



## **Guidelines for Engagement**

**FINAL – APRIL 25, 2019**

**Overview:** These guidelines are intended to set the standard that Security-Net Partners can count on when engaging each other for project and service needs. It is imperative that we recognize our commitment to each other and the 4 pillars which are to be demonstrated through our day to day interactions.

Furthermore, it is agreed that each member will utilize the PSA-Security NDP database to document key contacts, abilities and territories served. Each member will provide a single contact for Executive, Operations and Sales. It is agreed that needs and issues for each area of business should be managed by a single individual who can ensure consistency in the implementation of these Guidelines for Engagement.

**Initiating Member** – The entity requesting work to be performed by others.

**Receiving Member** – The member being engaged to perform work.

### **New Opportunities:**

- Proposal request and response
  - Initiating Member shall provide notification as early as possible during the opportunity phase. Early notification will allow for proper planning and a commitment to resource needs.
  - The first communication will establish when the proposal is due (i.e. 24 business hours) and when work is expected to begin (i.e. 30 days after receipt of PO or June X, XXXX).
    - Receiving Member shall respond to the Initiating Member via email or phone call within 8 business hours of request, acknowledging receipt of the request and a commitment to partner or not.
    - Members shall be honest with one another about needs, concerns and abilities. We will not put each other in a position to fail but will establish the expectations to win.
    - Proposal timelines exceeding 5 business days must be communicated and agreed to during the initial conversation about the opportunity.
  - Initiating Member owns the client relationship and is responsible for establishing who owns each phase of the opportunity from proposal process through project completion to include:
    - Communication with the client
    - Who is responsible for gathering the data to create a proposal
    - Who performs the site walk and when.
    - Drawing provisions/requirements
    - Scope of work (PM needs, warranty, pier diem)
    - Permitting needs and who owns the process
    - System programming
    - End User Training
    - Commissioning and sign off process
    - Client specific requirements (i.e. equipment and or installation standards, work hours, special certifications, union labor etc.)

- Pricing
  - Receiving Member will provide all parts and materials needed for the installation, when possible. This is the preferred method of doing business between Security-Net partners.
  - It is understood that there are times where the Receiving Member will do a labor only job, while supplying the ancillary equipment.
  - Receiving Member, when supplying parts, will use a 24% margin. This markup will also be true if for all parts or just the ancillary parts.
  - If the Initiating Member supplies the parts, then the Receiving Member will get 10% of the parts cost. This could be due to the Receiving Member not having access to the product line, or the Initiating Member has contracted markup based on the National Customer Agreement.
    - The lead partner needs to send a list of parts being provided, so the installing partner knows what they are installing. The lead partner needs to give the installing partner the cost and then the installing partner adds the 10% cost to his bid.
  - Labor for all categories (I.E Install, Project Management, Database, Engineering, Travel, etc.) will be priced based on what is shown by each member on the PSA NDP profile page. All Security-Net members will get 20% off the listed pricing and that is what is to be used for quoting projects.
    - Project Management time will be based on 15% of the total labor.
    - The Initiating and Receiving Members both need to establish these categories in the scope of work. We need to be clear on who is providing the high-level services and then charge accordingly.
  - Per Diem should be what is agreed upon when pricing the project. It is understood this may be different depending on the location of the project.
  - All miscellaneous categories such as wire, warranty, and other direct costs will be itemized and discussed up front so both partners agree.
  - It is agreed that all quoting of labor should be completed using the most recent addition of NSCA.
  - Subcontract labor when required shall be priced at cost plus 13% GPM (divide by .87 or multiply by 1.15)
  - Sales and Use Tax, cost of permits, bonds and freight will be added to the final number after all margin or markup calculations.
  - 1-year warranty to include parts and labor shall be included unless the Initiating Member states otherwise
  - While these guidelines establish expectations for margin, members will work together to win opportunities requiring lower margins when necessary.



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- If the initiating partner or the receiving partner is unwilling or unable to execute a project using these guidelines it is incumbent on the declining partner to notify both the other partner's representative AND both Security-Net principals involved in the transaction. Such notification shall include the reason for declining the project and any suggested remedies. Each partner will retain a "first right of refusal" should a modification of the guidelines (proposed price change, revised schedule or scope, etc.) be offered. The initiating partner should advise all parties of the final resolution as soon as possible.
- Project Implementation
  - Communication throughout the project shall follow the agreed upon terms during the Opportunity Phase. Members will respect each other's boundaries (i.e. communication through a manager vs. a technician or project manager).
  - All work shall conform to the Security-Net Workmanship Standard. Deviations should be agreed to in writing by both members.
  - Issues between members during the implementation phase shall be addressed between Ops-Net Members first and ultimately escalated to the Partner representatives of each respective company if resolution cannot be found.
- Service
  - Hourly rates shall be documented by each member in their PSA Security NDP profile.
  - All Security Net members will get 20% off the posted rates from PSA NDP.
  - Response times are not guaranteed but next business day is generally expected.
  - Members agree to assist in any way possible to accommodate client expectations for response (i.e. same day emergency service needs).
- Payment
  - Initiating Member agrees to pay Receiving Member within 5 business days of receipt of payment from client for services rendered. Progress payments shall be handled in the same manner.

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