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Dear Sir or Madam

**Free Legal Letters and Documents: Templates and Examples**

Many thanks for visiting Monaco Solicitors’ website. We attach copy of the document that you asked for and hope you will find it useful.

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Yours faithfully

Monaco Solicitors

**MONACO SOLICITORS**

**Grievance letter: Sales person with commission cut**

[Employee address]

[Company address]

[Date]

Dear [Company]

**RE: FORMAL LETTER OF GRIEVANCE**

[Employee] is employed by [Company] as a Sales Manager at [Company]'s EMEA (Europe, Middle East & Africa) office in London. [Company] is a software company based in the USA.

[Employee] commenced employment in January 2015, working under a contractual commission scheme. The commission was calculated purely by reference to the performance of [Employee] sales team, with there being no personal target for [Employee] to hit. In breach of Section 1 of the Employment Rights Act 1996, [Employee] was not provided with a contract of employment; only with an offer letter.

**Unfavourable treatment and breaches of contract regarding commission**

On 19 May 2016, [Employee] received an email from [Director], director of [Company], which read

*Per our discussion today, I'd like you to provide me with your plan to hit $50,000 USD in new bookings by July.  The way I see it, the only way to even remotely get close to the number prior to the summer months (using those months to fill the funnel for Aug) would be to have you as an individual contributor and carrying your own quota.*

*The rationale for doing so is as follows:*

* *We’re down a few salespeople (e.g. [Employee 2] departure and France coverage)*
* *Europe Summer Season is coming – need to fill the pipe fast and now*
* *Ramp up time for new Sales Execs will take 3-4 months*
* *You are a senior salesman, and know our products and train our guys.  You should be able to help fill the pipe such that we have immediate results.*

*I’d like the following from you to help determine my final decision:*

*1.      Your plan if we move forward with making you an individual contributor.  Quota amount and how you would segment accounts between you, [Employee 3], and [Employee 4].  I don’t want you taking over existing accounts/opportunities, but hunting new ones.*

*2.      Your plan to hit the new booking targets if we keep your R&R as it is.  Keep in mind, we’re not going to purchase or hire any third parties to build the funnel.*

*My current thinking is to put 50% of your commission based on individual contributions and quota of $10,000 USD/month.  The remaining 50% will be based on the cumulative achievement of your team (not including yourself).  Unless you provide a satisfactory alternative, we’ll move forward with it effective June 1.*

Thus [Company] unilaterally restructured [Employee] commission as follows:-

a)      [Employee] would be set a personal target of *$*10,000 MRR (‘monthly retained revenue’);

b)      [Employee] would not be permitted to take existing accounts for himself regarding his new target (therefore his lead time would be 3-4 months with no commission);

c)      50% of [Employee] commission would be based on his personal target, the other 50% on his team’s performance;

d)    [Employee]'s individual performance would not be counted towards his team’s performance;

e)      [Employee] would have to find, train, mentor and shadow 3 new team members, in addition to the existing 3 team members (one of whom is being dismissed, totalling 5 members);

f)       The individual target of [Employee] staff would be raised from *$*7,500 MRR to *$*10,000 MRR;

g)      The new team of 5 will have only 5 weeks to hit a team MRR of *$*10,000 each (rather than the usual 4 – 6 months to hit *$*7,500 MRR each);

h)      [Employee] had previously secured a budget of *$*5,000 per month for an outsourcing company to book appointments – this would now be taken away from him;

On 27 May 2016, [Company] unilaterally issued a document entitled ‘Commission Plan…Effective 01 May 2016”, thus backdating a commission structure, with no consultation. The new structure provides that, in addition to the above breaches, [Employee] receives 0.75% of turnover value of team revenue, which is a huge reduction on his contractual commission plan. If his existing 2 staff hit 100% of their target, he will receive $3,600 under the new plan, compared to $15,000 under the old plan.

In summary of the above, [Employee] would now be judged not only by the success of his team, but he would also be given a new role as a salesman. At the same time, targets were being increased and no allowances were being made for these changes. Thus, in effect, [Employee] is receiving a significant pay cut in addition to doing an extra job.

**Unfavourable treatment and breaches of contract regarding management**

In addition to the unilateral changes to commission outlined above, [Employee] has also suffered unilateral changes in relation to his management powers, which have reduced his income further. These changes can be split broadly into two categories: ‘strategy’ and ‘process’ changes.

The process changes have resulted in [Company] employees in the USA now making the decisions which were in [Employee]'s job description. These decisions are being made based on the paperwork rather than being on the ground at the EMEA office; therefore, [Company] is losing business. The decisions are set out in the attached document but have been in place informally for the last 3 months. Examples include:-

a)      Deciding which leads to pursue;

b)      Post-qualifying of leads;

c)      Deciding which leads to go to trial after technical review;

d)     Deciding on prospects, trialling and customers;

The strategy decision making has changed as followed:-

a)      Changing the company focus to enterprise (global rather than local clients) from February 2016;

b)      Not bringing in specialist enterprise salespeople, but using existing salespeople instead;

c)      Not adjusting targets to allow for the increased lead time in enterprise of 6-12 months.

The above changes to the management process have severely diminished the pipeline business whereby [Employee]'s income will be reduced even further in the coming months. Not only have his targets been raised and his workload increased, but he has also been stripped of the powers necessary for him to optimise efficiency and make a return on investments at the EMEA office. [Employee] is upset that [Company] has decided to slowly strangle itself in this way, but he cannot stand by and allow [Company] to take him down with it.

**Discrimination based on Nationality**

[Employee] has been informed that in order to get ahead in [Company] it is necessary to be based in San Jose in the USA. This criteria applies an unjustified disadvantage on British nationals, which cannot be justified in light of the location of the EMEA office being in London, UK.

By June 2015, the EMEA office was outstripping the USA office in terms of new business revenue, despite having a market that is around 4 times smaller. Around February 2016, [Employee]'s former Manager [Manager] left [Company]. Based on performance, the obvious choice to replace him was [Employee]; however, [Employee] was not even interviewed for the position. The position went to a Vice President (VP) [Manager] in the US office, who then became VP of EMEA in addition to his role as VP in the US office.

In April 2016, the [Manager] left the [Company]. [Employee] was again passed over for promotion and the position was awarded to another VP [Manager 2] based in the US office without considering [Employee]. It is of note that [Employee] set up the EMEA office in the first place and propelled it to a winning position, and so would have been the natural choice for promotion.

[Employee] believes that [Company] has applied a criteria to job selection whereby any VP must be based in the USA. This criteria indirectly discriminates against the [Employee] in respect of his nationality. In the alternative, [Company] has directly discriminated against [Employee] on the same grounds, contrary to the Equality Act 2010.

I look forward to your response.

Yours sincerely,

[Solicitor]