

Attracting and Retaining a Great Workforce Via Pay-For-Performance

October 24, 2023

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www.3dspc.com

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Agenda

- ▶ The State of Digital Transformation
- ▶ What is the Most Important Issue Facing Manufacturers Today?
- ▶ The Pay For Performance Model
- ▶ The Pay For Performance Scorecard
- ▶ The Recipe for Success
- ▶ The Payoff

What is the most important issue facing manufacturers today?

Click to open poll

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Growth / Sales Increase

0%


Attracting & Retaining Talent

0%


Profit Margins

0%

Downtime Reduction /
Throughput Increase



 Results are hidden

Show results

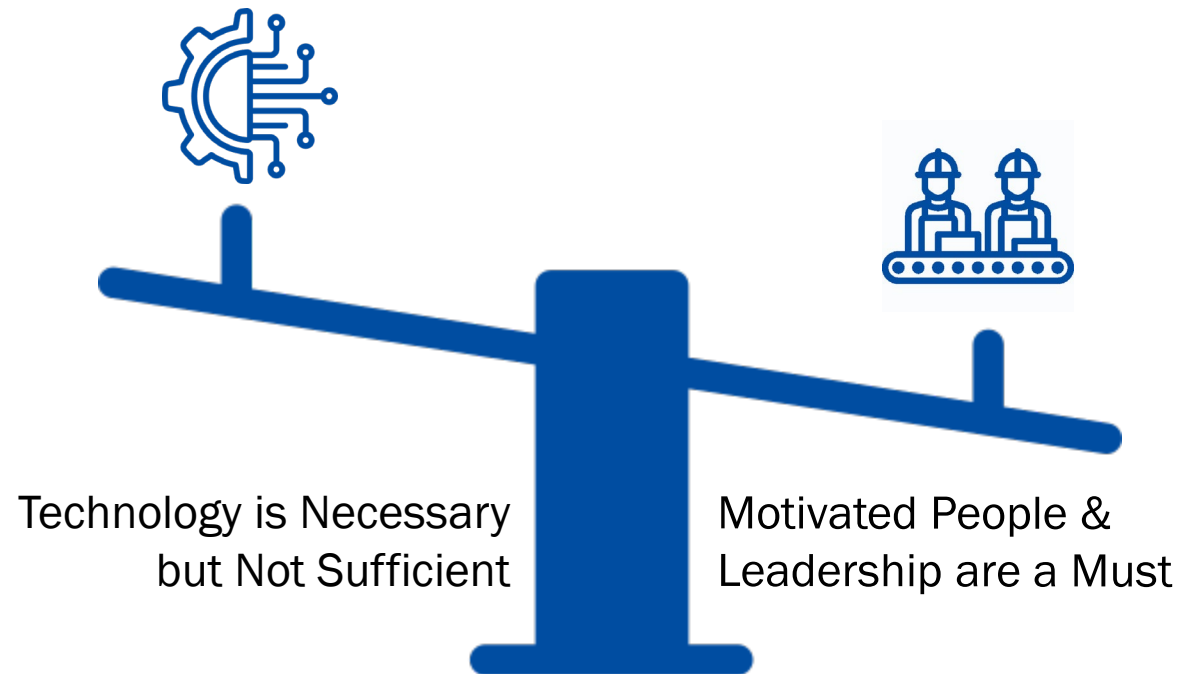
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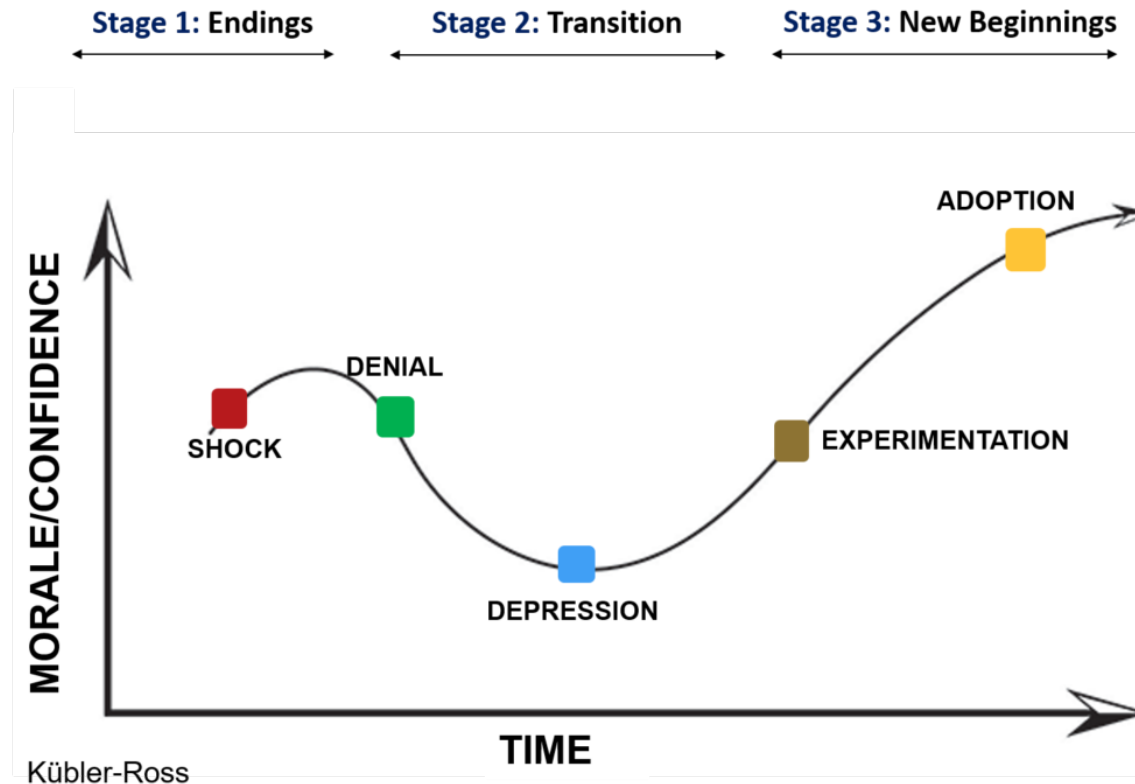
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Successful Digital Transformation Must Balance Technology and People



