

HAAPC DIRECT HIRE PLACEMENT RULES

INTENT

It is the primary intent of the Houston Area Association of Personnel Consultants, through our annual awards program, to recognize outstanding performance in the areas of placement production.

REQUIREMENTS FOR NOMINATION

The nominating period is January 1, 2013 through December 31, 2013 except for Rookie of the Year (Please refer to Rookie of the Year criteria).

To be eligible to participate in the awards program, a firm must join HAAPC no later than January 31, 2014. All dues must be received in full on or before January 31, 2014. All nominees must be employed by member firms who are in good standing with HAAPC as of January 31, 2014.

If a nominee was previously employed by another member or non-member firm and was employed prior to December 31, 2013 by the nominating firm, his/her total net cash-in qualifying figures from both agencies are acceptable if:

- The non-nominating firm provides a written statement of “cash-in” during the period the consultant was employed and clearly states their permission to use such figures.
- It is decided by the two firms on an individual basis whether both firm names will be mentioned in the awards written materials and at the awards banquet. If both firm names are to be used, this must be clearly stated in the nomination ballot.
- If a protest is lodged by either firm, cash-in figures from that firm will not be accepted and the individual may be disqualified.

CATEGORIES

ADMINISTRATIVE SUPPORT (Office Services)

This category requires that 80% of the total net cash-in production credit be within the administrative support area. A minimum of \$75,000 net cash-in is required for nomination.

TECHNICAL/ PROFESSIONAL

This category requires the qualification that 80% of the total net cash-in production credit be within the technical/professional area. A minimum of \$100,000 net cash-in is required for nomination.

ROOKIE OF THE YEAR

To qualify for Rookie of the Year nomination, an individual must have no less than 8 months or more than 1 year experience in the permanent placement industry. The Rookie start date is the actual date of employment, regardless of when the Rookie started “working a desk” or producing billings. Probationary periods are included. If a Rookie is sent out to a third party for training, even the training period is considered to be part of the first year. All current and prior experience in the staffing industry must be included, regardless of whether it was in contract/temporary, direct hire (permanent

placement) or blended services. An individual can be nominated for Rookie of the Year only once. NO MINIMUM NET CASH-IN IS REQUIRED FOR ROOKIE PARTICIPATION.

All net cash-in and split-fee criteria apply. The month in which the Rookie starts will be counted as a full month for the purpose of the annualized cash-in figures regardless of whether it is the first or last day of the month. The cash-in figures will be tabulated according to the following formula:

Total net cash-in (DIVIDE) Months in Business (EQUALS) Average monthly cash-in (MULTIPLY) 12 months (EQUALS) annualized cash-in figures

Examples:

2013 Nominees

Nominee begins employment *on or before May 1, 2013*. Reporting period is from the start date of employment to first year anniversary date, if the anniversary date is no later than December 31, 2013. Those qualify for nomination now (2013).

May 1, 2013 – December 31, 2013 reporting period = 2011 nominee
(Example) \$80,000 / 8 = \$10,000 X 12 = \$120,000

The production figures will be tabulated on a prorated basis. The Rookie Award will be presented to one consultant in the Technical/Professional category and to one consultant in the Administrative Support category.

Consultants who qualify for the Rookie of the Year award can also be nominated for a regular award if they qualify. NO Rookie candidate will be automatically nominated for a regular award. If nominations are to be made in BOTH the Rookie and regular categories, nomination fees must be paid for both entries, the nominee's name must be submitted for both categories, and calculations must be made according to each category's rules.

INSTRUCTIONS AND CRITERIA

NET CASH-IN

Criteria for nominations will be based on "net cash-in" of each nominee. "Net cash-in" as defined herein shall mean all permanent placement fees collected during 2013, including fees billed prior to January 1, 2013 but actually collected in 2013. In addition, split fees may be included and calculated as defined under "SPLIT-FEE CRITERIA". Net cash-in must exclude fall-offs where monies were returned, contract or temporary fees, finders fees for salary surveys, resume' typing services, expenses reimbursed by client, management consulting fees, etc., or any fees not directly generated as a result of placing a person for permanent employment, except for non-refundable retained search fees actually collected in a permanent placement process.

Production of individuals who leave a firm during the course of the year may not be considered the manager's production or be credited to any other consultant who did not actually receive credit originally for the placement.

Ultimately, all permanent placement fees counted must be a direct result of the efforts of the nominee which can be verified through audit.

SPLIT-FEE CRITERIA

To calculate “net cash-in” involving any splits between consultants, the total cash-in credited to a nominee (production credit) must reflect only the designated portion of the fee collected, ie “job order” portion or “applicant” portion (to a maximum of 70%) with the total of all portions not to exceed 100% of the total fee.

