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Logistics Management Consultants

“Job and Finish “ -- A powerful motivator

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When the Pharaoh Ramses VI informed his stone-mason that he could finish for the day and go home once he had completed three cartouches, he established a very important principle. Even now, more than three thousand years later, the principle of "job & finish" remains one of the most powerful motivators.

For the warehouse, job & finish provides an opportunity to concentrate the mind on completing the day's work as quickly as possible, particularly if the payment system provides for a fixed amount of money for a given amount of work. So often we see bonus incentive schemes based on performance, which motivate the warehouse staff and drivers to raise their pay performance rather than to get the work done. Over-booking of uncontrolled time often becomes the means of lifting earnings rather than doing more work.

For transport, it can ensure that we get our vehicles back earlier, providing an opportunity to load in the evening for an early start the next day. If we combine job & finish with a fixed, pre-determined payment for the work done, then we can also control the level of overtime worked and, of course, the unit wage cost of delivery.

The one significant problem with the job & finish approach is defining the "job". Tonnes, packs and many other units have been used in the past, but these are often inconsistent measures of the work done. This can lead to inequalities, poor industrial relations and, in many cases, a cost structure which fails to reflect the true value of the work done.

DMA recently completed a project designed to raise productivity and reduce wage costs in a catering warehouse which operated a conventional, performance based, bonus incentive scheme. The level of uncontrolled time recorded was fairly high as it was used as a means of raising earnings without doing any more work. Overtime was also fairly high as overtime working paid better than any consequent loss of bonus, particularly if uncontrolled time was manipulated to keep the performance up.

The first step therefore was to define the job. For the pickers this was established using just four time standards, derived from conventional work measurement. A fair day's work was then established, in terms of standard hours, for each picker. This varied, with the better pickers being targeted for 11 or 12 standard hours, and the less experienced pickers perhaps only 8 or 9 standard hours.

The calculation of a typical daily target or "job" is shown in the example below:-

Target Output	Standard Hours per '000	Standard Hours
38 Orders	78.0	2.96
729 Lines	3.6	2.62
1530 Packs	3.5	5.36
Daily Allowance	100.0	1.00
Daily Total -		11.94

The payment for each standard hour was fixed at 7 Euro per hour. This contained the basic wage rate, a bonus element, an allowance to cover overtime working, and a small increment to cover any uncontrolled work. In this way the day's pay for each picker was established before he picked the first pack. His earnings were fixed no matter how long he worked, so why hang around! In this particular application, because of the effect of school holidays, the day's work targeted will vary throughout the year. No matter, the pickers are happy enough because they can now finish and go home when they have completed their day's work. We now have a lot of budding golfers in this particular establishment! Calculating earnings is easy - just multiply the standard hours earned by the rate.

We can achieve the same effect for Drivers. The days earnings are determined in a similar way, as shown in the example below.

Target Output	Standard Hours per '000	Standard Hours
Daily Allowance	567.0	0.57
Drops - 16	180.0	2.88
Packs - 720	1.4	1.00
Mileage - 397		7.55
Daily Total =		12.00

As before, there is just one composite wage rate per standard hour, so what's the point of sitting in the lay-by! Thus, based on the common rate of 7 Euro per standard hour, the day's earnings will be Euro 84.00.

The exercise described achieved a number of things. First of all, it concentrated the minds on getting the work done as quickly as possible. Why spread it out when you don't get any more for doing so? It provides for a fixed unit wage cost as there is only one rate per standard hour, no matter how long the job takes. The work is completed quicker, and the vehicles get back earlier. The staff are happy because they can go home when they have completed the job. For the client there was also a cost saving in excess of 10%.

If it works for Pyramids and Temples, why not for distribution?

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