



Incentive Plan Proposal

for I.T. Professional in North America

By: Cierra Cole, Tanya Dixon, and James Fossile



Background

Manufacturing Co. is a **global provider** of industrial automation, power and **information products and services.**

By focusing on providing solutions-oriented integrated hardware and software technologies, our North American division has become an **industry leader.**

We can **attribute our success** in this area partly to the **innovativeness** of our high performing, loyal and dedicated **team of I.T. professionals.** Their **performance driven and customer focused approach** has propelled us to the **#1 service provider** position **in North America.**

In order **to retain** and continue **to motivate** our high performing professionals, we would like to propose an **Incentive Plan.**



Performance Goals

Because this is a competitive field, we have set our goals based on the **Relative Approach**. In order to **maintain #1 position** and **remain the lowest cost solutions provider** in North America our IT department will collectively and individually focus on the following goals:

Customer Retention

- **Identify customer needs and provide solutions** with unprecedented **speed and accuracy**
- **Communicate** exclusive **new** product and service **offerings** to existing customers before it is released to the public

Innovation

- Seek opportunities to **reduce, eliminate or offset expenditures** by leveraging existing technology
- **Take existing gadgets, rethink them** conceptually **and build** trendy, highly functional **variations** which **capture substantial market-share** and represent the firm as a technology leader
- **Identify and evaluate** specialized information technology equipment **deficiencies** and make recommendations for improvement

Continuous Improvement

- Seek knowledge of the newest technological and software advances by **attending a minimum of 6 training sessions** per year



Performance Metrics

We will use **performance metrics** to **monitor the progress** of our I.T. department collectively and individually **against** our **agency goals** and to **evaluate the efficiency of business processes**.

<u>Input metrics:</u>	<u>Process Metrics:</u>	<u>Output metrics:</u>
<ul style="list-style-type: none">• <u>Number of ideas generated</u>• <u>Resources allocated to innovation - people and budget</u> <hr/> <ul style="list-style-type: none">• <u>Number of contacts from customers seeking solutions</u> <hr/> <ul style="list-style-type: none">• <u>Number of training courses attended</u>	<ul style="list-style-type: none">• <u>Average time from idea approval to implementation</u>• <u>Number of ideas approved and number implemented</u>• <u>Stage-gate pass rate</u> <hr/> <ul style="list-style-type: none">• <u>Average time from initial contact to solution</u> <hr/> <ul style="list-style-type: none">• <u>Average time spent in training</u>	<ul style="list-style-type: none">• <u>Number of new products or services launched</u>• <u>Revenue from new products or services</u>• <u>ROI on innovation spend</u>• <u>Market Perception</u>• <u>Number of new customers</u> <hr/> <ul style="list-style-type: none">• <u>Number of return customers</u> <hr/> <ul style="list-style-type: none">• <u>ROI on training cost</u>

Long-term measures - provide a snapshot of progress over time against agency long-term improvement goals.

Short-term measures - can identify groups that need more training and developer assistance



Cycle Time

Since Manufacturing Co. has a **low turnover rate** (4% compared to 9% industry standard) **and low costs** (don't have to rehire often), **salary** levels will **increase by 3.5% each year** for loyal employees.

Short Term Incentives,

To keep our employees **motivated**, results of performance will be measured and awards will be distributed on a **monthly** basis.

Long Term Incentives,

To promote employee **retention**, results of performance will be measured and awards will begin to **accumulate after 1 years** of working with company.



Eligibility

Requirements for the short term incentive

- Must be part of the IT job family in the United States
- Must be a full-time permanent worker

Requirements for the long term incentive

- Must be part of the IT job family in the United States
 - Specifically an employee
- Can be a full-time or part-time



Funding

Manufacturing Co. will have a **budget driven funding strategy** from cuts in the lesser important parts of Manufacturing Co. so we don't cut into profits.

Since IT is one of the most important money makers, we believe it should be one of the top priorities in the budget for Manufacturing Co.

Average Salary should be at the market rate and for a large company like Manufacturing Co. should be \$100000. Start off salary will in the 25th percentile will \$95000 and the best IT specialist will be in the 75th percentile at around \$105000 (This includes both STI and LTI).

IT is one of the main reasons why the US makes 3.5 billion and is #1 in the market share position.

The US is one of the world leaders in IT, software and design. Funding and budgets of the STI, LTI and compensation should be driven towards the US and the IT sector since the world is doing the same.



Payouts Formula

Short-Term Incentive

- Employees will be given **20%** time to work on **personal projects** (Until deadline)
- Three top experimenting groups get **25% of the year (3 months)** to develop their product

Long-Term Incentive

- Employees can receive one to twenty days additional pay **depending on** the company **financial achievements**



Form of Payout

Long-Term Incentive (Combination)

- Two week exclusive vacation for the whole team **after R&D**
- Cash and Deferred Cash
 - Employee will be able to choose their preference



Testing

Testing of the new incentive plan for the IT sector in the US of Manufacturing Co. will take place through a **Pilot Program** which will be conducted **over the next year**.

We will work with HR and other managers of Manufacturing Co. and **talk** to individuals from every level of the IT sector to **see how employees feel** and if they are responding well.

Ultimately we will know the new plan is a **success** if employees are happier and working better. Also, if we **continue to** get highly regarded new employees, **retain** our good **employees** and **customers**, and continue to gain new **customers** and gain **profits** and lead the way for Manufacturing Co.