



protiv

↑ **5 Steps** for contractors
to pay their workers
based on performance

Lower labor cost up to 30%

Problem starts with *Hourly Pay*

Paying by the hour is a terrible formula to encourage productivity, only incentivizing people to work more hours



100% Worker Productivity



This difference is over 600 hours/yr per worker



Average worker performance is **65-70%** of their potential



Developed by Contractors by *Contractors*



David & Michael



Experienced contractors:

- Over 50 years of experience
- Over \$500 million in construction
- Over 2,000 employees across multiple trades



Problems we faced:

- Low profit margins with high risk
- Workers not incentivized to be productive
- Labor shortage and meeting deadlines



Designed to solve the root problem:

- Wanted to link pay to production
- Needed to finish jobs faster
- Needed to manage quality
- Had to be easy to use for whole team



Old Way

Hourly Pay and Piecework
Most common compensation methods

Hourly Pros:

- Security for workers
- Predictable
- Easy to track
- Legally established

Piecework Pros:

- Promotes efficiency
- Workers earn more per hour
- Less supervision needed

Hourly Con:

- Incentivizes overtime
- More supervision
- Difficult to control cost

Piecework Con:

- Potential Quality issues
- Legal issues
- Lowers wages when job goes over, regardless of cause

New Way

Merging the two together to
create target project pay.
We call it **ProPay**



A target budget of a project that is provided to hourly employees. If they employee completes the project is less time in the expected, they receive a bonus.

5 Steps to Pay Workers by Performance

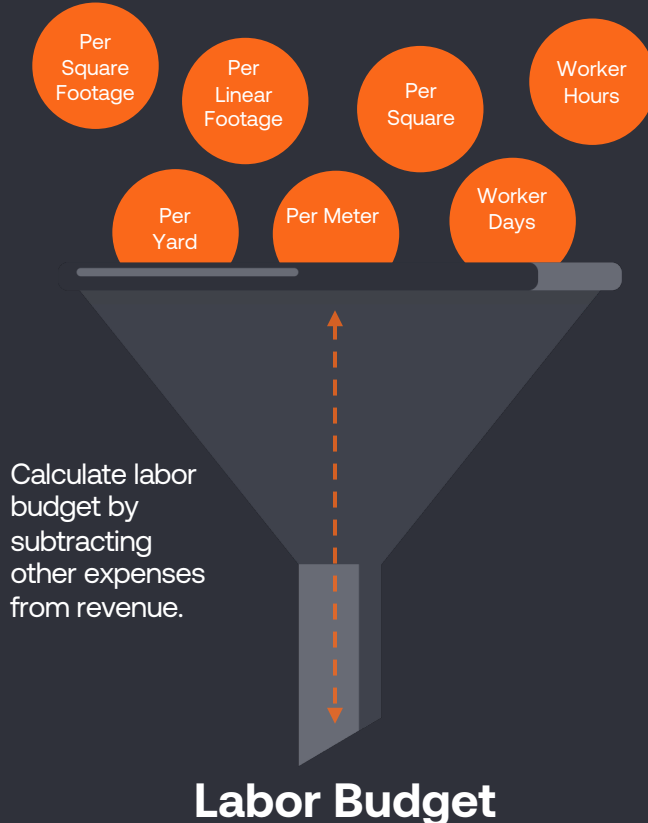


1. Set labor *Target*

It all starts with your labor target. Follow the steps below to develop an accurate labor budget so workers have a solid goal to try and beat

Step 1

Convert Estimates Numbers



Step 2

Verify Budget

- ✓ Healthy Profit
- ✓ Realistic
- ✓ Clear Scope



Verified

Step 3

Remove Burden from Labor Budget

Burden is additional cost to labor. Some examples:



Labor Budget - Burden =

Worker Budget*

(*Employee Gross Earnings)

2. Set the *Pay for the Job*



Set an amount to pay for the project and assign the employees. Large project can be broken into parts.



