

ROOTES GROUP

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DEVONSHIRE HOUSE.

From MR. D. W. HUTTON,
DEALER DEVELOPMENT DEPT.
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Date

6th January, 1966.

WORKSHOP INCENTIVE BONUS SCHEME.

Enclosed is a copy of our new publication which has been sent to all Main and Area Dealers in the Home Market, and to all Concessionaires and Distributors Export. This was written to meet the many requests for a scheme to increase the output from a given size of workshop without increasing customer charges and reducing profitability. Many Dealers have attempted in the past to install bonus or incentive schemes and have had to abandon them because of administrative difficulties or disappointing results. In some cases this was because of insufficient forethought, but in others the fault lay in the fundamental organisation, which did not provide the necessary information on which such schemes should be based.

The scheme detailed in our publication is not a magic formula which will make a silk purse out of a sow's ear, and we have plainly said so in the Foreword.

Dealers must be operating within the right circumstances before they can be considered ripe for this scheme or any adaptation of it, and Factory personnel could do a Dealer a grave disservice by indiscriminately recommending such a scheme.

Those Dealers with an efficient system of financial analysis may be able to derive great benefit from our scheme. However, it may indirectly transpire during their preliminary investigation and preparation that there are other aspects of their Service Departments or general administration that can be modified to advantage before any incentive is offered to the workshop tradesmen to produce more.

For example, there must be adequate parking space for service customers' vehicles, and the space must be readily accessible to workshop personnel. There should also be adequate up-to-date workshop equipment available, even though there may be demands for more tools once the scheme has been introduced.

Continued.....

You will see from the letter sent to Dealers that in certain circumstances the Business Management Section of this Department may be able to offer special assistance. At the same time it must be made clear that the capacity to do this is limited, and our services may not be available until some time after a request.

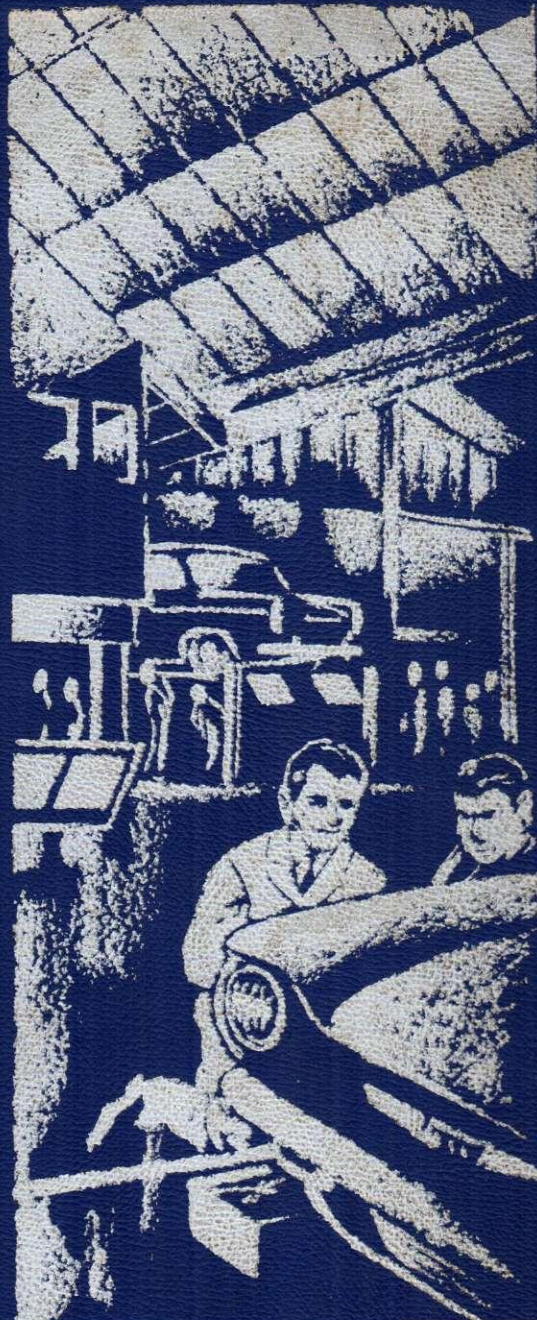
We expect Dealers to use our publications intelligently, and especially to take all the precautions outlined in the Foreword to this particular publication.

We shall be interested to hear from all Departments in contact with Dealers of any special problems brought to light by the proposed or actual introduction of this Incentive Bonus Scheme. We do not expect to please all the people all the time, but by learning from experience we shall be able to please more and more people as time goes by.

DWH/RPH/MD.



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ROOTES GROUP DEVELOPMENT · COVENTRY

INCENTIVE
BONUS
SCHEME



J. Powell.
Jan. 1966

**WORKSHOP
INCENTIVE BONUS
SCHEME**

A Rootes Group Publication

FOREWORD

An Incentive Bonus Scheme can bring many benefits to a Dealer business, but it is not necessarily a universal cure-all, solving every problem and paving the workshop floor with gold.

Before installing such a scheme, a Dealer should satisfy himself on the following points.

1. Why does he think he needs an Incentive Bonus Scheme?
2. Is there a sufficiently large potential of reserve work in the locality? Are customers having to book days ahead for workshop service?
3. The Dealer already knows:—
 - a) his Retail Price per hour.
 - b) his Labour Cost per hour.From these he can establish $(a - b)$:—
 - c) his Gross Profit per hour.He now needs to know:—
 - d) his additional Direct Costs per hour in order to determine $(c - d)$:—
 - e) his Operating Profit per hour.

Possible answers to the first question are :—

- i. To increase the turnover and the profit.
 - ii. To stop a tendency for the workshop tradesmen to drift away into local industry, by offering them the opportunity to earn more money.
 - iii. To achieve i. and/or ii. above without increasing the Retail Charge to customers.
- The scheme detailed in this publication has been designed to achieve all these objectives.

Any other motives would require further consideration before it could be decided that this scheme would be of any assistance.

The second question is closely related to the first, and must be answered 'Yes', for the scheme to be of any benefit. If there is no reserve of work, then turnover cannot be increased.

The third (and extremely important) group of conditions can only be satisfied if the Dealer has the essential pre-requisite, which is an efficient system of financial control.

The absence of such a system may not necessarily mean that financial circumstances are unfavourable to the introduction of an Incentive Bonus Scheme – it certainly does mean that before a Dealer commits himself to a scheme, some preliminary investigation must be carried out to establish precisely what the financial circumstances are. If, having read this Foreword, a Dealer has any doubts or queries whatsoever about the usefulness of an Incentive Bonus Scheme, he should, before proceeding further, contact the Dealer Development Department, either directly or through the Service Representative. Business Management specialists in this Department will be pleased to offer assistance on Costing, Accounting, and all other aspects of a commercial enterprise, after which some positive action should be taken.

It must be appreciated that even where a Dealer feels entirely confident about proceeding, it may be necessary for him to modify existing practices, or layout of offices and workshop, or to adapt this scheme to suit local circumstances, to gain the greatest benefit.

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WORKSHOP INCENTIVE BONUS SCHEME

Introduction

The scheme detailed in this publication has been designed, as stated in the Foreword, to increase turnover, and at the same time, to give tradesmen the opportunity to earn more money.

