



2018 Mercedes-Benz Dealer Performance Bonus Manual

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Introduction

The Mercedes-Benz Dealer Performance Bonus “DPB” Program initially launched January 3rd, 2008, has been updated for 2018. The Program provides all qualified authorized dealers an opportunity to earn a performance bonus up to 5.50% of Manufacturers Suggested Retail Price on eligible transactions (this does not include dealer trade margin, floor plan bonus, or any additional bonus opportunities).

Vehicle Eligibility

All new leased or purchased Mercedes-Benz passenger vehicles (including passenger cars and light trucks, but excluding smart and commercial vans) are included in the Program with the exception of:

National Accounts	Pre-owned Vehicles
Auction	VIP
Diplomat	European Delivery

Vehicles found to be exported in violation of the MBUSA Passenger Car and Light Truck Export Policies may be subject to a chargeback of Program monies in accordance with the then-current Program rules.

Vehicles not delivered in accordance with the Customer Delivery Policy* may be subject to a chargeback of Program monies in accordance with current Program rules.

** (Please note that Customer Delivery Policy is one component of the Mercedes-Benz Certified Delivery Process).*

All eligible vehicle sales must be accurately and properly reported in VISTA in compliance with the MBUSA Dealer Disposition Reporting (DDR) policy as currently published on NetStar. False or inaccurate DDR reporting may result in a chargeback of Program monies.

Compliance

In accordance with the Mercedes-Benz Passenger Car and Light Truck Dealer Agreements, Section VIII.F., MBUSA reserves the right to audit dealer records for compliance with rules of this Program. The audits may include, but are not limited to, review of sales jackets for proper and timely sales reporting, physical inventories of dealer stock, finance contracts and survey details. MBUSA reserves the right to cancel, amend or revoke this Program, its terms and at any time in its sole discretion due to business considerations or to circumstances beyond its control. This document will reside on NetStar and will be periodically updated to reflect any changes to the Mercedes-Benz Dealer Performance Bonus Program.



2018 Components and Payouts

2018 components and payouts are the same as 2017. No changes have been made to the metrics.

Mercedes-Benz Dealer Performance Bonus		
Customer Experience Bonus ^{1,2}		1.50%
NV Sales Experience Qualifier		Objective
NV Sales Survey - Net Email Penetration		≥ 80%
Sales Experience Scores		
Sales Experience Bonus	0.00%	0.75%
Sales Experience Score	< Obj	≥ Obj
Customer Experience Service Qualifier		
Service Survey - Net Email Penetration		≥ 80%
Service Experience Scores		
Service Experience Bonus	0.00%	0.75%
Service Experience Score	< Obj	≥ Obj
Training Bonus * ^{1,2}		0.50%
Training Requirements		
Training Certification		≥ 85%
Leadership Academy		≥ 85%
Brand Immersion		≥ 85%
New Product Launch		≥ 85%
Business Critical		≥ 85%
New Vehicle Sales Bonus ^{1,2}		0.75%
New Vehicle Sales Qualifiers [†]		
AOI (Area of Influence)		≥ 70%
DMA (Designated Market Area)		≥ 90%
Sales Effectiveness ^{††}	0.00%	0.75%
Sales Effectiveness Score	< 80%	≥ 80%
Pre-Owned Sales Bonus ^{1,2}		0.75%
Off-Lease Qualifiers *		
C3 CPO Retails		≥ 60%
Special Vehicle Group		≥ 12%
Off-Lease Purchases	0.00%	0.75%
Off-Lease Purchases as % of NV Sales	< 23%	≥ 23%
Brand Standards Bonus * ^{1,2}		2.00%
Facility/Autohaus 2		YES
Annual Facility Inspection		YES

¹ Potential payout percentage is multiplied by the MSRP (less Gas Guzzler tax and Destination & delivery charge) of eligible vehicles.

² See the applicable Manual section for complete list of official rules.

* All qualifiers must be met in order to qualify for the bonus.

[†] One of the two qualifiers must be met in order to qualify for the bonus.

^{††} Guaranteed payout at 80% sales effectiveness score. If less than 80% of dealers achieve SE, then top qualified dealers (based on combined Sales and Service CEI scores) earn full margin payout, up to 80% of the network



Customer Experience

The Customer Experience Bonus requirements will be reviewed with the Mercedes-Benz Dealer Board each year. Re-addressing the relevancy of the requirements allows the flexibility to adjust annually, if needed, to reflect changes in the current business environment. Dealers must be in full compliance with requirements by the end of each quarter in order to earn the quarterly payout.

The goal of the Mercedes-Benz Customer Experience Program (CEP) is to capture timely customer feedback to enable proactive identification and resolution of customer issues, and assure continuous improvement of the dealership sales and service experience.

The requirements below **must be met** in order to achieve the 1.5% of the MSRP of eligible vehicle sales. There are 2 portions that make up the Customer Experience Bonus, as follows:

New Vehicle Sales Survey = 0.75% Margin

- NV Sales Email Penetration $\geq 80\%$
- NV Sales Survey Score \geq TBD Target (target is updated quarterly)

Service Survey = 0.75% Margin

- Service Email Penetration $\geq 80\%$
- Service Survey Score \geq TBD Target (target is updated quarterly)

1. Sales & Service Net E-mail Survey Penetration

Criteria:

- Remain enrolled in the Customer Experience Program (CEP).
- Continue to share selected DMS (Dealer Management System) data with MBUSA through the chosen Program vendor.
- Achieve quarterly Net E-mail Survey Penetration **greater than or equal to 80%** for New Vehicle Sales & Service, independently.

Net E-Mail Survey Penetration is calculated as follows:

(Total E-mails Sent based on survey eligibility date) – (E-mails returned as undeliverable)

(Total Sales or ROs) – (Internals, Repeat Customers & Other Filters*)

* For information on survey filters, please see the “Filtering Criteria” section later in this manual. Each dealership is responsible for implementing the necessary filters utilizing the filtering interface on the CEP website.

Notes:

- “Net E-Mail” is defined as total emails sent minus any emails returned as undeliverable.
- E-mail addresses will be monitored for fraudulent activity and to ensure that the “ultimate consumer” is the survey recipient. Please review the Integrity Guidelines within this manual for more details.
- We measure every dealer on Net E-Mail Survey penetration based on Eligibility dates from the 1st of the quarter to the last day of the quarter (Ex. 1/1/18 – 3/31/18 = Quarter 1 2018) .
- All records are included in the calculation unless filtered out, or listed as an infraction. This includes and is not limited to: All model years, mulligans, Takata recall vehicles, etc.

2. Customer Experience Scores

- The Customer Experience Score Bonus consists of two independent components: Sales Experience Score: New Vehicle Sales Experience Survey Index (6 scored questions)
- Service Experience Score: Service Experience Survey Index (6 scored questions)

Note: there are additional diagnostic questions included in each sales and service survey to assist dealers with process improvements. All customers will have the option to answer additional diagnostic questions by opting in to the ‘flex’ component of the survey. Diagnostic questions may be added or removed periodically to complement different immediate business initiatives.

Survey Administration: Please note that all surveys will be sent directly from MBUSA headquarters and not from individual dealerships.

Survey Method and Timing:

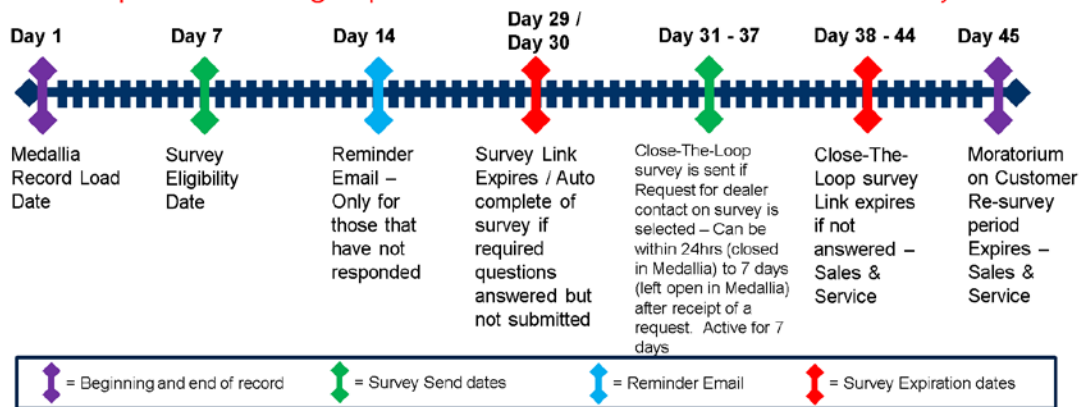
All “eligible” surveys sent by MBUSA and answered via email will be included in the Dealer Performance Bonus score.

Note: Mercedes-Benz USA LLC, reserves the right to add other methods of surveying customers (i.e. traditional mail, phone, texts, etc.).

Here is a recap of the different milestone events during the life of a survey record (the month of May is used as an example below)

Mercedes-Benz Passenger Car and smart Sales & Service Survey Timeline

Represents the longest potential time-frame for a Sales or Service survey



Below represents the shortest potential time-frame for a survey

- Customer sent survey day 7
- Customer responds day 7 – Alert sent to dealership for a request for contact by customer
- Dealer ‘closes’ alert day 7 – Customer contacted
- ‘Close-the-loop’ survey sent day 8
- Customer answers ‘Close-the-loop’ survey day 8
- Customer survey process closed day 8
- VIN will not be surveyed until 45 day Re-Survey period expires

Note that MBUSA reserves the right to change the timing of the survey milestones above.

Both Sales and Service Experience Surveys will be sent via email by MBUSA 7 days from the date the record is posted in the CEP survey tool (Record Load Date). Day 7 is the “Survey Eligibility Date.”

If no email or an undeliverable email address is captured directly from the DMS, then MBUSA will attempt to append a deliverable email address from MBUSA customer databases.

To be eligible for the NV Sales Customer Experience Score bonus in any given quarter, a dealer must meet the 80% NV Sales Email Penetration Qualifier target in the same quarter. Similarly, to be eligible for the Service Customer Experience Score bonus in any given quarter, a dealer must meet the 80% Service Email Penetration Qualifier in the same quarter.

Dealers that achieve the New Vehicle Sales and/or Service CEP survey Bonus targets of the Dealer Performance Bonus can earn up to a total of 1.5% of MSRP on eligible vehicle sales (0.75% for NV Sales Experience Survey component and 0.75% for Service Experience Survey component). Qualifying results will be measured quarterly based on the date the survey is received and reported via the NetStar scorecard.

Filtering Criteria:

One of the goals of the Customer Experience Program is to assist with the “end customer” receiving a sales or service experience survey. In order to achieve this, there are certain instances where a filter is advised to be placed, eliminating that record from your survey process.

Please review your dealer filters and your overall filtering process to ensure that the following are properly in place as part of the Customer Experience Program (filters can be managed within the NetStar “CEP – Administration and Reporting” application).

Mechanics of Filtering:

- Filters are entirely based upon the information entered as part of a sales deal or service RO in the Dealer Management System (DMS).
- Each sales or service transaction in the DMS contains the following informational fields (among others)...
 - Customer DMS ID Number... person or third party who purchased or serviced the vehicle as a customer to the dealership.
 - Employee DMS ID Number... dealer personnel (F&I Manager, Salesperson, Advisor, or Technician) who sold or serviced the vehicle and are responsible for that particular customer experience.
- Corresponding filter values then need to be created in the CEP tool in NetStar to filter certain DMS transactions based upon either Customer Number or Employee Number.
- Example: If you are trying to filter an Independent Service Provider (ISP) that has a Customer Number of 1234 in your DMS, then you would need to create a “Customer DMS ID #” filter in the CEP – Administration and Reporting Tool with the same DMS value of 1234.

