<u>**New Monthly Manager Incentive**</u>

Overview: The goal of this incentive is to:
1. Allow you all to become "true" managers. This is a concise summary of the important areas to focus on.
2. Ensure managers have a way to earn more for a job consistently well done.
3. Incentivize based on easily tracked, measured, and available information. There should be no "guesswork" involved.

Preface: I want to be clear that we're not making *more $* as time goes on (year over year) – as a whole we're flat. While the Portal "Total In-Store Sales" number may be large, the average repair price has increased proportionally with parts cost (as well as the implementation of additional "clawback" measures). The average number of work orders created by store did not grow in 2023.

That is not meant as a reflection on any specific store or person's effort or to say that we're doing "bad". I want to get the point across that the revamped accessory incentive **and** this incentive are designed to get more $ to **THE STAFF**. At the goal amounts outlined below, if every store hit incentive every month, after both incentive payouts, royalty, and COGS, the stores would [likely] be running more efficiently, but the lion's share of that increase would be going to you guys.

Basis for Incentive: The report used to determine eligibility will be the Franchise Daily Dashboard in Power BI. The migration to 365 is scheduled to be completed by 3/22/24, so by the end of March you should all have personal access. In the meantime, or if there are complications, I can send a screenshot of this report to any of you over Slack – just ask.

Incentive Gate: Google Reviews must be within the Yellow (>= 4.6) range for the month to be eligible for this incentive. If a customer changes their review at a later time, I will opt in the store's favor, so using Portal > Feedback and contacting poor reviews is in your best interest.

Incentive Qualifiers: "Yellow" in the five (5) categories to the left of the Franchise Daily Dashboard for month end. An explanation of each category is below. Note: The "How to achieve goal" are not the *only* ways to achieve said goal, it is simply what I would consider the easiest way. Note, I tried *not* to repeat the possible ways to meet goals, even though many of these practices would overlap.

1. <u>**OOW Drop-offs**</u>

   Why does this matter? There is a higher $ per repair on OOW. Positive Google Reviews and positive OOW customer experience is also what drives the business to grow. OOW, especially multi day, keeps everyone active. We **cannot** survive on *only* Asurion iPhones.

   Qualifier for bonus: Yellow (>= 80% of goal).

   How to achieve goal:
   1. Leads: Contact leads and *actually* try to get them in-store. At minimum, send follow-up SMS for "Missed Appointments".
   2. Phone Calls: Giving customer price and turnaround and simply hanging up will *not* get you there. Mentioning price match guarantee, offering more accommodating turnaround on days that is easy to meet
   3. Close opportunities. Giving away a screen protector or knocking $5-$10 off a repair to get the repair in the door when your store is slow **is** helpful.
   4. Let me know if there is a significant pricing issue on any specific repairs.
   5. Technical proficiency. Techs should be well rounded, not everyone can be a dedicated Asurion iPhone tech.

Note: OOW Rev Bearing Rate and OOW Rev Per Repair eliminate possibility for just creating and closing as many OOW WO's as necessary to achieve this goal.

2. <u>Total Revenue</u>

Why does this matter? It's the overall $ a store generates. This is a *very* important number.

Qualifier for bonus: Yellow (>= 80% of goal).

How to achieve goal: Every person that enters the store has the chance to grow this number.
   1. Maximize opportunities for revenue same as the OOW Drop-offs above.
   2. Minimizing $0 WO's through use of advanced diagnostic fee, accessories, and Home+
   3. *Correctly* completing Update Today's, so customers come pick and up and pay for their repair in a timely manner.

3. <u>Non-Repair Revenue</u>

Why does this matter? This is high margin and low labor time investment. This is just "free" $ on top the repair revenue. Overall drop offs per store are not increasing year over year, and this is our biggest area of improvement.

Qualifier for bonus: Yellow (>= 80% of goal).

