

Blanc Media Profit Sharing

Systems for Annual Bonuses, Raises, and Team Review

Here is our system for profit sharing, end-of-year bonuses, and team reviews.

This is something I used to get anxious and stressed out about this every December. I found that I was forcing myself to make the same decisions over and over. No longer!

Overview:

- ✓ Bonuses are based on three factors: (1) employee performance & contributions; (2) employee salary; and (3) company revenue for the year.
- ✓ Bonuses are paid in February the following calendar year. A flat bonus advance is given out on Nov 30 because holidays. (\$1,000 for full-time and \$500 for part-time.)
- ✓ Pay raises and other salary conversations happen in February of the following year (not December).
- ✓ There is clear documentation of what is expected of each employee for their performance and contributions.
- ✓ There is a clear documentation of what your bonus amount will be based on company revenue and your salary.
- ✓ Employees are aware of the business' YTD revenue because each cycle we discuss revenue targets and share total numbers, so there are no surprises.

💥 Never make the same decision over and over again 💥

Profit Share System & Bonus Calculator

Old Way:

At the end of the year, around the first week of December, I would look at how much money was in our profit savings, guess at what our anticipated year-end numbers would land at, and then decide how “generous” I felt. It was a horrible way to do it because it was subjective — employees had no idea what to expect for their year-end bonus, nor did they know how to improve their earnings.

New Way:

~ 10% of gross revenue goes into a Profit Keep account every month (with some exceptions)

35% of Profit Keep is for the employee profit share pool.

65% of Profit Keep is for the owner(s)

Employees get a bonus that is a “range” between 3 – 8% of their salary, and it is based on their performance as well as company top-line.

Examples:

Baseline Revenue: \$1,000,000 Annual Revenue = everyone is eligible for up to 8% bonus.

If less than \$1M, everyone gets up to 3% bonus

If \$1.5M then everyone gets an additional 50% added to their bonus.

If \$2M then everyone gets 2x their bonus.

Profit Sharing Worksheet Sample - Focus Like a Boss

View 125% Zoom Add Category Pivot Table Insert Table Chart Text Shape Media Comment Collaborate Format Organize

Overview

	A	B	C	D	E	F	G	H	I
		2016	2017	2018	2019	2020	2021	2022	2023
1									
2	Annual Revenue	\$500,000	\$600,000	\$700,000	\$800,000	\$1,000,000	\$1,250,000	\$1,500,000	\$1,700,000
3	Total Payroll Burden	\$72,000	\$80,000	\$112,000	\$186,000	\$216,000	\$282,000	\$362,000	\$388,000
4	Bonus Percent?						16	12	14
5									
6	Suzie	\$72,000	\$80,000	\$88,000	\$94,000	\$110,000	\$125,000	\$145,000	\$154,000
7	Bonuses	\$3,000	\$3,000	\$8,000	\$4,000	\$8,000	\$20,000	\$17,400	\$21,560
8	Bonus as %	4.2%	3.8%	9.1%	4.3%	7.3%	16.0%	12.0%	14.0%
9									
10						Low Range (3%)	\$3,750	\$4,350	\$4,620
11						High Range (8%)	\$10,000	\$11,600	\$12,320
12					\$1.5M	Additional 50%	\$15,000	\$17,400	\$18,480
13					\$2M	Additional 100%	\$20,000	\$23,200	\$24,640
14									
15									
16	Bob				\$60,000	\$72,000	\$80,000	\$95,000	\$100,000
17	Bonuses				\$4,550	\$9,000	\$12,800	\$11,400	\$14,000
18	Bonus as %				7.6%	12.5%	16.0%	12.0%	14.0%
19									
20						Low Range (3%)	\$2,400	\$2,850	\$3,000
21						High Range (8%)	\$6,400	\$7,600	\$8,000
22					\$1.5M	Additional 50%	\$9,600	\$11,400	\$12,000
23					\$2M	Additional 100%	\$12,800	\$15,200	\$16,000
24									
25									
26	Sharon						\$39,000	\$80,000	\$87,000
27	Bonus						\$7,200	\$9,600	\$12,180

The above is a sample of the spreadsheet I use for calculating bonuses.

I keep a spreadsheet with historic numbers on everyone's annual salary, bonuses, and business revenue. Then, around the end of January when I have our final numbers from the previous year, I drop that in and the spreadsheet calculates everyone's exact bonus.

The exact numbers and percentages can and do change based on overall margins in the company, team size, etc. But the basic structure is usable and scalable.

Copy of our Internal Documentation for Annual Payroll Bonus Structure

There are three components involved in end-of-year bonuses and profit sharing:

1. Your performance as an employee.
2. Your base salary.
3. The annual company performance.

Your performance is subjective and will be graded by both yourself and your supervisor. Your base salary and the annual company performance are objective — they are what they are. Annual bonuses are paid in February of the following calendar year, with a “bonus advance” given out during the November pay cycle.

Employee performance (See Section below)

- How well does the employee exemplify the values of Blanc Media?
- How well does the employee execute their job and responsibilities?
- Does the employee contribute directly to new revenue and/or new efficiencies?

