FIRST, LET'S UNDERSTAND WHAT GREAT PEOPLE WANT...

(P) Purpose
A chance to make a difference

(G) Goals
Clear understanding of success

(R) Responsibility
A manager who delegates & steps away

(F) Freedom
To create own path to success

(A) Attention
Feedback on results & guidance

(O) Opportunity
To achieve personal career goals

(T) Transparency
A company that shares information

(C) Compensation
High base wage w/ opportunity for more

(S) Stability
Year round employment/consistent hrs

(C) Cared For
Knowing the company has their back

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HOW TO ALIGN

1 **Strong Base Pay**
Test your ability to pay more using the budget software

2 **Opportunity to make more**
Create a strong criteria to drive better outcomes aligned with the goals

3 **Metrics + Bonus**
Use the bonus to align your staff with your business goals and create transparency in the organization

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SHOULD WE BE PAYING MORE?

|	$20/hr + 0%	$24/hr + 5%	$28/hr + 10%
Sales	$66.0K	$69.3K	$72.6K
Labor Costs	$9.9K	$10.8K	$11.6K
Equip Costs	$10.0K	$10.0K	$10.0K
Material Costs	$17.8K	$18.7K	$19.6K
Overhead Costs	$16.5K	$16.5K	$16.5K

The above chart assumes a foreman at **$24/hr** would complete work **5% faster**, and a foreman at **$28/hr** would complete work **10% faster**.

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PROFESSIONAL WAGES = PROFESSIONAL WORKFORCE

	$20/hr + 0%	$24/hr + 5%	$28/hr + 10%
Sales	$66.0K	$69.3K	$72.6K
Labor Costs	$9.9K	$10.8K	$11.6K
Equip Costs	$10.0K	$10.0K	$10.0K
Material Costs	$17.8K	$18.7K	$19.6K
Overhead Costs	$16.5K	$16.5K	$16.5K
Net Profit	$11.7K	$13.3K	$14.9K

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CREW BUDGETS

- Field Wages + Tax
- Equipment
- Materials
- Subs + Rentals
- Overhead
- Profit
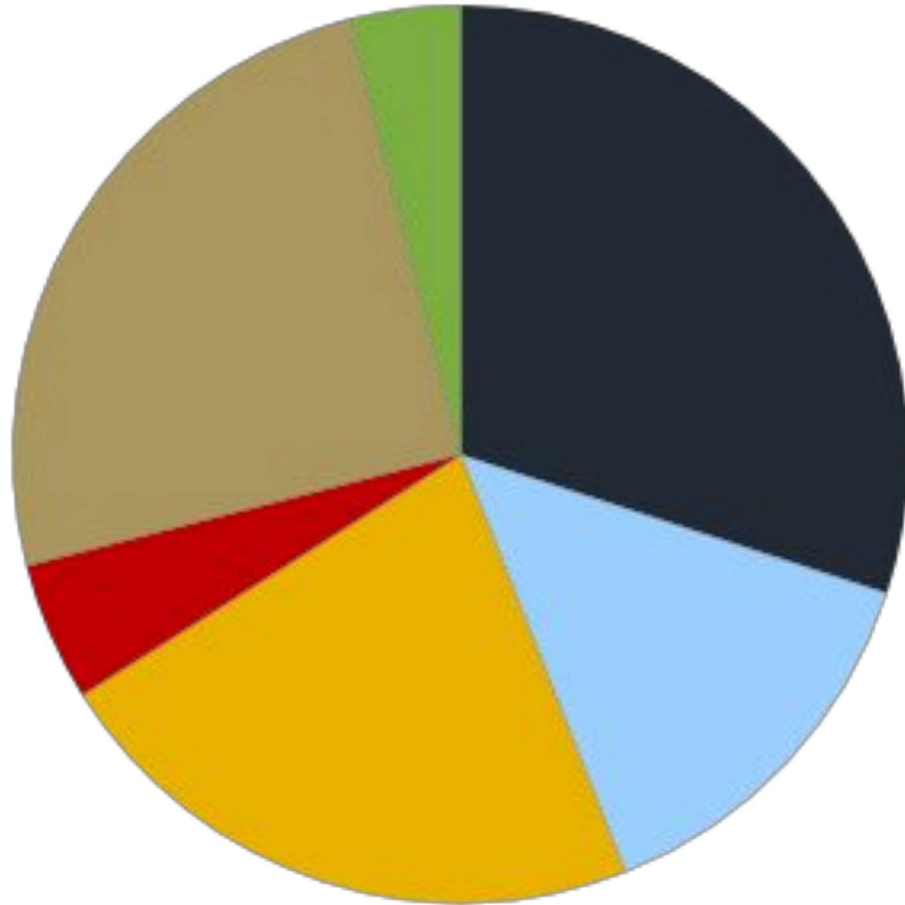
KNOW YOUR NUMBERS

How many staff do I need to grow by
$200K in revenue?

