

Incentives that work

**Increase productivity
and profits by basing
your employee incentive
programs on predetermined,
measurable goals**

BY RON HALL / EDITOR-IN-CHIEF

Some company owners insist that the best incentive program for their employees is also the easiest to implement — either produce or hit the road. Considering today's bleak economic news, that's probably enough of an incentive for a lot of workers.

Even so, many landscape and lawn service businesses get better results by developing strategies to boost employee efficiency and productivity. Today's cutthroat business environment almost demands it. It's not enough to just get the job done; it must be done well . . . and efficiently.

Fortunately, we can draw on powerful information that we've retrieved from several special Associated Landscape Contractors of America (ALCA) events. This information came from people who learned (sometimes the hard way) what encourages employees to peak performance, and what to avoid in trying to stimulate your team members.

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Incentive and bonus defined

First, let's define the terms "incentive" and "bonus." Some owners confuse the two, meaning, for example, that they consider the annual Christmas checks they hand out to select employees to be incentives. Not so — they're really bonuses.

Here's how my dictionary defines bonus: "Anything given in addition to the customary or

(Left to right) Steve Glover, Mike Russo, Jim Paluch and Dan Foley all had good incentive ideas at recent ALCA-sponsored events.

required amount; specifically extra payment over and above salary given to an employee as a reward." By contrast, an incentive is "something that stimulates one to take action, work harder." Given the choice between the two, most employers prefer the incentive route.

Along those lines, an experienced panel of landscape professionals shared their views at ALCA Conference in Tampa in 2001. That presentation generated dozens of questions from audience members on the subject of incentives.

Panel members were: Steve Glover, CLP, Symbiot Business Group and former co-owner of L&L Landscape, San Jose, CA; consultant Bruce Wilson, who helped build Environmental Care, Inc. into a \$125 million operation; Mike Russo, owner of Russo Lawn and Landscape, Inc., Windsor Locks, CT; Allen Davis, Vice President of R.A.R. Landscaping, Baltimore, MD; and consultant Ed Laflamme, former owner of Laflamme Services.

Panel members agreed that not every incentive they put in place worked; in fact, some backfired. But each of the panelists said that they eventually developed incentive plans that significantly improved their company's performance and increased profits.

Is there a single plan that works for all companies? Absolutely not, they stressed. Indeed, it's unlikely that any single plan will work for all employees within even a single company. This is particularly true if that company has separate administrative, managerial, production and shop

More than 100 great ideas

Gather about 300 landscape and lawn service business owners in the same room, ignite the passion that each has for his or her operation, then stand back. You're going to ignite a firestorm of creativity.

Business Consultant Jim Paluch, JP Horizons, fanned these flames at this past February's ALCA Executive Forum by challenging the owners to come up with great ideas to encourage their employees to work more efficiently and productively.

The owners responded with an avalanche of personal experiences. They shared strategies that produced positive results, strategies that fizzled and strategies that created unintentional results. They came up with over 100 different employee incentive ideas. The variety of ways that owners said they stimulated employees to work more efficiently in order to benefit both themselves and their companies was incredible.

At the end of several hours of animated discussion (the hum from the room could be heard halfway across the hotel), Paluch solicited some of the most popular suggestions from owners as he gathered up the notes each group compiled during the course of its discussion.

We thought that this information was too valuable to keep to ourselves, and Paluch has graciously agreed to share it with readers.

To get a list of all of the valuable incentive program suggestions arising from the ALCA Executive Forum that took place this past February, e-mail JP Horizons at Linda@jphorizons.com.

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employees. How, for example, do you encourage an office manager to increase the rate of accounts receivables with the same incentives you offer a field production worker to work more productively and safer?

End results key

Rule number one with the ALCA panel: Link in-

centives to performance and, ultimately, to results. In the case of managers, this means involving them in the budgeting process, then making them responsible for meeting or exceeding specific financial goals. If they do this, they may, for example, receive a predetermined percentage of the profits that they generate

above budgeted goals. Obviously, if they don't meet their goals and the company doesn't meet its goals, they don't receive the rewards.

Production workers, on the other hand, are offered incentives to encourage them to meet what they can control, such as budgeted labor man-hour goals, job quality assessments, equipment/tool care and worker safety. All impact a company's profitability.

The incentives, especially to crew members, don't always have to be dollars and probably shouldn't be. Some companies offer a gift certificate to a discount store or a prepaid phone card to call home. Or, how about special recognition such as "Employee of the Week" or a half-day off with pay?

No matter how carefully you put together your incentive plans, however, you will run into problems. The panelists generally agreed that employees — no matter the level — can get creative in finding ways to gain the incentives, sometimes with unintended results. And, if the plans aren't reviewed and modified, employees can begin to view the incentives as "entitlements," especially if the plans aren't tied directly to measurable performance.

Also, problems are sometimes unknowingly built into incentive plans. For example, selling an account at a lower margin than you're usually willing to accept (perhaps it's a high-profile account that you can leverage in your marketing), and expecting your production people to make up the difference is an incentive killer.

Encouraging employees to work smarter and more productively isn't an option anymore. Develop plans that make it clear to employees that they'll benefit along with your company, and watch your profits grow. **LM**

10 quick incentive tips

- 1.** Get input from your employees when you're developing your company's incentive plans. They'll tell you what's meaningful to them.
- 2.** Develop different types of plans for the different levels of employees within your company. One size doesn't fit all. The incentives you put in place to spur production in the field will mean little to the office manager charged with collecting accounts receivables. But who would argue that one task is any less important than the other?
- 3.** To some employees, the most effective incentive you can offer is the chance to advance within an organization. At the crew level, for instance, it can mean offering a slightly higher wage for a crew member who learns English or gets a driver's license.
- 4.** Base incentives on outcomes that employees can control, for example meeting/exceeding specific sales, production or cost-cutting goals.
- 5.** Consider linking management-level incentive programs to meeting/exceeding predetermined company profit goals.
- 6.** Provide managers with regular (quarterly or monthly) updates on company progress. If they're exceeding the goals, it will create more positive energy. If they're behind, they have time to make up the difference.
- 7.** Consider linking crew-level incentives to meeting or coming in below budgeted man-hours, while still maintaining a defined level of service. Keep a running score so that team members can tell at a glance where they stand.
- 8.** Consider both individual and "team" incentives. Peer pressure within a team can be a powerful incentive.
- 9.** Not all incentives need to be monetary. Special recognition, extra time off or getting to use the best parking spot at the shop for a week or month can spur positive performance, too.
- 10.** When you finalize your incentive plan(s), don't forget to include the phrase: "This is subject to change at any time for any reason."

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