Smaller Project

Budget: **\$2,000**
Payment: **\$2,000**



Larger Project

Budget **\$20,000**
Payment 1: **\$2,500**
Payment 2: **\$10,000**
Payment 3: **\$7,500**

Convert each payment into number of hours.

For example

Payment: **\$2000**
Average Team Wage: **\$25/hr.**
Max Hours*: **80**

*Max Hours represents the time the workers have, before they are over budget.

3. Communicate – *Inspire*

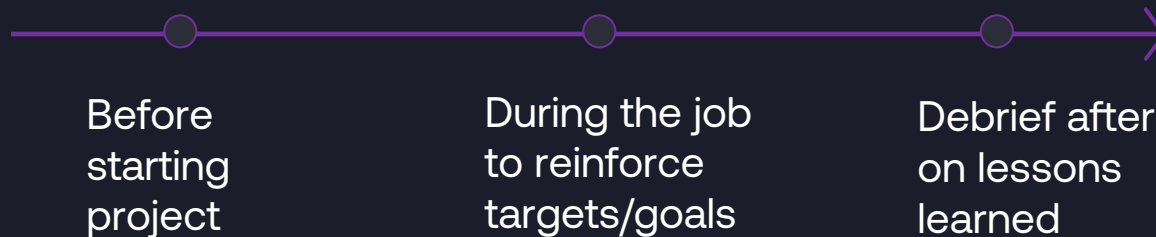
Communicate the budget with confidence. Help them. Lead them. If they win, you win. The goal is for your employees to earn a bonus.

Using \$2000 and \$25 /hr. wage as an example, here are some potential bonuses:

Complete in **70 hrs**
=
\$250 (28.57/hr 14% raise)

Complete in **60 hrs**
=
\$500 (33.33/hr 33% raise)

Three key times to engage:



Ask yourself – “When did I last talk with my frontline workers about the company’s labor & material goals for a project?”

4. Track - *Pay*



1

Track hours

- On paper, or use digital time tracking software on worker phones

2

Approve

- Confirm project is complete and done to correct quality standards

3

Pay

- Calculate the bonus and pay on the next pay check

4

Labor Compliance

- Bonus considered nondiscretionary, so it requires an increase in their Overtime Rate, if applicable*

Example Calculation

Name	Hours	Wage	Base Pay
Worker 1	30	\$20 /hr.	\$600
Worker 2	30	\$30 /hr.	\$900
TOTAL			\$1,500
Payment for Project			\$2,000
BONUS			\$500*

*Project Pay - Total Base Pay = Bonus

5. Learn, Adjust, & Repeat



Plan

Understand your estimates and the project goals, then communicate w/ team



Execute

Inspire your team, share progress and push them to meet the goals you have set, rewarding success



