Building Incentive Plans for Service & Admin Staff

by Jim Kahrs
President, Founder

Prosperity Plus

Achieve your goals by improving profit,
cash flow and growth

The Major Points:

- Introductions
- Why Incentives Are So Important
- Components of Success
- How to Build Incentive Plans
- Questions/Answers

Introductions

Jim Kahrs

- \> 31 years experience in business system sales, operations, executive management among dealerships/resellers, manufacturing and consulting.
- Started Prosperity Plus in 2001.

Prosperity Plus

- "Achieve your goals through improved profit, cash flow & growth"
- Mergers, Acquisitions (> 200!), Succession Planning
- YOUR outsourced marketing department
- Consulting programs based on industry experience and the Hubbard® Management System and Value Builder System.

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Hubbard Management System

- Created by L. Ron Hubbard

- *Dianetics* author

- Founder, Church of Scientology

- Created Narconon, Criminon, Applied Scholastics, Volunteer Ministers

- Created one of the world's largest documented management technology in existence. Outlined in many courses, books, recorded lectures.
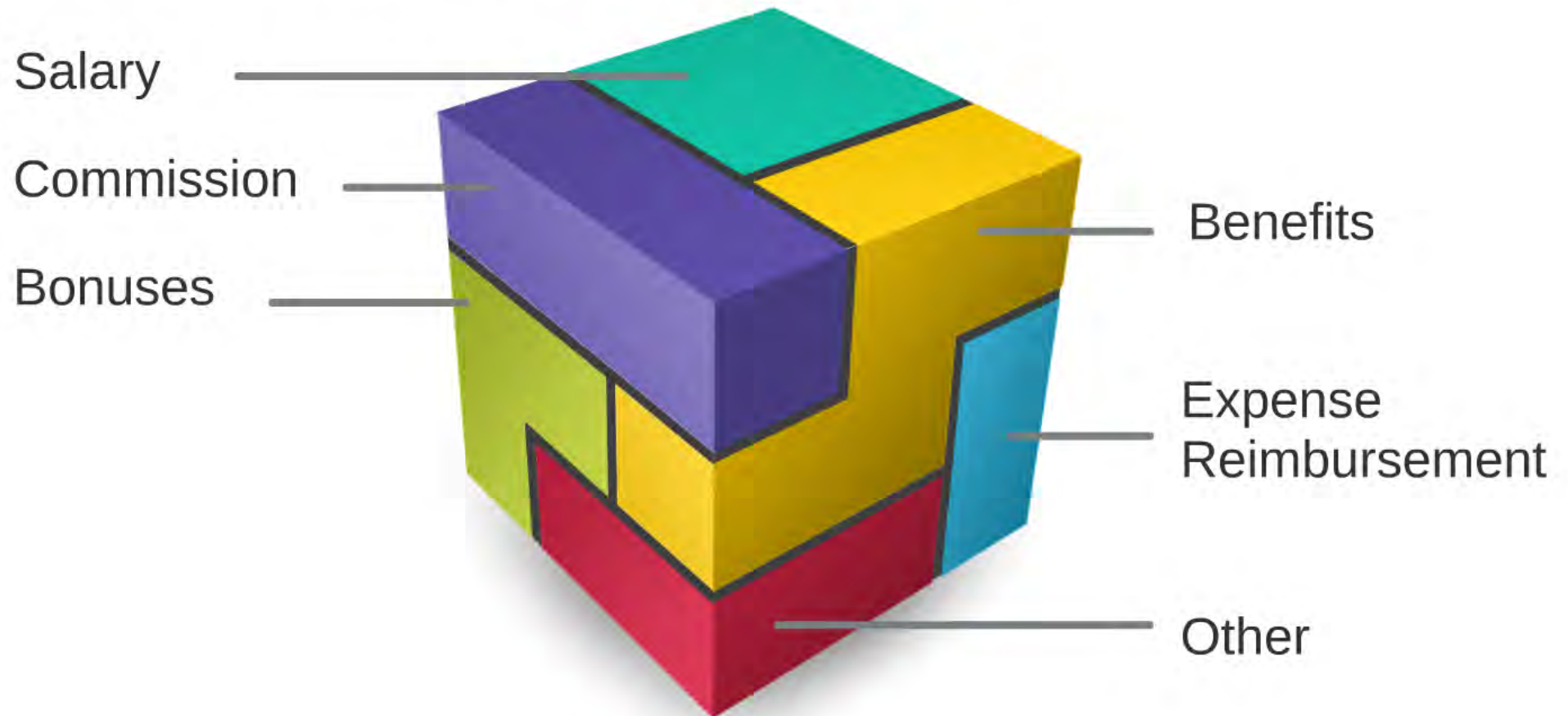
Why Are Incentives So Important?

