

# Apprentice Program Guide

## By Elite. The Name You Can Trust.

### Step #7. Defining Your Compensation & Incentive Program

#### *Apprentice*

The ideal candidates for any apprentice position all have a number of things in common. Two of the most important are their interest in a career opportunity rather than a job, and their passion for either working with people (service advisors) or with motor vehicles (technicians). In order to hire the right people, you'll need to ensure that you have a well-designed compensation and incentive program in place. When creating your program, we strongly encourage you to consider the value of each of the below components. Please note that because there is no one compensation program that is right for every shop, this *Elite Apprentice Program Guide* should not be viewed as a comprehensive guide for a pay program; the following is meant to serve only as a general guide. Lastly, labor laws vary, and they are subject to change at any time. Accordingly, the below is meant to do nothing more than help you better understand the basic requirements of a well-designed compensation and incentive program. In all cases, you should take the necessary steps to ensure your pay plan complies with all applicable laws.

1. **Basic Compensation** – This component should include a competitive base pay, any guarantees, uniforms, ongoing training, paid vacations and paid holidays. In all cases, you should explore government sponsored programs that may fund, or reimburse, a part of the apprentice's pay.
2. **Opportunistic Income** – This component should be designed to allow your employees to earn additional income based on their advancement and CSI scores. In all cases, apprentices should be rewarded for developing their knowledge and skill, not productivity. Rewards for sales, overall shop or technician productivity (billable hours, sales, etc.) should not be offered until the apprentice has proven to be competent in the required skill set. With apprentice advisors you may want to consider compensating them for successful estimating, documentation, successful role-plays and certifications. With apprentice technicians, you should compensate them for the acquisition of ASE certifications, the passing of relative tests, the absence of injuries, accidents and comebacks, and customer satisfaction. We would also encourage you to consider providing a tool allowance for apprentice technicians. One method is to provide the technician with the required tools, and provide them with the opportunity to earn credit toward the ownership of those tools. Any such earned credit would be contingent upon the apprentice meeting the job goals and timelines, as well as complying with all company policies.
3. **Exemplary Performance Rewards** – This component should be designed to reward your employees for any noteworthy contributions they make that are beyond the nature of their job descriptions. For example, you could reward an apprentice technician for providing a valid suggestion for how the company can attract more of the right kinds of customers, or for doing something noteworthy for your community.



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4. Security – This component should address benefits such as life insurance, workers' compensation insurance, health insurance and business cards for all of your employees.
5. Rewards for Tenure – This component should address retirement programs, prepaid vacations or trips, club memberships, etc.
6. Leadership – This component should address your commitment to the success of your employees as well as your commitment to the success of the company.

You must also create a career path for the apprentice, and provide them with a written copy. For both service advisors and technicians the path should outline the learning objectives and timelines, the tools and materials that will be provided to them, the position they can grow into and the projected income they could possibly earn. Samples can be found on the following pages.

Once your compensation and incentive program is finalized, along with the career path, you should create an outline that you can put into a presentation folder and provide to the appropriate apprentice candidates.

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#### *Mentor*

In addition to all the components listed on the previous pages, in all cases the mentor will need to be properly compensated for their contribution to the advancement of the apprentice. Below are elements you need to consider.

1. Basic Compensation – Consider providing the mentor with a fixed amount of income in return for mentoring the apprentice.
2. Opportunistic Income – Ensure there are components of the mentor-apprentice relationship that will have a positive impact on the mentor's income. For example, the mentor of an apprentice technician may be able to flag additional hours with the help of the apprentice, and a service advisor mentor may be able to generate additional sales through the help and support of the apprentice. In all cases, the mentor should be primarily rewarded for the measurable skills that the apprentice has mastered. This includes developing all required skills, passing the relative tests, and acquiring the appropriate ASE certifications.

You should also consider providing the mentor with an income (for a predetermined period of time) that is based on the apprentice's post-mentoring productivity. For example, the mentor would receive \$1.00 for every hour flagged by the apprentice for the first year of the apprentice's post-mentoring employment with your company.

3. Tool allowance - If the apprentice will be using the mentor's tools and/or equipment, consider providing the mentor with a tool allowance. In such cases you may want to create a Memo of Understanding, to be signed by both the mentor and apprentice, stating the following: *"In all cases, the apprentice is not allowed to take any tool from the mentor's tool box without first obtaining permission from the mentor. In addition, any tool or equipment used by the apprentice needs to be thoroughly cleaned and returned to its proper location immediately after use."* With the understanding that laws will vary from state to state, you may want to consider a guarantee to the mentor that if any tool is lost, damaged or broken by the apprentice, it will be replaced with a new tool of like kind and quality by the apprentice or by you, the shop owner.

Once your compensation and incentive program is finalized for the mentor, you should review it in its entirety with the mentor, and discuss all relative conditions and requirements.