

A wide-angle photograph of the Denver skyline at dusk. The image shows several skyscrapers, including the prominent, curved, glass-clad building on the left. The sky is a mix of purple, blue, and pink hues. In the foreground, there are lower-rise buildings and some greenery.

2016 ICAA Convention
DENVER
& Trade Show 9.28.16–10.1.16
DENVER MARRIOTT CITY CENTER

Best Practices for Creating Effective Incentive Compensation Plans and Hiring Talent

September 30, 2016





Recruiting Tactics

The Best Tactic: Employee Referrals

- Your people know what the job entails and are the best ones to judge a new recruit

"We get the majority of our employees through referrals"

- Ginny Cameron, CEO Cameron Group

- Include a financial reward
 - Example:
 - \$300 per new employee
 - Paid after 3-6 months



Foster Employee Referrals

- “We incentivize referrals with \$500 at the end of 3 months”
 - Matt Helminiak, Principal, USI Carroll Insulation
- “The best recruits are referrals from current employees.”
- “We do incentivize employees. Sometimes it’s \$50. Depending on how tough the labor market is, we have gone as high as \$500. They would get \$250 at the end of the first week, and \$250 at the end of 60 days”
 - Wayne Sullivan, American Building Systems

Pete Dittimore, Sierra Insulation Contractors

- “Most of our new employees have been recommendations from our existing employees”



Tool: Your Employees' Facebook Pages

- Encourage your employees to post your job openings on their pages
 - A good cash incentive for referrals will encourage them to post
 - Provide them with the actual language or the post, or better yet, an image they can share



Be Visible In The Community

- Encourage and teach employees to be good ambassadors of the company and the industry
- Participate in as many events and activities as practical



Reach Out to Millennials / Gen Y

- Identify candidates at high schools early. Reach out to guidance counselors and vocational/technology teachers for leads among young people who like technology and working with their hands
- Have a presence at community colleges. Students here are often older and more settled. They have likely held more than a few jobs, so their interest in construction can be taken to be sincere.



Best Practice: Scholarships

- Sponsor students with trade-related internships and scholarships, or speak at high schools and colleges at career fairs about starting a career in the insulation industry



Commit to Hiring Vets

- Many vets come home to limited employment options
- They tend to be great employees
 - Used to physical work
 - Strong work ethic
- Reach out to local Vet organizations



What People Need To Know From You



Matt Says...

- “The work is not as scary as it used to be. Used to be insulation was much worse to work with than it is now. It’s not the taboo it used to be. It used to be that if someone heard you worked with insulation, they would turn around and leave. The fiberglass doesn’t itch as much as it used to. Back in the 70’s and 80’s, it was nasty. Now it’s way better than it used to be.”



Ginny Says...

- “Our installers can make from \$50,000 to \$90,000 without needing any formal training or education”
- “Most start out around \$30K out of high school, but they can move up quickly if they put in the time and hours”



“Tuggy” Tri-County Insulation, CA

“I got into the business straight out of high school. By the time I was 24, I had a job as a supervisor, I was making serious money and I had purchased a home. All of my friends were just getting out of college, and had nothing. They had no jobs. And they had debt. *I had a HOUSE. And I was 24.*”

Kevin Kinzler, Kinzler Companies: Revamp Your Interview Process

- Make it a team effort
 - Enlist the help of other key people in the company during the interview process
- *“We tend to interview people in groups. That might be in formal interviews, or that might be three different people taking somebody to lunch... if it’s not unanimous around that group, we don’t move forward with somebody”*



Best Practice: Make it a Group Effort!

- Interview new employees as a group
 - Take them to lunch with your key employees and have them evaluate them in a more informal setting, to make sure they fit with your culture



Use “Behavioral Interviewing”

- Goal is to elicit stories that reveal how candidates will respond to situations they'll face on the job.
- Questions should be specific and phrased in unexpected ways to avoid boilerplate responses.
 - *Here is a situation you are likely to encounter... how would you handle it?*
 - *Tell me about a time that you needed to solve a particularly thorny problem and no one was available to assist you. What did you do?*
 - *Have you ever worked on a team that had disagreements? How did the team resolve those differences? What part did you play?*

Show Them What It Takes

- Provide a job preview so candidates don't become disenfranchised if the job turns out to be different from their expectations
 - Make sure they know about the “***Good, the Bad, and the Ugly***”



Best Practices: Don't Just Tell, Show

- Have them shadow employees
- Use existing videos (from manufacturers or outside resources) or create your own videos to show prospects what their work days will be like



Kevin Kinzler Says...

