Installation Pay Plan 20XX

Read this policy carefully. We will accept zero tolerance for integrity, honesty and customer relationship breaches. This plan is a privilege and will be treated this way based on our core values.

Overview

**Components of this plan are:**

1. The company vision statement – why we do what we do.
2. The ABC Core Values – which defines how we expect you to conduct yourself, behave in our company, and become the kind of team member that is valued, reaching your fullest potential.
3. The ABC Code of Conduct which defines our business philosophy in areas concerning the work we perform
4. The Installer Role Description and expectations, so a clear understanding of what we do and how we do the actual work for customers remains consistent.
5. The installation quality standards, which define the company’s workmanship procedures for field installers.
6. The list of tools required for the role of lead and helper.
7. The Installer measurements – which defines what we feel as a company is both measurable and tracked for performance discussions.
8. The Performance Review, so each installer understands how the review processes will work, and what merit increases will be based upon.

Introduction

**Install Compensation Plan – Performance Based Pay**

The term performance based pay can often scare many field employees and installation personnel.

Why? “Performance” is often viewed as “Pay Cut” and the boss is doing this because I am NOT performing so we must be doing this to reduce the way we pay our field employees.

Understandable…but inaccurate, and in fact after you read this, understand we will allow you to CHOOSE!

Performance Based Pay is a system of compensation like any other system. It rewards to an EVEN greater degree those that are good at their jobs, pays the average person virtually the same as they always made as average at their craft, and definitely reduces pay for those who are below average.

1. How does the system accomplish this? By productivity gains. Ask yourself what incentive have you had on hourly pay to seriously get better at the trade or craft? You may have and that is terrific - now consider the entire team and ask the same question?

What if everyone on the install team had the same goal to raise their game? Could the company pay you more then (answer should be yes) and that is the basic goal.

It is entirely possible that ALL field employees can make far more compensation than on hourly and this occurs when the productivity of each member improves.

1. How does productivity really increase? Once again, a variety of ways, the most obvious is when a team of people is challenged with a task – installing a furnace, A/C or heat pump, and we all are thinking and pulling in the same direction, we can find new ways to improve and that improves productivity. Are there ways for a company like ours to get better? Of course. We have dollar bills lying all around and the primary goal is to get everyone in the company to not walk by those but to pick them up, and then we can share the rewards of this. That is productivity at its best.

**Performance Pay**

Let’s examine what it is NOT:

1. It is not a veiled attempt at a pay cut or pay reduction.
2. It is not a method to target any one individual.
3. It is not a complicated system.
4. It is not a grand scheme of the owners to make a huge profit by reducing pay of field employees.

Let’s examine what it is:

1. It is a way to decide what you can earn.
2. It is a way for all (Sales/field production/management) to focus on the right things.
3. It is a method to reward field installation for performing above average.
4. It is a way to install more jobs – the company’s main motivation – since this creates profit.
5. It is a method of pay that forces ALL of us to learn how to innovate and get better.

Your Choice

Performance Based Pay compensation plan is the absolute best way for our installers to MAXIMIZE their compensation and, in fact, to literally be in control of how much they can earn.

We consider it a privilege and a promotion for an installer to have earned the opportunity to participate in this compensation plan.

Of course, along with privileges come responsibilities, and this plan is no exception. In order for an installer to remain on this plan there are production and workmanship standards that must be met. There will also be numerous questions that we will answer in the plan itself.

In addition, and most important, the installer must provide a “TOTAL QUALITY EXPERIENCE” for the customer.

The goal on each and every job shall be to:

**“EXCEED THE CUSTOMER’S EXPECTATIONS.”**

The following pages describe the plan, how it works, and provides you a choice. You will act as a team.

Additionally, the attached “job description and responsibilities” provide the details of the installation role, and of course the quality standards for ABC’s installation process is also attached.

It is a new era. You can change and grow, and earn more, or stand pat and earn what you do today and be satisfactory. Life provides opportunities and this is one of them, and we do recognize that not all people see the world the same way we do. We are providing a chance to learn, earn, and become the best installation team in the market, the state, the region and the country. It is your choice.

CONGRATULATIONS on your being part of this team, and your opportunity to participate in this revolutionary compensation system!

Sincerely,

**Gman**

**Owner President - ABC**

Guidelines:

Installation Performance Based Compensation Plan

1. Compensation shall be by the job-type and not hourly.
2. An ABC installation team will be comprised of a Lead, and a Helper. The Lead will receive 65% of the installation pay, and the helper will receive 35% of the pay. The Lead is the team leader and 100% accountable for ALL performance of the installation, customer experience and total quality standard.
3. New leads/crews are determined by the employee council based on the company standard.
4. It shall be based upon the installation chart (copy attached).

All NON – PRODUCTION WORK will be paid at the rate of $ 15.00 per hour.

Examples are: Training, Shop Fabrication, mandatory meetings, truck maintenance, building maintenance, etc.