3. Filter Summary:

- Sales Filters
 - Routine face-to-face retail Customers should receive a survey. Therefore, dealers should not be filtering out these retail customers.
 - For corporate customers dealers should filter any ISP, Fleet, dealer and MB Employees, etc., using a Customer DMS ID # filter that matches the DMS Customer ID on the booked deal. Dealer Trades should be filtered using an Employee DMS ID # filter associated with a house account that is used only for Dealer Trades (Sales Rep or F&I Manager).
- Service Filters
 - Routine face-to-face retail Customers should receive a survey. The Service Type question allows customers to filter themselves out for Collision and Roadside events.
 - For corporate customers dealers should filter out any ISP, Fleet, dealer and MB Employees, etc., using a Customer DMS ID # filter that matches the DMS Customer ID on the booked ROs.

Filter Details (MBUSA reserves the right to adjust this list)

A) MBUSA will filter the following records:

- Unsubscribed records from MBUSA’s customer database
 - Customers can unsubscribe themselves through an “unsubscribe” link on the bottom of the survey invitation email or by contacting MBUSA (CAC or MBUSA.COM).

- Repeat customers within 45 days (VIN to dealer relationship)
 - New vehicle sale to new vehicle sale
 - New vehicle sale to service
 - Service to service
- No name and/or no address, with emails
 - Needed to verify the authenticity of a customer
- Records (Service ROs or New Vehicle Sales Deals) that are extracted from the DMS 45 days after the RO close or contract date
- Internal ROs
 - If there is \$0 on the RO total AND all line items are internal pay types, then the record would be filtered as an internal RO
 - Example... Internal= \$0, Internal= \$0, Internal= \$0
- Negative dollar value ROs
 - The intent is to cover accounting adjustments... for example, a service was performed and the dealer did not apply a previously paid for Pre-Paid Maintenance package.
- Filtering of Sign and Drive Records
 - All Sign and Drive events, including Flats, Fuel, Jumps and Gone on Arrivals. The applicable Damage Codes are:

<u>Damage Codes</u>	<u>Descriptions</u>
21400	Gone On Arrival (GOA)
21401	"SIGN AND DRIVE, "FLATTIRE"
21402	"SIGN AND DRIVE, "JUMPSTART"
21403	"SIGN AND DRIVE, "OUT-OF-FUEL"
21404	CPMIDNIGHT
21420	"SIGN AND DRIVE, "JUMP START" AFTER MIDNIGHT
21421	"SIGN AND DRIVE, "FLAT TIRE" AFTER MIDNIGHT
21422	"SIGN AND DRIVE, "OUT OF FUEL" AFTER MIDNIGHT

- Does not cover any towing related events, as vehicles that are ultimately brought into the dealership generate a surveyable experience
- Only ROs submitted as a warranty claim for reimbursement through the Warranty system will be accommodated through this process

- The RO number that is submitted for warranty reimbursement must match the RO number that is documented on the DMS RO. Any clerical mismatches, or numbers being generated from different DMS modules (accounting module vs service module) will not be filtered
- Submission for warranty reimbursement and closing of the Sign and Drive ROs in the DMS must be completed **within 72 hours**

B) Dealers shall be responsible for filtering the following records:

Filters for New Vehicle sales and Pre-Owned sales

- Dealer Trades
- Sales on Loaner vehicles (CVP)
- Dealership and MBUSA employee purchases as well as their immediate family members (filter on the DMS Customer ID# for the employee)
- Dealer Affiliates
- Fleet corporate deals
- Pre-Owned sales to auction houses and third parties (Wholesale)
- Other Dealers, Dealer Groups, and their employees

Filters for Service

- ISP garages / body shops
- Service on dealership employee and MBUSA employee vehicles, as well as their immediate family members (filter on the DMS Customer ID# for the employee)
- Service on Loaner vehicles (CVP)
- Service on Fleet corporate vehicles
- Auction vehicles (auction houses as the service customer)
- Dealer Affiliates
- Other Dealers, Dealer Groups, and their employees

C) Customer Survey Question Filters (customers answering survey questions):

- Customer Verification Question (for both sales and service surveys)
 - Customers can filter themselves out based upon the following situations
 - If they are the customer, but they or an immediate family member work for one of the following... the dealership, a company associated with the dealership, or a Daimler company.
 - If they are the customer, but did not purchase or service the vehicle at the dealership.
 - If they are not the customer at all.
- Service Event Type Question (for service surveys only)
 - Customers can filter themselves out of the following service events

- Roadside ROs (when a roadside technician was dispatched for a flat tire, fuel, battery, jumpstart).
 - Body shop ROs (any paint or touchup, bumper, or body work, including body and mechanical work paid by an insurance company).
 - Quote for service only, parts counter purchases only, car wash only.
 - If a customer filters him/herself out of a survey via one of the three answer choices above, then the customer will be given one last question
 - For others that are considering <Dealership Name>, how likely are you to recommend?
- For more information, please go to the “Documents” section in the Medallia CEP Survey tool.

4. Common Filtering Situations and Best Practices

Dealer Sales Filters:

- **Dealer Trades:** Normally, an Employee Number would be set up in the DMS as a “House or Dealer Trade Account” through which all dealer trades would be booked to this Employee Number. The filter should be set up with the same value as an **“Employee # Sales Rep or F&I Mgr” CEP filter** in NetStar.
- **Dealership Employees:** before a dealer employee enters into a sales or service transaction, the dealer should be creating a filter based on the employee’s **Customer Number** that matches the DMS employee Customer Number being booked in the DMS.
- These filters need to be entered before an employee transaction takes place.
 - A best practice is to include the creation and deletion of employee Customer Filters in the new hire and termination process.
 - As a “safety net,” there is a customer verification question on the survey that in part contains the answer choice... “YES, I am Joe Customer... and I (or an immediate family member) work for one of the following: the dealership, a company associated with the dealership, or a Daimler company.” If the employee should choose this answer, then the survey will be filtered at this point.
 - Dealership employees should never answer MBUSA sales or service surveys, even for their own vehicles
- **Fleet corporate deals, Dealer Affiliates, Pre-Owned Auction vehicles (Wholesale), other dealers:** Any corporate customer (any non-“routine” retail customer) should be booked in DMS with a customer number, and then a CEP NetStar filter should be created as a **Customer Number filter** with the same DMS customer number value. This can be done in the CEP Admin and Reporting link found in NetStar.

- **Loaners:** If your dealer treats these units as “sold” and registered units to the dealership, and books them in the DMS with the dealership as the customer, then a like filter needs to be created in the CEP NetStar filter tool as a [Customer Number](#) filter with the same customer number DMS value.
 - A best practice is to make sure that someone sets up and books loaners to a “dealership” customer number account.

Dealer Service Filters

- **Roadside ROs,** Roadside assistance ROs are automatically removed from the survey process providing the following conditions are met. Customers continue to have the ability to filter themselves out for Roadside via the service type question choice for a Roadside event:

Criteria for Filtering of Sign and Drive ROs

- All Sign and Drive events, including Flats, Fuel, Jumps and Gone on Arrivals, are included. The applicable Damage Codes are:

<u>Damage Codes</u>	<u>Descriptions</u>
21400	Gone On Arrival (GOA)
21401	"SIGN AND DRIVE, "FLATTIRE"
21402	"SIGN AND DRIVE, "JUMPSTART"
21403	"SIGN AND DRIVE, "OUT-OF-FUEL"
21404	CPMIDNIGHT
21420	"SIGN AND DRIVE, "JUMP START" AFTER MIDNIGHT
21421	"SIGN AND DRIVE, "FLAT TIRE" AFTER MIDNIGHT
21422	"SIGN AND DRIVE, "OUT OF FUEL" AFTER MIDNIGHT

- This does NOT cover any towing related events, as the vehicles that are ultimately brought into the dealership generate a surveyable experience.
- Only ROs **submitted as a warranty claim** for reimbursement through the Warranty system will be accommodated through this process.
- The RO number that is submitted for warranty reimbursement must match the RO number that is documented on the service DMS RO. Any clerical mismatches, or numbers being generated from different DMS modules (accounting module vs service module) will not be filters.
- Submission for warranty reimbursement and closing of the Sign and Drive ROs in the DMS must be completed **within 72 hours**.
- **Body shop ROs:** There are no dealer filters created for these events. Customers have the ability to filter themselves out for Body shop via the service type question choice for bodyshop.
- **Dealer Affiliates, Fleet (Fedex, UPS), ISP garages, Auction vehicles, Rental Car Agencies, Limo Companies, ect.:** The service RO of any corporate customer (any non-“routine” retail

customer) should be booked in DMS with a customer number, and then a CEP NetStar filter should be created as a **Customer Number filter** with the same DMS customer number value.

- **Dealership Employees:** Same as sales above. Employees should be filtered based upon the DMS **Customer Number**. The new survey customer verification survey question can also be used as a “safety net.”
- **Loaners:** Any loaner vehicles that need to be serviced should be booked to an RO in the DMS with the “dealership” as the customer with a corresponding Customer Number. Then a like filter needs to be created in the CEP NetStar filter tool as a **Customer Number filter** with the same customer number DMS value.
- **Reconditioning or PDIs:** These transactions should be booked as Internal pay types and will be filtered through the MBUSA filters. As an additional filter, any vehicles in the inventory that are run through the shop as recon or pre-delivery PDI can be booked in the DMS with the dealership as the customer number. If there is warranty work done during the PDI, the recommendation is to have the vehicle in the dealership’s name and create a filter for the dealership **customer number** (similar to Loaners) that matches the DMS value to remove these from being surveyed.

Filter Tool and Filtering Integrity

- All dealer filters need to be input into NetStar via the link “CEP – Administration and Reporting.”
- Filters can and should be managed by dealership personnel on an ongoing basis to make sure the dealer is in compliance with the above rules.
 - Each dealership is responsible for implementing the necessary dealer filters utilizing the filtering interface in NetStar.
 - **No past records will be re-loaded or removed based upon dealers mismanaging their dealer filters.**
 - **No surveys will be resent for any reason (outside of the automated reminder email that is sent after 7 days).**
- GMs or higher must APPROVE all changes to dealer filters to ensure a high overall filtering integrity.
 - Please note that it may take a filter up to 24 hours to be active once it has been approved by the GM.

“Small Volume Program Adjustments”

Summary

- Being a small volume dealer means that certain bonus calculations (CEP Sales and Service surveys) will be calculated based upon a 6 month period at the end of each full quarter for bonus qualification.
 - The calculation within any given quarter is the previous full quarter plus the current quarter-to-date scores.

- For scoring in the 1st quarter of 2018, surveys returned in the 4th quarter of 2017 will have an alternative score calculated based on 2018 question weights.
- To determine if you are a small volume dealer...
 - An asterisk would be placed over your QTD survey score... (* Lower Volume Adjusted (6MTD))

Customer Experience Program (CEP) Survey Small Volume Dealer Rules

- **2018 Designations** - A rolling 12 month calculation was completed in October 2017 to measure each dealer based upon Small dealer thresholds to determine new Small dealer designations for 2018.
- **Service**- a dealer is considered small Service volume if they have less than 1,000 surveyable repair orders per quarter in a rolling 12 month period.
- **Sales**- a dealer is considered small Sales volume if they have less than 250 surveyable new vehicle sales in a rolling 12 month period.
- **Opting Out of Small Dealer Status for 2018**- If a dealer fell within the parameters above, it was designated as small (independently for Service and Sales) for 2018
 - Dealers needed to opt-out if desired via the NetStar link “CEP – Administration and Reporting” in November 2017.
 - Small dealers needed to opt-out separately for Sales or Service once they met the criteria for being classified as a small dealer.
- Any status changes to a dealer’s classification (from small to regular, or regular to small) made in November 2017 will be effective on January 1st in 2018.

5. “Thank You” Follow-Up E-mail

Summary

- The New Vehicle sales/service “Thank You” emails are meant as a communication thanking customers for their business while at the same time providing an opportunity to determine if they have any immediate issues or concerns.
- The “Thank You” email provides a simple, consistent, brand commensurate solution to a potential follow-up gap in a proactive and personalized (phone call, text, etc.) manner.
- This feature can be used to complement (not replace) dealers’ follow-up activities to best manage their resources.

