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# Memo to Statitrol Corporation Key Personnel Re: Bonus Plan Proposal

Statitrol Corporation

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STATITROL  
KEY PERSONNEL  
BONUS PLAN PROPOSAL

Features:

- 1) Starts at minimum 10% pre-tax and a minimum 10% growth in net sales. Pre-tax profits refer to pre-tax - ~~before~~ <sup>AFTER</sup> "profit sharing PLAN" ~~DEDUCTION~~.
- 2) Focus on pre-tax profits with 20% as objective.
- 3) Growth factor is a straight-line with a minimum at 10% to a maximum of 100%.
- 4) Bonus pool starts at 1% of pre-tax profits with a maximum of 7%.

Bonus Pool Distribution:

- 1) Top Management - 60% Individual distribution in proportion
- 2) Middle Management - 30% to base salary within each group.
- 3) Social Service Projects - 10% - Projects to be selected by Officer's vote.

Schedule A

Bonus Pool - Determined by Total Earnings Points

Earnings Points = Growth Points x Profit Points

(See Schedule A Attached)

**NOTE:**  
THIS IS SEPARATE FROM A  
COMPANY-WIDE "PROFIT SHARING PLAN"  
IN WHICH MIDDLE AND TOP MANAGEMENT  
PARTICIPATE.

Profit Points - See Schedule B (Attached)

Growth Points - See Schedule C (Attached)

Examples:

Profit Points x Growth Points = Total Points =				Bonus Pool		
				(% of Pre-Tax Dollars		
				<u>AFTER</u> <del>Before</del> Profit Sharing <u>PLAN</u> DEDUCTION		
1)	9% Pre-Tax, Growth (-0- x 30 = 0)	30%	=	-0-	=	-0-
2)	17% Pre-Tax, Growth (27 x 12 = 324)	12%	=	( 324)	=	2.1%
3)	14% Pre-Tax, Growth (20 x 50 = 1000)	50%	=	(1000)	=	3%
4)	22% Pre-Tax, Growth (73 x 100 = 7300)	121%	=	(7300)	=	6.8%

