**Part 9 - material for practicing**

**Target bonuses, Team and Project remuneration**

What are target bonuses?

What are the advantages and disadvantages of target bonuses?

What are the types of target bonuses?

What is team remuneration?

What are the advantages and disadvantages of team remuneration?

What are the types of team remuneration?

What is project remuneration?

What are the advantages and disadvantages of project remuneration?

What are the kind of Project remuneration?

1. What kind of team remuneration would you recommend for the following teams:

* team to build a new apartment building
* team to create a new product
* team to solve the problem with product quality in the company

1. Remuneration for the fulfillment of profit on the project of building a house. This remuneration is pledged to the entire implementation team involved in the construction (project team leader, planner, calculator, site manager, foreman). The remuneration is calculated as follows:

- promise of reward:

O1 = C1 \* mz \* k1

- evaluation of remuneration

O2 = (Z1 - Z2 - Z3) \* k2 (overfill)

O2 = (Z1 - Z2 - Z3) \* k2 (if the planned profit is not respected)

- the amount of remuneration

O = O1 + O2

C1 project price without VAT

mz rate of profit (percentage of profitability declared by the Board of Directors for each year)

The amount of remuneration

O1 promise of reward

O2 reward evaluation

Z1 actually achieved profit

Z2 projected profit

Z3 profit not influenced by the implementation team

k1 coefficient expressing the proportion of remuneration from planned profit (eg the amount of remuneration 5% of planned profit => k1 = 0,05). The coefficient is set by the division director according to the labor intensity of the project in the range from 0.01 to 0.2.

k2 coefficient expressing the proportion of remuneration from the achieved profit. The coefficient will be set by the Division Director in the range of 0.02 to 0.3.

Assignment: An operational building for OTA was completed. The price of the project excluding VAT was 20 mil. The planned profit rate is 15%. k1 the coefficient expressing the share of remuneration from the planned profit is 6%. k2 the coefficient expressing the proportion of remuneration from the achieved profit is determined by 20%.The earmarked project generated a profit of CZK 4.2 million; has been reduced thanks to lower concrete costs negotiated by the company management.

Determine the remuneration of these 5 members of the implementation team. Determine who should get the most out of this amount and who should get the least?

O1 =

 O2 =

Total remuneration =

1. A team of 4 workers works in the production of cast discs. The performance standard is 12 min / disc. In a month they produced 4096 disks for agricultural machinery. Employees are remunerated by time wage increased by the target bonus, which is determined by the coefficient of performance standards fulfillment. In the reference month they worked 640 hours.Calculate the coefficient of performance standards fulfillment in% a the wage of each worker.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Employee** | **Wage scale** | **Time worked** |  |  |
|  | **CZK / hour** | **hour** |  |  |
| A | 120 | 160 |  |  |
| B | 130 | 160 |  |  |
| C | 120 | 160 |  |  |
| D | 125 | 160 |  |  |

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