How it Works

- Opting-in to the “Thank You” email activates an automated follow-up email process that is integrated into the new Customer Experience Program survey application.

- A "Thank You" email will be delivered to a customer within 24-48 hours of a record being loaded within the Medallia CEP survey application (the email address must be on the RO/Deal prior to closing out the record in your DMS).
- Customers that request follow-up via the "Thank You" email will then trigger an email alert which will be sent to the respective service management or sales management groups for contact.
- All requests for follow-up through the "Thank You" email are captured within the Customer Experience Program survey tool.
- The "Thank You" email is a standard email worded by MBUSA to ensure a consistent message and is not customizable by dealers (outside of customer name, dealer name etc.).

How can a Dealer Manage its Elections?

- A dealer can manage its choice to either opt-in or opt-out each quarter via the NetStar link "CEP – Administration and Reporting."
 - Follow the folder path... Administration / CEP Optional Components / Thank You Email Election.
- A dealer can only change its status once a quarter to opt-in or opt-out.
- Dealers can start changing their elections approximately 15 days before the end of a quarter for the next quarter.
 - A note will be displayed within the above NetStar path telling you the exact election period.

6. New Vehicle Sales Experience Survey Bonus

The Sales Customer Experience Index (CEI) score is measured based on a quarter-to-date score with the qualifying period being all three months of the quarter. For example, 2018 Quarter 1 component performance will be based on the eligible surveys received in January 2018, February 2018 and March 2018.

For calendar year 2018, only new vehicle sales survey responses from Model Year 2017 to Model Year 2019 will be included in the final Customer Experience Index Sales bonus calculation. Customers of Model Year 2016 and older will receive a new vehicle sales survey only if booked as a new vehicle in the DMS, but will not be included in the Customer Experience Index Sales bonus calculation.

For the 'small volume' dealers that work off of a 6-month calculation period, the Sales Customer Experience Index (CEI) score is measured based on 6-month score with the qualifying period being the previous quarter and the current quarter. For example, 2018 Quarter 1 component performance will be based on the eligible surveys received in October 2017, November 2017, December 2017, January 2018, February 2018 and March 2018.

Objectives: Established by MBUSA and subject to change each quarter.

New Vehicle Sales Experience Survey Score Calculation:

The New Vehicle Sales Customer Experience Index score will be comprised of the results of six (6) rated questions. The index will be based on a 1,000 - point scale and weighted as follows:

2018 MB New Vehicle Sales Survey Questionnaire			
Question Group Heading	Question	Total Pts (1000 pt scale)	Question Weights
Customer Verification	Just to confirm are you < customer name >?	0	none
Overall Sales Experience	For others that are considering <Dealership Name>, how likely are you to recommend?	200	20%
Please rate your Salesperson in the following areas:			
Salesperson	Concern that you purchased the best vehicle for your needs	100	10%
Please rate the purchase or finance process in the following areas:			
Agreeing to Price and Completing Paperwork	Ease of agreeing to the vehicle price	100	10%
	Respect for the value of your time	100	10%
Please rate the vehicle delivery process in the following areas:			
Vehicle Delivery	Explanation of your vehicle's features	100	10%
FollowUp	Did your salesperson or another representative of the dealership contact you since you took your vehicle home to check on your satisfaction with the vehicle?	100	10%
	Do you have any unresolved questions or concerns that you would like to be contacted about? Based on poor scoring as k: We've noticed your experience was less than exceptional. Do you have any unresolved questions or concerns that you would like to be contacted about? In order to address your questions or concerns, who would you like to be contacted by?	Redemption Possibility to Change LTR Score if Contact Requested by Dealer	
	Please provide any comments regarding your unresolved questions or concerns and the best time and phone number to reach you (If 'Yes' was selected)	Comment	Comment
	Please provide any additional comments or suggestions to help us improve your next vehicle purchase experience at <dealer name> (If 'No' was selected)		
	Which factor most influenced your scores on this survey?	0	none
	Would you be willing to participate in market research, at a later date, to share your feedback on Mercedes-Benz and/or Mercedes-Benz Financial Services?	0	none
Optional Flex Questions			
Additional Questions	Would you be willing to answer additional questions about your experience? Answering these questions will take less than 1 minute of your time.	All Surveys	
Salesperson	Please rate your salesperson in the following areas:		
	Honoring commitments made to you		
	Answering and responding to your questions		
	Personal service and attention		
Agreeing to Price and Completing Paperwork	Please rate the purchase or finance process in the following areas:		
	Fairness of the price paid for your vehicle		
	Thorough explanation of documents		
	Knowledge of the Mercedes-Benz brand and vehicles		
Vehicle Delivery	If you visited the store, were you introduced to a manager at the dealership, if not, do you feel comfortable contacting Management if necessary?		
	Please rate the vehicle delivery process in the following areas:		
	Amount of time spent during delivery		
	Condition of the vehicle (clean, free from dings/scratches)		
	Upon delivery, did the dealer...		
	Provide an overview / introduction of the service department or provide an update of service options?		
	During the delivery of your vehicle, please indicate how the dealership demonstrated the features of your vehicle.		
	a. With the enhancement of a tablet/ipad		
	b. Without utilizing a tablet/ipad		
	c. I did not require demonstration of the features		
Agreeing to Price and Completing Paperwork	Please rate the purchase or finance process in the following areas:		
	Honor commitments made to you		
	Thorough explanation of documents		
	Please rate the dealership facilities in the following areas:		
Facility	Cleanliness		
	Comfort and amenities		
	Ease of viewing inventory (well organized, vehicles parked for easy access, etc.)		
	Please rate the dealership's willingness to obtain the vehicle of your choice		
Exceeding Expectations	Did your experience at <Dealership Name> meet your expectations?		
Ease, Empathy, and Emotion	Employees at the dealership:		
	Provided a welcoming environment		
	Assisted me in a timely manner		
	Made me feel like a valued customer		
	Understood my needs		
	Made sure all of my questions were answered		
WOW Experiences	Didn't require me to interact with too many different employees during the purchase process		
	Didn't pressure me to make a decision before I was ready		
	(Optional) Did anyone go above and beyond to provide you with truly exceptional service? If so, please tell us about your experience:		
		Flex A (not scored)	
		Flex B (not scored)	
		Flex C (not scored)	

Updated: 11/6/17

Note: Question orders subject to change

7. Service Experience Survey Bonus

The Service Customer Experience Index (CEI) Index score is measured based on a quarter-to-date score with the qualifying period being all three months of the quarter. For example, 2018 Quarter 1 bonus will be based on the eligible surveys received in January 2018, February 2018 and March 2018.

For the 'small volume' dealers that work off of a 6-month period, the Service Customer Experience Index (CEI) score is measured based on a 6-month score with the qualifying period being the previous quarter and the current quarter. For example, 2018 Quarter 1 component performance will be based on the eligible surveys received in October 2017, November 2017, December 2017, January 2018, February 2018 and March 2018.

Less Than 8 Model Year Rule - For calendar year 2018, only survey responses from Model Year 2011 to current (including MY19 as they launch in 2018) will be included in the final Customer Experience Index Service bonus calculation. Customers of Model Year 2010 and older will continue to be surveyed, but results will not be included in the bonus calculation.

Service Experience Survey Score Calculation: The Service Customer Experience Index score will be comprised of the following questions. The index will be based on a 1,000 - point scale and weighted as follows:

2018 MB Service Survey Questionnaire			
Question Group Heading	Question	Total Pts (1000 pt scale)	Question Weights
Customer Verification	Just to confirm are you < customer name >? One out of five choices	0	none
Service Qualifier	Which best describes the type of work performed during this service visit?	0	none
Summing up the Experience	For others that are considering <Dealership Name>, how likely are you to recommend?	200	20%
Service Initiation	Please rate the dealership on their drop-off process (time waiting to be greeted, time conferring with representative, time to hand over keys and complete any initial paperwork) or overall pick-up process if you did not visit the dealership.	160	16%
Service Representative	Please rate your service representative on their overall knowledge regarding the servicing of your vehicle	160	16%
Service Representative	Please rate your service representative on their thoroughness in explaining the charges of your maintenance/repair work	160	16%
Fixed First Visit	Was all of the authorized work completed right the first time?	160	16%
	If NO, what was the reason given? (select all that apply)		
	Bb1: Elected not to perform the repairs		
	Bb2: Dealership did not have time to complete the work		
	Bb3: Broke again after being fixed		
	Bb4: A new problem occurred		
	Bb5: More work was required than expected		
	Bb6: Problem was not corrected		
Bb7: Dealership could not find the problem			
Bb8: Parts needed to be ordered			
Follow-up	Were you contacted by the dealership after the service was complete to see if work performed was to your satisfaction?	160	16%
Summing up the service experience	Do you have any unresolved questions or concerns that you would like to be contacted about? Based on poor scoring ask: We've noticed your experience was less than exceptional. Do you have any unresolved questions or concerns that you would like to be contacted about? In order to address your questions or concerns, who would you like to be contacted by?		Redemption Possibility to Change LTR Score if Contact Requested by Dealer
	Please provide any comments regarding your unresolved questions or concerns and the best time and phone number to reach you (if "Yes" was selected)	Comment	Comment
	Please provide any additional comments or suggestions to help us improve your next vehicle service experience at <dealership name> (if "No" was selected)		
	Which factor most influenced your scores on this survey? Please select one:	0	none

Optional Flex Questions

Additional Questions	Would you be willing to to answer additional questions about your experience? Answering these questions will take less than 1 minute of your time.	All Surveys	
Service Initiation	Please rate the dealership's ability to accommodate your schedule Please estimate the time it took to be provided with alternate transportation	Flex A (not scored)	
Service Representative	Please rate your service representative on their attentiveness to and fulfillment of your requests Please rate your service representative on their thoroughness in explaining your maintenance/repair work		
Vehicle Pick-up	Please rate the dealership on the promptness of their pick-up process (waiting to be attended to, finishing the paperwork, picking up the vehicle) or overall delivery process if you did not visit the dealership		
Service Technology Standards	Please rate the simplicity of scheduling your appointment with this dealership Please indicate how you scheduled this service appointment: Please select your preferred method for scheduling a service appointment: What method of communication was used to keep you informed of your vehicle status? What is your preferred method of communication to keep you informed of your vehicle status? Please rate if the use of a tablet device (such as an iPad) enhanced your service experience? 1 - Did not enhance at All, 10 Greatly Enhanced, N/A - Dealer did not use a tablet Please indicate how you paid for your service during this visit: Please indicate your preferred method of payment at your dealership's service center:		
Service Representative	After you arrived at the facility, how long did it take before you spoke to a representative about your service needs? Please rate the courtesy and respect of your service representative	Flex B (not scored)	
Vehicle Pick-up	Please rate the dealership on reasonableness (value) of charges Please rate the helpfulness of staff at pick-up (service representative, valet, cashier, etc., or individual delivering your vehicle if you did not visit the dealership)		
Quality	Please rate the dealership on their ability to complete service on your vehicle within the time estimate provided Please rate the condition of your vehicle at pick-up (clean, undamaged, controls and positions not modified) Please rate the dealership on the thoroughness of maintenance/repair work performed Upon return of your vehicle was it... Cleaner / The same condition / Not as clean		
Facility	If you did not physically visit the dealership during this service, please respond based on your prior experiences with this dealership. Please rate the ease of driving in/out of the dealership Please rate the overall cleanliness and appearance of the facility Please rate the dealership's waiting area (e.g. size, location, comfort) Please rate the amenities offered by the dealership (WIFI, workspace, TV, beverages, snacks, etc.)		
Exceeding Expectations	Did your experience at <Dealership Name> meet your expectations?	Flex C (not scored)	
Ease, Empathy, and Emotion	Employees at the dealership: Provided a welcoming environment Assisted me in a timely manner Made me feel like a valued customer Understood my needs Kept me updated on the progress of service being done on my vehicle Serviced my vehicle quickly and efficiently Made getting my vehicle serviced easy		
	Alternative Transportation		Of the following alternative transportation options... Which were offered to you? Which did you actually use? Which would you have preferred?
	Service Initiation		Regarding this service visit, describe when you were able to schedule your appointment.
	WOW Experiences		(Optional) Did anyone go above and beyond to provide you with truly exceptional service? If so, please tell us about your experience.

