

## **MASQUERADE FUNDRAISING STRATEGIC PLANNING**

Summit was engaged by Masquerade Fundraising in May, 2017, to perform an Organization Effectiveness analysis to help identify issues that are impeding growth and success as a company, and to provide recommendations to help resolve these issues.

### **The Project**

The project steps included:

1. Gathering information from stakeholders, through meetings and surveys to identify issues.
2. Conducting SWOT analysis to properly classify issues needing attention.
3. Facilitating development of Mission, Vision, and Values for the Company.
4. Facilitating development of Business Strategy to achieve Mission and Vision.
5. Defining and documenting Roles and Responsibilities of managers and staff.
6. Facilitating development of Company goals, and individual goals for each manager to support the Business Strategy.
7. Develop and implement a performance pay process for managers, based on achievement of goals.

### **Deliverables**

The attached documents represent some of the deliverables from this project:

1. Project Summary from original Proposal
2. SWOT results
3. Communication to Masquerade teams regarding Mission Statement
4. Mission, Vision, Values statement
5. Business Strategy with Company Goals
6. Project Update to Board
7. Manager Roles with Goals
8. Compensation Plan

## **PROJECT SUMMARY FROM MASQUERADE FUNDRAISING PROPOSAL**

### **Background**

Client provides fundraising services for hospitals, through the sale of inexpensive quality merchandise at fundraising shows. Masquerade Funding is structured as a Subchapter S Corporation. Each of the 35 sales teams functions as an independent business, with the team leads owning shares of the business. Each team receives commissions of approximately 24 percent of sales. Masquerade Wholesale and CDT Properties (“corporate”) provide various facilities and support services to the fundraising teams, funded by commissions on teams’ sales of approximately 6 percent after various discounts are applied. Fifty percent of corporate net profits are refunded to shareholders annually. The Company is financially stable and profitable.

### **The Need**

As we discussed on May 22, Client’s sales and net income, following a period of rapid growth, have plateaued and begun to decline. Additionally, the senior management team is having difficulty agreeing on roles, responsibilities, and strategy, and several team leads are questioning the value of corporate services. Specifically, a recently-completed survey of teams has identified the following perceived shortcomings of management:

- **Product Support**
  - Dedicated management resource to product support
  - Utilize Masquerade buying power to negotiate better pricing, terms, and vendor support
  - Same terms for small orders as large orders
- **Business Management**
  - Clearly define Masquerade Business Process that teams are required to follow
  - Clearly define corporate services and support available to teams
  - Review and revision of business model regarding team and corporate profit potential, including hospital commission structure
  - Corporate support for show setups
  - New marketing strategy
  - Clear roles and responsibilities of managers
  - Improved communications with teams
  - Financial management that supports the corporation and the teams
  - Full-time, accessible, leadership

- **Corporate Performance**
  - Corporate and team needs not consistent, and sometimes are at odds with each other
  - Cost of corporate support not shared equitably among teams
  - No incentive to increase sales, as increased sales do not increase ROI
  - Vision, Mission, Values and Strategy not clearly defined
  - Training and support in prospecting, buying, booking, and sales execution
  - Current structure lacking in governance and management accountability
  - Rationale for management compensation not understood

There are several high-performing teams, but there are also some noticeable under-performers. The Marketplace strategy to grow market penetration showed promising results in some areas, but was generally met with resistance and distrust by team owners.

Client would like to understand specifically what is impeding additional growth, and what actions should be taken to resolve these issues. Client has previously engaged in strategic planning, but not to the level of defining and executing actionable improvements. Client has a specific interest in a third party review of the company financials, and evaluation of the company's use of social media.

### **Services to be provided**

Beginning on a mutually agreed date after acceptance of this proposal, Consultant will provide Business Consulting services, including, but not limited to:

1. Operational assessment
2. Financial assessment
3. Marketing assessment
4. Strategy development

We believe much of the work required to resolve the current issues will involve a one-time assessment of the current practices, and the development and implementation of a strategic plan with prioritized action items and accountabilities. After this initial development and implementation, our services will be reduced to only respond to specific needs.

Accordingly, our initial assignment will be to assess Client's operations, and to facilitate Client's development of a new strategic business plan as follows:

### **Situational Assessment**

In order to determine where to take the business, we must first have an understanding of where the business currently is with its internal capabilities and external competitiveness. Consultant will gather this information, specifically regarding (internal) skills & capabilities, resources, processes, (external) environment, market, competitors, and customers. To minimize time and costs, this information will be gathered from existing company documents, and via a series of online surveys to be completed by Client's management team.

