



BONUSES AREN'T JUST FOR THE BOSSES

BRAD HILL IS TEACHING RANK-AND-FILE WORKERS IN TOUGH JOBS HOW TO DEVISE INCENTIVE PLANS. IN THE PROCESS, THEY'RE BEING REWARDED WITH THINGS THAT MONEY CAN'T BUY—MORE DIGNITY AND A GREATER SENSE OF PURPOSE. BY REKHA BALU

IN A PORK-PROCESSING PLANT IN MILAN, MISSOURI, amid the hog carcasses and pig fat, workers who operate fast-moving disassembly lines are assembling a new approach to compensation and motivation. The 900 people who work at Premium Standard Farms, many of whom are paid \$10 an hour to perform some pretty old-fashioned jobs—slaughtering, slicing, and cleaning—are working in some pretty

new ways. They have instituted changes that are saving their company tens of thousands of dollars a month. They have improved employee-retention rates by more than half (in an industry where 200% annual turnover is common). And they are being rewarded for their efforts through an incentive program that is yielding substantial payouts.

Performance bonuses are standard in the

executive suite, of course—where there's often more pay than performance. What's noteworthy about Premium Standard's program is that hourly workers are the ones designing and implementing it. In the process, they are giving themselves things that money can't buy: more dignity and a greater sense of purpose.

How were the meat processors at Premium Standard able to change the game on the production line? A key figure in the program was Brad Hill, 42, who was brought in by the plant in 1997. Hill started his career as an executive-rewards consultant 15 years ago, creating stock-option incentive plans for big companies. But after 8 years of what he calls "helping the rich get richer," Hill began to focus primarily on hourly workers. Since then, his clients have included people who pack meat, pour iron, and care for the elderly. For the past 3 years, Hill has been a senior consultant at the ultra-establishment Hay Group, in Chicago.

Hill wants to do more than help workers change how they get paid. He wants to change their attitudes about what they do for a living. His passion stems, in part, from the experiences of his grandfather, who had a nervous breakdown after concluding that he "would never be anything but a goddamned coal miner," Hill says. He explains that his grandfather never really had "a sense of purpose, a sense that his work, and his life, were worth something. There are so many people who, like my grandfather, are not getting the respect they deserve."

But Hill is not a touchy-feely employee-satisfaction wimp. He teaches rank-and-file workers how to create gain-sharing programs that add to their company's bottom line—

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as well as to their own bank accounts.

Hill starts his work with each new company by pulling together a “design team”—a crew of volunteers representing each department, from equipment operators to clerical assistants to janitors. Next comes a crash course in the theory and practice of gain sharing—and a juggling lesson. Teaching people to juggle, says Hill (pictured above), is a great way to show them that they can still learn new things about their jobs and themselves. (He himself learned the fine art at the age of 35.)

Then Hill guides the team through the hard work of deciding how they want to measure and reward their performance. The goal is to devise a compensation plan that is self-funding. At Premium Standard, for example, a single employee-initiated change

in production procedures resulted in savings of more than \$13,000 a month, and total monthly savings can run as high as \$300,000. Annual payouts for fiscal year 2000 are projected to exceed \$1,000 per employee.

It’s not always easy to convince workers to get started. Many of the 300 unionized employees at Kurdziel Iron of Rothbury, a castings plant in Rothbury, Michigan, were suspicious of any program that seemed to come from management, which brought in Hill in 1998. “Our problem was convincing employees that this was for real, that management wasn’t going to take all the savings,” says foundry worker and design-team member Terry Coleman. But once employees bought into the plan, absenteeism dropped dramatically, as did the number of production errors and overtime hours. Meanwhile, the

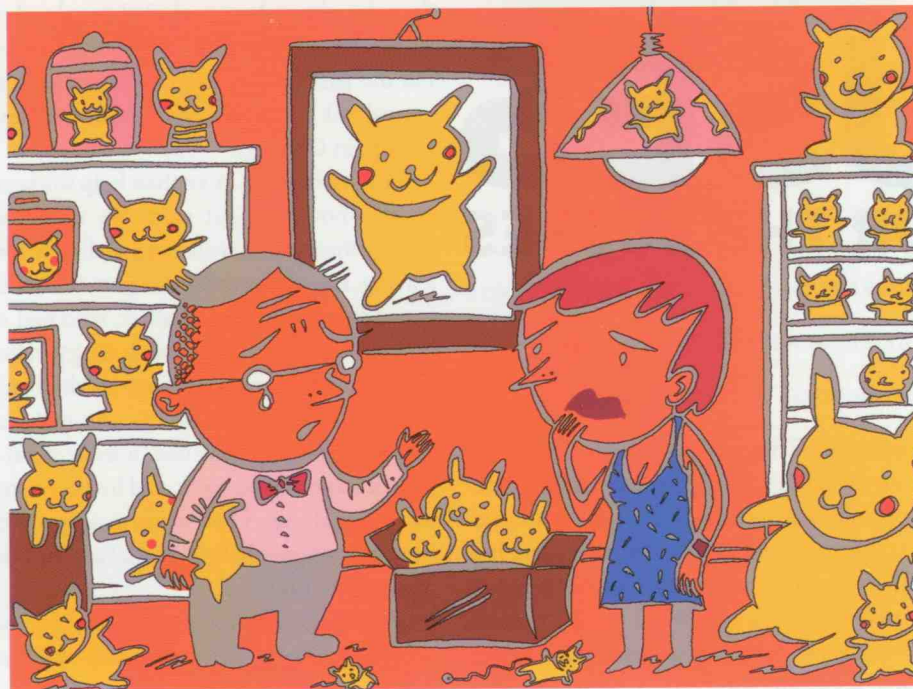
number of union grievances declined by 90% over six months. As a result of all of those improvements, the first payout came at the end of the second quarter of the program, with the foundry sharing half of its gains with the ironworkers. And the success has continued. Payouts to each employee for both the first and second quarter of this year averaged \$370.

Now many of Hill’s clients are taking an additional step—by sharing some of their gains with others. At Premium Standard, the workers are considering giving a portion of their payout fund to local charities. And at Memorial Medical Center in Las Cruces, New Mexico, health-care workers have set up an improvement fund with a portion of their quarterly gains, and have used some of the money to replace stolen or broken wheelchairs with new ones—equipment that the budget-conscious medical center hadn’t replaced.

Why would they give up some of their hard-earned rewards? In Missouri, Hill says, the pork processors were able for the first time to connect the value of their daily work with the needs of people in their surrounding community. In New Mexico, the workers were motivated in part by old-fashioned bottom-line concerns: Investing in the wheelchairs, they reasoned, would improve the hospital’s patient-satisfaction scores, which in turn would increase employees’ payouts. But just as important, health-care workers said they felt better knowing that they could serve patients the way they wanted to.

In other words, these workers now have what Brad Hill’s grandfather never did—a real sense of purpose about their jobs. Chris Gosmyer, a food-safety inspector at Premium Standard Farms, says, “Now I have the feeling that this is my company too.”

FUNNY BUSINESS IVAN BRUNETTI



“And then someone showed me how to use eBay.”

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