8. Mulligans and No Appeals

MBUSA will remove the bottom 2.0% of eligible survey responses during the payout period for each of New Vehicle Sales scores and Service independently. A minimum of one mulligan will be removed for every dealer each payout period (three months for a regular dealer, and 6 months for a “small” dealer as previously defined in this manual).

In terms of absolute numbers, 2.0% mulligans translates into the following:

Number of Eligible Survey Returns	Total Number of Mulligans
1 – 74	1
75 – 124	2
125 – 174	3
Every 50 additional survey returns	+1 additional mulligan

Please note there will be NO appeals process for the CEP 2018 Program. Individual dealer pay plan incentives requiring additional survey removals must be managed at the dealership level and cannot be administered through this program.

Data Exchange Issues: In the event of an issue exclusively caused by the survey program data extraction vendors, our CEP team in Atlanta, GA will investigate and discuss any necessary accommodations with the dealer, if applicable. This covers any current data extractors (CDK, which was formally Digital Motorworks Inc. (DMI) for sales data extraction or Integralink for service data extraction) as well as any future data extractors used by the CEP survey program. Issues resulting in any of the above vendor’s inability to access the dealer’s DMS, i.e., issue with the DMS company shutting the vendor out or turning off the computer at the dealership where the vendor accesses the DMS data, will NOT be considered. All decisions of MBUSA are final.

Note on New Vehicle Sales Deals and DMS Cancellations: The New Vehicle Sales survey is designed to collect feedback based on all sales experiences. Even if the vehicle was subsequently cancelled, the customer still had a sales experience that will be surveyable.

Please note that New Vehicle sales deals that are “finalized” within the DMS, passed to our CEP program to generate a survey, and then subsequently cancelled in the DMS are NOT covered under any current survey removal rules. Such a survey delivered and completed after a DMS cancellation would be covered under the 2.0% mulligan survey removal process if the score was low, and not part of any other survey removal rule. The CEP survey program considers a “finalized” deal within the DMS as a dealer indication that a record is ready for extraction for our survey program. If a dealer is experiencing a high frequency of DMS cancellations after deals are finalized, then they should investigate a possible process enhancement with records timing among sales, accounting, F&I, back office, or DMV procedures to reduce these occurrences.

Some of the examples of what the 2.0% mulligan removal process covers (not an exhaustive list):

CPO or PO booked as a new vehicle transaction

Roadside ROs not submitted in a timely manner (72-hour window)

Buybacks/Trade Assists

New vehicle booked as a CPO or PO transaction

PDIs booked to a customer name

Zero-dollar ROs including Goodwill

Parts delays/Availability

Vehicle delivery Issues

Customers answering the survey "incorrectly"

Surveys sent to the wrong person

Repossession of a New Vehicle Sale

Achieving the number one position in Customer Experience requires the full participation of our dealers and the only way to get there is through operational excellence!

9. Courtesy Vehicle Program (CVP) and New Vehicle Programs

CVP units coming out of loaner service can be eligible for New Vehicle programs (please see the official CVP rules for complete details).

A New Vehicle sales survey will only be generated if a transaction is finalized within the DMS as a New Vehicle sales type. It is up to the dealer to book any transaction as a New Vehicle sale within the DMS if a New Vehicle sales survey is expected to be sent to the customer.

If a deal is finalized as a Pre-Owned Vehicle sale, then a Pre-Owned sales survey will be generated.

How dealers book out-of-service CVP units in the DMS could depend on several factors... If they use new or Pre-Owned programs, state titling laws, if the gross is run through New Vehicle or Pre-Owned sales people, if the CVP was originally titled, etc. It is all dependent upon how the dealer chooses to book its out-of-service loaner vehicles based upon the dealer's individual accounting situations.

10. Customer Survey Integrity Guidelines:

One simple truth about building customer satisfaction is that you cannot achieve it without knowing the customer's perception of you —good, bad, or indifferent. We survey our customers and go to great lengths to ensure that the Mercedes-Benz New Vehicle Sales and Service Experience Surveys provide the clearest possible "snapshot" of our customers' attitudes and perceptions, so that we can focus on

what matters most... our customers! The following policy will help to ensure that our customers can comfortably express open, honest, rich, and valuable feedback about their experiences.

To protect the integrity of the survey system, MBUSA will monitor dealer compliance via the Customer Survey Integrity Guidelines. The Integrity violations listed below are used to evaluate compliance of the guidelines, and to measure the resulting impact.

Types of Integrity Violations:

- Type I: Manipulation of survey/customer data, process or results
- Type II: Coaching customers to give high scores

Type I: Manipulation of survey/customer data, process or results

- Includes:
 - Fraudulent email addresses or suppression of email addresses
 - Fraudulent completion of customer surveys
 - Responses coming from the same source or coming from sources related to the dealership
 - Any surveys completed at the dealership (this includes customers, employees or any representative completing a survey on behalf of a customer)
- An analysis of Type I violations will be conducted using technology provided to us by our third party vendor. Techniques include but are not limited to the following:
 - Geo location
 - IP address verification
 - Email address verification
 - Browser history
 - Device identification

Survey Infraction Definition:

- A fraudulent survey is defined as any customer survey response that can be associated with a dealership employee. This does not include surveys completed for a dealership employee's own personal vehicle. In those instances, the survey will be removed, but these additional penalties will not be assessed on the individual or the dealership.

Impact of Type I integrity violations:

Non-Management Level Dealer Employee

Individual Penalty:

- 1st infraction = employee removed from MBUSA training system* eligibility for **2 years**
- 2nd infraction = employee permanently removed from MBUSA training system* eligibility

*Such employees would not be permitted to participate in any MBUSA training courses.

Management Level Dealer Employee

Individual Penalty:

- Same as Non-Management Level Dealer Employee

Dealership Penalty:

- Dealership removed from full **1.5% CE margin** for current (ONE) qtr. of qualification
- Dealership removed from **Leadership Bonus** for current (ONE) qtr. of qualification

Executive Level Dealer Employee (GM or higher)

Individual Penalty:

- Same as Non-Management Level Dealer Employee

Dealership Penalty:

- Dealership removed from full **1.5% CE margin** for TWO quarters of qualification (current and following calendar quarter qualifications)
- Dealership removed from **Leadership Bonus** for ALL qualifying quarters within the program year (this includes any previous, current, and/or future qualifying quarters)

Type II: Coaching customers to give high scores

Includes:

- Customers contact the CAC that they were reprimanded for how they completed the survey
- Any documentation provided to customers that instructs them HOW they should answer the survey or mentioning that the survey score is their "report card." The following are a few examples (not an all-inclusive list):
 - Emails
 - Texts
 - Letters
 - A notice attached to an RO
- Compensation for perfect survey scores (i.e., free window tint)

It is appropriate to say:

"You'll be receiving a survey from Mercedes-Benz USA. We would appreciate your time to complete the survey; your feedback is valuable to us."

"You'll be receiving a survey from Mercedes-Benz USA about your dealership experience. Please also feel free to contact us at any time with questions or feedback."

"You may receive a survey from Mercedes-Benz USA in the next few weeks. Your feedback is greatly appreciated. If for any reason you are not totally satisfied, please contact.....so your concerns may be addressed."

It is NOT appropriate to say:

"My compensation is based on your survey scores, so if you think I did a truly exceptional job, please fill out the survey."

"You'll be receiving a survey from Mercedes-Benz USA. If you feel that you cannot give us all 10's, please give us a call so we can address any issues."

"Remember to take care of me"

"If you fill out the survey, we'll give you a free detailing."

"I'm calling to understanding why you scored me so low and why you felt the need to be so negative on your survey."

"We can assist you in filling out the survey."

"You may receive a survey from Mercedes-Benz USA in the next few weeks. If there is any reason why you cannot grade us 'Truly Exceptional' please contact....."

The following non-scored question will be considered in assessing whether pressure was applied in order to influence the customer's feedback and related scoring:

New Vehicle Sales and Service Surveys

Which factor do you think most influenced your scores above?

- Overall experience with the brand
- Facility and amenities
- Overall experience with the brand
- Relationship with dealership personnel
- Pressure from dealership employee to provide high scores
- Other (Please tell us in the comment box below)

Should you have any questions on what wording is, or is not, acceptable, please contact the Strategic Retail Department at: 201-573-5333 or email: mbcep@mbusa.com

Impact of Type II integrity violations (within a program year):

First/Second Offense: Warning letter/email

Third Offense: Management-level Infraction applied

- **Individual Penalty:**

- 1st infraction = employee removed from MBUSA training system* eligibility for **2 years**
- 2nd infraction = employee permanently removed from MBUSA training system* eligibility

*Such employees would not be permitted to participate in MBUSA training courses.

- **Dealership Penalty:**

- Dealership removed from full **1.5% CE margin** for current (ONE) qtr. of qualification
- Dealership removed from **Leadership Bonus** for current (ONE) qtr. of qualification

Following are Job Codes relative to the Management-level infractions:

Job Codes	Job Code Titles	Management Level
100	Dealer Executive Manager	Executive
108	Onsite Operator	Executive
110	General Manager - MB	Executive
111	General Manager - MB & CV	Executive
112	General Manager - CV	Executive
113	General Manager - MB & smart	Executive
114	General Manager - MB, CV & smart	Executive
120	Bus/Off Mgr or Controller-MB	Executive
150	Bus/Off Mgr or Controller-MB & CV	Executive
160	Bus/Off Mgr or Controller-CV	Executive
185	Bus/Off Mgr or Controller-MB & smart	Executive
195	Bus/Off Mgr or Controller-MB, CV & smart	Executive
203	Sales Manager - MB & smart	Department
204	Sales Manager - MB, CV & smart	Department
206	Sales Manager - MB New & Pre-Owned	Department
229	F&I Director	Department
236	Sales Manager - MB & CV	Department
252	Sales Manager - CV	Department
280	Customer Relations Manager - MB & CV	Department
402	Parts Manager - MB	Department
403	Parts Manager - MB & CV	Department
404	Parts Manager - CV	Department
405	Parts Manager - MB & smart	Department
406	Parts Manager - MB, CV & smart	Department
510	Shop Foreman - MB	Department
552	Service Manager - MB	Department
561	BDC Manager	Department
570	Customer Relations Manager - MB	Department
602	Body Shop Manager	Department
706	Service Manager - MB & smart	Department
707	Service Manager - MB, CV & smart	Department
810	Shop Foreman - MB & CV	Department
811	Shop Foreman - CV	Department
852	Service Manager - MB & CV	Department
882	Service Manager - CV	Department
900	smart Brand Manager	Department
908	General Manager - smart	Executive
909	Bus/Off Mgr or Controller-smart	Executive

Note: Mercedes-Benz USA LLC, reserves the right to add or delete Job Codes for Management level infractions.

11. Summary

Our customers need to have complete confidence in knowing that their opinions count—that when they complete a survey, it will reflect their honest, uninfluenced point-of-view. You have a critical role to play in giving them that confidence and in making our survey data as accurate and useful as possible.

The purpose of the Survey Integrity Guidelines is to ensure that the customer is allowed to provide honest, constructive feedback that will allow the dealership to identify processes that may not be meeting customer expectations.

Above all, remember that the Customer Experience Survey scores are not report cards. They are tools designed to help us build the Best Customer Experience by *listening to the voice of the Customer* and taking positive steps to improve our performance. True satisfaction is earned, not requested.