Organizations Must Step Up in Leadership & Employee Development to Remain Profitable... But Change is Hard!



Employee Attraction & Retention Issues Magnify the Challenge



82% of manufacturing companies are experiencing a labor shortage.

thomasnet.com



As of March 2023, there were 693,000 open manufacturing jobs.

US Chamber



As many as 2.1 million manufacturing jobs will be unfilled through 2030 and will cost as much as \$1 trillion in output.

Deloitte and The Manufacturing Institute

The hardest job to fill is entry-level production, followed by assemblers and fabricators, and engineers.

The 2023 Career Advancement in Manufacturing Report

Digital Transformation (DX) is Growing...

- 1 Downtime is devastating, with costs as high as **\$260,000 per hour.**
- 2 Digital Transformation (DX) investment is forecast to hit **\$3.4B by 2026.**
- 3 DX growth rate is forecast at **19.1%** annually over the next 5 years.

Digital Transformation Success Rates are Poor

“ Nearly 70% of industrial firms undergoing digital transformation programs report being unable to move past the pilot stage” ”

LNS Research

A Pay-For-Performance (PFP) Model May Be Just What the Doctor Ordered

Initiative, Self Leadership, and Proactive Problem-Solving are becoming increasingly important in the workplace. PFP can be a means to initiate and nurture this change.



Crawl/Walk/Run is an effective and low risk way to break through the status quo and build momentum.

What is the most important factor in attracting and retaining employees?

Click to open poll

0

Flexible Schedule

0

Recognition


0

Pay

0

Upward Mobility

Menu

 Results are hidden


Show results



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 This only works in the full-screen window. [Learn more](#)

Typical Considerations for Pay-For-Performance System Design

What technologies are needed?

What scoring dimensions should we use?

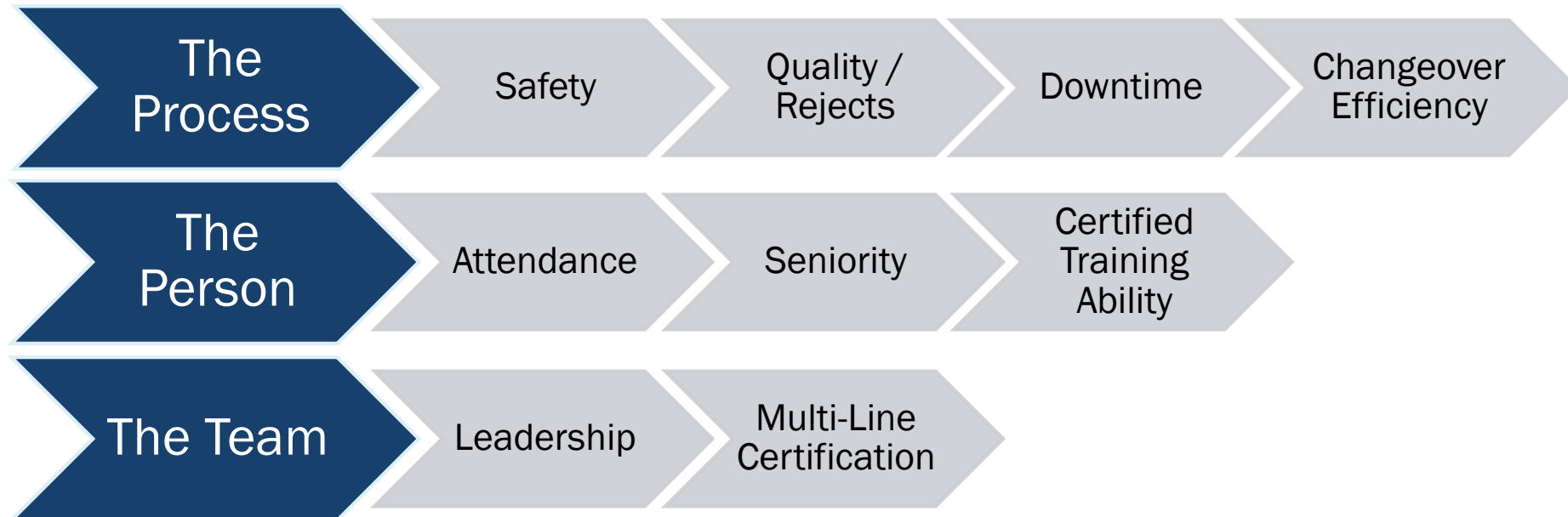
How do we effectively link PFP to corporate goals?