- “Normally people “self eject” if this is not the kind of job for them. We’d rather know that upfront than after we hire and train them.”

Example: YouTube Video



<https://www.youtube.com/watch?v=cqADJoXF5v8>



Compensation



Pete Dittimore, Sierra Insulation, Says...

“We pay everyone hourly, they are all hourly employees instead of piece-rate, which a lot of the guys like because they know how much they are going to make....We have been doing it for 15 years or so (not because of the changes in the law for California)”

“Even before we switched from piece-rate to hourly we were already doing a lot of additional things for our guys. We always made sure we paid overtime. There were a lot of guys out there cheating, not paying over-time.”

“There can be a lot of problems in a job that aren’t the installers’ fault. An estimator can make mistakes. Piece-rate doesn’t account for that.”



Pete Added...

“If you treat your people right, and pay them for drive time, and pay them well, you get a reputation.

But if you don't treat your people right, then you have big turnover and you are constantly in recruiting mode.”

“If you treat people with respect, they will be loyal to you. We have people who have been with us 20 years”



Compensation for Sales People

- Consider Base Salary + Commission
 - Best practices indicate close to 50/50% is ideal
- Commission:
 - Percentage of Gross Profit
 - Consider sliding scale for higher gross profit (higher gross profit = higher percentage)
 - Flat % of revenue rewards low margin sales
 - Flat % of profit works well overall
 - If you pay a sliding scale on profit, you encourage your team to find large profit jobs
 - *Make sure you don't encourage your sales people to overcharge customers*

Installer's Compensation

- Make sure you compensate fairly
 - Try to go slightly above market average
 - Consider paying for travel time if above normal travel is required
 - Make sure the “piece-rate” is going to be enough to make it worth your workers’ time, if not, consider adjusting it to an hourly rate for small jobs





Messaging

Be Specific With Earning Potential

- Earning potential for prospects in comparison to other jobs for people with same background is a big selling point for your industry: Feature it prominently!
- Provide two options to give an idea in the ad of the potential for income. Use your current numbers to provide new recruits with either:
 - I. A range of earnings among your installers:
 - Installers make between \$XX,XXX & \$XXX,XXX
 - II. An average + current top performer
 - Average among installers is \$XX,XXX, with top performers earning up to \$XXX,XXX



Focus on Stability

- Prominently feature the fact that you offer **steady employment**
 - Highlight the fact that the insulation industry is more stable in terms of employment than the construction industry in general



Showcase Your Benefits

- Many trades people have never had benefits such as health insurance, paid vacation, etc. Don't forget to include all benefits in your description!

"We pay 100% of their health insurance, and we pay holidays. That's what we do for retention"

- Pete Dittemore, Sierra Insulation Contractors



Do Highlight Your Industry's Improvements

“Take another look at insulation”

- Talk about how new insulation materials are much easier and more comfortable to handle than they used to be
- Make sure you highlight safety and installation technology improvements



Talk About Your Company Culture

- ***Compensation is the reason people apply to work for you - Culture is the reason they stay!***
- Highlight longevity of current employees and current employee satisfaction