Common Questions I Ask:

- How does your company make money?

- What about profit?

- What happens to your costs every year?

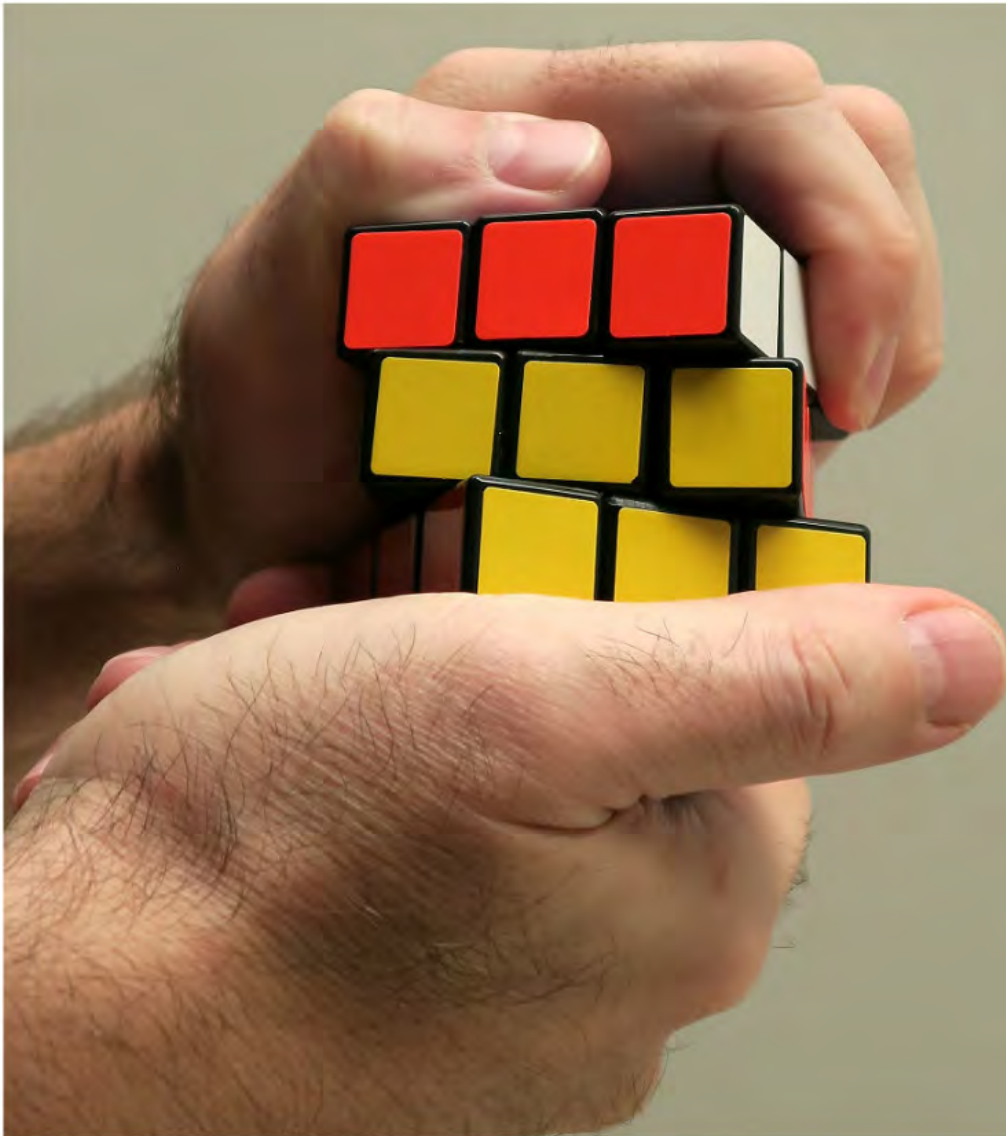- You have incentive plans in place even if you don't know it.