How can we fully automate the system to minimize maintenance?

How do we tie in disparate systems to get the data?

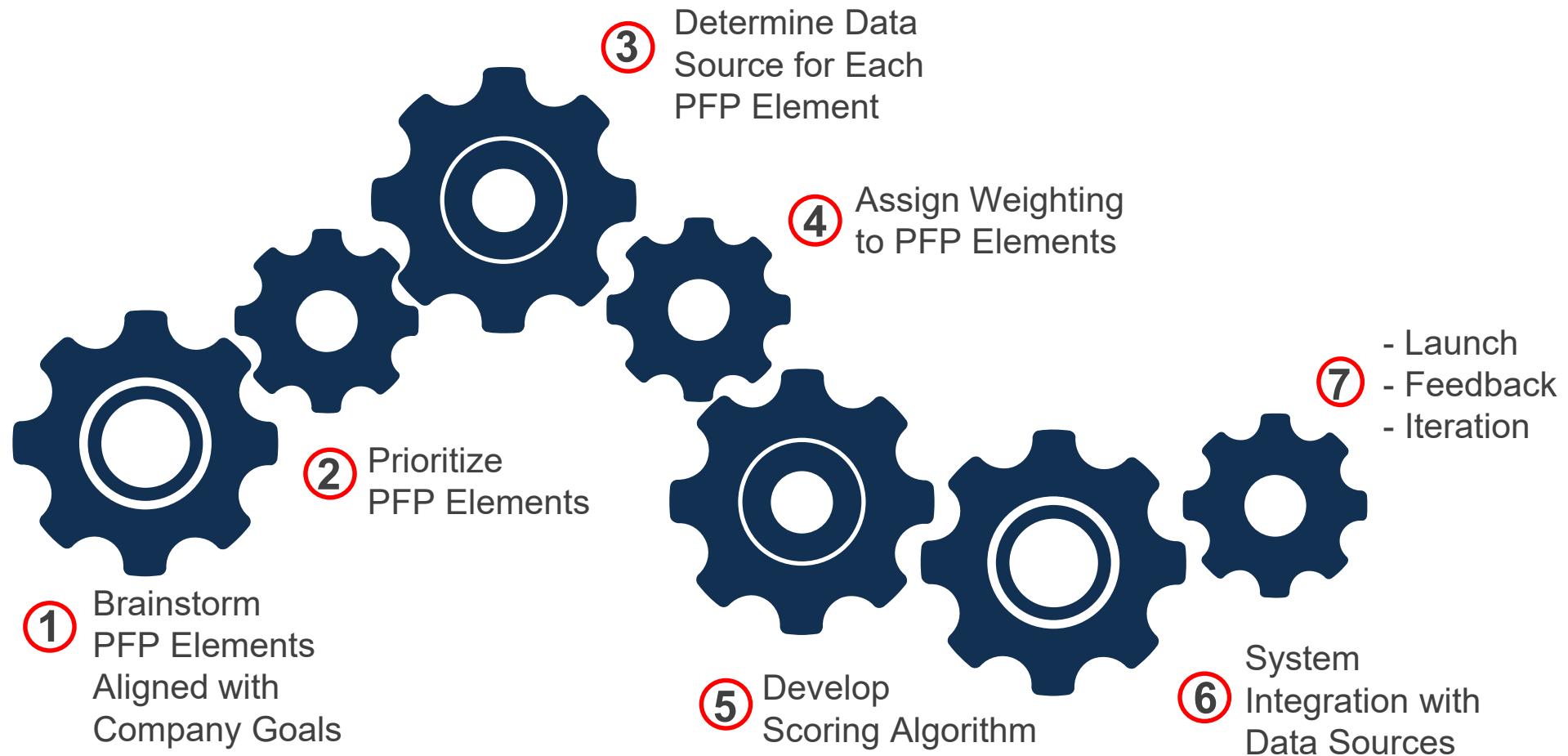
PFP Scorecard Elements are Unique to Your Company's Situation

Example Elements:



Scorecards can be developed for individuals, a cell or team, a continuous line or line segment, or a specific piece of equipment

PFP System Design Requires Thoughtful Planning



Has your company ever implemented a pay-for-performance program?

