

Delegation of Authority



What is Delegation of Authority (DoA)?

This is the ONE and only source of truth on what folks are permitting to do at Bright related to cost and liability (expenses, signatory authority, custom proposal authorization, etc).

DoA is about authority but not what they should spend. So it more has to do with what we trust a person with in terms of making good decisions and taking care of Bright, but they are not actually the rules for what should be spent (**what should be spent should be often far less than what they have authority to spend**).

Philosophy: we want all Brighters to 'treat the company's money as if it was their own' and the delegation of authority is a guide for Brighters to know how much spending and liability each person at Bright can authorize (via approval or legal rep signature) and who should be involved in the approval. The goal is to provide teams with the autonomy that allows them to grow, and strengthen our [core values](#). If you have questions do not hesitate to contact People Ops.

The DoA is only meant to help us move fast and enable leaders but shouldn't be seen as goals for what we want to pay. We should always be working to minimize cost wherever we can

Cost & Budget - Delegation of Authority

Any expense or liability we sign up for at Bright requires documented approval. The approval required is determined by the expense amount and the status of the monthly budget that will be used to cover the expense. Depending on the amount of the expense, it will require approval from a team leader (managers of direct contributors), section head (managers of direct report managers), VP or CEO as outlined in the below table (**note that we should rarely ever come close to these limits. They are what authority is granted for but we should rarely be using close to those amounts**):

- **Budget Authority:** Authority granted by budget area -
 - P&L: team can spend only up to pre-approved monthly budget (pre-approved over email only by VP Finance/CFO)
 - Industrial project expenses: an industrial project can never go over the CAPEX + CAPEX buffer amount (as approved when the project was approved) without CFO or CEO email approval (important to have a formal review if a project ever goes over budget)
- **Expense Item Authority:** Authority by expense category -

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(link [here](#) for Jonah only to update the airtable)

*Note that all \$/watt calculations are made for the specific project the expense is for (so the additional cost divided by the watts for that project specifically)

Reward and recognition budgets can be used to pay for Bonda Points for Brighters following [this wiki](#)

Follow the standard expense approval process that applies to each type of expense

Team managers and section heads must track their expenses and be able to provide information to accounting if needed.

These budgets can't be used for anything illegal or that goes against our culture as outlined [here](#)

Managers can't use their delegation to approve any amounts related to severance or finiquito. All amounts for these cases need to be approved by Jonah and follow the standard legal contracts.

Legal - Delegation of Authority

- All documents signed by a representative of a Bright entity or subsidiary require the sign off of the following groups:
 - **Business approval:** someone with the correct delegation of authority for the amount of the expense or liability amount Bright is at risk for (as outlined below)
 - **Legal approval:** Compliance team to coordinate/confirm who should be responsible for each case until we get a General Counsel
- To do so, follow this process:
 - Secure legal approval via email (Fanny to help coordinate) and ideally have the lawyer outline the potential liability amount so that we can determine who in the next step needs to approve from a business perspective
 - Note that for document templates we repeatedly use, we just need a note one time from the lawyers or from Mark for historical templates saying (in Spanish or English) something along the lines of:

This template attached is approved from a legal perspective to use for any capital contributions to Bright SAPI de CV as long as the numbers input in the bracketed sections are correct and xyz other conditions are met.

- Secure business approval via email **from someone that has delegation of authority for the amount of the expense or liability amount Bright is at risk for** (as outlined below). Note that if a contract exposes Bright to liability above a certain delegation of authority

amount, the business approval will need to come from someone with that level of authority.

- Example: a contract that represents Bright's audit is correct and has a penalty of \$1mm MXN if it's incorrect. We would need someone with delegation of authority > \$1mm to review and provide business approval
- Send proof of business and legal approval using [this](#) form
- Airtable will send business and legal approval to CEO or CFO for final review and approval and to then sign
- The signatory should be determined as follows (these folks have authority to sign (not approve the associated expenses) if we have proof all above approvals were given):
 - Approval <=\$1.5mm: for documents with sum of total impact <\$1.5mm USD: TBD (was Bruno Espejel before) (if he has legal authority in that entity, else escalate to the next person that does)
 - Approval <=\$3mm: for documents with sum of total impact <\$3 mm USD: Hector Vargas or Denisse Garcia (if they have legal authority in that entity, else escalate to the next person that does)
 - Approval >\$3mm: for documents with sum of total impact above the above amounts: CEO or CFO. CEO and CFO can approve an alternative signatory in their behalf through email.