Employee base annual salary

- Annual bonuses will be given as a percentage range of your base salary.
- Bonus range: 3 – 8% of base salary

Company performance (gross and net revenue)

- Bonuses are available as a result of overall company performance and profitability, thus, bonuses will also be subject to the profitability of the company and our ability to meet or exceed our revenue goals.
- If the company meets its minimum revenue target for the year, then each employee will be eligible to receive up to their maximum bonus range (8%).
- If the company falls short of its revenue goal, then each employee's eligible bonus will be less ... dependent upon how poor the company did.
- If the company exceeds its revenue goal, then each employee will also be eligible for an additional bonus.
 - If 50% revenue excess, then everyone gets an additional 50% added to their profit bonus.
 - If 100% or more in gross revenue excess, then everyone gets their profit bonus doubled.

Employee Performance

1: How well do you exemplify the values of Blanc Media?

0 = I never do this value. In fact, I forgot that it was one of our company values.

1 = I have occasionally remembered to incorporate this value into my work somehow.

2 = I have a good understanding of this value and I regularly incorporate it into my work. But I don't look much beyond myself with it; I rarely encourage my co-workers to walk out this value.

3 = I consistently walk out this value and I encourage my co-workers to do it as well. I notice the times they are showing it, and I celebrate them. And I also notice the times that they are not, and I call them out on it while giving encouraging, kind, and clear feedback.

4 = I always walk out this value — I know it well. I am a leader amongst my co-workers, being someone that people come to for help and advice. People in other companies reach out to me, asking how I can help them to live out this value more in their own work place. I am finding new ways to drive this value forward in my life, in our company culture, and even within the products and services we offer.

The Blanc Media Core Values

Make it Simple → *We love to take important ideas that are complicated and simplify them. For our own use and for the use of our customers and audience. When working on new projects and endeavors, we commit not to overthink a solution or get paralyzed by inaction.*

Fight for Margin → *We believe margin exists for relationships; when you lack margin you are unable to do your best creative work and you are unable to serve and love those around you well. We fight for margin in our work place atmosphere, our schedules, our finances, and our systems of operation. We encourage one another to maintain margin in our personal lives and to find new ways of incorporating and maintaining it within the day-to-day work that we do. We never celebrate a culture of burnout, perpetual overwork, or exhaustion.*

Keep it Real → *We are candid, honest, and transparent. We teach what we know and what we do. We also believe that clear is kind, and we are candid with one another in our work.*

Have Fun → *Focus and productivity can be sterile, boring, challenging topics — and yet, it is through the power of a focused life that we, as individuals, are liberated to give our time to the things in life which we hold most valuable. Moreover, as a team, we love to incorporate joy, delight, and fun into everything we do. While we know that the products and services we are offer are important and serious things, we don't take ourselves too seriously ... because we know that a spoonful of sugar can help quite a bit.*

Build Community → *We love building and doing things together. As a company, we value camaraderie and community. And we also believe that the best way to serve our customers and grow our business is by building and fostering community. We do this by honoring others, speaking kindly, and finding ways to serve. And we also know that by walking out our other core values — simplicity, margin, fun, and being real — we will naturally attract and build a community.*

2: How well do you execute your job and responsibilities?

Answer: Usually / Sometimes / Rarely

- ✓ I know what my most important role is and I am amazing at it.
- ✓ I am reliable and efficient — I can be counted on, I get my work done in a timely manner, and I don't waste my time.
- ✓ I am finding new ways to be even MORE excellent at my job.
- ✓ I am good at communicating with others, letting them know if expectations change, and keeping people in the loop about things that are important for them to know.
- ✓ I have discernment about which times I should make and initiate my own decisions about actions that need to be taken, and I know when to ask for help or direction.
- ✓ I have a positive attitude at work, and I am friendly with my coworkers.
- ✓ I am receptive to change and other people's opinions; I can handle conflict and controversy without being negative, rude, or self-seeking.
- ✓ I am actively being recruited by teams and/or companies because I am so awesome.

3: Do you go above and beyond, contributing to the growth, profitability, and efficiency of the company?

Does the employee bring creative ideas and solutions that directly relate to growth and efficiency of the company by giving creative ideas, providing leadership, and contributing directly to the growth and/or efficiency of the business in new ways that are not expected?

Examples of going above and beyond ... proving yourself as a critical and essential team member by contributing to revenue growth, market growth, and/or operational / financial efficiency.

- ✓ Contributing directly to new ideas and opportunities that will open up future possibilities for the company → Market research, networking, etc.
- ✓ Contributing directly to new revenue → new product development, customer retention, ideation, sales, creativity, growth strategy, etc.
- ✓ Contributing directly to operational efficiency → Improving systems, fixing issues, creating necessary and helpful documentation, etc.
- ✓ Contributing directly to financial efficiency → Highlighting inefficiencies and unnecessary expenses and finding solutions when necessary.

FOCUS LIKE A BOSS

Attention Business Owners and CEOs. Focus Like a Boss is my premium program for small business owners like you who are ready to reduce your working hours and grow your profits.

- ✓ **Less Tasks:** Delegate & eliminate the busywork from your week.
- ✓ **More Time:** Designing your business and enjoying your life.
- ✓ **Better Ideas:** Thanks to organization, prioritization, and systems.

For CEOs only...

thefocuscourse.com/boss

