BOB SMART / GUEST COLUMNIST

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Share your success with employees

My partner, Bruce Stone, and I think it's good business to share our landscape company's success with our employees. One of the ways we do this is through profit sharing.

By including full-time employees in the company's financial rewards, we keep "team members" up to date on our budgetary goals and builds a sense of teamwork.

Since co-founding Yard Smart, Inc., Olmsted Falls, OH, almost 15 years ago, we have guided our company on a course of healthy, manageable growth, offering landscape maintenance, design/build and snow removal. Our company employs 20 to 25 workers during peak season, and we attribute much of our operation's success to them.

Our idea

I got the idea for my company's profit sharing program from an article by Green Industry consultant Charles Vander Kooi. I borrowed many of his suggestions and added a few wrinkles of my own to make the program work for our company.

Our profit sharing program kicks in when (and only when) our gross profit exceeds 40%. Any percentage over this figure is shared 50/50 with the company and eligible employees. Calculations for the program are done every six months.

There are two opportunities each year for employees to receive bonuses. Only full-time employees are eligible for profit sharing, and each employee's share of the bonus is dependent upon his or her contribution to the company's total success. Each eligible employee is evaluated twice a year by a committee comprised of me, my partner and four other employees. The results are posted for everyone to see.

The ratings game

The committee rates each employee on a scale of 1 to 10 in seven different categories. They are:

Attitude/cooperation: Get along with fellow workers and customers. Willingness to take on tasks. Positive or negative attitude.

Equipment care: Clean, organized, maintained, abusive, neglectful.

Paperwork: Thorough, correct, timely, detailed, complete, clean, legible.

Quality/attention to detail: Lost time, repetition, correcting mistakes, customer satisfaction.

Safety: Personal protection equipment, awareness of surroundings, accidents, follow procedures, increased costs.

Uniform/grooming: Clean, proper clothing, personal protection equipment.

Commitment: Dedication, vision, excellence, obligation, performance and achievement, in charge, trustworthy.

Each evaluator fills out a sheet for each eligible employee with a rating (1 to 10) for each category. The points are totaled at the bottom of each sheet and all seven evaluations' results are added to achieve the total number of bonus points for each eligible employee. The total bonus points for each employee are then divided by the number of evaluators, producing an average rating.

Meanwhile, all the ratings are added together to get the "total company points." This number is then divided into the amount of money allocated for profit sharing to arrive at a dollar amount per point.

For example, assume that our company exceeded its gross profit prediction for one reporting period by $10,000. This means that eligible full-time employees would share $5,000 (50%), with the other $5,000 (50%) going to the company.

For discussion's sake, let's also assume that employee John Doe received 50 points (the average of the six evaluations), his three brothers Jack, Mack and Joe Doe received 40 points each and his cousins Moe and Manny Doe received 35 points.

The total company points in this example would be 240 — John's 50, the brothers' combined total of 120 and the cousins' combined total of 70. Divide the 240 points into $5,000 to get a value of $20.83 per point. This number is then multiplied with the average point totals of each employee to determine the amount of profit sharing each will receive. In this example, John Doe would receive $1,041.50 and the cousins would receive $729.05 each.

Attendance counts, too

But we take the process one step further. We also figure attendance into the equation — a total of 132 workdays during the reporting period.

In our example, John Doe's profit sharing was $1,041.50. But John missed five workdays during that period. So we divide the 132 work days into the $1,041.50 figure to determine a "dollar value per day" — in this example, $7.89. His profit sharing is then reduced by $39.45 (5 x $7.89), and his profit sharing check drops to $1,002.05 ($1,041.50 minus $39.45).

This is the formula that our company has adapted to fit its system, and it has turned our employees into happier, more productive people.

Bob Smart is co-owner of Yard Smart, a full-service landscape company located in Olmsted Falls, OH. He can be reached at 440/253-9273.