Revenue: $200K

Field Labor Ratio: 25%

Budget for hiring: $50K

KNOW YOUR NUMBERS

Field Wage Ratio
Budget determines the % of
sales spent on field staff wages

25%

KNOW YOUR NUMBERS

How much revenue should a new crew produce?

Wages: $65K

Field Labor Ratio: 25%

Production Goal: $260K

SETTING CREW GOALS

Field Supervisor Wage	$40,000
Crew person Wage	$25,000
Crew person Wage	$25,000
Crew Cost	**$90,000**

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CREW PRODUCTION GOAL

Total Crew Wage $90,000

Divided by Field Labor Ratio   25%

USE YOUR OWN RATIO!

Crew Production Goal $360,000

WHAT IF A FIELD SUPERVISOR WANTS A RAISE?

Foreman Wage	$50,000	(+$10K)
Laborer Wage	$25,000	
Laborer Wage	$25,000	
Crew Wage	$100,000	

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CREATE ACCOUNTABILITY WITH PROCESS + METRICS

STAFF MUST UNDERSTAND HOW THEY'RE MEASURED

What	Is the policy?
Why	Is it important?
Who	Is responsible for it?
When	Is it due?
How	Is it to be done? (training, quality expectations)
What	Are the consequences?

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IDENTIFY GAPS IN PROCESS

What is slowing or interrupting flow in the company?
Can a procedure correct the issue? **Can it be measured?**

DEVELOP SYSTEMS AND STANDARD OPERATING PROCEDURES

Refer to Forms Library > Operations Systems
Involve the leadership team & staff

STRATEGY FOR ACCOUNTABLE STAFF

YEAR STARTS

Spring meeting, training, review procedures, incentive systems

1

ORGANIZE OPERATIONS

Trailers, shop, information flows, paperwork

2

JOB MGMT

Job kickoff, daily responsibilities

3

QUARTERLY REVIEW

Review progress, eliminate waste

4

SEASON END

Review results, ID improvements

5

STAFF REVIEW

Incentives, bonuses, goals, strengths, weaknesses,

6

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FINANCIAL INCENTIVES

THE BONUS SYSTEM

- Labour Cost is typically 25% of Revenue

- Bonus is an average of 10% of Payroll

- **So…..Bonus = 2.5% of Revenue**

- If you budget for it, your customers pay for it, this does not reduce profitability

