

# How It's Done



## “MDRT Commission Split”

Joint work is a great way to learn the business and get expert help in solving problems for clients. The idea is to compensate each participant in the sales process based on the value they add to the sale. Traditional 50/50 splits are simple, but sometimes create issues when one or both parties feel that the split is disproportionate to their share of the work. The MDRT Commission Split is an arrangement that divides a sale into five separate sales components. The split for each sale is determined separately and documented before the sale is consummated.

**20% for the Prospect** – Prospecting is a critical piece of the sales process. Without a prospect no sale can be made. It's about the relationship. The person who establishes the contact (lead) and sets the appointment on a favorable basis with a potential client or client is entitled to 20% of the total commission when the case is settled.

**20% for the Data Gathering** – The foundation for a sale is uncovered during the fact-finding and data gathering segment (the opening and prospect interview). 20 % of the compensation is allocated to this component of the sale when the case is settled.

**20% for Case Design** – analyzing the data and facts to create possible solutions is both a science and an art. Evaluating potential sales ideas and creating presentation material (computer work) is worth 20% of the commission split when the case is settled.

**20% for the Sale** – In today's world of compliance and paperwork (presentation and close), it is no easy task to complete sales applications correctly and provide vendors with other supportive information to make sure that the case is properly sold and "put on the books" in good order. 20% of the sales commission is allocated to this component of the sale when the case is settled.

**20% for Post-Sale Service Work** – Whoever is responsible for future service is entitled to 20% of the total commissions. Maintaining good communications and delivering on promises that were made during the sales process are critical to client retention and retention of the business.

Some of the sales process components can be shared such as a joint data gathering session. If a step in the process is shared, the 20% component is split 10%/10%. The important points to remember are that the commission split arrangement is determined near the front of the sale process and that each party is paid for their contribution to the sale. The agreement should also include how renewals, trails or other ongoing fees and commissions will be split and how to address any future business from a particular client including referrals.

**Example:** Brian and Casey decide to work together. Brian uncovers a qualified prospect and sets an appointment; this is worth 20% of the potential sales commission. Both Brian and Casey share the data gathering (10% each). Casey is responsible for the case design (20%). The presentation, close and paperwork are split equally (10% to Brian and 10% to Casey). The post-sale service work (20%) will be handled by Brian. In this situation the sales is split 60/40 (60% to Brian and 40% to Casey). Each person is paid for the value they added to the sale.

### Results:

| <u>Component</u>    | <u>Brian</u> | <u>Casey</u>  |
|---------------------|--------------|---------------|
| Prospect            | 20%          |               |
| Data Gathering      | 10%          | 10%           |
| Case Design         |              | 20%           |
| Presentation, Close | 10%          | 10%           |
| Post Sale Service   | <u>20%</u>   | <u>      </u> |
| Total               | 60%          | 40%           |