

CREW LEADER MANAGEMENT FEE

Many contractors struggle to figure out a way to fairly compensate their Foremen or Crew Leaders for their performance. Bonus plans are started and stopped. Tracking becomes a pain, etc.

In 2009 I created the “CLMF” as a way to reward those who ran a successful job. We did not call this a bonus on purpose. We did not give bonuses. The CLMF was given for the actual work being managed, the crew being managed and the client being managed. We had 3 main criteria for eligibility.

1. The project was finished safely. Nobody was hurt. No damage to property.
2. The customer graded the team all “A’s” on the project report card.
3. The job was finished at or under the estimated man-hours.

Example:

All jobs must be bid with exact man-hours or this will all goes out the window. We assigned a dollar amount for the CLMF. In this example let’s say it’s \$1.00.

The Smith Job was estimated for 120 total man-hours. The Crew Leader is responsible for those hours. If the job finished at or under 120 man-hours, the Crew Leader would get 120 hours x \$1.00. His check for the CLMF on this project would be \$120. We gave the CLMF checks at the 2nd Crew Leader Meeting of the month for the previous month. This allowed a couple weeks to finalize and paperwork or adjust the Job Costing Report if there were callbacks.

This is an incredible simple way to provide opportunities to your lead people to take ownership of their income instead of feeling like you’re held hostage every year by the “I need a raise” conversation. We would cap them at a certain hourly wage and negotiate the CLMF each year.

Those who step up and grow as a leader will crush it with the money and appreciate that their financial fate is in their own hands.