Best Practices: Kinzler Construction Services, Inc. Video

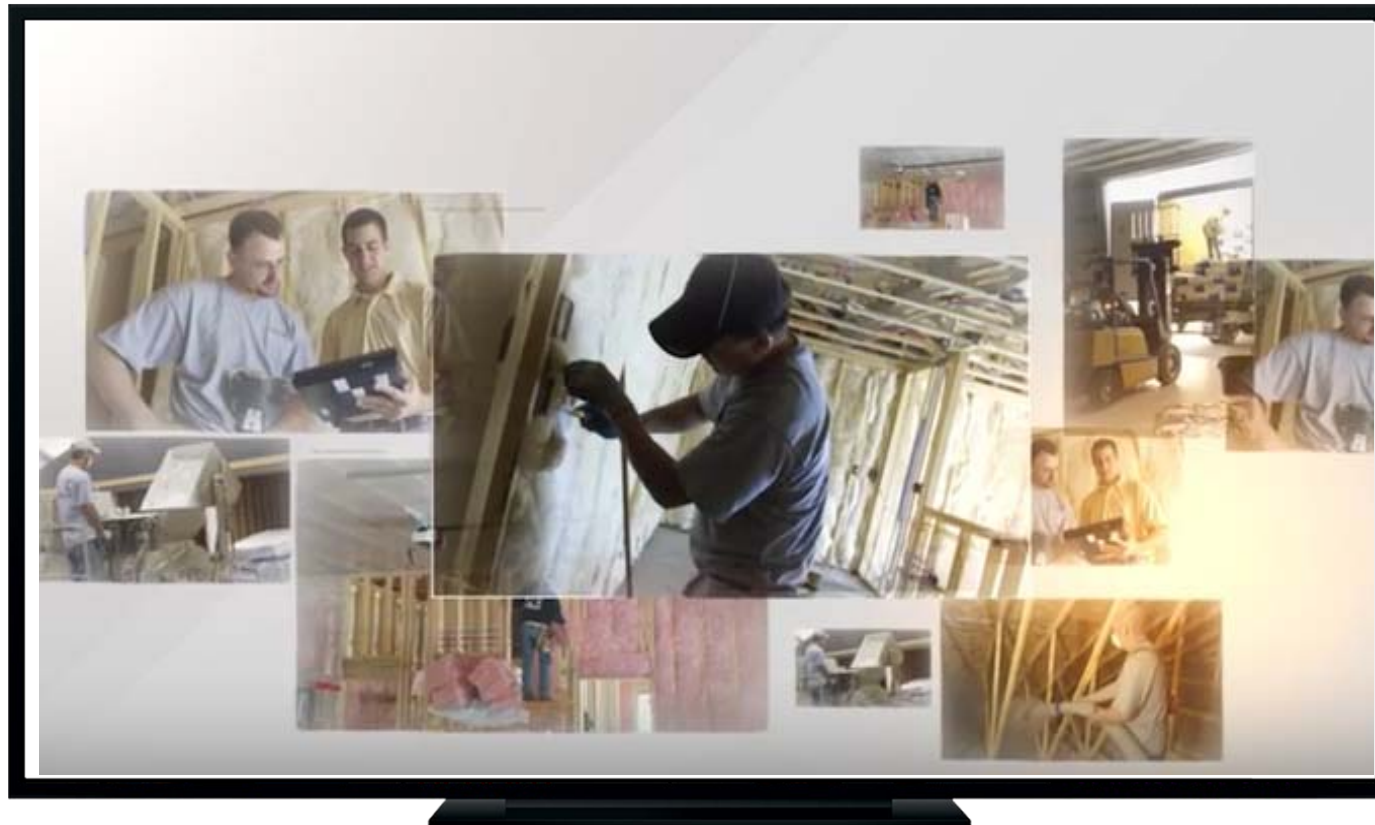
- Kinzler Construction Services developed a video that introduces the company to prospective employees
- Talks about the company values with a strong focus on culture

“We developed a recruitment video, which is on our website. Using that video on our ads vs. a logo or picture we had exponentially more people applying because of that”

