

Operational Fundamentals

Staffing, Hiring and Designing High-Performing Compensation Plans

Presented by :

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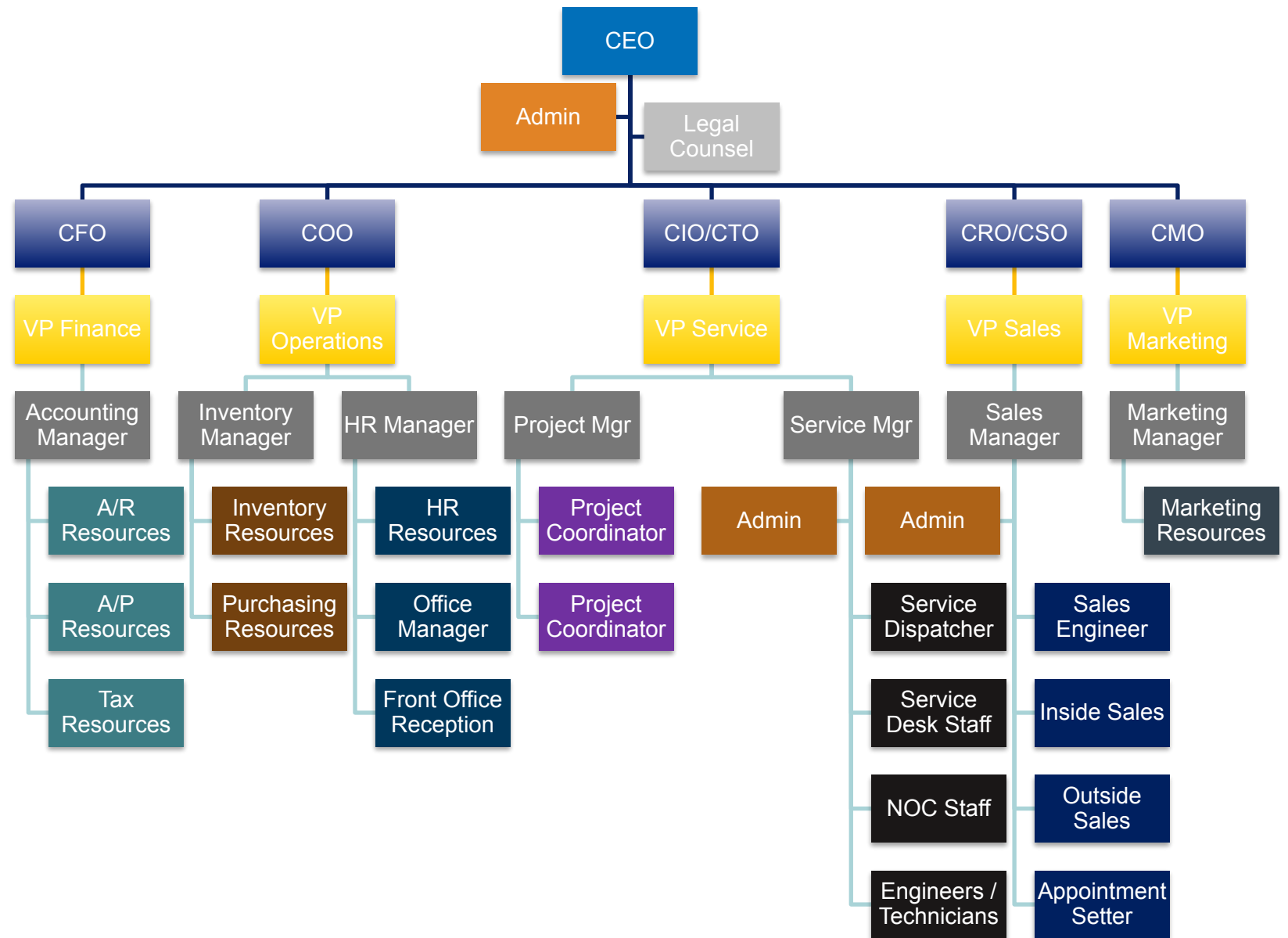
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Organizational Growth and Succession Planning

Planning for Growth



What's Your Hiring Strategy?

How Do You Know Who and When To Hire First? Next?

- Gut Feeling?
- Hire Technical Before Sales Resources?
- Hire Sales Resources Before Technical Ones?
- What About Support and Admin Resources?
- FTEs or Contractors?
- Interns?
- Full-Time or Part-Time?