How to achieve goal:
   1. Offer accessories and Home+ at check-in.
   2. Ensure whoever is doing check-ins is offering accessories and Home+. If they are not, put someone up there who will, and let them earn the increased incentives.
   3. During the RFP call, offer some type of screen protection, and have it ready when they arrive.
   4. If *everyone* in-store is *truly* trying and unsuccessful then discuss new / different accessories with me. This may also mean you need new personnel.

Note: These sales contribute to Total Revenue and Gross Margin Rate making those goals much easier when this category is in the green.

Note: A minimum number of Home+ per store is *not required* now, but *may* be inevitable. Asurion has Home+ sales written into the Franchise Agreement, so if they start to push, then this incentive will need to change – as it is a reflection of overall store "doing the right things"

4. <u>Controllable Write-offs</u>

Why does this matter? This is **pure** loss. If you guys don't have this under control by now, then we should figure it out sooner rather than later.

Qualifier for bonus: Yellow (99%-80% of goal).

How to achieve goal: Do buybacks and RMA's in a timely manner. Ensure a system is in place to properly adjusting inventory, so each inventory count does not have +100 variance.

Note: In cases of new hires, during their initial 60-days, I will be *somewhat* lenient on this area.

Note: There will *some* provision for "delaying" the marking of parts as broken, adjusted / deleted to qualify for the incentive for one month and "take the hit" on the next month. TBD.

5. **Gross Margin Rate**

Why does this matter? We do not want to be a "phone repair sweatshop". The "small margin, big volume" is only sustainable on a large scale, and we are not Amazon or Walmart, especially given the high fixed cost of parts.

Qualifier for bonus: Yellow (58.5% >=).

How to achieve goal:
1. Don't give things away for free.
2. Advanced Diagnostic Troubleshooting and Home+ are considered 100% margin.
3. Accessories are ~80% margin.
4. Make sure techs are verifying line-item pricing in Portal. Notify me if any SKU is inaccurate.
5. Buybacks credit is included, so send back iPhone screens that are piling up.

Note: I would like this to be green (61.5%) long term, but at yellow you have flexibility to meet OOW drop offs an total revenue and then focus on margin
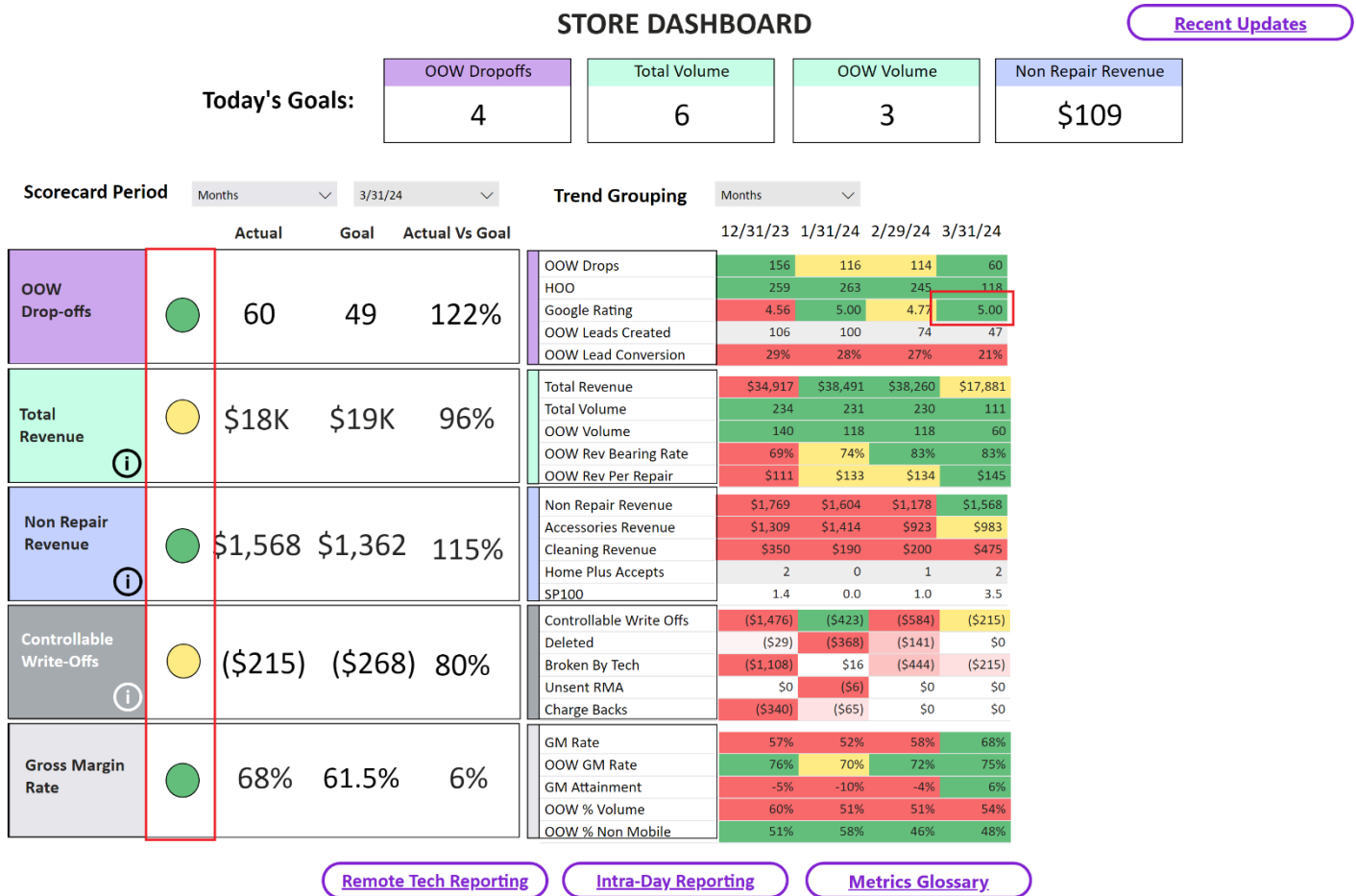
Monthly Payout

