

Easy Metrics Pay-for-Performance For Operations Managers

Easy Metrics Pay-for-Performance system helps managers fairly and objectively incentivize their workforce so they can improve employee engagement and retain top talent.

In the modern operations environment, maintaining a stable and productive workforce is difficult.

Distribution centers, manufacturers and e-commerce operations have access to more data and analytical tools than ever before, allowing them to examine their own operations in a precise and efficient manner. The rapid adoption of new technologies has encouraged evolution in labor tracking, workflow processes, and team management.

But with the restrictive labor market, and difficulties finding and hiring talent, these companies are experiencing high labor costs and high turnover rates. It's nearly impossible to be productive and profitable if your workforce isn't stable and engaged.

Managers, supervisors, and Human Resources departments are struggling to build teams capable of meeting their companies' labor needs. Costs are irrelevant if orders cannot be met and shipped; if product is not moving, then money is being lost. Building and implementing a pay for performance system that simultaneously improves worker retention and restores productivity is critically important.



“A well-designed PFP program can increase productivity by anywhere from 20-100%; one customer doubled productivity after implementing Easy Metrics’ PFP system.”

Benefits of a Pay for Performance Program



Team Alignment

- ▶ Set clear guidelines for success
- ▶ Aligned company culture
- ▶ Workers in sync with each other
- ▶ Improvement in morale & productivity



Measurable Improvement

- ▶ Set standards for productivity & quality
- ▶ Actively measure against those standards
- ▶ Real time monitoring of savings & growth



Mutually Rewarding

- ▶ Win-win scenario for everyone
- ▶ Company gains productivity
- ▶ Company saves costs
- ▶ Workforce can increase their income
- ▶ Workers sense of accomplishment

The Definition - What defines a good system?

Your Pay for Performance system should motivate employees to do their jobs efficiently with minimal oversight. A program designed from the start to produce results, looks like this:

1

The system is built on productivity standards that factor in multiple metrics—not single metrics like cases/hr.

Tip: Keep things fair! Any workflow variability between processes like volume, weight, eaches vs. pallets, or distance traveled should be accounted for.

2

The rewards are based on a series of performance-based thresholds, as opposed to linear or piece-rated performance.

Tip: Use a “stair-step” bonus structure, where each level of performance is a new tier.

3

The system is designed to be self-funding. Productivity and utilization gains fund the performance pay.

Tip: Don't think of a pay for performance program as a cost center. It drives cost savings because you will consume fewer labor hours.

4

Performance within the system is tracked using 1-4 person teams to maximize impact.

Tip: Use individual employee or small groups instead of larger teams.

5

The system has a lock-in period to require an extended period of performance before qualifying for a reward. Daily lock-in is recommended for most companies, but weekly can apply in certain circumstances.

