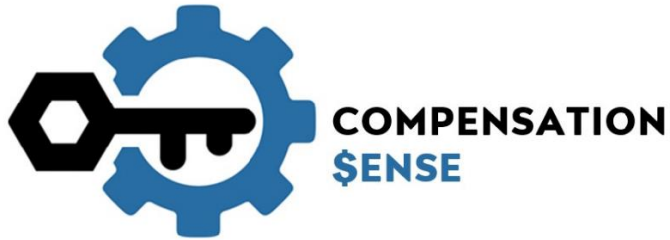


**COMPENSATION  
\$ENSE**

# **Standard Operating Procedure Manual**

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Indianapolis, IN 46236**



# Standard Operating Procedure Manual

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# PREFACE

**Congratulations on your decisions to start your own compensation consulting practice. The relationship between you and Compensation Sense, is that of independent contractor. Nothing contained in this manual shall be construed as creating any agency, partnership, joint venture, or other form of joint enterprise, employment, or fiduciary relationship between the parties, and neither party shall have authority to contract for or bind the other party in any manner whatsoever. You are now an independent business owner, and many decisions need to be made to establish and maintain a successful business. This manual is provided as guidance to share the steps and/or processes needed to start your business and ensure its' ongoing success.**

**I want to thank everyone who has encouraged me throughout the years to stay the course and not give up. Being a business owner has and continues to provide me with the utmost satisfaction and rewards. In speaking with other business owners, you may find they used different or alternative ways of conducting their business activities than described herein. Having said this, the steps and processes explained in this manual have served me well in establishing and growing my business and hopefully you will find the same success.**

**Compensate Fairly!**

**Cassandra Faurote**

# BUSINESS SET-UP

Six steps are explained below to initially set-up a business.

**Step 1: Decide upon the Type of Business Entity:** A business entity is an organization that is formed to conduct business. The type of business entity formed determines how a business is taxed and its exposure to liability. Business entities refer to the type or structure of a business, not what it does. The way the business entity is structured affects how taxes are paid and how liabilities are determined. Business entities are usually created at the state level, often by filing documents with a state agency such as the Secretary of State. The best type of business entity depends on the type of business and the number of owners.

1. The most common types of business entities are:

- Sole proprietorship – An unincorporated business owned by an individual. There is no distinction between the taxpayer and their business.
  - This is the default entity when starting a business and there is only one owner.
  - Sole proprietorship business entities typically do not need to register with the state. Be sure to check your own state requirements.
  - Freelancers and consultants are often sole proprietors.
- General Partnership – An unincorporated business with ownership shared between two or more people.
  - This tends to be the default entity when starting a business with two or more owners.
  - All owners share in managing the business and share in the profits.
- Two types of Corporation business entities exist – “C” and “S”.
  - A “C” corporation is an independent, legal entity that separates the owners’ personal and business assets. It is a separate entity owned by shareholders and typically has a board of directors and officers. With a “C” corporation, profits can be taxed twice—once when the profits are made and a second time when dividends are paid.
  - A “S” Corporation – These corporations are a special type of corporation that offers pass-through taxation. Profits are passed through to the owners' personal income without being subject to corporate tax. It avoids the double taxation that can occur with “C” corporations.
- Limited Liability Company – Limited liability companies (LLCs) offer liability protection.
  - Business owners can choose whether the business is treated as a corporation or as a pass-through entity for tax purposes.
  - LLCs can have one owner or multiple owners.
  - Often LLCs serve as a useful alternative to sole proprietorship for freelancers and other individual business owners.
  - This type of business structure is allowed by state statute.

2. Determining the type of entity for the business is one of the most important decisions a business owner makes. Therefore, it is best to consult tax and legal professionals for advice specific to your business.

**Step 2: Filing with your Secretary of State** – As mentioned above, many states require the business entity to be established with the Secretary of State.

1. The state's filing requires the official name of the business and type of business entity being established.
2. Filing with the state can typically be done on-line and often requires the business to pay a small fee.

**Step 3: Employer Identification Number** – Upon establishing the business, it will be required for the business to secure an Employer Identification Number (EIN), also known as a Federal Tax Identification Number.

1. An EIN is used to identify a business.
2. The IRS issues EINs to employers, sole proprietors, corporations, partnerships, nonprofit associations, trusts, estates, government agencies, certain individuals, and other business entities for tax filing and reporting purposes.
  - A business with an EIN needs to keep the business mailing address, location, and responsible party up to date.
  - IRS regulations require EIN holders to report any changes in the responsible party within 60 days.
3. The fastest way to acquire an EIN is through the IRS website.
  - There typically is no cost to apply for an EIN.
4. Many other forms will require an EIN to complete them.

**Step 4: Choose a Tax Year** – A tax year is defined as an annual accounting period for keeping records and reporting income and expenses.

1. A business must elect one of the two options listed below for its' tax year.
  - Calendar year – 12 consecutive months beginning January 1 and ending December 31.
  - Fiscal year – 12 consecutive months ending on the last day of any month except December.

**Step 5: Business Taxes:** Similar to personal taxes, the business also must pay taxes; State Withholding, Unemployment, Sales and Other Business Taxes.

1. Once the business has an established EIN, it will be necessary to create an account with the state for payroll tax withholding and unemployment insurance registration if the business has employees.
2. Depending upon the type of business service being provided, an account for collecting Sales tax may also need to be established.
3. Other types of Business taxes include income, self-employment, employment, and excise taxes.
  - The type of taxes a business pays depends on the business entity structure.
  - Quarterly estimated taxes may be required to be paid.
4. It is advisable to consult with a Certified Public Accountant (CPA) regarding the taxes the business needs to establish accounts and accrue monies. *Refer to the Financial section of the manual on tax withholdings and purposeful profit planning.*

**Step 6: Payroll Record Keeping:** If the business has or intends to have employees, the business will be required to transmit federal payroll tax deposits electronically, as well as maintain personnel files on each employee.

1. At a minimum, the business must retain the following forms on each employee.
  - Completed employment application.
  - Employee's Withholding Certificate known as W-4 form.
    - Any employee working in the United States, is required by federal law to pay federal income tax, unless the employee is hired as an independent contractor. The W-4 form enables the business to withhold the correct amount of income tax from the employee's pay.
  - State Withholding Form: A state income tax withholding form may also be required to determine the correct amount of state income tax to be withheld from the employee's pay.
  - Employment Eligibility Verification known as an I-9 form
    - This form verifies that employers have verified the employment eligibility and proper identification documents presented by each employee.
    - All U.S. employers must have a properly completed Form I-9 for everyone they hire for employment in the United States.
    - This includes citizens and noncitizens.
    - Both employees and employers (or authorized representatives of the employer) must complete the form.
2. Be sure to comply with all federal and state laws regarding employees employed by the business.

# FINANCIAL

**There are eight steps / areas associated with the financial processes needed to establish and sustain the business.**

**Step 1: Establish a Bank Account Dedicated to the Business:** The respective business should have separate bank account(s) in the business name. The bank accounts should be created once Steps 1, 2, and 3 as described in Business Set-Up have been completed.

