

IMPROVING RETENTION AND RESULTS: **Eclipse Advantage's Productivity Pay Model Explained**



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Our People | Your Productivity

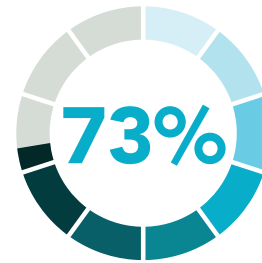
THE SUPPLY CHAIN INDUSTRY is under pressure. Labor shortages, high turnover rates, and growing demand for faster, more efficient service are making it increasingly difficult to maintain operational efficiency.



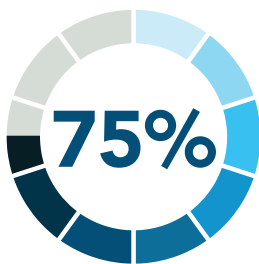
Industry-wide data highlights the need for change:



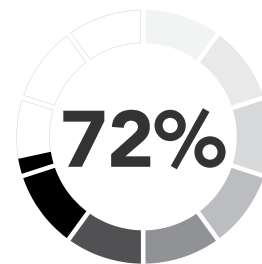
of warehouses cite labor recruitment and/or **labor efficiency** as top operational challenges.



of companies are shipping more **volume and a wider variety** of SKUs than ever before.



of warehouses plan to **increase their staff** within three years to meet growing demand.



of organizations are planning to implement **new operational processes** to support faster, more responsive delivery models.

As with any challenge, there's no one-size-fits-all strategy. To meet these evolving demands, companies need flexible workforce strategies that fit their unique operational goals.

Eclipse Advantage offers multiple staffing models to support your success including hourly labor with onsite Eclipse Advantage supervisors, rapid-response travel teams for expert backup when and where you need it, and our productivity pay model, which rewards teams based on throughput.

In the sections that follow, we'll break down how Eclipse Advantage's productivity pay model has helped distribution centers across North America gain better control of costs and build more engaged teams.



THE PRODUCTIVITY PAY MODEL EXPLAINED

Eclipse Advantage's productivity pay model, also known as cost-per-unit (CPU), is a performance-based approach to labor that compensates workers based on output rather than hours worked. This model aligns labor costs with throughput, offering predictable staffing expenses while motivating teams to move products more efficiently.

With productivity pay, you get:

- **Fixed-cost** labor aligned to units, not hours
- **25%** average increase in productivity
- **2-hour reduction** in close-out times
- **35% increase** in hourly pay for workers—without added cost to you
- Built-in team accountability that drives **quality and consistency**



Eclipse Advantage offers two distinct structures within the productivity pay model:



TEAM-BASED PAY

In this model, every member of the team earns the same amount of money based on collective performance metrics, such as cases packed, pallets built, or trailers loaded. This allows for immediate adjustments to staffing based on workload fluctuations.



INDIVIDUAL PAY

While still operating within a team environment, individual pay allows for fluctuation in earnings based on each person's productivity. This structure rewards top performers and creates a self-managed culture of continuous improvement.

Both models are designed to increase throughput, reduce inefficiency, and improve workforce engagement without increasing your labor costs.

WHY PRODUCTIVITY PAY WORKS

In warehouse environments where output matters most, as aforementioned, productivity pay aligns compensation with performance. By rewarding results instead of time, this model boosts productivity, encourages teamwork, and helps reduce turnover.



1

INCREASES PRODUCTIVITY

In team-based pay, new hires ramp up faster when their success benefits the entire team. Team-based incentives break down silos, encouraging workers to help one another and complete tough tasks together. The more the team produces, the more everyone earns, making shared effort a win for all. With individual pay, each worker is motivated to increase their productivity to increase their pay.



2

RAISES WAGES WITHOUT RAISING LABOR COSTS

Productivity pay allows workers to earn more through increased productivity without increasing your labor costs. With fewer people doing more, you maintain productivity while improving morale, retention, and recruitment.



3

INCREASES EMPLOYEE RETENTION

The average cost to hire a single new employee is more than \$4,000, making turnover a direct hit to your bottom line. One of the key advantages of productivity pay is retention. When workers earn more through performance-based wages, they're more likely to stay. The result is a more stable, engaged workforce.



4

BUILDS STRONGER LEADERSHIP

Productivity pay transforms floor managers into hands-on leaders. Rather than managing from a distance, they stay actively involved while motivating teams, coaching underperformers, and fostering a collaborative environment. This day-to-day engagement helps build leadership skills organically, positioning managers for greater responsibility and long-term growth within your organization.



5

FOSTERS A HEALTHY CULTURE

When managers are on the floor interacting with employees, it helps establish a stronger culture. The compensation model also creates ownership, as pay is tied to performance.

IMPLEMENTATION CONSIDERATIONS

Transitioning to a productivity pay model requires careful planning. Organizations should be prepared to invest time in upfront coordination to ensure a smooth transition and long-term results.

KEY FACTORS TO ADDRESS INCLUDE:



CLEAR COMMUNICATION: Employees need to fully understand how compensation will be tied to performance, how team-based pay or individual pay works, and what success looks like. Misunderstandings or a lack of clarity can lead to resistance or disengagement.



TRAINING: Shifting from an hourly model to a productivity pay system requires not only technical training, but also a mindset shift. Team members must learn to collaborate, trust each other, and take ownership of outcomes.



REGULAR MONITORING AND ADJUSTMENT: Productivity pay should not be a “set it and forget it” system. Regularly reviewing results helps fine-tune targets, identify outliers, and ensure the model continues to drive desired outcomes. Ongoing feedback loops allow for continuous improvement and scalability.

WHO ARE INDUSTRIAL ATHLETES?

Productivity pay only works when you have the right people in place, which is why Eclipse Advantage builds its workforce around Industrial Athletes. Industrial Athletes are warehouse and distribution workers who approach their physically demanding roles with the same discipline, endurance, and focus as professional athletes. These individuals are trained to work efficiently, prioritize safety, and sustain high performance over long shifts. At Eclipse Advantage, we invest in recruiting and retaining these high-caliber workers, ensuring they are not only skilled, but also resilient, reliable, and aligned with your operational goals.

Once on the job, Industrial Athletes are supported with structured onboarding, recognition programs, and ongoing engagement activities that promote retention and performance.



A TRACK RECORD OF SUCCESS

Eclipse Advantage is at the forefront of productivity pay in the supply chain industry. Our clients count on us to keep their products and supply chains moving, and we take that responsibility seriously. Our ongoing investment in technology provides transparent, data-driven reporting on productivity, delivering measurable insights that support better retention, improved safety, and greater peace of mind.

While the supply chain industry will continue to evolve, one thing is clear: the demand for labor productivity and effective recruitment is only increasing. The most successful companies will turn to innovative labor solutions to help meet increasing demand and customer expectations.

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If you're ready to make a change at your facility, our experts can guide you through the process, from exploration to implementation. We'll develop a customized plan tailored to your operation and provide the insights you need to determine what pay system is the right fit for your warehouse.

Contact Eclipse Advantage today to start building a smarter, more productive workforce!



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