BONUS POOL = % OF PRE-TAX PROFITS

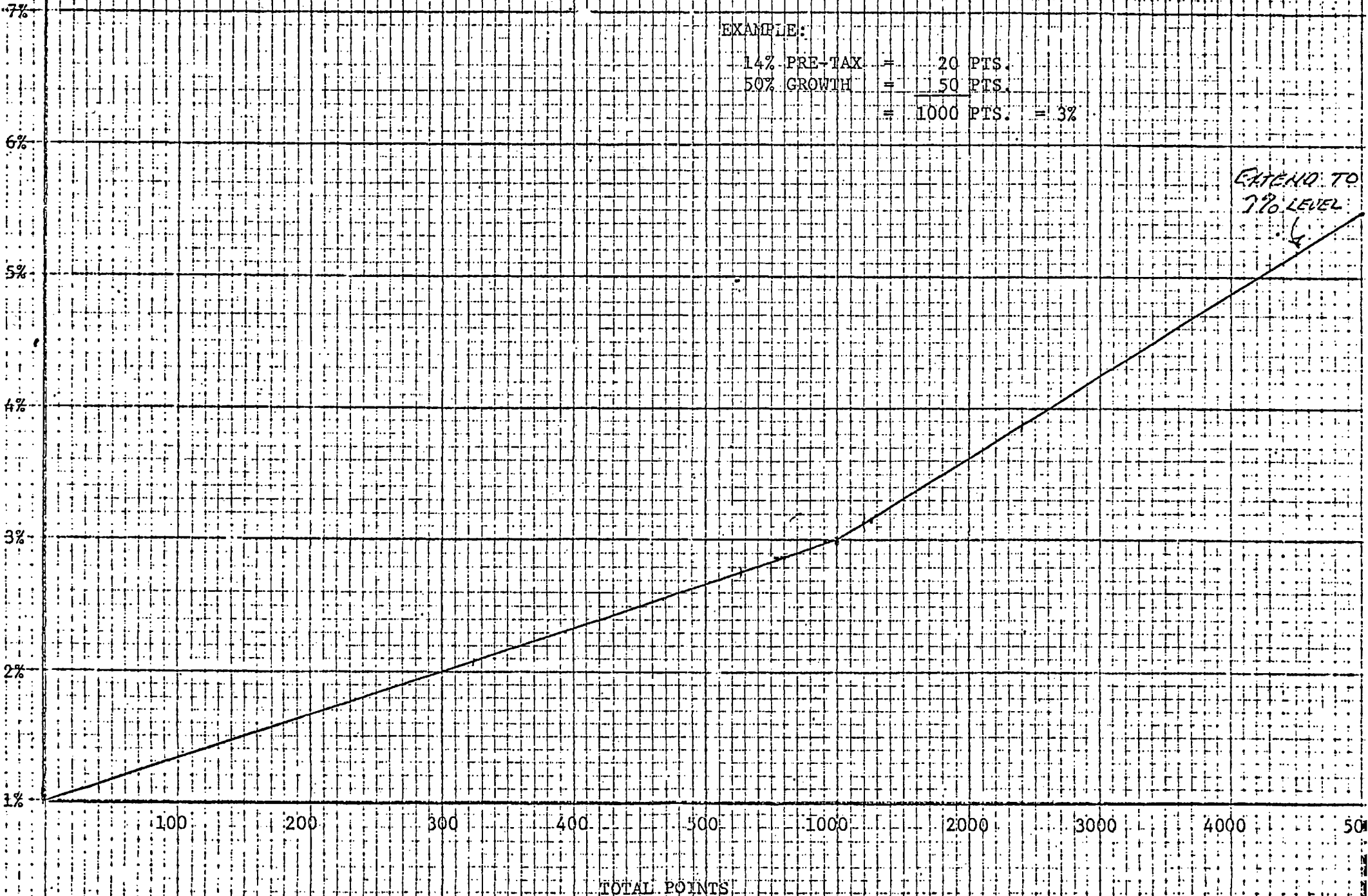
(BEFORE PROFIT SHARING) **PLAN DEDUCTION**  
**AFTER**

EXAMPLE:

14% PRE-TAX = 20 PTS.

50% GROWTH = 150 PTS.