Your Current Comp Plans

Salary

Commission

Bonuses

Benefits

Expense Reimbursement

Other

How Do Employees Get Increases or Earn More $?

- Annual Raises
- Promotion Opportunities
- Commissions
- Overtime
- Other Incentives
- Welfare?

Creating Success

- Understand the purpose of the job

- Define the product(s) of the job

- Track and measure production

- Properly reward production

purpose

n. The reason for which something is done or created or for which something exists.

Service Technician

- Diagnose, repair malfunctioning systems
- Solve customer problems
- Do the above with maximum efficiency

Receptionist

- Receive and route people, calls, other communications quickly and correctly
- Create positive impression for those communicating with the company

Accounts Receivable

- Handle all aspects of A/R, cash application and collections
- Preserve company cash flow

product

n. a completed thing that has exchange value within or outside the activity.
a completed cycle of action which then can be represented as having been done.

Service Technician

- Completed service calls
- Happy customers willing to refer others

Receptionist

- Communications quickly and properly routed to employees

- Distribution of all outgoing mail to proper carrier

Accounts Receivable

- Timely and accurate application of all customer payments

- Rapidly collected receivables

sub product

n. those necessary to make up the valuable final products...

Service Technician

- Complete vs. incomplete service calls
- Repeat service calls
- $ parts per call
- Customer or mechanical time
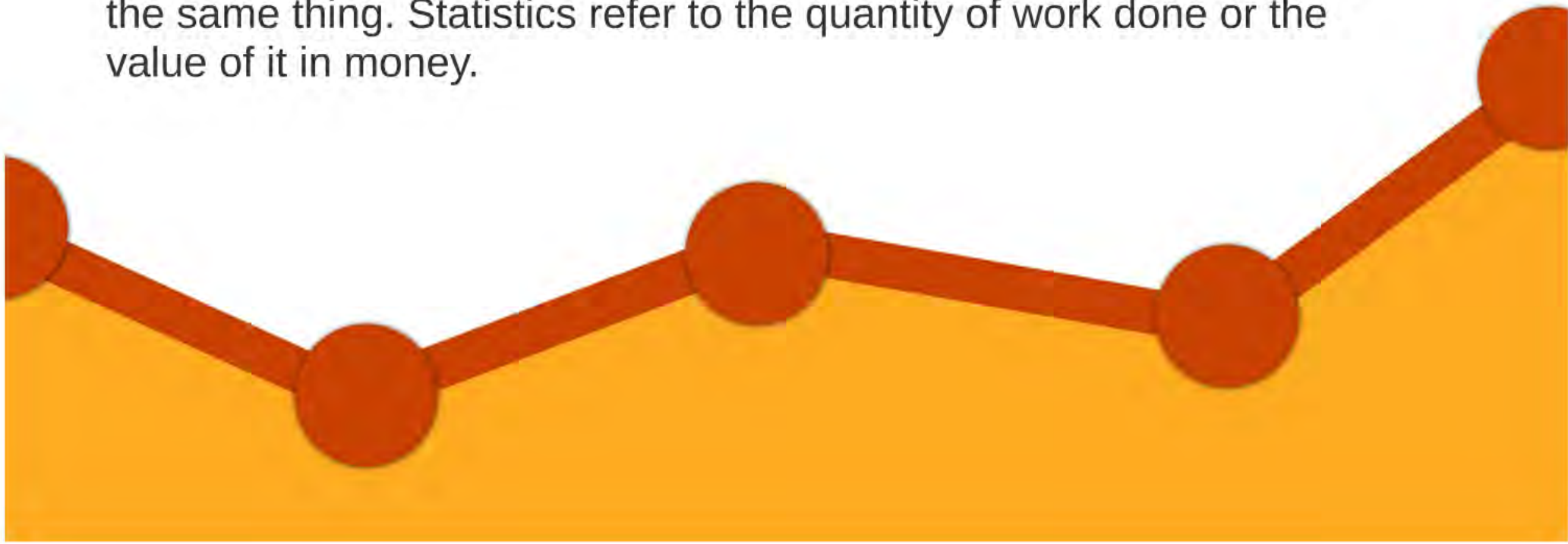- Travel time and miles