Based on information gathered by the internal and external analyses, Consultant will develop SWOT (strength, weakness, opportunities, threats) analysis, and will facilitate identification, needs, and characteristics of Client's customer segments. Additionally, the Consultant will work with Client's financial professionals to identify accounting practices that do not comply with applicable standards and to ensure if the current financial reporting framework is communicating accurate and useful financial information.

Information gathered in the Situational Assessment will be used to develop Client's strategy.

### **Develop Strategy**

An organization's mission, vision, and values drive strategy and execution. Consultant will facilitate development of a Mission Statement, Vision Statement, and Values Statement. Additionally, Consultant will facilitate identification of Client's competitive advantages and organization-wide strategies.

### **Set Goals and Objectives**

Good strategy often fails through poor execution. Summit has developed a process to assist clients in identify and prioritizing the actions needed to effectively implement the strategy. Consultant will facilitate this process, and will facilitate development of a set of high-level goals and objectives to support strategy execution.

What gets measured gets done. To this end, Consultant will facilitate development of Key Performance Indicators to track and measure business results from strategy execution.

### **Track Performance**

To ensure the application and effectiveness of the strategic plan, Consultant will facilitate the implementation of straightforward measures that will work within the Client infrastructure to ensure strategy execution. This implementation will provide ongoing and consistent information to assess progress toward organizational goals and areas in which adjustments need to be made to short-term frameworks within the plan.

Organizational change, including new strategy implementation, often fails because affected stakeholders do not support the change. An effective Change Management program will help ensure key stakeholders are on board and supportive of the change. Consultant will assess stakeholder readiness to implement the new strategy, and will develop a plan to mitigate identified weak areas.

### **Marketing Strategy**

Use of social media and other online marketing tools has been identified by Client as a specific need. Consultant will focus on this area while conducting the analysis and strategy development described above, and will deliver specific recommendations.

## Results from Masquerade SWOT Assessment

### Strengths and Opportunities

- Strong relationships with clients, vendors, and each other provide a competitive advantage
- Masquerade supports the communities through raising millions of dollars for hospitals
- Loyal and excited customer base eager to repeat the buying process
- Current marketing (email, social media, search results) performing well, with room to grow
- Masquerade's brand, reputation, business model, and customer service provide a competitive advantage
- New markets have not yet been entered, and current markets have not yet been fully penetrated

### Weaknesses and Threats

- Anger and frustration in teams and management
- Little trust between teams and managers, and among the managers
- Sales and profitability declining in recent years
- New competition and online shopping threaten market share
- Public web site outdated and inferior to competition
- Lack of vision, mission, and strategy prevents united focus on results
- Management perceived as ineffective and/or self-serving
- Perceived inequity between small and large teams
- No minimum standards for marketing at shows or performance
- Teams not fully utilizing corporate services
- Value of corporate services perceived to not be worth the price
- Inflation threatens \$5 pricing

## Challenges

### Strategy

- Clear picture of the future (Vision)
- Shared priorities (Values)
- Recognition of unique strengths to protect (Strategic Anchors)
- Commitment to a path to success (Mission)

### People

- Trust
- Communication
- Engagement
- Structure
- Competence

**Financial**

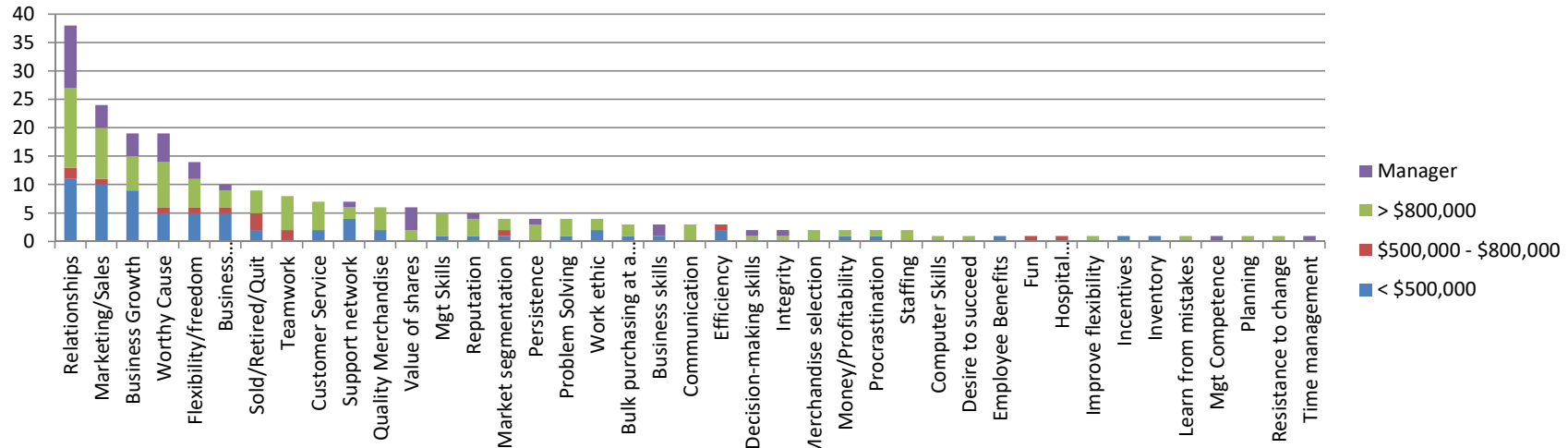
- Maintaining margins with inflation
- Establishing fair practices that protect everyone's best interests
- Communicating the financials in a manner that is clear, transparent, and understood
- Balancing cash for growth vs. distributions for stockholders
- Maintaining compliance and accuracy as business grows increasingly complex

