

Contractor Conversion Program

Sales and Marketing Programs Operating Letter



Effective October 1, 2022 to December 31, 2023
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www.championhomecomfort.com





Contractor Conversion Program

The Contractor Conversion Program (CCP) is designed to convert new contractors to establish a partnership with the Champion brand and our distribution. It was developed as a tool for distribution to acquire new, high-value contractor relationships. New contractors in the CCP can benefit from rebates and/or co-op and business resources.

New this year!

1. With an “up to” setup, distribution can choose the rebate/co-op earning percentage that works best for each contractor, within the values for each purchase bucket.
2. An exclusive CCP offer that allows contractors to take advantage of a-la-carte business solutions. A-la-carte items are 100% factory funded and seek to assist with long-term contractor growth.

Eligible Levels: Champion Elite and Certified Comfort Expert

Duration of Program: Three years from initial date of enrollment

Contractor Rebates and Co-op

Requirements to earn financial incentive:

- Minimum total eligible purchases of at least \$25,000

If the minimum purchase requirement is achieved, the incentive is calculated against the current program year’s total eligible purchases, back to dollar one. **Each year in the program requires a new commitment to be made at the start of the registration period.**

NEW! Distribution may pick less than the total up to amount outlined in the table below if they so choose. In such an event, the factory and distributor share would remain at the same split respectively, regardless the total amount chosen.

Purchases	Factory	Distributor	Total (up to)	CCE Bonus (Factory Funded)	CCE Total
\$0 to \$24K	0%	0%	0%	0%	0%
\$25k to \$199k	4.50%	0.50%	5%	1%	6%
\$200k+	5.50%	0.50%	6%	-	6%

Distributors have the flexibility to decide how incentives are paid out. All or a portion can be allocated for either a rebate to the contractor or a contractor-specific co-op fund. Funds accrue in the contractor’s account once distribution reports their sales. See Program Terms and Conditions for information about eligible products.

Earned Volume Rebate

- All or a portion of the incentive may be allocated toward an earned volume rebate paid directly to the contractor.
- Incentives may be paid in one of three ways for the entirety of a 12-month period:
 1. JCI can issue a check directly to the contractor company and mail it to their mailing address on file.
 2. JCI can issue a check directly to the contractor company and mail it to distribution to deliver to the contractor.
 3. Distributor can issue check or credit to the contractor company and submit a claim for audit and reimbursement by JCI.
 - Choose the co-op option during registration for this method.
 - Evidence of payout is required prior to reimbursement.
- Distributors may choose whether the rebate is paid quarterly (calendar quarters) or annually. This election can be made only once for the entirety of a 12-month incentive period.
- Incentives are paid within 45 days of distributor's reporting of eligible sales, in accordance with the elected payout cadence.

Contractor-Specific Co-op

- All or a portion of the incentive may be allocated toward co-op funds.
- Co-op funds will be deposited the month after the minimum purchase and committed purchase amounts are met. Additional co-op funds will be deposited monthly thereafter, provided sales data is submitted by distribution.
- The distributor may choose to prefund up to 50% of the contractor's commitment value by inputting a prefund percentage (up to 50%) at the time of registration.
 - If a contractor commits to \$200K, they are expected to earn 6% with an optional prefund of up to 3% of \$200K. The prefund amount would be deposited immediately and reconciled throughout the year.
 - At the point at which the contractor surpasses the commitment, JCI will deposit additional funds as earned.
 - If the contractor never meets the commitment, the distributor will be billed for any amount of the prefund value used.
- Co-op may be spent on eligible activities as outlined in the Distributor Support Funds/Champion Marketing Funds (Co-op) Policy operating letter.
- Claims for this program will be reimbursed at 100% of the invoice.
- Claims must be submitted in the program year they were funded. Funds will not carry over year-over-year and any funds not claimed by the end of a 12-month incentive period will be forfeited.
- All claims must comply with the published Distributor Support Funds (Co-op) Policy for the program year.
- Credits are issued within 45 days of claim approval

Calculation Examples

Contractor A (CCE)	
Commitment	\$25,000
CY Total Purchases	\$75,000
Standard Incentive	\$75,000 x 5% \$3,750
CCE Bonus Incentive	\$75,000 x 1% \$750
Contractor A Total Incentive	\$3,750 + \$750 \$4,500

Contractor B (Champion Elite)	
Commitment	\$100,000
CY Total Purchases	\$150,000
Standard Incentive	\$150,000 x 5% \$7,500
CCE Bonus Incentive	N/A
Contractor B Total Incentive	\$7,500 + \$0 \$7,500

NEW! A-la-Carte Business Tools

In addition to the financial incentive, contractors will have the opportunity to **select two out of four** business tools from the menu below. These are 100% funded by Champion at an estimated total value of up to \$8,000.