1. A separate checking and savings account should be established at a minimum.
2. In addition, separate accounts for taxes and profit may be established. (These accounts are discussed in more detail in Step 2: Tax Withholdings and Step 4: Purposeful Profit Planning.)

**Step 2: Tax Withholdings:** It is advisable to withhold a certain percentage of earned revenue to pay all taxes (federal, state, self-employed, etc.) as soon as the consulting revenue is received. By doing so, this will help ensure the money is available to pay the respective taxes when they are due.

1. It is recommended that monies allocated for taxes be placed in a dedicated savings account and only withdrawn at the time to pay taxes.
2. Once the tax year is complete and all applicable taxes have been paid, any monies left in the account can be taken as an owner distribution depending on your business structure.

**Step 3: Engagement of a Certified Public Accountant:** The engagement of a Certified Public Accountant, known as a CPA, who specializes in business taxation is recommended to advise the business owner(s) on the percent of revenue need to be set aside to pay taxes.

1. Depending upon the amount of earned revenue being received, the CPA may recommend payment of taxes either on a quarterly estimated basis or on an annual basis.
  - Insufficient payment of taxes can and often result in tax penalties. Hence, the advice of a CPA will serve the business well in the long run.
  - If married, the income of the owner(s) significant other(s) will be considered when establishing the respective tax rate for the business.
  - A retirement plan for the business owners and employees can also be established. Having a retirement plan may reduce the business tax liability while building funds for retirement. A CPA can be instrumental in advising the business as to the appropriate time to establish a retirement plan.

**Step 4: Purposeful Profit Planning:** As mentioned in Step 2, it is advisable to set aside a certain percentage of the earned revenue for profit. This is called purposeful profit planning. Start with a small percentage and increase it as your business grows. This ensures extra dollars are available at the end of the tax year to pay the owner a bonus or distribution.

1. When calculating the dollar amount of money to be set aside and paid as a bonus or distribution, consider the amount of money needed to sustain the business in the event of unforeseen circumstances.

2. One approach may be to take ½ of the money in the form of a bonus or distribution and invest the other ½ back into the business.
  - If a decision is made to invest the other ½ back into the business, it is recommended that excess reserve money be transferred into a separate savings account to be used as an “emergency fund” to sustain the business anywhere from 3 to 6 months of operations.
  - Set an emergency fund goal. It should be noted that it can take a few years to accomplish the set emergency fund goal.

**Step 5: Financial Reporting and Accounting Software:** Accurate financial reporting and accounting of the business’s expenses, profits and losses, credits, etc. is essential in operating a successful company. It is highly recommended the business utilize an accounting software system to manage the business financials.

1. QuickBooks is one of several easy-to-use software programs that tracks income and expenses, invoice clients, track mileage, and many more things.
2. It is advisable to purchase an accounting software system early in the business set-up phase to ensure the business’s financial reporting and accounting is organized and in compliance with all federal and state laws.

**Step 6: Setting Rates:** Once contacted by a potential client and an understanding of the scope of the work to be performed, it will be necessary to provide the client with the cost to conduct the work. Conduct research to understand the cost that can be charged to perform the desired services.

1. Compensation consultants can typically charge less than an attorney, but equal to or more than an accountant charges for hourly work.
  - Refer to the purchased modules for assistance in determining the appropriate fees to be charged for the work being performed.

**Step 7: Billing:** All businesses need to utilize a method to invoice / bill clients and/or customers for services rendered. Depending upon the scope of the project and/or work being performed, the timing as to when the client receives an invoice may vary from client to client.

1. One-off Project Work: It is recommended to bill clients as soon as the work is completed for work that can be completed in a relatively short period of time, one to two weeks. For example, conducting external market benchmarking on one or more jobs should be billed as soon as the client receives the benchmarking results.
  - The invoice may state that payment is due upon receipt.
2. Project Work: Depending upon the scope of the work and the estimated time to complete the project, invoicing clients evenly for the total cost of the project over the agreed upon months to complete the project helps provide a more even distribution of cash flow.
  - Should a decision be made to invoice clients evenly for the total cost of the project over several months, the first invoice should be sent to the client as soon as the project begins and then sent monthly thereafter. The last invoice should be sent only when the entire project work has been completed.
  - Be sure to establish a process/mechanism to track when to bill a client in subsequent months on the same interval period.
  - Project work invoices may state payment is due in 15 days. However, recognize many clients pay in net 30 or 45 days.



**Step 8: Getting through Lean Periods:** Building the emergency fund described in Step 4: Purposeful Profit Planning provide the necessary funds needed to sustain the business when project work is low or there is an economic downturn.

# TECHNOLOGY

There are five activities a company should perform relative to its' Information Technology infrastructure.

**Step 1: Create a Company Website:** A growing company should invest in a quality website. The website is an illustration of a company's most valuable assets. When designed correctly, it communicates a company's competitive differentiators, services, clients, employees, and success stories.

1. It creates a connection and builds confidence for potential clients and is one of the most important marketing investments a company can make.
2. A poorly designed website can cost a company its credibility. Rather than building up a brand, a bad website will cause doubt and uncertainty.
3. It is important to maintain and keep the website current and should be "user-friendly" and pleasing to the eye.
4. Once the website has been created, ask the following questions.
  - Does the website represent the company's core values?
  - Does the website highlight the company's services?
  - Does the website contain information about the company's owner(s) and/or employees?
  - Have there been any recently published articles about the company, if so, include them on the website?
  - Are there any testimonials from existing and/or previous clients?
  - Is there a mechanism for potential clients to contact the business?
5. The website does not have to be complex and/or have multiple pages to create an on-line presence and share with the public the business is viable!

**Step 2: Use a Customer Relationship Management Program / Software Package:**

One of main goals in establishing a business is to attract and retain customers / clients. Customers are important to businesses. Without customers, the business will not survive. Many companies use spreadsheets for storing their customer data, however, spreadsheets get lost, become outdated and overall are cumbersome. It is highly recommended the business purchase a Customer Relationship Management (*more commonly known as CRM*) software package to manage the business's client base and other interactions.

1. A CRM database system organizes your customers and contacts and can be used to send emails, push out blogs, and many other things.
2. The database can be customized into various segments to track client interactions such as the following.
  - Clients
  - Potential Prospects
  - Lost Prospects
  - Inactive Clients
  - Strategic Partners
  - Referrals
  - Networking Contacts
  - Etc.
3. The CRM also provides a mechanism for multiple users to enter data into the CRM database.

4. It is recommended the business purchase a CRM program / system as a function of its' set-up phase.

**Step 3: Purchase Compensation Surveys:** As a Compensation Consultant, using reputable market data is critical in conducting external market benchmarking.