**Marketing**

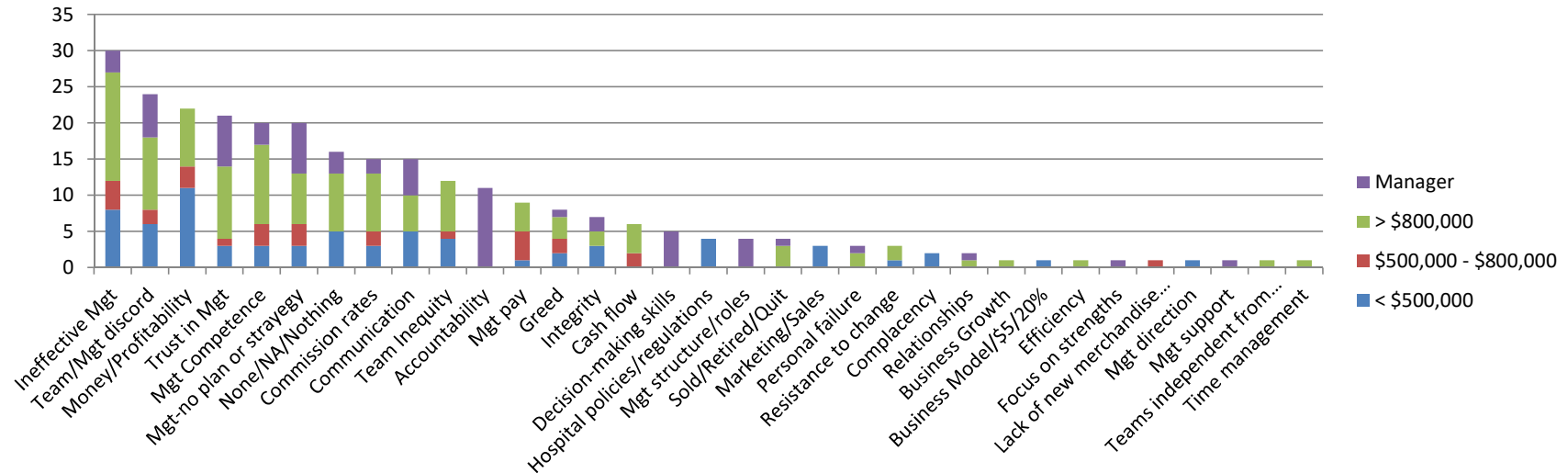
- Brand Identity Dated
- Website has dual message, public and teams
- Teams not utilizing email campaigns, marketing and, social media to their fullest
- No minimum standards at shows
- Public not aware of the product
- Public not aware of quality – Compared to \$5 “junk” jewelry

**Team and Manager Surevey Themes**

**Strength & Opportunity**



**Weakness & Threat**



## **Email from CEO to Masquerade Teams regarding Mission, Vision, and Values statement**

This past May, the management team engaged Summit Consulting to perform an Organization Effectiveness analysis to help us identify issues that are impeding our growth and success as a company, and to provide recommendations to help us resolve these issues.

We heard from Summit at our annual meeting and vendor fair in July, where they presented the results of a SWOT (strength, weakness, opportunity, threat) analysis. This analysis was based on review of Company documents, financial records, web site, and marketing materials, plus information gathered through a survey of all teams and the management team. The summary results are attached, along with a chart of the responses by themes.

The Board and management team are working with Summit to develop specific actions for us to take to address the issues identified in the SWOT analysis.

An identified weakness that is preventing us from realizing our potential is our lack of a common vision, mission, and core values. Without a clear understanding of where we are going, how we are to get there, and how we behave on the journey, we cannot expect to achieve greatness.