Does Talent or Cost Determine Compensation?

- Do You Pre-Determine What You'll Pay?
- Have You Lost Good Staff Because of Comp?
- Do You Incent and Bonus for Performance?
- Are Your Salary Increases Based On Performance or Something Else?





What Does Your Hiring Process Look Like?

- Polished, Consistent, Efficient?
- Inconsistent, Informal?
- Repeatable?
- Ill-Defined, Not Followed?
- Hire Fast or Hire Slow?
- Fire Slow or Fire Fast?

Tips to Structure Performance-Based Comp Plans

| | Target | Actual | Points |
|--|--------|--------|--------|
| Billable Hrs as a % of Expected Hrs | 90% | 100% | 5 |
| Average of 45 minutes per Unit | Yes | Yes | 5 |
| Daily Paperwork w/ Accuracy | Yes | Yes | 5 |
| Daily Ticket Updates & Time Submittals | Yes | Yes | 5 |
| Completion of Scheduled Projects | Yes | Yes | 5 |
| Realized Gross Profit (Pre - Bonus) | 50% | 75% | 5 |

| Individual | | | | | | | |
|----------------------------------|-----|------------------|-----|-----------------------------|-----|--|-----|
| Billable Hrs as a % of Total Hrs | | Avg 45 mins/unit | | Daily Paperwork w/ Accuracy | | Daily Ticket Updates & Time Submittals | |
| Tiers | Pts | Tiers | Pts | Tiers | Pts | Tiers | Pts |
| >100% | 5 | Yes | 5 | Yes | 5 | Yes | 5 |
| 95%-99% | 3 | No | 0 | No | 0 | No | 0 |
| 90%-94% | 1 | | | | | | |

| Project Team | | | |
|----------------------------------|-----|-----------------------------------|-----|
| Completion of Scheduled Projects | | Realized Gross Profit (Pre-Bonus) | |
| Tiers | Pts | Tiers | Pts |
| Yes | 5 | >70% | 5 |
| No | 0 | 60%-69% | 3 |
| | | 50%-59% | 1 |

| Calculation | | | |
|-------------|----------|-------------------|-------|
| Total | | | |
| Pts | % of Pay | Bonus Calculation | |
| 30+ | 10% | Qtrly Wages | 2,286 |
| 21-29 | 7.5% | | |
| 21 | 5% | Bonus % | 10% |
| | | Eligible Bonus* | 229 |

| KPI Legend | |
|------------------------|--|
| Billable Hrs as a % | Measure the effectiveness of billable time against expected hours (eg. Full Time = 40 hours) |
| Tix Response w/in SLA | Measure the response times within SLA on any closed tickets during the period |
| Ticket Documentation | Measure the usefulness of complete and thorough documentation on tickets |
| Internal Projects | Measures the completeness of assigned internal projects and/or tasks within the period |
| Customer Satisfaction | Measures the satisfaction from customers' responses on all completed tickets |
| Training/Certification | Measures the completion of assigned training/certifications within the period |

Technician Bonus Incentive Plan Example

Managed Services MRR Commissions will be paid as 100% of the 1st Month's Invoice to the customer
Managed Services MRR Renewal Commissions on existing Managed Services MRR Agreement
Renewals will not count towards Monthly MRR Quota and will be commissioned at 50% of 1st Month's Invoice