A well laid-out, properly equipped workshop, together with adequate parking facilities, where vehicles can be left until they are needed in the workshop or collected by the customer, will contribute materially to the success of the scheme.

How the scheme works

Briefly, the basis of the scheme is the relation of earnings to output.

Each job, as it is received, is evaluated by the Reception Engineer (or Cost Clerk) at its Retail Labour Price before it is issued to the workshop, and the tradesman who does the job is paid a fixed proportion of that price.

This proportion varies according to the individual's skill and basic rate, and will also be governed by management decision, after due regard for the overheads, expenses, etc., of the business.

For the working examples shown in this publication, the proportion of the Retail Labour Price has been taken as one third (33 $\frac{1}{3}$ %).

The tradesman receives this proportion regardless of the time he takes to do the job, but the quicker he finishes one job, the sooner he can start on the next.

By extra effort, he will be able to improve on the times on which the Retail Labour Price is based, and so earn more for himself and for his employer than on a straight time basis.

It is essential that tradesmen are protected by an agreement that they will not receive less than they would have been paid for a normal week's work had there not been an incentive scheme in operation. Thus, whatever happens, the men cannot lose.

This feature will be of paramount importance when proposing the introduction of the scheme, and is the one factor most likely to secure the co-operation of the tradesmen.

Who operates the scheme

The persons mainly responsible for the operation of the Scheme are :—

1. RECEPTION ENGINEER

He meets the customer, diagnoses the trouble, and makes out the job set.

He may, at this stage, price the work, or this may be done by a Cost Clerk, depending on the layout of the premises and availability of staff.

The Reception Engineer also routes the various copies of the job set, keeps the daily job register, obtains payment from cash customers and hands vehicles back to customers.

The Reception Engineer is a key figure in the successful operation of the scheme, and he should be capable of accurate diagnosis and reliable estimating. He must liaise with the Workshop Controller or Foreman both to maintain a register of jobs and to be in a position to answer all queries from customers regarding vehicles in the workshop.

2. WORKSHOP COST OFFICE CLERK

It may be desirable to relieve the Reception Engineer of the task of pricing jobs by allocating a Cost Clerk to the Reception Office to carry out this part of the original paperwork.

Where the Cost Office is immediately adjacent to the Reception Office, this system might be operated without any re-arrangement of staff, but certainly where the Reception Engineer is under pressure, it would be better for his technical duties not to suffer on account of clerical demands.

Whether the Workshop Cost Office Clerk is so employed or not, he will, on the completion of each job, collate all the paperwork. He ensures that all amounts expended on labour, materials and sub-contract work have been charged out, passes the invoice to the Reception Engineer, and a copy of it to the Accounts Department.

3. WORKSHOP CONTROLLER (OR FOREMAN)

Depending on the volume of work passing through a workshop, it may be possible for the technical and administrative control to be exercised by a Foreman, assisted by working charge hands. It is suggested, however, that with a conventional job card system, and where the workshop layout is reasonably compact, it is desirable to appoint a Workshop Controller if more than 30 tradesmen are employed.

A Workshop Controller, whilst having the same responsibilities as a Foreman, concentrates on progressing work, and delegates the technical supervision to the Foreman.

A Controller may be an asset where less than 30 tradesmen are employed if, because of layout difficulties, parts of the workshop are on different floors, or even in different buildings.

Following the introduction of an incentive bonus scheme, a marked increase in workshop productivity could necessitate the appointment of a Controller where even less labour is employed than that outlined above.

Whatever the circumstances, the Controller or the Foreman progresses jobs through the workshop and keeps the Reception Engineer informed as to the capacity of the workshop. As each job is completed he passes the Job Card back to Reception.

4. STORES STAFF

The stores staff can obviate delays by ensuring that parts are issued quickly and that copies of requisitions are priced, and sent to the Cost Office promptly.

It will be found that with increased workshop turnover, tradesmen will not willingly spend time waiting for components, and it may be necessary to reorganise the Stores layout or the requisitioning system, or to increase the stores staff, or to combine these actions.

How the incentive bonus percentage is calculated

HOURLY RATE

Each employee in the incentive scheme should be graded at an hourly wage rate (basic plus merit) similar to that which is now paid.

This rate will be used to calculate wages for holiday periods and other authorised absences. A man who regularly submits good incentive wage claims should have his rate gradually advanced so that he will receive a wage which is commensurate with his incentive earnings when he is away on holiday or for any other good reason. However, incentive claims should not be the only criterion for estimating a man's worth as a man whose claims are low might have been unlucky in the allocation of jobs or might, on several occasions, have finished a job when there was no further work available.

1. TRADESMEN

As already stated, the working examples shown later in this publication use a Bonus Rate of 33 $\frac{1}{3}$ % for the sake of simplicity, and the tradesman's individual skill and hourly rate have not been taken into account in arriving at the percentage.

In fact, the Bonus Percentage is individually calculated for each man, for the following reasons.

A first class tradesman, by virtue of his technical knowledge, could find himself repeatedly working on the more difficult and more valuable jobs, e.g. unit overhaul, Borg Warner transmissions, etc., where his ability to earn incentive pay is limited.

A semi-skilled man on repetition work, such as fitting heaters, fog lamps etc. on P.D.I. could earn a large bonus.

Additionally, the top man's hourly rate must be compared to the Retail Labour Charge per hour, or a position could arise where the incentive is less than the basic.

e.g. Retail Labour Charge	—	£1. 0. 0d. per hour
33 $\frac{1}{3}$ % Bonus	—	6. 8d. " "
Top Mechanic's rate	—	7. 0d. " "

Attempts to solve this problem by the selective issue of work have not been particularly successful, due to a natural inconsistency of work flow, demands for specialist knowledge etc. Foremen may also become vulnerable to charges of favouritism.

The answer to this difficulty is to issue all work in strict rotation (within the men's capabilities), and to have a differential incentive rate for each tradesman. In practice the rate has been found to vary from 25% upwards. The precise percentage allocated to each tradesman will be at the discretion of the management, whose decisions will be influenced by the following factors:—

- a) Individual skill and basic rate.
- b) The estimated possible increase in turnover.

The management must assess this after due consideration for

 - i. the volume of potential work in the locality.

This must be ascertained by checking the amount of work turned away; by establishing the number of Sales customers retained as Service customers; by establishing the rate of increase in retail sales of new and used vehicles, and by studying the quality and quantity of local competition.
 - ii. the ability of the management to attract this potential to their workshop by means of Service promotion.
 - iii. the ability of the management to accommodate the increased number of vehicles both inside and outside the workshop.
- c) The estimated variation in workshop direct charges following the introduction of an incentive scheme, e.g. the increased personnel costs (see below), the cost of additional equipment, and its maintenance.
- d) The operating profitability required.

Assume that a Dealer following the above procedure estimates an increase in workshop turnover of 10%, and having decided to install an Incentive Scheme wants to know what Incentive Percentage to pay Bill Johnson, whose flat rate is to be 6s. 0d. per hour.

DIFFERENTIAL INCENTIVE PERCENTAGE GRAPH

NOTE :-

This graph offers a speedy method of arriving at the Bonus Percentage which could be paid to tradesmen on varying hourly rates.

