

CHIEF MARKETING OFFICER

SAMPLE - MANAGEMENT BY OBJECTIVE BONUS CALCULATION

The performance evaluation section is always included in our Position Profile. The following example illustrates how this section can be transformed into a quantifiable basis for bonus compensation.

PERFORMANCE EVALUATION CRITERIA:

The CMO's success in achieving the performance objectives will be measured by the following results:

- Projected sales of \$100 mil. are achieved.
- Quality of sales are high, including high gross margin (GOAL IS 35%), limited discounting, repeat business, etc.
- Improve sales performance in all channels. The CMO inspires win-win relationships and maximizes the effectiveness of sales reps, distributors and dealers. New relationships are established with flexible, capable, productive individuals and organizations.
- Sales organizational structure is being built to successfully accommodate future growth, including a game plan for how to fill future positions.
- Hiring program is successful, with high quality individuals being brought on board who have high initial productivity and solid potential for future personal growth in the company.
- Product opportunities are being identified and pursued with R & D and engineering; at least 3 new applications are successfully introduced into the market.
- *[Company]* is positioned well in the market and marketing communications efforts are on track and effective.

MBO CALCULATION:

The following MBO calculation is based on total bonus potential of \$150K, and broken down by specific performance criteria:

Performance Criteria	Goal	Actual Performance	% of total bonus	Potential Bonus	% of Bonus to be paid	Bonus Amount
Sales goals	\$100 mil.	\$110 mil	60%	\$90K	110%	\$99.0K
Margin	35%	31%	20%	30K	85%	25.5K
Sales Channels	Quality	Excellent	4%	6K	100%	6.0K
Org Structure	Quality	Very Good	4%	6K	80%	4.8K
Senior Team hiring	4 Dir. + 3 Mgrs	3 + 1	4%	6K	60%	3.6K
Product Development	#New Products= 3	4	4%	6K	133%	8.0K
Positioning	Press, customer inquiries, materials	Good	4%	6K	60%	3.6K
TOTALS				\$150K		\$150.5K