We, along with our Summit partners, committed at the annual meeting to work with our teams to develop a plan we can all support and execute with excitement. In the next few days you will be receiving a survey link to provide input into the Masquerade vision, mission, and values statements. Your input is important if we are to get this right, so please participate.

While the destination is critical in developing a roadmap for success, it will not stand alone. The Board and management team will soon be seeking your input on other actions we should take to help the Company and the teams achieve the vision.

I'm excited about the possibilities. With the proper vision, mission, values, and strategy, and with everyone's support, we can truly become **the premier fundraiser for communities**.



## VISION

*We strive to be the best fundraising organization for hospitals and communities.*

Masquerade strives to be known nationally as the best fundraising organization for hospitals and communities. We serve our communities by helping hospitals and other entities raise millions of dollars in the relaxed, fun, environment of our events. Our business model, reputation, and execution enable our teams to maximize funds raised for clients, to prosper and be profitable, and to maximize value for our shareholders.

## MISSION

*Our mission is to inspire and nurture kindness and generosity –  
One person, one employee, one client, and one community at a time.*

To accomplish its mission, Masquerade Fundraising has principles that guide all its employees and Teams as they go about their daily business:

- **Our Fundraisers** – It has always been, and will always be, about quality and uplifting experiences that we provide, and the resulting funds for the communities.
- **Our Teams** – Treating each other with respect and dignity is the Masquerade standard.
- **Our Connection** – We connect with, laugh with, and uplift the lives of our clients and customers – even if just for a few moments.
- **Our Events** – It's about enjoyment at the speed of life – sometimes slow and savored, usually faster. Always full of excitement and purpose. We bring happiness to our customers during their darkest hours.
- **Our Focus** – We can be a force for positive action – bringing together our clients, customers, and the community to contribute every day.
- **Our Shareholders** - We are fully accountable to get each of these elements right so that Masquerade Fundraising – and everyone it touches – can endure and thrive.
- **Our Goal** – We do what it takes to maximize the funds we raise for our communities.

## VALUES

1. **Commitment to Service** – we continually serve our customers, teams, and shareholders through every action we take. We recognize and understand we are invited guests into our clients' facilities.
2. **Entrepreneurship** – we put our career and financial security on the line and take appropriate risks in support of our Vision and Mission.
3. **Integrity** – we do what we say, and say what we do.
4. **Accountability** – we are personally responsible for our outcomes, whether good or bad.
5. **Honest Communication** – we make sure our customers, teams, employees, and communities have the knowledge they need to be successful.
6. **Respect** – we appreciate and honor the worth and dignity of each other, and all those we deal with.
7. **Continuous Improvement** – we get better every day. Staying the same is not an option.
8. **Fun** – everything we do generates excitement and enjoyment for our customers, teams, employees, and ourselves.



## **BUSINESS STRATEGY**

To achieve the Mission and Vision, we will pursue the following strategies:

- Top line sales growth through
  - additional teams to service new sales territories
  - additional market penetration in existing territories
  - increased sales per show
- Improved gross margin through strategic purchasing and improved availability of hot items
- Improved brand recognition through effective marketing efforts and online presence
- Improved net margin through streamlined processes and improved tools and information available to teams
- Improved reputation through outstanding customer service

## **COMPANY GOALS 2018**

- Sales revenue of at least \$24M (Threshold: \$23.2M; Target: \$24M; Stretch \$25M)
- Gross Margin average at least \$2.83 per unit (Threshold: \$2.81; Target: \$2.83; Stretch: \$2.88)
- 38 active, productive, teams in place by 12/31/2018 (Threshold: 36; Target: 38; Stretch: 40)
- New web site live by 06/01/2018 (Threshold: 7/1/2018; Target: 6/1/2018; Stretch: 5/1/2018)
- Team satisfaction metric developed and baselined by 5/4/2018. Present results at Annual Vendor Fair (Threshold 6/1/2018; Target: 5/4/2018; Stretch: 4/1/2018)



## **Operational Effectiveness Initiative**

### **Update for the Board of Directors**

### **January 23, 2018**

#### **Background**

Masquerade is a successful company, with prominence and respect in our industry. However, our sales and net income, following a period of rapid growth, have slowed, and have even declined in some periods, during the past three years. Although we are experiencing increases for the current year, sales and profitability remain a concern. Additionally, the senior management team is having difficulty agreeing on roles, responsibilities, and strategy; and several team leads are questioning the value of corporate services.

To help us understand these issues and develop strategies for improvement, we engaged Summit Consulting ([www.thesummitweb.com](http://www.thesummitweb.com)) to perform an analysis of our operations, financial, and marketing functions, and to provide recommendations to improve identified deficiencies. The consultants attended our Annual Meeting in July to present their findings and recommendations. From those recommendations, we developed an action plan to help us improve the business.

