



BEST PRACTICES

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Use overtime only to your advantage

If you haven't already experienced excessive overtime, you are one of the lucky ones. Overtime is not all bad and can be a useful tool if used in a planned, controlled and well-thought-out way. What starts to hurt companies is when overtime is not planned and slowly gets out of control.

You must realize that overtime to an employee can become a reward for being inefficient or working slowly. Employees, for the most part, love overtime — and it can be addictive. Many employees will work as many hours as you are willing to give them. Some have a great work ethic and want to make more money; others just ride along on the gravy train.

Benefits do exist

Overtime can help with varying demand situations:

- ▶ In the right instances, it is less expensive to work some overtime than to add and train a new, inexperienced employee. Once a new employee is hired, the tendency is to carry him or her even when the work demand does not justify it.
- ▶ Late in the season, when you lose employees through normal attrition, it is usually better to work shorthanded than to hire new, only to be faced with another person to layoff weeks later.
- ▶ Sometimes the spring season starts prematurely, and you bring on employees too soon. It might be better to work with smaller staffs and build overtime, rather than bringing on too many employees.

Another good use of overtime is to give it to deserving employees to keep up with urgent enhancements that must be done on the weekend to keep customers happy. It's better to give good employees occasional overtime rather than to add to an enhancement crew's size when the larger crew will not be needed when work load returns to a more normal level.

Overtime can also make sense as a way to leverage experienced employees, rather than hiring untrained employees. This is a slippery slope, however, because existing employees must produce

at a high level. As a long-term strategy, it usually does not make sense. This is a short-term solution that requires intense management to pay off.

Some companies pay crew leaders up to 30 minutes per day for loading and unloading at overtime, sending the crew home after 8 hours. This gives the crew leader a little more take-home pay in the busier season and can be cut back in the slower times.

Preventing abuse

Once employees get used to overtime, many managers are afraid of taking it away for fear the employees will become unhappy. They do not manage it with a tight fist, and it slowly gets the best of them. This starts a chain reaction of bad decisions.

To prevent that, you must do two things:

1. Adhere to a managerial approval process for granting overtime. Do not allow crew leaders to call for approval at the last minute so they can finish a job. They should call in enough in advance for a manager to make a decision whether to re-prioritize the work or add to the crew to eliminate the need to do the overtime.

As an owner or senior manager, you must watch — track with each payroll — overtime hours and look for changes over what is normal planned overtime. Any changes require immediate investigation and corrective action.

Middle managers must have good justification to senior managers for any spikes in overtime. If they have not used good judgment, you should take away their right to approve overtime.

2. Do not reward inefficiency or slow work effort with overtime. If a crew, through its own lack of effort or thinking, ends up behind, do not give them overtime to catch up. Give the catch-up work to hard-working, efficient crews.

You control overtime. You must aggressively monitor and manage it through good processes and management, or you will become a victim. Once employees get used to overtime, it is like an addictive substance. It causes pain to break the habit.