pass the OEM tests, because most folks can't survive off \$800 a month.

I have restructured plan to include a 30k annual base salary, and then a flat based bonus program. Smaller incremental bonus levels to help drive them to leave it all on the field. But as it is laid out, they can see black and white what they can make, at a minimum, if they achieve these levels. While I understand this is change in mentally, shifting from a gross pay plan, fundamentally in our organization our managers are accountable for creating the gross. A significant change work be reduction of clocked hours for personnel, somewhere between 40-45hrs. With increased quality of life, I am certain this would lead to improved moral company-wide and would reflect in production while at work. This would lead to higher customer satisfaction, as we all know, this is a direct correlation to employee attitude. I would propose that we give employees the option to stay with old plan, as AutoNation did, and anyone that was entering into the business be placed on new plan. The hours alone would probably sway quite a few current sales consultants from other dealerships. But it's a tough pitch to some people we are trying to get into the business to go to a strictly commission profession. I have completely re-written the pay plan, job description, changed personnel's job title, expectations/standards and included a sample career path for folks we higher. I will be working on a structured training program that will be laid out over a month's time, including spending time in each of our departments, phone training, OEM training, KPA training, and shadowing a trainer for 2 weeks. Realistically, someone fresh should not be talking to a customer for the first month. Though our minimum standard is 8 units per month, I have added a bottom 20% rule, for employees who are doing the bare minimum consecutive quarters without improvement, leaving us the opportunity to separate. Bonuses would not begin until 10th unit is sold.

I have attached the last 8 months of commission payouts for Lewes and Georgetown, for everyone who sold cars during this period. The old pay plan includes the current salary and commissions and the new pay plan includes \$2500 salary and flat bonuses off the number of units sold. If everyone was on the new pay plan, we would save a bit of money over the course of 8 months. We would just be changing how we allocate the pay on the statement.

I am excited and confident that this plan would bring us more qualified folks and help with retention. Any feedback would be greatly appreciated, hope everyone has (had) a nice weekend.

Cheers!

Ryan