

# 3 Tips for Effective 2024 Planning

A roundtable discussion for the NSCA community

December 2023

Sponsored by:

**exertis** | ALMO  
**SONY**

Hosted by:

Mike Abernathy – Director of Business Resources, NSCA

## A Word From Exertis Almo



# What's the Game Plan?

- Loose Format
- Discussion of 3 Tips for Effective Planning in 2024
  - Look at how to structure your sales compensation for RMR growth.
  - How to leverage NSCA's Financial Leadership 101 document – 24 metrics for integrators to monitor.
  - Choosing the right partners – Vendors and Customers
- Group discussion throughout
- Roughly 45 minutes

*Please make sure to speak up and join in on topics during the breakout sessions*

# Meet the Panel



**Karen Castaño**  
Exertis-Almo

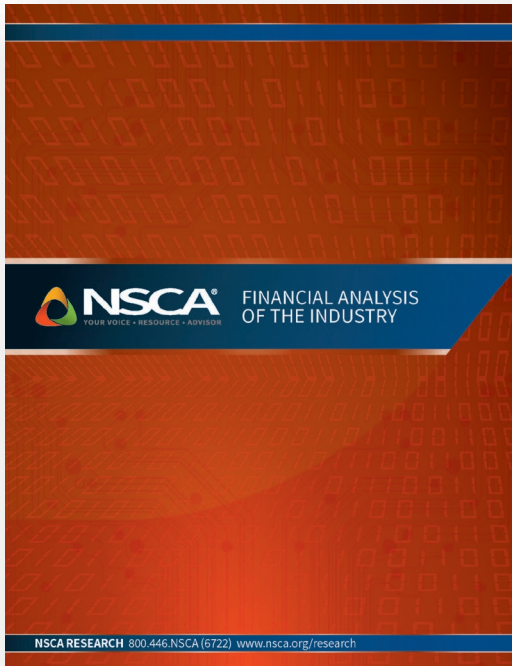


**Jason Young**  
Sony Professional  
Display Solutions



# Financial Leadership

- 24-metrics for Integrators to monitor
  - Why is this metric important?
- Examples:
  - Revenue per employee - \$262k
  - Total payroll needs to be < \_\_\_\_ % of revenue and 30% less than Top GM
  - Productivity should be at 85% utilization prior to approval of unbilled OT or additional staffing
- Add to your dashboard
- Reference NSCA's Financial Analysis



## Financial Leadership 101 for Systems Integrators 24 metrics to know when you have P&L responsibilities... and WHY!

Note: Percentages left blank are to be filled in once your specific business model is defined and should be based on a timeframe of when you were "at your best". This checklist is a teaching tool and not intended to be used to establish rates for labor or margins for project pricing.

- 1) Proposals generated per month should be \_\_\_\_% the average trailing 12-month revenue. --  
Why: First we must remind ourselves that measuring the sheer number of proposals could drive bad behavior. Yet, the leading indicator to fill the pipeline is to generate activity. The efficiency rating of quoted to won projects and average value of proposals, what is being proposed, ratio of hours to equipment should be an area of focus. We can measure who is efficient at quoting, are we quoting the right things. This metric should be focused to quote less and win more. Over time you can correlate your bid rate dollars with your capture rate dollars. Capture rate gains and slippage should be an ongoing metric.
- 2) New project revenue booked should be \_\_\_\_% the average trailing 12-month revenue. --  
Why: There needs to be a metric aligned with the company goal/yearly budget on bookings that gives the person a sense for how the pipeline is feeding the upcoming budget/forecast. This metric will allow you to know what it (if you are light or heavy) will do to the upcoming months' P&L revenue. This is key so you can put pressure on driving more bookings or increasing margins if you are booking like crazy and the schedule indicates that you will be overly busy. Watch the delta in new monthly bookings, not the just the amount of new booking. You need to be alert for the delta trend. Growing too fast or declining too rapidly can spell problems.
- 3) Revenue per employee should be +/- \$250,000 and staffing levels should be based upon this metric. --  
Why: First the makeup of your business will determine the right number to set as a key health indicator. Each company is different in the makeup of internal vs. outsourced labor usage. The level of managed services revenue will lower the number, the amount of outsourcing or use of sub-contractors will increase the number (i.e., if you sub out all cable work then you are going to have revenue from that work but no headcount to do it). If you provide internal labor for every aspect of the project your headcount for all that revenue will be far different from your peers who sub that work out to others. Finding the right number is key and managing to that is a key dashboard metric. This should be an internal year-over-year comparison, as well as a comparison to industry indexes. Maintain separate indexes for different lines of revenue, such as T&M service dispatch revenue versus new construction.
- 4) Productivity should be at 85% utilization prior to approval of unbilled OT or additional staffing added. --  
Why: This is a must have. We need to set the expected utilization by job role (some will have higher expectations than others) and then track and monitor where you are over/under to manage staffing levels. This is a great indicator of company health and very useful for setting trigger points for when additional staff is required. This too should be an internal year-over-year comparison, as well as a comparison to industry indexes. Maintain separate indexes for different lines of revenue, locations, and business units.
- 5) Non-Itemized misc. parts, hardware, contingencies/total revenue needs to be priced into projects be >1% (or higher). --  
Why: Having a % in mind is good to try and capture on the quoting side of the house and part of managing the design and engineering department. More important though is measuring that figure on the back-end to see if you are in line or need to adjust to be competitive/make money (i.e. is the actual number usually 0.5% or 2%?) Measure the historical miscellaneous costs each year to update your percentage used for bidding.

