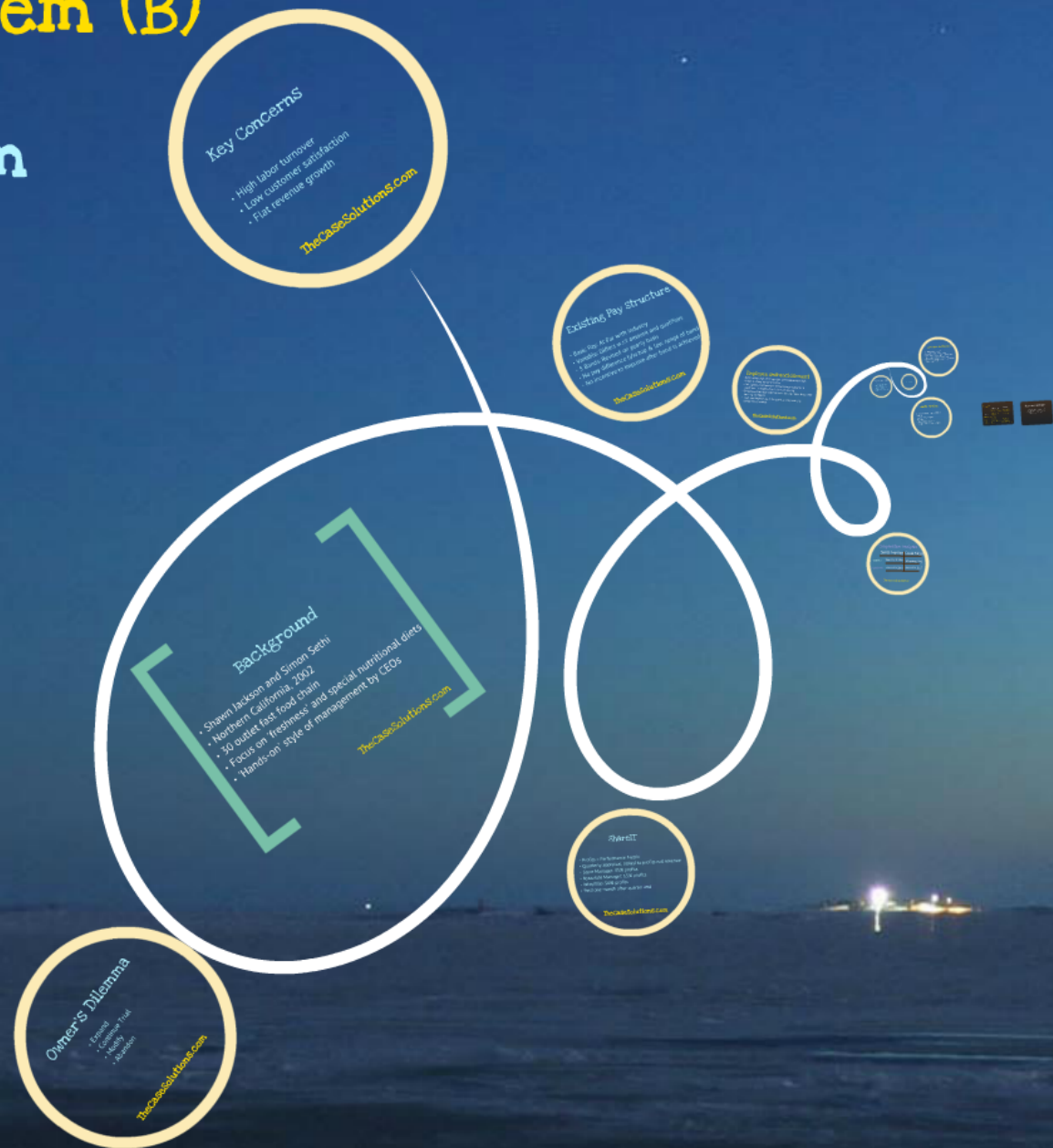


Marshall & Gordon: Designing an Effective Compensation System (B)

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Presented By:

Kanika Vyas (PGP 28123)

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Background

- Shawn Jackson and Simon Sethi
- Northern California, 2002
- 30 outlet fast food chain
- Focus on 'freshness' and special nutritional diets
- 'Hands-on' style of management by CEOs

Key Concerns

- High labor turnover
- Low customer satisfaction
- Flat revenue growth

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Owner's Dilemma

- Expand
- Continue Trial
- Modify
- Abandon

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Existing Pay Structure

- Basic Pay: At Par with industry
- Variable: Differs w.r.t amount and qualifiers
- 5 Bands: Revised on yearly basis
- No pay difference b/w top & low range of band
- No incentive to improve after band is achieved

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ShareIT

- Profits = Performance Metric
- Quarterly appraisal, linked to profits not revenue
- Store Manager: 35% profits
- Associate Manager: 15% profits
- WrapItUp: 50% profits
- Paid one month after quarter end

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Employee Enfranchisement

- Achieved through an integration of empowerment with methods of pay-for-performance
- Participatory management; encouraging employees to participate in organizational decision making
- Employees are encouraged to voice their opinions about their working conditions
- Such combinations have the potential for producing extraordinary service

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Comparative Analysis

	Santa Monica	Costa Mesa
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Location	New city centre	Shopping Mall
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Experience	Opened in 2004	Opened in 2007
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