



INCENTIVE COMPENSATION HOW TO DETERMINE COST

There are four basic types of plan options as shown in the plan option templates.

Scorecard Based

Objective Based

Profit Sharing Based

Net Income Sharing Based

Your determination of how much to charge to do a plan should be based on the size of the organization, complexity of the organization, how many people will be involved in the design phase, and how many plans you will be designing.

We typically charge \$5,000 - \$7,500 depending on these factors. We charge on the higher side of that number for Scorecard and Objective based plans. They take longer to develop. We charge on the lower side for Profit Sharing and Net Income Sharing based plans as they take a little less time to develop.

However, we do land between these two numbers frequently taking all things into consideration mentioned in paragraph one above. Additionally, if we are doing two or more plans, we offer a little bit of a discount for a second or third plan if we work on them simultaneously and can gain efficiencies by doing it that way.

Finally, you should establish your own pricing based on what your market will bear. We often find a consultant new to this area will start with lower pricing and then raise their pricing once they have some client testimonials and experience in designing incentive compensation plans.