Business Tool	Value
Ducted Systems Academy Dollars (100% factory funded, no expiration)	\$3,000
One-time Contractor Marketing Health Audit (100% factory funded)	\$1,500
One-year subscription to Online Reputation Management Software (Choice of Bravo by BxB or Podium)*	Up to \$3,900
One-year subscription to Online Proposal Software (HVACBizPro or Pricebook Digital)	Up to \$4,800
Total Value	Up to \$8,700

*Eligible Podium package levels for 100% funding are Essentials and Standard. All others will incur a fee.

Overview of A-la-Carte Business Tools

- **Ducted Systems Academy Dollars:** Training funds that are 100% factory funded up to \$3,000 to help contractors get a feel for the breadth of our Ducted Systems Academy courses. These funds are above and beyond any Academy Match Dollars available through the Contractor Success Programs levels.
- **Contractor Marketing Health Audit:** Champion has partnered with BxB Media to provide contractors with a detailed and graded marketing report for their business. This audit will include a review of the contractor's website design and performance, reviews and Google Business Profile, social media, branding, and overall advertising strategy, and provide recommended actions to improve their marketing efforts.
- **Subscription to Online Reputation Management Software:** Unleash the power of online reviews! With an annual subscription and a choice of two vendor partners, contractors will be empowered to pick the software that best suits their business. This one-year subscription is an excellent introduction to how online reviews grow businesses by driving new leads, generating referrals, and improving customer satisfaction.
- **Subscription to Online Proposal Software:** Through a one-year subscription, contractors can leverage software to configure custom proposals, manage leads, track pricing, and align system match-ups to help the homeowner choose the best system possible.

A-la-Carte Business Tools: Getting Started and Submitting for Reimbursement

- **Ducted Systems Academy Dollars:** When registering for a Ducted Systems Academy class, select the Academy Match Dollars option as one of the payment methods. Note that training dollars available through the Contractor Conversion Program can be used at 100% (compared to traditional match dollars at 50%) and our DSA administrators will apply them as so.
- **Contractor Marketing Health Audit:** After selecting this as one of the four options for your contractor at the time of enrollment, BxB Media will receive the contractor's contact information and reach out to begin the process. **Help your contractor to get a jump start by providing them with the link to the Marketing Health Audit Intake Form!** <https://bxbknowshvac.com/jci/health-intake-form/> BxB Media will take care of the rest and keep you informed until final delivery of the Marketing Health Audit Report. Champion will cover all fees associated with the audit directly with BxB Media.
- **Subscription to Online Reputation Management Software and/or Online Proposal Software:** After selecting the vendor for each of these tools, they will reach out to the contractor to begin the relationship. This will include onboarding and billing set up. The first twelve months will be covered by Champion at 100% up to the dollar amount in the table above. This means that the contractor will pay the vendor directly and then submit their invoices to their distributor partner.

The distributor may then submit for reimbursement in full via this file path **SolutionNavigator.com – Marketing Dashboard – Contractor Conversion Program – Business Resource Reimbursement Request**. Reimbursements will be provided to distribution, similar to how co-op claims are reimbursed. After the completion of the twelve-month cycle, the contractor may continue the relationship with the vendor and submit their invoices for co-op using the standard co-op process

How to Enroll a Contractor

1. Create a Tier 2 or sub-account in Solution Navigator.
 - a. Include Territory Manager or Account Manager information.
 - b. Assign the contractor's eligible brands.
 - c. Add Marketing.
2. Enroll the contractor in a Champion Elite or Certified Comfort Expert (CCE) level of partnership by March 1, 2023 through Marketing Dashboard.
3. Select the programs the contractor will be participating in for the program year. See the Contractor Success Program Playbook for more information on programs.
4. In Marketing Dashboard navigate to the "Register a Dealer" option for the Contractor Conversion Program and complete all of the required information.
 - a. Choose fund type, enter contractor commitments for Ducted and Ductless product, and input eligible equipment purchase history for the last 12 months
 - i. If distributor intends to issue a check or credit to contractor and submit for reimbursement, the co-op option should be elected.
 - b. Commitment values must be reported separately for Ducted and Ductless product, as rebates will be paid separately.
5. Each month report the previous month's eligible contractor purchases in Marketing Dashboard on Solution Navigator. Purchases must be reported within 60 days of the end of the month.
6. Contractor must be re-enrolled in the Champion Elite or CCE levels of partnership and CCP prior to the annual purge date (March 1st) and before their 12-month anniversary of enrollment in the program.
 - a. If enrollment in the CCP occurred separately from their Contractor Success Program enrollment, this may result in the need to register a contractor twice in a program year.
7. If taking advantage of the a-la-carte items, select two out of four when registering your contractor.
 - a. Selections are not required at the time of registration, but they must be made within the first six (6) months to allow for optimal use. Selections after the sixth month will not be accepted.
 - b. For those business tools that have a one-year subscription, please note that the 12-month term of the benefit will begin at the time of the business tool's activation.