2018 Dealer Learning Suite

To ensure dealers have sufficiently trained staff at all times, we crafted a combination of specific minimum training requirements essential to keeping focus on positive customer sales and service related experiences. These items are detailed below:

1. Brand Immersion Experience
2. Leadership Academy
3. New Product Training
4. Business Critical Training
5. 85% Standards of Excellence

1. Brand Immersion Experience

The goal of the Brand Immersion Experience training program is to engage the hearts and minds of employees that interact with the Mercedes-Benz brand. It will inspire employees to deliver extraordinary customer experiences by equipping them with knowledge of the brand's history, innovations and design philosophies and thereby enhancing their passion for Mercedes-Benz. The program will provide employees the opportunity to experience the thrill of operating a Mercedes-Benz in two exhilarating drive modules.

Criteria:

Dealers are provided with 2018 monthly objectives and 85% of the objective must be met utilizing the following criteria:

- Objectives will be set monthly and sufficient capacity will be available per month, to accommodate participation within the objective
- Unused capacity is not rolled into the following month
- Participation of 85% of the objective within each quarter, is required in order to qualify for achievement
- Objectives must be used in the month they are assigned
- Achievement is defined as: participants must attend the required training for the full duration and 'successfully complete' the required training course within the designated month:
 - Course Code: X0001F-US.SD4 (Brand Immersion Experience Course)
 - All pre-requisites must be completed prior to attending the course

Notes:

- If dealership achieves above the monthly objective, it will be recorded and displayed on the DPB Scorecard, but will not count toward the next month's objective.
- If a dealership enrolls more than their stated objective for any one month, Mercedes-Benz USA (MBUSA) reserves the right to either cancel or request the dealer to move the registrations to a future month/quarter to ensure sufficient availability of seats to all dealers.
- Participants do not have to be part of the Standards of Excellence Program to participate.
- All 'active' dealership employees are eligible to participate in this program outlined in Program Information.
- No-shows, unfilled allocations and/or failure of the course may be subject to fees that are outlined in the Program Information.
- Force Majeure: Cases of extreme weather, travel issues, or illness will be reviewed and exceptions made on a case by case basis with appropriate documentation.
- Participants who complete the required training course must be 'Active' in the Dealer Personnel Maintenance System at the end of said quarter to count toward the quarterly objective.

Dealerships with a total annual objective between 2 and 7 for Brand Immersion qualify for a one-time, single credit towards their Quarter to Date completion. This credit will be displayed on the dealer scorecard.

Example (shows 2 quarters only):

Brand Immersion

	Jan	Feb	Mar	Q1 Total	Apr	May	Jun	Q2 Total
Objective	2	4	4	10	1	2	3	6
Actuals (successful completions)	2	4	3	9	1	2	0	3
Actual Percentage	100%	100%	75%	90%	100%	100%	0%	50%



Q1: Dealer achieved 9 out of 10, which is 90%. Therefore, the dealer has achieved for Q1.

Q2: Dealer achieved 3 out of 6, which is 50%. Therefore, the dealer has not achieved for Q2.

2. Leadership Academy

Leadership shapes dealership culture, culture shapes employee engagement and directly affects the customer experience. The focus of this program is on Leadership Excellence to drive business results and exceptional customer experiences.

Criteria:

Dealers are provided with 2018 monthly objectives. This is a 2 year program commencing in 2018 and ending in 2019. As a result, some dealers may not receive allocations in 2018 and others may not receive allocations in 2019. Dealer objectives were calculated based on 85% of eligible managers listed

in DPMS. Therefore, 100% of the objective (minimum requirement) must be met utilizing the following criteria:

- Objectives will be set monthly and sufficient capacity will be available per month, to accommodate participation within the objective
- Unused capacity in a month is not rolled into the following month
- Participation of 100% of the objective within each quarter, is required in order to qualify for achievement.
- Objectives must be used in the month they are assigned
- Achievement is defined as: participants must attend the required training for the full duration and 'successfully complete' the required training course within the designated month:
 - **Leadership Academy III Course Code: X0001F-US.SM2**

Notes:

- If a dealership enrolls more than their stated objective for any one month, Mercedes-Benz USA (MBUSA) reserves the right to either cancel or request the dealer to move the registrations to a future month/quarter to ensure sufficient availability of seats to all dealers.
- Participants do not have to be part of the Standards of Excellence Program to participate
- Participants who complete the required training course must be 'Active' in the Dealer Personnel Maintenance System at the end of said month to count toward the monthly objective.
- No-shows, unfilled allocations and/or failure of the course may be subject to fees that are outlined in the Program Information.
- **Force Majeure:** Cases of extreme weather, travel issues, or illness will be reviewed and exceptions made on a case by case basis with appropriate documentation.

Example (shows 2 quarters only):

Leadership Academy

	Jan	Feb	Mar	Q1 Total	Apr	May	Jun	Q2 Total
Objective	0	0	7	7	0	4	0	4
Actuals (successful completions)	0	0	6	6	0	4	0	4
Actual Percentage	100%	100%	80%	86%	100%	100%	100%	100%



Q1: Dealer achieved 6 out of 7, which is 86%. Therefore, the dealer has not achieved for Q1.

Q2: Dealer achieved 4 out of 4, which is 100%. Therefore, the dealer has achieved for Q2.

3. New Product Launch Training

This requirement will ensure that an appropriate level of dealership personnel is trained on new Mercedes-Benz products and services. This is necessary to ensure staff can adequately support sales and service of these new products.

Criteria:

2018 Monthly or Quarterly objective must be met utilizing the following criteria:

- Monthly/Quarterly objectives must be achieved by the last day of each month/quarter for qualification
- Achievement is defined as completion of any required pre and post tests and participants must attend the event for the full duration and successfully complete the required training course within the designated month/quarter:
 - Course Codes: TBD
 - All pre-requisites must be completed prior to attending the course
- Participant job code requirements, participation and applicable courses will be identified and communicated as the training requirements are identified

Notes:

- If dealership achieves above the monthly/quarterly objective, it will be recorded and displayed on the DPB Scorecard, but will not count toward the next month's/quarter's objective.
- Participants may or may not have to be a part of the Standards of Excellence Program to participate
- Participants who complete the required training course must be 'Active' in the Dealer Personnel Maintenance System at the end of said quarter to count toward the monthly/quarterly objective.

4. Business Critical Training

This requirement will ensure that an appropriate level of dealership personnel attend training deemed 'business critical' relating to Mercedes-Benz products and services. This is necessary to ensure staff can adequately support sales and service of Mercedes-Benz products.

Criteria:

2018 Monthly/Quarterly objective must be met utilizing the following criteria:

- Monthly/quarterly objectives must be achieved by the last day of each month/quarter for qualification
- Achievement is defined as: participants must take the applicable pre-test, attend the required training for the full duration and pass the applicable post-test (80% or greater is passing) within the designated month/quarter:
 - Course Codes: TBD
 - All pre-requisites must be completed with a passing score prior to attending the course
- Participant job code requirements, participation and applicable courses will be identified and communicated as the training requirements are identified

Notes:

- If dealership achieves above the monthly/quarterly objective, it will be recorded and displayed on the DPB Scorecard, but will not count toward the next month's/quarter's objective
- Participants may or may not have to be a part of the Standards of Excellence Program to participate
- Participants who complete the required training course must be 'Active' in the Dealer Personnel Maintenance System at the end of said quarter to count toward the monthly/quarterly objective.

5. 85% Standards of Excellence (SOE) Certification Program

- Dealers must achieve at least an 85% Standards of Excellence (SOE) Certification Program certification level across all employees eligible for participation in the SOE Program at their dealership. Participating employees include all dealership employees except for specific executive management positions and dealer-sponsored Body Shop employees (please refer to The Learning Link under Explore → Standards of Excellence → Overview for additional details).
- The first step in certification is successful completion of Base requirements, which is required of most dealership personnel and vary by job code. This training could be either eLearning or Instructor Led depending on the role's requirements.
- Once a dealership employee has achieved Certification at any level, participating in a minimum amount of ongoing relevant training is required quarterly to maintain their respective Standards of Excellence (SOE) Certification Program status at either, Base, Star or Master level. Specifically, most employees are required to complete a minimum amount of quarterly training (continuing professional education) in order to re-certify and maintain their respective Certification status in that particular quarter.
- For courses required to achieve an 85% SOE certification level, achievement is defined as participants taking the applicable pre-test, attending the required training for the full duration/completing the full course online, and passing the applicable post-test (80% or greater is passing) with the designated month/quarter.

Notes:

As Mercedes-Benz continues to focus on providing world-class customer experience, the SOE Certification Program will be updated to include elements which will ensure our brand continues to deliver on the promise of The Best or Nothing. As these Programs become available, they will be announced and described in full detail, including participation requirements, via NetStar Newschannel Announcement.

Additionally, while the Dealer Performance Bonus Scorecard on NetStar is refreshed daily reflecting the current status of a dealership's compliance with the Training Standards described above, measurement for the purposes of the bonus calculation is done only once each quarter, specifically on the last day of the quarter. For further scenarios on scorecard depiction of qualification, see FAQs Chapter 6, Training Section.



New Vehicles Sales

To qualify for the New Vehicle Sales Bonus, dealers must maintain a portion of their Sales within their respective AOI or DMA quarterly. Once the number of Sales within AOI or DMA is met, dealers will have an opportunity to earn full payout based on its Sales Effectiveness measure at 80%. If 80% of the eligible network does not achieve the 80%, the Sales Effectiveness scores will be ranked and the top 80% will earn full New Vehicle Sales margin.

Sales within AOI/DMA

The AOI and DMA criteria were designed to accommodate a dealer's natural trading area in both metro and non-metro markets. The source for sales data will be registrations provided by Experian on a rolling twelve-month basis. AOI zip code assignments are established by MBUSA based upon information provided by Experian. DMAs are established based upon Nielson Market Research definitions provided by Experian. MBUSA maintains each dealer's AOI assignment and it is available to dealers via NetStar.

Criteria:

1. At a minimum, 70% of a dealer's new vehicle sales must be sold and registered into its own and/or contiguous AOIs

$$\frac{\text{Dealer's Total Mercedes-Benz New Vehicle Sales Registered in AOI and Contiguous AOIs}}{\text{Dealer's Total Mercedes-Benz New Vehicle Sales Registrations Anywhere}} \geq 70\%$$

OR

2. At a minimum, 90% of a dealer's new vehicle sales must be sold and registered into its own DMA.

$$\frac{\text{Dealer's Total Mercedes-Benz New Vehicle Sales Registered in DMA}}{\text{Dealer's Total Mercedes-Benz New Vehicle Sales Registrations Anywhere}} \geq 90\%$$

Definitions

AOI – Area of Influence:

MBUSA has assigned and delivered to each dealer a collection of zip codes detailing a geographic area entitled an “Area of Influence” (AOI). In accordance with Section II.E. of the Mercedes-Benz Passenger Car and Light Truck Dealer Agreements (“Dealer Agreements”) the AOI is a tool used by MBUSA to evaluate a dealer’s performance of its primary obligations under the Dealer Agreements. The dealer’s specific “AOI” is further defined in the Dealer Agreements.

Contiguous AOIs:

The surrounding Areas of Influence that share an edge or boundary to a dealer’s assigned AOI.

DMA - Designated Market Area:

Generally, a group of counties in which the commercial TV stations in the Metro/Central area achieve the largest audience share. This is non-overlapping geography for planning, buying and evaluating television audiences across various markets.

Sales Effectiveness

The Sales Effectiveness measure is to assist our authorized dealers to increase M-B brand representation and sales penetration within its AOI. Dealers who meet the requirements specified in this section of the Performance Program can earn a bonus up to 0.75% of MSRP of eligible vehicle sales once the AOI/DMA qualifier is achieved. The Sales Effectiveness portion of the New Vehicle Dealer Sales Bonus component has been developed to provide compensation to dealerships that achieve a majority of their sales objectives relative to the expected number of sales in a particular AOI.*

Sales Effectiveness measures a dealer’s sales performance and considers all dealer sales regardless of the location of those sales. It answers the question “Is a dealer selling to its expected level?” A dealer’s national reported sales are simply the DDRs for the given time period.

