

Are you losing staff to higher salaries?



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The way to win the salary war!

If you are losing staff due to higher alternative salary rates on offer in the market, then offering performance based rewards will assist you to retain staff and improve your bottom line! Research indicates Generation Y has high earnings expectations and wants rewards based on performance. To implement an effective performance based rewards program, your staff needs to have input and agree to what is expected of them ("deliverables").

Deliverables can be established for individual or team positions and include a range of quantitative (objective) and qualitative (subjective) assessment criteria. Once the deliverables are agreed, apply a weighting to each criteria depending on the strategic and operational objectives of your business (grow sales, new customers, better productivity etc). A staff member's result determines the amount of their performance bonus; the more they deliver the higher their rewards. It's a win-win for both owners and their staff.

Case Study

David needs to grow sales and improve profitability. David's concern is his staff costs are increasing and profits are declining. He has now implemented Bstar's Staff Value Program with **HBA Encompass** and agreed to pay Tom, a key staff member, a maximum bonus of \$20,000. The payment of the bonus is conditional upon Tom meeting specific performance targets. Below is his bonus score card.

Key Performance indicators	Weighting	Agreed Deliverables	Tom's Result	Tom's Bonus Score	Tom's Bonus Payment	
Quantitative Criteria:						
Sales	35%	> \$1,000,000	\$1,200,000	35%	As Tom achieved an overall score of 73% it falls within the 60% - 75% score band providing him with a bonus entitlement of 75% of his maximum bonus or \$15,000	
Gross Profit	25%	> 42%	43.5%	25%		
New Customers	15%	> 10	5	0%		
Qualitative Criteria:						
Administration	5%	David provided Tom with a 13% rating out of a maximum 25%. David discussed the need for Tom to improve his staff management skills and paper work.		13%		
Align with company vision	5%					
Customer service	5%					
Staff management	5%					
Training	5%					
Total	100%			73%		

Key:

- Tom's agreed KPI's
- David's weighting criteria
- David and Tom's agreed deliverables
- What Tom achieved
- Tom's bonus score
- Tom's bonus payment

The qualitative assessment process allows business owners to assess the achievements of their staff and the criteria are measurable by observation. It provides a proactive approach for addressing subjective performance matters that are otherwise usually left unresolved.

Once the Staff Value Program is implemented by **HBA Encompass** for your business you then need to ensure you have the systems and procedures in place to measure your staff's performance on a timely basis. As performance bonuses are paid as a result of exceeding budgeted profits, business owners are beginning to realise they can compete with apparently higher alternative salary rates on offer in the market and retain their staff by paying a sufficient bonus based on performance.