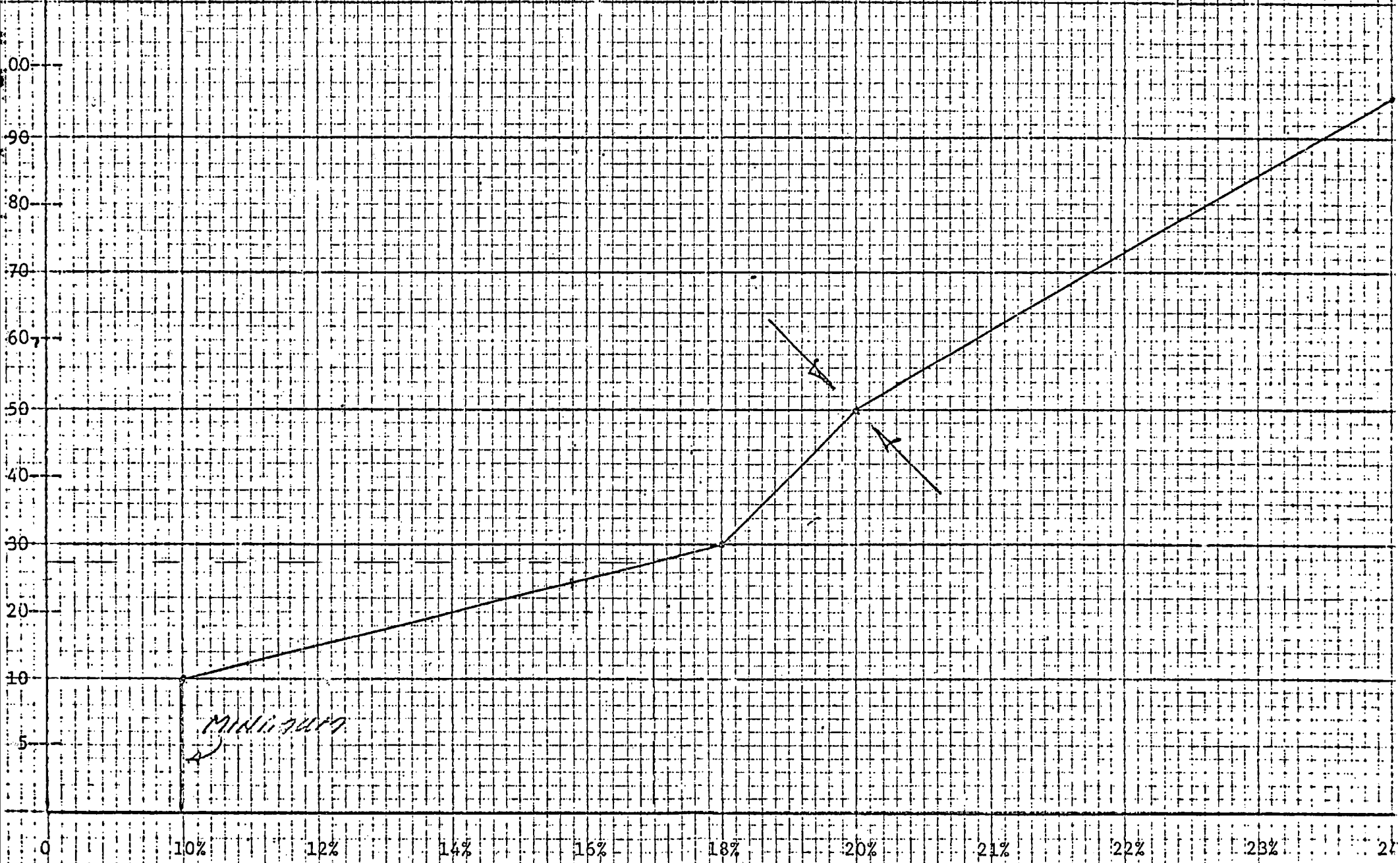
= 1000 PTS. = 3%



EXTEND TO  
7% LEVEL

PRE-TAX PROFITS %  
(~~BEFORE~~ <sup>AFTER</sup> PROFIT