1. Unless the business agreement allows, it will be necessary to purchase third-party published surveys in order complete market benchmarking.
2. Multiple salary survey providers are available for purchase from various providers.
  - It is always recommended two databases be used when providing market benchmarking to your clients.
  - The use of two databases tend to “even-out” the data in the event one database is swayed by the number of participants and/or other factors.
3. Two highly reputable third-party salary survey providers are CompAnalyst and Economic Research Institute (ERI)
  - CompAnalyst (Salary.com) is a database that contains a compilation of more than 10,000 jobs. The data is available by industry, employee size, revenue, and location.
  - Economic Research Institute (ERI) is a database that contains a compilation of more than 6,600 jobs. The data is available by SIC code, revenue size, experience required for job, and location
  - Both surveys mentioned above will provide compensation data to consultants at a reasonable fee.
4. When purchasing the salary data, ensure the provider only obtains their compensation data from reputable sources and that the data is routinely updated and refreshed.
5. It is highly discouraged from using any survey provider who obtains its' survey data from self-reported sources.

**Step 4: Track Business Prospects:** As mentioned in Step 2, the CRM database can be used to track potential business prospects.

1. See Appendix A: Prospect Template is a document that can be used to track the potential business prospects. This template is available in the on-line materials.
2. Once populated, this information can then be entered directly into the CRM system.

**Step 5: Maintain Pipeline Tracking Sheet:** In business, a "pipeline" is a source where products and services flow into a specific business or company and out to an eventual customer. In sales, the pipeline is more commonly known as “what business is in the works.” It also refers to the various stages that the business uses to convert a lead into a customer.

1. As the business obtains prospects and / or potential leads, requests for proposals, etc., it will be important to develop a system to keep track of interactions, timelines, and other dates.
2. Typical areas tracked are as follows:
  - Prospects defined as only initial referral or call has taken place
  - Estimate Delivered
  - Proposal Delivered
  - Proposal Accepted
  - Project Type
  - Project Planned Completion Date

3. See Appendix B: Pipeline Tracking Template for an example tracking sheet. This template is available in the on-line materials.

# SUBCONTRACTING

As the business continues to grow, there may be a time when the business needs to engage additional individuals and/or specialists to conduct actual project work. The engagement of individuals and/or specialists enable the business owner(s) to focus their time on business development, sales, and growing the business. There are six business processes which should be performed when engaging the services of a sub-contractor(s).

**Step 1: Definition of a Subcontractor:** Subcontracting is the practice of assigning, or outsourcing, part of the obligations and tasks under a contract to another party known as a subcontractor.

1. A subcontractor is not an employee of the company.
2. Subcontractors are individuals who may have their own business.
3. They may offer their services to multiple businesses at the same time while providing services to your business.
4. If the worker is a subcontractor, the individual is responsible for keeping his or her own records and paying his or her own income and self-employment taxes.
5. If a worker is an employee of the company, the company is responsible for withholding and paying the employment-related taxes.
6. A subcontractor is typically responsible for his or her own equipment and expenses.

**Step 2: Selection of a Subcontractor:** The engagement of a subcontractor is an important step and should not be taken lightly. The subcontractor will likely directly interact with clients of the business and thus are a representative of the business and its' services.

1. Selection of a subcontractor is no different than hiring an employee.
  - Obtain a resume of the potential subcontractor.
  - Interview the potential subcontractor as if the individual were to become an employee of the company.
  - Gain an in-depth understanding of the individuals' skills, capabilities, and experiences.
  - Check the subcontractor's references.
2. Understand the time commitment and availability of the individual to perform the services desired by the business.
3. Does the subcontractor have similar philosophies and values as the business?
4. Once the subcontractor has been interviewed and selected, prepare a Subcontractor Agreement.

**Step 3: Prepare a Subcontractor Agreement:** A subcontractor agreement is between a business and the subcontractor that is hired to assist in the completion of a project or service. The agreement should outline all duties, liabilities, and responsibilities of the subcontractor along with any other conditions.

1. Request for Taxpayer Identification Number and Certification form – The subcontractor is required to complete a Request for Taxpayer Identification Number and Certification form (IRS Form W-9) to prove that the individual or entity can work by presenting their name and Social Security Number (SSN) or Employer Identification Number (EIN).

2. See Appendix C for an example of a subcontractor agreement. This template is available in the on-line materials.
  - Areas that are highlighted in yellow are to be customized to reflect the business engaging the subcontractor.
  - It is highly recommended an attorney review the agreement in the state in which the business conducts its' operations to ensure compliance.
  - Create a Scope of Work (*referred to in Subcontractor Agreement*) for every project or ongoing line of work the subcontractor will perform. See Appendix D for an example of a Scope of Work template. This template is available in the on-line materials.

**Step 4: Tracking of Subcontractor's Time Spent on Project Work:** The subcontractor should track his/her time (hours & minutes) and a description of all project work performed for each client via a time tracking mechanism.

1. The subcontractor should keep a detailed record (*per client*) of what project work or activity has been performed so that time can be allocated properly for each client.
2. Time should be recorded in terms of hours and minutes (rounded to the nearest 15-minute interval, e.g., 3.25 hours).
3. The time summary should be submitted on a weekly basis and is "on-going".
  - The date on the timesheet should reflect the "week-ending" date or the actual date the timesheet is submitted to the business owner.
4. The subcontractor should add the word "**NEW**" to any time that was not previously recorded on the prior week's timesheet.
5. Appendix E is an example of a Subcontractor Time Summary Template. This template is available in the on-line materials.

**Step 5: Tracking of Overall Project Work by Client:** Each subcontractor, as well as any other employee of the business's time should be recorded via a tracking mechanism. Having a record of the time spent on each step of the project by client enables the business to understand the time spent on each project activity. This mechanism can be a valuable resource in estimating future time and cost(s) associated with each of the project's work activities.

1. Appendix F is an example of a Client Time Tracking Worksheet. This template is available in the on-line materials.
2. Having the word "**NEW**" on the subcontractor's timesheet will easily identify time not previously recorded on the Client Time Tracking Worksheet.
3. After the time has been recorded on the Client Time Tracking Worksheet, inform the subcontractor the time has been recorded and "**NEW**" can be removed from his / her on-going timesheet.

**Step 6: Payment of Services to Subcontractor:** The Subcontractor(s) needs to understand and agree to the method and timing of compensating for his/her services.

1. To assist with the business' cash flow; the subcontractor(s) should be made aware they will receive payment for services rendered as soon as the business receives payment from the client.
2. The business should seek to pay the subcontractor(s) within 24 to 48 hours of receipt of payment from the client.

*See the Insurance section of the manual for additional information related to subcontractors.*

# OFFICE ADMINISTRATION

As the business continues to grow, it may become necessary to engage the services of a Virtual Administrative Assistant or Office Manager. Office administration labor is the least costly expense of the business' labor. Utilization of a Virtual Administrative Assistant or Office Manager enables the owner(s) to focus his / her time on business development, sales, and growing the business.

## **Step1: Engagement of Virtual Administrative Assistant and/or Office Manager.**

Services of this individual can be performed either as a subcontractor or as an employee of the business.

1. As a subcontractor, the person will perform office administration type functions rather than client and/or project specific work.
  - If the individual is a subcontractor, the business should follow the steps as outlined in the Subcontractor section of this manual.
2. Depending upon the type of service being performed, the actual work may be able to be performed remotely, while some responsibilities may require the need for the individual to work in the actual place in which the business operates.
3. The business owner(s) should ensure he / she provide the Virtual Administrative Assistant and/or Office Manager the tools and resources needed to perform their responsibilities effectively.