$\frac{\text{National Reported Dealer Sales}}{\text{AOI Expected M-B Registrations}} = \text{Sales Effectiveness}$	$\frac{\text{National Reported Dealer Sales}}{\text{AOI Expected M-B Registrations}} = \frac{3,500}{3,180} = 110\%$
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* In accordance with the terms of the Dealer Agreements, the dealer is to actively and effectively promote and sell new and used Mercedes-Benz Vehicles. The sales targets set forth in this Program are not necessarily the same as the dealer’s obligations under the Dealer Agreements. The targets set forth in the Program are based upon the performance of an average dealer and should not be construed as meeting MBUSA’s overall performance expectations.

Calculation Methodology

Sales Effectiveness calculates a reasonable level of expected registrations for each Mercedes-Benz segment. These expected registrations are adjusted to reflect local consumer preferences in a process called segment-adjusting, which is explained below.

The Sales Effectiveness calculation is a review of historical performance and should not be confused with various other forward-looking planning or target metrics, such as official Mercedes-Benz business plans.

MBUSA utilizes an objective measurement to ensure that a dealer is meeting a certain sales expectation relative to the market opportunity within the dealer's AOI. In the event a dealer believes that there are unique circumstances within its AOI that may impact this measurement and upon written request, MBUSA shall review same with the dealer and reserves the right to make the necessary changes to the overall Sales Effectiveness expectation for that AOI, if the unique circumstances warrant such an exception in MBUSA's sole business discretion.

In addition, MBUSA recognizes that due to certain geographic locations of MBUSA's affiliates throughout the United States that the sale or lease of vehicles registered in the name of a leasing company, financial institution or where the ultimate customer is an affiliate company of MBUSA, should not be included in the calculation of individual dealership's Sales Effectiveness. These vehicles will not be included in either the Mercedes-Benz dealership's registration or sales data because these types of sales do not accurately assist in identifying whether a dealer is meeting its sales expectations relative to the market opportunity within the dealer's AOI. The following is a list of current MBUSA affiliates:

- Detroit Diesel Corporation
- Thomas Built Buses, Inc.
- Daimler Trucks North America LLC
- Daimler Vans USA LLC
- Setra of North America, Inc.
- Daimler Financial Services

As noted, the sale of vehicles to these affiliates or registered in the name of such affiliate shall not be included in the calculation of Sales Effectiveness for each individual dealership.

MBUSA reserves the right to add/remove affiliates from this list based on a change in an affiliates' relationship to MBUSA in its sole business discretion.

The Program methodology and calculations are administered by Experian.

Review Procedure:

1. Dealer electing to request that MBUSA review the Sales Effectiveness calculation shall make the request through their MBUSA Sales Operations Manager or Area Manager.
2. Sales Operations or Area Manager will notify the Sales Operation Dept in Atlanta, GA that a dealer is requesting a review of the registrations and sales.
3. Dealer Network will request a file from Experian of those VINs comprising the sales and registrations of either the dealer's AOI/Contiguous AOI or DMA.
4. Dealer in requesting such a review will be responsible for the costs incurred by MBUSA in obtaining the file from Experian and may be charged an administrative fee per review requested by the dealer. Such costs will be charged to a dealer's consolidated statement within sixty (60) days of an appeal being completed regardless of whether the appeal is successful or not.

AOI Expected M-B Registrations

Segment-Adjusting:

Competitive segments are defined by MBUSA. There is no expectation for non-competitive segments (e.g. pick-up trucks).

Segment-adjusting is the process in which the expected level of registrations is adjusted for local consumer segment preferences outside a dealer's control.

Example:

Consumers in a given AOI have a strong preference for full-size SUVs, whereas consumers in the nation as a whole prefer mid-size sedans. This situation will reflect itself in the registration data for a given AOI as follows... local consumers will have purchased relatively fewer mid-size sedans and relatively more full-size SUVs than the average national consumer.

Segment-adjusting takes into account these local variations of consumer preference for specific vehicle types and lowers or raises the expected registration volume precisely in accordance with these local preferences.

Determining Expectation:

The expectation represents the number of M-B vehicles that would be registered in the AOI if penetration was at the segment adjusted national average (for each competitive segment). Because national penetration rates are applied to competitive registrations in the AOI at the segment level, the expectation accounts for differences in consumer preferences unique to the AOI. Mercedes-Benz may have higher expectations for brand representation in the AOI based on other comparison areas.

Therefore, Sales Effectiveness should be used in conjunction with further analysis when measuring the sales performance of the dealer network as a whole.

This expectation is calculated by multiplying the actual competitive segment registrations in a dealer's AOI with the expected penetration.

For each competitive segment:

(Actual competitive registrations) x (National level of penetration) = Expected

Example:

If the national penetration of the competitive segment for the E-Class Sedan is 25% and in your AOI there were 100 competitive vehicles registered in the segment the E-Class Sedan competes in, then:

- 25% national penetration of competitive segment

- 100 actual competitive registrations in your AOI

Calculation:

$$\text{(Actual competitive registrations)} \times \text{(National level of penetration)} = \text{Expected}$$

$$100 \times 25\% = 25$$

Result: 25 expected registrations in this AOI for this segment.

This calculation is completed for all Mercedes-Benz segments and combined to achieve an overall expected number for each AOI. The Sales Effectiveness percentage is calculated on an overall basis which allows a dealer to make up shortfalls in one model by achieving sales in another.

$$\text{(Segment 1 registrations)} \times \text{(Segment 1 national average penetration)} = \text{Expected \#}$$

$$\text{(Segment 2 registrations)} \times \text{(Segment 2 national average penetration)} = \text{Expected \#}$$

$$\text{(Segment 3 registrations)} \times \text{(Segment 3 national average penetration)} = \text{Expected \#}$$

(Segment)

Total Expected = Sum of expected

Whether the AOI is large or small, or whether the local consumers prefer one type of vehicle more than another (e.g. mid-size sedans vs. full-size SUVs), Mercedes-Benz only expects a dealer to achieve the same proportional share of each model's local competitive segment volume as the average of all dealers.

The competitive environment and consumer behavior in a dealer's AOI constantly change, therefore the same number of sales as the prior-year period may result in a different Sales Effectiveness score than received in the current-year period.

Scoring & Payout

Sales Effectiveness is measured quarterly based on a rolling three-month total of historic data. January 2018 scores will be based on the rolling three-month total of registrations from August 2017 through October 2017 (based upon report timing from Experian). February 2018 scores are based on a rolling three-month total of registrations from September 2017 through November 2017 and so on.

The percentage received at quarter end determines which portion of the Performance Bonus will be earned in the next quarter. The score is a percentage and the decimal will always be to the hundredth place, and does not get rounded up (i.e., 79.98% will not round up to 80%).

There is guaranteed payout for dealers that achieve qualifiers and 80% Sales Effectiveness objective. If less than 80% of the eligible dealer network hits the 80% Sales Effectiveness objective, Sales Effectiveness scores will be ranked for the entire eligible network and top 80% will achieve full margin payout.



Pre-Owned Sales

To qualify for the Pre-Owned Sales Bonus, dealers must meet MB Certified Pre-Owned targets quarterly as well as Purchases of the Special Vehicle Group quarterly target. Once both targets are met, dealers will have the opportunity to earn a payout based on Off-Lease Purchases to New Vehicle Sales.

Dealerships will be provided with C3 Acquisition (off lease purchase), C3 Special Vehicle Group (SVG) Acquisition (off lease purchase of select models), and C3 CPO (CPO retailing of off lease purchase) quarterly objectives. All 3 of these objectives must be met in order to be eligible to qualify for the Pre-Owned Retail Sales Bonus.

Criteria:

1. Dealers must achieve a C3 Acquisition objective of 23% of their 2017 New Vehicle Sales less Courtesy Vehicle Program (CVP) Sales and TRAC Leases by purchasing vehicles through an eligible acquisition method. The C3 Acquisition objective will have a cap of +/- 15 % vs. the prior quarter's C3 Acquisition objective. The list of C3 eligible acquisition methods is below:
 - Indirect Customer Purchase (ICP): Retail to original lessee
 - Payoff: Payoff lease at Contract Residual
 - Dealer Purchase Program (DPP): Direct off-lease purchase by the grounding dealer
 - MBonDemand: Purchases of vehicles available on MBonDemand that are specifically identified as eligible for C3 credit. Live Auction Simulcast sales are not C3 eligible.
 - Mercedes-Benz Financial Services Walkaway Balloon
2. Dealers must achieve a C3 Special Vehicle Group (SVG) Acquisition objective that is of 12% of their C3 Off-lease purchase acquisitions. SVG can be achieved by purchasing eligible off-lease vehicles through C3 channels from the following Special Vehicle Group models:

Special Vehicle Group: *S, SL, CLS, CL, AMG, G, GL, GLS*
3. Dealers must achieve a C3 CPO objective that is 60% of their C3 Acquisition objective by retailing as MB Certified Pre-Owned eligible off-lease vehicles that were originally acquired through C3 eligible channels:
 - The eligible C3 off-lease acquisition may have occurred during the current or prior periods.
 - The retailing dealer does not have to be the same as the acquiring dealer.
 - All qualifying CPO sales must be accurately and properly reported in VISTA in compliance with the MBUSA Dealer Disposition Reporting (DDR) policy as currently published on NetStar. False or inaccurate DDR reporting may result in a chargeback of Performance Bonus monies.
4. If a dealer misses their C3 objective in a given quarter, they are eligible for the "Catch-Up Carry Over" bonus if they meet the following criteria:

- Must purchase at least 20% of objective in all quarters of the year and achieve at least 23% of C3 purchases on an annual basis.
- SVG objectives must be met for all quarters
- If both of these qualifiers are achieved, the dealer will be paid for the quarter that was underachieved at the conclusion of the year.

Vehicle Eligibility:

Vehicles eligible for the Pre-Owned component include Mercedes-Benz Financial Service off-lease closed-end customer retail leases, Mercedes-Benz Financial Services walk away balloons, and Mercedes-Benz Financial Services retail and lease repossessions available via any C3 eligible purchase channels. Vehicles acquired through trade-in, or open-end leases are not eligible.

Off-lease Ineligible Vehicles:

- Low-volume specialty vehicles, such as Maybach and SLR and vehicles coming out of Alternate Transportation service on an open-end lease.
- Vehicles that have previously received C3 credit.



Brand Standards

Critical to the success of Mercedes-Benz brand representation in the marketplace is the dealership facilities that provide the world class customer experience commensurate with the “Three Pointed Star”. The goal of the Brand Standards Component is to compensate dealers for achieving criteria that support the proper representation of the Mercedes-Benz brand.

Dealers must satisfy all the requirements stated below to receive a payout of 2.0% Brand Standards Bonus.

Facility

The following cover the capacity/function, corporate and Brand identification and appearance criteria for Mercedes-Benz dealership facilities:

Criteria:

1. Capacity / Function:

At each respective calendar quarter, the dealership facility must meet the minimum current year space requirements as outlined on the respective dealer AOI space analysis as well as requirements for function and flow. Key areas include but are not limited to Showroom Display, Sales Department, Service Reception, Service Department, and Total Parking.

2. Corporate Identification:

At each respective calendar quarter, the dealership facility must be in compliance with corporate identification requirements with display of the following minimum elements identified below. These standards for Mercedes-Benz external signage are established to ensure clear visibility of the Mercedes-Benz brand together with the dealer's facility in a manner that is unmistakably recognizable as being an authorized Mercedes-Benz dealership. Unless otherwise dictated by local Code or ordinances, consistency in the application of these standards at each and every dealership location is required and expressly approved by MBUSA.

Display of the minimum requirements of current external signage elements as defined below:

- Mercedes-Benz Pylon
- Mercedes-Benz Name Panel
- Dealer Name Panel
- Directional Signage

Although these are minimum requirements, additional MBUSA external signage elements for a particular dealership may be required based upon its size, architecture, layout, location, number of curb cuts and visibility. Additional external signage elements include the current Mercedes-Benz wall star module, freeway pylon, multifunctional information sign, and Certified Pre-Owned identification.