SHARING PLAN DEDUCTION)  
VS. BONUS FUND PROFIT POINTS

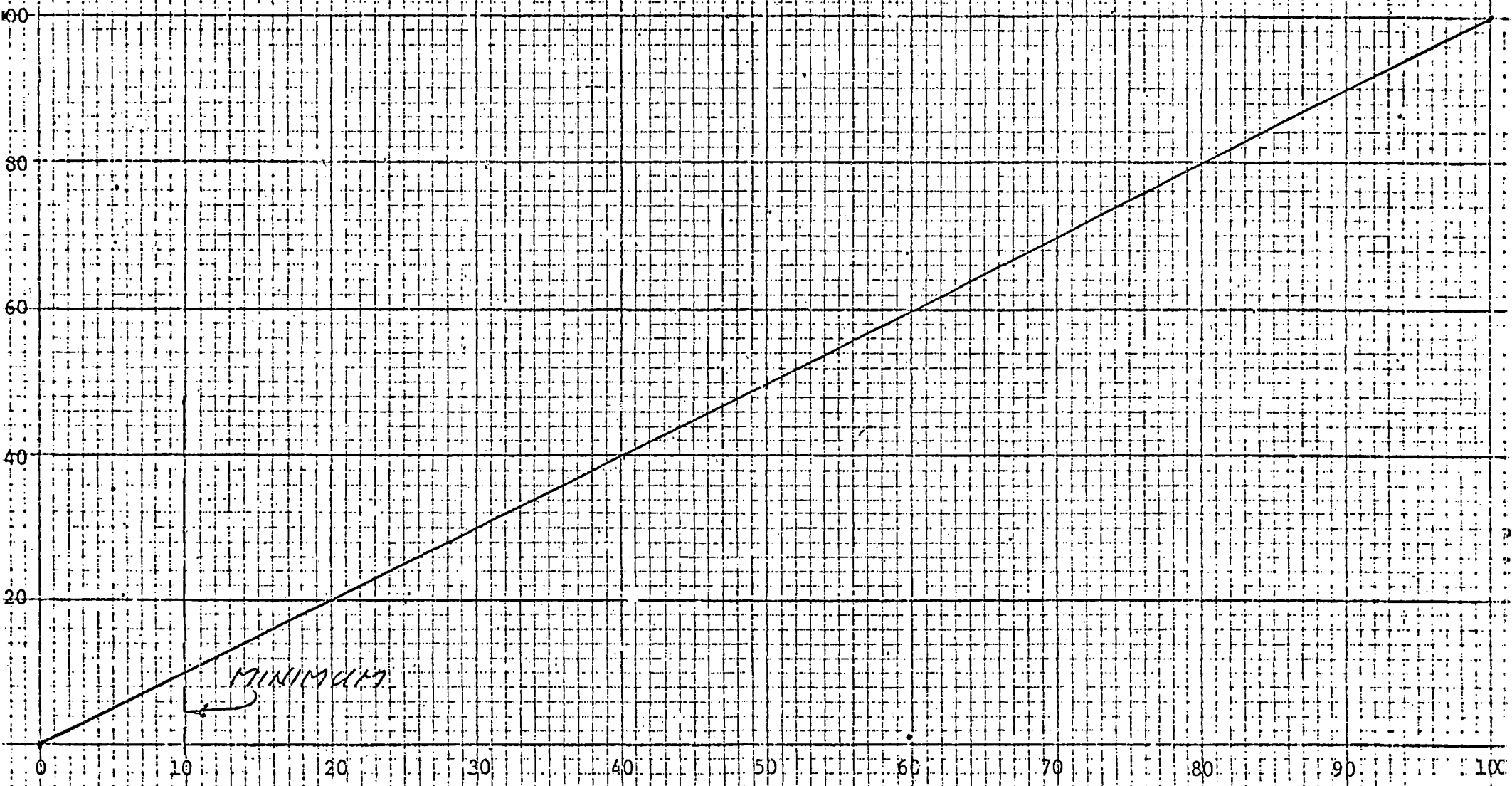
PROFIT  
POINTS



PRE-TAX PROFITS - 90% OF NET SALES

