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<b>Title:</b>	<b>Service+ Rewards Program</b>	<b>Number:</b>	06 – 43.600.SSA
<b>Sponsor:</b>	Vice President, Service Operations Americas	<b>Effective Date:</b>	01-November-2006
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**PURPOSE**

This document defines the rules and requirements for Service+ Rewards, the incentive program for Front Line Service Professionals (FLSPs) for fiscal year 2007. FLSPs quoting pull-through work or identifying and referring pull-through work for quote are eligible for Service+ Rewards payout once the work is sold.

**PROGRAM OVERVIEW**

FLSPs quoting pull-through work or identifying and referring pull-through work for quote are eligible for Service+ Rewards payout once the work is sold.

Starting January 1, 2007, the program will be managed and tracked via Service+ Rewards Online, a web-enabled application available through the Employee Portal. When successfully implemented, Service+ Rewards Online will not only improve the administration of the incentive program, but it will also lead to improved employee and customer satisfaction—resulting in additional revenue for the Service business.

Together the program and Service+ Rewards Online offer:

<b>Effectiveness Improvements</b>	<b>Efficiency Improvements</b>	<b>Other Improvements</b>
<ul style="list-style-type: none"> <li>▪ Increased customer satisfaction (internal and external customers)</li> <li>▪ Increased ability to generate revenue</li> </ul>	<ul style="list-style-type: none"> <li>▪ Reduced time to incentive plan payouts</li> <li>▪ Increased productivity via shorter cycle time for incentive plan management</li> <li>▪ Flexibility; allows quick Admin updates to support program changes</li> </ul>	<ul style="list-style-type: none"> <li>▪ Alignment with focus on customer satisfaction</li> <li>▪ Increased and centralized access to information</li> <li>▪ Provides incentives for both pull-through and customer experience/satisfaction</li> <li>▪ Better decision making—knowing the status of each lead empowers employees to act appropriately</li> </ul>

**PROGRAM GOAL**

Increase and sustain FLSP participation in the Service+ Rewards incentive program to 32%. The expected outcome is to achieve additional revenue during fiscal year 2007.

## **BACKGROUND**

On average, 17.4% of FLSPs participated in Road Rewards on a monthly basis, while YORK achieved an average participation of 32.4%. Past Front Line Service Professional (FLSP) incentive programs have resulted in moderate success. Recent feedback reveals problems with untimely payments, neglected leads, and difficulties with tracking payment. In addition, past programs have been perceived as too labor-intensive to manage.

These issues have negatively impacted employee satisfaction and participation—and undermine our mission of continuously exceeding our customers’ increasing expectations.

<b>Feedback on Current and Past Programs</b>	<b>New Program Design Objectives</b>
Takes too long to get paid	Immediate payment
No feedback loop on where referral/ticket stands	Referral tracking mechanism to follow referral/ticket through to payment
Leads are not always addressed in a timely fashion	Referral tracking mechanism to know to whom the lead was referred
Too much paperwork	Paperless
Award gets lost in the paycheck	Award needs to be visibly separate from wage
Do not know which award for which I got paid	Referral tracking mechanism to show which referrals/tickets have been paid
Sits on my Branch Manager’s desk for months	Referral tracking mechanism to follow referral/ticket through to payment

As you can see, a referral tracking mechanism—Service+ Rewards Online—is essential to the success of the FY07 incentive program. In addition to the program design objectives outlined above, the new program must be:

- An outward-facing, customer-centric initiative, including:
  - Program branding
  - Alignment with focus on customer satisfaction
  - Incentives for both pull-through and customer experience and satisfaction
- Highly flexible to:
  - Enable rapid program changes/additions
  - Allow for discretionary recognition and spot awards
- Increase promotability to:
  - Allow for easy recognition of top performers
  - Facilitate sharing of best practices
- Easy for Approvers to qualify, refer, and approve leads

## AUDIENCES/USERS

The field audiences affected by the Service+ Rewards program include:

- FLSPs—incentive program participants; track leads for self
- Branch Managers, Service Managers—qualify and approve leads; track program results for branch
- Service Operations Agents (SOAs)—update, monitor status of, and add details to leads; create and schedule service orders resulting from new leads;
- Foremen, Project Managers, Sales Managers—gather customer input; assist with qualifying leads and preparing quotes
- Regional Vice Presidents (RVPs)—track program results for region

## RULES

### Program Timeline

November 1, 2006 through September 30, 2007. Quarterly updates may be made to strategically drive business results, level out labor demands, and generate renewed interest and activity.

### Front Line Service Professional Eligibility

Rewards will be paid to FLSPs on qualifying work that is proposed *and* sold between November 1, 2006 and September 30, 2007. The following titles are eligible for Service+ Rewards:

- Mechanics (Apprentice, Journeyman, Tradesman, Serviceman)
- Technicians
- System Representatives
- Service HVAC Specialists

See the appendix “Eligible Titles and Associated Job Codes” for a complete list of eligible participant titles.