1. The installer will be paid in full when:
2. The job is completed as per the quality installation procedures.
3. Validated by the customers signature of satisfaction by the Comfort Advisor.
4. Paid in full by the customer (we collect on completion).
5. Jobs will be assigned by the productivity and quality of the teams. Each team will be measured for productivity (same method you are paid) and as times become slower, the teams that are most productive will have first option of accepting the job.
6. Holiday and Vacation pay will be calculated and paid based on the previous year’s W-2.
7. Should the company hire/promote/or have an installation supervisory position, a premium multiplier established by the company shall be applied to the job pay on each job in order to reward installers who assume additional responsibility, such as Field Supervisor, Field Safety Director, etc.

**Example:** Pay for an 80 % furnace per the calculation form is $300. The

Lead Installer’s multiplier is 1.10. $300 x 1.10 = $330. This would be the

Supervisory installer’s job pay before any helper deductions are calculated.

1. Responsibilities of Lead (A) Installer
2. Verifying materials and equipment are 100% accurate and correct and signing off on material requisition.
3. Having the proper tools to complete the job to our safety and quality standards.
4. Installation per the Investment Agreement per Comfort Advisors direction and NOTIFICATION of Comfort Advisor of any required job changes.
5. Meet or exceed the company quality workmanship standards, start-up, testing.
6. The installation meets code/passes inspections- Building Department and quality control.
7. To conduct a full quality check, homeowner walk-through, collect final amount due from homeowner.
8. Testing and balancing of the system per manufacturer’s instructions.
9. Return all materials, copper, as per company code of conduct.
10. All callbacks are the responsibility of the installation lead. They are not paid. Initial pay was rendered to complete the job to quality standard. Callbacks will be dispatched for completion by the service management function and completed on the company schedule. See # 9 below.
11. Customer education and instructions on operating the system per our company forms.
12. All paperwork will be timely and accurately completed and turned into the office (job is not complete until the paperwork is in and is accurate.)
13. Complete the pay forms and maintain up-to-date and accurate daily time record.
14. Attach furnace and air conditioner stickers with installation teams name properly displayed.
15. Pay plan includes travel to and from the job site.
16. Installation team is responsible for regular (weekly washing) of vehicle, inventory re-stocking if any, refueling time, and the loading and unloading of install vehicles.
17. Completing daily, and neatly, the daily time card and performance based pay record of the job.
18. **CALLBACK** is defined as improper workmanship or negligence that results in a problem, or potential problem, for the customer. Callback shall have no time limit.

A Callback is not a defect in material or equipment. These defects are classified as warranty.

1. Emergency callbacks (no heat, no cool, safety) will be resolved by the service department.
2. Non- emergency callbacks must be resolved by the installer within 24 hours.

The installer must complete a service invoice on each callback.

In addition, the installer shall follow up with the customer within 72 hours to ensure the customer is satisfied with the fix. The company also may follow-up through customer service.

If the installer is uncertain as to how to correct the problem, he is not to go through trial and error. This wastes time and can be very aggravating and inconvenient for the customer.

He should make arrangements for a supervisor to meet him on the job. These situations will be considered training (as long as not abused) and are not billed to the installer.

Callbacks run by the service department will be billed back to the installer at full service rates.

The installer shall have one week to appeal the callback (which is heard by the employee council) or must “forever hold his peace.” Callbacks are a function of competency.

**SAFETY RELATED CALLBACKS** are of such a serious nature that there is **ZERO TOLERANCE.**

They are subject to severe disciplinary action up to and including termination. Property damage as a result of negligence or carelessness will be the responsibility of the installer as well as being subject to disciplinary action.

1. All jobs are considered 1 day installs. The only exception to this is when the Comfort Advisor prices and adds the second day to the job and it is noted on the Investment Agreement. We complete each job in 1 day.
2. Helper pay is paid 50% by the company for the first 30 days of the helper’s employment effectively supporting the lead to train the helper. After that, the wages are a 100% deduct from the lead installer job pay at the rate of the 40% figure.
3. Overtime is still calculated based on Federal guidelines. Over 40 hours worked is a requirement for overtime to be paid at 1.5 times your effective wage rate. See the method this is now calculated based on Federal law.
4. Minimum volume of $45,000 in installed jobs per month is required in order for installers to remain on the piece rate plan. The general requirement is one install per crew per day.
5. Adhere to company Code of Conduct, no moonlighting, no exceptions.
6. Exceeding the customer’s **EXPECTATIONS** is the goal in everything we do. The TOTAL QUALITY EXPERIENCE must be provided for each customer in order for the installer to retain the privilege of being compensated by the piece rate pay plan.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Work Type or Package Type** | **Air Conditioner/Pump Only** | **Furnace Only** | **System**  **Installation** | **Extra Day**  **Labor** |
| **Economy** | **150** | **150** | **10% adder** | **200** |
| **Standard** | **200** | **200** | **10% adder** | **200** |
| **ABC Value** | **250** | **250** | **10% adder** | **300** |
| **Deluxe** | **250** | **250** | **10% adder** | **300** |
| **Premium** | **300** | **300** | **10% adder** | **500** |
| **Ultimate** | **350** | **350** | **10% adder** | **500** |
| **Any Accessory** | **60** | **60** | **60** |  |
| **Work/Activity Type** | **Boiler** | **Rooftop Unit with Curb** | **Water Heater w/Install** | **Duct Systems** |
| **Installation** | **500** | **350** | **100 or 150** | **600** |