- Jason Mortvedt, Marketing Manager



Best Practices: Kinzler Construction Services, Inc. Video



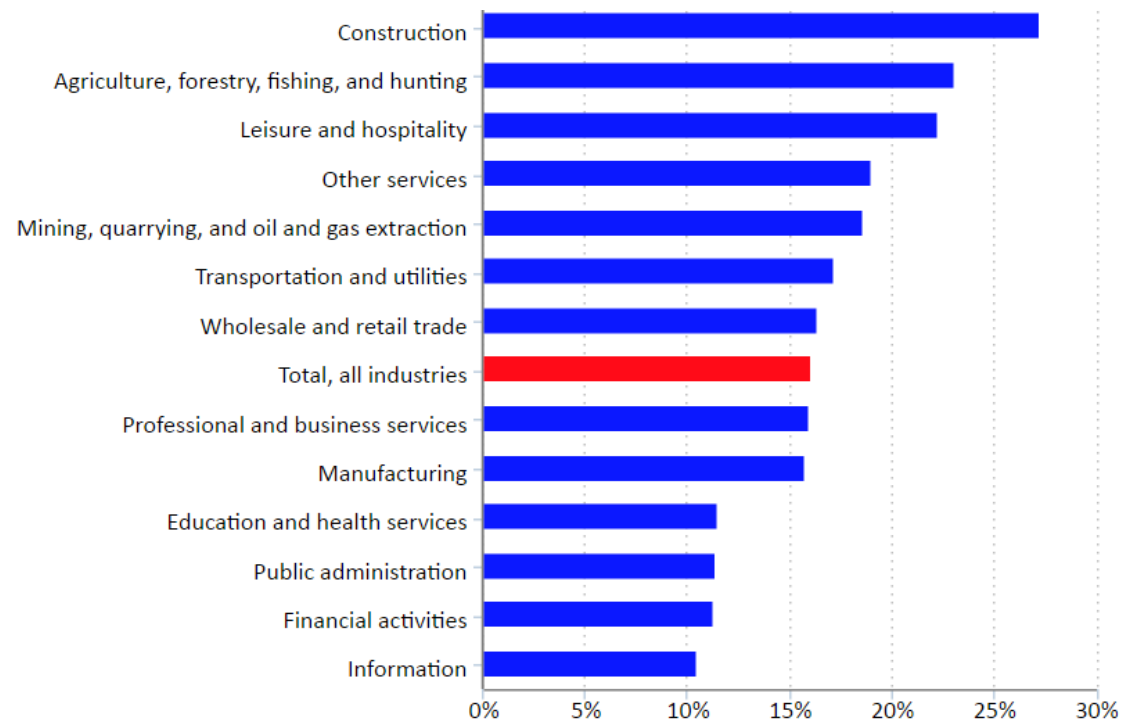
<https://www.youtube.com/watch?v=mpu9zvD01bg>



Hiring Hispanic Talent

Hispanics Work in Construction Industry

**Percentage of industry employment that is of Hispanic or Latino ethnicity,
2014 annual averages**



Note: Hover over chart to view data.
Source: U.S. Bureau of Labor Statistics.

Ask Your Guys!

- Your Hispanic employees can be great resources to educate you about your local Hispanic workforce



Use Local Spanish Language TV & Radio Station Job Boards

- Local media usually have a section on their website dedicated for job postings, often postings are free



We have jobs!

“Stop doing circus stunts to find employment. We have your job here.”

- To find the radio stations in your local area, use the Radio-Locator website at <http://radio-locator.com> to search for Spanish-language radio stations



Spanish Language Media

- Utilize local Spanish Language magazines or newspapers
- Place ads on local radio stations, many have digital placement options on their streaming services which are very cost effective



Local Community Organizations

- Communicate with Hispanic community organizations, such as:
 - Local Spanish language catholic churches
 - Local Hispanic Chamber of Commerce
 - Local Community Centers
 - Local soccer leagues

Community Boards

- Post jobs on local community bulletin boards
 - Likely found near the entryway to establishments like restaurants, clubs, neighborhood supermarkets and grocery stores, community-based social service agencies, schools and churches



Develop a Reputation as a Great Place to Work

- The Hispanic community operates greatly on word of mouth
 - Word travels fast if you are a good place to work
 - Word also travels fast if you are the kind of company that doesn't treat people right

Messaging

- Emphasize the core things:
 - Pay potential
 - Job stability
 - Benefits
- Include additional information
 - Make sure you specify if you need people to be “**bilingual**” (not just Spanish-dominant)

Spanish Translations

- Use a professional translation service, usually pretty affordable
- Don't put that responsibility on your Spanish-Speaking staff
 - Their Spanish might be good enough for conversation, but not good enough for writing
 - *They might not realize it*
 - Incorrectly written job descriptions will make you look unprofessional



Employee Motivation

Unexpected Recognition After the Fact is Effective

Wayne Sullivan, American Building Systems

- “What really works is a pat on the back. Letting them know they are doing a good job. I’m going to say rewarding them without cash. Maybe giving them a hat or a t-shirt. Giving them a gift certificate to take their wife out. Making them realize they are valuable. Saying *‘thank you’*. ”
- “If you work for IBM you are a number, but if your boss says ‘you are doing a fantastic job’, they are more likely to stay around.”