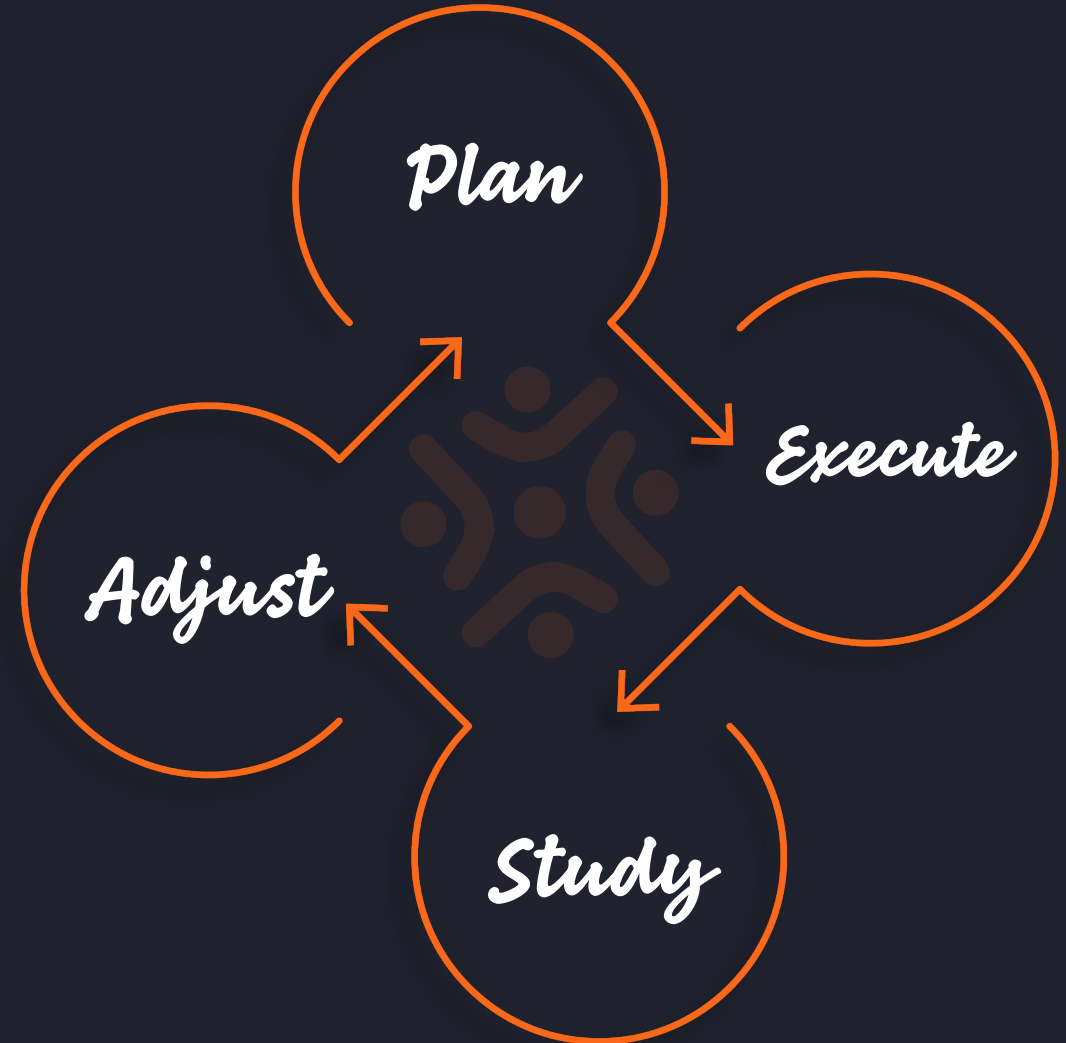
Study

Evaluate each project, taking feedback from workers & management, comparing performance against original estimates



Adjust

Start the next project using the learnings from the last, improving the plan and execution each time



Ask yourself – “Have I methodically (mathematically) applied what I learn from each job to the next?”

Does it *work*?

Over 4 years of data > 10 industry verticals/20 states > Over 12,000 jobs

11.5%

Labor Savings

21%

Increased Worker Output

10%

Increased Worker Wages



Matt - 3rd Gen Remodeling

1 reviews

★★★★★ 3 months ago

Protiv has changed the game for my business. What I thought would be a good pay incentive, ended up being much more. The teams have become more self-sufficient.



Marcus - Ohio Signature Painting

1 reviews

★★★★★ 2 months ago

As an owner, this is the tool I've been looking for to help streamline our labor percentage, which is critical because last year it got out of control. Our employees feel way more involved since we are sharing how much we should be spending on labor.

Ask yourself – “Would I like to save 10% on labor?”

Want an easy-to-use *solution?*

Protiv is software that removes the hassle in paying workers based on their performance, through our patent pending **ProPay** model. Some of our key features:

- ✓ **We work** with your current time tracking solution, even if you track on paper
- ✓ **We automate** engagement with workers. Providing real time visibility to goals
- ✓ **FSLA compliance** guaranteed
- ✓ **Reporting and Tracking** made easy, with quick visibility to your performance numbers
- ✓ **Contractors big and small** from 5 to 500 workers or more, Protiv makes project based compensation easy to manage

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