## **Step 2: Typical Responsibilities of a Virtual Administrative Assistant and/or Office Manager**

1. Maintain lists of partners, networking contacts, subcontractors, current projects, lost prospects, sales reporting, referrals, etc.
2. Arrange calendar appointments for owner(s), register owner for meetings and conferences, and make travel arrangements.
3. Maintain and order office supplies; ensure forms are stocked and readily available for use.
4. Serve as Customer Relationship Management (CRM) system administrator.
  - Monitor and track clients including pipeline, proposals accepted and declined.
  - Enter contact information for contacts into database.
  - Add individuals to marketing mailing list(s); remove "bounces" and unsubscribes; initiate automated emails for any projects, etc.
5. Prepare marketing packets, pick up and order marketing materials, and print orders as required.
6. Maintain accounting software system to ensure accurate bookkeeping.
  - Perform reconciliation of payments received, client billing / invoicing, maintenance of business checking and/or savings accounts balances, payment of expenses, etc.
7. Maintaining certifications, if applicable.
8. Other administrative responsibilities such as research, various office projects, maintaining a procedure manual for the work the Virtual Administrative Assistant or Office Manager, etc.

# INSURANCE

There are various types of insurance coverages needed to protect the business from liability. This section of the manual provides the business owner with the types of insurances coverages which can and should be obtained. It is recommended the business engage the services of a commercial insurance business consultant to assist in securing the appropriate insurance coverages for the business.

## Step 1: Business Owner's Policy Coverage (BOP)

1. A business owners policy, commonly known as a BOP, covers liability claims like customer injury and property damage not owned by the business, along with protecting a commercial building and its contents.
2. A BOP combines general liability and property insurance into one policy.
3. Two primary coverages are contained in a BOP: Liability and Property Insurance.
  - Liability Insurance: The liability coverages available on a BOP are the same as those on a general liability policy. This includes protection against liabilities like customer injury and property damage, advertising injury, and product related claims. *See Step 2 on more information on general liability insurance.*
    - It should be noted, a BOP does not cover the business' employees.
    - A separate workers' compensation policy is required for employees of the business. *See Step 5 for more information on Workers' Compensation insurance.*
  - Property Insurance: Provides coverage for commercial buildings and the movable property owned by and used for the business.
    - This type of insurance is often referred to as business personal property insurance.
    - It can pay for other things like debris removal, loss of income and pollution cleanup as part of a covered loss.
4. Additional policy endorsements might be available to extend coverage for certain coverage exclusions.

## Step 2: General Liability Insurance

1. General liability insurance (GL), often referred to as business liability insurance, is coverage that can protect the business owner from third-party liability claims including bodily injury, property damage, personal injury and others that can arise from your business operations.
2. General liability insurance premiums usually include the following.
  - Bodily injury and property damage liability
  - Personal and advertising injury
  - Medical payments
  - Products completed operations
  - Damage to premises rented by the business
3. General liability insurance is often combined with property insurance in a Business Owners Policy (BOP).
  - Therefore, if the business has BOP coverage, there is no need to purchase general liability insurance.
4. General liability insurance is also available to many business owners as a stand-alone coverage.



### **Step 3: Professional Liability Insurance**

1. Professional Liability Insurance is also known as Errors and Omissions Insurance (E&O).
  - Professional Liability Insurance is protection for the business from claims of negligence related to a professional service.
2. Types of Professional Liability Insurance coverage are as follows.
  - Alleged or actual negligence: Protects a business against actual or alleged errors and omissions when providing professional services, such as giving incorrect advice, an omission, or failing to deliver a service.
  - Defense costs: Provides legal defense when a covered claim is reported.
3. Small businesses that provide professional services or give advice to clients should consider purchasing professional liability insurance.
4. Professional Liability Insurance can also be required by a small business' clients when entering in a contract.
5. The insurance can offer coverage for claims arising from services provided in the past and work performed anywhere in the world.
6. Examples of businesses that often choose Professional Liability Insurance are provided below.
  - Consultants
  - Attorneys
  - Counselors
  - Etc.

**Step 4: Cyber Liability Insurance and Data Breach Insurance:** In running a small and/or large business, the business faces risks associated with using technology. The risks include everything from data breaches to hacking.

1. Cyber Liability Insurance or Data Breach Coverage can be added to the business' insurance policies. These insurance coverages protect the business when the following occurs.
  - The business' computers get a virus that exposes private, sensitive information.
  - Customers or patients sue after the business loses personally identifiable information (PII) or personal health information (PHI).
  - The business is faced with high public relations costs needed to protect the business' reputation after a data breach.
2. Data breach insurance: This insurance typically provides protection for small business owners.
  - This type of insurance helps the business respond to breaches if personally identifiable information (PII) or personal health information (PHI).gets lost or stolen, whether it is from a hacker breaking into the business' network, or an employee accidentally leaves their laptop at another establishment.
3. Cyber liability insurance is typically meant for larger businesses and offers more coverage to help prepare for, respond to, and recover from cyberattacks. However, more small businesses are experiencing cyberattacks.

**Step 5 : Worker's Compensation insurance:** Workers' Compensation Insurance, commonly known as Workers' Comp, is insurance that covers medical expenses and a portion of lost wages for employees who become injured or ill on the job. Coverage also includes employee rehabilitation and death benefits.

1. Each state has its own unique set of workers' compensation laws that employers must follow.
  - These regulations help ensure that employers provide coverage for the cost of work-related injuries or occupational diseases, regardless of employee negligence.
2. Workers' comp insurance protects not only employees, but the business as well.
3. If the business engages subcontractors, the subcontractor should file an Application for Workers' Compensation Clearance Certificate (WCE-1 form) with his/her respective state.
  - A nominal filing fee is typically required.

# SALES AND SALES PLANNING

The business cannot prosper without sales planning and sales development. Business development and careful planning is critical to driving revenue. Without revenue, the business will fail! Sales can be obtained through various means and channels. Below are steps to sales process, sales planning, sales tracking, and various means and / or sales channels to obtain sales.

**Step 1: Hire a Sales/Business Development Consultant:** Consider hiring a sales consultant and /or business development consultant to coach the business owner through the sales process, sales planning, sales tracking, business development as well as creating a “value statement”. See *Step 2: Sales Process #3 for discussion on creating a “value statement”*.

1. Total Reward Solutions/Compensation \$ense has a great strategic partner in this area and will be willing to make an introduction, if interested.

**Step 2: Sales Process:** Devise a process to develop and secure sales.

1. Determine what the sales process will look like from the time a prospect is obtained until the proposal is signed.
2. Determine the number of steps in the process and the respective actions associated with each step. For example:
  - Step 1: Call/meet with prospect.
  - Step 2: Develop an estimate.
  - Step 3: Write a proposal.
  - Step 4: Close and secure a signed proposal.

Under each step, there will be sub-steps which will include needed actions, e.g., date to follow-up on prospect, date to inquire as to whether prospect has questions on estimate and/or proposal, etc.