- If you have metrics to hit, you only pay the bonus if you reach your goals.
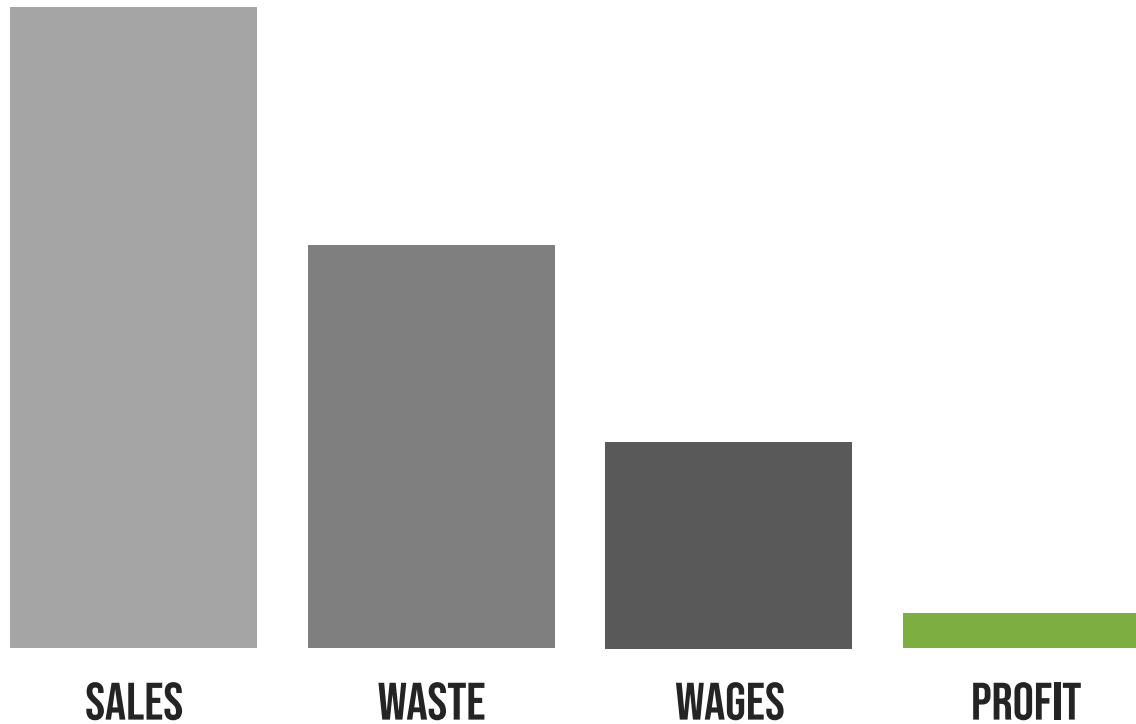
EXPECTED OUTCOME

What you should see happen.

RESULTS OF USING A SCORECARD APPROACH

• Staff understand how they are measured

• People become more self motivated

• Teams collaborate to succeed

• Waste elimination becomes systemic

• A transparent culture emerges

• High Performers shine

• Underperformers improve, quit, or get fired

CAN YOU AFFORD TO PAY A BONUS?

SALES
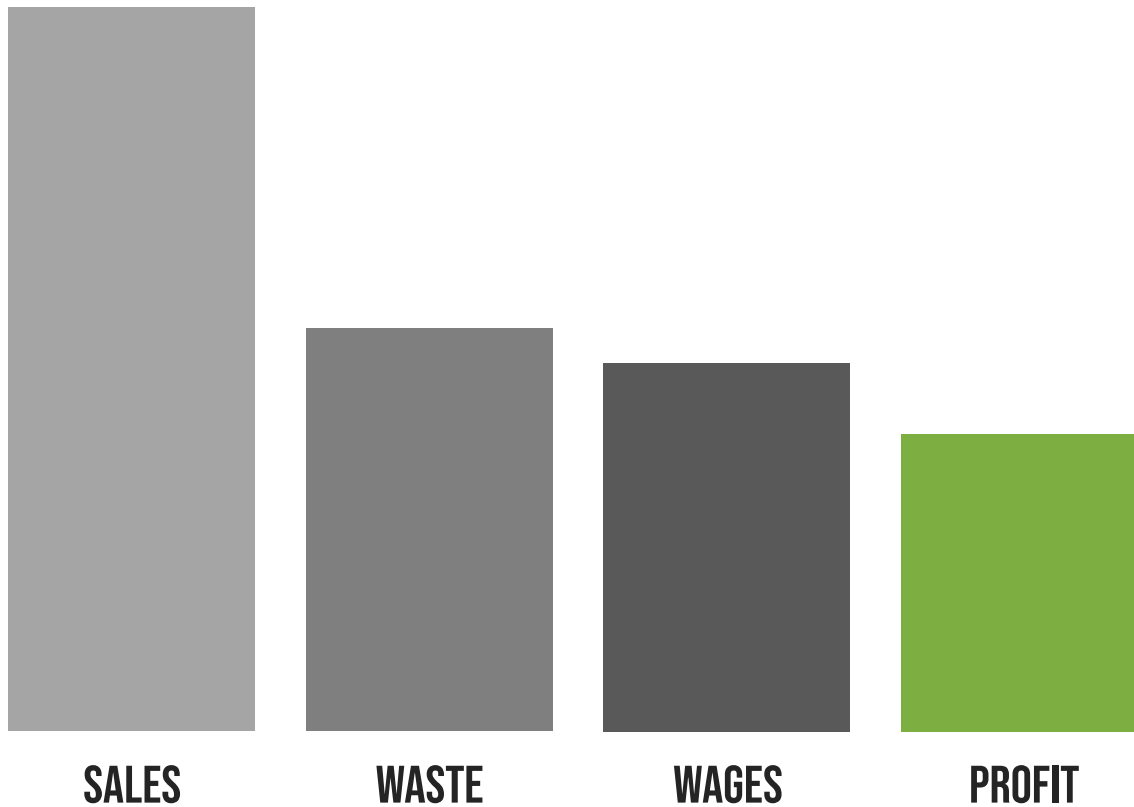Income from jobs completed

WASTE
Time/revenue lost to mistakes

WAGES
What can we afford to pay staff?