# Structuring your Sales Compensation for RMR Growth

## Structuring your Sales Compensation Plans for RMR Growth

Building a sales compensation plan that rewards sellers for driving recurring revenue are essential to growing your managed service platform. Yet, many integrators have not made changes that create enough rewards for the sales team. A high-performing sales team member will look at their compensation plans and focus on areas that give them the most reward for their efforts.

The effort to drive your managed service platform must be considered when building a compensation plan. Many integrators pay similar or less commission per revenue dollar for managed services, even though the managed services produce almost double the amount of margin and create nearly 3x more value for your integration organization.

Let's consider the illustration below for an average managed service contract at \$20,000 per year at a 55% margin over the contract's life.

This illustration is an example commission structure for an RMR-driven organization. There are a couple of critical components to consider:

Managed Service Commission Payout Example

| Average contract of 20K/year @ 55% margin   | Revenue       | Margin       | Booking Commission (7% of 1st year booked Margin) | Ongoing Payout (2% of recognized MS revenue) |
|---|---------------|--------------|---|--|
| Year 1                                      | \$ 20,000.00  | \$ 11,000.00 | \$ 770.00   | \$ 400.00                                    |
| Year 2 (5% Escalation)                      | \$ 21,000.00  | \$ 11,550.00 | \$ 0  | \$ 420.00                                    |
| Year 3 (5% Escalation)                      | \$ 22,050.00  | \$ 12,127.50 | \$ 0  | \$ 441.00                                    |
| <b>Total Commission Paid over 3 years</b>   |               |              |   |  |
| Total 3 year Contract numbers               | \$ 63,050.00  | \$ 34,677.50 | \$ 770.00   | \$ 2,031.00                                  |
| Total Margin after commission               |               | \$ 32,946.50 |   |  |
| Commission % of Revenue                     | 3.22%         |              |   |  |
| <b>Renewal Event for 3 additional years</b> |               |              |   |  |
| Year 4 (5% Escalation)                      | \$ 23,152.50  | \$ 12,733.88 | \$ 0  | \$ 463.05                                    |
| Year 5 (5% Escalation)                      | \$ 24,310.13  | \$ 13,370.57 | \$ 0  | \$ 486.20                                    |
| Year 6 (5% Escalation)                      | \$ 25,525.63  | \$ 14,039.10 | \$ 0  | \$ 510.51                                    |
| <b>Total Commission Paid over 6 years</b>   |               |              |   |  |
| Total 6 year Contract numbers               | \$ 136,038.26 | \$ 74,821.04 | \$ 770.00   | \$ 3,490.77                                  |
| Total Margin after commission               |               | \$ 71,330.28 |   |  |
| Commission % of Revenue                     | 2.57%         |              |   |  |

- Sales comp is a big hurdle in growing RMR
- High-performing sellers will focus greatest reward
- Integrators pay similar or less commission
- Booking Commission
  - Front end rewards for seller
- Recognized Revenue Commission
- Comparison Project VS Managed Service Commission
- Different Types of Comp Plans to Consider by sales role
- Other Considerations When Planning RMR Comp Plan

## Choosing the Right Partnerships for 2024

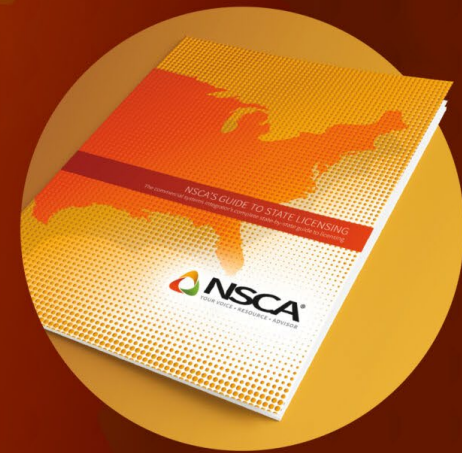


- Vendor Scorecard
  - Weighted Scale
  - Ability to Deliver on Time
  - Channel Friendly
  - Competitive Pricing
  - Financially Viable
- NSCA Project Simulator
  - Ensuring projects are profitable
  - Determine billing rate
- Go-No-Go Matrix
  - Relationships
  - Products & Services
  - Competition
  - Award
  - Instinct

## Guide to State Licensing

All the licensing information you need  
for each U.S. state—all in one place.