Program Terms and Conditions

Contractor Eligibility

- Contractors must be enrolled in an eligible level of partnership, as defined above by no later than March 1, 2023, and meet the requirements of Contractor Success Programs.
- Contractors must be enrolled in Champion Elite or CCE level of Contractor Success Programs for the entirety of their enrollment in CCP, and at the time that incentive payout is due to ensure receipt of the payout.
- To qualify as a new contractor eligible for this program, contractor must not have participated in another Ducted Systems residential conversion or engagement program that has yielded a rebate payment to the contractor.
- A minimum commitment of \$25,000 is required to participate.
- Concurrent enrollment in any Ducted Systems residential conversion and/or engagement program is prohibited.
- Contractors must meet all qualification requirements at the time of enrollment and throughout duration of their participation in the program.

Eligible Equipment

- Qualifying equipment consists of all Champion branded residential and light commercial equipment up to 50 nominal tons. Ductless mini-split products are eligible for the rebate and co-op but will be reported in the system and paid separately.
- Manufactured housing, Guardian product, and parts and accessories do not qualify for promotional programs.

Distributor Requirements

- Distributors must submit contractor purchases monthly to maintain eligibility in this program.
- Contractor's purchases must be reported within 60 days of the end of the month. Retroactive entries are prohibited. Failure to input purchases within the 60-day window will negatively impact incentive payouts to the contractor.
- Re-enrollment for years two and three is not automatic. The distributor is responsible for re-enrolling contractor for years two and three of the program.
- This may result in registration twice during the program year, once for the Contractor Success Program level and another for the Contractor Conversion Program. Fees will be incurred once upon registering for the Contractor Success Program.

Claims

- Submissions or claims that are flagged for audit will require additional information from the submitter.
 - This may include, but is not limited to: serial numbers, models/SKUs, quantities, or evidence of sale.
 - Payments may be put on hold or the affected participant may be suspended from the program if an audited submission is found to be invalid.
 - Audits may occur before or after payment is issued.
 - If a submission value is determined to be invalid, that value or the factory contribution to the value may be invoiced to the distributor.
- If no claims are filed for the co-op portion of this program during a particular enrollment year, the funds will be forfeited and will not rollover into the next year.

Incentive Payouts

- Incentives are paid in United States currency (USD).
- Incentives are only paid if and when the minimum eligible purchase requirement is met and will follow the elected payout cadence (quarterly or annually) for the remainder of the program year.
- Contractors are paid the full value of the incentive, and distributors are billed back for their share within 60 calendar days.
- If a contractor surpasses his commitment tier and moves over to the next tier, the next scheduled payout will be adjusted to account for the difference between tiers for all prior payouts, bringing the total payout current with the tier they have most recently attained.
- Example payout schedule (quarterly option):
 - Q1 Sales: \$20,000, Total Sales: \$20,000 = \$0 payout
 - Q2 Sales: \$25,000, Total Sales: \$45,000 = \$2,250 payout, or 5% (Champion Elite)
 - Q3 Sales: \$200,000, Total Sales: \$245,000 = \$12,000 (6%) + \$450 true up (Champion Elite)
- Contractors who do not reach a minimum purchase requirement to qualify for a rebate payment during their rolling 12-month program year will forfeit that program year but will remain eligible for the remaining 3-year term.

Other Terms and Conditions

- All qualifications in this program are subject to audit. Failure to comply with all program terms and conditions will result in an irreversible expulsion from the program. No exceptions will be made.
- Contractor Success Programs enrollment cannot be cancelled, and related fees are non-refundable.

Revision History

Version No.	Release Date	Revision Description
B	1/31/2023	Added how to submit for a-la-carte business tools reimbursement.
C	3/06/2023	Changed light commercial equipment eligibility from 40 to 50 nominal tons

Contact us at **833-242-7869** or bts-ds-marketing@jci.com for questions, feedback, or other support