Incentive is considered earned at the time of payout. For this reason, the employee’s eligibility for Service+ Rewards payout is based on his/her status *at the time of payout*. Specifically, to be eligible for incentive payout, the employee must:

- Be employed by Johnson Controls *and*
- Hold an eligible title at the time of payout

### Exceptions

Service+ Rewards is not available for Management, National Service (neither national account teams nor work executed at national account customer sites), Fire & Security, O&M, Support, or Exempt-level employees.

### Foreman Incentive

The FLSP’s supervisor (Foreman) is also eligible for an incentive payment of \$15.00 when a Front Line Service Professional on his/her team:

- Submits a quote from the Flat Rate Pricing Guide that results in a sale *or*
- Refers work that the Foreman quotes and closes

The Foreman serves the important role of encouraging his/her FLSPs to participate, thus driving increased pull-through work. This additional incentive also recognizes the Foreman's contribution to the qualification and quote process.

## What Work Is Eligible for Payout?

- Pull-through work is defined as additional Planned Service Agreement (PSA), Labor and Material (L&M or repair), or Retrofit work that an FLSP identifies while on a customer site performing other work as assigned. The FLSP is not eligible for Service+ Rewards payout on any work for which he was originally called out to the site.
- A reward will only be paid on work that is a direct result of an FLSP quote from the Flat Rate Guide or his referral to management. If the referral results in a larger sale than the work the FLSP originally referred, the payout shall be made only on the work referred.
- The FLSP preparing the quote or making the referral does not have to execute the work to receive payout.
- The FLSP must meet the requirements outlined in the "Eligibility" section of this document to be approved for payout.

## When Is Pull-Through Work Eligible for Payout?

Rewards will be paid to FLSPs on qualifying work that is **proposed and sold**. For repair work, a sale is defined when it is transferred. On a retrofit project or a PSA, a sale is defined when it is booked.

## Disclaimers/Fine Print

Interpretation as to the application of any provision of this plan shall be made at the sole discretion of the Vice President of Service Operations, Americas. In addition, the company reserves the right to change any or all aspects of this program at any time during the incentive period.

## AWARDS

All awards are subject to local, state, and federal taxes. Revenue, incentive amounts, and any resulting overtime adjustments will be calculated and paid in local currency.

## Payout and Submission Rules

- Payout for Q1 FY07 will be 3% of revenue for quotes or referrals resulting in PSA, Retrofit, and L&M work and 1% for equipment referrals.
- There are no minimum sales requirements for quoted work. All referred and executed work is eligible for payout at the time of the sale (transferred for L&M, booked for PSA and retrofit).
- Maximum payout is \$750 per payment, per sale.
- Payout will be made once for multi-year PSAs at the time the PSA is booked.
- FLSPs must initiate referrals via the Service Order Voice Portal (SOVP) to be eligible for Service+ Rewards payout. No others will be accepted.
- FLSPs must provide field quotes from the Flat Rate Guide (FRG) to be eligible for payout. All others must be submitted via the SOVP for referral to the appropriate person for quoting (Foreman, Sales, Project Manager).
- Quotes exceeding FRG pricing are eligible for payout.
- Double payment is allowable for Sales and an FLSP only on referrals. This presumes both the FLSP and the Salesperson provided value to the process via the FLSP's referral and the Salesperson's

estimate and sale. Double payment will not be made for quotes from the Flat Rate Guide in which only the FLSP worked on the sale.

## **Equipment Referral Bonus**

An Equipment Referral Bonus will be awarded if an FLSP referral results in an equipment sale that does not have sufficient service content to flow through the service channel. Payout for equipment referrals will be 1% for FY2007.

## **OVERTIME RATE CALCULATION**

Any commission payout made as part of Service+ Rewards must be included when calculating the FLSP's regular rate of pay, which affects the rate of overtime pay for any overtime hours worked as well. Because we are prevented from adjusting the overtime pay rate in the same week the commission payout is made, the FLSP will receive the adjustment (in the form of increased pay) in the paycheck that is issued the week following the commission payout.

Refer to BOS process "Calculating Overtime Pay Adjustments for Service+ Rewards" (06 – 43.600.SSA) for details.

## **BUSINESS PROCESS**

Although there are other possible scenarios for quoting and referring pull-through work, the two most common processes are outlined here:

### **Scenario 1**

FLSP prepares Flat Rate Pricing Guide quote for pull-through repair work that can be executed while on-site the same day.

1. FLSP sees an opportunity for pull-through repair work while at a customer site.
2. FLSP prepares a quote using the FRPG and presents it to the customer.
3. The customer agrees to have the work completed that day.
4. When posting other work via the SOVP, the FLSP records the details of the quote when prompted for pull-through work.
5. FLSP calls the Agent, who creates a service order, adjusts the schedule, and provides a ticket number.
6. FLSP completes the quoted work and calls the SOVP to post.
7. Once complete, the ticket is billed and forwarded to the Branch Manager for payout approval.
8. The Branch Manager approves the payout and sends spreadsheet file with approved leads and payout amounts to [ServicePlusRewards@jci.com](mailto:ServicePlusRewards@jci.com).
9. Payouts are audited for program compliance.
10. The payout is forwarded to Payroll.
11. FLSP receives the payout on paycheck.
12. If the FLSP worked overtime in the week he received the Service+ Rewards payout, he will also receive a small increase in his overtime pay rate in the week following the incentive payout.