The only approved Mercedes-Benz external signage elements recognized by MBUSA are those currently manufactured to DAG specifications by Architectural Graphics Inc. (AGI) of Virginia Beach, Virginia. Former Program Mercedes-Benz external signage elements (all other non-approved and non-Program Mercedes-Benz signage and use of the logo and/or wordmark) are strictly prohibited and must be rendered useless and removed from the dealership's premises upon notice from MBUSA. Dealers not in compliance with the aforementioned MBUSA notice will not be eligible for receipt of the Brand Standards bonus.

All Mercedes-Benz external signage elements are to stand alone, and not be displayed in combination with other brands, logos, names or messages and must be maintained in "like new" condition. See the Planning and Design Manual at <https://autohaus.mbusa.com> for additional details on each individual component and related display.

3. Brand Identity:

At each respective calendar quarter, the dealership must be in compliance with all of the following External/Internal elements (Autohaus² specifications reflected below):

Exterior:

- Thin roof edge with exposed structure
- Black columns with silver finned capitals
- Full height glass facade
- Autohaus² specific entry portal that penetrates the storefront
- Compliant signage (see item 2)

Interior:

- Entry pathway (Banded accent tile) leading from the entry portal to the reception desk.
- Furnishing / Equipment - Compliant Knoll or Steelcase furniture in all customer contact areas, uniform toolboxes and hoists in compliant black.
- Interior Finishes to consist of specific various shades for a consistent Autohaus² brand ambiance including floors, walls, ceiling finishes, and millwork.
- The main interior colors of white and silver are to be accented with signature shades as follows:

- Direct Customer viewing of the workshop available during all working hours from customer lounge.
- Open office environment for all customer contact personnel.

4. Maintenance and Cleanliness:

All areas of the dealership will be evaluated for Overall Condition, Orderliness, and Cleanliness including and not limited to:

Facility Exterior:

- Parking lot in good condition - free of debris – customer parking clearly marked
- Landscaping properly maintained
- Lighting in proper working condition including signage
- Signs maintained in “like new” condition.

Facility Interior:

- Floors, Tiles, Carpets
- Glass, Walls, Ceiling Tiles
- Furniture, Surfaces, Counters
- Lighting adequate and in working order
- Workbenches, Hoist, Equipment and Tool Storage
- Parts Counters, Parts Inventory Storage and Shipping / Receiving
- Compliant décor including images, graphics, banners, interior signs, etc.

Autohaus^{2*}

All dealers are to conform to Autohaus² requirements no later than June 30, 2018. For dealerships with Autohaus facilities that qualified in 2015 for Brand Standards, the preceding timeline requirements are as follows:

- Autohaus dealers must have achieved conditional approval for their submission of Autohaus² facility plans from MBUSA by no later than December 31, 2016 in order to continue receiving Brand Standards up to June 30, 2018. Dealers that did not receive approval during the 2016 or 2017 program will have the opportunity to earn Autohaus² during the 2018 program year in the quarter plans are submitted and approved. The submission must include all interior and exterior Autohaus² design elements finishes, and correction of any existing non-conforming facility design conditions. Additionally,

the submission must meet all minimum capacity requirements as measured against the calendar year 2020 dealership facility space analysis.

*Additional Autohaus² specifications may be referenced at <https://autohaus.mbusa.com>. At the login page, click the Dealership Employee dropdown and enter your NetStar credentials.

IMPORTANT: Dealerships that do not currently operate in an approved Autohaus facility will not qualify for Brand Standards until the beginning of the calendar quarter immediately after successful completion and final inspection of an Autohaus² facility.

Annual Facility Certification

The Annual Facility Certification is an assessment made by Region and Field teams as to the general image of the dealership facility and as to whether it meets expectations of the Mercedes-Benz brand. An inspection report will be generated and if deficiencies are discovered, the dealer must remedy all deficiencies within 90 days from receipt of said notice. If deficiencies are not addressed within the allotted time frame, the dealership's qualification for the Brand Standards Bonus may be in jeopardy.

For a more detailed explanation of the standards and deadlines for certification, please reference the "MBUSA Standards Online Reference Manual v1.5.pdf" accessed via the Dealership Facility Planning and Design Manual at <https://autohaus.mbusa.com>.



Leadership Bonus

At the end of each quarter, dealers are assessed for leadership bonus qualification; dealers must meet **all qualifiers** to be eligible for leadership bonus. The metrics listed below are required to be achieved:

- Achieve Training bonus
- Green on Sales CEx
- Green on Service CEx
- Achieve Brand Standards
- Meet StockPro Criteria
 - Dealers must be enrolled, contracted, installed and fully participating in the program, or on schedule to be installed, which is determined at the sole discretion of MBUSA Parts Logistics

Dealerships achieve leadership bonus in the following way:

- 1) Dealer must meet all qualifiers to be eligible for leadership bonus
- 2) If qualifying dealers $\leq 80\%$ of eligible network, then all qualifying dealers achieve leadership bonus
- 3) If qualifying dealers $\geq 80\%$ of eligible network, then qualifying dealers are ranked based on combined CEI score and only top 80% achieve leadership bonus

Dealers that do not participate in the Dealer Performance Bonus Program are not eligible to participate in the Leadership Bonus Program. In addition, dealers that are receiving a Dealer Performance Bonus Program new point or buy/sell payment "bye" and/or receiving a Dealer Performance Bonus accommodation do not automatically qualify as meeting the requirements noted above. A dealer receiving a "bye" and/or accommodation must meet all of the requirements of the program in order to qualify for participation.

The 2018 Leadership Bonus will be calculated based on unearned funds accumulated from Q2 2018 through Q1 2019 (4 quarters) divided by earned retail sales including Courtesy Vehicle Program (CVP) vehicles from Q2 2018 through Q1 2019 (4 quarters). Payout will occur in April 2019.



Reporting and Payout

The M-B Dealer Floor Plan and Performance Bonus Report

Each month dealers will receive a M-B Dealer Floor Plan, Operational Expense Assistance and Performance Bonus Report. The Financial Report will be published to NetStar on the 5th business day of each month. This report will provide retail activity and bonus eligibility amounts.

Dealer Performance Bonus Program Scorecard

The Mercedes-Benz DPB Scorecard is available on NetStar. It displays a dealers' actual performance vs. the set objectives for each Key Performance Indicator "KPI".

The measured performance for the last month of each quarter determines bonus eligibility for the next quarter (please see the "Payment Schedule" section below). If a dealer's actual scores are above objectives, then a dealer would be eligible to accrue the bonus payout percentage on the next quarter's retail sales.

Payment Schedule

If a dealer has met objectives, the quarter-to-date total documented on the Dealer Performance Bonus Report will be paid via EFT within 10 business days of the retail close. If the objective for bonus eligibility at quarter's end has not been met, the bonus will be forfeited for all eligible vehicles retailed in the following quarter. Please see the table below for the payment schedule.

Status Report: Scorecard* (Qualifying Month)	Applicable Retail Activity (Bonus accrued on Dealer Financial Statement)	Month of Payment (EFT if objectives met)
March	April, May, June	July (w/in the first 10 business days)
June	July, August, September	October (w/in the first 10 business days)
September	October, November, December	January (w/in the first 10 business days)
December	January, February, March	April (w/in the first 10 business days)

As indicated, please note the scores received for Quarter 1 will determine payout for the vehicles retailed in the Quarter 2. For example, the March scorecard will determine if the bonus will be earned for the April, May, and June retails.

Payment Details

All Bonus components will be paid out in the first month of a quarter, based upon accrued bonus from eligible DDRs from the previous quarter. Payments will occur in the form of an electronic funds transfer (EFT). These amounts will appear as a credit to the Consolidated Account Statement while the EFT will appear as a debit. These quarterly payments will not include interest. This payment timing follows the current quarterly, MBUSA Treasury payment cycle.

Treasury Cycle (Qualification, Accruals, Payment)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar			
KPI Qualifying Period	Qualify →			Qualify →			Qualify →			Qualify →								
Accrual				Accrue for Q1 →			Accrue for Q2 →			Accrue for Q3 →			Accrue for Q4 →					
Payout							Q1 Payout			Q2 Payout			Q3 Payout			Q4 Payout in April		

Adjustment and Inquiries

No adjustments will be made to a dealer's performance bonus scorecard 18 months after final original scorecard is published. For example, Q1 2018 KPIs cannot be adjusted after Q3 2019.



FAQs

General

1. **Do all retail sales qualify for the Performance Bonus?**

Qualifying retails include all new Mercedes-Benz passenger vehicles leased or purchased with the exception of auction and pre-owned vehicles and vehicles reported under the VIP, Diplomat and European Delivery Program. Vehicles found to be exported in violation of MBUSA Passenger Car and Light Truck Export policies or not delivered in accordance with applicable Customer Delivery Policy may be subject to chargeback.

2. The payments for this program are defined by the retail close. If the end of the month falls on a weekend, the first business day of the following month is included in the prior month's close. For example, if the retail close for April 2018 was May 1, 2018, any vehicles retailed on May 1 will appear on the April 2018 Performance Bonus Report.

Net Email Penetration

3. **How is Net E-mail Survey Penetration calculated?**

$$\frac{(\text{Total E-mails Sent based on survey eligibility date}) - (\text{E-mails returned as undeliverable})}{(\text{Total Sales or ROs}) - (\text{Internals, Repeat Customers \& Other Filters}^*)}$$

* For information on survey filters, please see the "Filtering Criteria" section later in this manual.

- "Net E-Mail" is defined as total emails sent minus any emails returned as undeliverable.
- E-mail addresses will be monitored for fraudulent activity and to ensure that the "ultimate consumer" is the survey recipient. Please review the Integrity Guidelines within this manual for more details.

4. **Why is my Net E-mail Survey Penetration % in CEP different than the Dealer Performance Bonus scorecard?**

E-mail Survey Penetration is calculated exactly the same in the CEP tool and at MBUSA. However, it does take 24 – 48 hours to update our data warehouse and scorecards, so there will always be minor differences between the 'live' tool and our scorecards.

5. **Which E-mail field is pulled from my DMS?**

Within the two main DMS systems, ADP and R&R, please note the following:

ADP – the E-mail address should be put into the 'Home or Primary Field' prior to RO or Sale close

R&R – The E-mail address should be put into 'Line 25' prior to RO or Sale close

6. Why are my scores in CEP different than the Dealer Performance Bonus scorecard?

The 2.0% mulligans are removed on the scorecard for the New Vehicle Sales and Service survey scores. For the service survey scores, the surveys returned for vehicles ≥ 8 MY are also removed.

Customer Experience Bonus

7. What survey methods will be used to reach out to Customers?

The New Vehicle Sales and Service Experience Surveys will be administered to customers via Email. (Note: MBUSA reserves the right to change these methods at any time.)

8. When are the surveys being sent to Customers?

Both New Vehicle Sales and Service surveys will be sent out 7 days from the date the customer record is posted to the Medallia tool (record load date).

9. Who is eligible to complete a survey?

Customer Verification Questions are asked at the beginning of each sales/service survey to determine if the person answering is eligible:

Eligible to receive the survey questions:

- Yes, I am <customer name>
 - No, I am not <customer name>...but I am involved enough with this purchase/service visit to provide feedback concerning the overall customer experience
- Ineligible to receive the survey questions:

- I am <customer name>... and I or an immediate family member (living with you in the same household) work for one of the following: the dealership, a company associated with the dealership, or a Daimler company.
- Yes, I am <customer name>...but I did not purchase or lease / service a vehicle at <dealership name>.
- No, I am not <customer name>.

10. How often will customers receive a survey?

- The New Vehicle Sales Experience Survey will be sent for every new vehicle purchased.
- When a customer is sent a sales or service experience survey, they will be removed from the eligible pool of customers for 45 days.

Note: this is VIN and dealer specific.

11. Will a mulligan still be administered?

Yes, the bottom 2.0% of new vehicle and service survey responses will be removed from the overall bonus calculation. A minimum of one bottom survey will be removed per quarter.

