

Operations Department

Courier Monthly Incentive Policy

Based on Individual KPI & Productivity (Revision 1)

Effective: May 2017

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A. OVERVIEW:

A Monthly Incentive Program to support all Couriers involved in pickup and delivery. This Incentive program will be based on the CORE system in order to get the results as accurate and as fast as possible. It will be a critical link between employees and their engagement while providing SMSA a positive return on investment.

The main objectives of this incentive program are:

- Increase Productivity
- Reduce employee turnover
- Increase employee loyalty
- Boost employee attendance rates
- Meet Company goals
- Create a recognition culture
- Increase customer satisfaction
- Reduce Operations Overtime

Points considered in the making of this incentive program:

- Based on SMSA required scans
 - Based on best practices
 - Reward and recognize employees fairly and equally
 - Create sustainable employee engagement
 - Align with Company's objectives
 - Showcase performer employee's and highlight operation department's success stories.
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B. Individual Performance Measurement:

The incentive components are based on adequate weights between Delivery Performance, as well as CORE scanning compliance. The criteria for these measurements are as follows:

1. Delivery Performance Measurement:

KPI	TARGETS	INDIVIDUAL / TEAM EFFORT	WEIGHT PER FACTOR
Shipment Delivery within the commitment time	90% before commitment time (from CORE Report)	Individual Effort	80

2. Scan Compliance Measurement:

KPI	TARGETS	INDIVIDUAL / TEAM EFFORT	WEIGHT PER FACTOR
Shipment Scanning Compliance	VAN Scan Compliance: 100%	Individual Effort	10
	POD/DEX Scan Compliance: 100%	Individual Effort	10



C. Scoring System:

1. KPI Performance Computation:

Based from the individual KPI target set and the actual performance of the employee for the month we will get the score via % weight per KPI and the computation are as follows as shown in the table:

a. Computation in CORE System:

KPI	KPI DETAILS	TARGETS	ACTUAL (SAMPLE)	WEIGHT	COMPUTATION	=	SCORE
Shipment Delivery	Shipment Delivery within the commitment time	90%	100%	80%	90% and above actual Performance will get 100% of the weight while below 90% will be calculated as follows: ACTUAL x 80% / TARGET	=	80.00%
Scan Compliance	VAN Scan Compliance:	100%	100%	10%	ACTUAL X10% / TARGET	=	10%
	POD/DEX Scan Compliance:	100%	100%	10%	ACTUAL X 10%/ TARGET	=	10%
Total % Percentage				100%			100.00%

b. Actual sample table in the CORE report:

STN	Employee ID	Employee Name	Position	Delivery Performance	VAN Scan Compliance	POD/DEX Scan Compliance	KPI %
Riyadh	1234	Mohd	Courier Priority	80%	10%	10%	100.00%

2. Productivity (POD & PUP Scans):

Total Shipments delivered and picked up per month using the POD & PUP scans made per Courier from CORE report.

a. Actual Sample table in Core report:

Region	Station	Employee ID	Employee Name	Position	POD Scans	PUP Scans
CR	Riyadh	1234	Mohd	Courier Priority	500	500

D. Business Rules:

1. Employees covered under this incentive program are all couriers involved in pickup and delivery.
2. Any staff included in this incentive program will not be entitled to overtime pay for pickup and delivery on route to the customers but may be assigned to any other tasks based on business requirement and will be paid with overtime for that particular tasks only.
3. The incentives will be calculated on monthly basis based on Individual Key Performance Indicators (KPI), total Delivery (POD) Scans and total Pickup (PUP) Scans made within the period from CORE.
4. Agreed Incentive to be used in the computation will be (0.65 SAR per shipment except Long Route which will be @ 1.00 SAR per shipment).
5. Route is considered long route when route is outside the city and the travel distance is more than 100 KMS from its origin station.
6. Every month, delivery performance & scan compliance is measured for each employee and weights will be assigned for each component.
7. The source of information will be: CORE System
8. During holidays such as Ramadan, Eid, National Holidays, peak season in Makkah & Madinah for Hajj and Umrah, overtime would still be consider other than the incentive report for the Couriers.
9. Employees will be subject to negative % points based on absent, etc... Refer: "Deduction Components".
10. No CORE reports due to unavoidable reasons, Manual information must be provided within the cutoff period before submission to finance.
 - a. For KPI's, manual information shall be provided by the immediate superior.
 - b. For POD & PUP Scans, manual information shall be with corresponding proof reports such as Delivery and Pick up Manifest and Core ID used for the month or for the days without report.