ANNUAL GROWTH %  
VS. BONUS FUND GROWTH POINTS

GROWTH  
POINTS

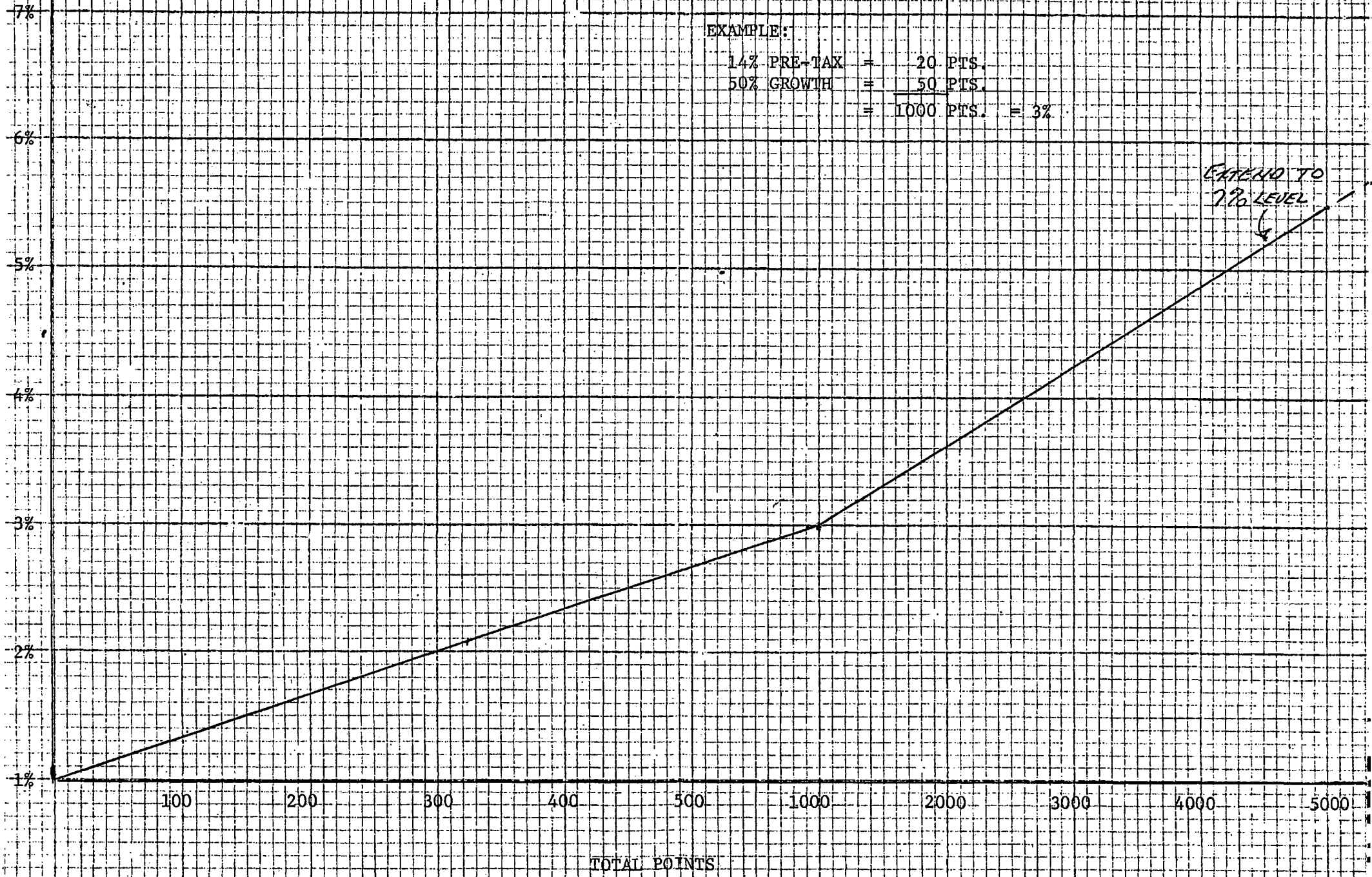


% INCREASE OVER PREVIOUS YEAR