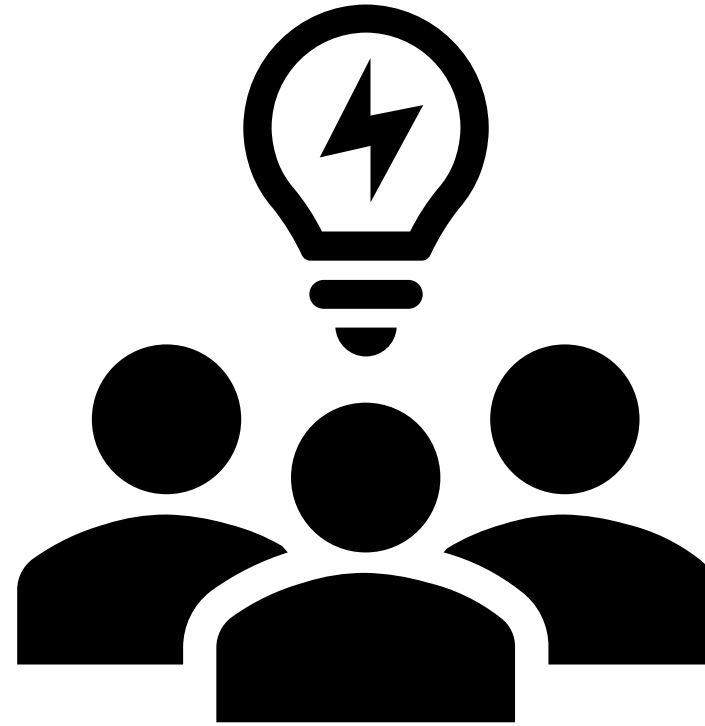
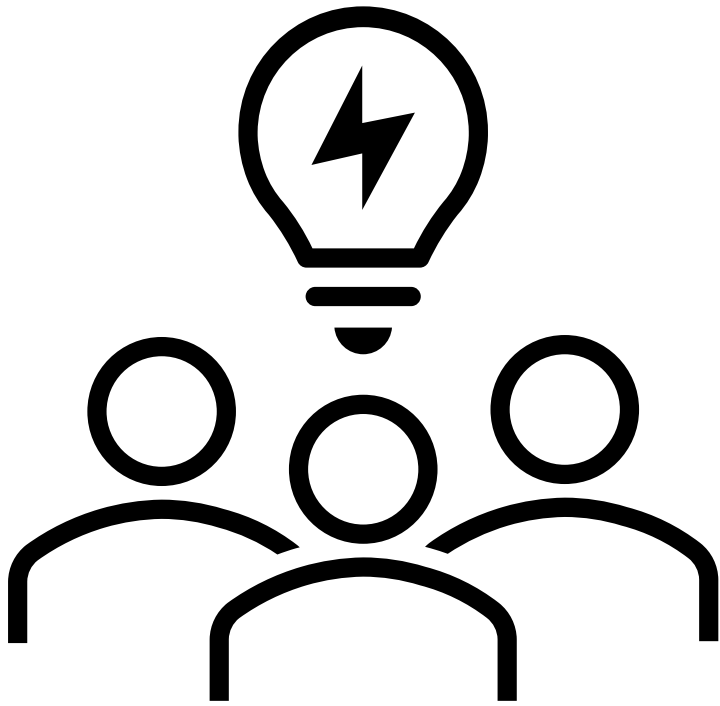
*The Guide to State Licensing features a comprehensive  
overview of the licensing requirements and state codes  
for all 50 states.*



Download  
**NOW!**



# Breakout Discussion





## Let's Recap:

- Structuring your Sales Compensation for RMR Growth
- Financial 101 and Financial Analysis of the Industry
- Vendor Scorecard, Project Simulator, Go-No-Go

**Your Trade Association. Your Community.**

## A Word from Sony

SONY

# REGISTER TODAY!



## What the Best Integrators Are Doing Next



Business & Leadership  
**CONFERENCE**

FEB. 27-29, 2024 • LAS COLINAS RESORT • IRVING, TX







*Maximize Business Success with CI & NSCA!*



## **2024 State of the Industry Webinar**

January 17, 2024

11:00am CT



# Thanks to our Sponsors!

**exertis** | ALMO

**SONY**

*Questions? Feel free to reach out to:*

Mike Abernathy  
[mabernathy@nsca.org](mailto:mabernathy@nsca.org)

**Or**

Max Johnson  
[mjohnson@nsca.org](mailto:mjohnson@nsca.org)