

A construction worker wearing a yellow hard hat and a high-visibility safety vest is seen from behind, pointing towards a large building under construction. The background shows the wooden framework of the building against a bright sky.

**SIEMENS**

*Ingenuity for life*

Residential Construction

# 2017 Market Builder Channel Partner Program

The strength of collaboration,  
the commitment to succeed.

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# The strength of collaboration, the commitment to succeed.

The Market Builder Channel Partner Program establishes performance criteria that represent fully aligned partnerships with Siemens and recognizes those channel partners that achieve the highest level with the greatest rewards for growth.

### Account Status

There are three categories of measurements used to determine a distributor's status of ELITE, Select or Base:

1. Product Support
2. Sales Performance
3. eCommerce Rating

Each of these categories will have one or more measurements with point values that add up to your Partnership Quality Factor (PQF) score.

### Are you ELITE?

Distributors that best support Siemens in the market and demonstrate sound business practices are designated with the status of ELITE and earn the highest levels of incentives and rewards.

Status	Partnership Quality Factor Score
ELITE	75 points or higher
Select	50 points to 74 points
Base	49 points or less



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# Incentives

## 2017 Sales Incentives

Product Category	Achieve Sales Goal: 100% – 110% Incentive based on PQF Status <sup>1</sup>			Growth Bonus
	Base Incentive	Select Incentive	ELITE Incentive	≥ 110% of Sales Goal
<b>Residential:</b> Load Centers and Breakers, Meter Sockets, Meter Combination Load Centers, Uni-PAK and PowerMod™ Group Metering, Temporary Power Panels, First Surge™, A/C Disconnects, Accessories <sup>2</sup>	0.35%	0.75%	1.50%	1.00%
<b>Enclosed Switches</b>	0.35%	0.75%	1.50%	1.00%
<b>NEMA Controls</b>	0.35%	0.75%	1.50%	1.00%

1. Sales Goal Incentive & Growth Bonus are calculated on the total sales of eligible products with a maximum incentive calculated at 130% of goal.
2. Accessories includes all Murray and Siemens Residential Accessories.
3. First Surge™ is Siemens whole home surge protection products.

## e-Business Utilization Incentive

We reward channel partners who use our e-business tools by offering a quarterly e-Business Utilization Incentive—**an additional 1% for all invoices earning the standard 1% cash discount**. To qualify, a channel partner must maintain the minimum levels shown below in all categories.

The incentive will be paid out quarterly, approximately 45 days after the end of the quarter. Invoice payments that are late or do not meet our standard payment terms will not be eligible for the incentive.

e-Business Requirements	Minimum Score
Electronic Order Entry (eOrder)	≥85%
Electronic Rebate Credit Requests (eRebate)	≥85%

## 2017 Incentive Calculation Example

Sales Performance: Enclosed Switches	
Product Sales Goal	\$100,000
Product Sales Achieved	\$120,000
Goal attainment	120%
Incentives Earned:	
1) Incentive based on PQF Status: The incentive multiplier is based on Base, Select or Elite status depending upon PQF points earned	
Base: 0.35% x \$120,000 total sales=	\$420
Select: 0.75% x \$120,000 total sales=	\$900
ELITE: 1.5% x \$120,000 total sales =	\$1,800
2) Growth Bonus Incentive	
1.00% x \$120,000 total sales=	\$1,200
Total Enclosed Switches Incentive Earned:	
<b>Base</b> Earned: \$420 + \$1200 =	<b>\$1,620</b>
<b>Select</b> Earned: \$900 + \$1200 =	<b>\$2,100</b>
<b>ELITE</b> Earned: \$1800 + \$1200 =	<b>\$3,000</b>

# Maximizing your status with Partnership Quality Factors

We have simplified the PQF scoring to focus on key partnership values. A status of ELITE, Select, or Base will have a financial impact on partners who meet their sales targets. Make sure you work closely with your Siemens team to achieve your highest possible PQF score and status.

## 1. Primary Product Support

Siemens recognizes the value of exclusive and full portfolio support for the primary products within a market segment. The primary products for the Residential market segment are:

- Residential Load Centers & Circuit Breakers
- Combination Load Centers
- Group Metering
- Enclosed Switches
- Meter Sockets
- A/C Disconnects

Exclusive or significantly shared support of our full Residential Product Portfolio will be recognized.