| | BELOW TARGET | ON TARGET | EXCEEDING TARGET | | | | |
|-------------------------|--|---|---|---|---|---|---|
| | 0%-99% of Target Earns 100% Comm And No Bonus (90% Example) | 100% of Target Earns 100% Comm (100% Example) | 125% of Target Earns 100% Comm And 1% Bonus (125% Example) | 150% of Target Earns 100% Comm And 1.5% Bonus (150% Example) | 175% of Target Earns 100% Comm And 1.6% Bonus (175% Example) | 200% of Target Earns 100% Comm And 1.7% Bonus (200% Example) | Beyond 200%, Bonuses Will Be .025% Per Each 25% Increase (225%) Example |
| Base | \$ 60,000.00 | \$ 60,000.00 | \$ 60,000.00 | \$ 60,000.00 | \$ 60,000.00 | \$ 60,000.00 | \$ 60,000.00 |
| Personal GP | \$ 262,800.00 | \$ 292,000.00 | \$ 365,000.00 | \$ 438,000.00 | \$ 511,000.00 | \$ 584,000.00 | \$ 657,000.00 |
| Personal GP Commission | \$ 7,884.00 | \$ 8,760.00 | \$ 10,950.00 | \$ 13,140.00 | \$ 15,330.00 | \$ 17,520.00 | \$ 19,710.00 |
| Managed Services Gross | \$ - | \$ 60,000.00 | \$ 75,000.00 | \$ 90,000.00 | \$ 105,000.00 | \$ 120,000.00 | \$ 135,000.00 |
| Personal MRR Commission | \$ - | \$ 60,000.00 | \$ 75,000.00 | \$ 90,000.00 | \$ 105,000.00 | \$ 120,000.00 | \$ 135,000.00 |
| SubTotal | \$ 67,884.00 | \$ 128,760.00 | \$ 145,950.00 | \$ 163,140.00 | \$ 180,330.00 | \$ 197,520.00 | \$ 214,710.00 |
| Sales Team GP | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total GP | \$ 262,800.00 | \$ 292,000.00 | \$ 365,000.00 | \$ 438,000.00 | \$ 511,000.00 | \$ 584,000.00 | \$ 657,000.00 |
| Bonus | \$ - | \$ - | \$ 7,300.00 | \$ 13,140.00 | \$ 20,440.00 | \$ 29,200.00 | \$ 34,492.50 |
| Total Compensation | \$ 67,884.00 | \$ 128,760.00 | \$ 153,250.00 | \$ 176,280.00 | \$ 200,770.00 | \$ 226,720.00 | \$ 249,202.50 |

| MRR Annuity Bonus: | |
|-----------------------|-------|
| Monthly MRR Collected | Bonus |
| \$0-\$5,000 | 1% |
| \$5,001-\$15,000 | 2% |
| \$15,001-\$30,000 | 3% |
| \$30,000-\$50,000 | 4% |
| \$50,001+ | 5% |

3% Commission on Personal GP Sales
\$129k On-target compensation based on GP on sales of \$292,000
\$153k-\$249k Exceeding GP Target Compensation BY 125%-200%
.025% Additional Bonus Per Each 25% GP Increase Beyond 200% With No Cap

Monthly Quota:
\$0 quota in Month 1. \$3,000 quota in months 2 - 4. \$4,000 quota in months 5-7.
\$5,000 quota starting month 8.
\$25k in Gross Profit for any combination of Labor and Hardware Sales, Including Projects

Sales Professional Comp & Bonus Incentive Plan Example

Are You Hampering Staff Productivity?

Are You Your Own Worst Enemy?

- How Are You Directly Impacting Utilization?
- Admin Work
- Internal Meetings
- Internal Projects
- ???

| | | | |
|--|-----------|-----------|------------|
| Total Working Weeks/Year | 52 | | |
| Total Working Days/Year | 365 | | |
| Total Months/Year | 12 | | |
| Total Working Days/Month | 20 | | |
| | | | |
| Working Hours | Hours/Day | Days/Week | Hours/Year |
| Total available billable hours at work per employee | 8 | 5 | 2080 |
| Paid Breaks (not Lunch) | 0.5 | 5 | 130 |
| Time scheduled for special projects | 0 | 5 | 0 |
| Time dedicated to admin work | 1 | 5 | 260 |
| Total Work Hours Available | | | 1690 |
| | | | |
| Non-Working Hours | Hours/Day | Days/Year | Hours/Year |
| Company holidays | 8 | 12 | 96 |
| Vacation time | 8 | 10 | 80 |
| Paid time off | 8 | 5 | 40 |
| Time allotted for training | 8 | 5 | 40 |
| Drive Time | 1 | 52 | 52 |
| Other non-billable work time | 8 | 2 | 16 |
| Total Non-Billable Hours | | | 324 |
| Total actual work hours available per employee | | | 1366 |
| | | | |
| Percentage of available time lost to non-working hours | | | 34% |
| | | | |
| Desired Realization Rate (average percentage of billable time) | | | 80% |
| Total practical work hours available per resource per Year | | | 1093 |
| Total practical work hours available per Resource per Month | | | 91.07 |