The calculations on which the graph is based assume that a Dealer will be content with a percentage operating profit on his increased turnover similar to that previously earned. It is also assumed that a Dealer's direct charges are 50% of the original Gross Profit per hour on labour. Other graphs can be constructed to accommodate different Direct Charge ratios.

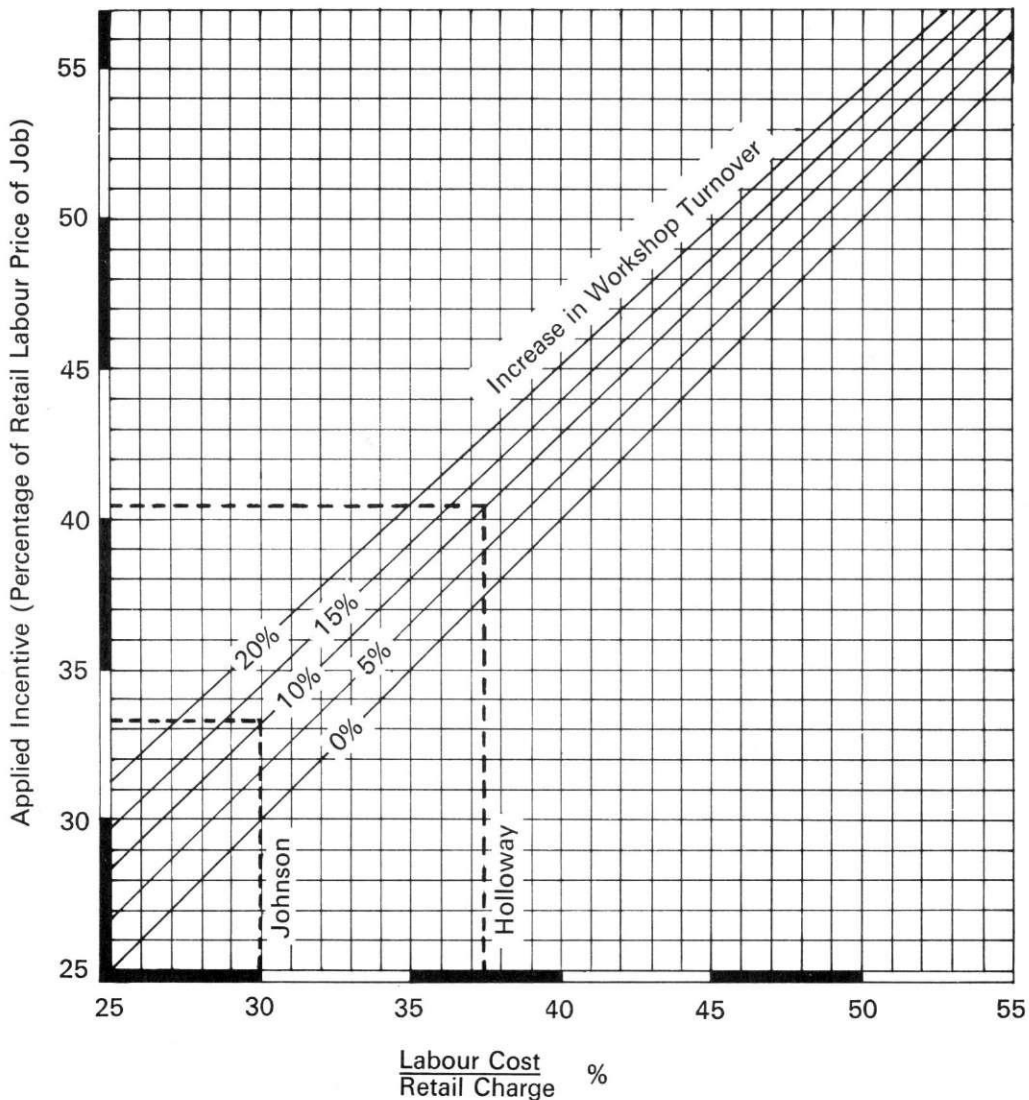


Fig. 1. Differential incentive percentage graph.

The Dealer charges his customers £1. 0. 0d. per hour for labour.

Bill Johnson's hourly rate, expressed as a percentage of the Retail Charge, is therefore $\left(\frac{6s.0d.}{20s.0d.} \times 100\right) = 30\%$

On the accompanying graph (Fig. 1) imagine a line drawn upwards from the 30% division of the horizontal bottom scale and intersecting the 10% extra turnover line.

Where it intersects, read across to the vertical left hand scale, which gives the Bonus Percentage the Dealer should pay Bill Johnson – in this case approximately $33\frac{1}{3}\%$ of the Retail Labour Price of any job he does.

A more skilled tradesman – Fred Holloway – is to be paid 7s. 6d. per hour.

His $\frac{\text{Labour Cost}}{\text{Retail Charge}}$ % is therefore $\left(\frac{7s.6d.}{20s.0d.} \times 100\right) = 37\frac{1}{2}\%$

Following the same procedure, it can be seen that the Bonus Percentage the Dealer should pay Fred is approximately $40\frac{1}{2}\%$ of the Retail Labour Price for any job he does.

It is suggested that in the interests of simplicity, and for convenience in working out the Pay Claim Conversion Charts (see Page 9), tradesmen are grouped according to their hourly rates. Those within the top group are allocated the highest incentive percentage rate, those on intermediate rates of pay are allocated an intermediate incentive rate, and so on.

2. SUPERVISORY STAFF

It is essential that personnel such as Workshop Controllers, Foremen, and Reception Engineers should be in favour of the scheme as any lack of co-operation on their part could make the scheme very difficult to operate.

This class of employee should also have an incentive to achieve a higher throughput – they could, for example, be placed on the following basis:—

WORKSHOP CONTROLLER (or Foreman) – incentive bonus based on the average of the bonuses of all the workshop tradesmen.

Example:

If the weekly average of the workshop incentive pay is 15% of the guaranteed wages (see Wage and Efficiency Weekly Return, Page 22) then the Controller or Foreman is paid 15% above his basic wage.

To help the success of the scheme, special consideration should be given to weekly paid Foremen over and above their incentive payments. Their basic should be considerably in excess of tradesmen's pay, so that even if the workshop achieves no Incentive Bonus in any week, they are still better off than in the past.

RECEPTION ENGINEER – as for Workshop Controller.

COST CLERK (and other associated clerical staff) – in certain circumstances could be rewarded as above to maintain differential earnings.

SERVICE MANAGER – a percentage on the workshop operating profit.

3. APPRENTICES

It is suggested that apprentices should be allowed to participate in the incentive scheme on attaining their 18th birthday; prior to this date, they should be paid at the hourly rate, as at present.

Apprentices in the scheme can receive a lower bonus percentage than tradesmen. In schemes where tradesmen receive e.g. an average of $33\frac{1}{3}\%$ bonus, it has been found equitable to pay apprentices 25%.

For apprentices under 18, on the hourly rate, wages should be debited to a non-productive account covering tuition.

Apprentices participating in the scheme should only be paid incentive money on the productive work they do – not on tuitional time.

Training must not suffer whatever the age of apprentices, and supervisory staff must ensure that apprentices neither hang on to bonus-earning jobs, neglecting their training, nor are used as mere errand boys to assist tradesmen to earn larger bonuses.