#### **What we have done**

##### **1. Mission, Vision, and Values**

With input from stakeholders, we developed and adopted a Mission, Vision, and Values statement. These core principles will serve as the foundation of our Company actions as we move forward.

##### **2. Management Trust**

Low trust between managers and between managers and teams was identified as a significant weakness and threat to future growth and profitability. The management team members participated in a workshop on principles of trust and trust behaviors, and are actively working to utilize trust behaviors in all interactions with each other, teams, vendors, and customers. Improvements have been observed, but this is a long-term, ongoing, process, and more improvement is needed.

##### **3. Roles and Structure**

The Management team has approved an organization structure designed to provide optimum support to teams, vendors, and other stakeholders, and has identified specific roles and responsibilities of each manager. This structure was developed, in part, by reviewing typical business functions found at <http://foundersguide.com/functional-areas-of-a-business/> and comparing them to the needs of Masquerade.

The new Masquerade organization chart, along with roles and responsibilities can be found in the Appendix to this document.



## **Operational Effectiveness Initiative**

**Update for the Board of Directors**

**January 23, 2018**

### **Next Steps**

#### **1. Management Compensation**

- a.** Job descriptions will be created to document the roles and responsibilities for each management position.
- b.** Each position will be market priced to ascertain pay levels required to be competitive in the relevant labor market.
- c.** The CEO will explore various performance-based pay delivery options, and will implement one that best meets the needs of Masquerade.

#### **2. Model for team profitability**

This online tool will be developed and deployed to all teams, and will assist teams in taking the proper actions to grow profitability.

#### **3. Financial dashboard**

This online tool will provide managers and teams with real-time financials of company performance.

#### **4. Share valuation**

Company shares are arbitrarily valued at \$1.00. This formula will provide a means to accurately value shares based on Company financials, assets, and profitability. Growth in share value is an ongoing objective, so this tool will help us determine how we are doing, and will also provide a benchmark for those who want to sell or purchase shares.

#### **5. Web site**

The public web site will be redesigned to better reflect the Masquerade image we want to project. We will also add search engine optimization and Google adwords to enhance our web presence in web searches.



**Primary Responsibility**

Functional Area	Responsibility	Goals
CEO	Corporate Leadership and Guidance accountable to the Board of Directors	
CEO	Implement approved Strategies and Directives to ensure Corporate Growth and Team Success	
CEO	Oversee and manage all aspects of the business. Accountable for all business results.	Develop a communication plan consisting of a minimum of 8 Team communications by <b>12/31/2018</b> to reinforce the Company Mission, Vision and Values as well as keeping the Teams informed of key management activities and goals. Threshold 6; Target 8; Stretch 12)
CEO	Provide day-to-day management of direct employees and managers. Accountable for performance /productivity of management team and staff.	1. Set goals with all managers by <b>4/30/2018</b> . (5/31/2018; 4/30/2018; 3/31/2018) 2. Ensure all Knoxville staff members are given a formal performance evaluation by their employment anniversary date and that documented copies are kept in their files. By <b>12/31/2018</b> .
Finance	Work with Managers in the collection of delinquent commissions to ensure reasonable and fair standards are maintained across the board.	Reduce delinquent commissions to <b>\$0.00 by 12/31/2018</b> . All teams should be paid current, or on an active, current, payment plan.
Human Resources	Staffing, recruiting, rewarding, and retaining direct staff.	Baseline team satisfaction survey completed by <b>5/4/2018</b> . (6/1/2018; 5/4/2018; 4/1/2018)
	<b>Secondary Responsibility</b>	
Marketing	Manage the National AHVRP Conference and overall relationship to maximize the value of our support for all Teams nationwide.	
R&D	Oversee the design, production and delivery of display units (boxes and rolling carts) to support display standards	
R&D	Simplify/streamline business processes for the Teams.	
Customer Service	Ensure feedback coming through the website both good and bad is being effectively handled by the appropriate people.	Send a congratulatory note to the teams that receive a great review within 5 days of receipt, beginning NLT <b>5/1/2018</b> . (6/1/2018; 5/1/2018; 4/1/2018)
Customer Service	Serve as single point of contact into the company when people don't know where to go.	Share roles and responsibilities with all teams by <b>5/31/2018</b> . (6/30/2018; 5/31/2018; 4/30/2018)
Customer Service	Ensure all requests coming through central office (letters, website, show evaluations, etc.) are effectively resolved	Establish a process to provide customer satisfaction feedback from hospitals to teams. First report at <b>Vendor Fair</b> , and quarterly thereafter.
Purchasing	Train and educate vendors in Masquerade processes and expectations	