PROFIT
Rewards for owner & key staff

SALES   WASTE   WAGES   PROFIT

ELIMINATE WASTE Increase Reward

SALES
WASTE
WAGES
PROFIT

SALES
Income from jobs completed

WASTE
Time/revenue lost to mistakes

WAGES
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PROFIT
Rewards for owner & key staff

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HOW TO CALCULATE THE FIELD STAFF BONUS

Crew Revenue Goal $	**50%**
Customer Satisfaction % - Call backs/complaints/turnover/quality/warranty	**25%**
Individual Performance % - Attendance, safety, training, skills development, attitude	**25%**

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SHARING THE SUCCESS TRANSPARENTLY

staff bonus can
be set as % of wage

Supervisor
15%
($60k=$9k)

Office Staff
5%
(50k =$2.5k)

Field Labor
5-10%
($40k=$2k)

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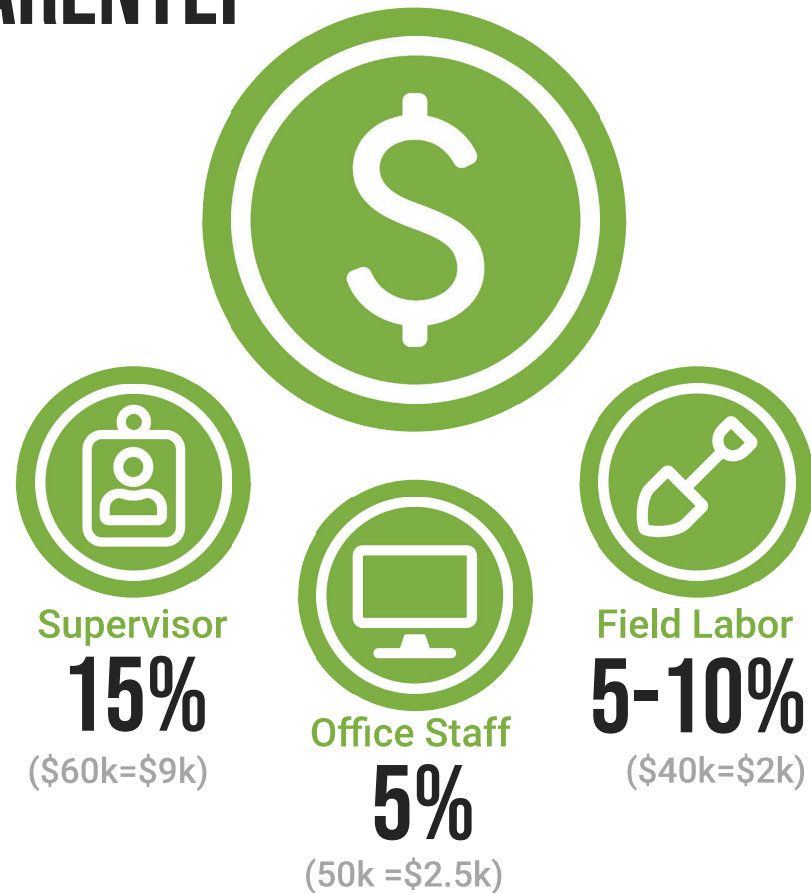
THE BONUS CRITERIA

Example: Field Supervisor earns $30/hr x 2000hrs = $60,000 @ 10%
Crew Revenue Goal $400,000 - achieves $420,000 (5% Over Target)
Customer Satisfaction Goal 99% - achieves 98% of 100%
Individual Performance Criteria - achieves 83% of 100%

$6K Opportunity

Revenue - every 1% under/over = 5% of bonus (ie. 5% over budget = 125% payout)
Customer Satisfaction - every 1% under = 20%
Individual Performance - every 1% under = 1%

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SIMPLE METHOD TO CALCULATE THE BONUS

Crew Revenue Goal $400,000 - achieves $420,000 = 125% x $3000 = $3750
Customer Satisfaction Goal 99% - achieves 98% = 90% x $1500 = $1350
Individual Performance Criteria - achieves 83% = 83% x $1500 = $1245

$6K Opportunity = $6345

SAFETY.
QUALITY.
EFFICIENCY.

