Monthly Focus

What: Contract Sales

Why: Contract sales are a great way to increase business by giving qualified commercial accounts a quantity-based discount as an incentive to purchase all of their casual furniture needs from a Leader's Casual Furniture® showroom.

When: Leader's Casual Furniture® can offer this incentive to any qualified commercial account at anytime anywhere in the world.

Who: All store team members are able to work with these types of accounts and are required to know all of the proper steps in order to execute these types of sales. In terms of qualifying the customer, it cannot be delivered to a private residence, and the proper documents are outlined below.

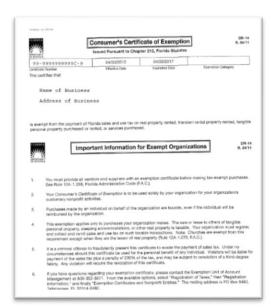
FAQ?

- ✓ How do we discount the products for a contract sale?
 - Leaders offers a quantity discount based on 3 different tiers
 - 12 or more pieces
 - 20 or more pieces
 - 50 or more pieces
 - How to determine 12+, 20+, 50+ pricing Items that cannot be used without the other are considered 1 complete piece:
 - Umbrella + base = 1 piece
 - Dining chair + cushion = 1 piece
 - Table base +glass top = 1 piece
- ✓ What type of contract accounts are there?
 - Salesperson: Salesperson completes the sale at the store and handles the majority of the account maintenance.
 - Commission on these types of sales UP to 3.5%
 - Split: Salesperson completes the sale at the store, but the corporate office is the primary maintenance provider for the account
 - Commission on these types of sales **UP** to 1.75%
 - House: Lead that is derived the contract division or the corporate offices. The store has virtually no involvement with this type of account.
 - No commission paid on these types of sales
 - Details on commissions and responsibilities are outlined in the contract procedure a link is provided at the end of this Monthly Focus.
- ✓ How do we determine the price for each vendor?

- Each Vendor has a multiplier based on the quantity purchased that you can find here:
 R:\Contract Design Rental Info\Contract Sales\Pricing\Contract Price List & Delivery Fee

 Schedule.pdf
- The discount multiplier is to be applied to Leader's Casual Furniture® Everyday Low
 Price NOT GROUP PRICING or any other discounts!
- ✓ When entering a contract sale, the Lead-Line "Lead-Contract" must be entered into FROG in order for the pricing to be approved
- ✓ Warranty on commercial sales are different then the residential warranty. Please refer to each vendor's specific commercial warranty when quoting it to the client. Warranties can be found here: R:\Contract Design Rental Info\Contract Sales\2015-16 Contract Warranties.pdf
- ✓ Quantity Discount Carry-Over:
 - Whenever a client reaches a certain quantity discount, they are eligible for that same discount on future purchases. However, the quantity discount doesn't keep adding up with additional purchase:
 - Customer purchases 50+ pieces on their 1st order. They come in 8 months later and purchase an additional 8 items. Give them the 50+ quantity discount on the 8 items. Please make an order memo on the account as to why they are getting the quantity discount on the new purchase to remove any uncertainty
 - Customer purchase 35 pieces on their first order. The next purchase, they
 purchase 15 pieces. We would not give them the 50+ quantity discount because
 the two orders "add-up" to 50 pieces.
- ✓ How is our delivery charge determined, and do we offer different types of deliveries?
 - We offer 3 different delivery options:
 - Curb-Side –set-up, assembly, and garbage removal is not included. This is the lowest cost option available for the customer, but offers the least amount of service
 - Please note in the top memo field if the customer is selecting this
 delivery option so the warehouse knows not to set-up and un-wrap
 the furniture.
 - Delivery and Set-Up at One Location-this is the same full delivery service that we offer to our residential customers to one location. All set-up, assembly and garbage removal is included for this option.
 - Delivery and Set-Up to Multiple Locations-offers the same service as above, but this is when an account needs our delivery truck to deliver to more than 1 location for the same account. An example of this would be if we are delivering to a resort, and they have more than 1 area within the resort that the truck has to drive to and set-up the furniture.
 - The Quote Contract Quote can be found here: <u>R:\Contract Design Rental Info\Contract</u>
 Sales\Contract Quote Form.pdf
- ✓ Do we offer the customer the ability to pick-up their order instead of paying for delivery?
 - o If the customer would like to pick up their order at the distribution center there is no charge for this.
 - If the customer would like to pick-up their order at a store, there is a minimum \$40.00 charge for this.

- ✓ What forms of payment do we accept on Contract sales?
 - o Cash or Check is the preferred method of payment.
 - o Credit Card payments will have an additional 3% charge added to the sub-total.
 - There is a "Lead-Line" required when this occurs: "LEAD-3%"
 - No financing on Contract Sales
- ✓ What type of contract sales qualify to be tax exempt?
 - Religious Institutions
 - Non-Profit Organizations
 - o Educational Facilities
 - Hotels, Motels, and Bed and Breakfasts
 - Resorts and Amusement Parks
 - Restaurants
- ✓ What documentation is required for the customer to be tax exempt?
 - Customer needs a Consumer's Certificate of Exemption. An example of which is below.
 - For clients other than religious or government organizations, their tax exempt form must state that it is for furniture purchases. For example, a hotel might have a tax exempt form for food; this would not be applicable for a furniture purchase.



- Payment must come from the organization/business that the furniture is being delivered to. It cannot come from a private individual. Here are some examples of this:
 - Not Exempt: a school purchases furniture, but a parent pays for it with their own credit card.
 - Not Exempt: a church purchases furniture for their pastor, but it is going to a house owned by the pastor, not owned by the church.
 - **Not Exempt**: a restaurant owner purchase furniture, but does not keep the furniture at the restaurant; they bring it to their house.

For any further questions, please reference the complete Contract Sale Procedure 2.200

R:\Procedure Manual\2.0 General Store Procedure\2.200 Contract Sales.pdf