## Primary Responsibility

Functional Area	Responsibility	Goals
Finance	Accounting and Finance including Annual Reporting as well as all Federal, State and Local Reporting and Regulations	
Finance	Corporate Record Keeping and Information Security in keeping with the role of Secretary/Treasurer of the Corporation	
Finance	Business Strategy to include profit and growth analyses and Business Plans and Documentation	
Finance	Corporate Compliance in the enforcement of Legal and Statutory Requirements and Fairness and Equity Standards across the entire Company	
Legal	Serve as point of contact for outsourced legal counsel; manage the legal function, and obtain and oversees the work of outside counsel	
Legal	Act as the first tier of Legal Support in drafting agreements, letters, and all related business communications	Support Masquerade management by ensuring that legal correspondence goes out to teams and stakeholders within 5 days after receiving the information/request 90% of the time.
Legal	Act as business advisor in matters related to patent and trademark infringement and other issues of general business ethics to keep them from becoming legal issues.	
IT	Manage the corporate network (Knoxville) to ensure the security of company Information and provide an efficient technical environment for all staff.	
IT	Develop and maintain as necessary the overall Company Web site as well as the Team's specific pages and functions to ensure it meets the needs of the Teams and Corporate Staff	<ol style="list-style-type: none"> <li>1. Put together a user group of Teams to redefine the Team pages to better meet their needs on a portable device (Phone) and deliver new phone based functionality <b>by Vendor Fair</b>.</li> <li>2. Deliver team profitability calculator <b>by Vendor Fair</b></li> <li>3. Deliver financial dashboard <b>by Vendor Fair</b></li> <li>4. Deliver share valuation formula <b>by Vendor Fair</b></li> </ol>
R&D	Oversee the design, production and delivery of display units (boxes and rolling carts) to support display standards	



R&D	Simplify/streamline business processes for the Teams.	
Regional Ops	Manage growth, profitability and success of assigned teams, ensuring they have the necessary support, training and resources to be successful.	<ol style="list-style-type: none"> <li>1. Finalize the Company team Contract and Policies and Procedures by <b>6/1/2018</b>. [Threshold=7/1/2018; Stretch=5/1/2018]</li> <li>2. Manage the East Texas Company Team to ensure they reach <b>\$450,000</b> in sales in 2018 and a minimum of <b>\$30,000</b> in profit. [Threshold=\$380,000/\$25,000; Stretch=\$500,000/\$35,000]</li> </ol>
	<b>Secondary Responsibility</b>	
Operations	Define and document Masquerade Business Processes that Teams should follow	Ensure updates to the Policies and Procedures manual are issued to teams within <b>30</b> days of adoption by the CEO or Management Team.
Distribution	Manage and oversee the UPS Common Billing program	
Distribution	Oversight of physical warehouse operation In Texas.	



**Primary Responsibility**

Functional Area	Responsibility	Goals
Operations	Manage growth, profitability and success of Individual teams, ensuring they have the necessary support, training and resources to be successful.	<ol style="list-style-type: none"> <li>1. Work directly with [REDACTED] to develop a specific action plan to double her same-hospital annual sales revenue over time. Plan should be completed and agreed to by [REDACTED] by <b>May 1, 2018</b>. Goal for increased same hospital sales for 2018 is a <b>10% increase</b> over 2017.</li> <li>2. Develop a way with our vendors to identify high margin items by <b>7/1/2018</b> and work with [REDACTED] to send out high margin newsletter monthly beginning in March</li> <li>3. Develop and document processes and procedures for getting the hot items info quicker to all teams and have it implemented by <b>7/1/2018</b>.</li> </ol>
Operations	Provide oversight and support to Customer Service and Purchasing functions.	
Operations	Grow the overall company in total sales through the addition of new teams in new markets.	<ol style="list-style-type: none"> <li>1. Share responsibility with [REDACTED] to meet Company goal of <b>38 active, productive teams by 12/31/2018</b>.</li> <li>2. Identify open territories, devise a plan to fill them by <b>7/1/2018</b>.</li> <li>3. Deliver improved business development and team lead vetting process and begin implementation by <b>12/31/2018</b></li> </ol>
Operations	Work with all teams to achieve the desired potential for their individual businesses and work toward a 50% market penetration in all markets.	
Operations	Use the web site reports to manage Team Commissions to help ensure they take full advantage of discounts and keep them from going past due.	Reduce delinquent commissions to <b>\$0.00 by 12/31/2018</b> . All teams should be paid current, or on an active, current, payment plan.
Operations	Ensure that all teams are reviewed at least annually and ensure that specific documentation is provided to them regarding their "good standing" as defined and spelled out in the Independent Contractor Agreement.	Ensure, with the help of [REDACTED], that each Team is met with by March 1, 2018 to discuss 2018 goals and standing. Complete the Team standing template for each Team informing them as to their legal standing and, using the 2018 Goal Discussion Guide, identifying any other goals they may have for 2018. Ensure that each team is given a goal for 2018 sales, number of shows and Commission discounts taken as well as other business goals they identify.
Operations	Define and document Masquerade Business Processes that Teams should follow	
Distribution	Establish and maintain vendor standards for shipping	
Human Resources	Ensure teams and employees complete necessary training.	
Regional Ops	Manage growth, profitability and success of assigned teams, ensuring they have the necessary support, training and resources to be successful.	Work with [REDACTED] to develop and secure support for action plan to achieve long-term goal of 50% market penetration in all sales territories by <b>12/31/2018</b> . Action plan should include specific steps, completion dates, required resources, and projected outcomes. Preliminary plan to be presented to teams <b>at Vendor Fair</b> .