3. Develop an in-person call script know as a “value statement” for the first call or meeting.
  - A value statement describes the company, what the company stands for and what everyone can expect from it.
  - It is a message which conveys the values and priorities of the company, organization, or team it represents.
  - It lets customers and staff know what is important to the business and business’ culture.
  - It can be used internally and / or externally.
  - It is both a guideline for operations and a way of marketing to the business’ core audience.
4. Create an e-mail introduction template which can be shared with others who may be in a position of introducing the business to others.
  - This template will enable the business owner to provide a consistent message for the external referral source(s) to use in making various introductions.

**Step 3: Sales Planning Tracking Mechanism:** Create a spreadsheet tool to monitor the business’ sales plan.

1. Start simple. List the business’ service categories and desired annual sales planned to be obtained for each calendar year.

2. Next, build the detail around what prospects are to be pursued, repeat clients whose prior work needs to be refreshed and/or updated, or simply how many projects and at what price point are needed to achieve the business' revenue goals.
3. Update the spreadsheet monthly to track billings in each service category to know if the business is on track to hit its' revenue numbers or to monitor which service areas need to be more heavily prospected to ultimately achieve the desired revenue goals.

**Step 4: Sales Channels:** Sales can be obtained through various means and / or channels. Below are some sources that should be tapped to build and create revenue for the business.

1. Previous Employers: Previous employers can be an excellent way to promote and obtain sales for the business.
  - Assuming there is not conflict of interest, ensure previous employers know the business is operational.
  - Inform the previous employer the business services that are available to them. Some services the business can offer are listed below.
    - Project work
    - Interim assignments
    - Etc.
  - Contact various employees at the previous place of employment describing the business' capabilities. *See Marketing for more information on "Capability Statements."*
2. Network: Develop and constantly network! The business owner generally through professional organizations and/or social media has already developed a strong network. Describe below are some typical networking vehicles to grow and establish a strong network.
  - LinkedIn (*Refer to the Marketing section of this manual Step 2: Marketing Channels, #1 for more information on LinkedIn.*)
    - Ensure the business owner has a strong profile on LinkedIn.
    - Who are the contacts in the LinkedIn account / profile?
  - Email contacts (Gmail, Yahoo, Outlook, etc.)
    - Who are the contacts in business owners' email account?
  - Professional Member Organizations
    - Obtain a list of members in any professional organization in which the business member is associated.
  - Start scheduling "meet and greets" with known contacts!
    - The meeting can easily be arranged for a simple event such as coffee.
    - Upon meeting, describe the business and its capabilities.
    - Ask for referrals.
    - Provide the contact with several business cards for them to hand out in case they hear of others that can use the business' services.
    - Track the meeting date, place and with whom the meeting took place as well as any referrals.
  - Building the business' network is continuous and on-going. As the business increases its' capabilities, inform the network contacts of the new or enhanced line of business and / or services.
3. Networking Events: Seek out and attend networking events.
  - This is an excellent way to meet new contacts.
  - The events do not have to be specific or relevant to the business.

- If possible, research on attendees before attending the event to determine who might be advantageous to meet.
  - After the event, follow up quickly (within 48 hours) with new contacts / possible prospects to arrange a “one-on-one” meeting.
    - At the meeting, ask for any additional networking referral(s).
4. Subcontract for other Consulting Firms: Seek other human resources consulting firms with whom the business owner could outsource individuals for interim assignments. Businesses often want to engage the services of an individual on a temporary basis to help fill a void when the business loses someone.
    - Individuals sent to the various businesses to perform interim roles are subcontractors of the business.
    - Assignments are typically a minimum of 15 to 20 hours a week.
    - Market the firm as the company the respective business can “go to” for these types of assignments.
    - These subcontractors can serve as another revenue stream.
  5. Business Owner to Perform Interim Assignments: Similar to subcontracting through other consulting firms (#4), the business owner can seek interim roles he/she can perform on their own.
    - Determine how many and how much time could be devoted to these assignments.
    - These assignments can provide income and at the same time allow the business owner to continue to secure clients and business.
  6. Build Strategic Partners: A strategic partner is a firm or individual that can offer the business’ services to their clients.
    - This type of relationship tends to be a “two-way” street. They offer services and/or referrals to your business and vice versa.
    - Below are some types of firms that make good strategic partners for compensation consulting.
      - Certified Public Accountants
      - Attorneys
      - Recruiters
      - Human Resources Consulting Firms
      - Independent Human Resources Consultants
      - Employee Benefits Consultants / Firms
      - Sales Coaches
      - Business Coaches
    - Continually stay in touch with any strategic partners.
      - Correspond with the strategic partner via phone calls, handwritten notes, emails, coffee, etc.
      - Partnering with other Human Resources Consulting Firms or Independent Human Resources Consultants allows the business to become their “go to business” when their clients require and/or could benefit from the consulting services the business provides.
      - Build multiple strategic partner relationships.
      - Find strategic partners who have a similar target market(s).
      - Seek to identify current network contacts that could be a strategic partner.

7. Referral Program with Strategic Partner(s): Create a referral program with any strategic partner(s) whereby the strategic partner receives a percent of the project fee or a flat dollar amount for any committed project work referred to the business.
  - This is very typical arrangement among strategic partners.
  - Consider conducting a special referral campaign with the business' entire network from time to time to encourage referrals.
8. Client Referrals and /or Testimonials: When a client project has been completed, ask the client for referrals to other individuals, businesses and / or for an oral or written testimonial.
  - The testimonial can be that placed on the business' website, posted in a LinkedIn account, or placed in a file to have readily available when the business is asked for references.
9. Certifications: Often when working with a governmental agency, the client will desire the business owner to be certified.
  - Some certifications available to aid in securing government type contracts are as follows.
    - Minority Business Enterprise certification (MBE)
    - Women's Business Enterprise certification (WBE)
    - Veteran's Business Enterprise certification (VBE)
  - Many clients are required to track their diversity supplier spending. Being certified aids in being notified when bids are open as well as helps clients track their diversity spend.
10. Previous Clients: As a general rule, project work needs to be refreshed and/or updated. Assuming the project work was a success, previous clients are an excellent way to obtain repeat business.
  - Depending upon type of work conducted and the external business environment, most projects should have a two-year follow-up.
    - Contact the client to encourage them to update the project work previously completed.
  - Remain in contact with clients' in-between projects as a reminder the business is available to assist them with current and/or future needs.
  - Create periodic automated emails to market a service(s) the client has not previously used.
  - Contacting previous clients should be accounted for in the sales planning process.

**Step 5: Metrics:** Throughout this manual, tracking of various metrics has been referenced. Having a mechanism to track sales, referrals, etc. is essential to gaining an in depth understanding of the sales pipeline, new prospects, etc.

1. Sales metrics that should be tracked are as follows.
  - Referrals
  - Referral fees
  - Number of prospects
    - New prospects won
    - Number of clients lost
    - Average time to close deal
    - Win / lose ratio

Remember, the business cannot be sustained without revenue. Never, never, stop selling!

# MARKETING

Marketing is the process of informing potential customers and clients about the business' products and/or services. The key word in this marketing definition is "process". Marketing involves researching, promoting, selling, and distributing the business' products or services. It involves everything an owner must do to get potential customers and its' products or services together. The name of the game in marketing is attracting and retaining a growing base of satisfied customers!

