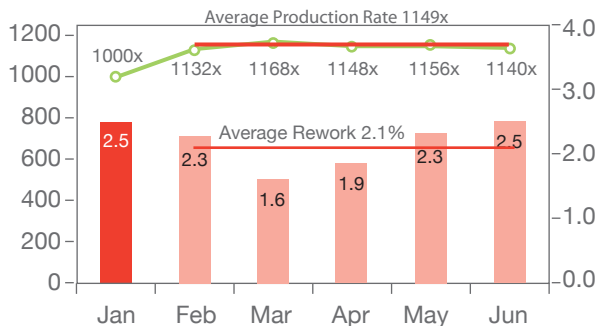


Employee motivation, through multifactor incentive scheme, boosts business performance

A leading manufacturer of Window & Split Air Conditioners, in Saudi Arabia, had been increasing the output from its plant by 5-10% each year, for last 3 years, through technological, layout & method changes. To meet the ambitious sales growth target **in 2005, it faced a challenge to increase production by 15%**. To stay competitively priced, production increase must come without raising per unit cost of manufacturing.

Under consultants' guidance, changes were made in methods, work place layout & production scheduling. But, the concern was how effectively and fast can these changes transform the business results. It was felt necessary to get all the employees actively involved and participate in implementing the changes.



To align employees' efforts with the core objective of significantly raising production & productivity, multifactor incentive schemes were introduced. Improvement in **output rate, rework & equipment downtime was measured & rewarded**, on a day to day basis, and though incentive was computed daily, yet it was aggregated & paid monthly linked to **overall monthly performance of the plant**. To curb absenteeism, not only was the employee paid incentive only for days worked, **penalty was deducted from total incentive earned** for unauthorised absence. To orient everyone to the common goal of making the plant operate profitably, **no incentive was payable if overall plant performance during a month fell below a threshold level**.

With consultants playing a major role in communicating the scheme to each work group, monitoring & displaying daily performance of groups and for entire plant, multifactor incentive schemes, introduced from Feb 2005, paid off.

Within 6 months, production increased by 15% through better productivity and rework was reduced by 19%.

Providing management consulting services for more than 40 years, since it started as a division of ABC Consultants, we have conducted over 1000 consulting assignments and enjoy the confidence of more than 300 reputed organisations in India and the Middle East.