	Secondary Responsibility	
Marketing	Manage the regional conferences and overall regional association relationships to maximize the value of our support for all Teams in those regions.	Work with [REDACTED] to provide a detailed budget for Regional and State conferences by <b>3/1/2018</b> and use this budget throughout the year to ensure we are getting the most "bang for our buck". Quality of Regional and State conference benefits to be evaluated as of <b>12/31/2018</b> .
R&D	Identify and assess feasibility of new hot products	
Purchasing	Work with Vendors to take advantage of the buying power of the entire Masquerade buying group to have them design and produce product to meet our price point and volume requirements.	
Purchasing	Work with vendors to ensure they have adequate supply	
Purchasing	Resolve vendor quality issues	



**Primary Responsibility**

Functional Area	Responsibility	Goals
Marketing	Brand management: Develop and document event and merchandise standards as to maintain a similar look and feel for all teams and enhance the overall image of all Masquerade Shows and maximize the perceived value of what we offer.	Focus on increasing Marketing products, and programs designed to add specific value to Teams and document thoroughly. Document and quantify the value of at least one marketing initiative by <b>9/30/2018</b> .
Marketing	Oversee all aspects of the customer's brand association including working with Vendors to enhance the overall Masquerade Image.	
Marketing	Social Media: Work interactively with all Teams to develop Social Media Standards and identify, develop and communicate social media techniques to enhance and maximize sales.	Develop, document and publish a social media guide for all teams by <b>7/1/2018 (Vendor Fair)</b> identifying appropriate standards, recommended postings, recommended platforms. Also, ensure there are appropriate ongoing communications identifying what is working and what is not (e.g. examples of effective posts).
Marketing	Oversight and administration of Scoop	
Marketing	Web Site: Direct and manage the public facing Web site content to provide functionality and overall "look and feel" so as to help drive both end customer and sponsor opportunities for all Teams.	Deliver new public-facing web site to unveil at or before the annual Vendor Fair, that meets the needs of the teams and the Company. <b>Threshold= 7/1/2018; Target = 6/1/2018; Stretch = 5/1/2018 – Budget: \$4,000/\$5,000;\$6,000</b>
Marketing	Act as lead in the planning, scheduling and production of the Annual Vendor Fair in order to maximize the value to all teams given time and schedule constraints.	1. Compile list of possible themes for this year's Vendor Fair and a list of marketing topics you want to cover in the team meeting day by <b>4/1 stretch; 5/1 target; 6/1 threshold</b> . 2. Achieve at least <b>80% favorable</b> ratings on vendor fair evaluations.
Marketing	Establish and maintain display standards	Develop document and publish a Masquerade Show Standards Guide by <b>12/31/2018</b> . identifying minimally acceptable standards for Inventory levels, displays and display techniques, Merchandise quality and other aspects of our shows to ensure an 80% consistency across all Teams allowing 20% for Individual/regional preferences.
Marketing	Promotional Materials: Develop promotional material processes and content to provide the most value to the Sponsors and Teams. Drive periodic updates to promotional materials to keep the look fresh and updated and capture people's attention.	Develop a new look for promotional materials (tied to new web site look?) and roll out at 2018 vendor fair. <b>Same schedule as new public web site</b>
Marketing	Manage the regional conferences and overall regional association relationships to maximize the value of our support for all Teams in those regions.	
Operations	Maintain new team setup list to identify all inventory and supplies needed for a new Team.	
R&D	Identify and assess feasibility of new hot products	Work with vendors to supply data on specific sales by team monthly and develop and publish analysis of this data to teams. Project complete by <b>12/31/2018</b>
Marketing	Manage the National AHVRP Conference and overall relationship to maximize the value of our support for all Teams nationwide.	
Customer Service	Ensure feedback coming through the website both good and bad is being effectively handled by the appropriate people.	
Customer Service	Serve as single point of contact into the company when people don't know where to go.	
Customer Service	Ensure all requests coming through central office (letters, website, show evaluations, etc.) are effectively resolved	