**Step 1: Create and Implement a Marketing Plan:** Creating and implementing a marketing plan will keep the marketing efforts focused and increase sales.

1. Marketing is a continual process utilized to continue to build its' brand.

**Step 2: Marketing Channels:** As an independent consultant, there are several channels that work best for Business-to-Business marketing. Business-to-Business marketing refers to the marketing of products or services to other businesses and organizations.

1. LinkedIn Profile: A LinkedIn profile is one channel for prospects to find information about the business.

- Ensure the LinkedIn profile is robust.
- The content information in the profile should contain key words / phrases emphasizing business expertise.
- Ask clients / colleagues to post recommendations and/or testimonials on the business owners' LinkedIn profile.
  - Posts can be from previous co-workers, clients, referrals, etc.
- LinkedIn Pro Finder is a way for businesses to find your services. It is easy to establish a profile in Pro Finder.

2. Social Media: Every business uses some form of social media to promote and advertise its' business.

- LinkedIn and Twitter are excellent means to place posts.
- Facebook typically is not the best for Business-to-Business marketing in that ad space is expensive and over 80% of users stated that they either rarely or never click Facebook ads.
  - While Facebook may seem like an impressive potential audience, the time, money, and effort required will likely not see a worthwhile return.
- The business should post comments or items of interest very frequently when initially starting out.
  - The purpose of posting is to let individuals / businesses know the business is alive and prospering.
  - Posting and/or commenting can be tapered off to about twice a week once the business continues to grow

3. Speaking/Event Posts: Public speaking at various events is an excellent tool to get business exposure, promote the services offered by the business and enhance the reputation of the business owner.

- When hosting or at an event, obtain a list of participants attending the session.
- Gather business cards of those who attend the speaking session for a raffle drawing.



- Business cards will provide contact information to serve as future business / networking prospects.
  - Utilize the business owners' social media, LinkedIn profile and/or website to market and advertise the speaking event.
- 4. Publish Articles: Establishing a reputation in the business owners' field of expertise does not come easily. Having articles written and published by business owners and/or employees is an excellent way to gain credibility as an expert in the field.
  - Find topics of interest relevant in the current business environment.
  - Write article(s) for local news publications, Human Resources publications, and other business publications.
  - Eventually, after years of experience, consider writing a book!
- 5. Webinars: Webinars can be a way to continue to build the business' brand presence.
  - These webinars can be offered through professional organizations, national training firms, or through the business itself.
    - Offer to conduct webinars for SHRM Chapters, Accounting Professional Associations, etc.
  - A small fee can be charged for participants to attend the session.
    - Not only will the business' name get exposure, but the charged fees can serve as another revenue stream.
- 6. Strategic Partners: Align the business with strategic partners.
  - Continual to develop new strategic partners.
  - Try to develop 1 or 2 new strategic partners each year.
  - Develop a marketing plan to stay in touch with the business' strategic partners.

*Refer to the Sales and Sales Planning Step 4 - #6. Build Strategic Partners section of the manual for additional information on strategic partners.*
- 7. Referral Programs: Strategic partners will often receive a referral fee for recommending prospects which turn into clients.
  - The fee is typically paid as a percent of the project.
  - Gift cards can also be provided as a reward for referrals which do not turn into sales to continue to show appreciation for the referral.

*Refer to the Sales and Sales Planning Step 4 - #7 Referral Program with Strategic Partner(s) section of the manual for additional information on referral programs.*
- 8. Blogs/Newsletter: Blogs and the creation of newsletters are effective ways to market the business' services and serve as a reminder to prospects, clients, strategic partners, network, etc. the business is available to provide consulting services.
  - Blog and create a newsletter approximately once a month to get started.
    - Once established, the blog can be moved to bi-monthly.
    - There are many external content consultants who will prepare and write blogs and newsletters for the business.
- 9. Website: The business should have a website for businesses to promote their services and products.
  - The website does not need to be elaborate but enables others to locate the business via a search.
  - A simple website can be created initially.
    - Development of a website with one or two pages is relatively inexpensive to initially get started.
    - As the business continues to grow, additional pages can be added to the site.

- Web development content consultants can be engaged to develop the company's website, if needed.

*Refer to the Technology section Step 1 of the manual for additional information on creation of a company website.*

10. Marketing Collateral: Individual marketing pieces can be developed to describe the company itself, its' various business services and products offered. These documents are referred to as Marketing Collateral.

- For example, a marketing piece might be developed such as "About Your Company" and then additional pieces for each service module.
- Marketing collateral pieces should be made available in both print and electronic form.
  - For printed materials, invest in high quality printing and paper.
- Create a Capability Statement. This is typically a one-page document highlighting the business owners' background, experiences, certifications, accomplishments, and the services offered, etc.
  - The capability statement is easy to share rather than providing prospects, clients, etc. all the individual marketing collateral pieces.

*Total Reward Solutions will provide each Independent Business Owner one marketing collateral piece for each module purchased which can then be co-brand with Total Reward Solutions.*

11. Metrics: To ensure the business's marketing efforts are reaching the desired targeted audiences, develop a tracking mechanism.

- Track metrics around social media posts such as likes, comments, and views.
- Monitor and track the usage of the company's website.
  - How many people visit the site?
  - What is the average time spent on the site?
- Review the statistics and metrics monthly.
- Identify trends and adjust the business' marketing approaches, as necessary.

# TEN REFLECTIONS I WISH I KNEW DAY ONE AS A BUSINESS OWNER

While I always knew I wanted to be an entrepreneur and have my own business, I did not at the time realize nor understand many of the aspects of establishing and maintaining a successful business. Looking back, here are some reflections I wish other entrepreneurs had shared with me upon starting my business. Hopefully, these reflections / tips will help you get your feet solidly planted in the ground as you begin your entrepreneur journey!

*These reflections are not in order of importance, but rather are meant to provide perspective and thought.*

## **Reflection #1: Purchase and Implement a Customer Relationship Management (CRM) System.**

1. Purchase and implement a CRM system as soon as possible. Do not postpone this action.
  - It will become overwhelming to build the CRM system if purchased down the road.
2. Build the CRM database and sales processes early and always follow it.
3. The CRM system can help track “closure” rates which will enable the business owner to know how many leads / follow-ups are needed to close a sale.
4. Use the CRM to track all the various details regarding prospects and clients.

## **Reflection #2: Set Money Aside for Taxes.**

1. Do not forget about “Uncle Sam”.
2. Many entrepreneurs have commented they were strapped for cash and did not have the monies to pay the respective taxes in that the money was already spent at the time the taxes were due.
3. Therefore, set aside monies as soon as clients have paid the business.
4. Hire a professional tax advisor to consult on how much money is and will be needed to be put in a reserve for taxes.

## **Reflection #3: Purposefully Plan for Profit.**

1. Set aside a set percent of receivables upon receipt.
2. Create a separate account where the funds are not easily assessable to the owner.
3. The reserve account does not have to be substantial initially.
  - Start with 5% and increase annually as the business’ revenue grows.
  - A tremendous amount of satisfaction will be gained from having monies available at the end of the year to take a bonus or invest back into the business.