How earnings are calculated

When a customer arrives at Reception, the Reception Engineer completes a three-part job set. At the same time, for each operation involved, the job is priced at its Retail Labour value – either by the Reception Engineer or a Cost Clerk – from the Man-Hour Schedule combined with the local price of labour.

The routing of the various parts of the job set is explained in detail later in this publication, but for the moment it is sufficient to say that the bottom copy (the Job Card) is eventually issued by the Foreman or Workshop Controller to the man who is to do the job or particular operation.

When a particular operation has been finished, and examined by the Foreman, the tradesman concerned completes a Pay Claim Slip, of which he maintains a supply.

The columns printed on this Slip include the following :—

SELLING PRICE			PAY %	PAY CLAIM		

The Selling Price (or Retail Labour Price) has been already entered on the Job Card, and requires only to be copied on to the Pay Claim Slip by the tradesman.

The tradesman also knows his individual Bonus Percentage, which was established by the management in accordance with the procedure previously described.

The tradesman now needs a simple and speedy means of determining the cash amount he has earned – his Pay Claim – and must be provided with a Pay Claim Conversion Chart of the kind illustrated in Fig. 8 Page 31.

From this he can read off against the Retail Labour Price precisely how much is due to him, and he enters this amount in the appropriate column of the Pay Claim Slip.

It will be appreciated that until a particular job has been completed, the Pay Claim cannot be determined, as the amount varies according to the Bonus Percentage paid to each tradesman.

When the Pay Claim Slip has been filled in by the tradesman, it is initialled by the Foreman and attached to the Job Card.

The Job Card will then carry the following information concerning the labour which has been expended on the job:—

- i. WORK DONE – this is written on the job set by the Reception Engineer from the customer's instructions.
- ii. RETAIL LABOUR PRICE OF THE WORK – inserted by the Reception Engineer or Cost Clerk.
- iii. AMOUNT DUE TO THE TRADESMAN – e.g. $33\frac{1}{3}\%$ of the Retail Labour Price. This amount appears on the Pay Claim Slip which the tradesman completes and sticks to the Job Card.

Working examples of earnings

In the following examples, it is assumed that the man should attend for a full week of 42 hours, and that his agreed rate is 6s. 0d. per hour, equal to £12. 12. 0d. per week. The retail price of labour, charged to the customer, is £1. 0. 0d. per hour, and this man's Bonus Percentage is $33\frac{1}{3}\%$.

EXAMPLE "A"

He works productively for 42 hours, and produces 50 charged-out hours worth of work.

$$50 \times £1. 0. 0d. = £50. 0. 0d.$$

$$\text{Earnings} = £50. 0. 0d. \times 33\frac{1}{3}\% = £16. 13. 4d.$$

His efforts have therefore earned him an incentive payment as follows:—

$$\text{Total Pay Claim} = £16. 13. 4d.$$

Less:—

$$\text{Guaranteed 42 hour wage} = £12. 12. 0d.$$

$$\text{INCENTIVE PAYMENT} = \underline{\underline{£4. 1. 4d.}}$$

EXAMPLE "B"

He works productively for 36 hours, and produces 45 charged-out hours worth of work.

$$45 \times £1. 0. 0d. = £45. 0. 0d.$$

For the remaining six hours of the week he is absent sick.

$$\text{Earnings} = £45. 0. 0d. \times 33\frac{1}{3}\% = £15. 0. 0d.$$

His efforts have therefore earned him an incentive payment as follows:—

$$\text{Total Pay Claim} = £15. 0. 0d.$$

Less:—

$$\text{Guaranteed 36 hours wage} = £10. 16. 0d.$$

$$\text{INCENTIVE PAYMENT} = \underline{\underline{£4. 4. 0d.}}$$

EXAMPLE "C"

He works productively for 32 hours, and produces 36 charged-out hours worth of work. It has been assumed that the man is employed, during what would otherwise have been waiting time, on Equipment Maintenance at his flat hourly rate.

$$36 \times \text{£}1. 0. 0\text{d.} = \text{£}36. 0. 0\text{d.}$$

For the remaining ten hours he attends, he is not productively employed.

$$\text{Earnings} = \text{£}36. 0. 0\text{d.} \times 33\frac{1}{3}\% = \text{£}12. 0. 0\text{d.}$$

$$\text{Plus 10 hours at 6s.0d. per hour flat rate} = \text{£}3. 0. 0\text{d.}$$

$$\text{TOTAL EARNINGS} = \text{£}15. 0. 0\text{d.}$$

His efforts have earned him an incentive payment as follows:—

$$\text{Total pay claim} = \text{£}15. 0. 0\text{d.}$$

$$\text{LESS Guaranteed 42 hour wage} = \text{£}12. 12. 0\text{d.}$$

$$\text{INCENTIVE PAYMENT} = \text{£}2. 8. 0\text{d.}$$

This example is an extreme case, showing how even an exceptional amount of un-productive time can still result in an increased rate of output of chargeable work, to the benefit of the business, and in financial incentive to the man who has produced the increased output. Ideally, if there is a reserve of work available, as required by the conditions listed in the Foreword to this publication, waiting time will be reduced to the absolute minimum.

EXAMPLE "D"

He works productively for 42 hours, but produces only 36 charged-out hours worth of work.

$$36 \times \text{£}1. 0. 0\text{d.} = \text{£}36. 0. 0\text{d.}$$

$$\text{Earnings} = \text{£}36. 0. 0\text{d.} \times 33\frac{1}{3}\% = \text{£}12. 0. 0\text{d.}$$

His efforts have earned him less than his guaranteed 42 hours wage of £12. 12. 0d., but by the terms of the original agreement, he is paid the higher of the two amounts, i.e. £12. 12. 0d.

This example has been specifically framed to demonstrate the functioning of the guaranteed wage agreement where a man falls short of his expected output. The job may have been particularly awkward or difficult, or the man may have been singularly inefficient.

The difficult jobs should average out over the year so that no one man is being constantly "subsidised" up to his guaranteed wage level.

The persistently inefficient tradesman will be revealed by study of the Wage and Efficiency Returns, in which case action can be taken either to increase his efficiency or to replace him.

TEAMWORK

In some workshops, it may be possible to establish teams of tradesmen, overlapping each other's trades in completing certain jobs, e.g. painting.

In these circumstances, a Pay Claim can be made for the team as a whole, at one Bonus Percentage, and the lump sum divided between the team members pro rata their individual hourly rates, as follows:—

EXAMPLE "E"

Paint jobs involve the work of stripping, masking, priming, flatting and spraying. The jobs are done by a team of three men, whose hourly rates are respectively 7s. 0d., 6s. 6d., and 6s. 0d. per hour, and of the Bonus Percentage of the Retail Labour Price for the jobs they receive, respectively, 14/39, 13/39, and 12/39. (The common denominator of 39 is obtained by converting the three rates to sixpences).

The Retail Labour Prices for the jobs have been evaluated at £156. 0. 0d. and the team complete the jobs in a full working week of 42 hours.

Retail Labour Price ($156 \times £1. 0. 0d.$) = £156. 0. 0d.

Team earnings = £156. 0. 0d. $\times 33\frac{1}{3}\%$ = £52. 0. 0d.

