

Third-Party Compensation Disclosure

Date: [Insert Date]

To: [Client Name/Organization]

From: [Executive Name/Firm Name]

Re: Disclosure of Potential Third-Party Compensation

As part of our commitment to providing [describe services, e.g., fractional CxO services, strategic technology leadership], [Executive/Firm Name] prioritizes transparency, ethical practices, and delivering value to your organization. This disclosure outlines our compensation practices related to third-party vendors to ensure informed decision-making, maintain impartiality, and align with your business objectives.

- Compensation Structure
 - [Executive/Firm Name] is primarily compensated through [specify primary compensation, e.g., hourly fees, monthly retainers, project-based fees, equity stakes] as outlined in our engagement agreement.
 - To enhance affordability and competitiveness, we may receive referral fees or commissions from third-party vendors (e.g., technology service providers, software vendors) which we recommend, which can help reduce our fees and provide cost savings to you.
- Potential Third-Party Compensation
 - Any referral fees or commissions are typically structured as:
 - A small percentage of the vendor contract value (e.g., 1-5%), or
 - A one-time fee.
 - These arrangements are designed to lower your overall costs while ensuring access to high-quality vendors. We only accept such compensation under the following conditions:
 - Recommendations are based solely on your business needs and the vendor's ability to deliver value.
 - When possible, we request a minimum of three competitive quotes to ensure competitive pricing for your business.
- Disclosure Process
 - This document notifies you that we may receive third-party compensation during the engagement.
- Commitment to Ethical Practices and Impartiality
 - Our recommendations prioritize your interests and are not influenced by financial incentives. To ensure impartiality, we will:

- Provide multiple vendor options with clear pros and cons.
- Document the rationale for recommendations in meeting notes or reports.
- Obtain your approval before finalizing vendor agreements.
- We do not have exclusive vendor agreements that could bias our recommendations. We leverage an established technology brokerage that represents hundreds of technology service provider options. They are given the business requirements and do the initial discovery and filtering of service provider options.
- By leveraging commissions ethically, we aim to reduce your costs, making our services more competitive while maintaining the highest standards of integrity.
- Client Rights and Questions
 - You may request details about vendor relationships or compensation at any time.
 - If preferred, we can exclude vendors with whom we have compensation agreements from recommendations.
 - Please contact [Executive Name/Contact Person] at [email/phone] with any questions or concerns.
- Acknowledgment
 - By signing below, you acknowledge receipt of this disclosure and agree to the outlined process for handling third-party compensation, understanding that such arrangements may reduce your costs while adhering to ethical standards.

Client Signature: _____

Date: _____

Executive/Firm Signature: _____

Date: _____