## 2. Sales Performance

It is important for our channel partners to have meaningful presence in their local markets and show continuous growth in their markets. In 2017, we will recognize and award PQF points for relevant market sales and continuous growth within the Residential Construction Market Segment.

## 3. eCommerce Rating<sup>1</sup>

Points for each commerce rating will be based on the percentage of achievement.

### Electronic Order Entry (eOrder)

We recognize that not all orders can be entered electronically. Therefore, this measurement will only reflect those orders that can be entered through EDI or through our Industry Mall website.



1. Scoring will be based on year-to-date performance.

# Partnership Quality Factor Scorecard

Evaluation Category	Max Value			
<b>1. Primary Product Support — 50 point maximum</b>				
		Exclusive	Shared	Competitive, 3 Lines, or below Minimum \$
Load Centers, Combination Load Centers, Load Center Breakers	30	30	15	0
Meter Sockets (Minimum \$1,500)	10	10	5	-5 <sup>2</sup>
A/C Disconnects (Minimum \$1,000)	10	10	5	0
<b>2. Sales Performance — 40 point maximum</b>				
		\$150,000	\$100,000	\$50,000
Total Segment Volume	20	20	15	10
		>107%	>104%	>100%
Stock Volume Growth	20	20	15	10
<b>3. eCommerce Support<sup>1</sup> — 10 point maximum</b>				
		≥85%	84–66%	50–65%
eOrders (EDI or Industry Mall)	10	10	5	3
Total Maximum Points	100			

1. Scoring will be based on year-to-date performance.

2. Distributor sells competitive lines only where Talon is available for the local market.

Status based on PQF Score	ELITE	Select	Base
	75 points or higher	50 points to 74 points	49 points or less

**ELITE & Exclusive Bonus!**  
10% Allowance and Q2 unused balance rolls into Q3!

# Additional Components

## Co-op Promotional Marketing Funds

### Investing in growth

To promote partnership and sales growth in the markets we serve, enrolled channel partners that achieved a level of ELITE or Select in 2015 or 2016 will be provided a co-op promotional funding allowance based upon their previous 12 months stock sales<sup>1</sup> of eligible product. The funds can be used for a variety of business development activities as listed in our promotional funding policy.

Accounts that were Base level in both the 2015 and 2016 program year, will not be issued a 2017 co-op allowance. These accounts may request Market Development Funds through the Business Planning process which may be approved by the Region Channel Manager.

Accounts that are appointed in 2016 or 2017 will have a minimum allowance of \$500 for Distribution and Controls. Accounts appointed in 2017 will also be provided with point of purchase materials selected by your sales representative.

Distribution & Controls Co-op Funding	
Promotional Funding Rate <sup>2</sup>	0.50%
Maximum Allowance	\$1,000
<b>Exclusive Bonus:</b> Accounts that exclusively represent Siemens for Residential, Circuit Protection and Distribution Equipment products will have a maximum allowance of \$2,000.	Up to \$1,000

**Eligible Products:** Residential Load Centers & Circuit Breakers, Combination Load Centers, Uni-PAK Metering, Enclosed Switches, Meter Sockets, AC Disconnects

### Claiming co-op funds

Co-op claims can be submitted and tracked by channel partners through our online claim processing system accessed through the Siemens Industry Mall website. To be eligible, claims must be submitted within 90 days of the start date or completion of an activity. Promotional funds not used within the current calendar year will be forfeited.

### Strategic Funding

Incremental market development funds may be available for strategic opportunities with written approval from your Siemens Region Channel Manager. Requests must be incorporated in annual business plans established with your local sales team.

1. Orders entered through COMPAS are not eligible.  
2. 0.50% of previous 12 months stock sales of eligible products.

## Inventory Adjustment Program

The Inventory Adjustment Program allows the return of slow-moving or incorrectly ordered eligible products. Channel partners can avoid the 20% restocking and repackaging charges when they take advantage of this program and enter a quarterly return request through Siemens Industry Mall.