This is divided pro rata their hourly rates.

Share for A (7s. 0d. per hour)	$= \frac{14}{39} \times £52. 0. 0d.$	= £18. 13. 4d.
Share for B (6s. 6d. per hour)	$= \frac{13}{39} \times £52. 0. 0d.$	= £17. 6. 8d.
Share for C (6s. 0d. per hour)	$= \frac{12}{39} \times £52. 0. 0d.$	= £16. 0. 0d.
		<hr/>
		£52. 0. 0d.

They have saved 30 hours on the scheduled time of 156 hours, and their incentive payments are:—

	A.	B.	C.
Earnings	£18. 13. 4d.	£17. 6. 8d.	£16. 0. 0d.
Less Guaranteed 42 hour wage	£14. 14. 0d.	£13. 13. 0d.	£12. 12. 0d.
	<hr/>	<hr/>	<hr/>
INCENTIVE PAYMENT	£3. 19. 4d.	£3. 13. 8d.	£3. 8. 0d.

In other workshops, because of specialisation, teams are not established; it may therefore be preferable to relate earnings to individual effort. Each operation forming part of a collective effort is priced separately, and the man responsible for each operation is paid his proportion of that price.

A Voucher Service job can be used to illustrate how apparent teamwork does not necessarily lend itself to the principle of teamwork incentive bonus.

EXAMPLE "F"

A Voucher Service job is scheduled to take $3\frac{1}{2}$ hours, representing a Retail Labour Price of £3. 10. 0d.

At first glance, this might be entered on the Job Card thus:—

Carry out.....Voucher Service – £3. 10. 0d.

The various tradesmen involved would have difficulty in completing their Pay Claim Slips, as each man can only claim on the proportion of the entire job that he has individually carried out, and not on the total value of the entire job shown on the Job Card.

The job must be broken down into its individual operations which in this example are mechanical work (two hours), lubrication (one hour), and testing (thirty minutes).

These are shown on the Job Card thus:—

Carry out.	Voucher Service – Mech.	£2. 0. 0d.
	– Lub.	£1. 0. 0d.
	– Test	10. 0d.
		<hr/>
		£3. 10. 0d.

Having finished their separate tasks, the tradesmen concerned complete their Pay Claim Slips as follows :—

Mech.	(£2. 0. 0d. \times 33 $\frac{1}{3}$ %)	=	13. 4d.
Lub.	(£1. 0. 0d. \times 33 $\frac{1}{3}$ %)	=	6. 8d.
Test.	(10. 0d. \times 33 $\frac{1}{3}$ %)	=	3. 4d.
			<hr/> £1. 3. 4d.

The total is 33 $\frac{1}{3}$ % of the Retail Labour Price, but its division is governed by the quantity of chargeable work produced by individuals.

How the scheme applies to other workshop activities

1. TESTING

A reasonable average for the type of work carried out by the tester is half an hour and he should claim the agreed percentage of the retail price for this period ($\frac{1}{2}$ of 10s. 0d. = 3s. 4d.). Testers should not be expected to do more than minor jobs such as adjusting slow running, but if they are required to do bigger jobs, each job must be given a retail price and the tester allowed to claim for his proportion.

2 ABNORMAL HOURS

i. OVERTIME

As productivity rises, it will tend to eliminate the need for overtime; with a quicker turn round in the workshop, jobs should be completed during normal working hours.

In spite of this it may be necessary to offer the public additional service, but regular overtime should not qualify for an incentive payment.

If men have to work late on special pre-priced jobs, the incentive price would be paid, plus the differential between the overtime and basic rates.

Example

A tradesman on a 6s. 0d. per hour flat rate works two hours overtime (for which the normal rate is time plus one third) and completes a scheduled six hour job on which two hours have already been spent in normal hours.

Therefore:—

Retail Labour Price = $6 \times £1. 0. 0d.$	= £6. 0. 0d.
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Earnings = £6. 0. 0d. $\times 33\frac{1}{3}\%$	= £2. 0. 0d.
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Tradesman's Overtime pay (excess amount only)	
= 6s. 0d. $\times \frac{1}{3} \times 2$ hrs.	= 4. 0d.

The man's gross pay for this job	= £2. 4. 0d.
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ii. LATE DUTY AND WEEK-END ROTAS

Basically a tradesman would receive his appropriate overtime pay, drawing no incentive; any jobs that arrive and are completed by the duty man are charged out by him as in current practice. Any existing pre-priced work on which the duty man is filling in time would not qualify for incentive and the man would be paid the usual overtime rate. When the Foreman has established which jobs the late duty tradesman is to work on, the respective Job Cards should be marked up to show how much work has been done on them before any overtime.

When normal work is resumed, the amount of work further completed is evaluated by the Foreman and recorded on the Job Cards as in 'Work in Progress'.

3. WORK IN PROGRESS

'Work in Progress' is work on which labour and materials have been expended but which has not been invoiced at the end of the pay week. For incentive purposes the following method of dealing with work in progress is recommended:—

The Foreman and the tradesman agree the value of the work which has been carried out up to the end of the pay week and an Advance Pay Slip is made out and gummed to the Job Card, as with an ordinary pay claim. The letter 'A' should be clearly marked in the 'date' space on the pay slip.

Assuming that the tradesman has done a quarter of the job by the end of the pay week, the Foreman marks the Job Card '25/75' in red. The man claims for the balance of 75% during the following pay week, should the work be then completed.

It must be made clear that where applicable the men must make an Advance Pay Claim at the end of each pay week as there is a tendency, particularly where the men are working as a section, to try to 'bank' work for the following week. If they are allowed to 'bank' work, they will be receiving their normal pay during the first week, and incentive pay over and above this afterwards. This tendency is particularly marked when the men have previously had a poor week.

4. UN-PRODUCTIVE WORK

Except for work on the Service Department's own transport, un-productive work such as cleaning and maintenance etc., does not qualify for incentive bonus and the *time* spent on such work will be recorded on the pay slip under the heading 'Pay Claim'. After this has been initialled by the Foreman it should be gummed to the workshop expenses card. This card is kept by the Foreman or Controller and is used to record pay claims for all expense items emanating from the workshop. At the end of each month the card should be passed to the Cost Office so that the un-productive expense accounts concerned can be debited.

The second copy of the pay slip for un-productive work is passed to the Wages Office where the wages clerk converts the time spent into money at the man's hourly rate. This amount is then credited to the tradesman.

The wages clerk should keep a register for each man and this will show job numbers, productive and un-productive work, and the amount verified as being due to each man. Provision should be made in the register for advances drawn under 'work in progress'.

For the incentive scheme to be most beneficial, management must eliminate waiting time from the workshop as far as possible, and it must be emphasised again that an adequate reserve of potential work is essential before this scheme is introduced.

It may be desirable to revise the hours of attendance for reception staff and tradesmen respectively to avoid early morning waiting time.

It is common practice to employ men on un-productive work when no productive work is available, but if waiting time is absolutely unavoidable tradesmen are paid as for un-productive work.