Production credit is the amount of the fee that is credited to each consultant involved in a placement. The same percentage used to determine production credit by each individual firm’s policy shall be used for reporting production credit for the awards program. The nominating firm must make available upon required accounting statements to support percentage of production credited to any individual nominee per placement.

Two different acceptable possibilities of accounting for a \$4,000 split can be as follows:

“Job Order” Consultant Credited	50% = \$2,000
“Applicant” Consultant Credited	<u>50% = \$2,000</u>
TOTAL	100% = \$4,000
“Job Order” Consultant Credited	40% = \$1,600
“Applicant” Consultant Credited	<u>60% = \$2,400</u>
TOTAL	100% = \$4,000

If a firm determines cash-in split fees on any other basis, in order to participate in the awards program, the nominees’ cash-in totals must be figured on a maximum 70%, either “job order” or “applicant” portion.

An unacceptable example of accounting for a split fee which totals \$4,000 is as follows:

“Job Order” Consultant Credited	100% = \$4,000
“Applicant” Consultant Credited	100% = \$4,000
TOTAL	300% = \$4,000

ASSISTANTS

If an assistant(s), employed or contracted, regardless of title, is used for business development, recruiting of candidates, sourcing of candidates, or participates in the placement process to any degree, a maximum of 75% of that placement fee is to be counted toward the nominee’s cash-in figures.

PERMANENT PLACEMENT THROUGH TEMP TO PER ARRANGEMENTS

Any fee that is collected as a result of a temp to per arrangement can be counted as a permanent fee as long as the fee reported is only the “Gross Profit Margin”. This means the exact amount of profit left after the employee’s salary and any costs and payroll burden or any other reimbursements billed to the client are deducted from the account received from the client. These fees cannot be counted in both the permanent and contract/temporary services awards programs. The nominating firm must decide whether the fee is in fact a temporary fee or a permanent fee and then report it in the appropriate awards program.

RELEASE OF CASH-IN FIGURES

All figures submitted will be held in the strictest confidence to be viewed only by the accounting firm. However, the cash-in figures of the Top Ten Award winners and the Rookie of the Year in each category will be released to the Awards Banquet Committee and announced during the awards banquet. If you do not wish your nominees' cash-in totals to be released and announced, you must indicate in the appropriate area on the ballot.

AUDIT PROCESS

The HAAPC has appointed an outside CPA firm for the Awards Banquet audit process. The CPA firm will randomly audit nominees in all production categories. All nominations are subject to audit by an outside CPA firm and nominating services must be able to produce documentation on demand, with no less than 24 hours notice and within no more than 48 hours. Audit information will be held in confidence by the CPA unless audit findings differ from the originally reported figures. Such findings will then be shared with board members.

Should an audit occur, required documentation will include but it is not necessarily limited to:

- All receivables for the year, by invoice
- Listing of payroll or personnel records containing verification of assigned commissions or bonus, including W2 forms
- List of all employees who worked in placing the personnel in the temporary placement division for the service that year
- Policies, procedures and employment contracts dictating commission and bonuses, assignments and allocations
- All documents used by participants or for nominee to calculate production claimed

WARRANTY OF ACCURACY

By participation in this contest, the undersigned is warranting the accuracy of the information furnished; that the information provided was figured according to the method prescribed by the award criteria information; and that the nominee has been notified of the nomination, has consented to such nomination and to the terms and conditions of the awards program. Participation in the awards program as a nominee or otherwise constitutes acceptance of all terms and conditions of the awards program.

HAAPC interpretation and application of awards criteria, the audit conclusions of the CPA firm and dispute resolution is final. Any nominee who has received an award in error will forfeit the award. The award will be presented to the next qualified nominee and the results publicly announced.

DISCLAIMER

The awards made and recognition given are gratuitous and all applicants, nominees, award winners and participants in the awards program understand and agree that neither HAAPC, its Board of Directors, employees, agents, members nor independent contractors (collectively HAAPC) shall have any liability to all such applicants, nominees, award winners, and their employers at any time for any reason arising out of or connected with the awards program, including but not limited to HAAPC's negligence for failure to make an award, incorrectly making an award, errors in tabulation errors in auditing, information dissemination, errors in the making of an award and any

subsequent withdrawal of such an award. The Board of Directors of HAAPC shall have the right in its sole discretion, to make changes in the standards and criteria used in the awards program and the right to make such changes at anytime without notice.

The Nomination Ballot Worksheet(s) must be completed and received by email to haapchoustonx@gmail.com no later than 5pm on February 12, 2014.

There is a set registration fee of \$75 per nomination. Please make payment of total amount due within 48 hours from invoice receipt. Preferred payment options and directions will be included on the prepared invoice.