

Financial incentive schemes are back on the agenda

Direct financial incentives are the best and most reliable way of increasing warehouse performance.

They went out of fashion in the eighties, but all the signs now are that they are making a comeback.

Clients are asking for new schemes knowing that spectacular productivity improvements can be made. There are risks and you would be brave to go it alone. The question is who to go to for help? There are very few specialists with the right experience to safely install a scheme and guarantee the right result.

Why did they go away?

Go back in time to the era of work study and you'll find a thriving manufacturing base in this country with work measured incentives pretty much the norm for keeping up productivity. As distribution grew in importance in the sixties and seventies, the practice was picked up for warehouses, especially in grocery (I know, I ran a scheme for a major grocer at the time). They started to fall into disrepute when the government of the day installed a wage freeze to curb inflation but left the loophole that 'productivity payments' would be allowed. The bandwagon of dodgy schemes began to roll and by the late seventies the scramble was to get out of the inappropriate and unproductive schemes that resulted. The wage freeze era came to an end and incentive schemes went with it, consigned to the closet of out of date management practices.

So why are they back?

Let's face it, the world is in recession and there is a pressing need to take cost out of all operations, distribution included.

Incentives work.

They have an immediate and lasting impact on performance that no other device can match. People like incentives, they get a chance to earn more and to take control of their earnings without having to resort to long hours of overtime.

Properly designed, installed and maintained they are fair, equitable and effective. They relieve first line managers in particular of the grind of keeping the workforce motivated and they deliver consistently high productivity.

Just as important, there are labour management systems readily available now that are comprehensive, easy to operate and ideal for running incentive schemes.

I'm interested what do I do next?

Incentives are a powerful weapon in the management armoury and like all such weapons they are dangerous in the wrong hands.

You need help, and you're unlikely to find it in your organisation. Why? Because very few managers brought up from the nineties onwards have ever experienced incentives.

Fortunately, Key Performance does have that experience, together with all the skills in work measurement and labour management that are needed to support a scheme.

What will I get?

The basis of a good scheme is an accurate set of standard job times, we provide that together with the means to record work and to calculate performance.

A solid and reliable labour management system is the best basis for all this. If you don't have one, we can help you select and install one. The benefits will be considerable.

We can design a scheme that will balance the earnings aspirations of your workforce with the productivity ambitions of the organisation.

Individual incentives are the most effective and we recommend them wherever possible. Group schemes are an alternative where individual effort cannot be measured. Warehouse and company wide schemes are generally ineffective and are therefore not recommended.

We will support you in development and implementation right through to ongoing maintenance. We will regularly audit and update your scheme to keep it relevant and effective.

In return you will achieve substantial productivity improvement. Typically, performances increase by at least 30%.

Start with a scoping study

Our study will quickly tell you what you can expect by way of performance improvement and how to go about installing a scheme. We will make recommendations on all aspects of managing for performance and of administering the scheme. We'll offer you scheme designs, we'll project earnings and benefits and carry out a return on investment calculation.

This is a big subject, if you want to know more contact Key Performance for an initial consultation.