Wiki / comp updates

- [GTM Compensation Wiki](#) and [Airtable](#): Other than the CEO, currently only the head of Sales Ops can update the GTM (and only with prior email approval from the CEO) in order to make sure that no mistakes are made and that the changes in the wiki are at least double reviewed prior to launching the changes.

Custom Proposals

- Setting custom monthly fees in the proposal engine
 - DoA granted for: Jose Zambrano, Mariana Lara, Mau Cifuentes for industrial solar projects where IRR based on realistic assumptions over the contract term is >= the IRRs listed in [our Credit Policy for Underwriting Industrial Solar Projects](#)
 - **Caution:** it is very risky and not advised to price to the min IRR thresholds set in that policy - we suggest an additional 1-2% IRR buffer and exchange rates may change, projects may be a higher risk classification than expected, or interest rates may go up and the thresholds needed may go up as well and we don't want sales reps to have no margin for error and not be set up to get their projects approved

Approval process

Exception approval

- Using Jonah's tag to approve projects in Ops
 - DoA granted for: Ana Cecilia Rovira use this tag strictly following the underwriting rules in CEO's absence and must remove it after the project is approved to avoid any misuse.

One-time payments approvals

The Brighter in need of an expense approval should identify the budget that will cover it on the department's budget and expense approval section, and should request the expense approval by emailing the below template **completely filled out** to the budget's owner. If the expense exceeds the budget's owners delegation of authority they should forward it to their manager, until it reaches the person with enough authority to approve the expense.

Email subject: *[Approval requested] Extra cost approval of \$XX/watt for CXXXX*

Hello **[Name of the person with delegation of Authority to approve, make sure you follow the chain of command]**!

I'm writing to ask for approval of an extra cost of **\$X/watt** for [if the expense is customer related write: **CXXXX** on proposal **PPXXX**]. **The project is a X Watts (subscription, IDB eligible, or financial lease) in the X portfolio** if not then write **the purpose of the spending**].

- **FINANCIAL METRICS:**
 - **Extra Cost:** \$X MXN
 - **Budget spent up to date:** \$X MXN spent (including this request) vs \$X MXN budget
 - **Proposal margin after adding extra cost:** X.XX% NPV margin @ 18% interest rate (useful Wiki [here](#))
 - **Proposal Full term IRR after adding extra cost:** X.XX% IRR (useful Wiki [here](#))
 - **Proposal 13 year IRR after adding extra cost:** X.XX% IRR (useful Wiki [here](#))
 - **Proposal Cashflow file with Extra Costs Added:** [Add link to filled out [financial analysis template](#)]
- **ROOT CAUSE SOLUTION:**
 - **Action items to ensure we looked for the best possible solution:**
 - Quoted more than 3 suppliers? Y/N (indicate which)
 - Ensured installer is charging for the correct work? Y/N
 - Brainstormed options with the project stakeholders? Y/N (indicate who are they)
 - How did we tried to avoid the expense? [1 bullet point per sentence]
 - **Problem reframing followed:** (add link to [problem reframing](#) filled together with problem stakeholders if needed, check that wiki and the Forms in there to determine the need)
 - **Root cause of problem:**
 - **How are we solving the Root Cause:** [1 bullet point per sentence]
 - **Any other relevant info to the case:** [1 bullet point per sentence]

Recurrent payment approvals

Additional approval is needed if the expense is a recurring one (e.g. rent, cell phone plan, etc.), and it exceeds \$2,000 MXN, to request approval for these expenses it's required to send an email to CEO, accounting@thinkbright.mx and invoices@thinkbright.mx using the following email template:

Email subject: *[Approval requested] Extra cost approval of \$XX/watt for CXXXX*

Hello Jonah and Accounting team!

1. **Why is this payment needed?**
2. **What's the cost of the service?**
3. **What issues will this payment be avoiding?:** (1 sentence per bullet)
4. **Any other relevant info or background to the case:** (1 sentence per bullet)

Please consider that in order to sign any Service Agreement in Bright's behalf CEO authorization is required in advance.

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