- Each quarter, distributors will be allowed to request a return up to 5% of their stock sales<sup>1</sup> of eligible products.
- **Exclusive and ELITE Bonus!** Accounts that exclusively represent Siemens primary products or have achieved ELITE status in 2015 or 2016 will be allowed to request up to 10% return of stock products. In addition, they will be allowed to roll unused allowance from Q2 into Q3.
- Channel partners are limited to one return per quarter.
- Returns must be requested on Industry Mall to waive restock fee.
- Any unused allowance from Q1 and Q3 will be rolled into the allowance for Q2 and Q4 respectively. Any unused allowance from Q2 or Q4 will be forfeited.
- Products eligible for inventory adjustment must be returnable items in resalable condition. Items must be securely packed to be received by Siemens without damage.

## Inventory Adjustment Program

**Eligible Products:** Residential Load Centers & Circuit Breakers, Combination Load Centers, Uni-PAK Metering, Enclosed Switches, Meter Sockets, A/C Disconnects

## Business Excellence Eagle Award



Siemens will award the Business Excellence Eagle Award, our highest recognition, to the top 25 performing companies or locations. Companies earning the Business Excellence Eagle Award will receive our uniquely commissioned eagle statue, with a custom cast plaque recognizing the company and year that the award was earned. In addition, recipients will receive a special celebration presentation hosted by their Siemens sales office.

## Program details

- Accounts appointed after January 1, 2016 will be assigned product sales goals equal to 90% of their actual 2017 product sales, or an established minimum goal, whichever is greater, unless a specific sales goal is manually established.
- Sales and Growth Incentives will be calculated based on the program status level achieved as of December 31, 2017.
- Residential Products may include Siemens, Murray and Talon branded products.
- The channel partner is accountable for calculating purchases from Siemens net of any rebates, credits and returns submitted to Siemens during the program year when estimating their year-end purchasing objectives needed to attain sales levels for incentive payouts included in this program. Siemens may provide estimated sales needed to attain payout levels from time-to-time for general guidance only.
- Channel partners that participate in the Residential market segment may not participate in other market segments.
- Channel partners that participate in the Infrastructure and either the Industrial or Industrial Automation market segments will have their sales and growth incentives for Residential Products, Molded Case Breakers, Enclosed Switches and Unassembled Panelboards calculated on their Infrastructure market segment level. The sales and growth incentive for NEMA and IEC Controls will be calculated on their Industrial or Industrial Automation market segment level.
- Channel partners that participate in multiple market segments will have their overall account status determined by their historical sales volume through the primary products in each segment. The overall account will be considered ELITE if 80% or more of their sales flow through the principal products of a market where the account qualifies as ELITE.
- Products eligible for inventory adjustment must be returnable items in resalable condition. Items must be securely packed to be received by Siemens without damage.
- Channel partners that are members of groups or organizations may not be eligible for the Sales and Growth Incentive or other portions of the Market Builder Channel Partner Program that contradict any other agreement with Siemens. Please contact your sales representative for specific program details.
- Sales and Sales Growth incentives for National Accounts are confidential and are not disclosed. Please refer to the applicable agreement or the company headquarters for additional information.
- Product line representation changes will be recognized in the month following written notification to Channel Management.
- Channel partners whose sales of Residential Products represent over 80% of their business may enroll in the Residential market segment and will not be eligible to participate in the Infrastructure market segment.
- Channel partners must be appointed for Industrial controls or other Industrial product category to participate in the Industrial Market Segment.
- Channel partners that are appointed for Automation products, may not enroll in the Industrial Market Segment.
- Incentives offered will not be considered earned until the proper current financial documentation (W9) has been provided.
- All Sales and Growth Incentives and other program benefits are offered based on the full compliance of payments in accordance with invoice due date by participating channel partners. If a participating account fails to pay invoices timely and in accordance with the invoice terms shown on each invoice, Siemens management may determine an account ineligible for any or all of the incentives offered or projected at any time during the program year up until the date that an incentive is actually issued. It is the responsibility of the participating channel partner to monitor their accounts payable processes for compliance with payment terms and payment procedures. Channel partners may contact their Siemens credit analyst with any questions regarding payments due.
- All decisions are based on the records of Siemens Industry, Inc. Siemens reserves the right to modify the terms and conditions or terminate the Market Builder Channel Partner Program at any time.

### **Market Builder Channel Partner Program**

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Article No. DMBR-MBRES-1017  
Printed in USA  
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