BONUS POOL = % OF PRE-TAX PROFITS  
(~~BEFORE~~ PROFIT SHARING)  
*AFTER*

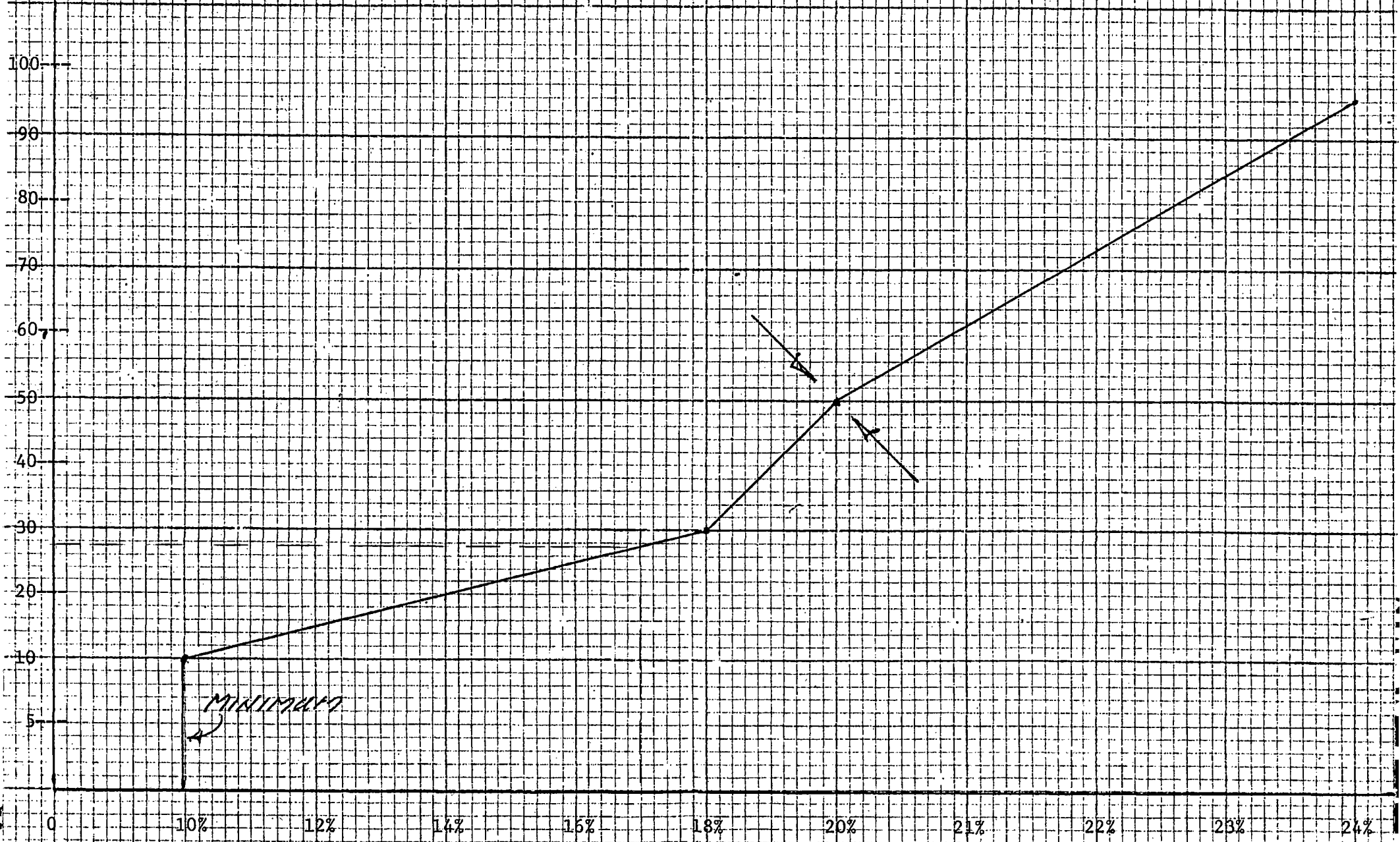
EXAMPLE:

14% PRE-TAX = 20 PTS.  
50% GROWTH = 50 PTS.  
= 1000 PTS. = 3%



PRE-TAX PROFITS %  
(BEFORE PROFIT SHARING)  
VS. BONUS FUND PROFIT POINTS

PROFIT  
POINTS



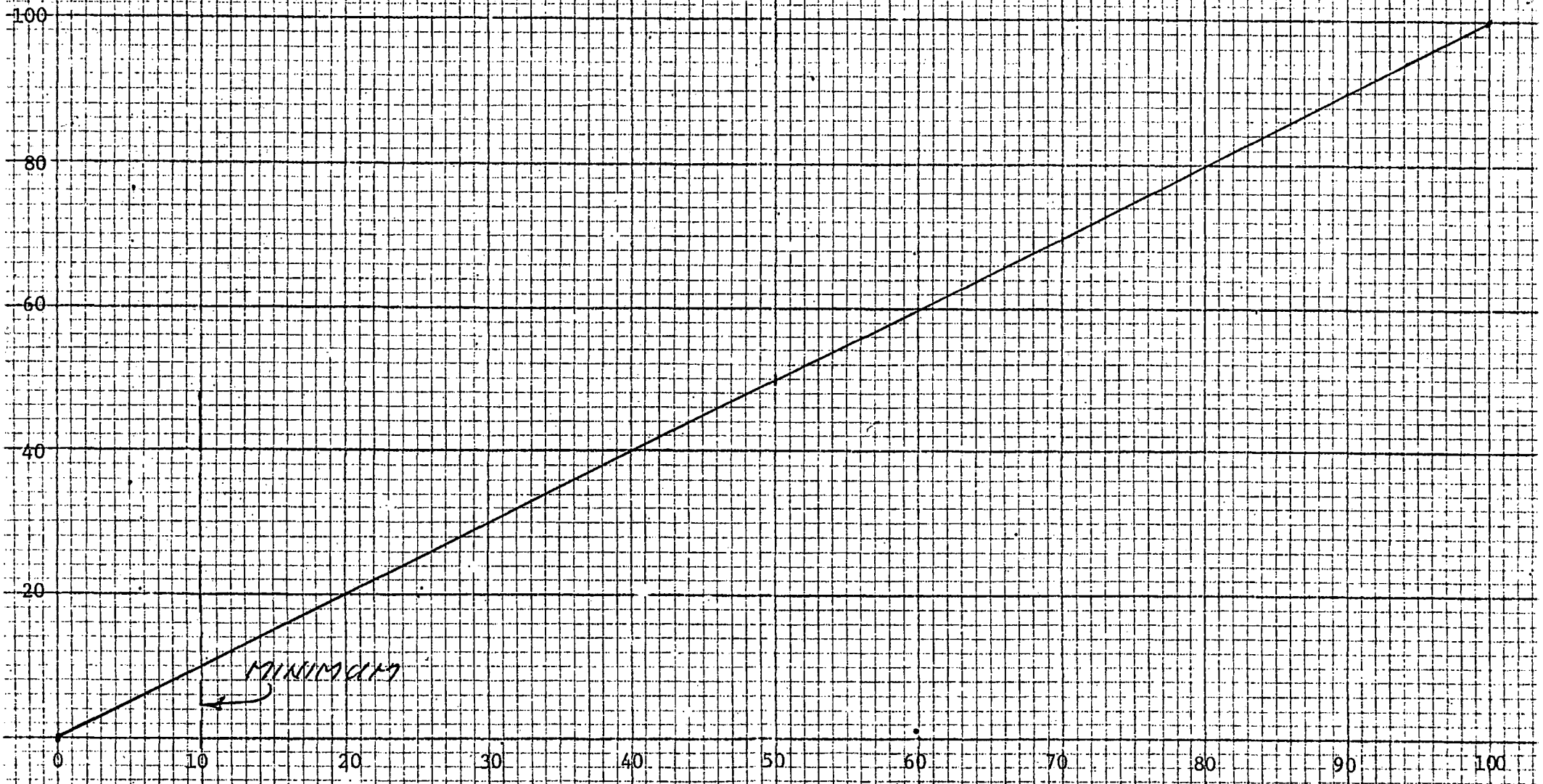
MINIMUM

PRE-TAX PROFITS - 9% OF NET SALES



ANNUAL GROWTH %  
VS. BONUS FUND GROWTH POINTS

GROWTH POINTS



% INCREASE OVER PREVIOUS YEAR

*MINIMUM*