**Special Notes:**

* Flue Liners and condensate pumps are included in the pay plans on all 80% and/or 90% furnaces.
* Plenum, coil and drops are included.
* Gas piping is included.
* Air duct runs are included in all packages.
* Duct system jobs such as high velocity installs are paid with no extra days added.
* Commercial work is paid at hourly rate.
* Oil Furnace is Time and Material.
* New House is separate pay plan and task plan.

Overtime Calculation

All field employees have a base hourly rate they were hired in at or designated.

**Example:**

$20.00 hour base rate

If an employee works more than forty(40) hours in a standard one-week pay period his “regular hourly rate” for that week will be computed by dividing his total compensation for that previous week by the total hours worked that week.

His overtime pay will be an additional 50% for each hour worked over forty (40) hours in that weekly pay period.

**Example:**

Overtime Pay = ½ x Regular Hourly Rate x Total Hours – 40 hours

Gross Pay $\_\_\_\_\_\_\_\_\_ -:- hours worked \_\_\_\_ = effective hourly rate $ \_\_\_\_\_\_

OT = ½ reg. Hourly rate $\_\_\_\_\_ x OT hours (total hours – 40) \_\_\_\_ = OT $ \_\_\_\_\_\_\_

**Example:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **40 hours worked** | **45 hours worked** | **30 hours worked** | 50 hours worked |
| Base Rate | 20.00 Hour Base | 20.00 Hour Base | 20.00 Hour Base | 20.00 Hour Base |
| OT Eligible | No | Yes 5 Hours | No | Yes 10 Hours |
| Previous weeks wage dollars | Doesn’t Matter | $ 2000 Earned | Doesn’t Matter | $ 2000 Earned |
| Hours worked previous week | Doesn’t Matter | 50 | Doesn’t Matter | 40 |
| Overtime Effective Wage Rate Used this week | 0 | $2000/50 =  $40 Hour | 0 | $2000/40 =  $50 Hour Rate |
| Overtime Earned | 0 | (45-40)=5 Hours  5 Hours x 20 Rate  Extra $100 Pay in Overtime | 0 | (50-40)=10 Hours  10 Hours x 30 Rate  Extra $300 Pay in Overtime |
| Regular Pay This week Earned PBP | $800 | $800 | $800 | $800 |
| Total Pay This Week Earned | $800 | $900 | $800 | $1100 |

Residential Installation Job Pay Detail

Job Name: Department: Replacement

Lead Installer: Week Ending:

Date: Ticket:

Helper: Helper Hours:

|  |  |  |
| --- | --- | --- |
| **Replacement Installation Performance Pay Calculations** |  |  |
| Economy Furnace 80% with Flue Liner | $ 125 |  |
| Standard Furnace 80% 2 stage with Flue Liner | $ 150 |  |
| Best Value Furnace 80% 2 Stage V | $ 190 |  |
| Deluxe Furnace 90% single stage or 95% single stage | $ 215 |  |
| Premium Furnace 95% 2 Stage | $ 265 |  |
| Ultimate 95% 2 Stage V | $290 |  |
| Economy A/C Only 13 SEER R22 | $ 125 |  |
| Standard A/C Only 13 SEER R410A | $ 150 |  |
| Best Value A/C Only 14 SEER R410A | $ 190 |  |
| Deluxe A/C Only 15 SEER R410A | $ 215 |  |
| Premium/Ultimate A/C Only 16-21 R410A | $ 250 |  |
| Any Package combination is each component multiplied by 1.10 as a system pay |  |  |
| System 1 |  |  |
| System 2 |  |  |
| Oil Furnace – Time and Material |  |  |
| Boiler | $300 |  |
| Rooftop Unit with Curb | $ 350 |  |
| Water Heater Unit with Install | $100 |  |
| Water Heater Unit Stand Alone Without HVAC Install | $150 |  |
| Generator Install & Set | $150 |  |
| Special Circumstance by Brad/Gary |  |  |
| **Additions to Basic Pay** |  |  |
| Accessory Installed by Itself (individual Humidifier/Air Cleaner/UV Light) Each | $ 60 |  |
| Extra Day Labor | $300 |  |
| Attic or Crawl Space Installation | $ 40. |  |
| Zoning | $100 |  |
| HEPPA Filter | $100 |  |
| ERV | $100 |  |
| Moving and Air Conditioner | $80 |  |
|  |  |  |
| Total Job Pay |  | $ |
|  |  |  |
| Helpers Pay at 40% |  |  |
|  |  |  |
| Net Pay for Lead Installer | Net Pay | $ |

Signed by Lead: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_