E. Incentive Pay-out Scheme:

1. Payout computation process:

- a. From the Core Output of Individual KPI and total POD & PUP scans made determine if the ff are not available:
 - i. Determine the employee ID number
 - ii. Determine the position of the employee
 - iii. Determine the Station
 - iv. Determine the Region
- b. POD Incentive amount will be computed as follows: Shipment delivered via POD scans from CORE multiplied by the amount per shipment (0.65 SAR except Long Route which is @ 1.00 SAR) multiplied by % KPI performance from CORE.
- c. PUP Incentive amount will be computed as follows: Shipment Picked up via PUP scans from CORE multiplied by the amount per shipment (0.65 SAR except Long Route which is @ 1.00 SAR)
- d. Total Incentive: POD Incentive amount added to PUP incentive amount.
- e. Any Percentage and amount deductions accumulated will be deducted from the total incentive with corresponding deduction reasons to be reflected (provided by finance and immediate superior) deduction are computed in the order of Amount deduction first and then followed by the percentage.
- f. Total Incentive after deductions will then be calculated and will be the basis of the payout to Couriers.

Sample Table of final report:

Region	Station	Emp. ID	Emp. Name	Position	POD Scans	x	Amt per Shpt	x	POD KPI Perf. %	POD Incentive Amount (SAR)	PUP Scans	x	Amt per Shpt	PUP Incentive Amount	Total Incentive (SAR) POD incentive + PUP incentive	Deduction (%)	Deduction Amount	Total Incentive after Deductions (SAR)	Deduction Reason
CR	Riyadh	1234	Mohd	Courier Priority	500	x	0.65	x	100.00%	325	500	x	0.65	325	650	(4%)	(24)	600	Cash Mishandling & AWB Completion

F. Deduction Components from total KPI Performance

S No.	Components	Percent %
1.	1 st Warning letter	20.0
2.	2nd Warning letter	25.0
3.	Final Warning letter	30.0
4.	Cash Mishandling (c/o Finance)	10.0
5.	AWB Completion for the shipments picked up by couriers – The following information has to be accomplished in AWB such as Date, Account No., Service Type, Packaging, Weight, Number of Pieces, Employee No, Recipient Contact No. (Cash shipments only), and Destination (c/o Finance)	No incentive for AWB having missing info above 10 cases

G. Other Areas:

1. The policy is 100% based on Individual KPIs and Productivity.
2. Submission of final report to finance shall be every 15th day of the following month, if the day falls on a Friday or holiday, the working day before that shall be the submission day.

E.g.: October 2016 Incentive report will be submitted to finance on Nov. 15, 2016

3. The incentives will be calculated on a monthly basis and will be paid in the following month's salary.

E.g.: October 2016 incentives will be paid in November 2016 Salary.

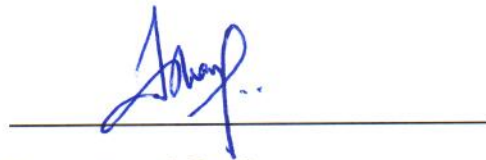
4. The policy will be reviewed on a monthly basis for the 1st six (6) months of implementation and on a quarterly basis thereof, Incentive will be subject to change/ modification /enhancement.

Approved by:



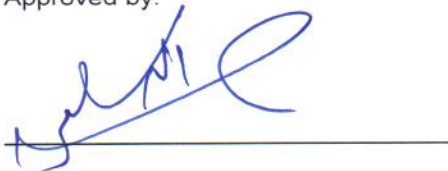
Omar Bin Waber
Operations Director

Reviewed by:



Mohammed Burhan
Finance Director

Approved by:



Engr. Majed Bin Mosa AlEsmail
Managing Director