Build a high performing team while using measurable data to make <u>real</u> change within your organization.
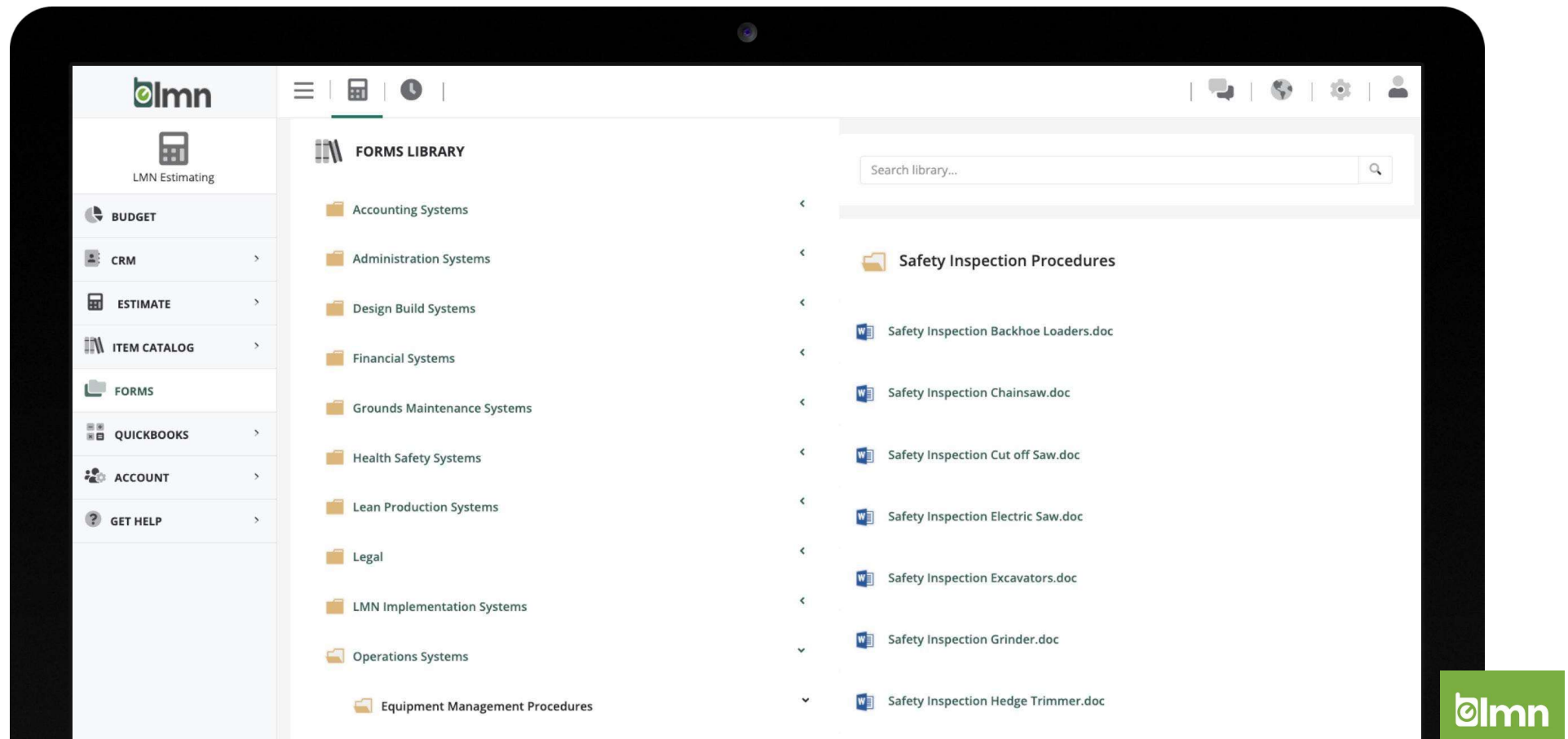
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FORMS LIBRARY

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