

EDP in Class

Sales Management Assignment

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What do you need to prepare today?

1. Determine the **2019 goals** for Branch Managers or Commercial Relationship Officers based on your team assignment
2. Determine the **base level of performance** for each position **before they begin to earn incentive** (add 15% to their goals)
3. Take the allocated incentive dollars for Retail or Commercial and determine **how much you want to pay out for each product or service** you wish to incent. How will you determine this? (look at product profitability and bank priorities for your group)
4. **Design a performance scorecard** for each position using your 2018 goals as the starting point
 1. Determine the 2-3 key performance areas and then the sub-sections under each. Try to limit your goals to no more than 7 per position
 2. Review the attached Performance Scorecards and Matrix and attempt to create one for your assigned position
 3. Do you want to include sales or service protocols in your scorecard? Issue of measuring activities or results – discuss
5. **Design the incentive program** for your assigned position to include:
 1. The payout factor for each incentive element – linking performance to a specific payout number
 2. Will you have a CAP and/or Holdbacks? If so, how long a period for your holdback?
 3. What is the ideal total compensation mix of base salary and incentive for each position?
 4. How often do you want to calculate and pay incentive?
6. Discuss the concept of a "**performance modifier**" and will you apply it to your example? What are its benefits?
7. Will you use **campaigns** during the year to support and drive your scorecard and incentive goals? If so, how?
8. Will you incorporate a **Recognition and Reward program** to support scorecard and incentive goals?
9. Understand the importance of why your scorecards, incentive plans, and recognition & reward programs, and campaigns need to be **linked together**
10. Determine what **assistance you will need from your business partners** to support your scorecard and incentive design
11. Discuss your results

2019 goals - worksheet

| | Existing | Expected | Expected | 2018 | Goals divide | | 2018 goals |
|---------------------------------|-------------|----------|----------|------|--------------|---------|-------------|
| | Totals | Runoff | Growth | Goal | by # of | add 15% | by position |
| Category | | | | | positions | | |
| Loans | | | | | | | |
| Consumer | 100,000,000 | 10% | 10% | | | | |
| Small Business | 100,000,000 | 10% | 10% | | | | |
| C&I | 350,000,000 | 10% | 10% | | | | |
| CRE | 230,000,000 | 10% | 10% | | | | |
| Deposits | | | | | | | |
| Checking | 100,000,000 | 0% | 10% | | | | |
| MMDA | 450,000,000 | 0% | 10% | | | | |
| Savings | 80,000,000 | 0% | flat | | | | |
| CDs | 150,000,000 | 15% | flat | | | | |
| Brokered and FHLB deposits | 10,000,000 | | flat | | | | |
| | | | | | | | |
| Service Scores | 90 | | | 93 | | | |
| Sales per branch per day | 2.5 | | | 4.4 | | | |
| # of checking accounts | 15,000 | 1,500 | 1,500 | | | | |
| business | 2,500 | | | | | | |
| personal | 12,500 | | | | | | |
| Non-Interest Income | 10,000,000 | | 15% | | | | |
| service charges on deposits | 800,000 | | | | | | |
| loan fees | | | | | | | |

Production and Incentive worksheet

| | | Base Salary | Production | | | | | |
|----------------------------|----------------------|-------------------|---------------|---------------------|-------------------|---------------------|--------------|--------------------|
| Retail Banking | DDA | MMDA | CD | Cons Loans | Sm Bus Lns | net DDA | Shops | Sales p/day |
| Branch manager | | | | | | | | |
| | | | | | | | | |
| Commercial Banking | C&I loans | CRE loans | DDA | MMDA | Fee income | Loan quality | | |
| Commercial lenders | | | | | | | | |
| | | | | | | | | |
| | | Incentive | Basket | Calculations | | | | |
| | Annual | Quarterly | | | | | | |
| | Allocation | Allocation | | | | | | |
| Retail Banking | 400,000 | 100,000 | | | | | | |
| Loans | | | | | | | | |
| Consumer | | | | | | | | |
| Small Business | | | | | | | | |
| Deposits | | | | | | | | |
| DDA | | | | | | | | |
| MMDA | | | | | | | | |
| CDs | | | | | | | | |
| Savings | | | | | | | | |
| Non-Interest Income | | | | | | | | |
| Service Scores | | | | | | | | |
| # of new DDA | | | | | | | | |
| Sales Per day | | | | | | | | |