Productivity and Profit

| | | | |
|--------------------|---------|---------|----------|
| Productivity | 100% | 75% | 50% |
| True Cost Per Hour | \$56.09 | \$74.79 | \$112.18 |

100% is based on 2,080 hours in a working year – this assumes no vacations, sick days, holidays, training days

Productivity Focus and Higher Efficiencies and Automation Result In Competitive Advantage

- Lower Costs
- Pricing Flexibility
- Increased Margins
- Greater Scalability

Resource Capacity Planning Formula for Sales

- **Based On**

- GP Targets
- MRR Targets

- **Required Data**

- GP or MRR Target
- Average GP or MRR Sale Value
- Number of Sales Required to Meet Target
- Number of Hours Required for Each Opportunity
- Number of Hours Available by SP per Month
- Number of Available SPs
- Sales Closing Ratio

| | |
|--|--------------------|
| New MRR per Month Goal | \$ 50,000.00 |
| Average Value of New MSP Agreements | \$ 5,000.00 |
| Number of Closed MSP Agreements to Meet Goal | 10 |
| Average SP Hours Needed To Set Each Appointment | 3 |
| Average SP Hours to Conduct each Sales Appointment | 2 |
| Average SP Hourse Needed for Pricing and Proposal Dev | 4 |
| # Sales Appointments Needed to Close an MSP Agreement | 3 |
| Average Closing Ratio % | 50% |
| Average SP Hours Needed Per Opportunity | 13 |
| # of Qualified Opportunities Needed Based on Closing % | 20 |
| # of Total Sales Appointments Needed Based on Closing % | 60 |
| Total Number of Hours Needed Based on Closing % | 260 |
| Total Sales Professional Hours Per Year | 3120 |
| Expected # of Sales Professionals Per Year | 2.86 |
| Expected # of Sales Professionals Per Month | 2.86 |
| # of Total Sales Appointments Per Month Per Current SPs | 20 |
| | |
| Sales Professional Staffing | Sales Professional |
| Current existing number of Sales Professional Resources | 3.00 |
| Forecasted number of Sales Professional Resources needed | 2.86 |
| Over/Under Capacity | 0.14 |

Resource Capacity Planning Formula for Sales Engineers

- **Based On**

- Number of Sales Professionals
- % of Sales Appointments Requiring an SE

- **Required Data**

- Number of Appointments Requiring an SE
- Average SE Hours Required Per Opportunity
- Number of Hours Available by SE per Month
- Number of Available SEs

| | |
|--|----------------|
| Expected # of Sales Professionals | 2 |
| Expected # of New Sales Appointments Per Month Per SP | 8 |
| Expected % of Sales Appointments Requiring an SE | 50% |
| Average SE Hours per Sale | 8 |
| Expected # of Sales Engineering Opportunities Per Year | 96 |
| Total SE Hours Per Year | 768 |
| Total SE Hours Per Month | 64.00 |
| Expected # of SEs Per Year | 0.70 |
| Expected # of SEs Per Month | 0.70 |
| | |
| Sales Engineer Staffing | Sales Engineer |
| Current existing number of SE Resources | 1.00 |
| Forecasted number of SE Resources needed | 0.70 |
| Over/Under Capacity | 0.30 |

Resource Capacity Planning Formula for Service Desk Techs and Dispatchers

• Based On

- Total Ticket Count Per Year
- % of Tier 1, 2, 3 and Onsite Tickets
- SLA

• Required Data

- Total Tickets
- Tiering and Onsite Ticket Segmentation %
- Time Allotted Per Ticket Type Before Escalation
- Number of Hours Available by Tech per Month
- Number of Available Techs Per Tier
- Number of Available Dispatchers