5. BREAKDOWN WORK

The standard recovery charges at present laid down by the U.K. Motoring Organisations are so low that a tradesman would be penalised by basing his incentive claim on them. Where these charges are in force, the Dealer may have to allow the man to claim a proportion of an increased charge even though the whole of that charge

cannot be made to the customer. As breakdown recovery frequently leads to workshop business, the Dealer may have an opportunity of making good some of his outlay.

Alternatively, tradesmen could be paid their flat hourly rate for the time spent in recovery, or on outwork, with no incentive applied.

Work carried out in the workshop following recovery would qualify for incentive payment in the normal way.

The system to be operated can only be established by top management decision, taking into account all local problems.

For instance, the workshop personnel might show considerable resentment at having to leave a wholly incentive job to go out on a recovery call, sometimes only to find that the 'customer' has cured the 'fault' and driven away.

6. WARRANTY WORK

For Factory Warranty claims the job set should be made out normally, all operations being priced at Retail Charge, the 'O' or 'G' column being used to show that the work will be the subject of a claim on the Factory.

The tradesman submits his pay claim for such work in the normal way.

It is imperative that the Reception Engineer enters on the job set full details of any faults which make Warranty Work necessary. This information will be required when claiming on the Factory, and will not be available from tradesmen's time-sheets as in the past.

7. INTER-DEPARTMENTAL WORK

If work is done for another Department at a discount off the normal retail charge, the initial assessment of labour should be at retail rate (not at retail less discount), and the tradesman's pay claim should be based on the full retail price. The discount will be shown on the invoice.

This procedure should be applied to work done for other traders and customers who receive a discount.

8. DELAYED JOBS

If a job is held up for lack of parts, the Job Card should be handed back to the Foreman or Controller who will re-issue it to the same tradesman when the delay has been overcome.

9. TRANSFER OF JOB THROUGH ABSENCE

The Foreman calculates the amount of work already done and makes out a pay claim for the tradesman who started the job; the man who completes the job makes out his own pay claim for the balance.

10. RECTIFICATIONS

It has been found that quality does not suffer as a result of the incentive scheme but it is essential that, from the outset, a firm stand should be taken in the matter of rectifications.

A faulty job must be made good by the man responsible without his qualifying for further incentive pay for the job. If it is rectified by another man the amount of his pay claim is deducted from the pay of the man responsible for the faulty work.

When it is advisable to allow a free rectification and, in the opinion of the Service Manager, the tradesman is not to blame, the Service Manager may authorise that no deduction be made from the pay of the man involved. The Service Manager must be the sole arbiter in matters of this kind.

In order to draw attention to the fact that deductions from pay may have to be made, the Job Card for rectifications should be stamped with a large red 'R' by the Reception Engineer.

Documentation

In all administration the paperwork must be the servant – a scheme or system must never be designed to suit the paperwork.

The forms and charts illustrated at the end of this publication have been designed to demonstrate the operation of this particular Incentive Bonus Scheme, but it is appreciated that some of the paperwork already used by Dealers, although different in layout, may lend itself to the scheme without modification or re-printing.

Similarly the layout of the job set shown here is not identical with that shown in a companion Rootes Group publication, 'Job Card and Costing System', but the differences merely serve to emphasise the fact that the fundamental principles of both schemes are not affected by paperwork design.

1. THE JOB SET (See Fig. 2 Page 25 and Fig. 3 Page 26)

Throughout this section reference is made to a three-part job set.

This consists of two paper copies and a manilla Job Card, with 'one time' carbon interleaved.

The three copies are used as follows:—

- | | | |
|-------------|---|---------------------|
| Top copy | — | customer's invoice. |
| Second copy | — | office copy. |
| Third copy | — | manilla Job Card. |

This type of job set simplifies costing and invoicing, and effects economies in stationery, postage, and overheads.

Other sheets can be added to the set if it is necessary, for instance, to hand a copy to the customer when he brings his vehicle into the workshop, or if separate copies are required for costing and accounting personnel.

2. MAKING OUT THE JOB SET

When the job is accepted at Reception, the customer's instructions are written on the job set, together with details of make, mileage, registration number, delivery date etc. The customer should sign the job set to authorise the work and to acknowledge that he is familiar with the conditions on which work is accepted. Whether or not a copy of the job set incorporating these conditions is handed to the customer, they should be prominently displayed in the Reception area. (See Fig. 12 Page 35.)

Speedy pricing of labour operations is essential to the incentive scheme and this should be done by the reception staff when the job is accepted. Prices should be based on Factory Man-Hour Schedules, or the manual of the Institute of Consulting Motor Engineers, or the overseas equivalents. Prices can be established for the more common type of job and displayed where customers can see them. Certain jobs, for example a short circuit, cannot be priced immediately; in these cases, the job should be priced for diagnosis or testing. When the results of the examination are available, further instructions are added to the Job Card and priced, the customer's authority being obtained if necessary, as described in 'Additional Work' below.

When pricing, the Reception Engineer or Cost Clerk should round off the operation times to the nearest five minutes; guarantee work must be in accordance with the appropriate Man-Hour Schedule time. The reception staff should be provided with a conversion chart, showing the Retail Labour Price for any given time. (See Fig. 13 Page 36.)

3. ADDITIONAL WORK

If, after the job has been started, additional work is found to be necessary, or difficulties are encountered which would increase the amount of labour, the Foreman must be informed and the additional details and extra labour charge entered on the Job Card by the Reception Engineer or Cost Clerk. The additional details are noted by the Cost Clerk and summarised on the remaining copies of the job set during the invoicing procedure.

Amendments to the original instructions should not be carried out without the agreement of the customer. If this agreement is not obtained before doing additional work, disputes with customers could result in financial loss to the Dealership.

4. ROUTING THE JOB SET

After he has made out the job set, the Reception Engineer sends the top and second

copies to the Cost Office and the Job Card to the Workshop Controller or Foreman.

As will be seen from the section which deals with invoicing, the top and second copies are kept in the Cost Office until the job is finished and ready for invoicing; the Job Card is dealt with as described in the next paragraph.

5. ISSUE OF JOB CARDS

Tradesmen will be issued with Job Cards by the Foreman or Workshop Controller; from the cards they will know the value of each job to themselves as they will receive a percentage of the retail charge shown.

Job Cards should be issued in strict rotation unless specialisation is needed – as with automatic transmissions and similar jobs which call for special skills. Every effort should be made to train workshop personnel to the point where specialisation is minimised.

6. CENTRAL WORKSHOP CONTROL

Not every workshop needs or operates a system of centralised control, but it is normally found that where 30 or more tradesmen are employed on a flat rate basis, such a control is necessary. However, for the reasons already discussed on Page 3 it is quite possible that workshops employing less than 30 operators might need to install a Central Workshop Control.

In order that the reader may readily appreciate what is involved, the two visual records needed to provide the control, and their functions, are briefly described below, but more detailed information is available on request from Dealer Development.

6a. SHOP LOADING CHART (See Fig. 4 Page 27)

When issuing a Job Card the Foreman or Controller enters the Job No. on this chart against the tradesman's clock no. and under the appropriate time. He then draws a line across the column of hours to the scheduled completion time. Thus it can be seen at a glance who is waiting for work, who is working and on which job, and approximately when they should be finished.

This latter point is invaluable in advising Reception on booking further work.

A new chart is prepared each day.