## **Reflection #4: Plan for Retirement.**

1. One day, you will want to retire.
2. Create and open a retirement plan account and start saving as early as possible.
3. There are many retirement plan options available.
4. A financial advisor can assist in determining the right plan for the business.
5. A tax advisor can assist in determining how much can be contributed to the plan and how often.

6. Contributions to a retirement plan can also help reduce the business owner's tax liability.

**Reflection #5: Gain a Thorough Understanding of Finance and Accounting.**

1. Understanding finance and accounting principles is key to a successful business owner.
2. Get training if financial is not the business owner's strong suit.
  - Understand all aspects of a financial statement.
  - Understand profit and loss.
  - The income statement, balance sheet, and cash flow statement all have different purposes. Gain a solid understand of these components.
3. Review the business' financial performance monthly.

**Reflection #6: Perform Financial Forecasting and Develop a Budget for Expenses.**

1. Make assumptions and conduct some financial forecasting.
  - Forecast 3 to 5 years out.
  - Determine what is needed to achieve the financial numbers.
2. Develop a budget for expenses.
  - Without a budget, the business will overspend.
  - The order for budgeting expenses should be taxes, profit, retirement, and then operating expenses.
    - Operating expenses is obtained by deducting estimated taxes from forecasted revenue, then deducting profit, and lastly retirement.
  - Budget expenses and adhere to them.
    - Failure to budget and manage expenses will resulting in having to use operating expenses to fund the overspending.
  - If revenue is not where it was anticipated, reign in business expenses.

**Reflection #7: Develop a marketing plan.**

1. How will the business market its' products and services?
2. Marketing can be expensive, and the costs can easily escalate if not budgeted.
3. Seek professional advice on establishing the best use of the available funds for marketing.

**Reflection #8: Establish metrics and track them.**

1. Establish financial, sales, productivity, customer satisfaction, and other metrics important to manage the business.
2. Create a metrics dashboard and review it monthly.
  - Make tweaks to processes as needed to hit the desired metrics.

**Reflection #9: Create Standard Operating Procedures.**

1. Create Standard Operating Procedures (SOPs) for every process from the beginning.
  - SOPs should be developed in the areas of finance, sales, marketing, business services, billing, etc.
2. Having SOPs ensures consistent, accurate, and timely delivery of services.
3. SOPs serve to train employees and/or subcontractors.
4. Continually look for way to improve processes and streamline operations.

**Reflection #10: Keep Skills and Expertise Current.**

1. In today's environment, staying current in the business owner's field of expertise is critical.
2. Continue to hone and sharpen your skills.
3. Many entrepreneurs have not received any formal entrepreneur training.
  - Therefore, explore and seek out training in areas where the knowledge may be lacking or insufficient.
  - Consider obtaining additional training in the areas of finance, sales, marketing, human resources, etc.
4. Many continuing self-development programs are available for a nominal fee

**In summary, plan, plan, plan. Plan for yesterday, today, and tomorrow. How will you develop your business? What is your growth plan? And lastly, love what you are building and creating. The skies the limit!**

# APPENDIX

# Appendix A

## Prospect Template

<p>Date: _____</p> <p style="padding-left: 40px;">New Sale: _____ Existing Sale: _____</p> <p>Contact Name: _____</p> <p>Title: _____</p> <p>Company: _____</p> <p>Address: _____</p> <p>Address: _____</p> <p>Phone #: _____</p> <p>Email Address: _____</p> <p>Who Referred and Source: _____  <i>(Partner, Website, Internet, Previous Client, Other)</i></p> <p><b>Benchmarking Information:</b></p> <p>Company Name being Benchmarked: _____</p> <p>Employee Size: _____</p> <p>Revenue/Budget Size: _____</p> <p>SIC or NAICS Code: _____</p> <p>Job Title (if one job): _____</p> <p><b><i>Circle Service(s) Below Discussing:</i></b>  <i>(Base Pay, Benefits Benchmarking, Compensation Projects, Compensation Support, Discrimination Analysis, Exec Comp, Incentive Compensation, Market Pricing, Sales Compensation, Speaking Engagement, Total Rewards Assessment, Training, Performance Management)</i></p>	<p>Contacts: _____</p> <p>LinkedIn: _____</p> <p>Mkt DB: _____</p> <p>State/Cat.: _____</p> <p>SK: _____</p>
<b>NOTES:</b>	

## Appendix B

### Pipeline Tracking Template

Prospects	Estimate Delivered	Proposal Delivered	Proposal Accepted & Project Due Date
<ul style="list-style-type: none"> <li>• Company A – Call 3/4/21; F/Up 3/15/21</li> <li>• Company B – Call 3/22/21; F/Up 4/22/21</li> <li>• Company C – Call 3/30/21</li> </ul>	<ul style="list-style-type: none"> <li>• Company A – Sent 3/15/21; F/Up 3/22/21</li> <li>• Company B – Sent 2/23/21; F/Up 3/15/21</li> <li>• Company C – Sent 3/11/21; F/Up 3/29/21</li> <li>• Company D – Sent 3/8/21; F/Up 3/15/21; 3/30/21</li> </ul>	<ul style="list-style-type: none"> <li>• Company A – Sent 12/9/20; F/Up 1/9/21</li> <li>• Company B – Sent 12/20/20; F/Up 1/4/21</li> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>• Company A - Comp Educ – 5/30/21</li> <li>• Company B - Base Pay - 06/30/21</li> <li>• Company C – Base Pay – 7/15/21</li> <li>• Company D – Inc Comp – 7/31/21</li> <li>• Company E – Inc Comp – 8/30/21</li> <li>• Company F – Base Pay – 9/30/21</li> </ul>



# Appendix C

## Subcontractor Agreement Template

### AGREEMENT FOR SERVICE

THIS AGREEMENT FOR SERVICE (this “Agreement”) dated this xx day of xxxxxxxx 2021

BETWEEN

Your Business Name, Your Business Address, City, State, Zip  
(the “Customer”)

-AND-

Sub-Contractor Name, Sub-Contractor Address, City, State, Zip  
(the “Service Provider”)

#### BACKGROUND:

- A. The Customer believes the Service Provider has the necessary qualifications, experience, and abilities to provide services to the Customer.
- B. The Service Provider is agreeable to providing such services to the Customer on the terms and conditions set out in this Agreement.

**IN CONSIDERATION OF** the matters described above and of the mutual benefit and obligations set forth in this Agreement, the receipt and sufficiency of which consideration is hereby acknowledged, the parties to this Agreement agree as follows:

#### Services Provided:

1. The Customer hereby agrees to engage the Service Provider to provide the Customer with services (the “Services”) as detailed in Exhibit A – Scope of Work. The Service Provider hereby agrees to provide such Services to the Customer.

#### Term of Agreement:

2. The term of this Agreement will begin on the date of this Agreement and will remain in full force and effect for a period of one (1) year, subject to earlier termination as provided in this Agreement, with the said term being capable of extension by mutual written agreement of the parties.