| | | | | |
|---|---------------|---------------|---------------|---------------|
| Expected % of Tier 1 Tickets out of 100% | 90% | | | |
| Expected % of Tier 2 Tickets out of 100% | 7% | | | |
| Expected % of Tier 3 Tickets out of 100% | 3% | | | |
| Expected % of Overall Tickets Escalated to Onsite Support | 10% | | | |
| | | | | |
| Trouble Ticket Calculation | Tier 1 | Tier 2 | Tier 3 | Onsite |
| Number of tickets per year (calls, email and/or Web requests) | 30000 | 2100 | 900 | 3000 |
| Targeted work time per ticket (in minutes) | 45 | 90 | 180 | 180 |
| Total required work hours per help desk tier | 22500 | 3150 | 2700 | 9000 |
| | | | | |
| Help Desk Staffing | Tier 1 | Tier 2 | Tier 3 | Onsite |
| Current existing number of technicians per tier | 20.00 | 3.00 | 1.00 | 5.00 |
| Forecasted number of FTE technicians needed per tier | 20.59 | 2.88 | 2.47 | 8.24 |
| Over/Under Capacity | -0.59 | 0.12 | -1.47 | -3.24 |
| | | | | |
| Dispatch Staffing | | | | |
| Current existing number of Dispatchers | 1.00 | | | |
| Forecasted number of Dispatchers needed | 1.25 | | | |
| Over/Under Capacity | -0.25 | | | |

Resource Capacity Planning Formula for Project Managers, Coordinators and Implementors

• Based On

- Number of Projects Per Year
- Average Hours Per Project

• Required Data

- % of Total Project Manager Time Per Project
- % of Total Project Coordinator Time Per Project
- % of Total Project Implementor Time Per Project
- Number of Hours Available by PM, Coordinator and Implementor per Month
- Number of Available PMs, Coordinators and Implementors

| | | | |
|---|-----------------|---------------------|-------------|
| Expected # of Projects Per Year | 50 | | |
| Expected # of Projects Per Month | 4.17 | | |
| Average Hours per Project | 40 | | |
| Total PM Time % Per Project | 10% | | |
| Total Project Coordinator Time % Per Project | 30% | | |
| Total Project Implementor Time % Per Project | 100% | | |
| Total Project Hours Per Year | 2000 | | |
| Total Project Hours Per Month | 166.67 | | |
| Total PM Project Hours Per Month | 16.67 | | |
| Total PM Project Hours Per Year | 200 | | |
| Expected # of PMs Per Year | 0.18 | | |
| Expected # of PMs Per Month | 0.18 | | |
| Total Project Coordinator Hours Per Month | 50.00 | | |
| Total Project Coordinator Hours Per Year | 600 | | |
| Expected # of Project Coordinators Per Year | 0.55 | | |
| Expected # of Project Coordinators Per Month | 0.55 | | |
| Total Project Implementor Hours Per Month | 166.67 | | |
| Total Project Implementor Hours Per Year | 2000 | | |
| Expected # of Project Implementors Per Year | 1.83 | | |
| Expected # of Project Implementors Per Month | 1.83 | | |
| | | | |
| Project Staffing | Project Manager | Project Coordinator | Implementor |
| Current existing number of Project Resources | 1.00 | 1.00 | 1.50 |
| Forecasted number of Project Resources needed | 0.18 | 0.55 | 1.83 |
| Over/Under Capacity | 0.82 | 0.50 | -0.30 |

Resource Capacity Planning Formula for On-Boarding Engineers

• Based On

- Number of New Clients Per Year
- Hours to On-Board Each Client

• Required Data

- Number of Hours Available by On-Boarding Engineers per Month
- Number of Available On-Boarding Engineers

| ON-BOARDING FORECAST | |
|---|------|
| Expected # of New Clients to On-Board Per Month | 3 |
| Client 1 Hours to On-Board | 20 |
| Client 2 Hours to On-Board | 30 |
| Client 3 Hours to On-Board | 40 |
| Client 4 Hours to On-Board | 0 |
| Client 5 Hours to On-Board | 0 |
| Client 6 Hours to On-Board | 0 |
| Client 7 Hours to On-Board | 0 |
| Client 8 Hours to On-Board | 0 |
| Client 9 Hours to On-Board | 0 |
| Client 10 Hours to On-Board | 0 |
| Client 11 Hours to On-Board | 0 |
| Client 12 Hours to On-Board | 0 |
| Total On-Boarding Engineer Hours Per Month | 270 |
| Expected # of On-Boarding Engineers Per Month | 2.96 |

| ON-BOARDING ENGINEER STAFFING | |
|--|----------------|
| On-Boarding Engineer Staffing | Sales Engineer |
| Current existing number of On-Boarding Engineer Resources | 2.00 |
| Forecasted number of On-Boarding Engineer Resources needed | 2.96 |
| Over/Under Capacity | -0.96 |

Resource Capacity Planning Calculator Deep Dive

Final Thoughts

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2021

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TICKET | \$99

VIP
TICKET | \$199

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