

# DELTA CONTROLS PARTNER CHANNEL MANAGEMENT

## PRINCIPLES

Our mission is to make the world a better place, including the promotion of pride, ethical behavior and partnership. We will grow as an organization so that our positive impact on the world is greater with each year that passes. We will continuously improve our products, services, processes, people, and the ways in which we interact with, impact, and care for the world around us. We make stakeholders proud through collaboration, worldwide recognition, empowerment, freedom and Do it Right.

Do it **right.**

The following guidelines are aimed at achieving the combination of the above values and goals.

- 1. Always make decisions in the interest of the end user.**  
Over the long term, if the end-user of a Delta Controls system is satisfied, then all associated stakeholders of Delta Controls are satisfied and the brand reputation of both manufacturer and installer are maintained. The end user is the guy left with the keyboard to the system when everyone else has completed the contract and gone home. This is the long-term view in the life of the system. End user satisfaction is a long term Do it Right belief.
- 2. Do not play judge and jury. It is very tempting to try to “organize” who wins which projects.**  
The entity that is spending their money purchasing the system should be free to decide where they purchase it from. We insist that it is purchased from an approved Delta entity that is knowledgeable in the application and other market variables so that the brand reputation of both the manufacturer and installer are maintained.  
This leaves the debate for purchases requested by the end-user that is outside of territory of the Delta Partner that is preferred by the end-user. In this case, the end user should request a national account agreement to ensure the correct expertise is with the preferred Delta Partner.
- 3. If the integrator is going to charge up the line for services sourced from the product operation, then the product operation charges the integrator.**  
If a product or service has been sold at a dollar value to the market, then there will be a dollar value sale between Delta and the Delta Partner. If the product or service is free of charge to the market, from the Delta Partner, only then is there scope, for whatever reason, for the product or service to be free of charge from Delta to the Delta Partner
- 4. Each operation pays their own costs.**  
We believe in bi-directional partnerships of sharing any rewards or burden. If there is work to be done on site by the Delta Partner to remedy issues, then the Delta Partner pays irrespective of fault. If there is work to be done by Delta in-house to remedy issues, then Delta pays, irrespective of fault. If Delta is required to visit a site to remedy issues, then Delta pays, irrespective of fault. The nature of a bi-directional partnership each operation pays their own costs or reaps their own rewards.
- 5. DCI does not charge when a Delta Partner is investing in improving the quality of our products to the market.**  
When a partner is taking action that is exclusively aimed at improving Delta Controls and associated products, no charge is levied to the Delta Partner for any products or services supplied.  
A case in point for this would be beta testing. Note the word “exclusively” showing that beta product that has been charged to the end-user does not meet the criteria of “exclusively aimed at improving” DCI products.

**6. Confidentiality is maintained across the Delta Partner channel.**

Any information confided by a Delta Partner shall not be passed to any other Delta Partner without the permission of the original Delta Partner. This includes the admission that the information exists in the first place.

A case in point is when two Partners are in competition. One finds a value engineered solution. The second complains that the project is being "bought". DCI can not only not divulge the information, but also not divulge that the information exists (that the project has been successfully value engineered in a smarter way).

We never divulge a Partner's sales performance or personnel issues to another Partner -- we are trusted advisors who will not spread rumors or share confidences amongst Partners.

**7. Even handed behavior is shown by DCI across the channel.**

All Delta Partners are given the same rules.

The rules may vary dependent upon variables such as purchase volume or commercial situation, but these variabilities are available to all Delta Partners.

**8. Incentives are given for growth.**

Incentives are given to Delta Partners whose achievements are in line with our goals. We incentivize based on those with goals in common with ours such as growth, with a maintained brand reputation.

**9. The Partner channel in a given territory is grown based on a number of options.**

**We categories Partner and Market performance as follows:**

- a. Qualifies for the incentive program (10% or 5% growth dependent upon volume)
- b. Growing (purchases to DCI), but not enough to be part of the incentive program
- c. Not growing (purchases to DCI)

We look to increase our channel in territories if any of the statements below are true:

- a. The local Partner falls into category (c) and other additional Partner recruitment would result in incremental business.
- b. Our share of the Partner Channel market is less than 10%.
- c. Further Partner(s) can be recruited on an incremental basis to the existing channel and it does not cannibalize the existing revenue stream. This could be a new vertical market or package such as access control, VFD, Tridium or the existing Partner serves only a limited number of key accounts.
- d. The brand reputation of Delta Controls is being affected by the incumbent DCI Partner.

Decisions to increase our channel, or not, is not based on:

- a. The number of controls products offered by the DCI Partner. The previous unwritten guidelines stated that loyalty was bi-directional. If a partner only buys from us, then we won't sell to anyone else.

**10. Exclusive contracts.**

We avoid this exclusive arrangement as it affects existing partners, or our ability to open new routes to market or the opportunity to make an integrated sell is required. As long as growth rates and market share targets are being achieved, no further recruitment in that defined sector is required.

11. **Communication**

Return all calls within one business day. If you are unable to call them, email them with a short note letting them know when you will be available and offering them another contact if they need something before that. Use the out of office automatic reply if you are unable to return calls/email.

12. **End User Complaints**

If we receive a complaint call/email from an end user, the next call we make is to the Partner involved. We will advise our Partner of the details and offer our help to resolve the issue(s) if possible. If there is a commercial issue and payment to the Partner is being withheld by the end-user, we will not get involved with the contractual relationship and encourage resolution between the two parties. If there is not a commercial issue, but a performance issue, then we'll give the Partner every opportunity to resolve the issue(s). However, if the Partner is unable to resolve these issue(s), the end-user can request a new Partner be assigned to their account or, in exclusive territories, assign Delta Controls' Professional Development Services (PDS) to help solve the problem. We will advise the original Partner of the situation and why the changes have occurred.

13. **No Surprises**

If a Partner is under-performing, we will reach out to them to let them know we are concerned. How can we help, if possible? If they continue to miss their plan, we need to let them know it is serious and we may need to make changes in their territory. Our goal is: no surprises. If we have to add distribution in their territory, we need to tell them about it in advance. We may not be able to tell them who we are talking to (they will find out soon enough) but we can tell them we are looking and why.