12. Will there be any market/area/region/national reporting related to Requested Dealer Contact? Yes.

13. Is the dynamic scoring still going to occur if < 600 score?

Yes, if a customer answers an average of 6 or less on the questions, we will put additional verbiage for the low score "We've noticed your experience was less than exceptional, would you like to be contacted?"

14. What's the timing on the second survey?

Timing on the close the loop survey is within 24 hours of request for contact closure or 7 days from initial request.

15. Will there be Service Technology Standards question survey questions and will they be scored?

Service technology Standard questions will not be a qualifier for the bonus, however, they will be used for diagnostic purposes only.

16. When will the new surveys go into effect?

Any survey accessed on or after January 1st, 2018.

17. When a client request contact from the Dealer, who does that request go to and can we change who both Service and Sales request go to?

Request for Contact goes to anyone designated in DPMS to get customer alerts for sales and service, this functionality is dealer controlled.

18. Our dealer is located in a vacation area or our customers feel like they do not have any friends that are able to afford a Mercedes-Benz. How are you addressing these issues in the wording of the LTR question?

The LTR question is currently worded as such: "For others that are considering <Dealer Name>, how likely are you to recommend?" This verbiage takes away the keywords of "friends and family" to eliminate the objections of "my family isn't located here", "my friends can't afford a Mercedes-Benz", etc.

19. Will a thank you email be sent out?

There are no changes to the thank you email process, you can still choose to opt in or opt out.

20. Will there be an ability to customize diagnostic questions?

No.

21. **There are instances when customers do not have email addresses, how is this handled?**

We require an 80% email penetration for all customers; no phone survey will be given.

22. **Can survey responses be accepted by other methods?**

MBUSA will only accept customer survey responses via the avenues that they are sent.

CEx Survey Close the Loop

23. **Does Close the Loop only apply to customers who want to be contacted by the dealer?**

Yes. The Close the Loop survey only applies to customers that request follow-up from the dealerships. The dealer has 7 days to contact a customer that has requested contact by the dealer. If the dealer contacts the customer within that 7 day period, a survey is sent within 24 hours to the customer once the alert is closed. If the customer is not contacted within that 7 day period then the Close the Loop survey is automatically sent to the customer.

24. **A customer requested contact from our dealership and I closed the alert in Medallia.**

The Score Status column in the Dealer Performance Bonus Scorecard's Survey Detail Report remains "Open". Why is that happening?

The Score Status column in the DPBS Survey Detail Report will remain "Open" until the customer answers their Close the Loop (CTL) survey or until 7 days have elapsed since closing the alert in Medallia. A status of "Open" in the DPBS Survey Detail Report indicates that the customer has not yet answered the Close the Loop survey. Once the Score Status will change to "Final", otherwise the survey status will show "Expired" if they did not answer the Close the Loop survey.

25. **If the customer requests contact from MBUSA on the survey, what happens?**

An alert is sent the Customer Assistance Center (CAC) and they will follow up with all alerts. They will make two contact attempts and will document any discussions via an SR #. This SR # will be posted in the Medallia record and the record will be closed. You can access the results of the SR # by accessing C1C via NetStar. A Close the Loop survey will not be sent to the customer if follow-up is requested from MBUSA.

26. **Is there an opportunity to redeem or regain points on a survey?**

If the customer requests contact from the dealership the opportunity exists for the Likelihood to Recommend (LTR) score to change.

Scoring

27. **If the Likelihood to Recommend (LTR) score on the Close the Loop survey is lower than the original LTR, which LTR score is used?**

The Close the Loop survey LTR score is always used as the final score whether it is higher, lower, or the same score.

28. How are New Vehicle Sales and Service survey score objectives determined for each quarter?

We use the actual network's overall data available from the previous quarter to determine the objectives such that 80% of the dealer network is projected to achieve full bonus.

29. In the past, Objectives rose steadily during the course of the year. Do you expect the survey objectives to rise during 2018?

It is likely that as the dealer network continues to improve their customer experiences that there will be an increase in the CEI objectives throughout 2018.

Mulligans

30. How many surveys do I need to receive a mulligan? How many after that initial amount?

For 2018, every MB Passenger Car dealer receives 1 mulligan up to the 75th survey at which point they will receive a second mulligan. After that point there is a mulligan given for every 50 surveys. Please note for Commercial Vans there are no mulligans applied to the dealership average score.

31. Will PO and CPO sales surveys count for Dealer Performance Bonus?

In 2018 they do not count for the Dealer Performance Bonus. However, we will continue to survey these customers to gauge their experience with the expectation that dealers will continue to follow up with customers that requested contact. It is possible in the future that these surveys could be included in the bonus program.

32. A long term customer has an email that is sourced by MBUSA. How does that email process work?

If the email we receive from the DMS is undeliverable (mailbox is full, SPAM block, invalid email, etc.), Medallia will use a secondary email address for the customer if available that MBUSA has appended as part of the record. If the secondary email is undeliverable, we will use a third email address if available. MBUSA appends the second and third email addresses on the customer's record on the day it is received from the DMS if available.

33. Are there any new word tracks we can use when speaking with customers?

Remember that coaching a customer is not permitted and asking them for a high score on any question is not allowed. Using a phrase such as the following is acceptable: "It is our hope that you would recommend us to other potential customers and if there is anything keeping you from doing that please let me know".

34. Is email the only way to get the survey?

Yes. At this time email is the only way to send a survey to a customer.

35. If a customer gave us the wrong email address but it was updated the next day in our DMS, will MBUSA try to find the updated email before the survey expires?

No. Once we have received the record from your DMS system we do not search for updates in your DMS.

Customer Survey Integrity Guidelines

36. Who determines if an integrity violation is found and how will I be notified?

The Strategic Retail Development Team will identify violations through several sources. A NetStar notification will request acknowledgement by the GM or higher. This will allow the summary report to be accessible which will notify dealers of any non-compliant surveys that had been removed.

37. How can we expect to get a good score if we can't ask for one?

The purpose of the Customer Experience survey is not about attaining a good score from each customer. The goal is about receiving valuable customer feedback to evaluate current performance and plan for future modifications to increase customer satisfaction.

38. How will you identify violations of the guidelines?

An analysis of violations could be conducted primarily using any of the following, among other methods:

- Time to finish survey
- Geo location
- IP address verification
- Device tracking

Training

39. I cannot find a specific employee when drilling down from the Dealer Scorecard.

Re-sort the columns in the display and look for the employee in question.

40. Do Body Shop employees affect the 85% Certification Requirement?

No. While Body Shop employees participate in the Standards of Excellence (SOE) Program, they do not impact the overall dealership certification percentage.

Sales

41. **What does top 80% of eligible network mean?**

Any dealer that participates in the Dealer Performance Bonus is an eligible dealer. In the event that less than 80% of the eligible network achieves 80% Sales Effectiveness, Sales Effectiveness scores will be ranked and the Top 80% eligible, qualifying dealers will achieve full New Vehicle Sales margin.

Pre-Owned

42. **My dealership is part of a larger group. Will acquisitions at affiliates count toward Acquisition Objectives for the entire group?**

No, each dealership will be tracked independently.

43. **Does every CPO retail count towards my achievement of the Pre-Owned Sales Performance Bonus?**

No, CPO retails must have originally been acquired as C3 vehicles in order to qualify and have not previously received C3 CPO credit.

44. **What if I meet my Pre-owned Sales Performance Objective some quarters and fail to make it in others? Is there a periodic reconciliation?**

Yes there is a "Catch-Up Carry Over" opportunity. In order for dealers to achieve this, dealers must purchase at least 20% of objective in all quarters of the year and achieve at least 23% of C3 purchases on an annual basis. If both of these are achieved, the dealer will be paid for the quarter that was underachieved.

45. **Why are my CPO retails accurately reported each day and the Off-Lease purchases, Special Vehicles Group, and C3 CPO not reported daily?**

The CPO retails are reported through an MBUSA system, however the Off-Lease Special Vehicle sales, and C3 CPO are reported through 3rd party systems, so there is an approximate 10 day data lag on receipt of data. Please contact your Liaison if you are aware of any VINS that are pending C3 credit for greater than the 10 days.

46. **Why do the CPO retails of C3 purchases reported on the Dealer Performance Bonus scorecard reflect prior day activity while C3 Off-lease purchases take longer to post?**

The CPO retails are reported through the MBUSA DDR system, however the Off-Lease sales are reported through 3rd party systems. Consequently, there is a delay on receipt of vehicle purchase information.

47. **If I hit all three Pre-Owned Objectives (C3 Acquisitions, C3 SVG, C3 CPO) and overachieve my C3 acquisition objective for the 2017 Pre-owned component, but do not maintain the**

60% C3 CPO to Off-lease Acquisition ratio, will the dealership still earn the Pre-Owned component?

Yes, the target 60% C3 CPO to Off-lease Acquisitions ratio is based on initial dealer objective. Overachievement will allow the dealership to further participate in the other bonuses.

48. Does the CSI Pre-Owned Survey count towards my dealer performance?

No.

Brand Standards

49. Must Brand Standards criteria be met for all buildings/locations for a multiple facility dealership?

All facilities with customer contact must be in compliance with current Mercedes-Benz Facility, Signage, and Brand Standards requirements.

Dealerships – Temporary Facilities

50. We are currently in a temporary facility, how does the Brand Standards Bonus apply?

The Brand Standards Bonus applies only to the permanent facility.

51. How does a dealer ensure that the dealership facility is in compliance with the Brand Standards criteria for continuous and uninterrupted Brand Standards bonus qualification?

Your Mercedes-Benz market team will monitor your dealership and your facility indicator in NetStar will reflect compliance. Your market team or the Regional Franchise Manager in your facing Regional Office is available for questions and advice.

Dealerships – Dual Franchise

52. Are dual franchise dealerships required to meet all Brand Standards criteria?

Yes, all dealerships including those dualled with other line makes must meet the Brand Standards criteria in order to qualify for the Brand Standards bonus.

Local Zoning Restrictions

53. What if local zoning and design restrictions exclude the use of the exterior Brand Standards colors, elements, or Mercedes-Benz signage?

In situations involving restrictions on the use of Brand Standards colors, elements or Mercedes-Benz signage due to local zoning / government ordinances, the dealer will be required to present satisfactory written documentation from their governing municipality evidencing the inability to meet such requirements. In addition, MBUSA reserves the right to exclude participation in the Program until such evidence is presented and reviewed by MBUSA. MBUSA may attend any such hearing of a governing body in order to fully understand the issues of non-compliance and

how they may be resolved. Any exterior requirements not conforming to MBUSA standards are to be reviewed and approved at sole discretion of MBUSA.

Dealership Space Requirements

54. If my dealership does not meet any one of the “Key Area” minimum space requirements, is the dealership ineligible for the Brand Standards Bonus?

Yes, the dealership must meet or exceed the minimum capacity requirements for the current calendar year in showroom display, sales department, service reception, service department and with total parking. Please contact your Area Manager or Regional Franchise Manager to determine the specifics of your dealership space requirements. Any space requirements not conforming to MBUSA standards are to be reviewed and approved at sole discretion of MBUSA.

Leadership Bonus

55. When does the Leadership Bonus begin?

The 2018 Leadership Bonus begins with accruals starting in Q2 2018 for April, May and June DDRs. The 2018 Leadership Bonus will be calculated based on all unearned funds accumulated from Q2 2018 through Q1 2019 (4 quarters) divided by earned retail sales from Q2 2018 through Q1 2019 (4 quarters). Payout will occur in April 2019.

56. Are there any exceptions to participating in the Leadership Bonus?

- Dealers that do not participate in the Dealer Performance Bonus Program cannot participate in the Leadership Bonus.
- A dealership must achieve **all** of the following in order to qualify for participation:
 - Green status in both Customer Experience Scores (Sales & Service)
 - Brand Standard Bonus (2.0%). Non-Autohaus Dealers are excluded from Leadership Bonus participation.
 - StockPro
 - Training (0.5%)