

Technician incentive scheme example

After consultation with the team it has been decided to trial an incentive bonus scheme, designed to reward the team as a whole if the business has a win. For it to work every member of the team needs to improve their output and look for ways to continue improving. We are now all accountable to ourselves and to each other so how we perform as a team will determine the level of our success.

For the scheme to work there must be three winners:

1. Customers – through better service
2. Staff – through increased income
3. Owners – through increased profits

The scheme will commence on 1 July 2015 and will follow our pay cycle. It will be measured on weekly data and you will be rewarded if the business reaches its target. Incentive payments will be included in the following week's pay cycle and will be subject to normal payroll deductions.

The bonus criteria and payments will be structured as follows:

Criteria	Bonus Payment
1. Workshop productivity exceeding 80%	Andrew \$150
2. Successful completion of individual key duties	Ben \$150
3. Zero complaints for the given period	John \$50
	Total \$350
1. Workshop productivity exceeding 90%	Andrew \$200
2. Successful completion of individual key duties	Ben \$200
3. Zero complaints for the given period	John \$100
	Total \$500
1. Workshop productivity exceeding 100%	Andrew \$250
2. Successful completion of individual key duties	Ben \$250
3. Zero complaints for the given period	John \$150
	Total \$650

Workshop productivity

Productivity will be calculated by dividing the total hours invoiced by the total technician hours worked (including overtime hours). If a team member is absent, the working hours available will come down to provide a true productivity calculation. Correspondingly, if people work overtime total working hours will rise to provide a true productivity calculation.



To achieve the above targets the team needs to ensure that they are very careful with the management of their time, and that customers are being charged for all the work which is done on their vehicle. If someone is working on a car, it follows that a customer must be charged for the time spent.

The base productivity goal has been calculated on the expectations that the following individual hours will be income-producing hours:

Employee	Standard week	Weekly invoiced target	Daily invoiced target	Productivity goal
Andrew	40 hours	37 hours	7.4 hours	92.5%
Ben	40 hours	37 hours	7.4 hours	92.5%
John	32 hours	16 hours	3.2 hours	50%
Total	112 hours	90 hours	18 hours	80%

Successful completion of duties

To earn the bonus each team member will be required to successfully complete their key duties. These are clearly outlined in the job agreements and in the responsibility schedule. It's in everyone's interest to ensure that fellow workers are completing their duties.

Zero complaints for a given week

All complaints are to be logged in the complaints log book. These are to be discussed at the weekly meeting. The proprietors will have the final say on what constitutes a legitimate complaint.

Minimum invoiced hours

For the bonus to be payable and to ensure it is win/win no bonus will be paid unless technicians reach a minimum of 34 hours invoiced. This is the minimum hours required for the business to break even. It therefore makes sense that no bonus will be paid when the business does not make a profit.

Overtime

Overtime will be included in the productivity calculation. If overtime is worked, it must be productive and billable so that it does not affect the productivity calculation.



Warranty claims

Staff need to ensure that the quality of workmanship is not sacrificed at the expense of reaching targets. Any warranty work for which the workshop was at fault will be unproductive time and the cost of any warranty parts will go against the bonus pool. Exceptions may be granted at the discretion of the proprietors.

Payments while staff absent from work

There will be times when staff will work a proportion of a working week. This may include time off for sick leave, annual leave, public holiday or trade school. In this instance staff will be rewarded based on a percentage of the working week that they have been present. Exceptions may be granted at the discretion of the proprietors.

Weekly review

At the weekly meeting the previous week's result will be reviewed. Team input will be required on ways to improve and reach the target. This is a team incentive scheme so staff are encouraged to take ownership for achieving the targets.

Teamwork

This system will only work if everyone helps each other. If team mates don't pull their weight it will be impossible to achieve an 80% target. This system has been designed to encourage teamwork rather than individualism. The team must work together to make it happen.

Amendments

This scheme has been implemented as a trial and is subject to change as the business evolves. The schedule of individual hours which need to be invoiced to reach targets are based on the workshop's target goals as at July 2015. As the business structure changes so will the expectations of individual target hours.

Disputes

Disputes will be discussed at the team meeting with the proprietors having the final decision.

Remember, a **bonus** is a **bonus** for great performance, and should not be expected merely by turning up for work.