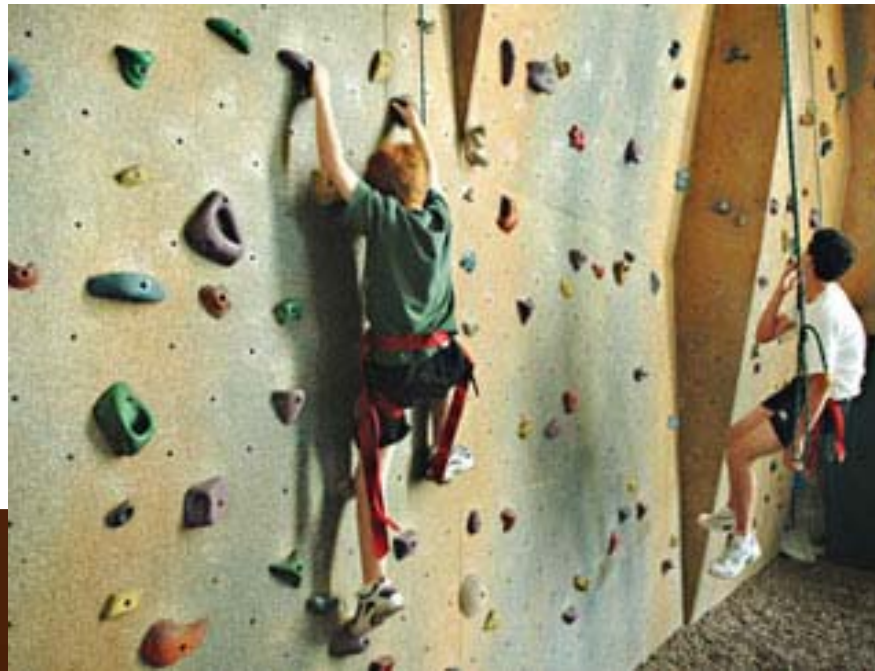
Institutionalize Recognition

- Challenge your managers to come up with ways to consistently recognize top performing employees
- Provide personally tailored rewards for people who go above and beyond



Memorable Incentives Mean More

- *“My boss gave me a season of indoor rock climbing classes. It was awesome! At my last company, I got a gift certificate to a store. I don’t even remember what I bought with it”*



Show Your Employees That You Care



- Example: Do a cookout for everyone after a particularly hard month

The Best Defense Is A Good Offense

- Increase retention to decrease the need for recruiting:

“If you don’t treat your people right then you have big turnover and you are constantly in recruiting mode. If you treat people with respect, they will be loyal to you.”

- Pete Dittmore, Sierra Insulation Contractors

“The best way to get people is to not lose people, then you don’t have to do any recruitment in the first place”

- Matt Helminiak, USI Carroll Insulation



Your Turn

Turn to your neighbor and discuss one thing you learned here today that will help you in recruiting, retaining or rewarding employees



Remember:

“The Only reason my company exists is because guys hung insulation for a living.”

- Matt Helminiak, Principal at USI Carroll Insulation



A close-up photograph of a person's hands holding a white, rectangular card. The card is centered in the frame and has the words "Thank You" printed in a gold, serif font. The person's hands are visible around the edges of the card, and they are wearing a dark-colored long-sleeved shirt. The background is a neutral, light-colored surface.

Thank You

CA Piece-Rate Addendum



California's New Law Changes

- This new law imposes significant new burdens on employers that pay employees on a piece-rate basis. Those employers now must:
 - ***Pay piece-rate employees for rest and recovery breaks and all periods of “other nonproductive time” separately from, and in addition to, their piece-rate pay.*** The new law specifies a formula for calculating the required pay rate for rest breaks.
 - Provide piece-rate employees with wage statements that include the employee's total hours of compensable rest and recovery breaks, the rate of pay for those breaks, and the gross wages paid for those breaks during the pay period.
 - List the total hours of other non-productive time, the rate of compensation for that time, and the gross wages paid for that time during the pay period, if the employer does not pay a base hourly rate for all hours worked (in addition to piece-rate wages).