## Scenario 2

FLSP submits work for referral OR submits a quote to be executed at a future date.

1. FLSP submits quote or referral via the SOVP.
2. Service+ Rewards Auditor transcribes and forwards referrals to Branch Manager.
3. Branch Manager qualifies the lead and refers it to salesperson, foreman, or project manager.
4. Work is approved as is or quote is prepared for customer. Once customer approves:
  - If repair, ticket is created and work is scheduled, executed, and billed.
  - If retrofit, contract is booked.
5. The Branch Manager approves the payout. BM sends spreadsheet file with approved leads and payout amounts to [ServicePlusRewards@jci.com](mailto:ServicePlusRewards@jci.com).
6. Payouts are audited for program compliance.
7. The payout is forwarded to Payroll.
8. FLSP receives the payout on paycheck.
9. If the FLSP worked overtime in the week he received the Service+ Rewards payout, he will also receive a small increase in his overtime pay rate in the week following the incentive payout.

## APPENDIX A: ELIGIBLE TITLES AND ASSOCIATED JOB CODES

NOTE: Titles in the Foreman Group are eligible for the \$15.00 Foreman incentive as outlined above.

Title	Job Code	Group
Burner Mechanic (union CN)	010568	Mechanic
Elect Apprentice Svc (union)	010554	Mechanic
Elect Foreman Svc (union)	010550	Mechanic
Elect Journeyman Svc (union)	010549	Mechanic
Laborer (Union)	016027	Mechanic
Lead Trades Other (union)	014975	Mechanic
Mech Apprentice Svc (union)	010560	Mechanic
Mech Equip Svc Trdsmn (Union)	016032	Mechanic
Mech Foreman Svc (union)	010556	Foreman
Mech Foreman Svc Shop (un)	016349	Foreman
Mech Gen Foreman Svc (union)	016368	Foreman
Mech Journeyman Svc (union)	010553	Mechanic
Mech Journeyman Svc Shop (un)	016348	Mechanic
Mech Piping Detailer Svc (un)	016360	Mechanic
Mech Piping Gen Frmn Svc (un)	016362	Foreman
Mech Piping Lead Frmn Svc (un)	016361	Foreman
Mech Serviceman (Union)	016033	Mechanic
Mech Start Up Gen Frmn Svc(un)	016366	Foreman
Refrig Apprentice (union CN)	010569	Mechanic
Refrig Foreman (union CN)	010570	Mechanic
Refrig Mechanic (union CN)	010571	Mechanic
Service Foreman	016595	Foreman
Service HVAC Specialist I	001764	HVAC Spec
Service HVAC Specialist II	001756	HVAC Spec
Service HVAC Specialist III	001938	HVAC Spec
Service HVAC Specialist IV	001749	HVAC Spec

<b>Title</b>	<b>Job Code</b>	<b>Group</b>
Sheetmetal Apprentice Svc (un)	016232	Mechanic
Sheetmetal Detailer Svc (un)	016363	Mechanic
Sheetmetal Foreman Svc (union)	016231	Foreman
Sheetmetal Gen Frmn Svc (un)	016365	Foreman
Sheetmetal Journeyman Svc(un)	016230	Mechanic
Sheetmetal Lead Frmn Svc (un)	016364	Foreman
Sheetmetal/Air/Water (Union)	016028	Mechanic
Shop Sheetmetal Appr Svc (un)	016347	Mechanic
Shop Sheetmetal Frmn Svc (un)	016346	Foreman
Shop Sheetmetal Jrny Svc (un)	016345	Mechanic
Stationary Engineer A	002033	Stat Eng
Stationary Engineer B	002039	Stat Eng
Stationary Operator A (CN)	010529	Stat Eng
Stationary Operator B (CN)	010530	Stat Eng
System Rep I (Union) Sys	016396	System Rep
System Rep III (Union) Sys	016398	System Rep
System Rep Trainee (Union) Sys	016337	System Rep
System Representative I	002192	System Rep
System Representative II	002185	System Rep
System Representative III	002171	System Rep
System Representative IV	002165	System Rep
System Representative V	015105	System Rep
Technician Svc (Union)	016030	System Rep
Telecommunications Sys Rep III	011920	System Rep
Trades Other /Skilled (union)	014235	Mechanic
Trades Other/Unskilled (Union)	016031	Mechanic

### **SUMMARY OF CHANGES**

Revision 1 (November 3, 2006)

- Provided further clarification about Foreman incentive
- Clarified business process scenarios

**SERVICE+ REWARDS PAYOUT PROCESS (FUTURE)**