Paid on the second pay period of the following month (i.e. same as all other incentives).

- Store Manager: $500
- Assistant Manager: $250

Franchise Daily Dashboard Example

STORE DASHBOARD

Recent Updates

Today's Goals:

OOW Dropoffs	Total Volume	OOW Volume	Non Repair Revenue
4	6	3	$109

Scorecard Period Months ▾ 3/31/24 ▾   **Trend Grouping** Months ▾

		Actual	Goal	Actual Vs Goal			12/31/23	1/31/24	2/29/24	3/31/24
OOW Drop-offs	🟢	60	49	122%		OOW Drops	156	116	114	60
						HOO	259	263	245	118
						Google Rating	4.56	5.00	4.77	5.00
						OOW Leads Created	106	100	74	47
						OOW Lead Conversion	29%	28%	27%	21%
Total Revenue ⓘ	🟡	$18K	$19K	96%		Total Revenue	$34,917	$38,491	$38,260	$17,881
						Total Volume	234	231	230	111
						OOW Volume	140	118	118	60
						OOW Rev Bearing Rate	69%	74%	83%	83%
						OOW Rev Per Repair	$111	$133	$134	$145
Non Repair Revenue ⓘ	🟢	$1,568	$1,362	115%		Non Repair Revenue	$1,769	$1,604	$1,178	$1,568
						Accessories Revenue	$1,309	$1,414	$923	$983
						Cleaning Revenue	$350	$190	$200	$475
						Home Plus Accepts	2	0	1	2
						SP100	1.4	0.0	1.0	3.5
Controllable Write-Offs ⓘ	🟡	($215)	($268)	80%		Controllable Write Offs	($1,476)	($423)	($584)	($215)
						Deleted	($29)	($368)	($141)	$0
						Broken By Tech	($1,108)	$16	($444)	($215)
						Unsent RMA	$0	($6)	$0	$0
						Charge Backs	($340)	($65)	$0	$0
Gross Margin Rate	🟢	68%	61.5%	6%		GM Rate	57%	52%	58%	68%
						OOW GM Rate	76%	70%	72%	75%
						GM Attainment	-5%	-10%	-4%	6%
						OOW % Volume	60%	51%	51%	54%
						OOW % Non Mobile	51%	58%	46%	48%

Remote Tech Reporting   Intra-Day Reporting   Metrics Glossary

This is just an example of a store that would qualify for the incentive for March, if the month ended today.