6b. JOB PROGRESS REGISTER (See Fig. 5 Page 28)

The Foreman or Controller should keep a Job Progress Register which shows the progress of each job through the workshop.

As soon as he receives the Job Card, the Foreman should enter the following particulars on the page of the register.

- a) Job Number.
- b) Customer's name.
- c) Model.
- d) Reg. No.
- e) Hours of work in the action column of each department or section which will work on the job.
- f) Date and time required.

As the Foreman or Controller issues the Job Card to a section for work to be executed, he ticks the appropriate section's action column on the Job Progress Register. When that particular operation is completed and the Job Card returned the tick is cancelled. This process is repeated until all operations are accounted for, when the completion time is noted, and the Job Card passed to Reception. Thus the progress of any job can be speedily assessed. Unfinished jobs at the end of the day are transferred to the following day's Register. Long term accident jobs may be recorded on a separate Register if required.

7. ISSUE OF MATERIAL

The Stores should have a supply of Material Requisition forms (see Fig. 6 Page 29), printed in duplicate, either in pads or on continuous stationery.

When the tradesman asks for material, it will be issued to him from stock. The storekeeper enters on the requisition form the details of the material taken and its retail price, and at the same time records the requisition number on the back of the Job Card.

The requisition is next passed to Stock Control so that the records can be entered, the retail price checked, and the cost price inserted. It then goes to the Cost Office where it is kept until the job is ready for invoicing.

8. PAY CLAIM SLIPS (See Fig. 7 Page 30)

These are completed by the tradesman as he finishes each job. Before attaching any strips to the appropriate Job Card he must insert the following details, using the BOTTOM slip first each time :-

- a) job number.
- b) operation number.
- c) retail labour price (selling price).
- d) percentage of the retail price which is payable to the tradesman.
- e) cash amount of the pay claim.
- f) clock number.
- g) date.

Where no checking staff are available, the Pay Claim Slip could have an extra column for the Foreman's initials.

The Pay Slips are in triplicate, as follows:—

Top copy :

This is perforated so that it can be torn into 12 separate strips. As he finishes each job, the man sticks one of these ready gummed strips, properly completed, on to the Job Card in the space provided.

Second copy :

When all the spaces on the second copy have been filled, or at the end of the pay week, it should be placed in a box, specially provided for the purpose, for collection by the Cost Office.

Third copy :

This copy is printed on card and is retained by the tradesman so that he can check the amount of his pay.

The pay claims on the second copy will be entered on the Pay Claim Check Sheet (See Page 22), and checked by the Cost Office.

Any amendments to pay claims should be taken up direct with the men.

The second copy is then passed to the Wages Office, who use the fifth column (Pay Claim) to make out a man's gross pay for the appropriate week. If this amount is compared with what the man would have earned on straight time, it will show those tradesmen who are profitably employed, as on the Weekly and Period Wage & Efficiency Returns.

9. INVOICING (Cost Office)

When the job has been finished, the Job Card is passed to the Reception Engineer so that he can mark it as completed on his register of jobs; he will then pass the Job Card to the Cost Office.

When it is received by the Cost Office, the Job Card will contain details of the work which has been done and the retail price of that work.

The Cost Office will have the top copies of the job set as well as copies of all Material Requisitions concerning that particular job which is then ready for invoicing.

The documents are then routed as follows:—

Top copy – cash: to Reception Engineer who presents it to the customer for payment on collection of the vehicle after service.

– credit: forwarded to customer.

Second copy: to Accounts Department.

Third copy: filed, after the Vehicle History Record has been completed.

10. CLOCK PROCEDURE

Clocking cards will be confined to recording attendance and only one card is needed for each man per week. The clock cards must be examined and initialled by the Foreman and approval given to any overtime which has been worked. A note should be made on the card when the man is absent for any authorised reason.

11. WAGE & EFFICIENCY WEEKLY RETURN (See Fig. 9 Page 32)

This shows the pay earned by each tradesman for his hours of attendance, adjusted for overtime, lateness, etc., with the amount of his incentive pay claim alongside for direct comparison.

It is compiled by the Accounts Dept. from tradesmen's clock cards and pay claims.

From the return an average bonus percentage can be established and applied to the earnings of supervisory and clerical staff. The return is then passed to the Service Manager for him to study individual efficiency.

12. WAGE & EFFICIENCY PERIOD RETURN (See Fig. 10 Page 33)

This is compiled by the Service Manager from the Weekly Returns, and is similar to them in content. The pay claims that fall short of the guaranteed wage are entered in red, and show up immediately any consistent or marked inefficiency on the part of individuals or of the workshop as a whole.

13. PAY CLAIM CHECK SHEET (See Fig. 11 Page 34)

The Pay Claim Sheet is ruled vertically in main columns headed Clock No., and each column is sub-divided under further headings for Job No., Amount, and Check.

The Cost Office use the chart to carry out a weekly spot check on any tradesmen's pay claims. The Cost Office do this by liaising with the Wages Office and extracting from the second copy of any tradesman's pay claim slip the details of each pay claim entry and the appropriate job number.

This information is entered on the Pay Claim Check Sheet. The Cost Office then check the actual job cards concerned to ensure that there are corresponding pay claim slips attached and that the particulars agree.

Any adjustments found necessary are effected in a tradesman's next wage packet.

Persistent carelessness or attempted falsifications would require disciplinary action.

Introducing the scheme

CO-OPERATION

For an Incentive Bonus Scheme to have the best chance of success, all employees must co-operate. The management must therefore generate an enthusiastic team-spirit.

Mutual trust can be established by an explanation of how the scheme works, and it is most strongly recommended that a descriptive leaflet be prepared and issued to all participating personnel – possibly by being put in their pay packets – well before it is intended to introduce the scheme. (See Fig. 14 Page 37.)

After a reasonable time for study of the leaflet a meeting should be held to discuss the scheme and answer any queries.

INSTALLATION OF SCHEME

Before introducing the incentive scheme the Dealer must be sure that he can keep it going, as once a scheme is begun it is difficult to revert to straight time working. The Service Department must be up-to-date and have cleared all outstanding invoices under the old system; work-in-progress should be reduced to vehicles actually undergoing repair and these should be costed right up to the time of the changeover.

WORK SUPPLY

As productivity rises under the stimulus of the scheme, more work will be done in less time, and unless the flow of work into the workshop can be increased idle time will result.

This can be countered by increasing the throughput or decreasing the labour force; of these alternatives, of course, the former is more profitable and more desirable. However, the records kept by the Cost Office will show up those tradesmen who consistently earn less than the minimum wage and these should either improve their productivity or be replaced.

Remember, though, that Rome was not built in a day, and that the correct balance will only be achieved after a period of adjustment.

It will eventually be found that the better and more competitive wages made possible by the scheme will result in a smaller turnover of labour.

All employees, particularly those in Reception, must be on their toes to sell additional work and so help the workshop to operate to its full capacity at all times.

SHOP LAYOUT AND EQUIPMENT

Efficient shop layout will assist in achieving the aim of doing more work in less time. The incentive may bring to light deficiencies in layout and equipment but the men should be encouraged to point these out as, in making suggestions which will increase their own earnings, they will also be earning more for the Dealer.