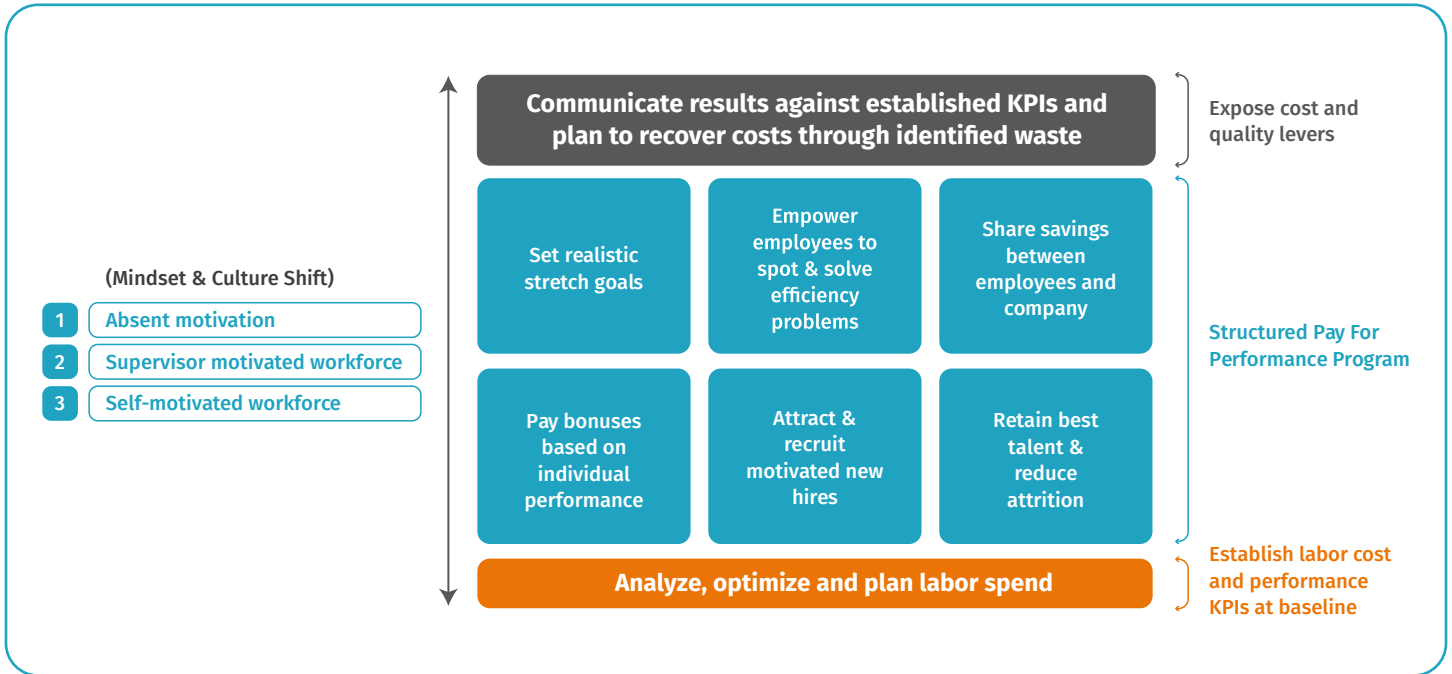
Tip: From our experience, anything longer than weekly has been shown to be detrimental and costly.

6

Clear guidelines for how each level of performance is judged, as well as clear expectations.

Tip: Earn employee trust and buy-in by being consistent as a manager. Do not get discouraged, cancel the program while it is still gaining traction, or allow favoritism to derail your program.

Pay for Performance Framework



Creating & Running a Pay for Performance Program



Analysis

Gather data to prioritize processes to improve based on potential cost savings and productivity gains. Establish performance standards and stretch goals.



Communication

Clearly and regularly provide feedback on employee performance compared to standards and goals for each process and facility.



Mindset

Encourage a self-directed culture by rewarding high-performing employees and coaching struggling performers. Encourage ideas to improve and train one another.

Easy Metrics Pay for Performance Solutions

Set your teams up for success using data-driven solutions to motivate and retain your best employees.

The Professional Services team at Easy Metrics have designed, improved, and streamlined Pay for Performance for fifteen years. These systems have led to productivity bonuses ranging from 20-100%.

Talk to a Professional Services Consultant today
services@easymetrics.com

Pay for performance

- ✓ Program design and configuration
- ✓ ROI analysis so that the program pays for itself
- ✓ Quantitative and qualitative factors
- ✓ Incentive alignment with company goals

About Easy Metrics

Easy Metrics fuels operational excellence in distribution operations.

Operations and finance leaders use Easy Metrics' API integration platform and machine learning to analyze, plan, and forecast their labor spend so they can drive operational speed and efficiency, price their products and services profitably, and drive employee engagement.

With Easy Metrics, they translate raw operations data from multiple data sources into their costs by: activity, process, facility, people, and equipment. They use actionable reports across their network, to optimize labor spend, cut waste, plan facility investments, and drive labor strategies that ultimately fuel the growth of their business.

Visit www.easymetrics.com
to see how you can create and run an effective Pay For Performance program