## **COMPENSATION PLAN**

March 5, 2018

### **Purpose of the Plan**

This Plan is designed to enhance the value of the Masquerade Corporate services to teams and customers. It should drive appropriate behaviors among the managers and employees by rewarding results valued by customers and team owners. The implementation of this Plan is intended to increase customer satisfaction; enhance professionalism, engagement, and retention of employees; and increase revenue and net profit for the Company and the Masquerade teams.

This Plan applies to salaried, exempt, managers and employees.

### **Compensation Components**

Total Cash Compensation (TCC) consists of salary and incentive payments.

**Salary** is recommended by the CEO and approved by the Compensation Committee, and may be adjusted at any time based on performance, market conditions, and/or Company's ability to pay.

**Incentive Pay** is based on performance in three key areas:

1. Company goals
2. Individual goals
3. Customer Satisfaction, measured by periodic surveys of teams and/or other stakeholders.

**Non-cash Compensation (NCC)** typically consists of shares of Company stock. The Compensation Committee may approve non-cash awards based on performance, market conditions, and/or Company's ability to pay.

### **Procedure**

#### **General**

The Plan Year is consistent with the Company Fiscal Year.

All components will not apply to all employees. Typically, all components will apply to employees in management/leadership roles. Individual contributors may or may not participate in all components.

Performance pay is based upon attainment of Company goals and individual goals, including customer satisfaction goals. Goals are designed to support achievement of the Masquerade Vision, Mission, and Strategy.



There are three levels of goal attainment:

1. **Threshold** represents the lowest performance level that will receive a payout.
2. **Target** represents the expected performance level, which will result in a 100% payout.
3. **Stretch** represents better than expected results, which will result in a premium payout.

Actual performance between the attainment levels will result in a prorated payout.

Goals will be weighted to reflect their relative contribution to Company success.

Performance will be evaluated on the basis of quality, quantity, or timeliness measures for each goal. Measures will be assigned a numerical value, and weight based on relative importance of the measure. Threshold, target, and stretch values will be assigned to each measurement component of each goal.

If performance issues or complaints arise concerning a manager's performance, the Compensation Committee can reduce the manager's Management Participation Factor to less than 100% for the plan year. The Participation Factor will affect the payout on Company goals performance.

### **Annual Process**

Early in the Plan Year:

- The Management Team, led by the CEO, establishes Company goals for the year, including weighting and measurements.
- Individual participants, with the concurrence of the CEO, establish their individual goals, including weighting and measurements.
- During the first Plan Year, team satisfaction surveys are conducted to determine baseline ratings for the customer satisfaction component of Company and Individual goals.
- The Compensation Committee sets the weighting of Company and Individual goals for the Plan Year.
- The Compensation Committee sets the value of Threshold and Stretch results, as a percent of Target results (which will result in a 100% payout). Example: Threshold = 40%; Stretch = 125%
- The Compensation Committee approves the Company and Individual goals for the Plan Year, including proposed metrics and weightings.
- Approved goals are published on the internal web site.



Throughout the Plan Year:

- Metrics are tracked.
- Performance feedback is provided to participants.
- Progress toward goals is posted on the internal web site for teams to review.
- In unusual circumstances where conditions significantly change, goals may be adjusted to reflect those significant changes. Any change to previously-approved goals must be approved by the Compensation Committee.

At the conclusion of the Plan Year:

- The CEO recommends a bonus pool to the Compensation Committee. The bonus pool is established on the basis of Company performance and ability to pay. NOTE: The bonus pool is established at the Target (100%) performance level. If performance exceeds Target, the bonus pool will be increased, to a maximum of the Stretch amount. Example: If Stretch performance is set at 125%, the actual payout could be up to 125% of the bonus pool.
- The Compensation Committee approves the bonus pool.
- The Compensation Committee assigns a contribution level to each participant, based on relative value of the position. The contribution level reflects the portion of the bonus pool that is available to each participant.
- The Compensation Committee makes any adjustment necessary to the Participation Factor for each participant.
- Team satisfaction surveys are administered to determine Customer Satisfaction performance.
- Final metrics are determined, based on goal results.
- Payouts are calculated.

## **Payments**

Employee salary is paid each pay period.

Incentive payments will be made at the end of the plan year, after the books for the plan year are closed. Payments will be a lump sum.