#### Performance:

3. The parties agree to do everything necessary to ensure that the terms of this Agreement take effect.

**Compensation:**

4. For the services rendered by the Service Provider as required by this Agreement, the Customer will pay the Service Provider compensation as detailed in Exhibit A – Scope of Work.
5. This compensation will be payable within 7 days of receipt of payment from the Client for each completed Scope of Work while this Agreement is in force.

**Reimbursement of Expenses:**

6. The Service Provider will not be reimbursed for expenses incurred by the Service Provider in connection with providing the Services of this Agreement.

**Confidentiality:**

7. The Service Provider agrees that they will not disclose, divulge, reveal, report or use, for any purpose, any confidential information with respect to the business of the Customer or the Client to which they have been assigned, which the Service Provider has obtained, except as may be necessary or desirable to further the business interests of the Customer. This obligation will survive indefinitely upon termination of this Agreement.
8. The Service Provider agrees they will store all documents related to any services rendered for The Customer on The Customer's shared electronic drive and will not retain a copy of any documents on their own personal devices. The Service Provider also agrees to submit any written documents to The Customer if it is no longer providing services for The Customer. Documents completed in providing on-site services to a Client will be stored on the Client's indicated electronic drive and the Service Provider will not retain any copies of documents created while providing on-site services. The Service Provider agrees not to copy or use any of The Customer's formats, documents, processed, procedures, etc. exposed to while providing services to The Customer. This obligation will also survive indefinitely upon termination of this Agreement.

**Non-Competition:**

9. Other than with the express written consent of the Customer, which will not be unreasonably withheld, the Service Provider will not, during the continuance of this Agreement or within three (3) years after the termination of this Agreement, divert or attempt to divert from the Customer any business the Service Provider has provided services to in conjunction with the Customer or accept any other work directly from the Client for which they have provided services. The Service Provider will not complete services as detailed in Exhibit A - Scope of Work for any other consulting firms during the continuance of this Agreement or within two (2) years after the termination of this Agreement. The Service Provider can provide all other services not detailed in Exhibit A – Scope of Work on their own or for other consulting firms.

**Assignment:**

10. The Service Provider will not voluntarily or by operation of law assign or otherwise transfer its obligations under this Agreement without the prior written consent of the Customer.

**Capacity/Independent Contractor:**

11. It is expressly agreed that the Service Provider is acting as an independent contractor and not as an employee in providing the Services under this Agreement. The Service Provider and the Customer acknowledge that this Agreement does not create a partnership or joint venture between them and is exclusively a contract for service.

12. The Service Provider will be required to annually submit to the Customer a Worker's Compensation Certificate of Exemption (if applicable in your state).

**Modification of Agreement:**

13. Any amendment or modification of this Agreement or additional obligation assumed by either party in connection with this Agreement will only be binding if evidenced in writing and signed by each party or an authorized representative of each party.

**Entire Agreement:**

14. It is agreed that there is no representation, warranty, collateral agreement, or condition affecting this Agreement except as expressly provided in this Agreement.

**Currency:**

15. Except as otherwise provided in this Agreement and Scope of Work, all monetary amounts referred to in this Agreement are in United States dollars.

**Governing Law:**

16. It is the intention of the parties to this Agreement that this Agreement and the performance under this Agreement, and all suits and special proceedings under this Agreement, be construed in accordance with and governed, to the exclusion of the law of any other forum, by the laws of the State of xxxxxx, without regard to the jurisdiction in which any action or special proceeding may be instituted.

**Dispute Resolution:**

17. In the event a dispute arises out of or in connection with this Agreement, the parties will attempt to resolve the dispute through friendly consultation.

18. If the dispute is not resolved within a reasonable period, then any or all outstanding issues may be submitted to mediation in accordance with any statutory rules of mediation. If mediation is not successful in resolving the entire dispute or is unavailable, any outstanding issues will be submitted to final and binding arbitration in accordance with the laws of the State of xxxxxx. The arbitrator's award will be final, and judgment may be entered upon it by any court having jurisdiction within the State of xxxxxx.

**Severability:**

19. In the event any of the provisions of this Agreement are held to be invalid or unenforceable in whole or in part, all other provisions will nevertheless

continue to be valid and enforceable with the invalid or unenforceable parts severed from the remainder of this Agreement.

**Accepted and agreed to:**

By: \_\_\_\_\_

Name: **Your Name**

Title: **Your Title**

Date: \_\_\_\_\_

**Accepted and agreed to:**

By: \_\_\_\_\_

Name:

Title: Independent Contractor

Date: \_\_\_\_\_

# Appendix D

## Scope of Work Template

EXHIBIT “A” – SCOPE OF WORK for **The Service Provider’s Name**

**Month, Day, Year**

Scope of work and compensation are defined as follows:

### **Services for Multiple Clients**

The Customer will pay Service Provider **\$xx/hour** for services provided to Client for any xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx projects and xxxxxxxxxxxxxxxxxxxxxxxx projects.

The Service Provider will submit hours tracking on a weekly basis and their invoice once the Customer indicates payment has been received from the Client. All other expenses incurred during the execution of work will be the responsibility of the Service Provider, unless expenses are approved by Customer in advance.

**Additionally, The Customer will pay Service Provider a 10% referral fee for any projects brought to The Customer for which the Client is not already a Client of The Customer. Referral fees are paid in two installments. The first ½ is paid when the project is started, and initial payment has been received from the Client. The other ½ is paid at completion of the project when payment has been received from the Client. Customize this area if you do this or something different.**

# Appendix E

## Subcontractor Time Summary Template

**SUBCONTRACTOR TIME SUMMARY TEMPLATE**

**Subcontractor Name:**

**Time as of:**

Summary of Time	Description of Work	Time	\$\$
Client A	Benchmark CEO/President/Chairman of the Board	1.00	\$50.00
Client B - <b>NEW</b>	Benchmark Manager of IT	1.00	\$50.00
Client C	Benchmark 3 roles	3.00	\$150.00
Client D - <b>NEW</b>	Benchmark Executive Assistant	1.00	\$50.00
Client E - <b>NEW</b>	Benchmark CRM Database Administrator	1.00	\$50.00
<b>Sub-total</b>		<b>7.00</b>	<b>\$350.00</b>
<b>On-going Projects</b>			
Client F	Benchmark 33 roles	33.00	\$1,650.00
Client G	Create salary ranges	2.50	\$125.00
<b>Sub-total</b>		<b>35.00</b>	<b>\$1,775.00</b>
<b>Total</b>		<b>42.00</b>	<b>\$2,125.00</b>

## Appendix F

### Client Time Tracking Worksheet Template

Total Reward Solutions Client Time Tracking Sheet				
<b>Client</b>	Client Name - Project Type			
<b>Time Period</b>	3/24/2021			
<b>Total Time</b>	2	<i>Field Auto calculates.</i>		
<b>Total Cost</b>	\$100.00	<i>Field Auto calculates. Rate being paid to subcontractor or employee needs to be entered.</i>		
Date	Time Start	Time End	Time to Nearest Qtr. Hour	Work Activity
3/30/2021			0.5	Develop draft market data guidelines and agenda and send
4/1/2021			1.0	Conference call; update MDG's and send
4/12/2021			0.5	Conference call with client on items needed