

PEP Productivity Calculation

By viewing this network screen, employees and managers see how well they are performing and how the Productivity Index (PI) is calculated. The current and previous week's information is available by day, by worked-in department, and totaled for the week. The screen clearly shows how work in multiple tasks is summarized by using Engineered Time Standards. The resulting Total Standard Hours credited to the employee, divided by the employee's Available Hours to perform the work, produces an accurate Productivity Index. *Colored boxes indicate values used to calculate Incentive Payments.* All employees are accounted for since the program is integrated with the Time & Attendance system.

| | |
|------------------------------|-------------------------------|
| EMPLOYEE NAME: Brown, George | 100 HOUR PI AVG: 96.7% |
| EMPLOYEE NO: 39748 | WORKDAY: Total Week |
| PEP CENTER: 1890 - Picking | DATE: 2/19/15 |

| SUMMARY | | |
|--------------|---------------|--------------|
| Standard Hrs | Available Hrs | Current PI % |
| 34.44 | 35.00 | 98.4% |

| COMPLETED WORK | | | | | | |
|---|---------------------------|----------|----------|-------|--------------|----|
| No | Task Name | Measure | Time Std | Units | Mins | % |
| 01 | Start Picking Cycle | Cycle | 2.00 | 50 | 100 | 5 |
| 02 | Full Cases Picked | Case | 0.31 | 1321 | 410 | 20 |
| 03 | Broken Case Pieces Picked | Piece | 0.16 | 3264 | 522 | 25 |
| 04 | Loose Pieces Picked | Piece | 0.10 | 4998 | 500 | 24 |
| 05 | Distance Traveled | Feet/100 | 0.48 | 567 | 272 | 13 |
| 06 | Locations Visited | Location | 0.05 | 5253 | <u>263</u> | 13 |
| Standard Minutes | | | | | 2066 | |
| Total Standard Hours (Standard Minutes ÷ 60) | | | | | 34.44 | |

| HOURLY DETAILS | | |
|------------------------------|--------------|-------------|
| Category | Hours | % |
| Total Payroll Hours | 40.00 | |
| Minus Special Projects | 2.50 | 6.3 |
| Training (150 Minutes) | | |
| Minus Paid Relief | 2.50 | 6.3 |
| Minus Hours Loaned Out | 0.00 | 0.0 |
| Plus Hours Borrowed In | <u>0.00</u> | <u>0.0</u> |
| Total Available Hours | 35.00 | 87.5 |

Exit

Incentive Calculation

PEP Incentive Calculation

PEP Incentives are based on sharing the hours that employees save the organization when they perform at a higher level than the expected goal. The Hours Saved calculation not only includes measured work, but also includes Special Project work (non-measured) such as helping train other employees, assisting in inventory, etc. Individual Employee Incentives normally achieve the best results. However, if a job is structured as either a Team or Group process, PEP will base the incentives on the Team or Group Productivity. *In all cases, a sound Incentive Program creates a higher quality staff by allowing the productivity gains to be shared with the employees.*

| FROM THE PRODUCTIVITY CALCULATION (Previous Page) | | VALUES SET BY THE CLIENT | |
|---|-------|--|---------|
| 1. Productivity for the Current Week | 98.4% | 5. Productivity Incentive Goal | 80.0% |
| 2. Average Productivity for the last 100 Hours | 96.7% | 6. Percent Savings Shared with the Employees | 50.0% |
| 3. Total Available Hours | 35.00 | 7. Bonus Hourly Rate | \$20.00 |
| 4. Special Project (Non-measured Work) Hours | 2.50 | | |

| CALCULATION DESCRIPTION | FORMULA | CALCULATION | RESULT |
|---|--|-----------------------------|---------|
| Hours Saved on Available Time | | | |
| 8. Percent Improvement from Goal | $(\text{Current Week PI} - \text{PI Goal}) \div \text{PI Goal}$ | $(98.4\% - 80\%) \div 80\%$ | 23.0% |
| 9. Hours Saved by exceeding Goal | $\text{Total Available Hours} \times \% \text{ Improvement}$ | $35.00 \times 23.0\%$ | 8.1 |
| Hours Saved on Special Projects | | | |
| 10. Percent Improvement from Goal | $(100 \text{ Hour PI Avg} - \text{PI Goal}) \div \text{PI Goal}$ | $(96.7\% - 80\%) \div 80\%$ | 20.9% |
| 11. Hours Saved by exceeding Goal | $\text{Special Project Hours} \times \% \text{ Improvement}$ | $2.50 \times 20.9\%$ | 0.5 |
| Employee Weekly Bonus | | | |
| 12. Total Hours Saved | $\text{Available Time} + \text{Special Project Hours Saved}$ | $8.1 + 0.5$ | 8.6 |
| 13. Hourly Savings Shared with the Employee | $\text{Total Hours Saved} \times \text{Percent Savings Shared}$ | $8.6 \times 50\%$ | 4.3 |
| 14. Employee Bonus | $\text{Hourly Savings Shared} \times \text{Bonus Hourly Rate}$ | $4.3 \times \$20.00$ | \$86.00 |

Exit

Productivity Calculation