

## 2016 Manager Bonus Plan

### **Background:**

Smokey Bones' Leadership is committed to consistently growing the year-over-year profitability of the Company while in parallel investing in the growth of the Total Brand. To be successful we know that our restaurant management teams are key to our success. In addition to competitive salaried compensation, bonuses will be aligned with and rewarded for achieving key operating metrics.

### **Objective:**

Implement incentives that reward, align and motivate all levels of management, and in doing so, drive great profitability supported by the best customer experience and atmosphere in the industry

### **Program Features:**

<b>GM (50%) Managers (50%) Split</b>	
<b>1.</b>	<b>20% of Quarterly YOY restaurant EBITDA (\$) improvement</b>
<b>1.</b>	<b>Sliding scale up to \$1500 for achieving restaurant GSS Metrics</b> <ul style="list-style-type: none"><li>Incremental REP.COM Multiplier of 1.25-2.0</li></ul>
<b>2.</b>	<b>CEO discretionary bonus multiplier</b>
Must achieve EBITDA (\$) change to qualify for any bonus	

### **Program Advantages**

Align entire company on profitability and customer satisfaction; simple to understand, communicate and execute quarterly.

### **The following outlines other components and eligibility for the bonus program:**

- Each quarter's bonus calculation is separate from quarter to quarter.
- Bonus earned/paid must be self-funded by quarterly EBITDA improvement to qualify.
- Manager total bonus potential is capped \$15K per quarter. In the event a person's earned bonus calculation "exceeds the cap" the dollar difference (greater \$15K for managers) will be banked and reimbursed after the preceding and consecutive three quarters providing the Manager qualified/earned a bonus in each of the three respective quarters.
- Newly hired/promoted must complete training and be in position for a full month after certification. We do not prorate for a partial month bonus calculation.
- Bonus will be prorated for a complete month and less than a full quarter in position.
- Must remain employed until the bonus is paid out to receive a bonus.
- Promotions, transfers, or changes in position during a quarter will be treated as a prorated bonus calculation.
- The Company reserves the right to modify the bonus program in total, or in part, at the discretion of Smokey Bones' Leadership

# Manager Bonus Plan Policy

Manager EBITDA EXAMPLE					
RESTAURANTS	2015 EBITDA	2016 EBITDA	VARIABLE	ELIGIBILITY	EBITDA PAYOUT
A	\$33,948.00	\$6,749.00	-\$27,199.00	20%	\$0.00
B	-\$20,992.00	-\$3,781.00	\$17,211.00	20%	\$3,442.20
C	-\$557.00	\$29,018.00	\$29,575.00	20%	\$5,915.00
D	\$20,164.00	\$71,936.00	\$51,772.00	20%	\$10,354.40

GSS SLIDING SCALE W/REP.COM MULTIPLIER										
If GSS Score calculated as Top Box LESS Bottom Box falls between...			...this amount will be...	...multiplied by...	...If REP.COM Score falls between:...		...this Multiplier...	...resulting in...	...Bonus in the amount of:	
0%	and	63.99%	\$ (500)	X	0	and	5.00	1.00	=	\$
64.00%	and	66.99%	\$ -							
67.00%	and	74.99%	\$ 800	X	0	and	3.79	1.00	=	\$
75.00%	and	76.99%	\$ 1,000					1.25		
77.00%	and	100.00%	\$ 1,500					1.50		
								2.00		

GSS SLIDING SCALE EXAMPLES OF VARIOUS PAYOUTS				
STORE	GSS SCORE	AMOUNT	REP.COM MULTIPLIER	TOTAL GSS REP.COM BONUS
A	62%	(\$500.00)	1	\$0.00
B	65%	\$0.00	1.5	\$0.00
C	72.00%	\$800.00	1.25	\$1,000.00
D	75.50%	\$1,000.00	2	\$2,000.00
E	78.3	\$1,500.00	1.5	\$2,250.00

\*Must get 15 REP.COM comments per store per quarter to qualify/ total average applies to Region (15 X # stores)

\*REP.COM multiplier calculations are highlighted in BLUE

EXAMPLE OF MANAGER TOTAL BONUS & BREAKOUT							
RESTAURANTS	EBITDA PAYOUT	TOTAL GSS REP.COM BONUS	TOTAL BONUS POOL	GM SPLIT 50%	MANAGER BONUS SPLIT (50%)		
					PAR 4	PAR 3	PAR 2
D	\$10,354.40	\$2,000.00	\$12,354.40	\$6,177.20	\$1,544.30	\$2,059.07	\$3,088.60
*PAR 2 is the lowest denominator approved							