Incentive Bucket Calculations for RMs

| | Annual | Quarterly | | | | | |
|---------------------|------------|------------|--|--|--|--|--|
| | Allocation | Allocation | | | | | |
| Commercial Lending | 225,000 | 56,250 | | | | | |
| Loans | | | | | | | |
| C&I | | | | | | | |
| CRE | | | | | | | |
| Deposits | | | | | | | |
| DDA | | | | | | | |
| MMDA | | | | | | | |
| Non-Interest Income | | | | | | | |
| Loans fees | | | | | | | |
| Other | | | | | | | |
| Loan quality | | | | | | | |
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EDP – in Class Assignment

| Retail Banking Scorecards | | | | |
|---|--|--|---|---|
| | Manager | Assistant Manager | PB | Client Specialist |
| Sales | 60% | 30% | 65% | 35% |
| | Loan Originations - 10% | Loan Originations - 7% | Loan Originations - 10% | Loan Originations - 7% |
| | Deposit Growth - 25% | Deposit Growth - 15% | Deposit Growth - 25% | Deposit Growth - 15% |
| | CBB Sales Results - 10% | Sales per FTE per day - 8% | CBB Sales Results - 10% | Sales per FTE per day - 13% |
| | Personal Sales Results - 10% | | Personal Sales Results - 15% | |
| | Investment Sales - 5% | | Investment Sales - 5% | |
| Service | 25% | 30% | 25% | 35% |
| | Net DDA / 20 New Accts per FTE - 15% | Net DDA / 20 New Accts per FTE - 10% | Net DDA / 20 New Accts per FTE - 15% | Net DDA / 20 New Accts per FTE - 15% |
| | Shops - 10% | Shops - 20% | Shops - 10% | Shops - 20% |
| Leadership/ Operational Excellence | 15% | 40% | 10% | 30% |
| | Sales/Service/Leadership & Employee Development - 15% | Sales/Service/Leadership & Employee Development - 15% | Sales/Service Behaviors/ Best Banker - 10% | Sales/Service Behaviors/ Best Banker - 20% |
| | | Audit Results - 15% | | Assist AM and Mgr - 10% |
| | | OPS Losses - 5% | | |
| | | Teller Differences - 5% | | |
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| Sales | 30% | 30% | | |
| | Loan Originations - 7% | Loan Originations - 7% | | |
| | Deposit Growth - 15% | Deposit Growth - 15% | | |
| | Sales per FTE per day - 8% | Sales per FTE per day - 8% | | |
| Service | 30% | 30% | | |
| | Net DDA / 20 New Accts per FTE - 10% | Net DDA / 20 New Accts per FTE - 10% | | |
| | Shop Scores - 20% | Shop Scores - 20% | | |
| Leadership/ Operational Excellence | 40% | 40% | | |
| | Personal Development - 5% | Personal Development - 10% | | |
| | Sales/Service Behaviors/ Best Banker - 15% | Sales/Service Behaviors/ Best Banker - 10% | | |
| | Assist AM and Mgr - 7% | Assist Mgr and AM - 5% | | |
| | Audit Results - 6% | Balancing - 10% | | |
| | Balancing - 7% | OPS Losses - 5% | | |

EDP – in Class Assignment

Retail Banking Matrix – Banking Center Manager

Sales

Loan Originations – 20%

>\$1.25mm = 18-20 points
\$850m-<\$1.25mm = 16-17.9 points
\$700m-\$849m = 14-15.9 points
\$600m-\$699 = 13-13.9 points
<\$600m = 0 points

Deposit Growth – 25%

>\$1.25mm = 22.5-25 points
\$1mm-\$1.24mm = 20-24.9 points
\$750m-\$999m = 17.5-19.9 points
\$500m-\$749m = 16.25-17.49 points
<\$500m = 0 points

Personal Sales Results – 15%

3.25 sales p/day = 13.5-15 points
3-3.24 sales p/day = 12-13.49 points
2.75-2.99 sales p/day = 10.5-11.99 pts
2.5-2.74 sales p/day = 9.75-10.49 points
<2.5 sales p/day = 0 points

Service

Net DDA – 5%

20% growth = 4.5-5 points
15%-<20% = 4-4.49 points
10%-14.9% = 3.5-3.9 points
7%-9.9% = 3.25-3.49 points
<7% = 0 points

CD Retention – 10%

85% or more = 10 points
80-84% = 8-8.9 points
77-79% = 7.7.9 points
74-76% = 6.5-6.9 points
<74% = 0 points

Service Scores – 5%

95%-100% = 4.5-5 points
90-94% = 4-4.49 points
85-89% = 3.5-3.99 points
80-84% = 3.25-3.49 points
<80 = 0 points

Leadership/Op Excellence

Ops losses/teller Differences – 2%

<100% = 2 points
>100% = 0 points

Audit Results – 5%

90-100 = 4.5-5 points
85-89 = 4-4.49 points
80-84 = 3.5-3.9 points
75-79 = 3.25-3.89 points
<74 = 0 points

Sales Management – 5%

subjective

Service Management – 3%

subjective

Employee Development – 5%

Coaching, mentoring & development of your employees. Communicating change effectively. Developmental plans in place for all employees.

EDP – in Class Assignment – Alignment of Employee Focus

Scorecard

- Categories
- Goals
- % weighting

Incentives

- Categories
- Payout vs. Base Salary
- % weighting

Recognition/Reward Programs

- Categories
- Cash/Trips/value
- % weighting