

Safelite

Finance



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College: Safelite Auto Glass Safelite Auto glass is a company in the United States that was the largest player in the autoglass industry in 1993. It was founded in 1947 and has since grown tremendously. For example, from 1987 to 1989, the company managed to open 255 more stores (Hall 1). However, day in day out the productivity of the company's installers continued to decrease. The management had to come up with a Performance Pay Plan concerning the matter. The paper expounds on the productivity of the installers and measures the company engagement in improving its installer's productivity. The productivity of the Safelite installers was low for a number of reasons. The first one was that the installers had challenges locating the customers. For instance, an installer would arrive at the agreed location and not find the client as a result of wrong directions, wrong instructions or failing to use given guidelines. Secondly, ignorance and lack of keenness by technicians to quality and quantity of materials need for specific job. Technicians mandate was to counter check if the materials were the correct ones and were with no faults. The wrong materials would mean rescheduling the appointments which was costly and some clients would seek services elsewhere (Hall 3). Lastly, there was poor coordination in the Dispatch Command Centers. Technicians complained that the Dispatch Command Center managers equally assigned jobs to all technicians instead of assigning more work to the most efficient technicians, hence slowing them. To counter the above problems, the CEO of Safelite at the time, Mr. John Barlow, came up with idea to introduce a Performance Pay Plan. Instead of having stores in different localities, it would be better to have a group of store in one place that would be known as market. The market would have on central center of distribution hence more efficient. The plan also involved <https://assignbuster.com/safelite/>

giving incentives to managers and technicians (Hall 7). The idea was stimulated by his previous work experience at Sears. The Performance Pay Plan addressed the low productivity problem to some extent. The incentive plan was meant to increase productivity with its major objectives being to motivate employees, develop loyalty among its workforce so they would not be lured away by competitors and to embrace the industry's high turnover. The Performance Pay Plan, though a good, initiative brought a new set of problems. The switch from wages to piece rate would be consequential on recruitment. It may reduce the number of technicians willing to work for the firm. This is because of the uncertainty of piece rates and some job seekers would rather seek employment where the wages are guaranteed (Hall 9). This would make it difficult for technicians especially those with dependents and families relying on them.

In conclusion, it not certain whether the effect of introducing performance pay plan on productivity would be positive or negative. Employees or rather technicians may be highly motivated to deliver and install more windshields increasing productivity. On the other hand experienced workforce may be reluctant to join the firm due to risk of lower pay due to piece rate pay system.

Work cited

Hall, Brian. Performance Pay at Safelite Auto Glass. Journals of Harvard Business School. 12. 6. (2001): 1-11