Receptionist

- Calls answered
- Mail received and sent
- Visitors handled

Accounts Receivable

- $ received
- A/R > 60 days
- Collection calls

Statistics

n. A number or amount compared to an earlier number or amount of the same thing. Statistics refer to the quantity of work done or the value of it in money.

statistics

Service Technician

- # gross service calls
- 1st call efficiency %
- $ parts used per call
- # hours customer time
- # hours travel time
- # other hours

Receptionist

- # phone calls received, routed
- # written communications received, routed
- # visitors received, routed

Accounts Receivable

- % A/R > 60 days
- $ value A/R > 60 days
- # collection calls made
- # collection letters/statements sent
- $ collected

Creating Incentive Plans

- Regular reporting, tracking of products, sub products

- Establish method for accurately capturing data

- Get statistics reported on a weekly basis

- Graph, post statistics

- Review performance every week

- Analyze current performance levels

- Establish incentives based on growth

Sample: Service Tech
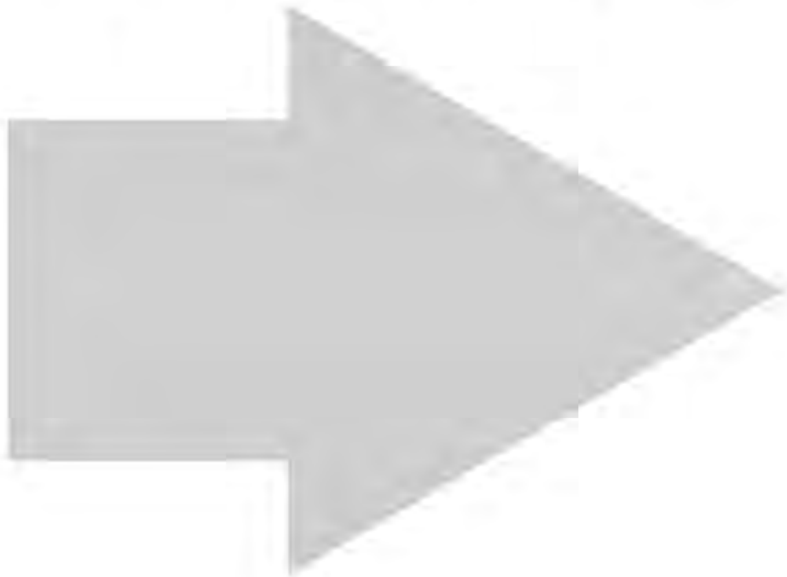
FY2012 Quarterly Bonus

PURPOSE:
As a Service Technician for DEALERSHIP NAME, Inc. it is important to maintain a consistent and professional level of customer service. It is equally important to service customers quickly and to fix problems the first time. This bonus program has been designed to provide an added incentive for technicians that perform above the normal expectations in key areas. Bonuses will be paid quarterly following the criteria below.