0%

Yes - with significant impact

0%

Yes - with minimal impact

0%

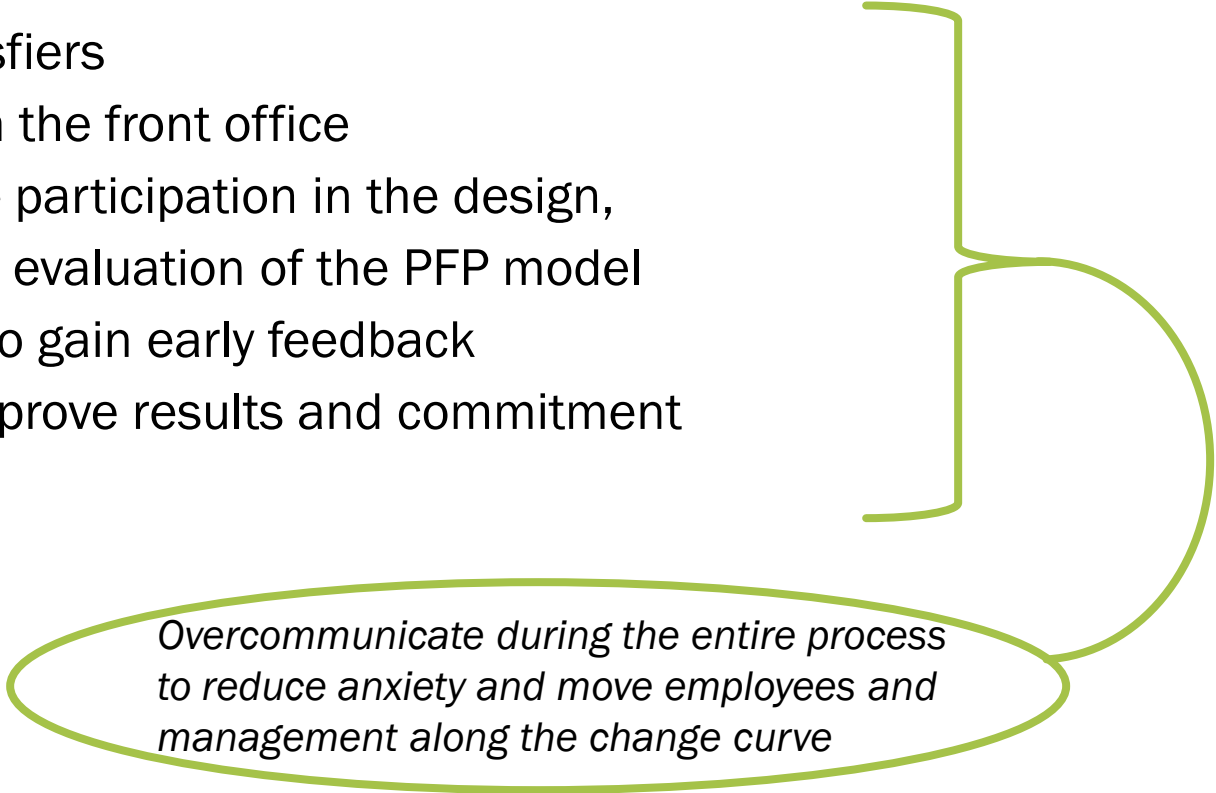
No - but considering it

0%

No - and no immediate plans

PFP Recipe for Success

- ① Assess pain points & dissatisfiers
- ② Establish clear goals with the front office
- ③ Encourage employee participation in the design, implementation, and evaluation of the PFP model
- ④ Conduct a pilot to gain early feedback
- ⑤ Iterate to improve results and commitment



Overcommunicate during the entire process to reduce anxiety and move employees and management along the change curve

A good PFP model results in a Win-Win leading to greater profits for the company and greater job satisfaction for the workforce.

Case Study: Food Manufacturer PFP Implementation



Employee Turnover:

20% → 6%



Profitability:

+5-20% sustained over the
last 7 years



Awards:

'Supplier of the Year'
4 times from their
top customer



Cultural Change:

- Improved morale
- Positive and collaborative
- Reduced oversight

Accomplished with low cost, low risk tools and guidance.

Thank You!!



For more info or a free consultation,
contact Vince Sassano:

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SPC is a manufacturing operations technology and advisory firm with extensive experience in digital transformation and profit improvement.