Franchise Daily Dashboard Glossary

OOW Drop Offs		
Name	**Definition**	**Color Coding**
OOW Drops	Count of out of warranty workorders created in the period	Green: 100% Goal, Yellow: >= 80% Goal, Red: < 80%
HOO	Count of portal set hours of operation for the period Google Rating	None
OOW Leads Created	Count of leads created in the period	Green: >= 4.8, Yellow: >= 4.6, Red: < 4.6
OOW Drops	Count of out of warranty workorders created in the period	None
OOW Lead Conversion	Count of leads converted in the period divided by all OOW leads created	Green: >= 38%, Yellow: >= 31%, Red: < 31%

Total Revenue		
Name	**Definition**	**Color Coding**
Total Revenue	Sum of all revenue for the period	Green: 100% Goal, Yellow: >= 80% Goal, Red: < 80%
Total Volume	Count of all workorders completed in the period	Green: 100% Goal, Yellow: >= 80% Goal, Red: < 80%
OOW Volume	Count of out of warranty workorders completed in the period	Green: 100% Goal, Yellow: >= 80% Goal, Red: < 80%
OOW Rev Bearing Rate	Count of workorders greater than $0 revenue, divided by total volume	Green: >= 80%, Yellow: >= 70%, Red: < 70%
OOW Rev Per Repair	OOW revenue total divided by OOW Volume	Green: >= $135, Yellow: >= $115, Red: < $115

Non Repair Revenue		
Name	**Definition**	**Color Coding**
Non Repair Revenue	Sum of revenue driven by accessories or service sales	Green: 100% Goal, Yellow: >= 80% Goal, Red: < 80%
Accessories Revenue	Sum of revenue driven by accessories sales	Green: 100% Goal, Yellow: >= 80% Goal, Red: < 80%
Services Revenue	Sum of revenue driven by service sales Home Plus Accepts -	Green: 100% Goal, Yellow: >= 80% Goal, Red: < 80%
Home Plus Accepts	Count of home plus accepts for the period	None
SP100	Home+ accepts divided by Home+ opportunities *100	None

Controllable Write Offs		
Name	**Definition**	**Color Coding**
Controllable Write-Offs	Running sum of unresolved negative adjustments to shrink, broken and RMA	Green: <= 80%, Goal Yellow: <100%, Goal Red: >100%
Deleted	Sum of the cost of parts adjusted out of inventory manually or through a count Broken By Tech -	Red Heat Map
Broken By Tech	Sum of the cost of parts broken by tech	Red Heat Map
Unsent RMA	Sum of the cost of distro sourced parts marked defective but not sent (15 day Buffer)	Red Heat Map
Chargebacks	Total buyback chargeback penalty charges	Red Heat Map

Gross Margin Rate		
Name	**Definition**	**Color Coding**
GM Rate	Cost of good sold plus buyback divided by revenue	Green: >= 65%, Yellow: >= 62%, Red: < 62%
OOW GM Rate	GM Rate for out of warranty repairs exclusively	Green: >= 71%, Yellow: >= 68%, Red: < 68%
GM Attainment	Count of Percentage points GM rate is from the 65% Goal	Green: >= 0%, Yellow: >= -3%, Red: < -3%
OOW % Volume	Count of OOW repairs divided by count of all repairs	Green: >= 63%, Yellow: >= 60%, Red: < 60%
OOW % Non-mobile	Count of non phone OOW repairs divided by all OOW repairs	Green: >= 43%, Yellow: >= 41%, Red: < 41%