Conclusion

CUSTOMER RELATIONS

Customers may have been used to dealing direct with Foremen or even with individual tradesmen, but with the introduction of an incentive scheme their sole contact will be the Reception Engineer.

Human nature being what it is, some explanation of this change may be called for at various times, and this will require considerable tact and diplomacy on the part of Reception staff.

If any serious objections are raised, or complaints voiced, the matter should be referred to the Service Manager; it is essential that customers are authoritatively re-assured that the Incentive Bonus Scheme is very much to their advantage.

GENERAL

Management must make every effort to get all staff 100% in favour of the scheme as it is only in this way that both employer and employee will derive full benefit from it.

When an incentive scheme has been installed, a definite period of time, say twelve months, must elapse before it can be properly evaluated.

And now, to bring this scheme full circle, it cannot be too strongly emphasised that **THERE MUST BE FINANCIAL AWARENESS AND CONTROL BEFORE A DEALER COMMITS HIMSELF TO SUCH A PROJECT – PLEASE READ THE FOREWORD AGAIN – NOW!**

[illegible]

Fig. 2. Job set.

MATERIAL REQUISITION NUMBERS					

PAY CLAIM SLIPS

Fig. 3. Reverse of job card.

SHOP LOADING CHART													
Day.....		Date.....19....											
Clock No.	8.0	9.0	10.0	11.0	12.0	1.0	2.0	3.0	4.0	5.0	6.0	7.0	8.0
M E C H A N I C S													
E L E C													
L U B													
WASH													
B O D Y													
PAINT													
TRIM													

Fig. 4. Shop loading chart.

[illegible]

Fig. 5. Job progress register.

MATERIAL REQUISITION									
JOB No.....						MR 0001			
CHASSIS No.....				MAKE.....		DATE.....			
QTY.	DESCRIPTION	PART NO.	COST			RETAIL			

CASH/CREDIT/GUARANTEE									
Received by.....									

Fig. 6. Material requisition form.

ON COMPLETION OF JOB, PREPARE CLAIM SLIP, DETACH, AND STICK ON FRONT OF JOB CARD IN SPACE PROVIDED. WHEN ALL SLIPS USED PASS No. 1 CARBON COPY TO MANAGER'S OFFICE. BOTTOM COPY IS FOR YOU TO KEEP.

PAY CLAIM SLIP

EMPLOYEE'S NAME								DATE	
JOB No.	OPER. No.	SELLING PRICE	PAY %	PAY CLAIM	CLOCK No.	DATE	FOREMAN'S INITIALS		
TOTAL									
BROUGHT FORWARD FROM PREVIOUS CARD									
TOTAL FOR WEEK									

TOTAL FOR WEEK									
----------------	--	--	--	--	--	--	--	--	--

Fig. 7. Pay claim slip.

WAGE AND EFFICIENCY WEEKLY RETURN												
											Week Ending.....196..	
Clock	Name	Hours worked			Guaranteed wages A			Incentive wages B			% B to A	Payment reqd. for hrs. worked on w/e rota etc., excl. incentive
		Reg. Time	Ext. Time		£	s.	d.	£	s.	d.		
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Fig. 9. Wage and efficiency weekly return.

WAGE AND EFFICIENCY PERIOD RETURN													
G = Guaranteed Wages I = Incentive Wages													
Clock No.	G/I	W/ending 19	W/ending 19	W/ending 19	W/ending 19	W/ending 19	W/ending 19	W/ending 19	W/ending 19	W/ending 19	W/ending 19	W/ending 19	W/ending 19
	G												
	I												
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Fig. 10. Wage and efficiency period return.

[illegible]

'CONDITIONS UNDER WHICH WORK IS UNDERTAKEN'

Whilst every reasonable care is taken, customers' vehicles and property are received, stored and driven at customers' sole risk, and the Company accepts no responsibility for loss or damage arising from fire, theft or otherwise.

Customers' wishes as to delivery will be adhered to as far as is practicable, but no responsibility can be accepted for delays in the carrying out of any repairs, or for the quality of or delays in procuring any replacements from Manufacturers. All materials are supplied in accordance with the respective Manufacturer's Conditions of Sale.

Worn parts will be destroyed within seven days unless instructed otherwise.

When repairs are completed the customer will be advised by letter to the address given unless the Company is otherwise instructed. Garage on vehicles not removed within seven days from date of notification will be charged at our usual rates. The Company reserves the right to sell vehicles or goods not removed within six months from the date of notification and to utilise the proceeds of sale to defray the cost of repair and storage, any balance being remitted to the customer at his last known address.

The Company reserves the right not to deliver the vehicle to any person other than the owners, unless authorised in writing by them to do so.

ALL WORK IS TO BE PAID FOR ON OR BEFORE DELIVERY OF THE VEHICLE

Fig. 12. Conditions under which work is undertaken.

Retail Price Conversion Chart (£1 per hour)			
Man-hours	Retail Price		
	£.	s.	d.
5 mins.		1.	8
10 "		3.	4
15 "		5.	0
30 "		10.	0
45 "		15.	0
1 hour	1.	0.	0
2 hrs.	2.	0.	0
3 "	3.	0.	0
4 "	4.	0.	0
5 "	5.	0.	0
6 "	6.	0.	0
7 "	7.	0.	0
8 "	8.	0.	0
9 "	9.	0.	0
10 "	10.	0.	0

Fig. 13. Retail price conversion chart.

WORKSHOP INCENTIVE BONUS SCHEME

We are going to introduce a Workshop Incentive Bonus Scheme which, in short, will give you the opportunity to earn more money.

What's the catch?

There is no catch. All it means is that if you can turn out more work you get more for it. At the same time we guarantee you your present wages even if you're short of work during any week, and can't turn out any extra.

'Heads you win – tails you can't lose.'

How does this scheme work?

Each job will have the charge to the customer for labour shown on the job card before you start.

You will receive a certain percentage of that charge (depending on your present hourly rate) regardless of how long you take to do the job.

The quicker you finish it the sooner you start another job, and the more jobs you get through in a week the more money you can earn.

Will the percentage be a reasonable one? How can I be sure I have a fair chance of earning more money?

Although it isn't shown now, your present hourly rate is a percentage of the charge to our customers. We are going to increase this percentage, which in future you will know, so it stands to reason that if you turn out more work AND get an increased percentage of the charge, you MUST get more money.

Does this scheme mean you're not going to pay overtime?

No. Where overtime is necessary

you will be paid accordingly, but we hope that the scheme will reduce the amount of overtime you are asked to do at short notice. Late turns and weekend rotas are not affected.

Supposing a job goes wrong?

If extra work is needed on a job through no fault of yours, this is put on the job card and priced, and you get paid your percentage for doing it.

On the other hand, if you make a mistake, you have to carry out the necessary rectification work within the original price of the job.

What's the firm getting out of this scheme?

The same as you – more money! The more you turn out the more we can sell – it's as simple as that.

Instead of bothering with this new scheme, why not let us do a lot more overtime?

Because we'd have to charge our customers more to meet the increased cost of overtime.

We can't do this and remain competitive, so we must increase our output without increasing the cost to the customer.

You can ask as many other questions on this scheme as you like at the meeting the management are holding in the Workshop next

.....day at
.....pm.

Fig. 14. Descriptive leaflet for tradesmen.