Don't Neglect to Pay Piece-Rate Overtime

Phisher Philips Quiz

Phisher Phillips (National Workplace Law Firm) conducted a quiz with their clients:

“Anne is paid \$1.50 for each remote-control device she assembles. This is her straight-time compensation for all of her hours worked in a workweek.

In a particular workweek, Anne assembles 300 devices and works 45 hours. How much FLSA overtime pay is she due?”

Multiple-Option. The answer is :

A. \$54.38

B. \$60

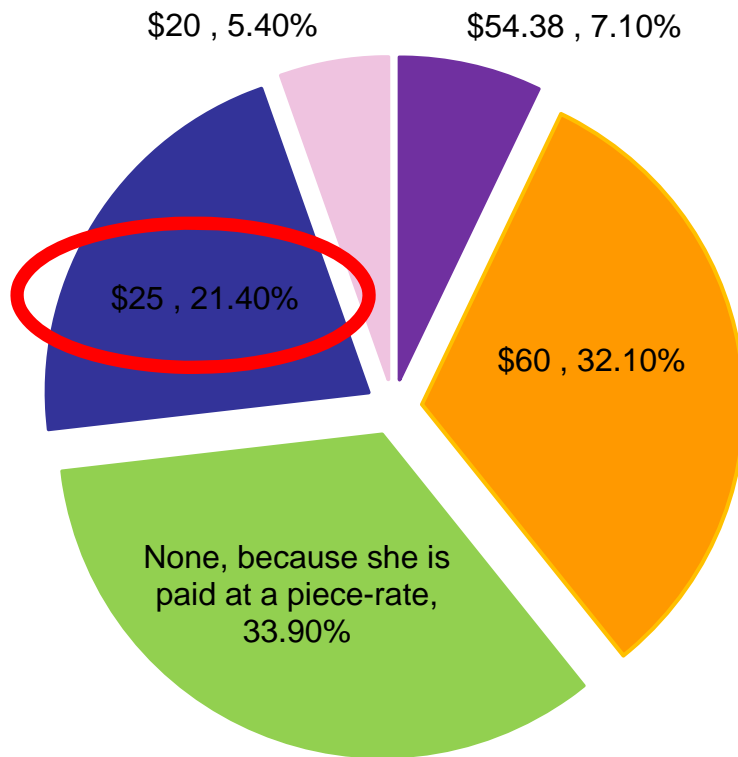
C. None, because she is paid at a piece-rate.

D. \$25

E. \$20



Only 21% Got it Right



In the hypothetical, Anne's straight-time compensation for her 45 hours of work is $(300 \text{ Devices} \times \$1.50) = \$450$. Therefore, her FLSA regular rate of pay is $(\$450 \div 45 \text{ Hrs.}) = \10.00 per hour.

Her \$450 in piece-rate pay represents the "one" of the "one and one-half" overtime rate required by the FLSA, so she must be paid additional half-time overtime premium at a rate of $(\$10.00 \div 2) = \5.00 per hour. Consequently, under the FLSA, Anne is due for this workweek the sum of $(\$5.00 \times 5 \text{ OT Hrs.}) = \text{\$25 in overtime premium pay}$, for total FLSA wages of $(\$450 + \$25) = \$475$.

Alternatives For Overtime Pay

- **EXAMPLE:** Max is an installer and he worked 45 hours this week. One of two alternatives may be used to determine Max's overtime pay:
 - Estimate an average hourly wage and then use that estimated average to compute overtime
 - Like in the Phisher Philips Quiz
 - Increase the piece rate by 50% during the overtime hours

Check your state laws for additional provisions!

*In addition to the FLSA overtime provisions, a number of state laws also define how and when overtime must be paid. **Some states measure overtime on a daily, rather than weekly, basis.** In these states, workers who put in more than eight hours a day are generally entitled to overtime, even if they work a total of 40 or fewer hours in a week.*



Minimum Pay

- Remember that equivalent hourly rate of piece-rate pay *cannot be less than the minimum wage*
 - Average hourly rate based on piece rate has to meet this standard
 - Likely mainly to be an issue and come up with new employees