1. **Applicable Person:**
   Service Technician

2. **Period:**
   April 1, 2012 through June 30, 2012

3. **Bonus Categories:**
   a) **Quarterly average of 4.2 net calls per day**
      (**Net calls** = total calls – incomplete calls – repeat calls)
      Level 1=5.0 and up, Level 2 = 4.6 – 4.9, Level 3= 4.2 – 4.5
   b) **Parts usage of $18.00 per call**
      Level 1= $14.50 and under, Level 2 = $14.51 – 16.50, Level 3= $16.51 - $18.0
   c) **Average call back ratio of 10% or less**
      (**Call back** = number of repeat calls / total calls)
      Level 1=<10%, Level 2=10.01-12.00%, Level 3=12.01 – 14%

4. **Evaluation Formula:**

   Technicians will be awarded points based on their performance in the above categories. The table below shows the points awarded for performance levels.

Category	Level 1	Level 2	Level 3
a)	40 points	30 points	20 points
b)	40 points	30 points	20 points
c)	40 points	30 points	20 points

5. **Bonus Amount Computation:**
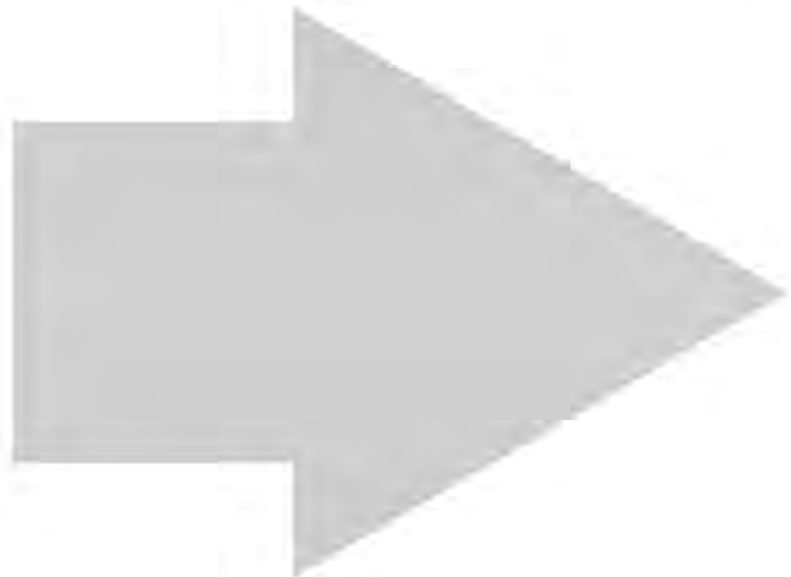
   Total points X $5 per point = Bonus paid

   Examples:
   120 points X $5 = $600.00
   90 points X $5 = $450.00

6. This program is subject to change without notice. In the event of discrepancies or interpretation the decision of the Service Manager of DEALERSHIP NAME will be final.

Sample:
A/R Collections

DEALERSHIP NAME

A/R Collections Incentive Program

Presented to Employee Name   Date: Enter date

Monthly Collections Bonus – A monthly bonus will be paid for A/R Collections activities and results that meet the following criteria:

Mid Month A/R Percentage older than 60 days	Bonus
Less than 5%	$ 200.00
5.1% – 7.0%	$100.00
7.1% – 10.0%	$50.00
Greater than 10%	$0

Collection Calls Made	Bonus
Greater than 400	$100.00
250 – 399	$50.00
200 – 249	$25.00
Less than 200	$0

In order to qualify for bonuses all stat reporting must be completely up to date and submitted on time.

NAME   NAME
A/R Collections Rep   A/R Manager

Date   Date

Non-Monetary Incentives

- Admin, Service People are NOT Sales Reps
- Monetary programs don't work alone
- Recognition is critical
- Post weekly graphs in public area
- Create a tech, admin employee of the month, quarter, year
- Recognize top performers just like in sales

Suggestions

Do the **Dealership Analysis Program**

Don't let things run on auto pilot!

Questions?

Prosperity Plus

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Upcoming Events

Sept 19 - 21
BTA National Meeting: NY, NY

Prosperity Plus Webinar - Sept 27
- Managing Your Cash Flow

Oct 13 - 16
ISDA National Meeting: Naples, FL
- Successful Diversification Strategies
- Assessing the Health of Your Dealership